

<h1>BRIEFING</h1>	<b>TO:</b>	Judith Badger, Strategic Director Finance & Customer Services
	<b>DATE:</b>	18 September 2020
	<b>LEAD OFFICER:</b>	Rob Mahon Head of Corporate Finance Finance & Customer Services
	<b>TITLE:</b>	Closure of the Small Business Rates Grant Fund (SBRGF), Retail, Hospitality and Leisure Grant Fund (RHLGF) and the Discretionary Business Grant Fund.

## 1. Background

<b>1.1</b>	<p><b>Small Business Rates Grant Fund (SBRGF), Retail, Hospitality and Leisure Grant Fund (RHLGF)</b></p> <p>In March 2020 government announced the provision of business support grants to those business impacted by the Covid-19 lockdown. The grants of £10k or £25k were to be provided to business that met strict criteria as outlined in governments scheme guidance, the grants were to be administered by local authorities with the aim of getting the grants to the businesses in need as quickly as possible. The business in scope were;</p> <ul style="list-style-type: none"> <li>• £10k for those businesses in receipt of small business rates relief as at the 11<sup>th</sup> March 2020</li> <li>• £10k for Retail, Hospitality and Leisure businesses whose rateable value was £15k or less.</li> <li>• £25k for Retail, Hospitality and Leisure businesses whose rateable value was greater than £15k and less than £51k.</li> </ul> <p>The Council quickly established an application process that would allow businesses to come forward and apply for the grant, have their application reviewed, banking details checked, and the grant paid in a matter of days, in most cases. This process has been up and running since March 2020.</p> <p><u>Current Position</u></p> <table border="1"> <thead> <tr> <th>Grants</th> <th>Grant Payment</th> <th>Total Paid</th> <th>Total Grant Paid</th> </tr> </thead> <tbody> <tr> <td>SBBR GRANT</td> <td>10,000</td> <td>3,343</td> <td>33,430,000</td> </tr> <tr> <td>RHLGF &lt;15k</td> <td>10,000</td> <td>251</td> <td>2,510,000</td> </tr> <tr> <td>RHLGF &gt;15K</td> <td>25,000</td> <td>340</td> <td>8,500,000</td> </tr> <tr> <td><b>Total</b></td> <td></td> <td><b>3,934</b></td> <td><b>44,440,000</b></td> </tr> </tbody> </table>	Grants	Grant Payment	Total Paid	Total Grant Paid	SBBR GRANT	10,000	3,343	33,430,000	RHLGF <15k	10,000	251	2,510,000	RHLGF >15K	25,000	340	8,500,000	<b>Total</b>		<b>3,934</b>	<b>44,440,000</b>
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## 1.2 Discretionary Business Support Grant

On 1<sup>st</sup> May 2020 government announced a new discretionary grant fund scheme that would aim to provide grant support to those businesses who did not receive any support under the first tranche of business grants. The proposed scheme gave local authorities a significant degree of discretion to design their own scheme, however, it did indicate the business types that government intended the funding to be used to support. Predominantly the grant was aimed at businesses who don't pay business rates but have high fixed costs and have suffered significant financial losses due to covid-19.

These grants are primarily and predominantly aimed at:

- 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.

In the guidance government take this further asking that the following businesses are given priority.

- Small businesses in shared offices or other flexible workspaces. Examples could include units in industrial parks, science parks and incubators which do not have their own business rates assessment;
- Regular market traders with fixed building costs, such as rent, who do not have their own business rates assessment;
- Bed & Breakfasts which pay Council Tax instead of business rates; and
- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.

Local authorities were required to set out the scope of their discretionary grant scheme on their website, providing clear guidance on which types of business are being prioritised, as well as the rationale for the level of grant to be provided (either £25,000, £10,000 or amounts less than £10,000).

The Council again quickly established an application process that would allow businesses to come forward and apply for the grant, have their application reviewed, banking details checked, and the grant paid in a matter of days, in most cases. This process ran for a period of one month from June 5<sup>th</sup> to July 5<sup>th</sup>, however, as not all the grant was utilised within that period further work has been undertaken to maximise the grant allocation.

## 1.3 Cabinet Approval

The grant available for the discretionary fund was based on 5% of the total grant available to the Council for the original business support grant scheme, based on the Council's eligible businesses as at 4<sup>th</sup> May. The value for Rotherham was confirmed on 20<sup>th</sup> May at the amount of £2.479m.

On 15<sup>th</sup> June 2020 Cabinet approved the Councils discretionary business grant scheme, that would provide support to the following business categories.

- All businesses in shared accommodation will be paid a minimum grant ranging from £1,000 to £3,000 depending on their level of fixed costs and financial losses.
- All eligible B&B's will be paid a grant of £1,000 to support their fixed costs and financial losses.
- All Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief, to receive a grant of £10,000.
- Private Childcare Nurseries with a rateable value up to and including £15,000, will be paid £10,000.
- Private Childcare Nurseries with a rateable value of greater than £15,000 and less than £51,000, will be paid £25,000.
- Regular Market Traders to receive a grant equivalent to 3 months rent.

The aim of the discretionary scheme was to provide financial support to a large number of small local businesses that are suffering an adverse financial impact from the Covid-19 pandemic and that are not eligible for the previous government grant schemes.

#### 1.4 Delegated Decisions

Following the closure of the application window, the Council had surplus funds and therefore an opportunity to provide greater support to some business groups, whose original grant allocation was set at a lower level due to concerns around the volume of applicants.

The following delegated decisions were then subsequently taken:

- Top up small business grant payments to £10k
- Top up market traders allocation to the equivalent of 12 months rent.

#### 1.5 Current Position of Discretionary Business Grants

Business Types	Eligible Claims (excludes rejections)	Grant Value	Total Payments
Small businesses in shared offices or other flexible workspaces	121	10,000	1,210,000
Small businesses in shared offices or other flexible workspaces	14	10,000	140,000
Bed and Breakfasts	0	1,000	-
Charities	33	10,000	330,000
Private Childcare Nurseries	16	10,000	160,000
Private Childcare Nurseries	19	25,000	475,000
Regular Market Traders – with lease agreements in place	70	2,183*	152,837
<b>Totals</b>	<b>273</b>	<b>68,183 *</b>	<b>2,467,837</b>
<b>Grant Available</b>	<b>2,479,000</b>		
<b>Grant Available less total payments</b>	<b>11,163</b>		

\* Values are average payment

<b>2. Key Issues</b>	
<p><b>2.1</b></p>	<p>On 23<sup>rd</sup> July government announced that the business support grants schemes must be brought to a close, with all application processes to cease by the 28<sup>th</sup> August and final payment processing to be completed by 30<sup>th</sup> September. To enable the closure of both schemes the Council took the following steps:</p> <p>For Small Business Rates Grant Fund (SBRGF), Retail, Hospitality and Leisure Grant Fund (RHLGF)</p> <ul style="list-style-type: none"> <li>• Communications were issued for one final push on the scheme and to announce the closure and removal of the application process on the 16<sup>th</sup> August 2020.</li> <li>• Push on applications stuck in the system or received up to the deadline, to get them cleared and processed.</li> <li>• Allowing until the end of September for claims to be approved if valuation officer appeals were received that enabled a business to qualify for the grant.</li> <li>• At present 6 applications are at the processing stage, either stuck at banking check or valuation office check. In all cases the application is with the VO or the applicant.</li> </ul> <p>For Discretionary Business Grant Fund.</p> <ul style="list-style-type: none"> <li>• Pursue charities, nurseries and late applications from small businesses to try to ensure that the grant allocation could be maximised.</li> <li>• Clear the system of any claims still in processing.</li> <li>• At present we don't have any applications in processing, all have been cleared. However, we do have an enquiry from Cllr Alam regarding Rotherham Football Centre, whose claim was rejected due to lack of evidence. This case is being reviewed at present which may allow the majority of the residual grant to be issued.</li> </ul>
<p><b>2.2</b></p>	<p>As there is a balance on the Discretionary Business Grant Fund it is proposed to clear this small balance by providing a further top up to Market Traders, in recognition of lost income during lockdown. All other business categories within the scheme have already received the maximum possible allocation, as such only market traders can receive a further top up payment. This top up payment could be approved via a delegated decision. The amount left is either £11,163, or £1,163 dependent upon the outcome of the Rotherham Football Centre case. If distributed across the 70 applicants it would provide them with a further £159, or £16, by themselves these aren't particularly large amounts but it should be noted this is on top of 12 months rent being provided in grant.</p> <p>The payments made to traders could be made in either of the following ways</p> <ul style="list-style-type: none"> <li>• Straight split of the remaining balance across the 70 applications, or,</li> <li>• Pro rata the payment to the 70 applicants based on their rental levels.</li> </ul> <p>The straight forward split of the final payment to the 70 applicants is the recommended approach as it provides consistency in the allocation, this payment is not tied to rent nor specific levels of income loss, its simply to provide some additional support with the resources the Council has remaining. The pro rata split would lead to some traders getting payments so small they may seem derisory.</p>

<b>2.3</b>	<p>On the original business support grants, Small Business Rates Grant Fund (SBRGF), Retail, Hospitality and Leisure Grant Fund (RHLCGF) the overall grant position is as follows. There is a residual balance, however, the Council is currently unable to utilise this grant for any other purpose and it is expected that this will need to be paid back to government.</p>						
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### 3. Key Actions and Timelines

<b>3.1</b>	<p>The Council needs to ensure it processes any remaining claims in the system on the original grant and utilise the discretionary balance. These tasks are feasible in the time period that is available to make final payments. However, to release the final elements of the Discretionary Business Grant approval will be needed for a further top up to the market traders, utilising the remaining balance.</p> <p>There is a need to perform some level of post assurance testing, as such following the suggested route in section 2.5 should be considered.</p>
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### 4. Recommendations

<b>4.1</b>	Note the position of the grant scheme
<b>4.2</b>	Agree to increasing the payment for market traders to utilise the residual grant balance
<b>4.3</b>	Note the need for post payment assurance plans