

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

08 November 2022

Report of the Chief Executive

Part 1- Public

Executive Key Decisions

1 SHOPFRONT AND VACANT UNIT IMPROVEMENT SCHEME

In July 2022, Cabinet approved the submission of the Tonbridge and Malling UK Shared Prosperity Fund (UKSPF) Investment Plan. One of the projects within the plan was the creation of a Shopfront and Vacant Unit Improvement Scheme. This report sets out the scheme in detail and seeks approval to launch it in the coming months, subject to the Investment Plan being signed off by Central Government.

1.1 Background

1.1.1 Between 2019 and 2021, a total of thirty-one independent businesses were supported through shopfront schemes that were funded through the Business Rates Retention Pilot reserve. A subsequent analysis of the scheme in February 2022 highlighted the very positive feedback received from applicants, but also potential areas for improvement that could be applied should opportunities arise for further shopfront schemes.

1.1.2 In April 2022, Government announced the launch of the UKSPF prospectus and the allocation of funding across the country as part of the Levelling Up agenda. Tonbridge and Malling was allocated £1m for the period up to March 2025 to deliver initiatives that met the aims and objectives – Communities and Place, Local Business Initiatives, and People and Skills. The UKSPF represented an opportunity to deliver a new shopfront (and vacant unit) scheme and as such this project was included in our investment plan. We have been informed that we should be notified as to whether we have secured the UKSPF funding ‘from October 2022 onwards’, so we are hopeful of hearing shortly.

1.2 Initial Research Findings from Previous Schemes

1.2.1 In February 2022, the Economic Regeneration team undertook an analysis of previous shopfront schemes. The feedback from this was largely positive although there were a few areas where the analysis pointed to areas of improvement:

- need to undertake a greater amount of promotion - most applicants heard about the scheme through the council, so it follows that if we promoted the scheme more extensively, we might receive a good number of applications.
- Whilst most grant recipients praised the straightforwardness of the application process, some did struggle to source three quotes. As such, we could try to relax the requirement to two quotes.
- There was confusion from some applicants over the need for local planning and building consents, as it appears that some applicants did not read the policy or terms set out on the application form. As such, we should attempt to be even more explicit in reminding applicants to check before proceeding with their projects.
- 10 Local Centres and Parade Scheme (Round 2) grants were awarded to applicants who had a sustainability focus to their project. Given the Council's climate and economic commitments, sustainability should be at the heart of any future initiative of this kind.

1.3 Shopfront and Vacant Unit Improvement Scheme

- 1.3.1 In total, £70,000 of UKSPF and £32,000 of Business Rates Retention Pilot (BRRP) funding will be used to deliver this scheme, creating a total budget of £102,000 as set out in Table 1:

	2023/24		2024/25		Total
	Capital	Revenue	Capital	Revenue	
Grants (UKSPF)	£10,000	£0	£55,000	£0	£65,000
Grants (BRRP)	£30,000	£0	£0	£0	£30,000
Advice Service (UKSPF)	£0	£1,500	£0	£3,500	£5,000
Advice Service (BRRP)	£0	£2,000	£0	£0	£2,000
Total	£40,000	£3,500	£55,000	£3,500	£102,000

Table 1: Scheme Finances

- 1.3.2 The draft Guidance Notes and Example Application Form for the scheme are provided in Appendix 1. A summary of the scheme is provided below in Table 2, setting out a rationale for the proposed criteria:

Summary of Scheme		Rationale
Eligible Sectors	'Retail' and 'Food and Drink' businesses	These businesses tend to be the types of uses that have active frontages on to the high street.
Types of eligible businesses	Independent businesses. National chains, franchises and charity shops are ineligible.	Given the limited pot of funding and the role they play in forging the character and identity of a centre, it is key that we focus on supporting independent businesses.
Location	Open to applications from anywhere within the borough but with priority areas in Tonbridge, Snodland, West Malling and Borough Green.	Tonbridge and West Malling are our largest centres and have demonstrated a high demand in previous schemes. Snodland and Borough Green have also been highlighted in research work as having a particular strong need for such a scheme.
Tenure	Property owners or tenants with a minimum of 2 years remaining on their lease.	We need to ensure as much as possible that the improvements will be in place for a sufficient length of time.
Eligible Works	External shopfront improvements and internal works that help to bring vacant shop units back into use/improve energy efficiency	Given the level of interest in previous schemes, and the need to meet the goals of our Climate Change Strategy, it is suggested that efficient use of buildings and carbon reduction measures be eligible.
Grant Value	Up to 60% of eligible costs, with a maximum grant of £3,500.	Given current economic conditions, the grant offer needs to be attractive, but balanced against the need for the applicant to take ownership of their project and contribute accordingly.
Quotes	A minimum of three quotes needed to demonstrate value for money.	Whilst we would like to strike a balance in terms of making the process as straightforward as possible for applicants, the UKSPF requires us to seek three quotes. If an applicant has sought a minimum of three quotes but only receives one or two back, then a pragmatic approach will be taken where possible.

Planning Permission	Consideration as to whether Planning Permission is required for proposed works will be required before an application can be assessed.	Outcome of the analysis work referred to in paragraph 1.2.1
Timeframe to Deliver Project	If an applicant is successful in accessing a grant, they will have a maximum of 12 months (from the date of the Grant Offer Letter) in which to deliver their project	As per previous schemes, this could in theory be reduced. However, experience has shown a number of businesses have needed the full 12 months to complete their project.
Payments	Will be made retrospectively on receipt of paid invoices and photographic evidence. In exceptional circumstances, the Borough Council will consider stage payments where some progress has been made and can be evidenced.	To ensure that due diligence is undertaken in handling public funding.

Table 2: Scheme Overview

- 1.3.2 As per previous schemes, and as included in the UKSPF Investment Plan, we will be looking to commission a retail adviser to provide some independent help and support to prospective applicants to come up with ideas to improve their shopfronts or bring units back into use, complete application forms (including signposting to the council where required) and where needed, mentor applicants through the delivery of their project. Quotes have been obtained, and the cost of this service will be around £7,000 over two years (£3,500 per annum).
- 1.3.3 Whilst the previous shopfront schemes have been left open to applications for many months, due to limited resources within the team, it is intended that this scheme will be open for only a short period (possibly a month), similar to the Green Business Grants Scheme which has run during 2021 and 2022. Should the level of interest be lower than expected, a flexible approach would be taken to extending the deadline.
- 1.3.4 Once the deadline has passed, the applications will be initially considered by a number of different departments within the Council – Planning, Building Control, Environmental Health, Licensing, Business Rates and Economic Regeneration – with recommendations going to a panel comprising the Leader of the Council,

Cabinet Member for Finance, Innovation and Property and the Cabinet Member for Economic Regeneration.

1.4 Next Steps:

- 1.4.1 Subject to Cabinet approval, as soon as the Investment Plan is signed off by Central Government, the Economic Regeneration team will be well placed to finalise the preparation for the launch of this shopfront scheme and to make sure the retail adviser is in place and fully briefed. The first round will start in January/February 2023 and be open for submissions for 6-8 weeks in order to give applicants the required time to assemble the required information.
- 1.4.2 The scheme will be promoted through the council website and social media, the economic regeneration business bulletin and we will also undertake some targeted promotion to shops in the borough through a mailout. Information about the scheme will also be shared with all councillors and town and parish councils, as well as local business networks.

1.5 Legal Implications

- 1.5.1 As reported to Cabinet on 5th July in relation to the UKSPF, following the end of EU-Exit transitional arrangements on state aid the granting of public subsidies to private enterprise is now regulated by the Trade and Cooperation Agreement¹.
- 1.5.2 Importantly, the “de minimis” threshold for public subsidy has been raised to £340,000 over a three-year period, so it seems reasonable to assume that there will be relatively few businesses which will not be eligible for funding under the scheme on this ground.
- 1.5.3 On 19 July further guidance on subsidy control in relation to the UK Shared Prosperity Fund was issued by central government. It says that *“All lead local authorities, and applicants, must consider whether the UKSPF investment will be used to provide a subsidy and if so whether that subsidy will contravene the UK’s obligations on subsidy control, or the Subsidy Act 2022 (which will come into force later this year)”*. The guidance sets out the characteristics of a subsidy in both current (interim) and future (post enactment of the Subsidy Act) circumstances.
- 1.5.4 Those characteristics are:
- the support measure must constitute a financial (or in kind) contribution such as a grant, loan or guarantee and must be provided by a ‘public authority’, including, but not limited to, central, devolved, regional or local government;
 - the support measure must confer an economic advantage on one or more economic actors;

¹ s.29 European Union (Future Relationship) Act 2020

- the support measure is specific insofar as it benefits, as a matter of law or fact, certain economic actors over others in relation to the production of certain goods or services; and
- the support measure must have the potential to cause a distortion in or harm to competition, trade, or investment.

1.5.5 The guidance goes on to state that *“As a guide, subsidy is most likely to be present in ‘supporting local business’ interventions. Public realm interventions, or activities that benefit individual people, are considered highly unlikely to be subsidy.”*

1.5.6 On this basis, payments under the Shopfronts scheme are likely to constitute public subsidy, and be subject to the Trade and Cooperation Agreement rules and, subsequently, the Subsidy Act 2022.

1.6 Financial and Value for Money Considerations

1.6.1 As set out in Table 1 of the report, a total of £70,000 UK Shared Prosperity Fund is allocated towards this project, match-funded by £32,000 from the Business Rates Retention Pilot, creating a total budget of £102,000. The project spend will be completed by end of March 2025.

1.7 Risk Assessment

1.7.1 The application process has been designed to minimise risk. Applications are shared with colleagues in a number of departments (Business Rates, Licensing, Planning, Building Control and Environmental Health) before being considered by the panel, and payments are only made once receipted invoices and photographic evidence of works have been provided

1.8 Policy Considerations

1.8.1 Economic Regeneration

1.8.2 Climate Change

1.7 Recommendations

1.7.1 That the report **BE NOTED**.

1.7.2 That the Shopfront and Vacant Unit Improvement Scheme as set out in Appendix 1 **BE ENDORSED**.

1.7.3 That the capital plan and revenue budget **BE UPDATED** accordingly.

1.7.4 That delegated authority **BE GRANTED** to the Chief Executive in liaison with the Leader of the Council to approve any necessary minor changes to the scheme that may be required following feedback from Central Government regarding the UKSPF Investment Plan.

Background papers:

Nil

Julie Beilby
Chief Executive

contacts:

Jeremy Whittaker, Strategic
Economic Regeneration
Manager