

## COVID Business Support Grants – Discretionary Fund (cohort two)

### 1. Introduction

1.1. To provide additional support for some small and micro businesses previously outside the scope of the business grant funds scheme, the government has set up a discretionary fund to be administered by local authorities. To enable the total grant awards to be managed within the funding available to the council, and clearly evidence the demand, a cohort approach was proposed. Cohort one closed on 8 June 2020 and this policy is attributed to cohort two.

1.2. This fund is intended to:

- Support some charities and community organisations in receipt of mandatory charitable business rates relief that otherwise would have been eligible for Small Business Rates Relief or Rural Rate Relief and are not eligible under the existing grant schemes.
- Support some small and micro businesses directly impacted by Covid-19 that have relatively high ongoing fixed building-related costs such as rent, mortgage, service charges and Council Tax.
- The following types of businesses were prioritised for grants from cohort one:
  - 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/street traders with fixed building costs, such as rent, who do not have their own business rates assessment; and
  - Bed & Breakfasts and guest houses which pay council tax instead of business rates.
- Whilst the business types outlined above are not excluded from applying for this grant; priority for cohort two will be:
  - Small businesses that have **49 or fewer employees** that have experienced significant loss as a result of Covid-19 and do not fit the three categories outlined above.

1.3. Government has confirmed:

- Local authorities may disburse grants 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.
- 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. Government expects that payments of under £10,000 may be appropriate in many cases.

1.4. The West of England unitary authorities (Bath & North East Somerset Council, Bristol City Council, North Somerset Council and South Gloucestershire Council) have developed a regional policy to provide some consistency in the additional support available to businesses across the wider region.

## 2. How much funding will be provided to businesses?

2.1. To provide support to as many businesses as possible the discretionary grants, which the council will award, will be capped to a maximum of £5,000.

2.2. The West of England unitary authorities will collaborate when assessing and awarding grants, and eligible charities and businesses will only be entitled to one grant across the West of England region.

## 3. Criteria for grants

3.1. **Charities and community organisations** – with a property that has a rateable value of up to and including £15,000, in receipt of mandatory charitable business rates relief, that otherwise would have been eligible for Small Business Rates Relief or Rural Rate Relief and are not eligible under the existing grant schemes.

### 3.2. Businesses:

- **Small businesses** – other small businesses that have suffered a significant loss of income as a result of Covid-19, have ongoing fixed property cost, meet the eligible business criteria and do not fall into the categories detailed below.
- **Shared/flexible workspaces** – small businesses that have exclusive use of a unit within a shared/flexible workspace, but do not have their own business rates assessment. Examples include units in offices, industrial parks, science parks and incubators.
- **Market/street trader** – market/street traders with a fixed pitch and a street trading licence or lease agreement if in a covered market.
- **Bed & Breakfasts and quest houses** – eligible businesses where the business owner lives on site, holds a valid Food Safety registration with the council and is paying council tax rather than business rates.

3.3. Unitary authorities within the region have discretion as to the prioritisation of all applications received. Cohort two will be prioritised based on small businesses that are a key part of the local economy, have total employee numbers of 49 or less and have experienced significant loss of income as a result of Covid-19. As always, this will be subject to the availability of funding.

## 4. Eligible businesses

4.1. **If your business meets all of the following eligibility criteria, you could be eligible for a grant:**

- Businesses with their premises located within the West of England region (you can [check the postcode of where your business is trading](#) to see if Bath & North East Somerset Council, Bristol City Council, North Somerset Council or South Gloucestershire Council is your local council).
- Businesses not entitled to a grant under the original business support grant schemes or any other grant awarded in support of dealing with COVID-19.
- Businesses with a total number of employees not exceeding 49 (a person who has received remuneration via your payroll system in the last 6 months (up to March 11 2020) and who have a contract of employment).
- Businesses which occupy property, or part of a property, with annual rent or mortgage payments below £75,000.
- Businesses that were trading (active in buying/selling goods or services – excludes activities undertaken for the purposes of acquiring or setting up a proposed new trade) on 11 March 2020.
- Businesses with ongoing fixed building-related costs, e.g. rent, mortgage, service charges and council tax.
- Businesses which can demonstrate that they have suffered a significant fall in income (including online activity) due to the Covid-19 crisis.

#### 4.2. Grant types:

4.2.1. One application only is permitted within the West of England region.

4.2.2. **Charities and community organisations** in receipt of mandatory charity rate relief based on the billing authority's records of the position as at the 11 March 2020 with a property that has a rateable value of up to and including £15,000, will receive one grant only of £5,000.

4.2.3. Businesses:

- **Small businesses** – must provide justification and relevant supporting evidence underpinning the claim and agreements must have been signed prior to 11 March 2020. Those with 49 or fewer employees will receive a grant of up to £5,000.
- **Shared/flexible workspaces** – agreement must have been signed before 11 March 2020 and those with not more than 10 employees will receive a grant of £2,500 and those with 11 – 49 employees will receive a grant of £5,000.
- **Market/street traders** – based on the agreement/licence signed prior to 11 March 2020, each trader will receive one grant only to a *value equivalent* to the fixed payment associated with using a pitch, property or workspace as outlined in the agreement/licence up to a maximum of £2,500.

- ***Bed & Breakfasts and guest houses*** – based on the billing authority’s records of the position as at the 11 March 202 will receive a grant up to a value equivalent to the 2020/21 council tax liability to a maximum of £2,500.

4.2.4. Any grants awarded at local discretion must be based on the evidence submitted in justification of a claim and award values can be for any amount up to a maximum value of £5,000.

## **5. Who will receive this funding?**

- 5.1. The person, business or organisation who according to the billing authority’s records was the taxpayer or ratepayer in respect of the hereditament on the 11 March 2020; or
- 5.2. Should the hereditament not be registered for business rates, the person listed on the lease or tenancy arrangement for the business.

## **6. Exclusions to the Discretionary Fund**

- 6.1. If your business’s premises is outside of the West of England region, you will not be eligible for this grant.
- 6.2. Businesses entitled to a grant under the original business support grant scheme.
- 6.3. Only one grant per charity, business or individual is permitted. If a business, charity or individual has already received a grant from the main scheme, it is not eligible for a grant under the cohort two discretionary scheme.
- 6.4. Businesses that are in administration, in liquidation, are insolvent or where a striking-off notice has been made will not be eligible.
- 6.5. Businesses who are neither liable in their own right for their business premises, or make payment to a landlord under an agreement lasting less than six months.
- 6.6. Businesses with short term lease/rent agreements (less than six months) or who have to give minimal notice (less than a month) to terminate their agreements are not eligible.
- 6.7. Businesses that do not have fixed, building, pitch or other workspace related costs.
- 6.8. Businesses that are part of a national chain or franchise.
- 6.9. Wages cannot be claimed as part of this scheme because these are covered by government schemes.
- 6.10. The council will not provide grant support to a business where there is evidence to support that they are having a detrimental impact on the region, our residents or our communities.

## **7. Will this grant scheme be subject to tax?**

- 7.1. Grant income received by a business is taxable therefore the Discretionary Fund grants will be subject to tax.
- 7.2. Only businesses making an overall profit once grant income is included will be subject to tax.

## **8. Managing the risk of fraud**

- 8.1. Local authorities will not accept deliberate manipulation and will work collaboratively across the region to share intelligence and resources to detect fraud. Any business found to be giving false eligibility information or seeking to gain additional grants by claiming to more than one council will be investigated. The councils will recover money paid in error and fraudulent claims will be prosecuted in the courts.

## **9. State aid**

- 9.1. State aid rules apply and businesses must make a declaration when applying for this scheme.
- 9.2. Payments of up to and including £10,000 can be provided under the De Minimis rules, meaning applicants can receive up to 200,000 euros of aid within a three year period.

## **10. Process for application**

- 10.1. Businesses must apply to their own local authority using the online application form (which will include the ability to upload documents at point of application).
- 10.2. Applicants will need to provide, where relevant and/or appropriate the following:
  - Business type/sector and use of property
  - Number of employees
  - Company registration number
  - Charity number
  - VAT registration number
  - Business rate account number or council tax account number
  - Lease, rental, license agreement or mortgage statement
  - Details of premises occupied – address, terms, size of space occupied

- Photo ID of applicant who must be company director/ liable party for lease agreement or named charity secretary
- Evidence of how the business has been detrimentally financially impacted by Covid-19, this could include a short statement supported by:
  - Income and expenditure accounts certified by an accountant or financial advisers; and/or
  - Business bank statement for the last three months and a corresponding period that demonstrates the variation from 2019
- Declaration as to state aid
- Bank details for payment
- Email or correspondence address
- Declaration of accuracy and consent to use the data for wider verification.

### 10.3. Sector Specific Evidence

Charities and community organisations in receipt of mandatory charity rate relief	<ul style="list-style-type: none"> <li>• Photo ID of applicant</li> <li>• Business rate account number</li> </ul>
Shared/flexible workspaces	<ul style="list-style-type: none"> <li>• Photo ID of applicant</li> <li>• Business registration details</li> <li>• Signed lease, rental or licence agreement</li> <li>• Snapshot of payroll/personnel records</li> <li>• Income and expenditure accounts certified by accountant or financial advisers; and/or</li> <li>• Bank statements</li> </ul>
Market / Street Traders	<ul style="list-style-type: none"> <li>• Photo ID of applicant</li> <li>• Signed lease, licence, rental or concession agreement</li> <li>• Income and expenditure accounts certified by accountant or financial advisers; and or</li> <li>• Bank statements</li> </ul>
Bed & Breakfasts and guest houses	<ul style="list-style-type: none"> <li>• Council tax account number</li> <li>• Food Safety registration</li> </ul>
Small business (other)	<ul style="list-style-type: none"> <li>• Photo ID of applicant</li> <li>• Income and expenditure accounts certified by accountant or financial advisers; and/or</li> <li>• Bank statements</li> <li>• Justification and other relevant supporting evidence underpinning your claim.</li> </ul>

10.4. The volume of eligible businesses within the region indicates that this grant scheme is likely to be over subscribed. It is up to each local authority to decide how to structure and prioritise eligible grant applications received, based on their economic need. This may vary across the region and the local authority decision will be final. No separate dispute mechanism is in place with this fund, and the dispute resolution process under the constitution of the respective council would apply.

10.5. **Cohort two: application process** – the grant process for all applicants will be open for a defined period.

Within this period eligible charities and community organisations in receipt of mandatory charity rate relief will be continuously processed for payment following successful verification of the details submitted.

All business applications received will be assessed against the criteria, scored and prioritised for award. Applicants not successful will receive written notification and successful applications will be accelerated for payment. This will ensure discretionary grants are awarded based on priority need across all business applicants and not on a first-come, first-served basis, which will result in in-equitable outcomes.

Proportional top ups to awards in cohort one and two will be considered should additional funding be available at the end of this process.

10.6. Businesses are encouraged to apply early in order for the assessment and payment deadlines to be achieved, and each local authority will aim to process applications promptly, subject to accurate and appropriate evidence being provided at the point of application.