

Cabinet – 19 May 2020

Update on the: Implementation of Governments Business Rate Relief and Grant Programmes for Walsall.

Portfolio: Councillor Adrian Andrew, Deputy Leader and Regeneration.

Related portfolios: Councillor Mike Bird, Leader of the Council.

Service: Economy, Environment and Communities

Wards: All

Key decision: Yes

Forward plan: Yes

1. Aim

The aim of this report is to set out for Cabinet the successful work completed so far by Walsall Council in its administration of the governments; Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Funds. To ensure that these grants reach all eligible Walsall Businesses as soon as possible. Together with an update on the new; Local Authority Discretionary Grant Fund released on the 2 May 2020.

2. Summary

- 2.1 As part of the government's response to Covid-19, during March 2020 the chancellor announced a range of support for small businesses, and those businesses operating in the retail, hospitality and leisure sectors. This included both tax relief and grant funding during the 2020-2021 financial year through the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund. Walsall Council received around £53million in April 2020 to cover costs associated with these programmes.
- 2.2 In addition as part of the COVID19 daily announcements, on the 17 March 2020 a 100% business rates holiday was announced for the whole of the 2020/21 financial year to all retail, hospitality and leisure businesses.
- 2.3 On the 2 May 2020 government released details of the new Local Authority Discretionary Grant Fund, followed by initial guidance on the 6 May 2020, to accommodate certain small businesses that previously fell outside the scope of the initial business grant funds scheme.
- 2.4 This report sets out the details of these government programmes, together with how Walsall Council officers have and continue to put into place the required processes, procedures and operating arrangements, to ensure that we get the funding out to local eligible businesses as quickly as possible.

- 2.5 Details of the new Local Authority Discretionary Grant Fund programme known at the time of drafting, taken from the initial guidance dated the 6 May 2020 have been included within this report. The Deputy Leader will provide Cabinet with an update of the latest position at the meeting itself on the 19.05.2020.

3. Recommendations

- 3.1 That Cabinet notes the contents of this report and the progress that is being made to ensure that local businesses benefit from these programmes.
- 3.2 To ensure swift prosecution of the new discretionary grant fund scheme, that Cabinet delegate's responsibility for agreeing the administration processes, approval criteria and payment approvals to the Executive Director Economy Environment and Communities in consultation with the Deputy Leader for the new Local Authority Discretionary Grant Fund.

4. Report detail - know

Context

- 4.1 As part of the government's response to Covid-19, during March 2020 the chancellor announced a range of support for small businesses, and those businesses operating in the retail, hospitality and leisure sectors. This includes both tax relief and grant funding during the 2020-2021 financial year through the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund. Walsall Council received around £53million in April 2020 to cover the costs associated with the above programmes, with the estimated cost being £46million.
- 4.2 Under the Small Business Grant Fund (SBGF) all eligible businesses (as set out within government guidance) in England in receipt of either Small Business Rates Relief (SBRR) or Rural Rates Relief (RRR) in the business rates system will be eligible for a payment of £10,000.
- 4.3 Under the Retail, Hospitality and Leisure Grant (RHLG), all eligible businesses (as set out within government guidance) in England that would have been in receipt of the Expanded Retail Discount (which covers retail, hospitality and leisure) on 11 March with a rateable value of less than £51,000, are eligible for the following cash grants per property.
- 4.3.1 Eligible businesses in these sectors with a property that has a rateable value of up to and including £15,000 will receive a grant of £10,000.
- 4.3.2 Eligible businesses in these sectors with a property that has a rateable value of over £15,000 and less than £51,000 will receive a grant of £25,000.
- 4.4 It must be noted that for businesses with a rateable value of £51,000 or over that they are not eligible for this scheme. Businesses which are not ratepayers in the business rates system are also not included in this scheme.

- 4.5 In addition to grant programmes as part of the COVID19 daily announcements, on the 17 March 2020 a 100% business rates holiday was announced for the whole of the 2020/21 financial year to all retail, hospitality and leisure businesses.
- 4.6 On the 2 May 2020 Government released details of the new Local Authority Discretionary Grant Fund, followed by initial guidance on the 6 May 2020, to accommodate certain small businesses that previously fell outside the scope of the initial business grant funds scheme. Detailed guidance is expected during week beginning 11 May 2020, the Deputy Leader will update cabinet with on this and any further operational details etc.
- 4.7 Government is asking Local Authorities to prioritise the following types of businesses for grants from within this new Local Authority Discretionary Grant Fund:
 - 4.7.1. 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;
 - 4.7.2. Regular market traders who do not have their own business rates assessment;
 - 4.7.3. Bed & Breakfasts which pay Council Tax instead of business rates; and
 - 4.7.4 Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.
- 4.8 The list set out above in 4.7 is not intended to be exhaustive, but is intended to guide Local Authorities as to the types of business that the Government considers should be a priority for the scheme. Authorities should determine for themselves whether particular situations not listed are broadly similar in nature to those above and, if so, whether they should be eligible for grants from this discretionary fund. The precise design of the discretionary fund will be up to each Local Authority.
- 4.9 Government have also set national criteria for the funds which must apply to all grants made from this Local Authority Discretionary Grant. These grants can only go to:
 - 4.9.1 Businesses with ongoing fixed building-related costs
 - 4.9.2 Businesses which can demonstrate that they have suffered a significant fall in income due to the Covid-19 crisis
 - 4.9.3 Business with fewer than 50 employees
 - 4.9.4 Businesses that were trading on 11th March.
 - 4.9.5 In addition, businesses which are eligible for the existing grant schemes or Self-employed Income Support Scheme are not eligible.
- 4.10 Grants are capped at £25,000. The next level of grants is £10,000, with Local Authorities having discretion to make payments of any amount under £10,000. It will be for Local Authorities to adapt this approach to local circumstances. Government expects decisions on the appropriate level of funding to reflect the relative costs borne by businesses and to align with the Small Business Grants and Retail, Hospitality and Leisure Grants Funds.

- 4.11 As this is a discretionary fund, Government expects that Local Authorities will want to use an application process and that it may take some time for this to be established. At the same time, it's understood that there are businesses that need this funding and Government asks that Local Authorities make every effort to make this process effective and quick.

Programme Development and Administration

- 4.12 The Initial Small Business Grants Programme represents a significant programme for Walsall, with an estimated 4360 local businesses eligible for the initial grant payments, together with 901 businesses qualifying for full Business Rate relief as they fall within the; Retail, Hospitality and Leisure sectors. To support local companies the need to get this up and running quickly became paramount.
- 4.13 The first task was to ensure that we have the correct contact details for all qualifying businesses so that we can ask them to make their applications through the automated process. A call to arms was made by the portfolio holder who reached out to all small businesses through communications on our web platforms and the media. Complemented by formation of a small team of skilled staff from a number of directorates seeking out and recording verified contact details.
- 4.14 This was quickly followed by the council's business rates team installing, debugging and setting into place the two stage portals and the back office payment systems provided by Northgate, one of the recognised software providers. This was completed successfully and went live on the 14th April 2020.
- 4.15 The government stated that all participating Local Authorities must utilise appropriate procedures and safeguards to limit the opportunities for fraud, in line with their detailed guidance. Stating that government will clawback funding from councils where funds have been paid to organisations who are not eligible, or have submitted fraudulent applications.
- 4.16 To protect Walsall Council from the potential for fraud, and mitigate the potential for clawback action against Walsall Council by Government. So to move quickly and minimise fraud and clawback potential, officers set into place the following processes and procedures for the grants programmes:

Stage 1 – Contacting Business Quickly

- 4.16.1 All eligible businesses have been identified from the Council's Business Rates register, to move quickly and provide the best chances of successful contact, as company venues, shops etc. will most likely be closed now. A small team of cross directorate officers was established on the 1st April, with the aim of seeking out a mix of contact mediums (letter, email, text etc.) for each business to prompt and chase their applications.

Stage 2 – Putting into Place the Automated Portals

4.16.2 Two stage on-line application portals set into place from the 6th April, allowing companies to provide and verify their eligibility and payment details, by uploading evidence that proves who they are, for example; company registration documents, proof of ownership, utility bills for its premises, bank account details etc.

Stage 3 – Combatting Fraud

4.16.3 Utilisation of the government's Grants Management and Counter Fraud digital assurance tool, 'Spotlight' to compliment checks conducted by Walsall Council, including; Ascendant Solutions contracted to carry out additional on-line checks of applicants' details, helping to ensure that applicants for these funds are who they say they are. Once checks have been completed, and many of these are automated, payments will be made directly into businesses bank accounts.

Stage 4 – Automated Payment Processes

4.16.4 Following some delay the software provider released (9th April) the necessary software updates for installation to support automated back office payments. Following testing and the Easter break, this was up and running from the 14th April to get payments out to qualifying businesses quickly.

Stage 5 – State Aid Compliance

4.16.5 All grant recipients are required to fulfil State Aid Regulations as published by government. Utilising good practice developed by Walsall Council's Accountable Body team (part of the Programme Management Team's functions), as part of their administration of the Black Country LEP's funding. Included within the on line portals, and within associated correspondence, clear notification places responsibility with all applicants and grant recipients. Further details included in the Risk Management section of this report.

4.17 Once the details have been received regarding the administration of the governments new Local Authority Discretionary Grant Fund, officers will draw up proposals for administering the discretionary elements for consideration by Executive Director Economy Environment and Communities in consultation with the Deputy Leader

Council Corporate Plan priorities

4.18 The resources received from the governments Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Funds will be administered and paid to qualifying businesses as soon as possible to help support their transition through the COVID19 lockdown period. This will help to protect jobs and employment opportunities for local people, contribution towards the Economic Growth theme of the Corporate Plan.

Risk management

- 4.19 Having the processes to mitigate the potential for applicants breaching State Aid rules, placing Walsall Council with possible clawback responsibilities and associated costs is a key risk. To manage this we ensure that it is the applicant's responsibility to understand and ensure compliance with all State Aid requirements associated with the grants they are applying for and subsequently receive.
- 4.20 Failure to do so, together with any claims that are found to be fraudulent, will result in non-payment, or where payment has been made, legal action to reclaim all grant payments. To complement this we have placed links into the notices that applicants can use to view and understand all appropriate State Aid requirements as posted / updated by Government, together with the following statement that relate to the Walsall scheme;

Applicants for Small Business Rate Relief Grants are subject to State Aid rules and regulations as set or administered by Government, further details of which are available for all applicants through posted hyperlinks etc.

For the Walsall Small Business Rate Relief Grants programme, prior to any payments being released all applicants will be required as part of the stage 2 web portal to tick a box that states;

'In ticking this box you confirm that you understand and will comply with all State Aid responsibilities associated with this grant payment and that, should your claim be found to be fraudulent, or that you have made any misrepresentation in making your claim, you will make a full repayment or be subject to legal action to reclaim all funds.'

- 4.21 The measures proposed in this report are considered proportional and robust, however it must be recognised that fraud may still take place. These measures will help to provide mitigation to avoid clawback from Government, and a route through which we can reclaim them from proven fraudulent applicants.
- 4.22 Similar processes and procedures will be accommodated into and utilised where appropriate as part of the new Local Authority Discretionary Grant Fund programme.

Financial implications

4.23 The financial risks identified at the time of drafting are;

4.23.1 Failure to ensure that all payments are made to eligible applicants, ensuring that no fraudulent activity takes place.

4.23.2 Not putting into place procedures that ensure where-ever possible State Aid compliance.

These risks are being mitigated through the use of the government's Grants Management and Counter Fraud digital assurance tool, 'Spotlight' together with checks conducted by Walsall Council, including; Ascendant Solutions contracted to carry out additional on-line checks of applicants' details, helping to ensure that applicants for these funds are who they say they are. Together with the necessary State Aid notifications and the self-declaration process by all applicants that they will comply with all appropriate 'State Aid' regulations and requirements, before the release of any grant payments.

Legal implications

4.24 Colleagues from Legal Services have been involved in the development and drafting of all legal statements included as part of the compliance and State Aid processes and declarations.

Procurement Implications/Social Value

4.25 There are no identified Procurement implications

Property implications

4.26 There are no identified Property implications

Health and wellbeing implications

4.27 No relevant issues or implications have been identified.

Staffing implications

4.28 There are no implications to staff as a result of the administration of this grants programme, as it is being administered by skilled staff from within the business rates teams assisted by others from across the council as required through the current staff deployment programme.

Reducing Inequalities

4.29 There are no implications as a result of this report / programme.

Consultation

4.30 No consultation has been required or delivered as part of the administration of this grant programme.

5.0 Decide

5.1 Government has set out the majority of the financial and administration rules associated with the grants and tax relief programmes, which are now in operation. Discretion is being offered in relation to parts of the new discretionary Top-up to local business grant funds scheme, the next steps will be for officers to present options for consideration and approval by the Executive Director Economy Environment and Communities in consultation with the Deputy Leader.

6.0 Respond

6.1 Officers have responded to this call for action by government through the swift prosecution and administration of the governments; Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Funds. To ensure that these grants reach all eligible Walsall Businesses as soon as possible. Officers will continue to respond quickly in the administration of future approved programmes in support of local businesses.

7.0 Review

7.1 Implementation will be monitored through existing and newly established systems and procedures. Lessons learnt and any good practice developed will be captured and shared so that officers and indeed the council can benefit.

Background papers

The Department for Business, Energy and Industrial Strategy - Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund; Guidance for Local Authorities.

The Department for Business, Energy and Industrial Strategy - Business Rates: Expanded Retail Discount 2020/21: Coronavirus Response; Local Authority Guidance.

The Department for Business, Energy and Industrial Strategy - Small Business Grant Fund / Retail, Hospitality and Leisure Grant Fund; Guidance for business.

Joint Ministerial Guidance - Covid-19 Business Support Grants: Local Authority Discretionary Grant Fund, dated 6 May 2020

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