

## **Report to the Cabinet**

**Report reference:** C-008-2020/21  
**Date of meeting:** 11<sup>th</sup> June 2020



**Portfolio:** Customer & Corporate Support – Cllr. S Kane  
**Subject:** Business Grants Top-Up – Discretionary Policy  
**Responsible Officer:** Rob Pavey (01992 564211 ).  
**Democratic Services:** Adrian Hendry (01992 564246).

---

### **Recommendations/Decisions Required:**

**To approve the Discretionary Top-Up Policy for the issuing of Business Grants attached as Appendix 1.**

### **Executive Summary:**

The report is asking Cabinet to approve a Discretionary Top-Up Policy for the issuing of Business Grants for those businesses who have suffered financial losses since the Covid-19 lockdown and have not this far received financial support. The Policy follows Government guidance on where the priorities for awarding grants should be and allows authorities an element of discretion on other property types within its local area, The allocation for the scheme is a maximum of £1.49m for the district and is funded through s31 grant from Government.

### **Reasons for Proposed Decision:**

To enable the Council to issue grants to qualifying businesses due to the effects of Covid-19

### **Other Options for Action:**

- 1 To vary the terms of the Discretionary Policy;
- 2 To not issue the Discretionary Policy.

### **Report:**

1. Since the outbreak of Covid-19 the Government has announced a range of measures to support businesses during this period. The Council has already granted around £29m to 2,500 businesses who qualified for payments under the Small Business Grant scheme and the Retail, Leisure and Hospitality Schemes. There were however a number of businesses who fell outside this scheme that the Government wishes to support, and the Government has also given Councils discretion to issue grants to businesses according to its own priorities.
2. The funding envelope for the Top-Up scheme is 5% of the original funding allocation provided by Government for the Small Business and Retail Schemes. This original allocation was £29.77m and therefore the budget available for this Discretionary Policy is £1.49m. The scheme cannot exceed this amount and the Government will be

undertaking sample checks to the grants that have been awarded. Funding for the scheme will be covered by s31 grants from Government. Grants can be awarded at levels of £25,000, £10,000 or amounts up to £10,000.

3. The Government's aim with the Top-Up scheme is to target support to those businesses who have received little or no support during the Covid lockdown period thus far. The Policy therefore excludes businesses that have already received the support laid out in the policy (Appendix 1) and as stated previously these include those businesses who have already received the Small Business and Retail, Leisure and Hospitality Grants.

4 As with the Grants that were applied under the Small Business and Retail schemes the Top-Up Policy requires the business to have been trading on 11<sup>th</sup> March 2020. The Government is asking Councils to prioritise funding on:

- **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 property costs**, such as rent, who do not have their own business rates assessment eg. indoor markets;
- **Bed & Breakfasts** which pay Council Tax instead of business rates; and
- **Charity properties** in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.

5 The grants are 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. (These are defined in the attached policy)
- 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.**

6 The list set out above 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. There will be no penalty for local authorities because of their use of discretion to prioritise some business types

9 However, key priorities for the scheme are those businesses that will not necessarily be known to the Council, such as those in shared office arrangements and consequently their number is unknown. The ratepayer in these circumstances will ordinarily be the owner or head lessee of the building. This area presents the biggest challenge in estimating the potential cost of any proposals. Clearly, the higher the amounts of individual grants awarded the fewer that can be awarded. If grants of

£25,000 were awarded 60 businesses would be paid, if grants of £10,000 were awarded then around 150 could be awarded but if £5,000 were awarded under the scheme then around 300 businesses could benefit. It is recommended that £5,000 is awarded to all qualifying businesses to maximise its spread.

- 10 From an analysis of Business Rates records there are 4 bed and breakfast establishments in the Council Tax list which could potentially receive a grant. In addition, it is estimated that there are 20 Charities that could also benefit from the relief. There are also a number of shared business environments already identified but the number of businesses within them are unknown at present.
- 11 There are of course a number of other businesses who the Council is aware that they have rateable values below £51,000 and have not received a Business Grant. From these businesses there are rating assessments that have been excluded including advertising rights, ATMs and properties occupied by public bodies who are entitled to receive discretionary relief. These properties total 1,100 so clear priorities need to be set. In terms of the types of properties these relate to offices, workshops and warehouses.
- 12 The following are recommendations where Members may wish to issue grants, other than the Government's intended priorities. These are built from feedback from those businesses who have not received a grant and are likely to have been excluded from the Government's original calculations based on property descriptions. There is also the potential to include areas of the business sector that would focus on the highest potential for long-term viability such as business incubations. It needs to be recognised that with the limited funding the spend needs to be focussed on particular areas.
  - a) Events, hospitality or leisure businesses that require premises for storage of goods or equipment and the occupying business has not received a Business Grant relating to another business property;
  - b) Properties not described as 'shop and premises' or similar within the rating list but undertake retail sales open to the public at the premises.
  - c) Business operating in an incubation environment and who are the ratepayer of the premises.
- 13 The Government acknowledges that local authorities will need to run some form of application process as the potential beneficiaries are highly unlikely to be known directly by the local authorities. This will allow local authorities to undertake proportionate pre-payment checks to confirm eligibility relative to their local scheme and to allow each local authority to determine how to use its discretion in relation to the appropriate level of grant. Prepayment checks must include confirming that by accepting payments recipients are in compliance with State aid rules. An electronic form will be available for applicants to complete
- 14 Weekly reporting will commence in June and Govt will also sample check our awards to ensure compliance with the mandatory awards and the types of awards we are making under our discretion.

**Resource Implications:**

The cost of any Grants awarded will be offset by s31 Government Grant.

**Legal and Governance Implications:**

This policy forms part of the Council's Discretionary Rate Policy under s47 of the Local Government Finance Act 1988

**Safer, Cleaner and Greener Implications:**

None

**Consultation Undertaken:**

None

**Background Papers:**

Guidance paper issued by the Department of Business, Energy and Industrial Strategy – Local Authority Discretionary Grants Fund

**Risk Management:**

The policy is intended to support businesses who may be experiencing financial difficulties due to the Covid lockdown and is aimed at reducing the risk to the local economy