

**TONBRIDGE & MALLING BOROUGH COUNCIL**  
**FINANCE, INNOVATION and PROPERTY ADVISORY BOARD**

**22 July 2020**

**Report of the Director of Director of Finance and Transformation**

**Part 1- Public**

**Matters for Information**

**1 BUSINESS GRANTS SCHEMES**

**A report detailing the Government schemes to assist businesses and charities affected by the COVID-19 lockdown measures.**

**1.1 Background**

- 1.1.1 Following the Budget on 11 March and the Chancellor's statement on 17 March, the Secretary of State for Business, Energy & Industrial Strategy (BEIS) set out some detail on the two grant funding schemes that Government was asking local authorities in England to administer in order to support recipients of the grants.
- 1.1.2 Guidance was subsequently issued for the Small Business Grants Fund and the Retail, Hospitality and Leisure Grant Fund, giving the eligibility criteria and the monitoring and reporting requirements for post event assurance.
- 1.1.3 We do not hold bank details for the majority of our ratepayers (either because they did not pay by direct debit or were not required to pay any rates), and with the need to ensure that any awards were compliant with government requirements, applications were invited to be made via an online portal to gather all of the relevant information.
- 1.1.4 Officers identified eligible businesses and contacted them by email, letter and phone to advise how to apply for the grants. In a fast moving scenario, guidance was amended five times in the first four weeks, but thanks to a collection of officers from across the Council supporting the efforts of the Revenues officers, businesses were contacted on at least three occasions to ensure we were awarding as much funding as possible.

**1.2 Grants Schemes**

- 1.2.1 Under the Small Business Grant Fund (SBGF) all businesses in England in receipt of either Small Business Rates Relief (SBRR) or Rural Rates Relief (RRR) in the business rates system as at 11 March 2020 were eligible for a payment of £10,000 in line with the eligibility criteria.

1.2.2 Under the Retail, Hospitality and Leisure Grant (RHLG), businesses in England that would have been in receipt of the Expanded Retail Discount (which covers retail, hospitality and leisure) on 11 March 2020 with a rateable value of less than £51,000 were eligible for the following cash grants per property:

- 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
- 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

1.2.3 Businesses which were not ratepayers in the business rates system were not included in this scheme. Also, recipients eligible for the SBGF were not eligible for the RHLG.

### **1.3 Funding**

1.3.1 The Council was initially given £18,674,000 to cover the SBGF and RHLG schemes. With the amended guidance and information from other local authorities suggesting more businesses would be eligible than originally thought, extra funding was requested, increasing the total fund to £20,120,000.

1.3.2 In the first 4 weeks of the scheme, £12,710,000 was paid, a tremendous effort and one that many businesses appreciated. As at the end of June, £18,005,000 of the total funding (approximately 90%) has been paid out to 1,403 businesses.

1.3.3 A very small amount of applications are still being processed each week, and this will continue to be done until such time as a cut-off date is announced by Government.

### **1.4 Local Authority Discretionary Fund**

1.4.1 On 02 May 2020, the Business Secretary announced that £617 million would be made available to local authorities in England to go towards an additional fund aimed primarily and predominantly at small businesses with ongoing fixed property-related costs that were ineligible for either the Small Business Grant or the Retail, Hospitality and Leisure Grant.

1.4.2 National Guidance on the Local Authority Discretionary Fund was made available to local authorities on 13 May 2020, which set out a number of mandatory criteria:

- Businesses that apply must not be in administration, insolvent or subject to a Striking-Off Notice.
- Businesses that apply must not have been in receipt of any other Government Grant (except for Job Retention Scheme (furlough) funding or (as included on 23 May 2020) Self-Employment Income Support Scheme funding).
- Businesses that apply must have been trading on 11 March 2020.

1.4.3 Whilst Central Government left a fair amount to the discretion of local authorities as to how local policies could be formulated, they did set out a number of national priority areas for the funding:

- Small businesses in shared offices or other flexible workspaces
- Regular market traders who do not have their own business rates assessment
- Bed and Breakfast premises which pay Council Tax instead of Business Rates
- Charity properties in receipt of Charitable Business Rates Relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.

1.4.4 In addition, the guidance highlighted that there was an expectation that the fund would be 'primarily and predominantly' used to support businesses that fall in to the following categories:

- 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

1.4.5 Central Government also set the funding allocations at three levels - £25,000, £10,000 or any sum less than £10,000 in order to tally relatively closely with previous grant regimes.

1.4.6 The Borough Council published its Local Authority Discretionary Fund policy on 26 May 2020. This built upon the national guidance, giving it a stronger local relevance:

- Established a local priority – Businesses in (or supplying to) the Retail, Hospitality and Leisure sector that were ineligible for other grants.
- Established that consideration would be given to businesses with a rateable value of £51,000 or above, where it could be demonstrated that business failure would result in a high number of job losses and a wider impact on the Borough.

1.4.7 In total, the Borough Council was allocated a sum of £1,006,000 towards this scheme (equating to a 5% top-up of the initial allocation given to the Borough Council for the Small Business Grant and Retail, Hospitality and Leisure Grant).

1.4.8 The scheme was developed in the main by the Economic Regeneration Manager in liaison with the Revenues Manager, and opened for applications on 26 May

2020, just three days after the amended guidance was published by Central Government. In total, the Borough Council received 161 applications before the deadline on 10 June 2020, but also accepted a further 2 applications after the deadline where it was clear that these had not been submitted earlier due to technical issues. This makes a total of 163 applications.

- 1.4.9 Thirteen applications were discounted as they failed to meet the mandatory criteria or proved to be from outside the borough. Where the business was outside the borough, they were referred to the correct local authority. At the time of writing this report, one application was being held in abeyance until further information had been provided by the applicant.
- 1.4.10 As shown in Table 1, all **149** businesses that met the mandatory criteria and were not subject to further information being required received a grant allocation into their bank accounts on 26 June 2020 (ahead of when a number were due to make their next quarterly rent payment). **148** received payment via the Discretionary Fund with the **1** application being funded out of our Business Rates Retention Pilot (BRRP), and the other remaining application also being funded through this source should they prove to be eligible.

Table 1: Distribution of Applications

<b>Applications</b>	<b>Number</b>
Eligible – contribution through the Discretionary Fund	148
Eligible – contribution through the BRRP	1
Held in abeyance at time of writing report	1
Ineligible	13
<b>Total</b>	<b>163</b>

- 1.4.11 As can be seen in Table 2, numbers of applications from 3 out of the 4 national priority areas were small, with only businesses in shared or flexible space making up a sizeable number of applications. In addition, it is quite clear that the Borough Council made the right decision to highlight ‘businesses in (or supplying) the Retail, Hospitality and Leisure sector’ as a local priority, as these businesses made up the highest number of applications (nearly 50%).

Table 2: Distribution of the Discretionary Fund

Category	Number of Applications	Potential Allocation	% Allocation
National Priority - Shared or Flexible Space	42	£255,000	25.3%
National Priority - Regular Market Trader	7	£12,000	1.2%
National Priority - B&B with CT Liability	1	£4,000	0.4%
National Priority - Small Charity	6	£24,000	2.4%
Local Priority - In (or supplying) RHL Sector	50	£496,500	49.4%
Other – fixed costs other sectors	24	£174,500	17.3%
Other – home-based	18	£40,000	4.0%
<b>TOTAL</b>	<b>148</b>	<b>£1,006,000</b>	<b>100%</b>

1.4.12 Of the businesses categorised as ‘Other – fixed costs other sectors’, a large number of these were in the manufacturing and construction sectors, with a smaller but significant number in both childcare and professional services.

1.4.13 To give an indication of the level of support to the local economy provided through this scheme, the 149 businesses directly supported through the Discretionary Fund employ a total of 1,126 people in the borough, with the other 7 businesses employing a total of 166 people in the borough.

1.4.14 To date, we have understandably had a lot of positive feedback from local businesses. The following is a flavour of the comments received so far:

*“That’s fantastic news, thank you so much for your update. This will certainly help us pay our rent which is now due”*

*“Oh wow - thank you so much - should help us to keep going until things pick up again”*

*“I somehow can breathe today a little easier and I am sure that I will sleep better! We just keep our fingers crossed that we can open soon. We really need to! Thank you again for being there for us. It has been a lonely and difficult period”*

*“Thank you for sending this over - good news to start the day with! We appreciate the support from TMBC and this grant will be very helpful for us”*

*“Thank you so much that is a life saver for the business”*

## **1.5 Legal Implications**

1.5.1 Nil.

## **1.6 Financial and Value for Money Considerations**

1.6.1 Central government will fully reimburse Local Authorities, in line with guidance and the grant offer letter, for the cost of the grant (using a grant under section 31 of the Local Government Act 2003).

1.6.2 A return on all payments made has been made to government following a request. The information will be published nationally.

## **1.7 Risk Assessment**

1.7.1 The Government will not accept deliberate manipulation and fraud - and any business caught falsifying their records to gain additional grant money will face prosecution and any funding issued will be subject to claw back, as may any grants paid in error.

Background papers:

Nil

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