Discretionary Policy for awarding Business Support Grants

OFFICER SEEKING A DELEGATED DECISION

David Hill – Head of Finance and Property Services

CABINET MEMBER MAKING DECISION:

Cabinet Member- June Evans

IS THE DECISION CONFIDENTIAL? No

SCHEDULE 12A - PUBLIC INTEREST TEST

David Hill, Head of Finance and Property Services has determined in preparing this report that the Public Interest test does not apply to this report.

OFFICERS ADVICE:

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, Leisure and Hospitality Grant Fund. These are grants of £10,000 or £25,000 and have been largely distributed to local businesses.

This Discretionary fund is an additional fund aimed at small and micro businesses who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund.

The grants can be to the value of £25,000, £10,000 or any amount under £10,000. The value of the payment to be made to a business is at the discretion of the local authority. Grants under the Local Authority Discretionary Grants Fund are capped at £25,000 and the next level payment £10,000. Local authorities also have discretion to make payments of any amount under £10,000. It is for local authorities to adapt this approach
to local circumstances, such as providing support for micro-businesses with fixed costs or support for businesses that are crucial for their local economies. The government expect that payments of under £10,000 may be appropriate in many cases. Bassetlaw have been allocated £1,177,500 which is about 5% of the amount allocated in the initial tranche of funding.

Local authorities are required set out clear criteria for determining the appropriate level of grant to give businesses clarity. All Nottinghamshire Districts and Boroughs have worked together to develop a scheme which is consistent across the County, although each authority has made amendments to suit their local needs. The draft policy is attached and will need approving before funding is distributed.

Please note that this grant funding can only be allocated to businesses by an application process. This will mean payment of grants will be a slower process as businesses will need to submit information to support their applications and eligibility checks will need to be made. The application form will be on the Council’s website in early June with a deadline for applications of 30th June. It is only after all grant applications have been received that we can start to distribute the funds.

**IMPLICATIONS:**

a) **For Service Users**

Those small businesses who did not qualify for the initial grant scheme but have suffered financial loss should benefit from this funding.

b) **Strategic & Policy**

The Policy is necessary to allow the grant funding to be distributed. It is aimed at small businesses and will contribute towards our aim of supporting our local high streets.

c) **Financial Reference – Fin. Ref: 21/214**

There is no direct financial impact for Bassetlaw DC as the grant funding is provided by the government. Any grants awarded above the level of funding provided by government will have to be met from existing Council resources.

d) **Legal Reference – Legal Ref: 29/06/2020**

There are no direct legal implications.

e) **Human Resources**

There are no direct HR implications.

e) **Community Safety, Equalities & Environment**

There are no direct implications.

g) **GDPR**

All information collected will only be used for payment of the grant.

**OPTIONS CONSIDERED**
Local Authorities are required to disburse the grant. Local authorities have discretion in developing the scheme but the government guidance gives clear direction on which businesses should be helped.

**DECISION (With Reasons):**

To adopt the Discretionary Business Support Grant policy and distribute the grant funding according to the policy.

**BACKGROUND PAPERS:**  Head of Finance and Property Services.

**SIGNATURE OF DECISION MAKER**

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**DATE** ........3.06.2020

**SIGNATURE OF**

**LEADER** .................................................................

**(or in his absence DEPUTY LEADER)**

The original of this form when signed should be sent to the Democratic Services Unit who will then copy to:

Monitoring Officer
Section 151 Officer
ALL Members to provide for scrutiny

*Only needed if the Leader/Deputy Leader needs to be consulted*
1. Introduction

In response to the Coronavirus, COVID-19, the government have announced a suite of support schemes for businesses impacted by the outbreak.

On the 1st May 2020, government announced the Local Authority Discretionary Grant Fund. Guidance, intended to support local authorities in administering the fund, was issued from 13th May 2020. The guidance set out broad criteria for local government to consider in the development of a local scheme.

Bassetlaw District Council has worked in conjunction with other district and borough councils in Nottinghamshire to develop a consistent policy across the County.

2. Eligibility for other Grant Funding

Businesses may only apply for funding under this discretionary grant scheme if the business meets the following eligibility criteria:

This discretionary grant funding is only available for businesses that are not eligible for other government support schemes. Businesses which have received cash grants, or are eligible to receive grants, from any central government COVID related scheme are ineligible for funding from the Discretionary Grants Fund. Such grant schemes include but are not limited to:

- Small Business Grant Fund
- Retail, Hospitality and Leisure Grant
- The Fisheries Response Fund
- Domestic Seafood Supply Scheme (DSSS).
- The Zoos Support Fund
- The Dairy Hardship Fund

Businesses who have applied for the Coronavirus Job Retention Scheme are eligible to apply for this scheme.

Businesses who have applied for the Self Employment Income Support Scheme are eligible to apply for this scheme.

Due to the limited funding available under this scheme, the Council may prioritise those businesses or individuals who have been ineligible for any other funding support, including the Self Employment Income Support Scheme

3. Profile of Qualifying Businesses

i. To be a small business, a business must satisfy two or more of the following requirements in a year:
   • Turnover of not more than £10.2 million
   • Balance sheet total not of more than 5.1 million
   • Number of employees: a headcount of staff of less than 50

ii. To be a micro business, a business must satisfy two or more of the following requirements in a year (any payment to be capped at a maximum of £10,000):
   i. Turnover of not more than £632,000
   ii. Balance sheet total of not more than £316,000
   iii. Number of employees: a headcount of staff of not more than 10

b) Businesses with relatively high ongoing fixed property-related costs - 15% of overheads (excluding cost of sales).

c) Businesses which can demonstrate that they have suffered a significant fall in income (80% of income from 1 April 2020 to 31 May 2020) due to the COVID-19 crisis

d) Businesses which occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000.

e) Only businesses which were trading on 11 March 2020 are eligible for this scheme.

f) Companies that are in administration, or insolvent or where a striking-off notice has been made are not eligible for funding under this scheme.

g) Business which occupy property for purposes of storage of goods are not eligible for funding under this scheme

h) Home workers will not be eligible for funding under this scheme

4. Amount of Grant Allocation:

The amount of allocation complements the government’s Small Business Grants Fund and the Retail Hospitality and Leisure Grants Fund, except that businesses applying for funding under this scheme will need to provide evidence of meeting the qualifying criteria set out in (5) below.

Grant awards may be made in the range from £500 to £10,000 or £25,000

• Small businesses in shared offices or other flexible workspaces, such as units in industrial parks, science parks and incubators which do not have their own business rates assessment but pay rent up to £51,000 per year may be eligible to a grant, provided the business meets the qualifying criteria in (4) below.

• Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief, may be eligible for a grant of £10,000, provided the charity meets the qualifying criteria in (5) below.
Discretionary grant payments of up to £10,000 may be made to the following businesses, provided the business meets the qualifying criteria in (5) below. The amount of grant awarded will be based on 50% of the annual rent or equivalent property charge that is attributable to the business (as detailed below at (5) iii. as applicable on the 11th March 2020):

- Businesses that are domiciled in the District who have not been eligible for other grant schemes as stated in section 1 above.
- Regular market traders (domiciled in the District) with a fixed tenancy/licence agreement, such as rent, who do not have their own business rates assessment.
- Bed and Breakfast businesses, not on the non-domestic rates listing, where there is a provision for food and beverages

5. Assessment Process:

All applications will be assessed on a case by case basis. The application form will set out particulars of the evidence that will need to be included with the application for grant. The applicant will need to demonstrate ALL of the following:

i. The business is not eligible for any other government grant scheme listed in (2) above.
ii. The businesses has relatively high (more than 15% of overheads) ongoing fixed property-related costs. Evidence required will include (but not limited to a signed lease agreement, signed licence agreement, or a certificate signed by the business accountant of the property charge within the business’ financial statements relating to 6 months prior to 31st May 2020 (this equally applies to businesses operating from home premises). The evidence must demonstrate the actual cost to the business. A copy of the previous years’ accounts will be requested.

iii. The business has suffered an income loss of at least 80% for the 2 months from 1 April 2020 to 31 May 2020. This will be evidenced by a comparison with the business income for the same period in 2019 or, for businesses trading for less than 12 months, a comparison with average income for the trading months prior to 1 March 2020. Evidence of proof will include documents from bank, certified documentation from your accountant or financial advisers.

iv. To evidence trading prior to 11 March 2020; examples of evidence include (but not limited to) for companies registration number with Companies House, for charities registration with the Charity Commissioner for sole traders and partnerships the UTR reference number from HMRC

- Insufficient evidence could result in any claim being rejected.
- There will only be one grant award per business from this fund
- The decision to award a grant will be final with no right of appeal

6. Taxation

Grant income received by a business is taxable therefore funding paid under the Local Authority Discretionary Grants Fund will be subject to tax. Only businesses which make an overall profit once grant income is included will be subject to tax.

7. Declarations
Applicants to this grant will require to make the following declarations on the application form:

- All successful businesses will be required to declare that by accepting the grant payment, they are eligible for the grant scheme, including that any payments accepted will be in compliance with State Aid requirements.

- All successful businesses will be required to make a declaration that the business is a Small or Micro businesses, as defined in Section 33 Part 2 of the Small Business, Enterprise and Employment Act 2015 and the Companies Act 2006.

- All successful businesses will be required to make a declaration that the business has not received or is not eligible to receive any other government grants listed in section 1.

- All successful businesses will be required to make a declaration that the business premises is not used for the purposes of storage of goods, as determined in part 2, g)

Any business caught falsifying their records to gain additional grant will face prosecution and any funding issued will be subject to claw back.

8. Closing date for Applications.

The total available fund for grant payments under this scheme is £1,177,500.

The application process for consideration under this scheme will through-out June 2020. The closing date for applications will be 30th June 2020. No applications will be accepted after this date.

In order to ensure the scheme is not rewarding business on a first come first served basis, all applications will be individually assessed after the closing date and any successful businesses will receive a grant payment shortly after the assessments have been finished and awards determined.

1 June 2020