

FAREHAM

BOROUGH COUNCIL

EXECUTIVE MEMBER DECISION (POLICY & RESOURCES)

Date: Tuesday, 2 June 2020

Time: 10.00 am

Venue: Teams Virtual Meeting

Executive Member: Councillor S D T Woodward, Executive Leader



1. Report Published

To consider the following matters for decision for which reports have been published:-

Key Decision(s)

(1) Discretionary Business Grant Scheme (Pages 3 - 12)

A report by the Deputy Chief Executive Officer.



P GRIMWOOD
Chief Executive Officer
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22 May 2020

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BOROUGH COUNCIL

Report to the Executive Member for Policy and Resources for Decision 02 June 2020

Portfolio:	Policy and Resources
Subject:	Discretionary Business Grant Scheme
Report of:	Deputy Chief Executive Officer
Corporate Priorities:	Maintain and Extend Prosperity

Purpose:

To approve the Local Authority Discretionary Grant Fund Scheme for Fareham Borough Council.

Executive Summary:

On 01 May the government announced a further support package for businesses struggling due to the impact of the COVID-19 lockdown; this was followed up with more detailed guidance on 12 May.

The Scheme is aimed at small and micro businesses in the borough who are incurring property related costs and who have not been eligible for other government support packages such as the Small Business and Retail, Hospitality and Leisure Grants Fund.

Local authorities have been tasked with creating a local scheme which meets the government requirements. Local authorities are expected to exercise their local knowledge and discretion about the economic need in their area when designing the scheme. However, the government have specified the following 4 types of business which they would like to see given some priority under the scheme:

- Small businesses in shared offices or other flexible workspaces
- Regular market traders with fixed building costs
- Bed and Breakfasts which pay council tax
- Charity properties who received charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief.

The Council has been in discussion with other local authorities in Hampshire to establish some consistency in the schemes across the region. A review of the types of business in the borough has also been carried out to identify those businesses within the Fareham area which have not been eligible under other grants and reliefs schemes.

The resulting Scheme proposed is attached as Appendix 1. Key features of the Scheme are:

- (a) The value of the grant awarded to eligible businesses will be calculated against a sliding scale based solely on their monthly property related overheads; the scale is capped at a maximum of £10,000 per business.
- (b) This is not a first come, first served Scheme in that grants will not be awarded until the window of opportunity to apply has closed. Where there is insufficient funding to make a payment to all eligible businesses, a set of priority criteria, as defined in the Scheme, will be used to determine who will receive the grants.

Recommendation:

It is recommended that:

- (a) the Local Authority Discretionary Grant Fund Scheme attached as Appendix 1 is approved for adoption in Fareham;
- (b) authority is delegated to the Deputy Chief Executive Officer to:
 - i. approve grants up to and including £5,000 to those businesses who apply for the support and meet the eligibility criteria set out in the Scheme;
 - ii. approve interim payments up to and including £5,000 to those businesses who apply for the support and meet the eligibility criteria set out in the Scheme and who will be recommended for a higher value grant; and where it is evident that this is necessary to protect the continued operation of the business;
- (c) the Executive Member for Policy and Resources approves grants over £5,000 to those businesses who apply for the support and meet the eligibility criteria set out in the Scheme; and is provided with details of grants paid out under delegated authority;
- (d) a request is made to the government to allow local authorities to reallocate any unused funding received for the Small Business and Retail, Hospitality and Leisure Grants Fund Scheme, to this Local Authority Discretionary Grant Fund Scheme.

Reason:

This Scheme complies with the government intentions for this grant funding scheme and is consistent with the majority of schemes being adopted by other Councils in Hampshire.

Cost of Proposals:

The baseline value for this Scheme has been calculated, in accordance with the government guidance, at **£1,019,000**.

This cost will be funded from the unused grant received from the government to allocate under the Small Business and Retail, Hospitality and Leisure Grants Fund. Current projections are that there will be sufficient unused grant to fund the whole new Scheme. However, additional government funding will be available to cover any shortfall that arises.

New Burdens funding will also be available to help meet the administration costs in delivering the Scheme.

Risk Assessment:

There is a risk that the funding Scheme will be oversubscribed. The Scheme therefore contains a set of priority criteria which will be used to determine which businesses receive the funding should this situation arise.

There is a risk of fraud inherent in any funding Scheme. Proportionate pre-payment checks are being built into the application approval process to reduce the risk of fraud, which will be supplemented by a number of post payment assurance checks.

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Local Authority Discretionary Grants Fund (LADGF) Scheme 2020

In response to the Coronavirus, COVID-19, the government announced there would be support for small businesses, and businesses in the retail, hospitality and leisure sectors, delivered through the Small Business Grant Fund and the Retail Hospitality and Leisure Grant Fund.

The Local Authority Discretionary Grants Fund (LADGF) is an additional scheme aimed at small and micro businesses¹ who were not eligible for the Small Business Grant Fund or the Retail, Hospitality and Leisure Grant Fund.

Fareham Borough Council will receive £1,019,000 in additional funding for the LADGF which will be dispensed as payments under this Scheme. It is not anticipated that further government grants will be awarded once the funding has been used.

Section 1 of the Localism Act 2011 provides all local authorities with the vires to make these payments.

How much Grant will be paid under the Scheme?

These grants will be given on a sliding scale, in line with the monthly fixed overheads of the business that will typically be incurred during April to June 2020, as follows:

Fixed Monthly Overheads*	Grant
£750 or below	£2,500 ²
£751 to 1,500	£5,000
£1,501 to £2,500	£7,500
£2,501 or above	£10,000

*Fixed monthly overheads for the purpose of this grant includes business rates or council tax (for B&Bs only), rent, business mortgage or loan interest payments, electricity, gas, water, oil and business insurance.

¹ For the purpose of this policy, the term business refers to any entity engaged in economic activity, irrespective of its legal form. i.e. LLP, LTD company, self-employed, partnership, charity, non-profit etc.

² The Council reserves the right to pay less than £2,500 in cases where it is considered appropriate.

Who is Eligible for the Scheme?

This fund is aimed at businesses in the borough with ongoing fixed property-related costs. To be considered for funding the following criteria must be met:

a) Be a Small or Micro Business

- Have fewer than 50 Full Time Equivalent (FTEs) employees, including the owner(s);

and either:

- Have a turnover of not more than £10.2 million in a year, or
- Have a balance sheet total of not more than £5.1million

b) Be an Active Business

The business must:

- be trading on 11 March 2020
- not be in liquidation, administration, insolvent or had a strike-off notice registered.

c) Occupy Property in the Borough

Property, or part of a property, which is in use and with either

- a rateable value below £51,000 or
- annual rent or annual mortgage payments below £51,000.

and

- have a business premises based in the borough which will not include their home (unless the business is a B&B based in part of the applicant's main residence. The criteria to qualify for this is: the owner must live there, and accommodation be provided for six or fewer guests. These B&Bs will be assessed on the percentage of their overheads which relate to the B&B aspect).

Other businesses which are operated solely from domestic premises are excluded from this scheme.

d) Demonstrate Impact of Covid-19

Be able to evidence a significant of loss of income due to the COVID-19 crisis.

e) Be able to evidence total monthly fixed property overheads

f) Don't exceed state aid limits (see state aid limit below)

g) Are not receiving other support

The business is not in receipt of, or eligible for, support from any central government COVID-related schemes including but not limited to:

- a. ~~Self-Employment Income Support Scheme~~
- b. Small Business Grant Fund
- c. Retail, Hospitality and Leisure Grant
- d. The Fisheries Response Fund
- e. Domestic Seafood Supply Scheme (DSSS).
- f. The Zoos Support Fund
- g. The Dairy Hardship Fund

If during the assessment process, it becomes apparent that an applicant may be eligible for one of the above grants/funds, their application should be assessed for that grant/fund instead, and the applicant informed.

Businesses who have applied for the Coronavirus Job Retention Scheme **or the Self-Employment Income Support Scheme** are eligible to apply for the Discretionary Grants Scheme.

Applying for a Grant

Applicants must complete an application form which will be available on the council's website for 1 week from Tuesday 2nd June 2020 at 12:30 to Tuesday 16th June 2020 at 16:30. The Council reserves the right to make further enquiries to clarify or confirm the information provided in the application.

Assessment and Prioritisation of grants

All relevant applications will be assessed, and the grant recommended for award if approved. However, in the likelihood that the Scheme is oversubscribed, allocations from the fund will be prioritised using the following criteria:

- Those 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 who are registered to trade in the borough and have a permanent storage structure in the borough which incurs fixed property costs.
- Small charity properties in receipt of charitable business rates relief which would otherwise meet the criteria for Small Business Rates Relief or Rural Rate Relief (who have a ratable value of £1 to £14,999 and no other property).
- Bed and breakfasts that pay council tax rather than business rates (only one grant per business).

APPENDIX 1

- Charity or non-profit organisations.
- Businesses where the service provided primarily provides a community benefit to the residents of Fareham. e.g. supports vulnerable or disadvantaged groups;
- Businesses where there are limited alternatives available and whose loss could be detrimental to Fareham residents; or businesses solely located in Fareham;
- Businesses which predominately operate within key sectors of strategic interest for the region: including marine, aviation, aerospace, engineering and advanced manufacturing; and businesses that support the vitality of the town centre;
- Businesses which provide support for childcare or adult care;
- Businesses that are unable to trade at all and do not have an online presence;
- Businesses which are linked to the retail/hospitality/leisure sector, and therefore whose income is more effected by the COVID-19 restrictions;
- Businesses offering financial or medical services;
- Businesses with the higher number of employees to reduce the unemployment effect if they were to cease trading;
- Businesses with fewer liquid assets available;
- Businesses which have the greater chance of recovery following the COVID-19 restrictions;
- Businesses not in receipt of reliefs through the business rates system.

The fund is limited therefore once the fund has been used there will be no additional grants paid. A further round of applications may be offered if, following the first round of applications, the funding has not been fully utilised, until the funding limit is reached.

Award of grant

All applications will be reviewed against the eligibility criteria and on fixed property overheads and checked against information provided. Awards will then be given based on the priorities noted above. All applicants will be contacted to be informed if grant has been awarded or declined with an explanation.

Only one grant per business will be awarded regardless of the number of properties they occupy.

Payment of grant

All payments will be made via BACS (as soon as practicable) and the business must provide bank details for payment, including a bank statement.

APPENDIX 1

Tax

Grant income received is taxable therefore funding paid under the Local Authority Discretionary Grants Fund will be subject to tax.

State Aid

The United Kingdom left the EU on 31 January 2020, nonetheless under the Withdrawal Agreement the State aid rules continue to apply during a transition period, subject to regulation by the EU Commission. Fareham Borough Council must be satisfied that all State aid requirements have been fully met and complied with when making grant payments, including, where required, compliance with all relevant conditions of the EU State aid De-Minimis Regulation, the EU Commission Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, the approved COVID-19 Temporary Framework for UK Authorities, and any relevant reporting requirements to the EU Commission.

Fareham Borough Council have a discretion to make payments to eligible recipients under either the De Minimis rules or the COVID-19 Temporary Framework for UK Authorities (provided all the relevant conditions are met).

Payments of up to and including £10,000 can be provided under the De Minimis rules, meaning applicants can receive up to €200,000 of aid within a three-year period.

Fraud

The council will not accept deliberate manipulation and fraud - and any business caught falsifying their records to gain grant money will face prosecution and any funding issued will be subject to claw back, as may any grants paid in error.

All applicants' information will be shared with the Government Grants Management team to enable any fraud to be identified. All applicants will confirm this by ticking the box on the application.

Appeals

There are no further appeals rights for the grant, the Council's decision is final.

