

## Portfolio Holder MID SUFFOLK DISTRICT COUNCIL

<b>TO: Economy Portfolio holders</b>	
<b>FROM: COVID-19 Business Support Cell</b>	
<b>OFFICER: Fiona Duhamel, Assistant Director for Economic Development and Regeneration</b>	<b>Portfolio Holder Key Decision Ref No. PHMSDC - 0001</b>

### MID SUFFOLK COVID 19 DISCRETIONARY GRANT SCHEME

**THIS REPORT IS EXEMPT FROM CALL-IN WITH THE AGREEMENT OF THE CHAIRMAN OF COUNCIL AND THE CHAIRMAN OF THE OVERVIEW & SCRUTINY COMMITTEE**

#### 1. PURPOSE OF REPORT

- 1.1 Following announcement by government of the Discretionary grant scheme to support small business affected negatively by the Covid 19 event, all Local authorities are required to agree and administer these schemes, developing mechanisms locally to ensure that the grant is available for initial payment by June. The payments must be within localised budget allocated by government and are focused initially on priority businesses as identified by government.
- 1.2 Suffolk local authorities have agreed that where possible they will develop broadly similar schemes to ensure equality of access to support across Suffolk.
- 1.3 Suffolk local authorities have agreed that in order to make best use of available funding there will be an initial round of funding made available to the areas of business prioritised by government. These are:
  - businesses in shared offices or other flexible workspaces, for example, units in industrial parks, science parks and incubators which do not have their own business rates assessment but occupy a space that was part of a larger business rates assessment on 11 March 2020;
  - regular market traders with fixed costs such as rent who do not have their own business rates assessment.
  - bed and breakfast businesses that pay council tax rather than business rates; and
  - small charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.
- 1.4 Following the initial round of funding, further consideration will be given to how any remaining balance will be utilised locally by each authority to support remaining business within the two districts that have been negatively impacted by the Covid 19 pandemic.

## **2. OPTIONS CONSIDERED**

- 2.1 **Option 1** – Establish a scheme that is in line with required government timescales and other Suffolk Authorities agreed payment schemes to support businesses highlighted as priority for funding by government, then agree locally devised support.
- 2.2 **Option 2** – Develop a scheme in isolation which seeks to make payments to the range of businesses who were unable to claim under current government support. Whilst we are aware of businesses who cannot claim current government grants, it has been difficult to establish meaningful groups of business type, outside the ones who are being proposed under this Discretionary Grants scheme and who also have not claimed alternative government support. Therefore, due to the government desire for Councils to launch these grants in a timely manner, it is proposed that the initial round is monitored in terms of spend and a further phase could be established at a later date.

## **3. RECOMMENDATIONS**

- 3.1 That option 1 be approved.
- 3.2 That a two-phase approach to payment of the government Discretionary Grant Fund be approved.
- 3.3 That the grant payment levels as set out in the attached policy be approved in order to ensure that the allocated grant available in each district supports as many businesses as possible.
- 3.4 That delegated authority be given to the Assistant Director for Economy and Regeneration, in consultation with the Cabinet members for Economy, to agree details of any second phase of support, provided that it only utilises any funds remaining from the initial phase and provided that any new phase is deliverable within the financial constraints of that remaining allocation.

## **REASON FOR DECISION**

- To enable delivery of the new Government Discretionary grant scheme within required government timescales and financial allocations.
- To enable an agreed approach with neighbouring authorities that support an equitable experience for businesses in Suffolk
- To deliver a grant scheme which provides assistance to many businesses across the Districts who have been unable to claim support through existing government Covid 19 schemes.

## 4. KEY INFORMATION

- 4.1 On the 4<sup>th</sup> May 2020 government announced further support for small businesses affected by the Covid 19 event, in the form of a discretionary grant scheme to be administered and delivered locally by District and Borough authorities.
- 4.2 Government have proposed that local authorities ensure these grants are available for payment to businesses very early in June
- 4.3 The allocation of funding to each district is based on the eligibility return submitted by Shared Revenue Partnerships to Government on the 4<sup>th</sup> May 2020
- MSDC have an allocation of £993750
- 4.4 The initial phase will be broadly in line with other Suffolk authorities, but will be a three-week period and be focused on supporting those businesses identified as priority by government
- 4.4 **Online Application Forms and Documentation;** These are being developed to ensure a positive online digital access that is easy to navigate and provides due diligence.
- 4.5 There is a requirement to prevent fraud and ensure that business accessing the scheme are eligible to do so, therefore application will require submission of appropriate evidence and statements to support all claims.
- 4.6 This will also support better analysis and understanding of the grant uptake and enable monitoring and reporting that fulfils government requirements for the scheme.
- 4.7 It is proposed that support will be offered to businesses through the establishment of a dedicated e mail address and phone number in order to answer queries about the scheme and to help fill in the application forms if required.
- 4.8 **Criteria and Eligibility:** These have been set by government and are outlined in Appendix A. Due to the low level of funding available we have applied our discretion in minimising the grant levels to ensure a greater access to the support across the districts as detailed below:

<b>Business type</b>	<b>Grant amount</b>
Bed and breakfast	£5,000
Charitable premise	£5,000
Market trader	£2,500 (per geography market and capped at £10,000)
Shared space	£5,000

- 4.9 **Monitoring:** The monitoring process and required outcomes will be in line with government requirements and will be submitted on weekly returns.
- 4.10 In addition, the Council have put in place three levels of fraud checks for the existing grant scheme and these will be also used for the new Discretionary grants. This monitoring includes spot checks and, software for checking VAT registered and unregistered businesses.

## 5. FINANCIAL IMPLICATIONS

- 5.1 Funding has been provided to the authorities by government grant and will be spent from within that amount
- 5.2 Additional resource will be required to manage and administer the grants. The level of this additional support will be costed and recorded under the reporting for the New Burden grant funding in line with government instruction to LA's for the Covid 19 event.
- 5.3 The funds will be available until they have been fully allocated and spent, or until there is a government amendment to the current terms.

## 6. LEGAL IMPLICATIONS

- 6.1 The intervention rate, terms and conditions of the grant schemes will be developed in consultation with Suffolk local authority partners and agreed under delegated authority to the Cabinet Member for the Economy in consultation with the Assistant Director for Economy and Regeneration. The progress and outcomes of the grant scheme will be reported back to Cabinet as part of the broader performance reporting.
- 6.2 Where a Local Authority provides financial support to an organisation which is involved in economic activity, it is necessary to consider whether the payment constitutes State Aid. State Aid can be defined as; 'Using taxpayer-funded resources to provide assistance to one or more organisations, in a way that gives an advantage over others, may be state aid'. EU state aid rules require prior notification of aid unless the state aid is de minimis (does not exceed EUR 200,000 per undertaking over 3 fiscal years).
- 6.3 Each applicant will be required to sign a declaration as part of the application process which agrees that they will return any payment if it is later determined that State Aid was applicable on the payment, or that they were eligible for the other central government COVID related grant schemes identified in Appendix A.

## 7. RISK MANAGEMENT

- 7.1 This report is most closely linked with the Council's Corporate / Significant Business Risk No A202 Economic Development functions not delivered in line with Cabinet agreed Strategy. Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
If there is an imbalance of business opportunity between Suffolk local authorities' districts, it may impact on the council's reputation as being open for business	4 Highly probable	2 Noticeable	Provide a balanced grant scheme that offers equal support across both districts and is in line with other Suffolk authorities
If delivery of the grant is delayed this	3 Probable	2 Noticeable	Ensure adequate resource to deliver IT

<p>will impact on access to support for businesses, potentially affecting business survival</p> <p>If all funding is utilised by the first phase, this will leave no funding available to support for wider business need.</p>	<p>3 Probable</p>	<p>2 Noticeable</p>	<p>and management solutions</p> <p>The scheme is being delivered to government requirements. Where possible costs have been benchmarked to ensure maximum reach within budget that will enable support to further businesses.</p>
<p>Discretionary grants are awarded to those organisations not meeting the prescribed criteria resulting in cost and reputation damage</p> <p>Organisations having already received a business/emergency grant payment are incorrectly awarded a discretionary grant</p> <p>An applicant may misrepresent their circumstances to</p>	<p>1 Highly unlikely</p> <p>1 Highly unlikely</p> <p>1 Highly Unlikely</p>	<p>2 Noticeable</p> <p>2 Noticeable</p> <p>2 Noticeable</p>	<p>Checks have been incorporated into the online application form, detailed verified evidence will be provided and corroborated as part of the application process and separate levels subsequent audit checks and process have been established</p> <p>Checks and declaration have been incorporated into the online application form, cross checking with previous grant payments and subsequent audit checks and process have been established including requirement to repay grant made as a result of fraudulent representation.</p> <p>Declaration of eligibility and requirement to repay grant made as a result of fraudulent</p>

<p>qualify for a discretionary grant</p> <p>A third party may impersonate a business to extract a grant payment.</p>	1 Highly Unlikely	2 Noticeable	<p>representation included in process</p> <p>Application process requires evidence to be submitted and corroborated to support claim and separate levels of subsequent audit checks and process have been established</p>
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## 8. CONSULTATIONS

8.1 Extensive consultation has been carried out with the New Anglia LEP and Suffolk local authorities which has led to the creation of a scheme which is based on collective criteria at a Suffolk level.

8.2 The development of the scheme has been subject to ongoing consultation from a range of internal officers as its formation has been channelled through the Business Support Cell, which was established to feed into the Babergh and Mid Suffolk Tactical Management Team as part of the Covid Crisis.

## 9. APPENDICES

Title	Location
A. Local Authority Discretionary Grants Fund – guidance for local authorities	
B. Babergh and Mid Suffolk Discretionary grant policy	
C. Equality Impact Assessment	