


Individual Mayoral Decision	 TOWER HAMLETS
Report of: Corporate Director – Housing & Regeneration	Classification: Unrestricted
Thriving High Streets 4 (THS4) – Business Grant Project	

Lead Member	Cllr Wahid, Cabinet Member for Jobs, Skills, and Growth
Originating Officer(s)	Kirsty Valentine, Programme Manager, High Streets Team Adam Richards, Senior Manager, High Streets Team
Wards affected	Bethnal Green West (formally St Peters), Weavers, Spitalfields & Bangla town, Lansbury, Bow East, Bow West, Bethnal Green East, Shadwell, Whitechapel.
Key Decision?	No
Reason for Key Decision	This report has been reviewed as not meeting the Key Decision criteria.
Forward Plan Notice Published	N/A
Exempt information	N/A
Strategic Plan Priority / Outcome	[State Priority and/or Outcome from the Strategic Plan 2022-26] Priority 4. Boosting culture, business, jobs, and leisure With measures including supporting small businesses, start-ups, and markets; creating jobs and training opportunities; and one-hour free parking at our markets.

Executive Summary

This document seeks an Individual Mayoral Decision on the recommended delivery approach for the distribution of grants to high street businesses and will seek delegation for the Chief Executive Officer to approve the individual grants.

The recommended delivery approach will involve working with specialist external suppliers to:

1. Deliver tailored business support training
2. Provide an administrative service to distribute the grant funding

The distribution of the grants will be in line with initial eligibility and grant criteria.

Recommendations:

The Mayor is recommended to:

1. Authorise the Chief Executive Officer to award grants to high street businesses in line with the pre-agreed grant application criteria
2. To note the Equalities Impact Assessment considerations as set out in Section 4.

1 REASONS FOR THE DECISIONS

1.1 This option (**Option 1**) is recommended because:

Delegated authority will enable council officers to efficiently distribute the grants once applications are made by businesses in line with funding and eligibility criteria agreed by the Grants Determination Sub Committee.

The grants will help businesses overcome a challenging trading environment and the unwinding of central government and other council Covid-19 support.

2 ALTERNATIVE OPTIONS

2.1 **Option 2:** The Grants Determination Sub Committee agreeing each of the grants to high street businesses. This approach is not recommended because:

- The number of grants distributed (55) will likely take place over an extended period (up to 6-12 months), and it is not an efficient use of resources for the Grants Determination Sub Committee to oversee the award of individual grants considering their maximum size (£1,000).

2.2 **Option 3:** The Alternative Option (Do-Nothing) Option is to not distribute grants to high street businesses as part of the business support programme.

2.3 This option is not recommended because:

- The High Streets Team's ability to affect the trading environment in our high streets and progress towards improving the performance of the borough's high streets and meeting the Council's Strategic Plan objectives is reduced.
- It contradicts feedback received from beneficiaries of previous versions of the business support programme and feedback received via soft market testing and a business roundtable held with Cabinet

Lead for Jobs, Skills, and Growth in August 2022 where businesses expressed the need and the demand for the support.

3 DETAILS OF THE REPORT

3.1 The business support programme (Thriving High Streets 4 (THS4) – Business Grant Project) was agreed at the July 2022 Asset Management and Capital Delivery Working Group where £199,000 S106 funding was allocated. The programme is part of a wider package of projects aimed at supporting the borough's high street businesses totalling £289,000.

3.2 The business support programme builds upon earlier work that was developed in response to Covid-19 carried out by the High Streets Team during 2020 – 2022 which sought to mitigate the effects of Covid-19 on the borough's high street businesses.

3.3 There is clear demand from businesses to benefit from further support to improve and prepare their performance against the constantly changing business environment e.g., the impact of rising rents, and inflation. The grant project approach has been iteratively designed following the successful delivery of other similar programs delivered by the Growth Service. It also considers feedback received from beneficiaries of previous versions of the business support programme as well as feedback received via soft market testing and a business roundtable held with Cabinet Lead for Jobs, Skills & Growth in August 2022 where businesses expressed the need and the demand for the support.

3.4 Delivery Approach Summary

- The business support programme will provide an 12-18-month curriculum for high street businesses and council-run market traders to benefit from training and support to improve their performance, resilience, and sustainability. The target is for 65 businesses to benefit from the training project and 55 businesses to receive a grant. Funding is available for 55 x £1,000 grants.
- As instructed by the mayor's office, the programme will be delivered by a specialist external supplier who will deliver a mix of online and in-person training sessions. The curriculum will be wide-ranging (marketing, supply chain, finance etc.), and each business will be provided with a bespoke set of modules to match their needs following an initial SWOT analysis.
- The businesses will have an opportunity to apply for a grant upon completion of their training sessions. The grant will enable them to practically develop their business by creating new income streams or developing existing income streams. Business applicants will be required to contribute 50% match funding towards the purchase of any goods, services or assets purchased with grant monies.

3.5 Grant Information Summary

- The administration of the grants will be carried out by a specialist external supplier. The costs of these services are typically 15-20% of the total value of the grants.
- It is planned that the following eligibility criteria is applied to grant recipients:
 - The business must be a registered UK business or sole trader with a high street business with a retail frontage (i.e., not an office-based or online business located within a high streets) within the borough's designated high street locations, or a council market trader trading at one of the borough's 10 street markets.
 - The business must have been trading for a minimum of 6 months.
 - The business must have less than 50 employees.
 - The business must not exceed Subsidy Control Allowance (formerly State Aid) threshold of £335,000 over 3-years.
 - The business cannot be in difficulty i.e., in administration, insolvent or subject to striking off notice.
 - The business cannot use the grant to support existing business as usual activity. E.g., buying stock
 - The business must commit to completing the tailored business support programme and take part in evaluation of the programme in advance of receiving the grant.
- A marketing campaign will be carried out to ensure there is awareness of the programme and businesses have equal opportunity to participate. The marketing campaign includes proactive recruitment to every business on the 9 key high streets, and all council market traders. The campaign will include a mix of online and in-person communication methods to ensure the beneficiaries are reflective of the borough's high streets and the impact of the funding is maximised. Underrepresented groups in our business community i.e female traders will be specifically targeted. The marketing campaign will be included as an appendix to the report presented to the Grants Determination Sub Committee in the future.
- Grants will be distributed in line with Mayoral manifesto and strategic plan 2022 – 2026 Priority 4 (as mentioned above) and it is planned the award criteria and appraisal of businesses addresses the following points (including but not limited to):
 - The distribution of grants will take a 'whole borough' approach and reflect the size and makeup of each high street location. The number of grants awarded in each high street location will reflect the total number of retail units, as well as the type of businesses to avoid a concentration of funding for one sector or in one high street.
 - The grant will enable the business to adapt their business model by developing an existing or establishing a new income stream. Examples of this may include:
 - To purchase or upgrade equipment. E.g., purchase a new coffee machine.

- To upskill and gain accreditation to authenticate the service offered. E.g., Barista training for staff.
 - To deliver a new healthy or sustainable product line.
- The grant appraisal will account for the impact of Covid-19 on the businesses i.e., previous access to Government or Council support or the sectoral impact on the business.
- The grant's impact will be assessed over 6-12 months with a preference for measuring additionality i.e., new jobs created or saved, new healthy products, increase in income, business continuity and confidence.
- An EIA will be completed to assess the impact of the grants and ensure the number and type of beneficiaries reflect the borough profile.
- The award criteria will be included as an appendix to the report presented to the Grants Determination Sub Committee in the future.

4 EQUALITIES IMPLICATIONS

- 4.1 The project will positively impact on the quality of life of residents living in Tower Hamlets, particularly people living and working near our key high streets.
- 4.2 An Equalities screening identified five areas of implication in the project. A full EIA was completed included provisions for mitigating actions to address all five implications arising. These actions will reduce or remove all five equality implications. Subsequently, the project is code AMBER – deemed appropriate to proceed.

5 OTHER STATUTORY IMPLICATIONS

- 5.1 **Best Value Implications**
Competitive procurement processes will be carried out to achieve good value for money when appointing external consultants. The value of these contracts will also be benchmarked for comparison.
- 5.2 **Risk Management**
A risk assessment will be carried out and attached as an appendix to the report presented to the Grants Determination Sub Committee in the future.
- 5.3 **Data Protection / Privacy Impact Assessment**
All activity will follow the Council's GDPR and data protection policy.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 This report is seeking approval to delegate to The Chief Executive Officer the distribution of grants to high street businesses. It is proposed that 55 grants of £1,000 will be given as part of the business support programme at a total cost of £55,000.
- 6.2 The grants will be funded from s106 monies relating to Thriving High Streets. The business support programme (Thriving High Streets 4 (THS4) – Business

Grant Project) was agreed at the July 2022 Asset Management and Capital Delivery Working Group where £199,000 s106 funding was allocated. The programme is part of a wider package of projects aimed at supporting the borough's high street businesses totalling £289,000.

- 6.3 The balance on the Thriving High Streets s106 pot is £164,000. This income has been received by the Council and there is sufficient funding to meet this grant programme. There will be no impact on the MTFS position from awarding these business support grants.

7 COMMENTS OF LEGAL SERVICES

- 7.1 The grants referred to in this report are most likely to constitute subsidies for the purposes of the Subsidy Control Act 2022. Therefore, the scheme and the qualification criteria will need to be subjected to the Subsidy Control Principles under the act.
- 7.2 However, the Subsidy Control Act has a de minimis exemption of £315,000. This means that an organisation can receive £315,000 as subsidy from all sources cumulatively in a 3 year period (calculated in accordance with the regulations). Therefore, except in the unlikely event that an organisation has received a considerable value of Subsidy from other sources it is unlikely that the scheme will cause the creation of unlawful subsidies.
- 7.3 The receipt of free training should also be considered in pure cash terms and included in the application of the Subsidy Control Principles and be considered to be part of the total value of subsidy received by a grant recipient.
- 7.4 The arrangement of the administration of the grants via and external organisation will be a contract for services. Therefore, the identity of the organisation should be determined in accordance with the Council's procurement procedures. This will also assist in the demonstration of achieving statutory Best Value
- 7.5 Both the grants and the contract for services will be supported by a monitored legal agreement ensuring that the money is used for the purposes it is intended and that the administration is carried out to an appropriate level respectively. This will also assist with the demonstration of statutory Best Value achievement.
- 7.6 The Council following the completion of the evaluation but prior to award the Council will undertake an equalities assessment to help understand the impact of the grant awards will be on people with a protected characteristic when compared with those who do not have a protected characteristic. The Council will then be able to discern whether further action will need to be taken to comply with the Equality Act 2010
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Linked Reports, Appendices and Background Documents

Linked Report

- NONE.

Appendices

- NONE.

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- NONE.

Officer contact details for documents:

N/A