

Decision Maker: LEADER OF THE COUNCIL

Date: For Pre-Decision Scrutiny by ERC PDS on Wednesday 27th May 2020

Decision Type: Urgent Executive Key

Title: DISCRETIONARY BUSINESS GRANTS

Contact Officer: Lydia Lee, Assistant Director Culture and Regeneration
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Chief Officer: Director of Housing, Planning, Property and Regeneration

Ward: All wards

1. Reason for report

Central Government (Department for Business, Energy and Industrial Strategy) has confirmed further grant funding for businesses, which will be distributed by Local Authorities at their discretion. This grant funding is expected to be distributed from June onwards.

This report seeks approval for officers to distribute the funding in line with locally defined government criteria in addition with local eligibility criteria. Council officers have spoken to members of the business community and other London local authorities during the development of this criteria.

2. **RECOMMENDATION(S)**

That the Leader of the Council:

2.1 Approves the recommendations for the distribution of this grant fund set out in the commentary of this report, namely: the recommended local parameters in relation to the national guidance set out in paragraphs 3.6 and 3.7; and the local eligibility criteria set out in paragraph 3.9.

2.2 Agrees that the Director of Housing, Planning, Property and Regeneration has delegated authority to: make changes to the grant distribution approach if required once the Government's technical note is issued; and to exercise limited discretion during the award process. This delegated authority will include consultation with the Portfolio Holder for Renewal, Recreation and Housing.

Impact on Vulnerable Adults and Children

1. Summary of Impact: The recommended local criteria prioritises businesses that have the biggest positive impact on the borough's communities, whether through charitable activity, employment or skills development.
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Corporate Policy

1. Policy Status: Not Applicable
 2. BBB Priority: Excellent Council
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Financial

1. Cost of proposal: Estimated Cost: £2,402,500
 2. Ongoing costs: Non-Recurring Cost
 3. Budget head/performance centre: New budget head for Discretionary Business Grants
 4. Total current budget for this head: N/A New budget
 5. Source of funding: Central Government (BEIS) grant funding
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Personnel

1. Number of staff (current and additional): 6 FTEs
 2. If from existing staff resources, number of staff hours: Approximately 1300 staff hours.
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Legal

1. Legal Requirement: Non-Statutory - Government Guidance
 2. Call-in: Not Applicable
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Procurement

1. Summary of Procurement Implications: N/A
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 500 local businesses.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 Central Government (Department for Business, Energy and Industrial Strategy) has confirmed further grant funding for businesses, which will be distributed by Local Authorities at their discretion. Guidance has been provided and a further technical note is expected shortly to inform local decision making.
- 3.2 The amount of funding for distribution in the borough of Bromley will be £2.4m. The government has identified a set of business types that should benefit from the scheme, which largely recognises those that will have missed out on the previous Business Rate grant funding:
- Small businesses in shared offices or flexible workspaces, including units in larger complexes.
 - Regular market traders with fixed property costs.
 - Bed and breakfasts that pay Council tax instead of business rates
 - Charity properties in receipt of charitable rate relief.
- In addition Bromley Council will specifically include park cafes within its advertised list of eligible business types. Park cafes normally do not pay business rates and therefore would have been excluded from the previous grant funding available. In addition quality green spaces is a Council priority.
- 3.3 Indicative data has been collected in relation to these business types and this suggests that it is likely that the demand on the available funding will outstrip supply. Based on the high level research undertaken, the current estimate is that around 500 businesses could be eligible for this funding, although this estimate has to be treated with some caution. Therefore it is recommended that local priorities and eligibility criteria is agreed for this funding pot. These local priorities can always be lifted at a later date if the demand is not as significant as projected.

National eligibility criteria

- 3.4 It is a mandatory requirement of the national criteria that to receive a grant businesses must demonstrate that they are:
- Not eligible for or in receipt of cash grants under other Government COVID-19 support schemes (excluding the Coronavirus Job Retention Scheme).
 - Trading on 11th March 2020.
 - Not in administration, insolvent or issued with a striking-off notice.
 - Not in breach of State Aid rules when accepting the funding.
- Therefore the Council will enforce this criteria in distributing the funding.
- 3.5 The guidance also states that funding should be primarily and predominately for businesses that are:
- Small or micro enterprises as defined by the Companies Act 2006 and section 33 Part 2 of the Small Business, Enterprise and Employment Act 2015.
 - Have ongoing and fixed property related costs.
 - Can demonstrate that they have suffered a significant fall in income due to COVID-19.
 - Occupy a property or part of a property with a rateable value, annual rent, or annual mortgage payment of below £51k.
- 3.6 To reflect this additional national guidance outlined in paragraph 3.5 it is recommended that the Council follows this guidance in the criteria requirements and puts the following local parameters in place requiring applicants to demonstrate:
- That their turnover and number of employees does not exceed that as defined by the Companies Act 2006 in relation to Small and Micro enterprises and section 33 Part 2 of the Small Business, Enterprise and Employment Act 2015.
 - That their average monthly turnover since 11th March 2020 has reduced by more than 50% on the previous year. This is to ensure that funding is directed to those businesses that have suffered the most significant impact on their income as a result of the coronavirus.

- That they do not have cash reserves of over a set amount depending on their turnover bracket. This is to ensure that funding is given to those businesses that cannot otherwise survive the impact of coronavirus.
 - Not more than £200k for businesses with a turnover of between £1m and above
 - Not more than £100k for businesses with a turnover of between £500k and £999k
 - Not more than £50k for businesses with a turnover of less than £500k
 - That businesses are registered, ie their main business is in the London Borough of Bromley, and trade in the London Borough of Bromley
 - That they are a private enterprise trading as self-employed, a partnership or a Limited Company. Note that many self-employed business structures will have received a self-employment grant and therefore will not be eligible under the national criteria.

3.7 In addition it is recommended that only one grant is paid per business, unlike the small business grant and the retail, hospitality and leisure grants which were payable per property. This is because the amount of grant will not be based on rateable value, but on the overall financial position/size of the business.

Local eligibility criteria

3.8 To further prioritise businesses, given that it is expected supply will out strip demand for this grant programme, it is recommended that local eligibility criteria is also agreed. The national criteria, as defined locally, eg a minimum of 50% drop in turnover, should by default ensure those most in need benefit, and therefore the local criteria's purpose is to reflect the Council's wider ambitions as set out in the new emerging Corporate Plan.

3.9 It is recommended that applicants must demonstrate they meet at least two of the following, that:

- A minimum of 25% of their staff live in the borough. This is to recognise the business's wider contribution to the local economy as an employer of local people.
- Their annual turnover is under £2m. This is in recognition that our local economy is particularly reliant on micro businesses (which make up 93% of the 15,475 businesses in the borough). In addition businesses with a turnover of less than £2m are less likely to be able to access significant business loans or have access to specialist advice.
- They have an apprenticeship and/or internship scheme which is currently active. This recognises their commitment to the long-term success of the local economy through the provision of opportunities for developing young people's skills.
- They are a charity whose charitable objectives, as registered with the Charity Commission, directly benefit borough residents.
- Are located (main registered office) in one the borough's Renewal Areas or a SOLDC, as defined by the borough's Local Plan as priority areas of economic development.

Size of grants and application process

3.10 The size of grants distributed will be defined by the number of applications to spread the funding as fairly as possible. Businesses with an annual turnover of more than £2m will all receive the same grant value. Businesses with an annual turnover of between £1m and £2m will all receive the same grant value. Businesses with an annual turnover of between £500k and £999k will all receive the same grant value. Businesses with an annual turnover of under £500k will also all receive the same grant value.

3.11 Basing the grant value on the annual turnover of the business relates it to the overall financial position of the business and therefore is likely to be proportionate to the extent of their liabilities and cash flow requirements. Note that because of the size of the funding pot available grants are expected to be small in value, in addition it should be noted that the Government guidance includes grant caps.

- 3.12 The application process will be via an online form which will be administered in partnership with Liberata. Businesses will be required to submit evidence in relation to the eligibility criteria however this will be kept to the minimum possible to ensure the applications can be administered with some speed, recognising that these grants will be crucial to the functioning of some businesses. A clear checklist will be provided to try and ensure businesses correctly submit their application first time around.
- 3.13 Subject to Executive approval the grant scheme will be launched in early June, clearly setting out the criteria and the evidence required from businesses to apply. One week later the scheme will open for applications and it will remain open for two weeks. It is expected that all grants will have been paid by mid-July.

Communications

- 3.14 Unlike the previous business grant scheme funded by Government during the Covid-19 pandemic period there is no specific list of recipients. The number of likely eligible businesses has been calculated at a high level based on the information available to the Council. However it should be noted that our findings relate to those of other London Councils and the majority are expecting demand to outstrip supply and are planning their administration of the grant scheme on that basis.
- 3.15 As there is no specific list of eligible businesses, the Council's communications approach will be crucial to reaching businesses that could be eligible for funding prior to the application window closing. Dedicated communications resource will be required for three weeks to manage press releases and social media content. Additionally permission will be required for the Culture and Regeneration Division to directly instruct Bromley Knowledge on new website content and updates throughout the application period to ensure that there are no delays.
- 3.16 Messaging to businesses will be supported by the Council's business support partners via the Covid-19 Business Support Task Force, who have been consulted and have had opportunity to feed into the local approach to the proposed distribution and administration of this funding.

Resources

- 3.17 To administer the grant scheme Council officer resource will be required to support Liberata. This is currently estimated at an additional 6FTEs for six weeks. This resource will require officer time to be redeployed from other Council departments, which is the same approach that was taken to support the administration of the Business Rate grant funding. As set out in paragraph 3.15 dedicated communications resource will also be required for an estimated three weeks.
- 3.18 The cost of Liberata managing the grants process is still to be determined, and it is likely to depend on factors such as the number of applications received. It is not clear at this stage what funding will be provided by Government towards the cost of administering the scheme

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 The recommended local criteria prioritises businesses that have the biggest positive impact on the borough's communities, whether through charitable activity, employment, or skills development.

5. POLICY IMPLICATIONS

- 5.1 This is a one off grant programme that is being defined locally in line with Central Government guidance. There are no wider policy implications for the Council.
- 5.2 In defining the local eligibility criteria, officers have reflected the Council's strategic and policy objectives by taking in to account key documents such as the emerging Corporate Plan, the emerging Regeneration Strategy and the adopted Local Plan.

6. FINANCIAL IMPLICATIONS

- 6.1 The overall funding available for payments to businesses, provided by Government, totals £2,402,500.
- 6.2 There are currently discussions ongoing with Liberata to consider the cost of administering the scheme for the Council. Any final cost will depend on the final scheme arrangement and ensuring value for money is delivered. It is not clear at this stage what funding will be provided by Government towards the cost of administering the scheme.
- 6.3 The actual grant paid to individual businesses will be dependent on the overall number of eligible applicants, which cannot be accurately estimated at this stage. However the calculation of the final individual payments will be contained within the overall level of funding available.

7. LEGAL IMPLICATIONS

- 7.1 In response to the Coronavirus, COVID-19, this discretionary fund is aimed at small businesses that were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund. The Government has published guidance dated 13 May 2020 in relation to the administration of the Local Authority Discretionary Grant Funds. The grant must be administered within the parameters set out in the guidance and at the discretion of the Council. The report sets out the criteria the Council will apply to distribute the grant. Officers should ensure grant recipients sign appropriate grant terms and conditions which should deal with claw back provisions in the event of fraud.
- 7.2 The Council has power under Section 1 of the Localism Act 2011 to deliver grant funding to business it deems as eligible.

Non-Applicable Sections:	Personnel implications; procurement implications
Background Documents: (Access via Contact Officer)	[Title of document and date]