

# BRIEFING

<b>TO:</b>	Judith Badger, Strategic Director of Finance and Customer Services
<b>DATE:</b>	20 <sup>th</sup> January 2021
<b>LEAD OFFICER:</b>	Rob Mahon Head of Corporate Finance
<b>TITLE:</b>	ARG - Discretionary Business Support

## 1. Background

- 1.1** On 24th October South Yorkshire entered into the Tier 3 (very high risk) level as part of the response to the Covid-19 pandemic and rising case numbers in the area. As part of the agreement with government to enter Tier 3, the Sheffield City Region (SCR) negotiated a business support package of £30m, known as the Additional Restrictions Grant (ARG). This is a discretionary fund that SCR can use to create a package of support for businesses that are unable to access governments LRSG's either as they are not registered for business rates or not within one of the business sectors that are able to access the grants.
- 1.2** From this fund a total of £4m ARG was provided to the SCR local authorities to carry out a discretionary business support grant. This was to allow each local authority to design a scheme that supports those business sectors in their area that have been significantly impacted by Covid-19 restrictions but so far unable to access any of the support grants. Rotherham MBC's allocation is £664k.
- To ensure broad consistency where possible, the following principles were agreed across the SCR.
- The fund is completely discretionary - LAs can support businesses as they see fit.
  - All LAs will consider how they could support businesses in "hardship" that have not received support through other schemes.
  - The fund does not have to be used to support businesses directly. It can be used for wider business support (high street campaigns, car parking incentives etc).
  - Where the fund is used to provide business grants, LAs can support any sectors they choose.
- This fund can be used to support the self-employed and freelancers who may fall outside the eligibility of existing national and local schemes.

## 2. Key Issues

- 2.1** The Rotherham Council discretionary scheme was approved at cabinet on the 8<sup>th</sup> December 2020. The fund available to the Council is limited to £664k and as such the Council's scheme was designed to have a mix of targeting the business areas that allowed the Council to provide support to as many businesses as possible, whilst providing a payment value that will be sufficient to support businesses in these challenging times.
- 2.2**

The approved scheme is available to businesses suffering from a loss of trade and that have been unable to access any of the existing business grant schemes. These are expected to be primarily small and microenterprises, including businesses registered too recently to qualify for central government support. Successful applicants must meet the core criteria and fall into one of the targeted areas below. Grant payments are anticipated to most commonly be £500 but rising to up to £1,000 where a greater need is demonstrated and subject to availability of funds. Any amounts over £500 will be applied as a top up following assessment of all claims.

**Core criteria:**

- Businesses must be able to demonstrate financial hardship which is believed to relate to Covid-19 and / or the resulting government-imposed restrictions on economic activity, either directly or indirectly.
- Has to be micro/small businesses (employees less than 49).
- Able to evidence significant ongoing business costs.
- State aid rules apply.
- Businesses that are able to access existing government business support schemes will usually be excluded.

**Targeted areas include:**

- Local, regional or independent businesses that were not forced to close during the lockdown or which fall outside the current national and local schemes.
- Businesses run from home with significant ongoing costs that are of a business nature – i.e. a separate building, solely for business use.
- Mobile microbusinesses that do not operate from fixed premises
- This fund can be used to support the self-employed and freelancers who may fall outside the eligibility of existing national and local schemes.

2.3

In exceptional circumstances but solely at the discretion of the Council, an application may also be considered from a business not fully meeting the criteria set out above. For example, a business that has seen a loss in trade due to Covid-19 but does not have any ongoing business costs. However, this will not cover self-employed people able to access governments self-employment support scheme.

2.4

The fund is demand lead, however, since its launch the value of claims received from businesses in these areas remain low, with only 72 successful applications received, at a payment value of £500, only £36k spend has been committed. It is considered that at this rate the grant will not be fully utilised and as such top up payments for the schemes should be considered. The following approved recommendation within the Cabinet report allows the Strategic Director of Finance and Customer Services to approve top ups to the business grant payments in order to ensure the grant allocation is fully spent.

- That Cabinet delegate to the Strategic Director Finance and Customer Services in consultation with the Leader of the Council and Cabinet Member for Finance and Corporate Services, the application of any surplus grant to top up the grant values paid to eligible small businesses.

2.5

It is therefore recommended that the existing discretionary grant payment value is increase to £2,000. This amount would bring the discretionary payments close in line with business grant awards in other areas such as the Supply Chain grants, however, it will not

2.6	<p>make these awards higher. This will see a further £54,000 of spend committed (36*£1,500) and with the revised payment value it will encourage more businesses in need of support to come forward. Crucially, it will also allow capacity within the fund for applications to continue to be received for the rest of the financial year, therefore, reducing the risk that the Council needs to turn businesses away due to lack of funds.</p> <p>At the end of February, an updated position statement on the discretionary grants will be presented to the Strategic Director of Finance and Customers Services to seek agreement to any further top up payments required to fully utilise any remaining element of the grant ahead of the financial year end.</p>
<b>3. Key Actions and Timelines</b>	
3.1	<p>If the top up to £2,000 can be agreed then the payments will need to be made retrospectively for those businesses that have already successfully applied for the grant and then all new applicants will receive a grant payment of £2,000.</p>
<b>4. Recommendations</b>	
4.1	<p>The Strategic Director of Finance and Customer Services, in consultation with the Leader of the Council and Cabinet Member for Finance and Corporate Services, approves ;</p> <ul style="list-style-type: none"> <li>• Top up all discretionary grant payments to £2,000.</li> </ul>