

MUNICIPAL YEAR 2020/2021 REPORT NO.

ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

Agenda – Part: 1	KD Number: KD:5171/U211 Rule 16
Subject: Allocation of Discretionary Business Grants funded by BEIS	
Wards: All	

PORTFOLIO DECISION OF:

Cllr Mary Maguire, Cabinet Member for Finance and Procurement.

REPORT OF:

Executive Director
Place

Contact officer and telephone number:

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1. EXECUTIVE SUMMARY

- 1.1 In response to the Coronavirus, COVID-19, the government announced there would be support for small businesses, and businesses in the retail, hospitality and leisure sectors, delivered through the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund.
- 1.2 The Government announced on 1st May 2020, the Discretionary Grant Fund aimed at small and micro businesses who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund.
- 1.3 Local Authorities will be responsible for administering and disseminating this latest fund and a further £2.257,500 million has been allocated to Enfield Council to support small and micro businesses with relatively high fixed property costs that can demonstrate a significant fall in income and were not eligible for previous grants. Guidelines are provided by government, but the Council has some discretion in allocating grants.

2. RECOMMENDATIONS

- 2.1 That approval is given to proceed with agreement and implementation of a discretionary business grant Government funded council scheme.
- 2.2 That final sign off and any subsequent minor adjustments to the scheme be delegated to the Director of Place in consultation with Lead Member for Finance and Procurement.

3. BACKGROUND

3.1 On March 11th, the Chancellor announced it would provide additional support for small businesses, and businesses in the retail, hospitality and leisure sectors. The support would be in two ways:

3.1.1 An expanded business rate retail, leisure and hospitality relief scheme -

The Council has applied the maximum rate relief to over 1,800 businesses totalling £45.6m. This included 109 charities and community amateur sports clubs, 155 restaurants and over 1,300 shops and supermarkets that will not pay any business rates this year.

3.1.2 Business Grant funding

Businesses receiving either Small Business Rate Relief or the Expanded Retail Discount on the 11th March 2020 will receive a government grant depending on which relief they are receiving. Small businesses (with a rateable value of £15,000 or less) will be entitled to a grant payment of £10,000. Retail businesses with a rateable value between £15,000 and £51,000 are entitled to a grant payment of £25,000.

3.2 It has been recognised by Government that many businesses were excluded from these grants as they did not fall in the above categories or were not direct ratepayers (whereby they pay a contribution to business rates as part of their rent).

3.3 Government have now announced that local authorities will be receiving a top-up to the funds provided in order to accommodate certain small businesses with ongoing fixed property-related costs previously outside the scope of the business grant fund schemes. Local authorities are expected to prioritise the following businesses:

- Small businesses in shared offices or other flexible workspaces. Examples could include units in industrial parks, science parks and incubators which do not have their own business rates assessment;
- Regular market traders with fixed building costs, such as rent, who do not have their own business rates assessment;
- Bed & Breakfasts which pay Council Tax instead of business rates; and
- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief

Local authorities may choose to make payments to other businesses based on local economic need. The allocation of funding will be at the discretion of local authorities.

3.4 This is an additional 5% top up to the £12.33 billion funding previously announced. The government will confirm the exact amount for each local authority, but Enfield Council's allocation is likely to be £2,257,500.

3.5 Local authorities are responsible for administering and delivering the grants to eligible businesses. Section 1 of the Localism Act 2011 provides all local authorities with the power to make these payments.

4. ELIGIBILITY CRITERIA

- 4.1 In accordance with Government direction the following eligibility criteria should be met. To qualify for support from this scheme, businesses must be able to demonstrate that they meet all the conditions below:-
- The Business must meet the classification of a small or micro business.
 - The Business must have ongoing, fixed building / trading premises related costs.
 - The Business must have been trading on 11th March 2020.
 - The Business must be able to demonstrate that it has suffered a significant fall in income due to the Covid-19 crisis.
 - The Business which occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000.
- 4.2 This grant funding is for businesses that are not eligible for other support schemes. Businesses which are eligible for cash grants from any central government COVID-related scheme (apart from SEISS) are ineligible for funding from the Discretionary Grants Fund. Businesses who have applied for the Coronavirus Job Retention Scheme are eligible to apply for this scheme. Businesses who are eligible for the Self-Employed Income support scheme (SEISS) are eligible to apply for this scheme as well.
- 4.3 Companies that are in administration, are insolvent or where a striking-off notice has been made are not eligible for funding under this scheme.
- 4.4 Self-employed individuals that work primarily from home and do not have additional ongoing, fixed building-related costs outside of their residential property costs will not be eligible for funding.
- 4.5 In the unlikely event the business has received a significant amount of public funding then EU State Aid limitations may apply

5. GRANT LEVELS

Local authorities may disburse grants to the value of £25,000, £10,000 or any amount under £10,000. The value of the payment to be made to a business is at the discretion of the local authority. Grants under the Local Authority Discretionary Grants Fund are capped at £25,000. The next level payment under the Local Authority Discretionary Grants Fund is £10,000. Local authorities have discretion to make payments of any amount under £10,000.

6. APPLICATION PROCESS

- 6.1 The Council has purchased additional software from Civica, the provider of the current business grant portal, to allow grant payments to be made via the portal irrespective of whether a business rate account exists. This software will allow:
- pre-payment checks to confirm eligibility relative to the local scheme
 - a declaration from the business stating that by accepting the grant

payment, the business confirms that they are eligible for the grant scheme, including that any payments accepted will be in compliance with State aid requirements.

- Pre-payment checks using 'Spotlight', the digital assurance tool to minimize the risk of fraud. NB Post payment assurance will also be conducted.

The system will also produce the monitoring and reporting Government requirements

6.2 Applications will be invited from eligible businesses in two phases. This will help to identify the cost of the Government priority businesses and to assess the remaining discretionary funding for phase 2.

6.3 **Phase 1** - Communication to potential eligible businesses identified as Government priority and open on-line portal for application from early June for 10 working days. Award for each category to be agreed and published before the 1st June.

6.3.1 To qualify for support from this scheme, it is proposed businesses be able to demonstrate and meet the conditions set out below:-

- Small businesses in shared offices or other flexible workspaces. Examples could include units in industrial parks, science parks and incubators which do not have their own business rates assessment;
- Regular market traders with fixed building costs, such as rent, who do not have their own business rates assessment;
- Bed & Breakfasts which pay Council Tax instead of business rates;
- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief
- The Business must be a private enterprise trading as self-employed/sole trader, partnership or Limited Company.
- The Business must have been trading on the 11th March 2020.
- The Business must be able to demonstrate that it has suffered a fall income of 20% or more due to Covid-19 crisis.
- The Business must have fixed ongoing property costs (which is greater than 50% of their income).
- The Business must be a small and micro businesses, as defined in Section 33 Part 2 of the Small Business, Enterprise and Employment Act 2015 and the Companies Act 2006.
- The Business must have fewer than 50 employees.
- The Business must have a principal trading address within the London Borough of Enfield administrative area.

6.4 **Phase 2** - Open on-line portal for application from mid-June for applications from remaining eligible businesses.

6.4.1 Businesses which fall into the following categories are proposed to be prioritised:

- **Manufacturers:** London's second biggest industrial corridor is the Upper Lea Valley. There are around 400 manufacturing businesses across 20 estates in Enfield and 5% of jobs in the borough are in manufacturing, (compared to the 2% London average).

- Charities working with young people that have high property costs: This is a recognition that 23% of the population in Enfield is under 16, in comparison to the London average of 11.5%.
- Independent Restaurants and other SMEs in Retail, Hospitality and Leisure that maintain high property costs and were ineligible for previous Covid-19 Government Support Grants: Whilst most business are negatively impacted, business that heavily rely on bringing people together in proximity are typically facing the largest challenges; our pubs, bars, restaurants and cafes. These are likely to be the last to reopen as social distancing measures are relaxed. For many, opening at limited capacity is not a viable option. The government's business grant scheme has provided support for some businesses operating within the retail, hospitality and leisure sectors. But many have been missed out. Those with a rateable value of above £51k are currently ineligible for grant support. As well as providing employment for local people, businesses in this category form a key part of the borough's community and cultural infrastructure. They contribute to the vibrancy of our town centres.
- Warehouses & Wholesalers: Warehouses and wholesalers trade to local businesses within the borough and have been unable to sell goods due to the closure of non-essential retail and hospitality businesses. This sector has also been ineligible for the Retail, Leisure and Hospitality Grants.
- Motor Trade Businesses which have negatively been impacted by Covid-19: Information shows that motor trade businesses have been disproportionately impacted by the effects of Covid-19. Data shows from the Society for Motor Manufacturers and Traders (SMMT) show a drop of 44.4% compared to last year. Furthermore, trade for garages reduces as the Government extended MOTS by 6 months where expiring post 30th of March 2020.
- Knowledge Driven Businesses – These high growth businesses are an important aspect of the borough's economic development.

6.5 There will a points-based system for prioritising applications, which will take into account the above categories, as well as

- Businesses which employ local residents
- Businesses that with existing contracts with Enfield Council that provide valuable services that support the boroughs infrastructure and requires continued delivery to ensure residents have what they need.
- Businesses based in Enfield's 5 Town Centres, (Enfield Town, Edmonton Green, Angel Edmonton, Palmers Green and Southgate) to ensure our town centres remain thriving and healthy and continue to attract footfall and create healthy communities.

6.6 Evidence will be required alongside applications. Eligibility checks will also be carried out prior to the application review date including an audit and fraud check, including verification using external data sources.

6.7 It is anticipated payments to successful businesses will be made week commencing 8th June

6.8 No grants will be awarded without an application being made.

- 6.9 Grants will only be paid when all eligibility criteria have been suitably evidenced.
- 6.10 Total grant payments will be capped at the funding level guaranteed by Central Government. The council cannot commit to funding eligible businesses once all available government funding has been allocated.

7. DECISION MAKING AND APPEALS

- 7.1 Applications for Phase 1 will be assessed and approved by officers from the Resources Department and Economic Development in accordance with agreed criteria and fixed payment levels. The applications for Phase 2 will be reviewed by a panel of officers and a recommendation will be to a senior officer for approval. This panel will consist of officers from Economic Development and Resources Department.
- 7.2 Any award will be at the absolute discretion of any of the following officers and their decision will be final.
- 7.3 There is no statutory right of appeal against a decision regarding discretionary grants made by the Council.

8. PROTECTING THE PUBLIC PURSE

- 8.1 In order to ensure that Discretionary Small Business Support Grant is not subject to potential abuse, all submitted applications will require a statutory declaration of truth, a statement regarding data processing and a recovery of funds statement. This declaration allows for the council to carry out pre-payment checks in order to give greater assurance that the funds are being claimed correctly. Furthermore, the declaration carries warnings which further allow the Council to consider taking criminal action against persons who have been found to have deliberately made false applications for the funding. It also allows for the recovery of funds which have been paid which should not have been.
- 8.2 The application form will include a statement that checks will be made against other Council databases, independent sources and to undertake a data match via the National Fraud Initiative and the Government's spotlight tool.

9. ALTERNATIVE OPTIONS CONSIDERED

The government in its guidance has stipulated that local authorities must administer the fund. Therefore, alternative options are not applicable in this instance.

10. REASONS FOR RECOMMENDATIONS

Local Authorities will be responsible for administering and disseminating this latest fund and a further £2.257,500 million has been allocated to Enfield Council to support small and micro businesses with relatively high fixed property costs that can demonstrate a significant fall in income and were not eligible for previous grants. Guidelines are provided by government, but the Council has some discretion in allocating grants.

11. COMMENTS FROM OTHER DEPARTMENTS

11.1 Financial Implications

The financial implications are set out throughout this report, however in summary all grants and reliefs provided to eligible businesses will be reimbursed by government. £50,182,000 was initially paid in a cash grant by Government. It is estimated c£46m will be paid in business grants. The additional £2,257,500 will be funded directly from this cash grant.

11.2 Legal Implications

Section 1 of the Localism Act 2011 provides Local Authorities with the powers to make these payments

11.3 Property Implications

None

12. KEY RISKS

The key risks relate to local business failure due to delay in paying grants and to fraudulent claims being made. Checks are in place both at the time of application and after grants have been made to protect against fraudulent applications.

13. IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD

13.1 Good homes in well-connected neighbourhoods

Residents employed in the local economy will require good quality affordable homes. Attracting higher skilled workers into the borough through good quality homes will contribute to economic growth and a dynamic workforce.

13.2 Sustain strong and healthy communities

Supporting the community through a range of services delivered through private sector businesses, charities and voluntary organisations, and other partners that provide social infrastructure to maintain strong and healthy communities.

13.3 Build our local economy to create a thriving place

Business rate relief and grants will help support and sustaining local business.

Supporting our local businesses and distinct local economies in town centres as well as significant employment areas along the Upper Lee Valley will be important to creating a thriving place where people are proud to work and live.

It will be important to ensure small businesses that contribute to the local economy and employ local residents survive and thrive through the pandemic and into the future.

14. EQUALITIES IMPACT IMPLICATIONS

There are not thought to be any direct equalities implications arising from the award of these grants.

All grants will be disseminated in accordance with the agreed criteria which will be clearly communicated through the Councils communications channels and will apply to any business that meets the proposed eligibility criteria regardless of gender, disability, age, sexual orientation.

15. PERFORMANCE AND DATA IMPLICATIONS

Business rate collection performance will be monitored closely as part of the normal performance monitoring process to assess the overall impact of COVID 19.

The Government will be monitoring the dissemination of grants on a weekly basis.

Background Papers