

# COVID Business Support Grants: Discretionary Fund

## 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.

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 meet the following eligibility criteria:
  - Businesses with relatively high ongoing fixed building-related costs such as rent, service charges and Council Tax.
  - Businesses which occupy property, or part of a property, with a rateable value below £61,000 or where a business doesn't pay business rates an annual rent or annual mortgage payments below £61,000. Please note North Somerset Council has recently increased this value from £51,000 to support more businesses under this discretionary scheme. Please note any businesses not eligible under the Mandatory Small Business Grant because your rateable value is above £51,000 can now apply under this discretionary scheme if your rateable value is below £61,000.
- The following types of businesses are prioritised 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 / street traders with fixed building costs, such as rent, who do not have their own business rates assessment
  - Bed & Breakfasts and guest houses which pay Council Tax instead of business rates
  - Small businesses that support the education and childcare sectors,
  - Tourism businesses that were excluded from the mandatory Business Grant funds scheme and are not eligible under the existing grant schemes
  - Retail businesses that were excluded from the mandatory Business Grant funds scheme and are not eligible under the existing grant schemes.
  - Leisure & Entertainment businesses that were excluded from the mandatory Business Grant funds scheme and are not eligible under the existing grant schemes. Please note the scheme will now support the provision of outdoor spaces to enhance opportunities for social distancing and businesses with a rateable value over £61,000 will be considered.
  - Wholesalers which support the sectors above and that were excluded from the mandatory Business Grant funds scheme and are not eligible under the existing grant schemes.
  - Taxi Drivers that are self-employed licensed to operate in North Somerset as either 'Hackney Carriage' or 'private hire'.
  - Holiday accommodation (self-catering) which is rented for less than 140 days per year, and

- Small businesses that provide services of a digital or mobile nature, have fixed costs and seen a significant loss of income.

### 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 £10,000.

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. Or, Charities from non-education sectors currently in receipt of 80% mandatory relief who occupy a business property with a rateable value of under £61,000 will be entitled to a discretionary grant to the value of the remaining 20% of their rating liability for 2020/21. Charities who are already in receipt of 20% discretionary top-up relief, or in receipt of/entitled to retail relief are excluded, as they are already in receipt of 100% rates relief overall.

### 3.3. Businesses:

3.3.1. **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.

3.3.2. **Market/Street Trader** - Market/Street traders with a fixed pitch and a street trading licence or lease agreement if in a covered market.

- 3.3.3. **Bed & Breakfasts and guest houses** - Eligible businesses where the business owner lives on site or holds a valid Food Safety registration with the council and is paying council tax rather than business rates.
- 3.3.1. **Education and child care** – Small businesses located in North Somerset that support childcare and educational services ('early years education' such as childminders, Private, Voluntary and Independent pre-schools settings and day care nurseries, 'wrap around care' and 'under 18 years old holiday clubs' or support 'extra-curriculum U18 activities') associated with children that demonstrate the positive enhancement and promoting independence in children's lives via learning, cultural development or personal development, but do not have their own business rates assessments. Examples include After School clubs, holiday clubs, theatre clubs, sports clubs, registered childminders and sports clubs.
- 3.3.2. **Tourism** – Eligible businesses located in North Somerset that provide services to support the tourism industry in the local area. Examples include visitor attractions, holiday businesses, concessions and historic places of interest.
- 3.3.3. **Retail** – Small business located in North Somerset that sell/trade to the general public and includes the provision of private medical services.
- 3.3.4. **Leisure and Entertainment** - Small business located in North Somerset that provide and sell goods or services to the general public. Examples include pubs, night clubs, restaurants, fitness and recreation.
- 3.3.5. **Outdoor Space** – (Linked to Leisure, Entertainment or Retail) The grant scheme will support the provision of temporary or permanent outdoor spaces to enhance trade via the provision of enhanced environments if they observe opportunities for social distancing. Business should submit costed proposals and the grant could be used to cover the purchase of furniture, construction of outdoor spaces to promote the trade of the business (including planting), or rental/lease of equipment such as marquees, heaters, etc. Businesses with a Rateable Value **over** £61,000 will be considered. Each applicant is responsible for obtaining any necessary planning consents, licences/permits and complying with building regulations. Business must evidence the costs via a quotation and the award must be spent on the provision of outdoor seating and leisure space, the council will recover money paid in error or not spent appropriately.
- 3.3.6. **Wholesalers** - Small business located in North Somerset which support the sectors detailed above and sell on a business-to-business / trade sales basis (customers of the businesses do not have to be in North Somerset).
- 3.3.7. **Taxi Drivers** - Self-employed Taxi (also called a 'Hackney Carriage') or private hire drivers who hold a licence to operate within North Somerset (for these businesses the fixed property costs criteria are reduced to £100 per calendar month and includes vehicle related costs excluding fuel)
- 3.3.8. **Holiday accommodation** – Self-contained / whole properties providing self-catering accommodation to the general public which is rented for less than 140 days per year. Applications from individual rooms in a property will not be considered, and
- 3.3.9. **Digital or mobile businesses** that provide services to the general public without fixed property costs but do have considerable fixed costs and have experienced a significant loss of income.
- 3.4. Unitary authorities within the region have discretion as to the prioritisation of all applications received; this is likely to be based on local economic need and subject to the availability of funding. Limited discretion is available to consider a small number of businesses that meet the eligible business criteria below but do not fall into the priority categories detailed above.

## 4. Eligible businesses

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

- 4.1.1. Businesses with their premises location within the West of England region (you can [check the postcode of where your business is trading](https://www.gov.uk/find-local-council) "https://www.gov.uk/find-local-council" to see if Bath & North East Somerset Council, Bristol City Council, North Somerset Council or South Gloucestershire Council is your local council).
- 4.1.2. Businesses not entitled to a grant under the original business support grant schemes or other Grants awarded in support of dealing with COVID-19.
- 4.1.3. Businesses with ongoing fixed building-related costs e.g. rent, service charges and Council Tax. Businesses from the Education and Child Care sectors will only need to evidence insurance costs and relevant health & safety compliance.
- 4.1.4. Businesses which can demonstrate that they have suffered a significant fall in income (including online activity) due to the Covid-19 crisis.
- 4.1.5. Businesses with 49 or less employees (a person who has received remuneration via your payroll system in the last 6 months (up to March 11) and who has a contract of employment).
- 4.1.6. 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.
- 4.1.7. Businesses which occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £61,000.

### 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. Charities from non-education sectors, who were the ratepayer as at the 11 March 2020 will receive a grant equivalent to the remaining 20% of their business rates liability (after mandatory rate relief has been applied) for 2020/21.
- 4.2.4. Businesses:
  - 4.2.4.1. 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 £10,000.
  - 4.2.4.2. 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 or property as outlined in the agreement / licence up to a maximum of £2,500.*
  - 4.2.4.3. Bed & Breakfasts and guest houses - based on the billing authority's records of the position as at the 11 March 2020 will receive a grant to a value equivalent to the 2020/21 gross Council Tax liability to a maximum of £2,500.
  - 4.2.4.4. Education / Child Care – agreement must have been signed as at the 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. Day Care Nurseries with not more than 10 employees will receive a grant of £5,000 and 11 – 49 employees will receive a grant of £10,000.

- 4.2.4.5. Tourism - agreement must have been signed as at the 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 £10,000.
- 4.2.4.6. Retail - agreement must have been signed as at the 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 £10,000.
- 4.2.4.7. Leisure and Entertainment - agreement must have been signed as at the 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 £10,000.
- 4.2.4.8. Wholesalers - agreement must have been signed as at the 11 March 2020 and those with not more than 49 employees will receive a grant of £2,500.
- 4.2.4.9. Taxi Drivers - must have been licensed before 11 March 2020 and still trading will receive a grant of £500.
- 4.2.4.10. Holiday accommodation – the property must have been advertised and trading as at the 11 March 2020 will receive a grant to a value equivalent to the 2020/21 gross Council Tax liability to a maximum of £2,500.
- 4.2.4.11. Digital or mobile businesses that provide services to the general public without fixed property costs but do have considerable fixed costs and have experienced a significant loss of income. Those businesses with not more than 10 employees will receive a grant of £2,500 and those with 11 - 49 employees will receive a grant of £10,000.
- 4.2.4.12. Outdoor spaces a Leisure, Entertainment or Retail business which has not received another grant or state aid. Each business will receive one grant only to a value equivalent to the scheme proposed by each business up to a maximum of £2,500. Proposals could cover the purchase of furniture, construction of outdoor spaces to promote the trade of the business (including planting), or rental/lease of equipment such as marquees, heaters, etc.

4.2.5. 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 £10,000.

## **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. Businesses that are in administration, in liquidation, are insolvent or where a striking-off notice has been made will not be eligible.
- 6.4. 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 6 months.
- 6.5. Businesses with short term lease/rent agreements (less than 6 months) or who have to give minimal notice (less than a month) to terminate their agreements are not eligible.
- 6.6. Businesses that do not have fixed, building or pitch related costs.
- 6.7. Businesses that are part of a national chain or franchise.
- 6.8. Wages cannot be claimed as part of this scheme because these are covered by Government schemes.
- 6.9. 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 grant 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:
  - 10.2.1. Business type/sector and use of property

- 10.2.2. Number of employees
- 10.2.3. Company registration number
- 10.2.4. Charity number
- 10.2.5. VAT registration number
- 10.2.6. Business rate account number or Council Tax account number
- 10.2.7. Lease, rental, license agreement or mortgage statement
- 10.2.8. Details of premises occupied – address, terms, size of space occupied
- 10.2.9. Photo ID of applicant who must be company director/ liable for party for lease agreement or named charity secretary
- 10.2.10. Evidence of how the business has been detrimentally financially impacted by Covid19, this could include a short statement supported by:
  - o Income & Expenditure Accounts certified by an Accountant or Financial Advisers
  - o Business Bank Statement; either three months from February to April and/or corresponding period from 2019
- 10.2.11. Declaration as to State Aid
- 10.2.12. Bank details for payment
- 10.2.13. Email or correspondence address
- 10.2.14. 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	Photo ID of applicant Business rate account number
Shared/flexible workspaces	Photo ID of applicant Business Registration Details Signed Lease, Rental or License Agreement Snapshot of Payroll / personnel records (if required) Income & Expenditure Accounts certified by Accountant or Financial Advisers; or Bank statements
Market / Street Traders	Photo ID of applicant Signed Lease, Licence, Rental or Concession agreement Income & Expenditure Accounts certified by Accountant or Financial Advisers; or Bank statements
Bed & Breakfasts and guest houses	Council Tax account number Food Safety registration
Businesses of a similar nature to those above	Photo ID of applicant Signed Lease, Licence, Rental or Concession agreement Income & Expenditure Accounts certified by Accountant or Financial Advisers; or Bank statements
Education and Child Care	Photo ID of applicant evidence of insurance costs and health & safety compliance e.g. DBS checks Income & Expenditure Accounts certified by Accountant or Financial Advisers; or Bank statements

Tourism	Photo ID of applicant Signed Lease, Licence, Rental or Concession agreement Income & Expenditure Accounts certified by Accountant or Financial Advisers; or Bank statements
Retail	Photo ID of applicant Signed Lease, Licence, Rental or Concession agreement Income & Expenditure Accounts certified by Accountant or Financial Advisers; or Bank statements
Leisure and Entertainment	Photo ID of applicant Signed Lease, Licence, Rental or Concession agreement Income & Expenditure Accounts certified by Accountant or Financial Advisers; or Bank statements
Wholesalers	Photo ID of applicant Signed Lease, Licence, Rental or Concession agreement Income & Expenditure Accounts certified by Accountant or Financial Advisers; or Bank statements
Taxi Drivers	Photo ID of applicant Approved Licence (Hackney Carriage or Private Hire) Signed Lease, Licence, Rental or Concession agreement Income & Expenditure accounts or Bank statements
Holiday accommodation	Photo ID of applicant Signed Lease, Licence or mortgage agreement Income & Expenditure Accounts certified by Accountant or Financial Advisers; or Bank statements
Digital or mobile businesses	Photo ID of applicant Signed Lease, Licence, Rental or Concession agreement Income & Expenditure Accounts certified by Accountant or Financial Advisers; or Bank statements
Open Space	Scheme proposal (costed) Photo ID of applicant Signed Lease, Licence, Rental or Concession agreement Income & Expenditure Accounts certified by Accountant or Financial Advisers; or Bank statements

10.4. The volume of eligible businesses within the region indicates that this grant scheme is likely to be over subscribed. To enable the total grant awards to be managed within the funding

available to the council and clearly evidence the demand (should additional funding be subsequently available), a cohort approach is proposed.

## **11. Amendments**

- 11.1. North Somerset Council reserves the right to change the details of this scheme especially where new guidance is provided at a national level.
- 11.2. The Discretionary Grants scheme is a fixed allocation for North Somerset, awards will be made on a first come first served basis, and the council reserves the right to close the scheme once all funds are allocated.