

Covid 19 - Discretionary Business Grants Carlisle City Council Policy



Introduction

- 1.1 In response to the impact of the Coronavirus outbreak on small businesses, the government has announced a Discretionary Business Grant Fund to support businesses outside the scope of the existing Retail, Hospitality and Leisure Grant and Small Business Grant funds.
- 1.2 This additional fund is aimed at small businesses who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Grant Fund, with high ongoing property related costs. The criteria for administering the funds has been provided by the Department for Business, Energy and Industrial Strategy and is set out in section 2. Carlisle City Council has limited discretion in determining which businesses fall within the criteria of the fund but does not have the discretion to award grants to businesses which fall outside the national criteria.
- 1.3 Carlisle has been allocated a fixed budget of £1.36 million to distribute to local businesses. The Council has therefore sought to use this allocation to balance supporting as many businesses as it can with this fund, with providing individual grants that amount to meaningful support for businesses.

National Guidance

- 2.1 In the guidance for the grant scheme provided to local authorities, the government have outlined that the Discretionary Grant Fund is aimed at the following businesses:
 - 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. **(see 2.2 and 2.3)**
 - 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.
- 2.2 Small businesses are defined as those that meet at least two of the following criteria 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

2.3 Microbusinesses are defined as those that meet at least two of the following criteria in a year:

- 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

2.4 The guidance also asks that local authorities use their policy to prioritise the following types of business grants:

- 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.

2.5 The full government guidance can be viewed here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/885011/local-authority-discretionary-grants-fund-guidance-local-government.pdf

Eligibility

3.1 Government guidance states: '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 (apart from the Self-Employed Income Support 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

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

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

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

- 3.5 This scheme is aimed at local businesses, therefore in order to be eligible for the fund, the business will have to be based in Carlisle.
- 3.6 The grant is awarded per businesses not per hereditament Businesses with more than one property will only be eligible for one grant. If a business received a grant under the Small Business Rate Relief or Extended Retail Discount Relief scheme for other properties they **will not** be eligible for this grant.
- 3.7 in addition to the above government priorities, we recognise that wholesalers, 'business to business' traders and service providers which mainly serve the leisure and hospitality sector have been significantly affected by these restrictions in Carlisle, and the Council aims to support such businesses with this fund.
- 3.8 The following business types are excluded from this scheme:
- Financial services (e.g. banks, building societies, cash points, bureaux de change, short-term loan providers)
 - Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
 - Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers)
 - Post office sorting offices
 - Housing Associations

Determining the value of grants awarded to businesses

- 4.1 the guidance states that: '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.'
- 4.2 It is anticipated that demand for this grant fund will exceed the money granted from government. Therefore, it is important that we set out clear principles to determine which businesses we can help and which we cannot.
- 4.3 The Council aims to support as many businesses as possible, while also keeping individual grant amounts at a level that provides meaningful support for businesses.
- 4.4 Businesses that do not meet the eligibility criteria above will not receive a grant from this fund. The Council will prioritise the types of businesses outlined by government in section 2.
- 4.5 In order to maximise the number of businesses we can support; **the Council is not expecting to award grants of £25,000**. The Council will only grant businesses £25,000 if demand for the scheme is lower than expected.
- 4.6 Grants will be awarded on a sliding scale between £2,500-£10,000. the Council will take into consideration the following when determining the level of grant per business:
- The level of fixed costs faced by the business in question,
 - The number of employees,
 - The scale of impact (in terms of losses incurred) of the COVID 19 restrictions.

Application process

- 5.1 While we have a good understanding of potential eligible businesses for the grant fund, it is not possible for the Council to accurately quantify how many businesses are in Carlisle which will potentially meet the criteria set out in the policy. The Council does not hold enough data on how many businesses may fall into these categories. Because of this, the Council believes it would be unfair to process applications on a 'first come first served basis' as this may lead to businesses with greater need missing out on a grant because the money allocated by government becomes fully committed. The Council believes this it is important that the money is allocated on the basis of need not those quickest to make an application.
- 5.2 To overcome this, the Council will launch a 14-day window for businesses that believe they may be eligible for the grant fund to submit their application with **the relevant supporting documents**. Once the 14 day window has expired the Council will review the applications against the criteria. If the number of grants applied for does not exceed the amount of funding available that all eligible grants will be paid. If the number of valid applications exceeds the amount of funding available, they will be determined based on need. The definition of 'need' in this case will be businesses with a higher % of turnover that is used for property related costs and the businesses with a higher % of dropped revenue based on April 2020, compared to 2019.
- 5.3 An online application for the grant fund will be made available on Carlisle City Council's website. A printable version will be made available online, which businesses can complete and return with **all the relevant documents** to: Discretionary Grants Fund, Carlisle City Council, Civic Centre, Carlisle, Cumbria CA3 8QG For businesses who do not have access to the internet, businesses can call 01228 817200 to request an application is sent out to them. Please ensure your application is returned answered fully with **all the relevant documents attached**.
- 5.4 It will be important that you provide all the information accurately and truthfully and provide **all** the supporting documents that are requested. Failure to do so could lead to your application being declined or significantly delayed.
- 5.5 Once the 14 day window has closed, the Council will seek to reach a decision within 10 working days. Successful applications will be processed for payment within 10 working days of the closing date.
- 5.6 If funding remains available after the first round, the Council will open the scheme up on a first come first served basis.
- 5.7 You must answer all of the questions honestly when completing your application, if the Council suspects any business is trying to fraudulently claim the grant, it will investigate accordingly. Where evidence of fraud is present, we will prosecute the offending business.

Appeals Process

- 6.1 There is no right to appeal and the decision of the Council is final, however the Council will work with businesses who believe the wrong decision has been made due to missing information.

- 6.2 The Council's interpretation of this document is at its own discretion and it will be the final arbiter of the definitions contained within this policy.
- 6.3 This scheme is not intended to cover all businesses that have not been included in the initial government grant scheme. There are other avenues of support that businesses have available through the other government schemes.

Evidence

- 7.1 The Council is relying on businesses to be honest and open with the Council and present to us their evidence of need and eligibility for the Discretionary Business Grant Fund. Please see appendix 1 for a list of documents needed to support your application.

Definitions

- 8.1 "Bed and Breakfast" - you will need to be registered as a food business with the Council's Environmental Health department to be eligible as a Bed and Breakfast. Airbnb's that do not serve breakfast and not registered with the Council as a food business are specifically excluded from this scheme.
- 8.2 "Regular market traders with fixed building costs"- This refers to Market Traders, who trade in the district of Carlisle at least weekly, who are still subject to ongoing charges, for example a ground rental fee. Where market traders operate in more than one Cumbrian Local Authority area, they should apply to only one Local Authority for a grant, this should be the Local Authority area in which they primarily operate.
- 8.3 "Relatively high fixed property related costs" – This relates to your mortgage or rental cost associated (including bills) with your property. The Council will not provide grants to those with fixed property related costs of less than £250 per month.
- 8.4 "Significant fall in income" – You must be able to demonstrate the fall in income is related to Covid 19, "significant" for the purpose of this scheme will mean a drop of 25% or more when comparing turnover for April 2019 to April 2020. Where income has dropped less than 25% but you are able to demonstrate a significant increase in cost due to Covid 19 then this will also be considered.

Tax

- 9.1 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.

State Aid

- 10.1 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.

- 10.2 The Council will require each business to confirm 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.

Data protection

- 11.1 We will use your information to assess your application for financial support. We will confirm information about you and your account from credit referencing agencies to confirm account validity and your identity. If you provide false or inaccurate information, we will record this. All personal information will be processed in accordance with the terms of the General Data Protection Regulation. For full information on how any personal information we gather will be processed, please visit our privacy statement at <https://www.carlisle.gov.uk/Privacy-Statement>.

Right to update our policy

- 12.1 The council reserves the right to update or change this policy without notification or prior warning in the event that the government updates or changes its guidance to us or in the event of an error or omission.

Appendix 1- evidence needed to support an application

Information	Evidence Required	Comment
Payment details	Copy of bank statement clearly showing name, address, sort code and account number	This must match the name of the business or individual listed on the business rates bill or lease/mortgage agreement
Evidence of ongoing Rental or Mortgage costs or other fixed property related costs	You will need to provide a copy of your current lease agreement or mortgage agreement.	This must clearly show the financial contribution you are required to make as part of the agreement
Evidence you are a small or micro business	This will be done on self-declaration	
Evidence of a significant fall in income due to covid 19	You will need to provide evidence of turnover for April 2019 and April 2020 for comparison. Preferably a statement of accounts.	Where a company was not trading in April 2019 we will accept another month's turnover. It is at the businesses discretion what form this evidence takes but it must clearly show the turnover of the businesses for these periods.
Evidence of trading on or before 11 March 2020	Where you have a business rates account this will be sufficient as the date liable will be used. For businesses that are not rated you will need to provide evidence.	This could be in the form of stock orders, lease agreements etc.
Evidence of eligibility under state aid rules	This will be done by way of self-declaration on the online application form	If you are unsure whether state aid applies to your business you need to seek independent legal advice