



South Cambridgeshire District Council: Local Authority Discretionary Grant Funding for Small Businesses Policy

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Introduction

On 1 May 2020, government announced the introduction of a Local Authority Discretionary Grants Fund. On 13 May 2020 this was followed by the publication of 'Local Authority Discretionary Grants Fund – Guidance for Local Authorities'. This grant fund is aimed at supporting small businesses who have been impacted by the effects of the COVID-19 pandemic, are struggling to survive, and who are not eligible for existing government support schemes such as the Small Business Grant Fund and the Retail, Leisure and Hospitality Fund. A copy of the full government guidance is included at Appendix A.

Through the LADGF, local authorities are able to dispense grants to the value of £25,000, £10,000 or any amount below £10,000, at their discretion. The government has indicated that the LADGF Scheme should be operational in June 2020 and Councils need to determine the scope and payment arrangements. This policy sets out the method for the distribution of this grant fund, taking account of the government requirements for the scheme and based on the scale of impact of COVID-19 losses. The aim of the policy is to achieve a balance between speed and fairness, while reducing any opportunity for fraud. This aligns with the Council's priorities to 'grow local business and economies' and to act as 'a modern and caring council', as set out in its 2020-25 Business Plan.

The government has stated that the LADGF will be 5% of the Small Grant Fund and Retail, Hospitality and Leisure Grant Fund. Although the Discretionary Fund amount has not yet been confirmed it is estimated this will be £1,250,000.

Government-set Priority Businesses and Eligibility Criteria

Priority Businesses

Whilst the LADGF is a discretionary scheme for local authorities to deliver, many of the criteria have been set nationally, including the following four priority areas:



- 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.

Eligibility Criteria

This grant funding is for businesses that are not eligible for other support schemes. Businesses which are eligible for cash grants from any central Government COVID-related scheme are not eligible to receive a grant under this scheme, with the exception of support given under the Self Employed Income Support Scheme. Businesses who have applied for the Coronavirus Job Retention Scheme are also eligible to apply for this scheme.

The Government guidance sets out a number of eligibility criteria, including:

- The Business must have been trading at 11th March 2020 (any company in administration or insolvency is excluded)
- A rateable value, rent or mortgage should be less than £51k per annum (please note that local discretion has been applied to make funding available to independent public houses with a rateable value greater than £51k, and sports centres that provide facilities wholly and mainly to the general public with a rateable value greater than £51k, as detailed on page 6).
- Turnover is not more than £10.2m
- Balance sheet total is not more than £5.1m
- Less than 50 employees
- Must have relatively high ongoing fixed property related costs (this can include mooring or marina fees if applicable)



- Must be able to demonstrate a significant fall in income (South Cambridgeshire District Council will judge this to be a decrease of around 75% in income)
- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief

These criteria have been set by government with the objective of targeting support to small businesses who have not received other types of COVID-19 assistance.

Locally-set Payment Details, Eligibility and Exclusions

Payment Details and Eligibility

The Council will make one fixed payment per business that meets the criteria within each of the four categories as follows (businesses with multiple premises will only qualify for one payment).

The level of payment for each type of business has been based on likely fixed costs and business seasonality (e.g. B&B), as set out below:

Category	Payment per business
Small business in shared offices or other flexible workspaces with a minimum rent of £250 per month	£7,500
Regular market traders who are based in the same physical location (i.e. not mobile units) with fixed building costs (e.g. rent without an NNDR assessment), and who are registered with South Cambridgeshire District Council Environmental Health / Licencing Service	£2,500
B&Bs that pay Council Tax and are registered as B&Bs with South Cambridgeshire District Council Environmental Health Service	£2,500



Charities that pay business rates to South Cambridgeshire District council and would meet criteria to receive Small Business Rate Relief if they were an equivalent sized business	£10,000
<p>Any business not included in the above*, but who form part of the supply chain** for the Retail, Hospitality and Leisure industry, and who can demonstrate that they have lost around 75% of their annual income as a result of COVID-19.</p> <p>*Any business that qualifies under one of the above categories will not be considered within this category.</p> <p>**Businesses whose principal business is the supply goods, services or capital equipment to business customers that operate in the retail, hospitality and leisure sector.</p>	Up to £10,000 (depending on scale of loss and property costs)
<p>Independent public houses* (those not owned as part of a chain or group), with a rateable value of more than £51k (i.e. those not eligible for the Retail, Hospitality and Leisure Grant fund)</p> <p>*Eligible public houses should be open to the general public; allow free entry other than when occasional entertainment is provided; allow drinking without requiring food to be consumed; and permit drinks to be purchased at a bar. For these purposes, the term 'public houses' excludes restaurants, cafes, nightclubs, hotels, snack bars, guesthouses, boarding houses, sporting venues, music venues, festival sites, theatres, museums, exhibition halls, cinemas, concert halls and casinos.</p>	£10,000
Sports centres that provide sporting facilities wholly and mainly to the general public with a rateable value greater than £51k	£10,000



Exclusions

The following business types will not quality for the LADFG:

- Bed and Breakfast or 'AirBnB' properties that are not registered with the South Cambridgeshire District Council Environment Health service.
- Wholly owned subsidiaries of another company or parts of a recognised group of companies in common ownership that would not qualify as a small business.
- Charities that do not pay business rates to South Cambridgeshire District Council.
- Small businesses in shared offices or other flexible workspaces that pay a rent of less than £250 per month.
- Market traders who are not registered with the South Cambridgeshire District Council Environment Health service.
- Mobile units with no fixed building costs (e.g. food traders).
- Supply chain businesses who do not fall under the Retail, Hospitality and Leisure industries, and who cannot demonstrate a loss of around 75% of their income as a result of COVID-19.
- Any pub whose ownership is part of a group or chain.
- Any pub with a rateable value of less than £51k (these businesses can receive support via the Retail, Hospitality and Leisure Grant scheme).

Determinations of Applications

Consideration of applications will be dependent on the submission of a complete and valid online application form from the South Cambridgeshire District Council website. This will include the provision of sufficient information and evidence to allow eligibility checks to take place.

All businesses submitting applications will be required to complete a declaration to confirm the details are correct, that they are eligible based on the government criteria and to indicate compliance with EU State Aid De Minimis Regulations. Applicants will need to confirm that by accepting any grant they will be compliant with the EU State Aid De minimis regulations.



Applications received from any businesses falling within the government-set priority headings (see above) can be received up to and including 22nd June 2020 and determined at any time, until such time as the grant fund has been exhausted. A second application period will run for eligible public houses and sports centres between 20th July 2020 and 3rd August 2020.

Any businesses not included in the government-set priority headings, but who form part of the supply chain for the Retail, Hospitality and Leisure industry, and who can demonstrate that they have lost around 75% of their income as a result of COVID-19, will be required to make an application by 22 June 2020. Applications received during this period will be assessed on a case by case basis. If funds are still available this window may be extended. The over-riding factor for grant determination will be the number of people employed on the qualifying date.

Payment will be made by Bacs to the organisations nominated bank account, the organisation will need to provide an e-mail address so a remittance can be sent out giving the date payment can be expected to arrive. Payments will be made as soon as practically possible following the receipt of a grant application.

Anti-Fraud Measures

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.

The Government Grants Management Function and Counter Fraud Function have made their digital assurance tool, Spotlight, available to local authorities to support the application process.

In addition to the pre-payment eligibility checks there will be a process managed by Internal Audit which uses government schemes such as the National Fraud Initiative to ensure the Council takes reasonable steps in prevention of fraud and error.



Appeals

Whilst there is no formal right of appeal, if the applicant is dissatisfied with the outcome, they can request a review of the decision. The request should be submitted in writing, detailing the reasons why a review is considered necessary, and providing any additional supporting information required. The review will be undertaken by an officer who has not had involvement in the previous decision.

Following the review, if the applicant remains dissatisfied with the decision on a point of law, there is an appeal route by way of Judicial Review. Applicants may also lodge a complaint with the Local Government and Social Care Ombudsman.



Appendix A – Full List of Eligibility Criteria for Local Authority Discretionary Grant Fund (LADGF)

	Eligibility Criteria for LADGF
1.	The business must complete a valid application form and provide information and evidence to demonstrate that they meet all other eligibility criteria
2.	The Business has a rateable value or rent or mortgage of less than £51k (except sports centres and public houses, where the rateable value must be greater than £51k)
3.	The business' turnover is not more than £10.2m
4.	The business has a balance sheet total of no more than £5.1m
5.	The business has fewer than 50 employees
6.	The business is ineligible for other current schemes, such as Retail, Hospitality and Leisure grant or the Small Business Grants
7.	Must have been trading as of 11th March 2020 (any company in administration or insolvency is excluded)
8.	Must have relatively high ongoing fixed property related costs (in proportion to turnover)
9.	Must be able to demonstrate a significant fall in income (of around 75%)
10.	The business must not be a wholly owned subsidiaries of another company or parts of a recognised group of companies in common ownership that would not qualify as a small business.
11.	Charities must have a rateable value of less than £15k
12.	Market Traders and B&Bs must be registered with South Cambridgeshire District Council Environmental Health Service, and be trading as such on 11 th March 2020
13.	Small business in shared offices or other flexible workspaces must have a minimum rent of £250 per month



14.	Market traders must have a regular physical base (i.e. not mobile units) with fixed building costs (e.g. rent without an NNDR assessment)
15.	Charities must pay business rates to South Cambridgeshire District Council and would have met criteria to receive Small Business Rate Relief if they were an equivalent sized business
16.	Any business not falling within one of the four government priority business headings (i.e. a small business operating from shared space, B&B, market trader or charity) must form part of the supply chain for Retail, Hospitality & Leisure, and submit their application within the designated window for non-priority business types



Appendix B – List of Required Evidence for Local Authority Discretionary Grant Fund (LADGF)

Below is a list of the minimum evidence required to support your application. We may request further information to evaluate your claim. Any delay in providing suitable evidence may impact chances of receiving grant payment.

	Document	Purpose
1.	March 2020 bank statement	To confirm company trading on 11 th March 2020
2.	Relevant bank statements or management accounts (e.g. Apr & May 2019 and Apr & May 2020) certified by the company's accountant to show financial impact of COVID-19	To show financial impact of COVID-19
3.	Evidence that the company is temporarily not trading due to the impact of COVID-19 (if relevant)	To show financial impact of COVID-19
4.	Proof of fixed building costs (i.e. rent, mortgage or rateable value)	To demonstrate that the Business has a rateable value, rent or mortgage of less than £51k
5.	Businesses applying for the supply chain element of the fund should provide a calculation of the property related costs they are claiming for (e.g. mortgage, rental, business rates and/or utilities)	To demonstrate the level of building costs being applied for
6.	Most recent company accounts showing annual turnover	To demonstrate the business' turnover is not more than £10.2m



7.	Most recent company accounts showing balance sheet total ('balance sheet total' is defined in the Finance Act 2016 as the aggregate of the amounts shown as assets in a company's balance sheet at the end of the financial year)	To demonstrate that the business has a balance sheet total of no more than £5.1m
8.	Evidence of number of employees	The business has fewer than 50 employees
9.	Small businesses in shared offices or other flexible workspaces must provide evidence of current rent (i.e. most recent rent statement or tenancy agreement)	Small business in shared offices or flexible workspaces must have a minimum rent of £250 per month
10.	Confirmation from accountant or Director that the applicant is not a wholly owned subsidiary or part of a recognised group of companies in common ownership that would not qualify as a small business	To demonstrate that the business is not a wholly owned subsidiary of another company or part of a recognised group of companies in common ownership that would not qualify as a small business

Data will be collected using our online application form process and will be stored securely in line with GDPR / DPA.