

Record of officer decision

Decision title:	Approval of further amendments to the Discretionary (Covid-19) Business Grant Fund
Date of decision:	4 August 2020
Decision maker:	Director for Economy and Place
Authority for delegated decision:	<p>A cabinet member decision taken on 12th June 2020 (Decision on arrangements for the Discretionary (Covid-19) Business Grant Fund).</p> <p>The full report and decision notice can be found here: http://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?ID=6931</p> <p>Recommendation B of the report approves “the approach to delivering the Discretionary Grant scheme”.</p> <p>Paragraphs 14 to 19 detail the approach to the delivery of the grant scheme and paragraph 15 highlights that “should any funds remain at the end of an application round, a further application window will be opened which may consider the inclusion of other business sectors for support.”</p>
Ward:	Countywide
Consultation:	Consultation has been undertaken with the finance and their comments are incorporated in this decision. In addition the Cabinet Member for Environment, Economy and Skills has been consulted on the Exceptional Circumstances Fund
Decision made:	<p>Discretionary Grant Scheme - the main fund</p> <p>To date there has been a limited level of applications for the Discretionary Grant Fund. As the funds need to be committed by the end of August 2020, to simplify the communication of the criteria for the existing scheme it is proposed the criteria are changed to;</p> <p>Businesses or registered charities who are business rates ratepayers and whose main business premises are in Herefordshire, and has a rateable value of less than £51,000 Businesses or registered charities without a business rate assessment of their own (who are not ratepayers), must have rent or mortgage costs of less than £51,000 for their main business premises within Herefordshire</p> <p>Businesses that work from domestic premises (such as their home) or on a mobile basis (without a premises) would still not be eligible to apply for the main scheme but may be eligible for the Exceptional Circumstances Fund below</p> <p>In addition to the improved communications, the broader grouping may increase applications from those that have commercial premises costs and are not ratepayers. It is unclear how many more businesses would be eligible due to this change. 12 applications from the first round (around 6% of all applications) were rejected as they did not meet one of the previous circumstances. They may have been other reasons why some of these allocations were also not eligible</p>

Discretionary Grant Scheme – Exceptional Circumstances Fund

To approve the delivery of an Exceptional Circumstances Fund (ECF) which will enable businesses and registered charities that have suffered significant hardship due to Covid 19 but due to exceptional circumstances have not been able to access any other support to seek funding

The ECF will be available to Herefordshire based self-employed, micro, small business as well as registered charities who were trading on or after 11th March 2020 who wish to make a case for why a grant is critically required based on the following circumstances;

They are not eligible for other government Covid-19 related grants such as the Small Business Grant Fund, the Retail, Leisure and Hospitality Fund and the main Discretionary Grant Scheme and can demonstrate a significant (50%+) loss of income between March and July 2020.

Businesses who are eligible for the Self-Employed Income Support Scheme (SEISS) and can demonstrate significant on-going financial hardship

Mobile businesses with vehicle costs who can demonstrate significant loss/ hardship

Businesses or registered charities who occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments above £51,000 where they can demonstrate a significant hardship such as retail, hospitality, leisure, and cultural venues that have been closed for a number of months

They can demonstrate their Herefordshire business is based from home rather than a commercial property so have been unable to access any other grant support and can demonstrate a significant loss (50%+ of income)

Employed at least half of one full time equivalent employee on 11 March 2020 within Herefordshire. That is someone who works at least 15 hours per week for the business. This can include the business owner(s) or the director(s) of a limited company if they work for the business or charity. Registered charities can include evidenced volunteer time for this eligibility (up to 4 FTE volunteers)

Those who would like to be considered for the ECF will complete an online application form to set out their case (declaring their application to be a true and accurate account), and provide any available supporting evidence to their application such as statement form accountant of impact on their business, letter from bank manager, evidence of cancelled orders/ events, identifying numbers of employees on payroll who are now at risk of redundancy

A decision making panel (senior Economic Development and Finance Service Manager or Head of Service) will review application on their own merits on a weekly basis determining a grant award of £0, £5K, £10K or £25K depending on the circumstance of the business or charity

In an exceptional circumstance, where a business or charity operates from multiple sites and can demonstrate that their future viability is at significant risk, the panel may consider awarding multiple grants (in line with the national guidance)

	<p>As a guide the following scoring criteria would be utilised by the panel</p> <table border="1" data-bbox="496 248 1556 472"> <thead> <tr> <th>Loss of Income March to June 2020</th> <th>Score</th> <th>Number of Employees (FTE)</th> <th>Score</th> </tr> </thead> <tbody> <tr> <td>Min 50% Loss Income</td> <td>10</td> <td>0.5 to 10</td> <td>10</td> </tr> <tr> <td>75% Loss of Income</td> <td>15</td> <td>10 to 25</td> <td>15</td> </tr> <tr> <td>100% Loss of Income</td> <td>20</td> <td>25+</td> <td>20</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>Level of Grant</p> <table border="1" data-bbox="496 544 1556 728"> <thead> <tr> <th>Total Score</th> <th>Award</th> </tr> </thead> <tbody> <tr> <td>20 to 29</td> <td>£5,000</td> </tr> <tr> <td>30 to 39</td> <td>£10,000</td> </tr> <tr> <td>40+</td> <td>£25,000</td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table> <p>As the panel would be considering each application on its own merits, in exceptional circumstances they may decide (with clearly defined and recorded rationale) to award a higher level of grant than that the scoring category, but not each individual grant would not exceed £25,000 (in line with the national guidance)</p>	Loss of Income March to June 2020	Score	Number of Employees (FTE)	Score	Min 50% Loss Income	10	0.5 to 10	10	75% Loss of Income	15	10 to 25	15	100% Loss of Income	20	25+	20					Total Score	Award	20 to 29	£5,000	30 to 39	£10,000	40+	£25,000		
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<p>Reasons for decision:</p>	<p>On the 23 July the government informed all Local Authorities that the Covid 19 grant support, including the Discretionary Grant schemes will close at the end of August 2020. To date the take up of the Herefordshire Discretionary Grant Scheme has been low (please see finance section below)</p> <p>Therefore, the proposed changes will simplify the current scheme criteria to encourage more applications and to expand who is eligible to apply. The Exceptional Circumstances Fund (ECF) will provide a route to support those that have suffered significant hardship, but have not been able to access any other funding, a route to seeking some support</p> <p>The previous Discretionary Grant Record of Officer Decision agreed to the principle of having an ECF and allocated £649,000 as a budget from within Herefordshire's Discretionary Grant allocation from government</p> <p>There are a large number of self-employed, micro and small businesses and charities in the county that due to exceptional circumstances have not been eligible for any Covid 19 grant support to date, threatening their continued viability. Whilst individually these may be smaller businesses in terms of numbers of employees and turnover, 90% of Herefordshire's business base are micro enterprises. Therefore, the potential closure of these businesses represents a very significant threat to the economic viability of the county</p> <p>The proposed ECF scheme will enable those that are encountering significant hardship due to Covid 19 and have no other avenue to seek support to make their case for assistance. Each case will be considered on its own merits, against the criteria outlined above which are in compliance with the national Discretionary Grant Scheme guidance. The weekly panel will consider applications made up until the point the funds are exhausted, or at the point the Discretionary Grant Scheme closes at the end of August 2020</p>																														
<p>Highlight any associated risks / finance / legal / equality considerations:</p>	<p>Finance</p> <p>To date the take up of the Discretionary Grant Scheme has been relatively low, 240 applications have been received to date</p>																														

		Budget	£3,200,000	
		Initial funding round	£505,000	
		Second Round	C £210,000	
		Future Rounds (up until of August 2020)	C £2,485,000	
		Exceptional Circumstances Fund	£640,000	
	<p>Risk</p> <p>There is a reputational implication if the council continues with the current scheme criteria and commits low levels of grants and/or has funding remaining which could be supporting businesses in financial hardship</p> <p>Additional risk considerations are:</p> <ul style="list-style-type: none"> • Demand for the grant exceeds the available budget: It is very difficult to accurately estimate gross demand and how many applications are likely to be received but it is safe to assume that not all businesses that are eligible will apply. If demand exceeds the budget, awards will be proportionately reduced in the funding round so that the budget is not exceeded • High volume of applications, which will have an impact on resourcing: An initial eligibility check of applications will ensure only those that meet the scheme requirements progress to the appraisal stage. Should we receive a peak of applications prior to the end of August 2020 closing date, additional resources will be redeployed from the wider Economy and Place Directorate to meet this short term demand <p>There are no different legal or equality considerations from the agreed decision taken on the 12 June 2020</p>			
<p>Details of any alternative options considered and rejected:</p>	<p>The option of not launching the ECF element of the Discretionary Grant Scheme has been considered. However, this would mean that those businesses and charities whose viability is threatened by Covid 19 would have no route available to seek support</p> <p>The relatively low take up of the Discretionary Grant Scheme today suggests that headroom remains to be able to provide support that face exceptional circumstances, and if not committed by the end of August the funds may be lost</p>			
<p>Details of any declarations of interest made:</p>	<p>None</p>			

Signed

Richard Ball
Director for Economy & Place

Date: 4 August 2020