

LONDON BOROUGH OF CROYDON

To: All Member of Council
Croydon Council website

STATEMENT OF KEY DECISION MADE BY THE CABINET MEMBER FOR ECONOMY & JOBS ON 4 JUNE 2020

The Cabinet Member for Economy & Jobs has taken the decision below under Special Urgency, following the notice published on 2 June 2020.

The making of this decision is urgent to allow the council to set the criteria, process and delivery of the government announced discretionary grant scheme that delivers financial assistance to Croydon businesses during these unprecedented times that have arisen due to COVID19.

The following apply to the decisions listed below:

Reasons for these decisions: As set out in the Part A report.

Other options considered and rejected: As set out in the Part A report.

Details of Conflicts of Interest declared by the Decision Maker: None

Note of dispensation granted by the head of paid service in relation to a declared conflict of interest by that Decision Maker:
None.

Key Decision no.: 3620EJ

Decision Title: COVID 19 – LOCAL AUTHORITY DISCRETIONARY GRANT FUND

Details of decision:

Having carefully read and considered the Part A report and the requirements of the Council's public sector duty in relation to the issues detailed in the body of the reports, the Cabinet Member for Economy & Jobs in consultation with the Cabinet Member for Finance & Resources

RESOLVED:

1. To endorse and adopt the proposed mechanism and process of implementation of the Local Authority Discretionary Grants Fund for Croydon as more fully detailed in the report, subject to compliance with all necessary GDPR requirements, including as detailed in the DPIA when completed.

Signed: Council Solicitor and Monitoring Officer

Notice date: 04 June 2020

SUBJECT:	COVID 19 – Local Authority Discretionary Grant Fund
LEAD OFFICER:	Shifa Mustafa, Executive Director of Place Stephen Tate, Director of Growth, Employment and Regeneration
CABINET MEMBER:	Cllr Manju Shahul Hameed, Cabinet Member for Economy & Jobs Cllr Simon Hall, Cabinet Member for Finance & Resources
WARDS:	All
<p>CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON</p> <p>Covid-19 has had an unprecedented impact on a global scale, including the UK and Croydon. Our response distributing the new Discretionary Grant Scheme will support the following Corporate Plan priorities:</p> <ul style="list-style-type: none"> • Businesses move here and invest, our existing businesses grow Supporting businesses to restart and innovate mitigating the impact of the COVID 19 lockdown on their economic prosperity . Supporting a sustainable economy recovery of the borough. • Everybody has the opportunity to work and build their career By supporting the recovery of businesses the discretionary grant scheme also assists in sustaining the jobs available for our residents. <p>Corporate Plan for Croydon 2018-2022</p>	
<p>FINANCIAL IMPACT</p> <p>The Local Authority Discretionary Grant Fund that has been agreed by government (£2,870,250) will support the recovery of our local businesses and maintain employment which will have a positive impact on the Council's finances in the longer term.</p>	
<p>FORWARD PLAN KEY DECISION REFERENCE NO.: 3620EJ</p> <p>This is a Key Decision as defined in the council's constitution. This key decision is requested under the special urgency measures as part of the emergency response to COVID 19.</p>	
<p>1. RECOMMENDATIONS</p> <p>The Cabinet Member for Economy & Jobs, in consultation with the Cabinet Member for Resources & Finance, is recommended:</p> <ol style="list-style-type: none"> 1. To endorse and adopt the proposed mechanism and process of implementation of the Local Authority Discretionary Grants Fund for Croydon as more fully detailed in this report, subject to compliance with all necessary GDPR requirements, including as detailed in the DPIA when completed. 	

Cases of general urgency and special urgency:

The Local Authority Discretionary Grants Fund was announced by the government on 1 May 2020 to be designed and implemented by local authorities, with an expectation to commence from early June 2020. Now that the funding is open for use, the Council wishes to ensure that it is able to assist as many businesses as soon as possible.

2. EXECUTIVE SUMMARY

- 2.1. Croydon is facing one of the most challenging periods in its economic history. Despite Croydon's many strengths the impact of COVID-19 (coronavirus) has created an economic crisis that needs an immediate coordinated response that reduces the impact on the businesses.
- 2.2. The consensus is that the impact of COVID-19 on the business community and the wider economy will be seismic and that the recovery will play out over many months, if not years.
- 2.3. This report focusses on the implementation of the new discretionary funding scheme for businesses that are not eligible for other support schemes. This is an additional fund to the Small Business Grant Fund (SBGF) or the Retail Hospitality and Leisure Grant Fund (RHLGF), and it is aimed at certain small and micro businesses who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund, and which have relatively high ongoing, fixed property-related costs, and which can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis.
- 2.4. Croydon's share of the funding is £2,870,250.

3. DETAILS OF THE CROYDON DISCRETIONARY GRANTS FUND PROPOSED SCHEME

- 3.1. Based on government recommended criteria, our proposed scheme is primarily and predominantly aimed at:
 - Small and micro businesses, as defined in Section 33 Part 2 of the Small Business, Enterprise and Employment Act 2015 and the Companies Act 2006
 - Businesses with relatively high ongoing fixed property-related costs
 - Businesses which can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis
 - Businesses which occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000
- 3.2. To be eligible, businesses:

- Must not be in receipt of grant funding from other central government COVID-related schemes including, but not limited to, the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund
- Must have a registered or trading address in the London Borough of Croydon
- Must have been trading on 11th March 2020
- Companies that are in administration, are insolvent or where a striking-off notice has been made are not eligible for funding under this scheme
- Businesses that have applied for the Coronavirus Job Retention Scheme and the Self-Employment Income Support Scheme (SEISS) **are** eligible to apply for this scheme.
- Make a declaration that confirms that by accepting the grant payment, the business is eligible for the grant scheme, including that any payments accepted will be in compliance with State aid requirements. A State Aid declaration will be required to be made by the business in question.

3.3. This grant funding is for businesses that are not eligible for other support schemes. Businesses that have received cash grants from any central government COVID-related scheme are ineligible for funding from the Discretionary Grants Fund. Such grant schemes include but are not limited to:

- Small Business Grant Fund
- Retail, Hospitality and Leisure Grant
- The Fisheries Response Fund
- Domestic Seafood Supply Scheme (DSSS)
- The Zoos Support Fund
- The Dairy Hardship Fund

3.4 To be a small business, under the Companies Act 2006, a business must satisfy two or more of the following requirements in a year:

- Turnover: Not more than £10.2 million
- Balance sheet total: Not more than £5.1 million
- Number of employees: a headcount of staff of less than 50.

To be a micro business, under the Companies Act 2006, a business must satisfy two or more of the following requirements:-

- Turnover: Not more than £632,000
- Balance sheet total: Not more than £316,000
- Number of employees: a headcount of staff of not more than 10

3.5 Priority Business Type

There is very limited funding available. Based on the government guidelines, while simultaneously exercising local discretion as per the parameters of the scheme, the proposed scheme for Croydon will give priority to those businesses that fall into the following categories:

- 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.
 - Regular market traders with fixed building costs, such as rent, who do not have their own business rates assessment – *please note that traders must be trading a minimum of 5 days a week in the borough of Croydon to be eligible.*
 - Businesses which occupy property, or part of a property, with a rateable value under £51,000 and were not eligible for rate relief.
 - Social Enterprises – firms that can demonstrate a clear social mission and have a social enterprise legal status.
- 3.5.1 Owing to the discretionary nature of the scheme, we propose to exclude supporting charities and B&Bs: both categories identified by the government. B&B's have been assessed as not having a significant economic impact in Croydon. Charities have alternative funding streams that are accessible and therefore it was deemed were not as exposed as other sectors.
- 3.6. The proposed model is predominantly based on the fixed property costs (including rental or shared workspace desk costs) of those businesses applying. It is proposed that those businesses whose costs are less than £1000 per calendar month receive a grant of £2500; and those with costs £1000 or above receive a £5000 grant. All market traders would receive a £1000 grant.
- 3.7. This is in addition to the other eligibility criteria, which includes a reduction in income of at least 40% as a result of the impact of COVID-19 on the business.

3.8. Croydon Grants Available

Croydon Council propose to award grants based on fixed property costs as set out in the table below. This will enable us to maximise the number of businesses that are able to benefit from this grant scheme. This is in addition to a requirement that businesses applying for grants will have to demonstrate that their business has suffered a fall of at least 40% in income due to the COVID-19 crisis.

Category	Grant Awarded
Market trader	£1000
Fixed property cost <i>below</i> £1000 per calendar month	£2500
Fixed property cost £1000 or above per calendar month	£5000

3.9 Application Process

Businesses will apply for the fund through an online application process constructed by Croydon Digital Services. The application form has a series of triage questions which enables the Council to ensure businesses meet the criteria at an early stage and before they upload the required documentation.

Funding will be granted to the successful applicants on a first-come-first-served basis, with a ringfenced amount of £65,000 set aside for Market Traders. This will be based on when applicants submit their applications (not when they commence the application process). Applications are time tracked on the system to enable the Council to deliver this in a systematic and transparent way.

- 3.9.1 We anticipate that demand will be very high. However in the unlikely event that funding remains after the first round, the Council may choose to reopen the fund and/or adapt the eligibility criteria.

In order for businesses to qualify for the grant, they must **provide evidence that they meet ALL of the following criteria:**

- That they are not eligible for other support schemes as detailed in paragraph 3.3 above
- Must have a trading address in the London Borough of Croydon
- Businesses with relatively high ongoing fixed property related costs which occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000.
- Businesses that can demonstrate that they have suffered at least a 40% reduction in income due to the Covid-19 crisis.
- Business with fewer than 50 employees.
- Businesses that were trading on or before 11th March 2020
- That they are not companies that are in administration, are insolvent or where a striking-off notice has been made
- Are able to make a declaration that confirms that by accepting the grant payment, the business is eligible for the grant scheme, including that any payments accepted will be in compliance with State aid requirements. A State Aid declaration will be required to be made by the business in question.

4. CONSULTATION

- 4.1. Alternative options have been extensively considered. Regular consultation has been undertaken with key external stakeholders, notably London Councils, the South London Partnership and other local authorities. This scheme was also informed by significant engagement from the business community which included consultation from the Croydon Business Taskforce (a representative steering group of business membership groups that include the Federation of Small Businesses and the London Chamber of Commerce), the Croydon Business Network (a working group of business support organisations and business membership groups that deliver support businesses in Croydon to start, develop and grow) and direct engagement from the Economic

Development Team who have interacted with over 2000 businesses directly through the COVID 19 emergency response.

5 PRE-DECISION SCRUTINY

- 5.1 This item has not been to a Scrutiny meeting for pre-decision debate due to the special urgency measures needed to implement and distribute the grants in a timely manner to address the emergency situation businesses are facing due to COVID 19.

6 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 6.1 The Discretionary Grant Fund that has been agreed by government is £2.87m. This will support the recovery of our local businesses and maintain employment which will have a positive impact on the Council's finances in the longer term.

The administration of the grants scheme will be delivered by the in house staff so no external costs will be incurred. Daily monitoring to ensure that grant applications awarded do not exceed grant funding will be in operation.

6.2. The effect of the decision

Small and micro businesses, including market traders and sole traders, will receive financial support to help them to survive and lessen the impact of COVID-19 on their fixed property costs. This will sustain businesses and employment within the borough.

6.3. Risks

Spending against funding will be monitored daily to ensure grant funding is not exceeded, the grant process includes a two stage authorisation process which reduces the risk of fraud and human error.

There is a reputational risk that despite Croydon Council's best intentions this fund does not match the amount needed to address the needs of Croydon's business community and some businesses who do match the criteria will not be able to receive the grant as the demand exceeds the supply.

6.4. Options

Alternative grant allocation options were considered which included a sector specific approach. This was rejected as COVID 19 has impacted all sectors. There was also differing levels of grants that were considered which included £10,000 and £25,000 grants – this was rejected and smaller grants introduced to ensure that the grants supported a wider network of businesses

6.5. Future savings/efficiencies

The implementation of this grant will help to sustain Croydon's businesses which will in turn will sustain employment in the borough. This will help to support future savings and finances for the Council.

Approved by: *Lisa Taylor, Director of Finance, Investment and Risk*

7. LEGAL CONSIDERATIONS

- 7.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that in response to the Coronavirus, COVID-19, the government announced there would be support for small businesses, and businesses in the retail, hospitality and leisure sectors, delivered through the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund. The Local Authorities Discretionary Grants Fund ("the Fund") is an additional fund aimed at small and micro businesses who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund.
- 7.2 The Government has issued guidance for Local authorities in administering the Fund which sets out eligibility criteria and the governments recommended prioritisation of categories of business:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/887310/local-authority-discretionary-fund-la-guidance-v2.pdf
- 7.3 Local authorities will be responsible for delivering grants to eligible businesses and whilst there is no specific statutory power to make these payments, guidance indicates that Councils are able to rely on the General Power of Competence in Section 1 of the Localism Act 2011 to undertake these payments.
- 7.4 The United Kingdom left the EU on 31 January 2020, nonetheless under the Withdrawal Agreement the State aid rules continue to apply during a transition period, subject to regulation by the EU Commission. The local authority must be satisfied that all State aid requirements have been fully met and complied with when making grant payments, including, where required, compliance with all relevant conditions of the EU State aid De-Minimis Regulation, the EU Commission Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, the approved COVID-19 Temporary Framework for UK Authorities, and any relevant reporting requirements to the EU Commission.
- 7.5 Payments of up to and including £10,000 can be provided under the De Minimis rules, provided that the Council is satisfied that applicants have not received in excess of €200,000 of aid within a rolling three year period. These checks will be incorporated within the State Aid declarations which any businesses due to receive a grant will be required to make.

Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Director of Law and Governance & Deputy Monitoring Officer

8. HUMAN RESOURCES IMPACT

- 8.1 Delivery of the fund will require additional staffing redeployed to the Economic Development team. The Economic Development team's inbox will additionally experience high volumes of enquiries once the scheme is live and will require increased provision. To ensure the staffing requirements are met these will be managed under the Council's policies and procedures.

Approved by: Jennifer Sankar, Head of HR Place & Interim Head of HR Resources, for and on behalf of Sue Moorman, Director of HR

9. EQUALITIES IMPACT

- 9.1. There are no direct adverse equality impacts on groups that share protected characteristics arising from this report.
- 9.2. The impact of the virus is far reaching. The combined and unprecedented impact on the local economy, both on businesses and the workforce, will exacerbate inequalities, where some parts of our communities are disproportionately impacted for the short, medium and long term. The Council has been acutely aware of the disproportionate impact that the virus and lock down can have on particular demographics, such as older residents and those with pre-existing health conditions.
- 9.3 Supporting businesses and sustaining jobs will assist in reducing inequality across the borough.

Approved by: Yvonne Okiyo, Equalities Manager

10. ENVIRONMENTAL IMPACT

- 10.1 There are no direct environmental considerations arising from this report.

11. CRIME AND DISORDER REDUCTION IMPACT

- 11.1 The new discretionary grants will support businesses and sustain jobs preventing future issues through key principles of economic development.

12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 12.1 This is an additional fund to the Small Business Grant Fund (SBGF) or the Retail Hospitality and Leisure Grant Fund (RHLGF), and it is aimed at certain small and micro businesses who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund, and which have relatively high ongoing, fixed property-related costs, and which can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis.

- 12.2 The proposed model is predominantly based on the fixed property costs (including rental or shared workspace desk costs) of those businesses applying. It is proposed that those businesses whose costs are less than £1000 per calendar month receive a grant of £2500; and those with costs above £1000 receive a £5000 grant. All market traders would receive a £1000 grant.
- 12.3 The criteria of this fund was developed to support as many businesses as possible to support businesses impacted by COVID 19 who had at least a 40% reduction of their income due to the lockdown.

13. OPTIONS CONSIDERED AND REJECTED

- 13.1 Alternative options considered include a scheme with a sector specific approach.
- 13.2 Alternative options have been extensively considered. Regular consultation has been undertaken with key partners, notably London Councils, the South London Partnership and other local authorities.

14. DATA PROTECTION IMPLICATIONS

14.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

The information received by the council could include both business data and personal data of applicants. This this will include sensitive financial evidence and banking details. A process that conforms to GDPR and the processing of sensitive data has been implemented. Everything is held securely on a purpose built platform.

14.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

No, but a DPIA will be completed. Due to the special urgency of this report there has currently been no time to complete the DPIA, however is being completed as a matter of urgency and the exercise of any delegation decision will be subject to compliance with all the requirements of GDPR, including those detailed in the DPIA .

Approved by Stephen Tate, Director of Growth, Employment & Regeneration

CONTACT OFFICER:

Carol Squires, Head of Economic Development, 07944 600228

APPENDICES TO THIS REPORT: None

BACKGROUND PAPERS: None