

TRAFFORD COUNCIL

DELEGATED EXECUTIVE MEMBER DECISION REPORT

Report to: Executive Member for Finance and Investment
Date: 20 May 2020
Report for: Decision
Report of: Corporate Director Place and Corporate Director of Finance and Systems

Report Title

Trafford Discretionary Business Grants Fund

Summary

As part of its response to COVID-19, the government has announced the Discretionary Grants Fund to accommodate certain small businesses previously outside the scope of the existing business support grant schemes announced to date.

This report details how the Council will implement the Trafford Discretionary Business Grants Fund to support small businesses within the Borough.

Recommendation(s)

That the Executive Member for Finance and Investment:

- (i) Approve the Trafford Discretionary Business Grants Fund and proposed criteria for its operation as detailed in the report.
- (ii) Agrees to classify this decision as urgent and exempt from call-in to enable the Council implement emergency measures during the ongoing Covid-19 health crisis.
- (iii) Delegates authority to the Corporate Director of Place, in consultation with the Executive Member for Finance and Investment and the Corporate Director of Finance and Systems, to make amendments to the Trafford Discretionary Fund scheme criteria as necessary.

Contact person for access to background papers and further information:

Name: Stephen James (Head of Strategic Growth)
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Background Papers: None

Appendix One: Local Authority Discretionary Grants Fund: Criteria for Trafford

Implications:

Relationship to Policy Framework/Corporate Priorities	The Fund will support the respond to COVID-19 and delivery of the Council’s Corporate Plan (2019), including the priorities Successful and Thriving Places and Targeted support.
Relationship to GM Policy or Strategy Framework	At a GM level the Fund will support the response to COVID-19 and delivery of the GM Local Industrial Strategy.
Financial	The exact amount available to Trafford Council for this scheme is not yet known as it will be 5% of the total eligible spend on the Business rates Grants Scheme. For Trafford this is estimated to be between £2m and £2.3m. The scheme developed has to fit within this funding as there is no commitment from Government to fund anything over this amount.
Legal Implications:	Local authorities are responsible for delivering grants to eligible businesses. Section 1 of the Localism Act 2011 provides all local authorities with the vires to make these payments The Local Authority have a discretion to make grant payments under the De Minimis rules or the COVID-19 Temporary Framework for UK Authorities where State aid requirements have been fully met and complied with.
Equality/Diversity Implications	The full impact is unknown at this stage but delivery of the Fund will be closely monitored
Sustainability Implications	The full impact is unknown at this stage but delivery of the Fund will be closely monitored
Resource Implications e.g. Staffing / ICT / Assets	Existing staffing resources will be used; the awards will be administered through the existing software.
Risk Management Implications	None as a consequence of this report.
Health & Wellbeing Implications	None as a consequence of this report.
Health and Safety Implications	None as a consequence of this report.

1.0 Background

- 1.1 In response to the Coronavirus, COVID-19, the government announced in March 2020 support for small businesses, and businesses in the retail, hospitality and leisure sectors, delivered through the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund.
- 1.2 The Council has been successfully implementing the existing business grants scheme and to date has paid out over 3,175 grants at a total cost of £39.1m to support businesses within Trafford.
- 1.3 The Discretionary Grants Fund (the Fund) has now been announced to accommodate certain small businesses previously outside the scope of the business

support grant funds scheme. It is aimed at small businesses who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund. Local authorities are asked to prioritise businesses in shared spaces, regular market traders, small charity properties that would meet the criteria for Small Business Rates Relief, and bed and breakfasts that pay council tax rather than business rates. The government guidance on the Discretionary Grants Fund was received on 13 May 2020.

- 1.4 The cost to the Council of grant payments under the Fund will be met in one of two ways:
- Where they have or plan to spend all of the grants fund allocation for the Small Business Grants Fund and Retail, Hospitality and Leisure Grants Fund, they will receive an additional payment of 5% of their funding allocation (using a grant under section 31 of the Local Government Act 2003).
 - Local authorities that, having taken all reasonable steps to provide grants to eligible businesses for the Small Business Grants Fund and/or the Retail, Hospitality and Leisure Grants Fund, still have unspent initial grants funds allocation, will fund the grants from this unspent residual. Local authorities with a projected underspend of more than 5% cannot allocate awards above their 5% threshold.
- 1.5 Based on the above, the Council's available budget to implement a Discretionary Grant scheme is estimated to be c£2m.

2.0 Guidance and Local Criteria

National Guidance

- 2.1 Government guidance was issued on 13 May 2020 which states that the grants can only go primarily and predominantly to small businesses that:
- Were trading on 11th March 2020
 - Are not eligible for existing grant schemes or the Self-employed Income Support Scheme
 - Employ less than 50
 - Businesses with relatively high ongoing fixed property related costs
 - Business which can demonstrate that they have suffered a significant fall in income due to the Covid-19 crisis
 - Business which occupy a property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000
- 2.2 Businesses who have applied for the Coronavirus Job Retention Scheme are eligible to apply. Companies that are in administration, are insolvent or where a striking-off notice has been made are not eligible for funding under this scheme.

Local Criteria

- 2.3 It is proposed that the Discretionary Fund scheme for Trafford (see Appendix 1) is focused on non-franchised small/micro businesses (i.e. less than 50 employees) within the 3 categories below:

- Category 1 - Small businesses in shared offices or other flexible workspaces, including units in industrial parks, science parks and incubators which do not have their own business rates assessment.
- Category 2 - B&B's which pay Council Tax instead of business rates but are not in receipt of local authority financial support in housing vulnerable clients (homeless etc).
- Category 3 - Regular market traders with fixed building costs, such as rent, who do not have their own business rates assessment.

2.4 To ensure that as many businesses in the borough are supported within the scope of the available funding, the following grant amounts are proposed:

- Category 1 - a grant equivalent to 1 years fixed property costs, including rent, rates contribution and service charge - up to a maximum of £5,000.
- Category 2 – a grant amount equivalent to 1 years Council Tax - up to a maximum of £5,000.
- Category 3 – grant rate of up to £1,000 linked to fixed property costs.

2.5 It is recognised that the fixed property costs of businesses in Category 1 will vary with some business paying higher fixed costs. It will be important to ensure that the scheme is able to operate within the funding limit available and support as many businesses in Trafford as possible. As the delivery of the Fund is implemented take up will be closely monitored and the grant rates awarded may be reviewed following an assessment of the scheme and funding available

3.0 Applications

3.1 The Council will undertake proportionate pre-payment checks as part of the application process to confirm eligibility for the Fund. Prepayment checks will include confirmation that by accepting payments recipients are in compliance with State aid rules.

3.2 The Council retains the right to reclaim any grants awarded on the basis of false information or statements supplied.

4.0 Monitoring

4.1 The Council will be required to report on progress in developing and delivering the Fund weekly to BEIS alongside the existing reporting on the Small Business Grants Fund and Retail, Hospitality and Leisure Grants Fund. The specific criteria adopted for the Fund in Trafford must be published and shared with BEIS.

5.0 Consultation

5.1 A consultation exercise on the proposed Fund was carried out on 19 May 2020 with opposition Members and business representative organisation, including Altrincham and Sale Chamber of Commerce, Federation of Small Businesses, and Altrincham Unlimited. There was broad support for the rationale for the scheme and the local criteria in 2.1 above.

- 5.2 Issues were raised relating to businesses not covered by the Fund or other existing schemes, such as businesses reliant on the retail, hospitality and leisure industry (as suppliers) but outside the scope of the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund. It was noted that the Trafford Discretionary Fund has been designed to follow the national guidance and implement a scheme that can support as many businesses as possible in the context of a finite funding pot. Therefore not all situations some businesses find themselves can be covered by the Fund and those businesses will be referred to the other business support schemes currently available.
- 5.3 It was agreed that a further consultation will be held within four weeks of the launch of the Fund to provide an update on progress and how it is operating. As requested by the business representative organisations, a FAQs factsheet will be prepared for them to distribute to their members and communications in relation to the Fund, such as press releases, will also be sent to them for distribution to promote the scheme and ensure their members are kept informed.

Reasons for Recommendation

Approval of the Trafford Discretionary Grants Fund is required to enable the Council to provide effective support to Trafford based small businesses that are adversely affected by the ongoing COVID-19 crisis and are ineligible for support under existing grant schemes.

Key Decision Yes

If Key Decision, has 28-day notice been given? No

Finance Officer Clearance ...NB.....
 Legal Officer Clearance ...DS.....

CORPORATE DIRECTOR'S SIGNATURE

NICK BISHOP
**Corporate Director
 of Finance and Systems**

RICHARD ROE
**Corporate Director of
 Place**

To confirm that the Financial and Legal Implications have been considered and the Corporate Director has cleared the report prior to issuing to the Executive Member for decision.