



24 July 2020

Report from Strategic Director of Regeneration and Environment

Local Authority Discretionary Grant Scheme: further expansion of eligibility criteria

Wards Affected:	All
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	Two Appendix 1: Proposed changes to the eligibility criteria Appendix 2: Letter from BEIS- closure of grant scheme
Background Papers:	None
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1.0 Purpose of the Report

- 1.1 This report sets out the case for further expanding the eligibility criteria of the Local Authority Discretionary Grant Scheme by exercising the urgency powers of the Chief Executive as set out in paragraph 9.3.2 of Part 3 of the Council's Constitution.

2.0 Recommendation(s)

- 2.1 That the Chief Executive exercises her urgency powers to agree the changes to the Local Authority Discretionary Grant Scheme as outlined in sections 3.8 to 3.10 and Appendix 1.

3.0 Detail

- 3.1 The Local Authority Discretionary Grants Scheme was announced on 1 May 2020 to provide grants to certain small businesses who are outside of the scope of the original Covid-19 business grant schemes (including but not limited to the Small Business Grant Fund and the Retail, Hospitality & Leisure Grant scheme).

- 3.2 Whilst certain eligibility criteria were mandated by government, local authorities retained discretion over other eligibility criteria as well as how to implement the grant scheme.
- 3.3 On that basis, Cabinet approved a scheme for Brent on 15 June 2020, which was primarily based on businesses having fewer than 10 employees, demonstrating a loss of income of over 50% and evidencing ongoing fixed property costs. Brent received £3.3m in funding from government and Cabinet agreed to provide a fixed £5,000 grant to all eligible applicants. Therefore the council has 660 grants to award to eligible businesses.
- 3.4 The scheme went live on 16 June 2020. A significant amount of communication work has been undertaken to promote the grant scheme, including publications through the council's corporate channels, its bespoke business channels, and through direct communication with businesses wherever possible. However, the scheme has been consistently undersubscribed since it opened. Councils across London are reporting similar issues with lack of applications when compared with the envisaged demand.
- 3.5 The council therefore expanded the criteria of the scheme on 30 June 2020, under urgency powers, in order to encourage more applications. The criteria was expanded to allow applications from businesses who met the following criteria:
- A headcount of staff of up to 50 employees and one of the following:
 - A turnover of up to £10.2m
 - A balance sheet of up to £5.1m
- 3.6 Despite the changes, the scheme continues to be undersubscribed, as shown in the breakdown below as of 24 July 2020:
- Total applications started to date: 1,273
 - Total rejected: 550*
 - Applications still saved in draft: 377
 - Applications submitted and at review stage: 167
 - Applications approved and with Finance for final checks: 151
 - Businesses paid: 61
- * Of those rejected, around 20% were due to already having received a grant from the council or another local authority.
- 3.7 On 23 July, the government wrote to all Local Authorities informing them that the scheme will close on 28 August 2020 and that any unspent funds need to be returned. This deadline was unexpected, however it further strengthens the case to expand the criteria again as soon as possible to ensure grants are paid out to as many eligible businesses as possible. The letter is attached in Appendix 1.
- 3.8 Based on data analysis of the highest reasons for rejections to date, the following changes to the criteria are proposed:
- Businesses who operate their business from home are eligible to apply.
 - Businesses who have been trading for less than 12 months, but from at least 11 March 2020, are eligible to apply.
 - Businesses who can demonstrate a 'significant loss of income or hardship', rather than 'at least 50% loss of income', will be eligible to apply.
- 3.9 A further proposed change to the criteria is to provide support the early years sector, which has experienced a significant loss of income during the lockdown period and low numbers of children attending settings has continued following the wider re-opening

from 1 June 2020. A survey with Brent early years providers carried out in June 2020 demonstrated that a significant number of providers were worried about future sustainability, affecting livelihoods not only of those in the sector but also of people dependent on local childcare for their own employment. Therefore, it is proposed that the known nurseries (c110) and childminders (c160) in the borough should be eligible and encouraged to apply.

- 3.10 It is envisaged that the changes proposed above will significantly increase the number of eligible businesses and bring us closer to meeting the target of 660 £5,000 grants. However, given the upcoming deadline, if there are still funds remaining on 28 August, it is proposed to distribute the amount left over equally to businesses that have already been assessed as eligible and paid. Amounts paid have been determined taking into account, amongst other relevant criteria, the number of applications it was anticipated would be received. This means that businesses may receive an amount greater than £5,000, depending on the amount of unspent funds left over. This is permitted under the government guidance provided the amount of each grant does not exceed £25,000, which is not considered likely.
- 3.11 Any business who has previously applied and been rejected on the grounds of either of the above criteria will be contacted and their grant application re-opened so that they can re-submit and be paid.
- 3.12 All other eligibility criteria will remain unchanged and businesses must continue to provide appropriate supporting documentation to evidence their eligibility.
- 3.13 Given that the next Cabinet meeting is not scheduled until 17 August 2020, urgency powers are required to make this decision because:
 - 3.13.1 Following the government's announcement that the majority of businesses will be permitted to reopen, the council anticipates that these businesses are likely to need upfront funding quickly to enable them to restart their businesses after a prolonged period of enforced closure during lockdown. Waiting till after the 17 August to distribute the grant funding to a wider section of the business community may mean that some businesses are not able to access the support they need in a timely manner which could impact on the viability of the local economy.
 - 3.13.2 On 23 July, the government set a deadline of 28 August for the scheme where any unspent funds will need to be returned. Therefore, it is important that the change in criteria is communicated as soon as possible to ensure grants are paid quickly and to as many eligible businesses as possible.

4.0 Financial Implications

- 4.1 There are no financial implications to this proposed change. The original Cabinet report anticipated spending the full available budget and the proposed changes recommended in this report will maximise the chances of the funding being spent in full.

5.0 Legal Implications

- 5.1 This report sets out the rationale for a decision to be made to expand the Local Authority Discretionary Grant Scheme criteria by exercising the Chief Executive's urgency powers.
- 5.2 Paragraph 9.3.2 of Part 3 of the Council's Constitution states the following regarding the exercise of the Chief Executive's urgency powers:

"Exceptionally, (including at any time when the Chief Executive is acting as "Gold" on behalf of the London local authorities following the convening of the Strategic Co-

Ordinating Group (“Gold Command”)) notwithstanding anything in this Constitution, the Chief Executive shall be authorised to exercise either executive or non-executive functions where the matter is urgent unless this is prohibited by law.”

- 5.3 Pursuant to paragraph 9.3.3 of Part 3 of the Council’s Constitution, if the Chief Executive exercises her urgency powers pursuant to paragraph 9.3.2 (as referred to in the previous paragraph), she is required to notify, as appropriate, the Leader or Deputy Leader of the Council, the Lead Member with portfolio responsibility for the matter to which the decision relates and the Leader of the Principal Opposition Group of any such action.

6.0 Equality Implications

- 6.1 None

Report sign off:

AMAR DAVE

Strategic Director for Regeneration and Environment