

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

07 March 2023

Report of the Chief Executive

Part 1- Public

Executive Non Key Decisions

1 GREEN BUSINESS GRANT SCHEME

In December 2022, government approved the Tonbridge and Malling UK Shared Prosperity Fund (UKSPF) Investment Plan which sets out a series of projects to help create a better borough for residents and businesses. One of the projects within the plan is the funding for the Green Business Grant Scheme. This report sets out the scheme in detail and seeks approval to launch it in the coming months.

1.1 Background

- 1.1.1 Between October 2021 and April 2022, a total of 39 local businesses were awarded grant support to deliver projects that reduced their carbon footprint through Round 1 and 2 of our Green Business Grant Scheme. These grant awards have helped to fund a variety of interventions, including the installation of LED lighting and floodlighting, new PV panels and tree planting.
- 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 new rounds of the Green Business Grant Scheme and as such this project was included in Years 2 and 3 of our Investment Plan (2023/24 and 2024/2025). Partnership working with other local authorities is strongly encouraged in the UKSPF programme, and as such for this particular project we are working with Sevenoaks District Council to deliver the scheme.
- 1.1.3 With our Investment Plan now approved by the Department for Levelling Up, Housing and Communities (DLUHC) and Year 1 funding received. Work is now progressing on making sure our Year 2 projects, such as the Green Business Grant Scheme, are ready for the new financial year.

1.2 Overview of Previous Rounds:

1.2.1 There have been two previous calls for applications through our Green Business Grant Scheme which have been funded through a £150,000 allocation from the Business Rates Retention Pilot and Pool reserve.

1.2.2 This scheme has been well-received by local businesses, and are now coming towards completion. From Table 1, 39 out of 46 applications were approved for this scheme (85%) and to date 18 businesses have now completed their projects and been paid their grant funding. Funding was awarded for up to £167,413 of grant support on the basis that not all projects would ultimately be able to deliver. This assumption proved to be correct, and has been somewhat exacerbated by the current economic challenges.

1.2.3 In Round 1, 12 projects have completed, with five aborting and 2 having been given short extensions to complete, but not having done so yet. The reason for five projects being aborted was predominantly as a result of businesses being no longer able to find the required match-funding contribution or because costs had increased significantly and these proved to be prohibitive for them.

1.2.4 Projects in Round 2 have until the end of April 2023 to complete their projects. To date, six out of the 20 projects have completed and been paid their grant funding, with a further 6 having completed their project but not yet submitted their claim. It is envisaged that 5 or 6 projects will not ultimately be delivered and that the remaining 2 or 3 projects will need a short extension to complete their projects, with most delays due to difficulties in sourcing equipment or having to wait for contractors for installation.

	Number of Apps	Awards	Funding Awarded	Completed and Paid to Date	Awards Distributed to Date	Awards Unspent to Date
Round 1	21	19	£78,938	12	£54,351	£24,587
Round 2	25	20	£88,475	6	£30,000	£58,475
Total	46	39	£167,413	18	£84,351	£83,062

Table 1: Overview of the first two rounds

1.2.5 It is therefore estimated that total spend in Round 1 will be approximately £60,000 and around £65,000 for Round 2, making a total spend of around £125,000 out of the £150,000 allocation. This would equate to a £25,000 underspend that can be recycled back into the scheme for future rounds.

1.2.6 Table 2 provides information at a more local level across the borough as of February 2023. It shows that there has been a very wide spread of applications geographically.

Locations	Number of Apps	Awards	Funding Awarded	Completions to Date	Funding Distributed
Borough Green	2	1	£8,000	1	£8,000
East Malling	1	1	£5,000	0	£0
East Peckham	3	3	£14,400	2	£10,000
Hildenborough	3	3	£15,000	3	£15,000
Ightham	2	2	£6,432	0	£0
Ivy Hatch	2	2	£9,400	0	£0
Kings Hill	3	3	£15,000	1	£5,000
Larkfield	1	1	£1,840	0	£0
Mereworth	1	1	£5,000	1	£5,000
Snodland	2	2	£10,000	1	£5,000
Stansted	2	2	£9,418	1	£5,000
Tonbridge	9	8	£32,658	6	£21,351
Wateringbury	5	2	£5,015	0	£0
West Malling	1	1	£5,000	0	£0
West Peckham	1	1	£1,490	0	£0
Wouldham	1	1	£608	0	£0
Wrotham	5	5	£23,152	2	£10,000
Outside of the Borough	2	0	£0	0	£0
Total	46	39	£167,413	18	£84,351

Table 2: Geographical Spread of Round 1 and 2 Projects and Spend to Date.

1.2.7 **Appendix 1** provides a few case study examples to illustrate the sorts of schemes that have been funded through these two rounds of the Green Business Grant Scheme.

1.3 Green Business Grant Scheme

1.3.1 In total, £66,000 of UKSPF and around £25,000 of Business Rates Retention Pilot (BRRP) funding will be used to deliver the next couple of rounds of the Green Business Grant Scheme, creating a total budget of £91,000 as set out in Table 3:

	2023/24		2024/25		Total
	Capital	Revenue	Capital	Revenue	
Grants (UKSPF)	£10,000	£2,000	£50,000	£4,000	£66,000
Grants (BRRP)	£25,000	£0	£0	£0	£25,000
Total	£35,000	£2,000	£50,000	£4,000	£91,000

Table 3: Scheme Finances

1.3.2 From this pot of funding, £85,000 will be used directly for grant support for Tonbridge and Malling based businesses, with £6,000 allocated to cover the administration and promotion of the scheme. In addition, Sevenoaks District Council will have a total of £60,000 of funding to allocate towards businesses in their district.

1.3.3 The draft Guidance Notes and Example Application Form for the scheme are provided in **Appendices 2 and 3**. This scheme accords very closely with the criteria that was put in place for the previous two rounds of the scheme, with most of the changes being in relation to:

- The fact that we are working with Sevenoaks District Council to run this scheme.
- Changes in the government definitions specifically relating to green businesses.

1.3.4 As per previous rounds, the scheme will have two elements to this scheme:

- Section A: supporting businesses in the Low Carbon and Renewable Energy Economy (LCREE) with Research and Development, physical infrastructure and/or equipment and machinery. Grants of up to £8,000 available (covering up to 40% of eligible costs).
- Section B: helping lower the carbon footprint of business premises. This is open to all independent businesses that operate from commercial premises. Grants of up to £5,000 available (covering up to 40% of eligible costs).

1.3.5 Projects that have received a grant in a previous round of the Green Business Grant Scheme will be eligible to apply in these upcoming rounds.

- 1.3.6 Given the level of expertise and experience of running previous rounds of the Green Business Grant Scheme, the borough council will be taking the lead on setting up the call for applications, receiving applications and being the single point of contact for enquiries. Once applications are received, those that are located in Sevenoaks District will be shared with Sevenoaks District Council for them to assess and make recommendations to their local panel, make funding awards and monitor progress.
- 1.3.7 For proposals that relate to businesses in Tonbridge and Malling borough, the Economic Regeneration team will make initial assessments to ensure that the required information has been provided and liaise with the applicant if anything is missing. Once the deadline has passed, the applications will be shared with a number of different departments within the Council – Planning, Building Control, Environmental Health, Licensing, Business Rates and Economic Regeneration – to undertake required checks. Recommendations will then be made to a panel comprising the Leader of the Council, Cabinet Member for Finance, Innovation and Property and the Cabinet Member for Economic Regeneration.
- 1.3.8 Applicants will then be notified of the decision of the panel, with successful applicants receiving a Grant Offer Letter setting out the terms and conditions of their award. Payments will ultimately be made on receipt of evidence of completion and receipted invoices, although in exceptional circumstances, a stage payment may be considered.

1.4 Next Steps:

- 1.4.1 Subject to Cabinet approval, the Economic Regeneration team will be well placed to finalise the preparation for the launch of this scheme. It is envisaged that the next round will start in April 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 notify businesses that have already expressed an interest in the scheme in anticipation of its launch. Information about the scheme will also be shared with all councillors and town and parish councils, as well as local business networks and business representative organisations.
- 1.4.3 At present, it is estimated that a further round of the Green Grant Scheme will open up in late 2023 or early 2024.

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;
 - 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 Green Business Grant Scheme are likely to constitute public subsidy, and be subject to the Trade and Cooperation Agreement rules and, subsequently, the Subsidy Act 2022.

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

1.6 Financial and Value for Money Considerations

1.6.1 As set out in section 1.3, £66,000 of UKSPF funding has been allocated towards this scheme in the Tonbridge and Malling Investment Plan. This is split as follows over two years:

- 2023/24 - £10,000 capital and £2,000 revenue
- 2024/25 - £50,000 capital and £4,000 revenue

1.6.2 There is no requirement for the borough council to provide any match-funding for this particular programme, although it is envisaged that around £25,000 of Business Rates Retention Pilot Reserve Funding will be used to contribute towards the scheme in 2023/24.

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. Visits to the business will also be made once the project has been completed.

1.7.2 There is a very small risk that if there is significant underspend in Year 1 of the UKSPF Investment Plan that DLUHC would withhold Year 2 funding. To date, good progress has been made on Year 1 projects. In the extremely unlikely event that our Year 2 funding was withheld, the call for applications would still take place, but we would only be able to award grants using the approximately £30,000 Business Rates Retention Pilot funding.

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 UKSPF Green Business Grant 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 for the purposes of clarity.

Background papers:

Nil

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