

EMERGENCY DELEGATED EXECUTIVE DECISION

In accordance with the Leaders decision and noted by Cabinet on 25/03/2020 to delegate to the Chief Executive any executive decision in this COVID 19 Global pandemic emergency or that is urgent or that would be necessary or expedient, or which would otherwise protect the Council's interests, including key decisions.

South Lakeland District Council Emergency Delegated Executive Decision Small Business Grant Scheme and a Retail, Hospitality, Leisure Grant Scheme, Business Rates and Discretionary Rates Relief

Date: 30/03/2020

Reference: 001

Reason for emergency

Chief Executive received emergency delegated executive decision making powers on the 25th March 2020. It is considered that this decision is necessary or arises from the COVID 19 Global pandemic emergency. The matter is urgent, necessary and expedient and is needed to protect the Council's interests.

The decision is required to be taken because the Government has announced a package of new National Non Domestic Rates (NNDR) reliefs and grants and expect local authorities to administer and pay the grants. Funding will be provided by the Government for the new reliefs, grants and towards the cost of administration.

The Government have requested the reliefs and grants are processed and paid as soon as possible, preferably before 1 April 2020 for grants.

This is a Key Decision: Yes **(A key decision means an executive decision which, in relation to an executive function, has a significant effect on communities in two or more Wards of the Council and/or is likely to result in the Authority incurring expenditure or making savings above £100,000)**

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| Portfolio: | Finance and Resources Portfolio Holder |
| Decision Maker: | Chief Executive |
| Report Author: | Helen Smith – Finance Lead Specialist (Section 151 Officer) Gareth Candlin – Operational Lead Specialist Services |
| Wards: | All Wards |
| Forward Plan: | Exemption from publication requirements/ Forward Plan (Key decision) requirements and call in obtained |

1.0 Expected Outcome and Reasons for Proposed Decision

- 1.1 Many businesses have closed or have seen a reduction in income as a result of coronavirus restrictions. It is expected that the payment of grants and reduction in rate bills will ease financial pressures for eligible businesses.

1.2 This decision will contribute significantly to assisting businesses during COVID 19 helping with job retention and business viability in difficult circumstances; avoiding economic collapse and enhancing the culture of the district by giving additional resources to businesses, including eligible cultural organisations, with properties within the district.

2.0 Proposed Decision

2.1 It is recommended that the Chief Executive:-

(1) Approve a Small Business Grant Scheme and a Retail, Hospitality and Leisure Grant Scheme as announced by the Government in March 2020 of up to £60 million pounds; and

(2) That a non executive emergency decision is taken to confirm appropriate budgets be established outside the approved budget and policy framework to receive the monies and distribute funds as per Government guidance; and

(3) Agrees to delegate the identification, determination and payment of the grants to qualifying properties to the Director of Customer and Commercial Services; and

(4) Agrees that April Direct Debit payments for business rates will be rescheduled by the Council while the new reliefs are being awarded to prevent taking money from businesses that are eligible for 100% relief; and

(5) Agrees the use of the Council's existing Discretionary Rate Relief Policy to grant additional Retail Discount to relevant ratepayers and child minding nurseries.

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| Review Date: | 31.04.2020 |
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3.0 Background and Proposals

3.1 The Government has announced a Retail and Hospitality Grant Scheme which provides businesses in the retail, hospitality and leisure sectors with a cash grant of up to £25,000 per property. Businesses in these sectors with a property that has a rateable value of up to £15,000 will receive a grant of £10,000. Businesses in these sectors with a property that has a rateable value of between £15,000 and less than £51,000 will receive a grant of £25,000. You are eligible if

- your business is based in England
- your business is in the retail, hospitality and/or leisure sector
- your business has a rateable value of under £51,000

Businesses which don't pay business rates (for example due to 100% charitable relief) are not included in this scheme. Properties that will benefit from the relief will be occupied hereditaments that are wholly or mainly being used:

- as shops, restaurants, cafes, drinking establishments, cinemas and live music venues
- for assembly and leisure
- as hotels, guest and boarding premises and self-catering accommodation

3.2 The Council has also been requested to administer a Small Business Grant Scheme to support small businesses that already pay little or no business rates because of

small business rate relief (SBRR), rural rate relief (RRR) and tapered relief. This will provide a one-off grant of £10,000 to eligible businesses to help meet their ongoing business costs. Because most of these businesses currently pay no rates the Council does not have bank account details to make payments automatically so details need to be collected promptly.

3.3 The Council has worked with other Councils in Cumbria to devise a process to gather essential information to identify where the relevant payments for both these grant schemes should be made. Government expects that payments will be made as soon as the Council has sufficient details to do so. In South Lakeland relevant businesses are to be asked through an online form for confirmation that their business meets the eligibility requirements for the grant scheme. Payments will be made by BACS with it expected that the first payments will be received by businesses from 1 April 2020. The Government confirmed on 25 March 2020 that State Aid rules will apply to these grant schemes.

3.4 The Council has also been requested by Government to issue additional retail discount of 100% to occupied retail, leisure and hospitality properties for the 2020/21 financial year. There is no rateable value limit on the relief. Government will reimburse authorities for the cost of this relief under the rates retention scheme. The Council's existing discretionary rate relief policy, effective from 1 April 2017, permits the awarding of discretionary relief in line with any nationally defined scheme for which the council will be fully compensated and is restricted to confirmed details of any such scheme and where the costs do not exceed the Government funding.

The scheme covers businesses in the retail, hospitality and/or leisure sector and will be automatically awarded by the Council to occupied hereditaments that are wholly or mainly being used:

- as shops, restaurants, cafes, drinking establishments, cinemas and live music venues
- for assembly and leisure
- as hotels, guest & boarding premises and self-catering accommodation.

3.5 Relief has also been announced for nurseries that pay business rates. This will be paid to properties that are occupied by providers on Ofsted's Early Years Register and wholly or mainly used for the provision of the Early Years Foundation Stage. The Council has been provided with a list of nurseries on the Ofsted's Early Years Register and will automatically provide the relief and issue new bills to the relevant businesses under the council's discretionary rate relief policy.

4.0 Consultation

4.1 A common approach has been agreed by all District Councils in Cumbria and Cumbria County Council.

4.2 A working group of officers including specialists and case managers have agreed the process for collecting information for payment of grants.

5.0 Alternative Options

5.1 Not to give grants: this would not comply with the request from Government and would not give assistance to businesses operating within South Lakeland District.

5.2 To give grants beyond the scheme set out by Government: this is not affordable for the Council. It is estimated that between 4,000 and 5,500 properties will be eligible for the scheme.

- 5.3 To take April direct debit payments for rates: there is a risk that payments will be taken from businesses that should have received grant, in part negating the effect of the grant.

6.0 Links to Council Priorities

- 6.1 To aid job retention and business viability in difficult circumstances; avoiding economic collapse and enhancing the culture of the district by giving additional resources to businesses, including eligible cultural organisations, with properties within the district.

7.0 Implications

Financial, Resources and Procurement

- 7.1 From the Council's NNDR1 return for 2020/21 there were 4,498 properties receiving Small Business Rate Relief and 210 properties receiving Rural Rate Relief. If all these properties are eligible and were to claim the £10,000 grant the potential cost of this grant will be in the region of £45m. The Government will issue local authorities with a grant to cover the full cost of grants awarded.
- 7.1.1 An initial review of the Council's business rate database suggests in the region of 550 properties may be eligible for the Retail, Hospitality and Leisure Grant with an estimated cost of £11.2m. The Government will issue local authorities with a grant to cover the full cost of grants awarded.
- 7.1.2 Initial estimates suggest that around £29m additional relief retail relief will be granted to businesses in the district. New software updates are required before this relief can be granted. It is unlikely this software will be received and applied in time for all reliefs to be processed before the April direct debit run needs to be submitted. Therefore payments will not be collected by direct debit in April, this does not reduce the full amount payment for the year and businesses due to pay will be contacted with new bills; businesses due to pay will be contacted with new bills to enable payment to be made from May onwards. The Council was expecting to collect around £44m of business rates in 2020/21; after the reliefs have been applied less than half this amount will be due.
- 7.1.3 The Government has indicated that grants will be paid very quickly to local authorities to offset the cash flow impact of the grants being paid. It is expected that substantial grant payments will be received from Government in early April.
- 7.1.4 Further guidance is anticipated from the government which may have the effect of widening the eligibility criteria for business rates exemptions (including e.g. bingo halls and estate agents). It is anticipated therefore that the allocations to billing authorities from government may not match what the Council will need to pay out. In response to queries from the District Council's network, it is understood that BEIS will do a weekly data capture to reconcile and make additional payments to assist cash flow for district councils at this time

Human Resources

- 7.2 There are no direct human resources implications of this report. Staff from around the Council will assist in the processing of grant claims.

Legal

- 7.3 Legal advice has been provided on the grants application form and the state aid implications. A separate non executive decision will be taken to address the changes to the Budget and Policy Framework.

Health, Social, Economic and Environmental

- 7.4 Have you completed an Health, Social, Economic and Environmental Impact Assessment? No
- 7.5 If you have not completed an Impact Assessment, please explain your reasons: The impact of the scheme applies to businesses which are eligible within the Borough and is vital to prevent many small businesses becoming insolvent following Government required closure .

Equality and Diversity

- 7.7 Have you completed an Equality Impact Analysis? No
- 7.8 If you have not completed an Impact Assessment, please explain your reasons: This applies to all those with Businesses which are entitled within the Borough.

Risk

| Risk | Consequence | Controls required |
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| Grants or relief is not given in accordance with Government guidance | Government will not reimburse the Council for payments made outside the Government schemes. | Only issue grants and reliefs in accordance with Government guidance. |
| Grants are given to fraudulent claimants | Grants are not given to the businesses requiring support | Verification has been built into the grant process including requesting evidence and using Government tools. |
| Grants and relief is not issued promptly | Businesses will be billed for rates which are not due, adding to the financial pressure on businesses Businesses will not receive financial assistance as set out by Government | Prompt administration of the reliefs Prompt verification and payment of grant requests. |
| Online application and verification processes to manage a multi-million pound scheme in just a few days in order to get grants paid to businesses with minimal delay. | Reputational impact to the Council and delays to the processing of payments. | The process is being monitored and controls will be put in place. |

Contact Officers

Helen Smith, Finance Lead Specialist (Section 151 Officer), 01539 793147,
h.smith@southlakeland.gov.uk

Background Documents Available

| Name of Background document | Where it is available |
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| BEIS: Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund Guidance | https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875348/small-business-grant-fund-and-retail-guidance-v2.pdf |

| Name of Background document | Where it is available |
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| South Lakeland District Council Discretionary Rate Relief Policy | https://www.southlakeland.gov.uk/business-and-trade/business-rates/business-rates-relief-and-reduction/discretionary-rate-relief-policy/ |
| MHCLG: Business Rates Expanded Retail Discount 2020/21: Coronavirus Response – Local Authority Guidance | https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875613/Expanded_Retail_Discount_Guidance_25.03.20.doc.pdf |
| MHCLG: Business rates: nursery (childcare) discount 2020 to 2021: coronavirus response – local authority guidance | https://www.gov.uk/government/publications/business-rates-nursery-childcare-discount-2020-to-2021-coronavirus-response-local-authority-guidance |

| Approved by: | Signature and Date (or email confirmation) |
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| Chief Executive | 30/03/2020 |
| In consultation with | |
| The Leader of the Council | 30/03/2020 |
| And Relevant Portfolio Holder | 30/03/2020 |
| CMT Directors | 30/03/2020 |
| The following Interests were declared – Disclosable pecuniary interest or other Or None | None declared |

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| <p><i>Due to COVID 19 and Government announcements , it has not been possible for this Key decision to be included in a Forward Plan at least 28 clear days before the decision was to be made. It is not possible to comply with the General Exemption procedure.</i></p> <p><i>In accordance with Part 4 of the Constitution - Rules of Procedure -Access to Information Rules Para 16 the Chairman of the Overview and Scrutiny Committee (Cllr Hughes) has agreed that the taking of the decision is urgent and could not reasonably be deferred because for the reasons outlined in this report and the timescales required to protect the public/ business interest and to comply with Government advice.</i></p> <p><u>This being a “special urgency”</u></p> | 30/03/2020 |
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In accordance with Part 4 of the Constitution - Rules of Procedure - Overview and Scrutiny Committee Rules Rule 16 (j) The Chairman of the Council agrees that this decision is reasonable in all the circumstances and that it is treated as urgent for the reasons outlined above and therefore the decision is **exempt from call in.**

30/03/2020