

Selby District Council

Leader Urgent Decision Paper



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

Title – Selby District Council, Discretionary Business Grant Scheme, 2020/21

1. Summary

- 1.1 This report provides details on the recently announced Discretionary Grants Fund. This fund was announced on the 1 May 2020, initial guidance was issued on the 13 May 2020 and a latest version of the guidance on 22 May 2020.
- 1.2 In March 2020 the government announced support for small businesses through the Small Business Grant Fund and Retail, Leisure and Hospitality Grant Fund, this provided £17.3m for eligible businesses in the Selby district. This further additional discretionary £878k fund is aimed at small and micro businesses with high fixed property costs who were not eligible for previous grants.
- 1.3 Whilst this scheme is at Local Authorities discretion, Central Government have set national criteria for the grants and asked for certain types of businesses to be prioritised. Local authorities are responsible for delivering 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 Selby District Council Discretionary Business Grant Scheme which follows the government guidance (attached Appendix 1) is approved, including the eligibility criteria set out in Section 4 of this report;
 - ii. That delegated authority is given to the Head of Operational Services to administer the scheme and the Chief Finance Officer is authorised to make technical scheme amendments.

3. Background

- 3.1 This grant scheme widens access to support for businesses that are struggling due to the COVID-19 shutdown but are unable to access other grant funding. The government has provided the Council with a fixed sum of £876,750 to fund this scheme, which represents 5% of the allocation for the Small Business and Retail, Hospitality and Leisure Grant Scheme.

Grant Funding Scheme – Local Authority Discretionary Grants Fund

- 3.2 This fund was announced on 1 May 2020, initial guidance was issued on the 22 May 2020 a second version of guidance ‘Grant Funding Schemes – Local Authority Discretionary Grants Fund’ was issued from the Department for Business, Energy & Industrial Strategy (BEIS) to support local authorities. Whilst awarding of grants will be at the discretion of the Council the BEIS have set down criteria much must be met by each business making an application for the discretionary grant.
- 3.3 All the North Yorkshire authorities have collaborated and engaged the services of an esteemed Revenues Consultant to write their policies to ensure compliance with the guidance and all are following the national priorities for distribution of the fund with small local variations. This recognises some local economic priorities may differ the North Yorkshire authorities.

4. The Report

4.1 Eligibility Criteria

- 4.1.1 The Government has stated that the intention of the scheme is to provide assistance to businesses that meet the following criteria:
- 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; and
 - Businesses must have been trading on 11th March 2020.
- 4.1.2 In addition businesses which are eligible for any of the following are ineligible for any Discretionary Business Grant:
- Small Business Grant Fund,
 - Retail Hospitality and Leisure Grant,
 - The Fisheries Response Fund,
 - Domestic Seafood Supply Scheme,
 - The Zoos Support Fund,
 - The Dairy Hardship Fund.

4.2 National Priority Businesses

4.2.1 The Government are asking Councils to prioritise the following types of businesses from within the discretionary fund:

- Small businesses in shared offices or other flexible working spaces eg science parks, industrial parks, incubators;
- 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 and Rural Rate Relief.

4.3 Funding amounts

4.3.1 The Government has advised local authorities may disburse grants to the value of £25,000, £10,000 or any amount under £10,000 and the value of payment is at the discretion of the local authority.

4.3.2 For the purpose of the proposed scheme an award of £25,000 would only be considered in exceptional circumstances where, the business has high property costs and the failure of the business would have a significant impact on the residents of the District.

4.3.3 The Council is then proposing that a grant of up to £10,000 would be paid to Small Businesses, as defined in the legislation, who meet the central government criteria as defined in the policy.

4.3.4 The next award level would be up to £5,000 for Micro Businesses, as defined in the legislation, who meet the central government criteria as defined in the policy.

4.3.5 Payments of up to £2,500 would then be considered for B & B's and market traders who live in the Selby District and meet the criteria as defined in the policy.

4.3.6 The Council will determine the amount of grant awarded for each business on a case by case basis and only one Discretionary Business Grant will be awarded to any business.

4.3.7 The Discretionary Business Grant Policy will initially focus on providing support to those businesses meeting the national priorities criteria outlined above if funds remain after the initial grant period the Council will also consider a second phase which may allow other businesses to apply for Discretionary Grant.

4.3 Application process

- 4.3.1 In order to fairly administer the scheme it is proposed that applications will be in two phases. Phase one will be for businesses, as set out in paragraphs 4.3.2 to 4.3.5 above. A two-week window for applications will be opened. Any business wishing to claim will complete the application form on the council's website. The form also requests evidence is provided by the businesses to show they meet the eligibility criteria for the grants, such as proof of fixed costs and proof of lost income.
- 4.3.2 Once the application period has closed all awards will be considered against the eligibility criteria laid down within the scheme.
- 4.3.3 A further application window may be opened dependent on funding availability and identified needs.

5. Risks

5.1 Legal

- 5.1.1 The grants will be issued to recipients following guidance on the eligibility criteria issued from BEIS and Section 1 of the Localism Act 2011 allows local authorities to make these payments.
- 5.1.2 No right of appeal on any decision to refuse payment of the grant has been given in the guidance. However as recommended good practice within the policy an appeal regarding a decision not to award a grant can be made and considered by another senior officer within the Council.
- 5.1.3 MHCLG have advised the following regarding State Aid and recent support announced for businesses –
- 5.1.4 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.
- 5.1.5 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 Discretionary Grant can be paid under the UK Covid-19 Temporary Framework Approved Scheme which has a €800,000 limit.
- 5.1.6 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 All monies paid through the Discretionary Business Grant Scheme are funded by Central Government and paid to the Council under Section 31 of the Local Government Act 2003. The funding amount is limited to the allocated £876,750 and although the Council is keen to ensure the grants are given to the maximum numbers of businesses the expenditure cannot exceed the allocation.
- 5.2.2 Fully documented decisions by officers of the grants awarded 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.
- 5.2.3 Pre and post-payment checks will be in place to deter and detect fraudulent claims.

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 discretionary grant scheme as soon as possible.

Appendices

Appendix 1, Selby District Council, Discretionary Business Grant Scheme, 2020/21

Contact Officers: June Rothwell – Head of Operational Services,

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