

DISCRETIONARY GRANT FUND (DGF) POLICY – High Peak B.C.

Introduction

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.

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

Funding Available

The estimated funding available to HPBC to support the DGF is **£1,273,750**.

Types of Business to benefit from the scheme:

Government guidance states 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.

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

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

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

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

- 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**.

Government request that local authorities prioritise the following types of businesses for grants from within this funding pot:

- Small businesses in **shared offices or other flexible workspaces**.
- **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 or Rural Rate Relief.

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.

Eligibility

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:

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

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

Businesses that are eligible for the Self-Employed Income support scheme (SEISS) **are** eligible to apply for this scheme as well.

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

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

In line with the guidance set out by Government, the Council are proposing that the scheme will target small businesses unable to access other grant funding. However, with funding limited, it is not possible to support every business. Therefore, in line with Government guidance, the following types of business will be prioritised:

- Small or micro businesses operating from **shared offices or other flexible workspaces** without their own business rates assessment
- **Regular market traders** (trade most days of the week) with fixed building costs and without their own business rates assessment - this includes regular market traders with fixed property costs.
- **Bed & Breakfasts** (registered as food premises with Environmental Health) paying pay Council Tax instead of business rates (maximum of 6 bed spaces)
- **Charity properties** in receipt of charitable business rates relief which would otherwise have been eligible for Small Business or Rural Rate Relief

In addition, the Council will apply the below discretionary priorities (subject to funding availability):-

- **Small and micro businesses** (other than Retail, Hospitality and Leisure sectors) occupying property used for business purposes **with a Rateable Value or annual rent or annual mortgage payments below £51,000** who have suffered a significant reduction in income due to COVID-19.

In the event that funding remains after the Council has processed and determined applications, consideration will be given to awarding a **£1,000 hardship grant to businesses that operate from home**.

State Aid

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 Council 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.

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.

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 (€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). **As part of the webform application, businesses will need to declare they comply with state aid rules.**

Fraudulent Claims

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. 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.

Application Process

In order to apply for the discretionary grant fund, businesses will need to complete an online webform:-

<https://www.highpeak.gov.uk/Coronavirus-Business-Financial-Support>

This webform (**see ANNEX A for content of the webform**) requests specific information, requires businesses to make self declarations and provide evidence to show they meet specific criteria, such as:-

- Provide evidence of:
 - fixed property related costs
 - reduction in income as a result of COVID-19
 - latest trading accounts
 - recent bank statement to confirm bank details
- Confirm:
 - Business was operational on 11th March 2020
 - Business has not received other Government grant support (excluding Self Employed Income Support scheme)
 - Complies with the definition of a small/micro businesses
 - Business type

- No. of employees
- The business provides sole source of income
- Legal status of business
- Impact of COVID-19 on income levels
- Complies with state aid rules

On submission of the webform, an email will be sent back to the business confirming the application reference - **businesses should keep a note of the reference** to make it easier for the Council to advise on progress or any issues.

The second window of the Discretionary grant fund will be launched 17th July 2020 and there will be an **initial one week window** of opportunity for businesses to apply.

It is unlikely that any grant payments will be made until **w/c 10th August 2020**.

Verification and eligibility checks will be led by the Council's Regeneration team, supported by Finance and Audit. The aim will be to process applications for **payment within 20 working days** – this will be longer where insufficient evidence/information has been provided. An email will be sent to businesses to confirm if they have been successful and the amount of grant awarded. The Council reserves the right not to proceed any further with an application if there is doubt over the evidence provided.

Grant Award

Recognising the funding limitations and in order to support the maximum number of businesses, the Council is **limiting grant payments to a maximum of £10,000**.

The Council reserves the right to award a £25,000 grant in very exceptional circumstances only. In addition, if any funding remains, the Council will make available a 'hardship fund' – awarding grants up to £1,000 on a case by case basis, to those businesses who operate from home. Grant awards and criteria are highlighted below:-

GRANT AMOUNT	LIKELY BUSINESS TYPE	ASSESSMENT
£25,000	Exceptional circumstances only	
£10,000	Small Businesses (meets small business definition) <i>(Small limited Companies)</i>	Based on weighted scoring matrix
£7,500	Small Businesses (meets small business definition) <i>(Small limited Companies / Shared Spaces / Charities)</i>	Based on weighted scoring matrix
£5,000	Micro Businesses (meets microbusiness definition) <i>(Charities / Shared Spaces / B&B's)</i>	Based on weighted scoring matrix
£2,500	Micro Businesses (meets microbusiness definition) <i>(Market Traders / B&B's / small charities)</i>	Based on weighted scoring matrix
£1,000	Hardship Fund – if any funding remaining	

Priority will be given to assisting as many businesses as possible, therefore one grant per business will be awarded. The Council will have the discretion to award further grants should funds allow.

Scoring Process

In order to assess grant applications and determine which grant award is applied, a scoring system will be used

Following Government guidance, applications will be assessed according to the following criteria:

- level of fixed costs faced by the business
- no. of FTE employees within the applicant business
- trading status of the business i.e. whether partial trading has continued or a business has had to close completely
- impact of COVID-19 losses

A provisional scoring system has been devised. However, this will be subject to change once applications have been received and property costs/income reductions etc are understood.

If the fund is oversubscribed with the applications received, the Council reserves the right to amend the grant levels / scoring process, based on the applications received and approvals proposed to ensure the maximum number of businesses benefit.

DISCRETIONARY GRANT WEBFORM

PAGE 1 – BUSINESS DETAILS (the person completing the claim form on behalf of the business must have the authority to do so)

TITLE
APPLICANT FORENAME
APPLICANT SURNAME
DATE OF BIRTH *optional*
BUSINESS NAME
BUSINESS ADDRESS LINE 1
BUSINESS ADDRESS LINE 2
BUSINESS ADDRESS LINE 3
BUSINESS ADDRESS LINE 4 *optional*
POST CODE
DAYTIME TELEPHONE NUMBER
MOBILE NUMBER *optional*
EMAIL ADDRESS

Please provide as many contact methods as possible in the event we need to make contact to discuss your application

PAGE 2 – MEETING NATIONAL CRITERIA (self declaration)

In order to be eligible to claim the Council's discretionary grant, businesses must meet the national criteria for the scheme. Please answer the questions below:-

- Was your business operational and the business premises occupied on 11th March 2020? **YES / NO** (if 'NO' you are NOT eligible for the Discretionary Grant)
*Companies that are in administration, are insolvent or where a striking-off notice has been made **are not** eligible for funding under this scheme.*
- Have you already been awarded a grant under the small business grant / retail, hospitality and leisure grant scheme? **YES / NO** (if 'YES' you are NOT eligible for the Discretionary Grant). Please note: the Council will be checking records.
Please note, if you are eligible for the small business / retail grant but have not applied, please apply under that scheme
- Did you apply for the small business / retail, hospitality and leisure grant scheme, but were refused as ineligible? **YES / NO** If YES, why?
- Are you eligible for any other Government COVID support schemes (**excluding** the Self Employed Income Support Scheme)? **YES / NO** (If 'YES' you are NOT eligible for the Discretionary Grant)
- The Fisheries Response Fund / Domestic Seafood Supply Scheme (DSSS). /
The Zoos Support Fund / The Dairy Hardship Fund .
- Please confirm your business complies with the definition of a small or micro business? *Please note - we will require you to upload a copy of your latest accounts on page 5 of this form*
YES / NO (if 'NO' – you are not eligible for the Discretionary Grant Fund)

SMALL/MICRO BUSINESS DEFINITION

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

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

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

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

- Have you suffered a significant (greater than 20%) fall in income due to the COVID-19 crisis? **YES / NO** (If 'NO', you are NOT eligible for the Discretionary Grant)
- Does your business have ongoing property related costs? **YES / NO** (If 'NO', you are NOT eligible for the Discretionary Grant)
- Do you occupy a property, or part of a property, with a rateable value or annual rent or annual mortgage payments **BELOW £51,000**? **YES / NO / DON'T KNOW**
- **State Aid declaration (use current declaration on business grant forms)**

PAGE 3 –BUSINESS DETAILS

CORRESPONDENCE ADDRESS (if different) *optional*
 VAT REGISTRATION NUMBER (if applicable) *optional*

Are you liable for Business Rates? **YES / NO**
 If YES, please provide your Business Rates Account Number *optional*

Are you a business that:-

- operates in a shared space **YES / NO**
- is a regular market trader **YES / NO**
- is a small charity **YES / NO**
- is registered as an Operational Farm **YES / NO**
- is a Bed & Breakfast business that pays Council Tax rather than Business Rates? **YES / NO**

If you operate a B&B, have you registered with Environmental Health? **YES / NO**
 If **YES**, when were you last inspected? **DATE dd/mm/yy**

If 'NO' to the above, please confirm business sector:

- RETAIL**
- FOOD/DRINK**
- LEISURE / TOURISM**
- MANUFACTURING**
- ENGINEERING**
- SERVICE**
- OTHER – PLEASE STATE _____**

Please confirm the number of full-time equivalent employees (not including owner/directors):

- 0
- 1-5
- 6-10
- 11-49

Is this business the sole source of your income? **YES / NO**
If 'NO' what percentage of your income comes from this business? **UNDER 50% / MORE THAN 50%**

What is the legal status of your business? **SOLE TRADER / PARTNERSHIP / LTD COMPANY / REGISTERED CHARITY / OTHER (please specify)**

If Sole Trader / Partnership, please confirm HMRC Tax reference number _____
If Ltd Company, please confirm your Companies House registration number _____
If registered charity, please confirm your registered charity number _____

Are you a home based business? **YES / NO**
If 'YES', please note, due to funding limitations, grants will only be awarded to home based businesses if sufficient funding remains after other applications have been considered. Any grant award available to home based businesses is likely to be limited to a maximum of up to £1,000. In addition to other evidence required, you will need to upload evidence of your 'annual use of home' costs (i.e. an accurate proportion if you have not filed yet, or the figure you declare on your tax return)

PAGE 4 – BANK DETAILS

Please note you will be asked to upload a recent bank statement on page 5 of this form

BANK NAME
ACCOUNT NAME
SORT CODE
BANK ACCOUNT NUMBER

PAGE 5 – SUBMITTING EVIDENCE

In order to support your grant application, please provide the following details and upload supporting evidence:-

- Please provide details of your annual fixed property related costs:-

RENT / COMMERCIAL MORTGAGE	£
BUSINESS RATES	£
PREMISE INSURANCE	£
UTILITIES	£
OTHER (please state)	£

- Please provide details of how COVID-19 restrictions have impacted your business.

BUSINESS CLOSED
PART TRADING
OPEN & FULLY TRADING
OTHER (please give details)

- Please confirm the impact COVID-19 has had on your monthly turnover?

20% - 39% DOWN
40% - 59% DOWN
60%+ DOWN

In order to support your grant application, please provide evidence of the following:-

- **Fixed Property costs – evidence that supports your highest property related cost as listed above** (e.g. a full signed copy of a current lease/rental/mortgage agreement.)
- **Reduction in income** (which should include a recent bank statement to verify your bank account and could also include latest management accounts, and/or bank statements for the period March 2020-May 2020 compared to March 2019-May 2019))
- **Copy of your last full year trading accounts**

Evidence should be uploaded onto this claim before submitting the form, using the upload button below.

UPLOAD

PAGE 6 – FINAL STEPS

DECLARATION: I declare that the information contained within this application is accurate and I am aware that this funding is subject to recovery should the information contained within be found to be false TICK BOX

COMMUNICATIONS: Should you receive this support, the Council may contact you about the benefit and impact of the grant,– please tick here to give your permission in contacting you TICK BOX