



To: Chief Executive
Date: 1 April 2022
Status: Urgent Council Decision Outside Budget and Policy Framework
Ward(s) Affected: Tadcaster
Author: Angela Crossland, Head of Community, Partnerships and Customers
Lead Officer: Suzan Harrington, Director of Corporate Services and Commissioning

Title: Urgent Decision: Tadcaster Business Flood Grant Scheme

Summary:

This report seeks urgent authority to vire Programme for Growth budget to deliver flood recovery fund grants through a scheme to provide financial assistance to Tadcaster town centre businesses suffering hardship due to the flooding caused by Storm Franklin in February 2022. It is not practical to convene a quorate meeting of the Council. The Chair of Policy Review would need to agree that the decision is urgent.

Recommendations:

That following consultation with the Leader and agreement from the Chair of Policy Review as to urgency, the Chief Executive approves

- **£100,000 unallocated Programme for Growth funding and £22,500 of 'Growing Enterprise' Programme for Growth Funding be vired to establish a Tadcaster Business Flood Grant Scheme and that**
- **authority be delegated to the Director of Corporate Services and Commissioning to enter into an agreement with an external provider to deliver the grant scheme, subject to appropriate conditions.**

Reasons for recommendation

To offer immediate assistance to Tadcaster town centre businesses significantly affected by Storm Franklin. To provide an effective delivery mechanism for grant funding.

To do so in line with the Council Plan 2020-2030, 'to make Selby District a Great Place to Live with key objectives to 'Improve town centres' and to 'Develop a long-term programme of market town regeneration'.

1. Introduction and background

In February 2022, the Selby District area was again affected by heavy wind and storms bringing damage and flooding to the area. Unfortunately, the risk of such flooding has once again disproportionately impacted on the Tadcaster business community through the impact of Storm Franklin. The storm brought the second time in 6 years that Tadcaster town centre's high street has flooded, bringing significant and further economic difficulty for the area. The town centre has experienced unprecedented hardship over this period. Major incidents such as the 2015 flooding of the same area and loss of the bridge for over a year forced an extended recovery period and caused consumer habits to look out of the town; a loss of ability to insure property because of the continued flood risk and delays to installing flood defence systems is increasing financial pressure to the point of loss of businesses; and the impact of Covid on businesses through forced lock down changes again, consumer behaviour.

Recent town centre survey work¹ (2021) had indicated that prior to both the recent flood and the pandemic, the Tadcaster town centre had a commercial vacancy rate of 18% which is significantly higher than national benchmarks (9%). Placing the above in the context of this, identifies the ongoing economic hardship of Tadcaster businesses in the town centre.

Previous major incidents of flooding in 2015 and the Coronavirus pandemic had brought Government relief funding and it is acknowledged the positive impact that such relief funding can have for the local economy. At this time, there is no indication from the Government that relief funding will be made available for the recent areas in the country who have been affected by Storm Franklin.

3. Proposal

Current reports are that approximately up to 40 businesses have been affected by the recent flood with a rough estimate of 35 potentially eligible for small business hardship funding.

Officers have identified funding which could be reallocated within the P4G fund to provide a grant scheme. This would be to use £22,500 no longer required from the 'P4G - Growing Enterprise budget' and a £100,000 contribution from the unallocated P4G fund.

It is proposed to establish a grants scheme, subject to the eligibility criteria and fund terms outlined at Appendix A. Businesses identified as flooded would be offered an opportunity to apply for flood relief funding. Assessment of actual amounts required will be based on individual business needs and circumstance. The criteria for eligibility is focused predominantly on smaller businesses who have suffered personal hardship due to the flooding. It would look to cover issues such as:

- Loss of tools or equipment
- Personal hardship due to loss of income
- Repairs

¹ People & Places 2021 'Tadcaster – the Heart of the Town Report'; Selby District Council

- Loss of sales stock
- Enabling flood resilience measures

Initial priority will be to support local business owners with turnover under £100k experiencing financial hardship as a result of floods. This means the priority focus is local, small business but allows some discretion to go over that threshold where evidenced personal hardship.

Due to constraints on capacity within the council it is proposed that the scheme be managed by an external provider for a management fee of 10%.

The Government's delivery mechanism for emergency relief grant schemes from 2015/16 will be drawn from. Lessons from that period were that effective small business relief was provided at an average of £3,000 per property. Applying a small inflation to this amount may suggest that an average of £3,500 per business would seem appropriate. Actual allocation of funding would be dependent on individual business circumstances and need therefore some being offered less, or slightly more than the average. An average of £3,500 for approximately 35 properties would then require £122,500 to be made available to support an average payment approach. This would incur a management fee for the fund of £12,750 (10%).

The total project cost would then be £134,750

3.5. Options Considered

Internal management of grant funds: In usual circumstances, the council may look to manage the administration of such business-related grants in-house. However, in reviewing the capacity of the Benefits and Taxation service there is limited capacity to be able to engage with businesses, complete appropriate due diligence and administer processes. This is due to continued pressure related to annual billing processes, continued administration of Coronavirus Test and Trace payments, and the anticipated Energy Rebate scheme for approximately 32,5000 households in the District. The national picture related to funding support for a range of humanitarian crisis issues continues to be uncertain and we require resilience to be able to respond as well as manage business as usual. The capacity cost to deliver the scheme would likely be more expensive than support from an external provider and delay in administration would risk increased frustrations and financial hardship for businesses at a time of great difficulty.

Not to offer the scheme: The council is under no obligation to offer a grants scheme. During previous times of emergency, and as experienced by Tadcaster in the 2015 floods, there were national grant schemes available. There is no indication at this stage that a scheme will be made available through Government funding and officers have identified potential funding within the current budget framework that could be reallocated for this purpose.

6. Implications

6.1 Legal Implications

Part 1 of the Localism Act 2011 applies a general power of competence to local authorities in England. Section 1 (1) of the Act provides that “a local authority has power to do anything that individuals generally may do”. This includes the power to make grants where to do would be in the interests of the Council, the District and the inhabitants.

A formal agreement will be required with an external provider to deliver the Grant and therefore decisions at this stage are subject to any agreement being in place.

Grant funding criteria will be established in line with the draft fund terms outlined at Appendix A.

Subsidy Control

It is considered that the grant funding does not represent an unlawful subsidy under the Subsidy Control Rules (contained within the Trade and Cooperation Agreement) primarily on the basis that the funding to the external provider to manage the Grant Scheme would come within the definition of aid designed to compensate for damage caused by a natural disaster. Further, the recipients of the aid would be likely to rely upon the “minimal financial assistance” exemption where the total amount (of aid) received over a three financial year period is less than £315,000. The recipients would in any event be required to complete a Subsidy Control declaration confirming that they would be required to repay the funding in the event that it was found to be unlawful subsidy.

6.2 Financial Implications

The financials are laid out in the report relating to the average value of grants and the number of impacted businesses. Based on this data and approach, a total budget of £122,500 is required to deliver the business flooding grants scheme plus a management fee of £12,250. The report also confirms that at present there is no alternative Government support and funding for businesses impacted by the flooding.

It is proposed that funding be made available from the existing approved P4G programme for the grants element of the scheme via the following virements:-

- £22.5k reallocated Growing Enterprise project which is no longer required
- £100k from the P4G unallocated pot

A formal agreement will be entered into with an external provider to manage delivery of the Grant Scheme which has a management fee of £12,250 which will be funded from existing revenue budgets.

Robust due diligence will be required to ensure that the external provider has the necessary governance, policies, and practices to safeguard public funds and that an appropriate grant strategy is in place.

6.3 Policy and Risk Implications

Demand outstrips funding available: The fund would be a finite amount. The council could reserve the right to add funding at a further date if able.

Other funding becomes available: The council may develop the fund with the external provider and then further funding relief may be announced which offers relief to the businesses. Insurance claims can also take some time to materialise which may also risk double funding relief. Any external provider would need to work with businesses to understand what funding they may anticipate (i.e. through insurance claims) and should assess the release of funds accordingly. There is opportunity to do this on a staged basis to monitor such circumstances to reduce risk of double funding. It is difficult to say whether funding would be made available from the Government at this time.

There is a fund underspend: Should there be any underspend, this would be held to support any future Selby District businesses that may be subject to flood. It is anticipated, based on the calculations, that the funding is highly likely to be spent.

6.4 Corporate Plan Implications

The proposal directly supports the Tadcaster town centre small business community to recover in line with the Council Plan 2020-2030 priority to support the regeneration of the district's market towns.

6.5 Resource Implications

External provider grant administration fees would be 10%. For a grant scheme of £122,500, this would equate to £12,750.

6.6 Other Implications

None identified.

6.7 Equalities Impact Assessment

An equalities impact screening has been completed and identifies positive impacts particularly in relation to supporting businesses to reopen which provides local access to services for all age groups, disability groups, and with additional socio economic and skills impacts.

7. Conclusion

7.1 The report identifies how the council can release funding in order to provide immediate financial support to Tadcaster town centre businesses who have adversely affected by recent floods. The purpose of providing grant relief would be to ensure Tadcaster town centre has support to regenerate the local economy.

Appendices:

Appendix A - Fund Terms (Draft)

Contact Officer:

Angela Crossland, Head of Community, Partnerships and Customers
acrossland@selby.gov.uk

Appendix A – The Fund Terms (DRAFT)

| | |
|--------------------------------|---|
| Fund Name | Tadcaster and Selby District Business Flood Grant Scheme |
| Area of benefit | Businesses in the Selby District who have been impacted by flooding. In this instance, Tadcaster town centre and high street in the Selby District. |
| Who can apply | <p>Applications may be made by any of the following: Any type of trading business i.e.,</p> <ul style="list-style-type: none"> • charity, • sole trader, • partnership, • limited company <p>Evidence of properties and/or contents which have been damaged by flooding and who are suffering hardship as a result of the flooding.</p> <p>Businesses will need to demonstrate a significant loss of trading income as a result of the floods and that support received is not meeting losses that might have been expected in the ordinary run of business (e.g., showing how drop in trading is far worse than any typical sales during post-Christmas period).</p> |
| Grant strategy and size | <p>The grant scheme is designed to support small businesses to recover from the recent floods.</p> <p>The fund will be £120,000.</p> <p>Level of award will be dependent on business need.</p> <p>In order to ensure a fairness, applications will be encouraged as soon as possible with an initial deadline of end April 2022 and further ability to open funding where further need requires.</p> <p>Further funding relief may be announced which offers relief to the businesses. Insurance claims can also take some time to materialise which may also risk double funding relief. Any external provider would need to work with businesses to understand what funding they may anticipate (i.e., through insurance claims) and should assess the release of funds accordingly. There is opportunity to do this on a staged basis to monitor such circumstances.</p> |

| | |
|---------------------------------------|--|
| Themes and Priorities | <p>The funds will support recovery from:</p> <ul style="list-style-type: none"> • Loss of tools or equipment • Personal hardship due to loss of income • Repairs • Loss of sales stock • Flood defence measures |
| Exclusions | <p>The following will not be eligible for funding:</p> <ul style="list-style-type: none"> • Businesses with a turnover over £100,000 unless evidence of personal hardship • Residential properties • Public Realm |
| Grants Decision making process | <p>Decisions on the awards will be made by officers of the external provider in line with the provider's finance and governance arrangements.</p> |