

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

DISCRETIONARY BUSINESS GRANTS FUND POLICY

NOTE: APPLICATIONS MUST BE MADE BY 21 JUNE 2020

1. Background to business grants

In response to the Coronavirus, on 11 March 2020 the Government announced 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. The Council expects to have supported around 1,700 rate-paying businesses, charities and other organisations in North West Leicestershire from these funds. This original scheme remains open for any eligible ratepayers that have not yet claimed. The Council was not required to publish a local policy.

On 1 May 2020, the Government announced the **Local Authority Discretionary Grants Fund**, and on 13 May 2020 published guidance for local authorities. This discretionary grant fund is the subject of this local policy.

2. The Local Authority Discretionary Grants Fund

On 1 May 2020, the Government announced the Local Authority Discretionary Grants Fund.

<https://www.gov.uk/government/news/top-up-to-local-business-grant-funds-scheme>

On 13 May 2020, the Government published guidance for local authorities. This additional fund is aimed at small businesses and charities who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund.

<https://www.gov.uk/government/publications/coronavirus-covid-19-guidance-on-business-support-grant-funding>

The fund for the district is being managed by North West Leicestershire District Council, which is responsible for delivering grants to eligible businesses and charities. The Council must follow the guidance set by the Government. The Council has authority to make these payments under Section 1 of the Localism Act 2011.

Local authorities are required to set out the scope of their discretionary grant scheme on their website, providing clear guidance on which types of business are being prioritised, as well as the rationale for the level of grant to be provided (either £25,000, £10,000 or less than £10,000, as prescribed by the Government). This policy meets this requirement.

The Government intends that this grant scheme widens access to support to businesses who are struggling to survive due to the Coronavirus shutdown but are unable to access other grant funding. Local authorities are asked to make payments

as quickly as possible to support struggling businesses. Government anticipates that the first payments made under the scheme will be received by businesses by early June 2020. North West Leicestershire District Council will make every effort to start payments by mid-June 2020, the earliest date that now seems feasible.

Due to the very compressed timescales to meet the expectations of the Government and businesses, the Council has not been able to consult on the development of this policy. It has however taken full account of the requirements of Government (as set out in the second link above) and the issues and questions that have arisen locally and nationally through the delivery of the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund.

Potential applicants are asked to note that:

- The Government and the Council expects businesses to take advantage of other Government support schemes.
- Grants under this scheme will be subject to tax in line with the applicant's tax arrangements. For businesses, the Government advises this is only where there is an overall profit once this award is included.
- Grants awarded under this discretionary scheme will not generally affect the Council's business ratings list or any rates charges payable by the recipient.
- Notwithstanding this, any applicant who should be added to the rates list will be, which may result in a rates bill. This may also result in a grant being claimable from the Small Business Grant Fund or the Retail, Leisure and Hospitality Grant Fund, rather than this discretionary fund. Such grants are of fixed value of £10,000 or £25,000 and are likely to be higher than a discretionary grant.

3. Total funding available

The Government has set each council's funding allocation as 5% of the expected spending on the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund funding envelope.

North West Leicestershire District Council's allocation is £992,500. This can be adjusted upwards if the number of businesses supported under the Small Business and Retail, Leisure and Hospitality grant funds proves to be higher. It will not however be adjusted to reflect demand for the discretionary fund.

Where limits to funding available for this scheme require local authorities to prioritise which types of businesses will receive funding, the Government states it will be at the local authority's discretion as to which types of business are most relevant to their local economy. There will be no penalty for local authorities because of their use of discretion to prioritise some business types.

4. Who will benefit from the discretionary scheme?

As set out by the Government, these discretionary grants are primarily and predominantly aimed at:

- Small and micro businesses, as defined in Section 33 Part 2 of the Small Business, Enterprise and Employment Act 2015 and the Companies Act 2006. (*see definitions table at the end of the section*)
- Businesses with relatively high ongoing fixed property-related costs.
- Businesses which can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis.
- Businesses which occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000.

4.1 National priorities

North West Leicestershire District Council will prioritise the following types of businesses for grants, as requested nationally by the Government:

- **Small businesses in shared offices or other flexible workspaces.**
Examples could include units in industrial parks, science parks and incubators *which do not have their own individual business rates assessment and rates bill;*
- **Regular market traders with fixed building costs**, such as rent, *who do not have their own business rates assessment.* Note: North West Leicestershire District Council considers this to mean traders with fixed units (including café facilities) and traders in Coalville and Ashby Market with fixed spaces. The Council will take account of any potential grant support from councils in other areas where the trader may also operate. Note the discretionary fund does not cover any otherwise eligible traders who rent stalls by the day, who will not be supported from the discretionary fund, as there will be little or no on-going fixed property related costs.
- **Bed & Breakfasts which pay Council Tax** instead of business rates (rated premises being eligible under the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund). The Council does not wish to prioritise rooms and premises available through Airbnb and similar channels, and will not make a grant to these; and
- **Charity properties in receipt of charitable business rates relief** which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief

4.2 Local additional priorities

In addition, the Council perceives any local small or micro business who can demonstrate a significant impact to their income and high ongoing fixed costs to be a priority business.

Definitions – small and micro businesses

To be a **small business**, under the Companies Act 2006, a business must satisfy two or more of the following requirements in a year:

- Turnover: Not more than £10.2 million
- Balance sheet total: Not more than £5.1 million
- Number of employees: a headcount of staff of less than 50

To be a **micro business**, under the Companies Act 2006, a business must satisfy two or more of the following requirements:

- Turnover: Not more than £632,000
- Balance sheet total: Not more than £316,000
- Number of employees: a headcount of staff of not more than 10

<https://www.gov.uk/government/publications/coronavirus-covid-19-guidance-on-business-support-grant-funding>

5. Who CANNOT benefit from the discretionary scheme?

This grant funding is for businesses that are **not eligible** for other support schemes.

Such grant / support schemes as prescribed by the Government include but are not limited to:

- Small Business Grant Fund
- Retail, Hospitality and Leisure Grant
Both of these are still open for claims to the Council from eligible ratepayers
- The Fisheries Response Fund
- Domestic Seafood Supply Scheme
- The Zoos Support Fund
- The Dairy Hardship Fund
All of the above four are administered nationally and are expected to have minimal impact in North West Leicestershire.

The Government has also prescribed that:

- Businesses that were not trading on 11 March 2020 are not eligible for this scheme.
- Companies in administration, are insolvent or where a striking-off notice has been made are not eligible for funding.

- For the avoidance of doubt, businesses who have applied for the Coronavirus Job Retention Scheme may apply for this scheme.

6. Application process and timescale

The Government recognises that local authorities will need to run some form of application process as the potential beneficiaries are highly unlikely to be known directly by the local authorities. Also, the Council must manage the process in a fair and equitable manner within the funding available.

The Council invites applications via its [website](#).

Any applicant who is unable to apply via the website should email us at discretionarygrantfund@nwleicestershire.gov.uk or phone our customer services on 01530 45 45 45.

Applications can be made from Monday 1 June 2020 to midnight on Sunday 21 June 2020. **Potential applicants should assume that this window will not be extended**, although the Council reserves the right to do so.

The Council's website will set out the information required from applicants, which will be the minimum reasonably required to establish eligibility and enable a fair and equitable assessment of grant entitlement. In essence, applicants will need to evidence all of:

- Compliance with the scheme eligibility requirements
The Council will undertake 3rd party checks to confirm this
- Relatively high ongoing fixed property-related costs
Applicants will be required to provide evidence of such costs e.g. proof of rent, business rates or mortgage payments and they must be less than £51,000.
- A significant fall in income due to the COVID-19 crisis
Applicants will need to demonstrate income reductions. We will not prescribe how businesses demonstrate this, but examples of evidence applicants could provide include: bank statements showing a fall in income over time (e.g. by sharing bank statements for the 3 months prior to 11 March 2020 and statements since 11 March 2020); documentation from businesses accountant or financial advisers; sales data; evidence of closure of the business; and any relevant analysis showing income reductions.
- Identification of the business and the person making the application
Applicants will be required to share relevant documentation confirming their identity and business e.g. copy of a utility bill or HMRC correspondence in connection with the business.
- Evidence that the bank account into which any grant will be paid properly relates to the business, charity, etc.

Applicants will need to provide their own bank account details or that of the business.

The Council will individually assess and validate applications as they are received and may request further information and validation. The pre-payment checks will include confirming eligibility and that by accepting payments the would-be recipients confirm they are in compliance with State Aid rules. The Council's website will require applicants to confirm acceptance of various compliance statements.

The Council will undertake written post payment assurance around compliance, in particular State Aid.

Once the application window has closed, the Council will conclude the assessment process, determine the successful applicants and the level of funding to be awarded. Payments will start as soon as possible. Further detail is given in section 7.

There will be no automatic right of appeal against a decision not to award a grant, or against the value of any grant. However, the Council may at its discretion reconsider any refusal or grant value if there is clear evidence that a significantly wrong decision may have been made. The only further recourse available to applicants is a challenge by way of a judicial review, which is the means by which the decisions of the Council under discretionary powers may be challenged and/or a complaint to The Local Government and Social Care Ombudsman.

7. How will the value of grants be calculated?

The Government expects that payments of under £10,000 may be appropriate in many cases. The Council's early view is that this is the most appropriate and will probably be necessary to remain within the available funding allocated.

The Government states that in taking decisions on the appropriate level of grant, local authorities may want to take into account the level of fixed costs faced by the business in question, the number of employees, whether businesses have had to close completely and are unable to trade online and the consequent scale of impact of COVID-19 losses.

The Council has considered this statement. Given a much longer application and assessment timescale, such an approach might be both desirable and feasible. However, given the absolute time imperative to start making grant payments, the Council has concluded that a much simpler approach is required.

As a guide, the available funding of £992,500 will be reserved:

- 70% (£694,750) for the national priorities at section 4.1
- 30% (£297,750) for the local priorities at section 4.2.

The Council reserves the right to vary these percentages in the light of the results of the application process.

Grants to each applicant will be determined as follows:

Indicative Sliding Scale of Grant Award Payments

- 80% or more lost income: Up to £10k grant, amount requested in application form or fixed costs incurred since 11 March 2020 awarded (whichever is lower or a lower amount should demand for the scheme be excessively high)
- 60% - 79.9% lost income: Up to £7.5k grant, amount requested in application form or fixed costs incurred since 11 March 2020 awarded (whichever is lower or a lower amount should demand for the scheme be excessively high)
- 40% - 59.9% lost income: Up to £5k grant, amount requested in application form or fixed costs incurred since 11 March 2020 awarded (whichever is lower or a lower amount should demand for the scheme be excessively high)

Eligibility decisions and the value of grants and the levels paid at the discretion of the Council's Section 151 Officer in consultation with the Business and Regeneration Portfolio Holder.

All grants are capped at the levels outlined above.

The Council reserves the right to award less to particular applicants if such an award would clearly be significantly out of keeping with the balance of costs and lost income; this is more likely if the overall fund comes under severe pressure and therefore greater focus of grant funding is required.

8. Managing the risk of fraud

The Council and the Government will not accept deliberate manipulation and fraud. Any business or person caught falsifying their records to gain a grant award will face prosecution and any funding issued will be subject to clawback, as may any grants paid in error.

The Government's grants management and counter fraud functions will provide local authorities with access to 'Spotlight', a digital assurance tool. This tool will also assist the Council with pre and post payments assurance, including identification of high-risk payments. There will also be joint working across councils and government departments in preventing fraud.

9. Policy review

This policy has been written in line with Government guidance. It will be subject to dynamic review as circumstances dictate and in line with future clarifications and changes that may be announced by the Government.