



**BROMSGROVE DISTRICT COUNCIL**

**MEETING OF THE OVERVIEW AND SCRUTINY BOARD**

**TUESDAY 2ND JUNE 2020, AT 6.00 P.M.**

**VIRTUAL MEETING - SKYPE - VIRTUAL**

**SUPPLEMENTARY DOCUMENTATION**

The attached papers were specified as "to follow" on the Agenda previously distributed relating to the above mentioned meeting.

12. Discretionary Business Rates Grant (Pages 1 - 30)

K. DICKS  
Chief Executive

Parkside  
Market Street  
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28th May 2020

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### **COVID-19 DISCRETIONARY BUSINESS SUPPORT GRANT SCHEME**

Relevant Portfolio Holder	Councillor Geoff Denaro, Portfolio Holder for Finance and Enabling Services
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering, Executive Director Finance and Resources
Wards Affected	All Wards

#### **1. SUMMARY OF PROPOSALS**

This report considers the new local authority discretionary business support grants and the council's guidelines for making awards from its allocation.

#### **2. RECOMMENDATIONS**

Cabinet is asked to RECOMMEND TO COUNCIL that

- a) The guidance for awards of discretionary grants detailed in Appendix A is adopted.
- b) The Executive Director for Finance and Resources is 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

#### **3. KEY ISSUES**

- 3.1 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.
- 3.2 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.
- 3.3 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.

- 3.4 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.
- 3.5 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.
- 3.6 The Government has announced three mandatory criteria for support under the scheme;
  - a) The business must have been trading on 11<sup>th</sup> March 2020; and
  - b) The business must not be eligible or have received support under the other Covid-19 support schemes.
  - c) The business must not be in administration, insolvent or have had an order to strike off made.
- 3.7 The Government has advised that payments under the scheme should be targeted at small and micro businesses.
- 3.8 The total expenditure under the discretionary scheme may not exceed the council's allocated funding of £1,013,500
- 3.9 To ensure fairness in the allocation of payments the grants will first be awarded to the Government's priority groups, and then where sufficient funding remains awards will be made to the businesses in the council's priority groups. If funds remain available payments will be made to small or micro businesses that can demonstrate a significant loss in income as a result of the Covid-19 pandemic.
- 3.10 To ensure fairness in the awards of grant the scheme will be open for applications for a fixed period of x days ( *tbc* ), awards will then be made to businesses in the priority one, priority two and priority three groups in that order. If funds are exhausted at any of the priority levels then no further grants will be paid.

## BROMSGROVE DISTRICT COUNCIL

**CABINET**

**3<sup>RD</sup> JUNE 2020**

3.11 It is proposed that the Council's allocation is targeted as follows:

<b>Type of Business</b>	<b>Estimate of eligible businesses</b>	<b>Grant amount per business (£)</b>	<b>Total Cost (£)</b>
<b>Priority One</b>			
Shared Offices	30	5,000	150,000
Charities	15	10,000	150,000
Bed and Breakfasts	10	5,000	50,000
Market Traders	20	5,000	100,000
<b>Priority Two</b>			
Events and Exhibitions			
a. RV below £15,001	1	10,000	10,000
b. RV between £15,001 and £50,999	2	25,000	50,000
Travel and Leisure			
a. RV below £15,001	1	10,000	10,000
b. RV between £15,001 and £50,999	4	25,000	100,000
<b>Priority Three</b>			
Pubs, Gyms and Children's Centres	10	25,000	250,000
Retail, Leisure and Hospitality Supply Chain Businesses			
c. RV below £15,001	Unknown	10,000	
d. RV between £15,001 and £50,999	Unknown	25,000	

### **Financial Implications**

3.12 The costs of the grants made under the Discretionary Grants Fund will be met in full by Government. Controls must be put in place to ensure that the award of grant does not exceed the funds allocated by Government.

#### **Legal Implications**

- 3.13 The Council has been funded by the Government under section 31 of the Local Government Act 2003. Section 1 of the Localism Act 2011 provides all local authorities with the vires to make these payments.

#### **Service/Operational Implications**

- 3.14 The operation of the scheme will place additional pressures on the Revenue Services Section – the scheme will be delivered within existing resources but a review of the impact of delivery of discretionary schemes on the effectiveness of the revenues services will be required and additional resources may be needed to remedy in decline in overall performance. It is anticipated that support from customer services advisors will be available.

#### **Customer / Equalities and Diversity Implications**

- 3.15 The scheme will be required to deliver support quickly to businesses within Bromsgrove and must ensure that the maximum amount of funding is made available to businesses within the Bromsgrove area.

#### **4 RISK MANAGEMENT.**

- 4.1 There is risk of reputational damage if the scheme does not maximise expenditure and ensure the full amount of support is provided to businesses within the Bromsgrove District. Officers have looked to mitigate challenge having reviewed guidance and the impact Covid 19 has had on businesses in the District.

#### **5. APPENDICES**

Appendix A: Bromsgrove District Council – Guidelines for Discretionary Grants Scheme.

Appendix B: Grant Funding Schemes: Local Authority Discretionary Grants Fund – guidance for local authorities.

#### **6. BACKGROUND PAPERS**

None

#### **AUTHOR OF REPORT**

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## 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

- 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. 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

## **15. 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 or other associated property costs.

## **16. 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

## **17. Priority Three Groups**

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

Businesses or individuals eligible for expanded retailers 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.

# Agenda Item 12

## 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

## **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

<b>Type of Business</b>	<b>Grant amount per business (£)</b>
<b>Priority One</b>	
Shared Offices	5,000
Charities	10,000
Bed and Breakfasts	5,000
Market Traders	5,000
<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

## 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>For businesses in shared offices, grants may not be awarded to any businesses where owners or directors are shared with the ratepayer of the hereditament in the rating list, or another business within the shared office complex for whom discretionary grant has been awarded.</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>		





# Grant Funding Schemes

Local Authority Discretionary Grants Fund –  
guidance for local authorities



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## About this guidance

1. This guidance is intended to support local authorities in administering the Local Authority Discretionary Grants Fund announced on 1 May 2020. This guidance applies to England only.
2. This guidance sets out the criteria which local government should consider as they manage the Local Authority Discretionary Grants Fund. This does not replace [existing guidance](#) for the Small Business Grant Fund (SBGF) or the Retail Hospitality and Leisure Grant Fund (RHLGF).
3. Local authority enquiries on this measure should be addressed to [businessgrantfunds@beis.gov.uk](mailto:businessgrantfunds@beis.gov.uk). Businesses seeking information should refer to their local authority for further information on their discretionary scheme.

## Introduction

4. 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.
5. This additional fund is aimed at small businesses who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund.

## How will the grants be provided?

6. Local authorities will be 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.
7. The cost to local authorities of these grant payments 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.
8. In either case, we will continue to monitor each local authority's spend performance for the Small Business, Retail, Hospitality and Leisure Grants Funds and the Local Authority Discretionary Grants Fund and ensure they have sufficient funding and the correct 5% cap for the Discretionary Grants Fund and will top up funding where necessary.

9. We will use the data return from local authorities of Monday 4th May 2020, which includes a projection of spend totals for the Small Business and Retail, Hospitality and Leisure Grants Funds, as the baseline for calculating either:
  - The 5% funding envelope that each local authority can utilise to meet the costs of this discretionary grants scheme, where they have residual funding available;
  - Or, the allocation of the additional amount of grant to be paid to those local authorities expecting to have no residual funding or not enough residual funding from the initial allocation of Small Business and Retail, Hospitality and Leisure Grants Funds.
10. This is a baseline to provide the fixed minimum 5% allocation for each local authority, to give certainty. We do not want to penalise local authorities that subsequently manage to achieve a higher number of business hereditaments supported and grants awarded; their 5% allocation will be adjusted upwards.
11. We are committed to meeting the delivery costs to local authorities for this scheme and will meet associated New Burdens costs.
12. Local authorities that will be responsible for making payments to businesses and which will receive funding from government are billing authorities in England.
13. This grant scheme widens access to support to businesses who are struggling to survive due to the Corona virus shutdown but are unable to access other grant funding. Local authorities should make payments as quickly as possible to support struggling businesses. We anticipate that the first payments made under the scheme will be received by businesses by early June.

## How much funding will be provided to businesses?

14. Local authorities may disburse grants 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.
15. Grants under the Local Authority Discretionary Grants Fund are capped at £25,000.
16. The next level payment under the Local Authority Discretionary Grants Fund is £10,000.
17. Local authorities have discretion to make payments of any amount under £10,000. It will be 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. We expect that payments of under £10,000 may be appropriate in many cases.
18. 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.
19. Bearing in mind the above, local authorities should set out clear criteria for determining the appropriate level of grant to give businesses clarity.

## Who will benefit from these schemes?

20. These 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.
  - 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.
21. 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
22. 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
23. We want local authorities to exercise their local knowledge and discretion and we recognise that economic need will vary across the country, so we are setting some national criteria for the funds but allowing local authorities to determine which cases to support within those criteria.
24. We are asking local authorities to prioritise the following types of businesses for grants from within this funding pot:
- 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 business rates assessment;
  - Regular market traders with fixed building costs, such as rent, who do not have their own business rates assessment;
  - Bed & Breakfasts which pay Council Tax instead of business rates; 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.

25. The list set out above is not intended to be exhaustive but is intended to guide local authorities as to the types of business that the government considers should be a priority for the scheme. Authorities should determine for themselves whether particular situations not listed are broadly similar in nature to those above and, if so, whether they should be eligible for grants from this discretionary fund.
26. Where limits to funding available for this scheme require local authorities to prioritise which types of businesses will receive funding, it will be at the local authorities 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.
27. Local authorities should 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).
28. Local authorities may wish to consider collaborating as they design their discretionary schemes to ensure there is consistency where they are working across a functional economic area (e.g. a Mayoral Combined Authority or Local Enterprise Partnership area) and may want to engage with MCAs and LEPs to ensure alignment and reduce duplication with other local discretionary business grants that may have been established.

## Eligibility

29. This grant funding is for businesses that are not eligible for other support schemes. Businesses which have received cash 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:
  - Self Employment Income Support Scheme
  - 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
30. Businesses who have applied for the Coronavirus Job Retention Scheme are eligible to apply for this scheme.
31. Only businesses which were trading on 11 March 2020 are eligible for this scheme.
32. Companies that are in administration, are insolvent or where a striking-off notice has been made are not eligible for funding under this scheme.

## Who will receive this funding?

33. It is recognised 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.
34. This will allow local authorities to undertake proportionate pre-payment checks to confirm eligibility relative to their local scheme and to allow each local authority to determine how to use its discretion in relation to the appropriate level of grant. Prepayment checks must include confirming that by accepting payments recipients are in compliance with State aid rules.
35. Local authorities must use their discretion in identifying the right person to receive this funding, based on their application process.
36. The local authority must call or write to the business, stating that by accepting the grant payment, the business confirms that they are eligible for the grant scheme, including that any payments accepted will be in compliance with State aid requirements. Suggested wording for State aid declarations is included at Annex B.

## Will these grant schemes be subject to tax?

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

## Managing the risk of fraud

39. The government will not accept deliberate manipulation and fraud - and any business caught falsifying their records to gain grant money will face prosecution and any funding issued will be subject to claw back, as may any grants paid in error.
40. The government Grants Management Function and Counter Fraud Function will make their digital assurance tool, Spotlight, available to local authorities, and will offer support in using the tool and interpreting results. Alongside other checks conducted by local authorities, the tool can help with pre-payment and post payment assurance. We also want local authorities to work with us and each other in identifying and sharing good practice, including protecting eligible businesses which may be targeted by fraudsters pretending to be central or local government or acting on their behalf.

## Post event assurance

41. Post payment, the government Grants Management Function and Counter Fraud Function will support local authorities to carry out post-event assurance work to identify high risk payments.



## Monitoring and reporting requirements

42. Local authorities will be required to report on their progress in developing and delivering the Local Authority Discretionary Grant Fund weekly to BEIS alongside the existing reporting on the Small Business Grants Fund and Retail, Hospitality and Leisure Grants Fund. Criteria for local authority schemes must be published and shared with BEIS.
43. Once the scheme is developed and payments are made, reports from June onward will cover:
  - Numbers of businesses provided £25,000 grants
  - Numbers of businesses provided £10,000 grants
  - Numbers of businesses provided less than £10,000 grants
  - Total funding paid out in relation to the discretionary grant scheme paying less than £10,000
  - Expected date of completion of all grant payments to businesses
  - Issues encountered in implementing the scheme to allow BEIS to support development of solutions with local authorities.
44. We will also contact a sample of LAs each month to:
  - Check they are awarding in line with the mandatory criteria;
  - Understand the ways in which they are using their discretion.
45. Annex A contains information on Post Payment Monitoring requirements.

## State aid

46. The United Kingdom left the EU on 31 January 2020, nonetheless under the Withdrawal Agreement the State aid rules continue to apply during a transition period, subject to regulation by the EU Commission. The local authority must be satisfied that all State aid requirements have been fully met and complied with when making grant payments, including, where required, compliance with all relevant conditions of the EU State aid De-Minimis Regulation, the EU Commission Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, the approved COVID-19 Temporary Framework for UK Authorities, and any relevant reporting requirements to the EU Commission.
47. Local authorities have a discretion to make payments to eligible recipients under either the De Minimis rules or the COVID-19 Temporary Framework for UK Authorities (provided all the relevant conditions are met).
48. Payments of up to and including £10,000 can be provided under the De Minimis rules, meaning applicants can receive up to €200,000 of aid within a three year period.
49. Payments of up to and including £25,000 (or where the De Minimis threshold has been reached) should be paid under the COVID-19 Temporary Framework for UK Authorities. Local authorities should note the conditions attached to the Temporary Framework, including the €800,000 threshold per undertaking (€120 000 per undertaking active in

the fishery and aquaculture sector or €100 000 per undertaking active in the primary production of agricultural products), and requirement for recipients to declare they were not an undertaking in difficulty on 31 December 2019. An 'undertaking in difficulty' is defined by GBER (2014) as an undertaking in which at least one of the following circumstances occurs:

- a) In the case of a limited liability company (other than an SME that has been in existence for less than three years), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital.
- b) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses.
- c) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.
- d) Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan.
- e) In the case of an undertaking that is not an SME, where, for the past two years:
  - i) The undertaking's book debt to equity ratio has been greater than 7.5 and
  - ii) The undertaking's EBITDA interest coverage ratio has been below 1.0.

50. Annex B of this guidance contains two sample declarations which local authorities may wish to use with either payments under the De Minimis rules or under the COVID-19 Temporary Framework for UK Authorities. Where local authorities have further questions about De Minimis or other aspects of State aid law, they should seek advice from their legal department in the first instance.

## Annex A: Post-payment reporting

### Background

1. Local authorities will be required to report weekly to BEIS on the Local Authority Discretionary Grants Fund, alongside the existing reporting on the Small Business Grants Fund and Retail, Hospitality and Leisure Grants Fund
2. Reports will cover:
  - Numbers of businesses provided £25,000 grants
  - Numbers of businesses provided £10,000 grants
  - Numbers of businesses provided less than £10,000 grants
  - Total funding paid out in relation to the discretionary grant scheme paying less than £10,000
  - Expected date of completion of all grant payments to businesses
  - Issues encountered in implementing the scheme to allow BEIS to support development of solutions with local authorities
3. The return will be completed using the DELTA Reporting system.

### Process

4. Local authorities are required to complete the weekly return for BEIS by 10am Monday (from early June), reporting on the previous Monday – Sunday period.
5. Each weekly report will only cover grants provided by local authorities to eligible business during the period of the previous week as per paragraph 4. The Cities and Local Growth Unit will consolidate the reports to create a cumulative total and monitor progress against the allocation of funding per local authority.

### Definitions

<b>Total number of grants provided under each level of the scheme (£25,000; £10,000; and less than £10,000)</b>	Number of grants paid (in that week) to the eligible businesses identified by the local authorities.
<b>Total funding paid out in relation to the discretionary grant scheme paying less than £10,000</b>	This should reflect the amount of money paid in grants against the under £10k grant in the reporting week under this scheme.
<b>Expected Date of Completing all payments to Eligible Businesses</b>	Date at which the local authorities believes it will have provided all grants under the scheme.
<b>Comments</b>	Highlight in this box issues that local authorities are encountering while implementing the schemes.

## Annex B: State aid – Sample paragraphs that could be included in letters to grant recipients

### Template to send to beneficiaries of aid awarded based on the UK COVID-19 Temporary Framework<sup>1</sup>

Dear [Name of Aid Recipient]

#### **Confirmation of State Aid received under the COVID-19 Temporary Framework for UK Authorities scheme**

Following the outbreak of the Coronavirus, the European Commission has approved schemes to aid businesses affected by the Coronavirus outbreak on the basis of their Temporary Framework, including the COVID-19 Temporary Framework scheme for the UK.

The maximum level of aid that a company may receive is €800 000 (€120 000 per undertaking active in the fishery and aquaculture sector or €100 000 per undertaking active in the primary production of agricultural products). This is across all UK schemes under the terms of the European Commission's Temporary Framework. The Euro equivalent of the Sterling aid amount is calculated using the Commission exchange rate<sup>2</sup> applicable on the date the aid is offered.

Any aid provided under this scheme will be relevant if you wish to apply, or have applied, for any other aid granted on the basis of the European Commission's Temporary Framework. You will need to declare this amount to any other aid awarding body who requests information from you on how much aid you have received. You must retain this letter for four years after the conclusion of the UK's transition from the EU and produce it on any request from the UK public authorities or the European Commission.

Aid may be granted to undertakings that were not in difficulty (within the meaning of Article 2(18) of the General Block Exemption Regulation<sup>3</sup>) on 31 December 2019, but that faced difficulties or entered in difficulty thereafter as a result of the COVID-19 outbreak<sup>4</sup>.

This aid is in addition any aid that you may have received under the De Minimis regulation allowing aid of up to €200,000 to any one organisation over a three fiscal year period (i.e. your current fiscal year and previous two fiscal years), and any other approved aid you have received under other State aid rules, such as aid granted under the General Block Exemption Regulation.

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<sup>1</sup> Approval reference.

<sup>2</sup> [https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro\\_en](https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en)

<sup>3</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02014R0651-20170710>

<sup>4</sup> If you are an undertaking in difficulty within the meaning of Article 2(18) of the General Block Exemption Regulation you may still be entitled to de minimis aid if you have received less than €200,000 in de minimis aid in the last three years. You should contact us if you consider that you may qualify for de minimis aid on this basis.

## Confirmation of State aid received under x Scheme, and Undertaking in Difficulty status

Please sign the attached statement confirming your eligibility, in principle, for aid.

I confirm that I have received the following aid under measures approved within the European Commission's Temporary Framework between March 2020 and December 2020.

I confirm that my undertaking was not in difficulty (within the meaning of Article 2(18) of the General Block Exemption Regulation) on 31 December 2019.

Body providing the assistance/ aid	Value of assistance (in €)	Date of assistance

## Declaration

Company	
Company Representative Name	
Signature	
Date	

## Template to send to beneficiaries of aid awarded based on De Minimis Rules

Dear [ ]

The value of the grant payment to be provided to [name of undertaking] by [name of local authority] is £ [ ] (Euros [ ]).

This award shall comply with the EU law on State aid on the basis that, including this award, [name of undertaking] shall not receive more than €200,000 in total of de minimis aid within the current financial year or the previous two financial years). The de minimis Regulations 1407/2013 (as published in the Official Journal of the European Union L352 24.12.2013) can be found at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0001:0008:EN:PDF>

Amount of de minimis aid	Date of aid	Organisation providing aid	Nature of aid

I confirm that:

- 1) I am authorised to sign on behalf of \_\_\_\_\_ [name of undertaking]; and
- 2) \_\_\_\_\_ [name of undertaking] shall not exceed its De minimis threshold by accepting this grant payment.

SIGNATURE:

NAME:

POSITION:

BUSINESS:

ADDRESS:

I confirm that I wish to accept the grant payment in relation to the above premises.

DATE:

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