



**BROMSGROVE DISTRICT COUNCIL**

**URGENT DECISIONS**

**MONDAY 8TH JUNE 2020 AT 9.00 A.M.**

**PLEASE NOTE - THE ATTACHED URGENT DECISION HAS BEEN ELECTRONICALLY SIGNED OFF BY ALL THE NECESSARY MEMBERS/OFFICERS DUE TO THE CURRENT COVID-19 SITUATION.**

1. Urgent Decision - Discretionary Business Rates Scheme (Pages 1 - 16)

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## BROMSGROVE DISTRICT COUNCIL

### RECORD OF DECISION TAKEN UNDER URGENCY PROCEDURES

**Subject:** Discretionary Business Rates Grant Scheme

**Brief Statement of Subject Matter:**

The government announced a Local Authority Discretionary Grants Fund on 1 May 2020 and published guidance for local authorities on 13 May 2020. This guidance is attached at Appendix B. There has been a slight subsequent revision to this guidance and the proposed policy takes into account the most recent guidance.

This further scheme provides financial support to businesses impacted by the Covid-19 pandemic and is in addition to the two existing schemes administered by local authorities: the Small Business Grants Fund and the Retail, Hospitality and Leisure Grants Fund.

Local authorities have been provided with discretion as to which businesses to support under their scheme, however, government has stated their expectation that businesses in shared offices, small bed and breakfasts, charities in occupation on one small property, and market traders with fixed property costs are prioritised for grant.

Grants provided under the discretionary scheme may be of £25,000, £10,000 or any amount below £10,000. Authorities are required to develop clear criteria for determination of grant and to publish details on their website.

It is anticipated that businesses will be required to make an application for support under the discretionary scheme and that payments will be made from early June 2020.

**Decision:** Council

**Date:** 4<sup>th</sup> June 2020

**RESOLVED:**

- a) The guidance for awards of discretionary grants detailed in Appendix A to the report presented to Cabinet on 3<sup>rd</sup> June, subject to the amendments contained in the recommendation from the Overview and Scrutiny Board, be adopted; and
- b) The Executive Director for Finance and Resources be authorised to finalise the guidance and to make other decisions in relation to the payment of grants, in consultation with the Chief Executive and the Portfolio Holder for Finance and Enabling.

**Grounds for Urgency:**

This matter was agreed at Cabinet on 3<sup>rd</sup> June, with recommendation on to Council for the final decision. However, as the next scheduled meeting of Council is not due to be held until 17<sup>th</sup> June 2020 then an urgent decision is required in order for the scheme to be implemented as soon as possible, in line with Government requirements.

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## DECISION APPROVED BY:

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Chief Executive – K Dicks

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Dated

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Section 151 Officer - J Pickering

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Dated

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Monitoring Officer – C Felton

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Dated

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Leader – Cllr K May

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Dated

.....  
Chairman, Overview & Scrutiny Board  
Cllr M Thompson

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Dated

.....  
Chairman – Cllr R Laight

.....  
Dated

## **BROMSGROVE DISTRICT COUNCIL**

### **MEETING OF THE CABINET**

**3RD JUNE 2020, AT 6.00 P.M.**

### **MINUTE EXTRACT**

PRESENT: Councillors K.J. May (Leader), G. N. Denaro (Deputy Leader), A. D. Kent, M. A. Sherrey, P.L. Thomas and S. A. Webb

Observers: Councillor M. Thompson

Officers: Mr. K. Dicks, Mrs. S. Hanley, Ms. J. Pickering, Ms J. Willis, Ms. C. Flanagan, Mr D Riley and Ms. A. Scarce

7/2020

### **DISCRETIONARY BUSINESS RATES GRANT**

The Executive Director, Finance and Resources introduced the item and provided background information in respect of the grants which had previously been available at the onset of the Covid-19 lockdown. The Council had previously been awarded approximately £21m which had been distributed to nearly 2k business. It had become apparent that not all those businesses which had suffered as a consequence of Covid-19 had been eligible for the original grants. Central Government therefore announced an additional fund of approximately 5% (of the original grant), the Local Authority Discretionary Grants Fund, on 1 May 2020 and published guidance for local authorities on 13 May 2020, together with appropriate guidance. This further scheme provided financial support to businesses impacted by the Covid-19 pandemic and was in addition to the two existing schemes administered by local authorities: the Small Business Grants Fund and the Retail, Hospitality and Leisure Grants Fund.

The Government has announced three mandatory criteria for support under the scheme;

- The business must have been trading on 11<sup>th</sup> March 2020.
- The business must not be eligible or have received support under the other Covid-19 support schemes.

- The business must not be in administration, insolvent or have had an order to strike off made.

The Government had advised that payments under the scheme should be targeted at small and micro businesses. Section 3.11 of the report showed the proposed targeted areas of allocation, which was broken down into three priority areas, with an estimate of the number of eligible businesses under each priority group and the grant amount per business. The Executive Director Finance and Resources provided detail around each of these priorities and the businesses they were aimed at reaching. The total was around 93 businesses. It was confirmed that the Council needed to take a consistent approach when paying out the grants when following the Government guidance.

The Revenue Services Manager ran through the scheme and explained that there were three mandatory criteria set by the Government for the scheme, details of which were provided and included not already having received funding from the existing schemes. People that were self employed but had fixed property costs could make an application under the discretionary grants scheme. Within the guidance the Government had asked the Councils to prioritise support to four types of business, market traders with regular market pitches, small Bed and Breakfast establishments that appeared in Council Tax (and not non domestic rates) usually accommodating few than seven people and the owner lives at the premises; charities which occupy one small property in England and businesses in shared offices. The Government had made it clear that the intention of the scheme was to support small and micro businesses for the purpose of meeting their fixed property costs. In Bromsgrove the scheme has therefore been targeted towards those smaller businesses and aimed at people with a fixed property cost. The scheme therefore was intended to create a hierarchy of businesses in order for the relief to be awarded as per the priority groups detailed in the report.

It was intended that the scheme would be published on the Council's website and social media channels and Members would also be able to promote the scheme to businesses within their Wards. The applications would be opened for a fixed period of time, anticipated to be 14 days, when the scheme would be closed, and all applicants assessed. This would enable all businesses to make an application and enable a speedy assessment of entitlement at the end of the application period and avoid awards being made on a first come first served basis. If at the end of that period, all assessments have been made and there remains funding available the scheme would be re-opened to ensure the remaining funds were paid out to businesses.

The Leader then invited Councillor M Thompson to present the recommendation which had been made following consideration of the report at the overview and Scrutiny Board's meeting on 2<sup>nd</sup> June 2020 and which was tabled at this meeting. Councillor Thompson explained

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that the recommendation was in respect of market traders and that they should be paid the grant on the basis on number of days trading and be irrespective of the number of pitches occupied. He further explained that these were very different and a proportion of the grant should be paid on the number of days that someone traded, for example the market was open for four days and if someone only traded for one regular day a week the they should receive a quarter of the amount someone who traded for all four days received.

Members discussed the proposal put forward by the Overview and Scrutiny Board and also questioned the content of the application form which was referred to and why this had not been included within the report. It was explained that this was still being developed at the time of publishing the report, but Officers provided details around the areas that would be included in it, together with the required supporting evidence. Members were assured that there would be a thorough application process and the form would be available online. Members were further advised that once the grants had been awarded Officers would be doing post grant assurance work to ensure the awards were genuine and working with the Cabinet Office using spotlights to ensure that the businesses were trading and bona fide and where grants are paid in error the appropriate actions would be taken to recover them. This had already been done with the existing schemes when it had transpired that payments had been made that were not correct.

It was also noted that within the report the application period referred to had not been detailed and Officers confirmed that it was anticipated that applications would open from 8<sup>th</sup> June for 14 days.

In respect of the recommendation from the Overview and Scrutiny Board, concerns were also raised around how it could be determined which days market traders trade and it was confirmed that as the Council operated the market then the Market Manager had that information available.

The Deputy Leader advised that the timelines given by Government had been exceedingly tight and he thanked Officers for producing the report and scheme within such a short period of time. He also confirmed that he was confident that due diligence would be applied in all stages of the award process.

It was confirmed that there was no restriction on businesses that had furloughed employees, but as this was aimed at small and micro businesses those that had used the furlough scheme was likely to be limited in number.

The Leader thanked Officers for the report and Councillor Thompson and the Overview and Scrutiny Board for carrying out a detailed piece of scrutiny.

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**RESOLVED** that in respect of the market traders the grant be paid based on days of trading and be irrespective of number of pitches occupied.

**RECOMMENDED:**

- a) that the guidance for awards of discretionary grants detailed in Appendix A to the report, subject to the amendments contained in the recommendation from the Overview and Scrutiny Board, be adopted; and
- b) that the Executive Director for Finance and Resources be authorised to finalise the guidance and to make other decisions in relation to the payment of grants, in consultation with the Chief Executive and the Portfolio Holder for Finance and Enabling.

The meeting closed at 6.48 p.m.

Chairman



## APPENDIX A

### **Discretionary Business Support Grant Fund Guidelines**

**Bromsgrove District Council**

## Contents

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## Appendix A – Summary of Discretionary Scheme

## Introduction

1. In response to the Coronavirus outbreak the Government announced that there would be support for small businesses and businesses within the retail, hospitality and leisure sectors that provide services to visiting members of the public.
2. The support took the form of two grant funding schemes the Small Business Grant Fund (SBGF) and the Retail, Hospitality and Leisure Grant Fund (RHLGF). The purpose of the grants is to support businesses to pay their fixed property costs.
3. On 2<sup>nd</sup> May 2020 the Government identified that a number of business were excluded for the schemes and announced that additional funding would be provided for local authorities to develop their own discretionary grant funding schemes. This document provides guidance on the operation of this discretionary fund within the Bromsgrove District.

## How much funding is available for the discretionary scheme?

4. The Government has announced that an additional 5% uplift would be made to the £12.33 billion funding that was available for the SBGF and RHLGF. The uplift will be calculated based on the anticipated expenditure at 3<sup>rd</sup> May 2020. The amount will be available for Bromsgrove District Council is £1,013,500.
5. The costs of the discretionary scheme operated by Bromsgrove District Council are not permitted to exceed the available funding.

## How will the scheme operate?

6. The Government has determined that local authorities should prioritise support to:
  - a. Businesses in shared offices which do not have their own assessment in the non-domestic rating list.
  - b. Charities occupying small business properties with a rateable value of less than £15,000 who do not qualify for RHLGF and are excluded from claiming small business rate relief, or rural rate relief as a result of their entitlement to charitable rate relief.
  - c. Market Traders, who have fixed building costs, but who do not have their own business rates assessments
  - d. Small Bed and Breakfasts which are not subject to business rates.

For the operation of the discretionary scheme these businesses will be referred to as priority one businesses.

7. Local authorities are able to identify their own priority business which may receive funding from the discretionary scheme.

8. Bromsgrove Council has identified that businesses within the events and exhibitions sector; and businesses with the travel and leisure sector that do not provide services to visiting members of the public have been severely affected by the Covid-19 pandemic and are not eligible for support under the existing grant schemes. It is anticipated that they will remain impacted by restrictions on social gatherings for some time and therefore businesses in these sectors will, alongside the Government's priority lists, be given preference for support. For the purposes of Bromsgrove's discretionary scheme these businesses will be referred to as priority two businesses.
9. Pubs, Gyms and Children's activity centres remain closed as a result of the coronavirus restrictions. These businesses, where they have an RB of over £51,000 were ineligible for the retail, leisure and hospitality grant. Bromsgrove District Council will consider support to these businesses and they will be referred to as priority three businesses.
10. Bromsgrove District Council's scheme will open for applications from XXX and will close for applications on XXX, the application period. *(TBC once software in place)*
11. At the end of the application period all claims for grant will be assessed. Awards of relief will be made first to businesses in the priority one group, and then if sufficient funding remains the priority two group. When all claims from the first two groups have been determined businesses in the priority three group will be awarded grants. If any monies are available grants for other businesses will then be considered.
12. Where insufficient funds are available to provide support to all businesses within a priority group, or when all priority groups have been awarded and awards are considered for other businesses then grants will be made based on an assessment of:
  - a. The loss in income the business has suffered due to the Coronavirus outbreak;
  - b. The level of property related costs that the business has; and
  - c. The importance of that business to the Bromsgrove District.

## **Who will be eligible for grants?**

13. To qualify for a grant all applicants must meet criteria set by Government these criteria are
  - a. The business must have been trading on 11<sup>th</sup> March 2020
  - b. The business must not have received support from
    - i. The fisheries response fund;
    - ii. Domestic Seafood Supply Scheme
    - iii. The Zoos support fund
    - iv. The Dairy Hardship Fund
  - c. The business must not be eligible for support, or have received support from either
    - i. The Small Business Grant Fund
    - ii. The Retail, Leisure and Hospitality Grant Fund

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- d. The business must be able to demonstrate that they have suffered a significant fall in income due to the Covid-19 pandemic.
  - e. The business must not be in administration, insolvent, or have had a striking off notice made.
14. The exclusion in relation to receipt of support under the Small Business Grant Fund, or the Retail, Hospitality and Leisure Grant Fund applies to grants paid in respect of any hereditament occupied by the business or individual and not solely to the hereditament or property for which the Discretionary Grant application is made. This means that if the business has received support for property A under the existing grant schemes, an award of discretionary grant for property B cannot be made.
15. For the purposes of Bromsgrove District Council's scheme priority one, two and three businesses must be classified as small or micro businesses.
- a. Small Businesses must satisfy two or more of the following criteria
    - i. Turnover: Not more than £10.2 million
    - ii. Balance Sheet Total: Not more than £5.1 million
    - iii. Number of employees: a headcount of staff less than 50
  - b. Micro businesses must be able to satisfy two or more of the following criteria
    - i. Turnover: Not more than £632,000
    - ii. Balance Sheet Total: Not more than £316,000
    - iii. Number of employees: a headcount of staff less than 10
16. The following exclusions will apply in respect of grant:
- a. Grants will not be paid for
    - i. Car Parks, or Car Parking Spaces
    - ii. Hereditaments used wholly or mainly for personal use
    - iii. Hereditaments occupied by an individual or an organisation and used wholly or mainly for political purposes

## **17. Priority One Groups**

Priority one businesses are defined as

### **Serviced and Shared Offices**

- a) A businesses or individuals in occupation of a part of a hereditament for which a separate entry is not shown within the local non-domestic rating list; and
- b) The business must demonstrate that they have fixed property costs – in form of rent or license payments - in relation to the part of the property which they occupy.

## **Charities**

- a) Charities or trustees for a charity in occupation of a hereditament with a rateable value of less than £15,000 where
  - a. The Non-Domestic Rates liability is calculated under Section 43(4) of the Local Government Finance Act 1988
  - b. The charity occupies one hereditament in England, or one hereditament and others that would be disregarded under paragraph 7 or 8 of the Non-Domestic Rating (Reliefs, Thresholds and Amendment) (England) Order 2017 if those regulations applied.
  - c. The hereditament is not eligible for support under the retail, leisure and hospitality grant fund.

## **Bed and Breakfast accommodation**

Business or individuals in occupation of a property used for the provision of bed and breakfast accommodation where this is provided to fewer than 7 people at any one time, and where the owner of the premises is resident within the property and provides both food and accommodation.

## **Markets and Market Traders**

Businesses or individuals in occupation of a market stall, kiosk or pitch, situated within the Bromsgrove District, which does not have a separate entry in the rating list and for which they have a fixed recurring license fee, rental payment, market toll or other associated property costs.

## **18. Priority Two Groups**

### **Events and Exhibitions Sector**

Businesses or individuals in occupation of a hereditament:

- a. With a rateable value of less than £51,000; and
- b. Which are used wholly or mainly for the planning, management, or organisation of concerts, exhibitions or public events.

### **Travel and Leisure Businesses**

Businesses or individuals in occupation of a hereditament:

- a. With a rateable value of less than £51,000 used wholly or mainly for;
  - i. the distance selling of travel, leisure and holiday packages; or
  - ii. for the organisation, management or delivery of travel excursions, leisure breaks and vacation services

## **19. Priority Three Groups**

### **Pubs, Gyms and Children's Activity Centres**

Businesses or individuals eligible for expanded retail discount from 1<sup>st</sup> April 2020 and in occupation of a hereditament with a rateable value between £51,000 and £100,000 used wholly or mainly as a public house, gym or children's activity centre.

### **Retail, Leisure and Hospitality Supply Chain Businesses**

Businesses or individuals in occupation of a hereditament:

- a. With a rateable value of less than £51,000; and
- b. Which is used wholly or mainly for the wholesale provision of goods to businesses within the retail, hospitality or leisure sector

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## What Grants will each business receive?

It is proposed that the council's £1,013,500 allocation is targeted as set out in the tabulation below

Type of Business	Grant amount per business (£)
<b>Priority One</b>	
Shared Offices	5,000
Charities	10,000
Bed and Breakfasts	5,000
Market Traders	5,000 <sup>1,2</sup>
<b>Priority Two</b>	
Events and Exhibitions	
Travel and Leisure	
a. RV below 15,001	10,000
b. RV between £15,001 and £50,099	25,000
<b>Priority Three</b>	
Pubs, Gyms and Children's activity Centres	25,000
Retail, Hospitality and Leisure Supply Chain	
a. RV below 15,001	10,000
b. RV between £15,001 and £50,099	25,000

Note 1: The grant awarded to Market Traders will be apportioned to reflect the number of days on which the trader normally operates within Bromsgrove. Calculated as:

£5,000 \* number of trading days in week/number of market operating days in week

Note 2: Market Traders occupying pitches within Bromsgrove Market will be eligible for one grant only irrespective of the number of pitches occupied. The grant forms part of a package of support delivered to Market Traders by Bromsgrove Council which includes waiver of market tolls, discounted tolls and discretionary grant support.



## Appendix A – Summary of Discretionary Scheme

	Priority Group One	Priority Group Two	Priority Group Three
Per Business Grant	£5,000 £10,000 for charities	£10,000 or £25,000	£10,000 £25,000
Eligibility Criteria	<p>To be eligible for the scheme business must have been:</p> <ul style="list-style-type: none"> <li>i) Trading on 11<sup>th</sup> March 2020</li> <li>ii) Not have received support from</li> <li>iii) Not be eligible or have received support from either</li> <li>iv) The business must be able to demonstrate a significant fall in income due to the Covid-19 pandemic</li> </ul> <p>The business must be classified as a small or micro business</p>		
Businesses within classification	<p>Shared Offices</p> <p>Market Traders</p> <p>Bed and Breakfasts</p> <p>Charities ineligible for small business rates relief</p>	<p>Events and Exhibitions businesses occupying business premises with an RV of below £51,000</p> <p>Travel and Leisure occupying businesses premises with RV of below £51,000</p>	<p>Pubs, Gyms and Children’s Activity Centres</p> <p>Retail, Leisure and Hospitality Supply Chain Businesses</p>
Exclusions	<p>Only one grant may be awarded per property.</p> <p>Grants may not be awarded to a billing authority, or precepting authority.</p> <p>Grants may not be awarded for car parks and parking spaces, or in respect of hereditaments used for personal use.</p> <p>Grants may not be awarded for premises occupied wholly or mainly for political purposes.</p> <p>Grants may not be paid to a business or individual who has received a Small Business Support Grant, or Retail, Hospitality and Leisure grant for any other Hereditament.</p>		
State Aid	<p>State aid applies grants of up to £10,000 can be paid as De Minimis aid €200,000 limit over 3 years (or under the Temporary Framework where De Minimis threshold exceeded).</p> <p>Payments up to and including £25,000 can be paid under the UK Covid 19 Temporary Framework for UK Authorities subject to:</p> <ul style="list-style-type: none"> <li>a) €800,000 limit; and</li> <li>b) recipient confirming they were not an undertaking in difficulty (within the definition of Article 2(18) of the General Block Exemption Regulation) on 31 December 2019</li> </ul>		

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