

Selby District Council

Leader Urgent Decision Paper



To: Councillor Mark Crane, Leader of the Council
Date: 2 April 2020
Ward(s) Affected: All
Authors: Tammy Fox, Taxation, Benefits and Debt Team
Leader June Rothwell, Head of Operational Services
Lead Executive Member: Councillor Lunn, Lead Councillor for Finance and Resources

Title: Grant Funding Scheme for Small Business and Retail, Hospitality and Leisure Businesses affected by Covid-19

1. Summary

- 1.1 This report provides details on the recently announced Grant Funding Schemes for Small Business and Retail, Hospitality and Leisure businesses. These were announced at the Budget on 11 March 2020, and then an increased level of funding was announced in a statement by the Chancellor on 17 March 2020.
- 1.2 The grant scheme will offer a lifeline to businesses who are struggling to survive due to the coronavirus shutdown. Local Authorities are expected to implement measures as quickly as possible to provide immediate help to businesses.
- 1.3 The Government will, in line with eligibility criteria set out in guidance, reimburse Local Authorities that pay grants to eligible businesses.

2. Recommendations

- 2.1 That as the matter is urgent, due to putting in place arrangements for Covid-19, the Leader agrees that:
 - i. The Council will begin payments of the grants to eligible businesses commencing 2 April 2020 using the eligibility criteria specified in the guidance and set out in Section 4 of this report; and
 - ii. That delegated authority is given to the Head of Operational Services to administer the approved Scheme.

3. Background

- 3.1 The support that has been announced will take the form of two grant funding schemes, the Small Business Grant Fund and a Retail, Hospitality and Leisure Grant Fund. This was confirmed in a Business Rates Information Letter (BRIL 5_2020) on 26 March 2020 which advised the grant scheme was being implemented by the Department of Business, Energy & Industrial Strategy (BEIS) and local authorities would be administering it.
- 3.2 On the 1 April 2020 a third version of guidance 'Grant Funding Schemes – Version 3) was issued from the BEIS to support Local Authorities, this contained further details regarding eligibility criteria and guidance about the operation and delivery of the scheme.

4. The Report

4.1 Small Business Grant Fund

4.1.1 Those businesses in receipt of Small Business Rate Relief and Rural Rate Relief with a rateable value up to an RV of £15,000 will be eligible for a grant of £10,000, those who have their rates worked out using the small multiplier with rateable values between £15,000 and £18,000 will not be eligible to receive the grant.

4.1.2 The estimated numbers of businesses who are eligible for the small and rural business grants are:

- Small business rates relief under 15,000 RV receive a £10,000 grant = **1171** = £11,710,000
- Rural rate relief under 15,000 RV receive a £10,000 grant = **11** = £110,000

4.2 Retail, Hospitality and Leisure Grant

4.2.1 This grant will be paid to businesses with rateable values less than £51,000 who would have qualified for the expanded retail discount had that been in force on the 11th March 2020.

4.2.2 Properties with a rateable value of up to £15,000 will receive a grant of £10,000 and properties with a rateable value of over £15,000 and less than £51,000 will receive a grant of £25,000.

4.2.3 The estimated number of businesses eligible for retail, hospitality and leisure grants are:

- **188** Businesses receiving retail relief under 15,000 RV receive a £10,000 grant = £1,880,000
- **151** Businesses receiving retail relief with RV between £15,001 to £51,000 receive a £25,000 grant = £3,775,000

4.2.4 The estimated total in grants for all those who have been identified as eligible is £17,475,000.

4.3 Eligibility criteria and guidance

- 4.3.1 The guidance states the recipient of the grant will be the person who, according to the billing authorities records, was the ratepayer in respect of the hereditament on the scheme eligibility date, which is 11 March 2020. Careful checking of business rates records against the details provided by the person claiming the grant will be carried out by the Taxation Team to ensure the accuracy of the payments.
- 4.3.2 The Government Grants Management Function and Counter Fraud Function will make their digital assurance tool, Spotlight, available to Local Authorities to further verify eligibility of the grants for ratepayers.
- 4.3.3 The guidance advises that those excluded from the scheme are:
- hereditaments occupied for personal uses.
 - car parks and parking spaces; and
 - businesses that were in liquidation or dissolved
- 4.3.4 Recipients eligible for the Small Business Grant Fund will not be eligible for the Retail, Hospitality and Leisure Grant as only one grant is payable per hereditament.
- 4.3.5 We have identified all properties that receive Small Business Rates Relief, Rural Rate Relief or Retail Relief with rateable values under £51,000 and a letter is being issued to all ratepayers advising them they may qualify for a grant and to complete a form online that will capture all the details required. As these businesses do not normally pay business rates we have no bank details on our system to consider automatic payments.
- 4.3.6 The guidance advises where the Local Authority has reason to believe that the information that they hold about the ratepayer on the 11 March 2020 is inaccurate they may withhold or recover the grant and take reasonable steps to identify the correct ratepayer. Local Authorities should make clear to recipients that the grant is for the ratepayer in occupation and may be liable for recovery if the recipient was not the ratepayer on the eligible day.
- 4.3.7 The Local Authority must also contact the business stating that by accepting the grant payment, the business confirms that they are eligible for the grant schemes. We are planning to do this by capturing email addresses on the submitted form from the businesses and then sending an email confirmation. This email will also advise that the deliberate manipulation and fraud will not be accepted and any business falsifying their records may face prosecution and repayment of any grant paid in error.
- 4.3.8 On the 20 March 2020 a Business Rates Information Letter (BRIL_5_2020) was published by MHCLG to local authority Chief Finance Officers confirming the grants and encouraging local authorities to do everything possible to issue these as soon as possible. This letter also advised the scheme is being fully funded by the Government and Section 31 grant payments will be made to local authorities. The letter also advised Government would meet the associated new burdens funding to cover the administrative costs of

implementation. Selby District Council received the grant payment of £17,278,000 on 1 April 2020.

5. Risks

5.1 Legal

- 5.1.1 The grants are being issued to recipients on directives given from MHCLG in a Business Rates Information Letter and further guidance on the eligibility criteria issued from BEIS.
- 5.1.2 No right of appeal on any decision to refuse payment of the grant has been given in the guidance.
- 5.1.3 MHCLG have advised the following regarding State Aid and recent support announced for businesses:

Whilst the UK left the EU on 31 January 2020, the Withdrawal Agreement negotiated by the Government and the EU provides that during a transition period State aid rules will continue to apply as now and will be subject to control by the EU Commission as at present. The Government has notified the EU of its intention to bring forward an immediate change to the UK's tax treatment of non-domestic property, in response to the ongoing Covid-19 emergency, and to seek clearance under Article 107(3)(b) of the Treaty on the Functioning of the European Union.

- 5.1.4 State Aid applies for the Small Business Grant Scheme and can be paid as De Minimis aid €200,000 limit over 3 years (or under the Temporary Framework where De Minimis threshold met). The Retail, Hospitality and Leisure Grant can be paid under the UK Covid-19 Temporary Framework Approved Scheme which has a €800,000 limit.
- 5.1.5 The guidance advises Local Authorities must be satisfied that all State Aid requirements have been fully met and complied with when making grant payments. To ensure compliance with this all businesses applying for the grants will be required to make a declaration regarding state aid on the online form and that payment of the grant will not breach their limits.

5.2 Financial

- 5.2.1 The scheme is being fully funded by the Government and will be administered by local authorities. A Section 31 grant payment has been made to local authorities on 1 April and we received £17,278,000.00 initially in funding from MHCLG for these.
- 5.2.2 Fully documented decisions by officers of the reliefs applied to accounts will be made to ensure all requirements are fulfilled. Local authorities are required

to report weekly to central government the numbers and value of grants that have been issued. This report will be submitted using the DELTA system.

6. Conclusion

- 6.1 The Leader of the Council is requested to approve the actions in this report to enable Businesses to receive assistance from the business rate grant scheme as soon as possible.

Contact Officers:

June Rothwell – Head of Operational Services, jrothwell@selby.gov.uk

Tammy Fox - Benefits, Taxation and Debt Team Leader, tfox@selby.gov.uk

Decision Maker

Leader	Yes
Officer Delegated Decision	Yes for individual payment of grant