

Discretionary Grants Fund Applicant Guidance for Local Businesses

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1) About this guidance

This guidance provides some background to the Discretionary Grants Fund and sets out the approach being taken by South Holland District council in administering the scheme announced by the Government on 2nd May 2020. It specifically looks to explain:

- Which businesses can and cannot apply for the discretionary grant funding?
- Which business types are prioritised for support?
- What level of grant funding is available?
- What businesses will need to do to submit an application
- How applications will be assessed and decisions on grant awards made
- The proposed timescales for administering the grant funding
- What to do if a business wishes to appeal a decision?
- It also provides answers to some of the more Frequently Asked Questions.

2) Background

The Government's Discretionary Grant Scheme aims to support small and micro businesses that require support due to the COVID-19 shutdown, and who have been unable to access other grant funds such as Small Business and Retail Hospitality and Leisure grants.

South Holland District Council has been awarded a finite sum of funding with which to operate the scheme, and local authorities are being encouraged to utilise the fund in a way which supports businesses in a targeted and effective way.

This new discretionary grant will be awarded against a number of criteria taking into account the financial impact that COVID-19 has had on the business, their ability to trade during the crisis period and their ability to trade safely as we come out of lockdown.

3) Which businesses can and cannot apply for discretionary grant funding?

There are seven eligibility criteria that must be satisfied before any business can submit a grant application. These are mandatory requirements that all need to be met before support can be considered.

Mandatory Eligibility Criteria:

1. Only small and micro businesses can apply – being able to satisfy the employee criteria and one of the two financial threshold requirements:
 - i. Less than 50 employees
 - ii. Turnover of less than £10.2m p.a
 - iii. Balance sheet value of less than £5.1m
2. Only businesses which were trading on 11 March 2020 are eligible to apply.
3. Only Businesses which can demonstrate that they have suffered a significant fall in income (of 15% or more) due to the COVID-19 crisis are eligible to apply.
4. Only Businesses with relatively high ongoing fixed property-related costs can apply. (See FAQs 2,7,11 and 22 for more detail).
5. Businesses which occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments of below £51,000 can apply. (See FAQ 12 for more detail).

This means that the scheme is open to a business with a rateable value in excess of £51,000, as long as the annual rent or annual mortgage payments for the business are below £51,000.

6. Businesses who are eligible for other grants from any central government COVID-19 related scheme are ineligible for funding from the Discretionary Grants Fund. Such grant schemes include:
 - i. Small Business Grant Fund
 - ii. Retail, Hospitality and Leisure Grant
 - iii. The Fisheries Response Fund
 - iv. Domestic Seafood Supply Scheme (DSSS)
 - v. The Zoos Support Fund
 - vi. The Dairy Hardship Fund.

Businesses who have applied for the Coronavirus Job Retention Scheme, the Self Employment Income Support Scheme or the Statutory Sick Pay Scheme are eligible to apply for a discretionary grant.

7. Businesses that are in administration, are insolvent or where a striking-off notice has been made, are ineligible for a discretionary grant.

4) Which business types are prioritised for support?

The guidance issued by central government sets out certain types of business to be prioritised, based on them not qualifying for the initial two grant schemes or being eligible for other forms of financial assistance.

South Holland District Council will prioritise and encourage applications from businesses in the following circumstances, assuming they can satisfy the seven eligibility criteria set out above.

1. Small and micro businesses in shared offices or other flexible workspaces. (Examples could include units in industrial parks, science parks or incubators where they do not have their own business rates assessment).
2. Businesses with fixed building costs, such as rent, that do not have their own business rates assessment.
3. Certain businesses which pay Council Tax instead of business rates. (Examples could include Bed & Breakfasts or Care Homes, See FAQs 5 and 22).
4. Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief, and;
5. Businesses with their own business rates assessment who were not eligible for funding under the 'Small Business Grants Fund scheme' or 'Retail, Hospitality and Leisure Fund scheme', but who meet the mandatory eligibility criteria listed above in [Section 3](#).

5) What level of Grant Funding is available?

As set by central government, South Holland District council has £990,000 of grant funding to administer.

As per the guidance laid down by central government, grants will be disbursed to the value of £25,000, £10,000 or any amount under £10,000.

More details about how grant awards are determined is provided in [Section 7](#) below.

The value of the payment to be made to a business is at the discretion of the local authority.

6) What businesses will need to do to submit an application

An online application process will be launched at 10am on Monday 8th June 2020.

Businesses visiting www.sholland.gov.uk/DGsupport will first be asked to confirm their eligibility by addressing all seven of the mandatory criteria. Failure to meet any one of these “Gateway” questions will prevent the business progressing to the full application stage.

Businesses will be asked to make their own assessment of the level of funding they feel they require in order to support ongoing fixed property related costs, stating the amount of grant required.

Businesses making a case for a £25k, £10k or an amount less than £10k are strongly encouraged to only apply for a level of grant support that can be substantiated through both evidence and an independent evaluation of their fixed ongoing property related costs.

Assuming the business meets all seven of the mandatory eligibility criteria they will then be asked to provide answers to a series of specific questions and submit certain financial information to evidence fixed property related costs and falls in trading income, allowing their application to be assessed.

Example of the questions that will be asked within the online application can be found at [Section 12](#). Please read these in advance of the application launch date so that you are fully prepared.

Given the aim of the scheme is to support businesses in remaining solvent through the COVID-19 crisis and supporting wider economic resilience, funding will only be provided where the council believes it will have a demonstrable positive impact on the immediate stability of the business. This is because South Holland District Council wants to ensure that payments are made to businesses where it can be demonstrated that the funding will have a positive impact on mitigating the impact of COVID-19, to an extent that would allow the business to continue trading.

To allow the council to assess each application businesses will be asked to detail how COVID-19 has impacted their business, the extent to which they were able to trade and the impact any full, or partial, closure had on income over the period. Businesses will also be asked about their ability to trade online and their assessment of when and how they will safely be able to trade at pre COVID-19 levels.

The Council must be sure that the fall in income is due to the COVID-19 crisis and not a general failure of business. Where necessary businesses may need to provide evidence to the Council to support their application.

Certain financial information, proportionate to the size of grant being requested, will need to be provided with the online application.

Businesses requesting a grant of less than £10,000 will be asked to supply:

- Bank statements with transactions showing income coming into the business between 1st March and 31st May 2020
- The same information for the previous year to allow the Council to assess the percentage fall in income
- Evidence of fixed and ongoing property costs detailing rent or commercial mortgage commitments and any rate payments between 1st March and 31st May 2020. See FAQ 6 in [Section 10](#) for a list of the types of evidence the Council would expect to be submitted to evidence property related costs
- If a business is unable to provide evidence in the formats suggested (see FAQs 4 and 6) they can provide justification for other forms of suitable financial evidence being submitted.

Businesses requesting a grant of either £10,000 or £25,000 will be asked to supply:

- Bank statements with transactions showing income coming into the business between 1st March and 31st May 2020
- The same information for the previous year to allow the Council to assess the percentage fall in income
- The most recent set of Certified Accounts

- Management Accounts or equivalent financial information covering the COVID-19 pandemic period
- Evidence of fixed and ongoing property costs detailing rent or commercial mortgage commitments and any rate payments between 1st March and 31st May 2020. See FAQ 6 in [Section 10](#) for a list of the types of evidence the Council would expect to be submitted to evidence property related costs
- If a business is unable to provide evidence in the formats suggested (see FAQs 4 and 6) they need to provide justification for other forms of suitable financial evidence being submitted.

The evidence requirements set out above are the minimum requirements and the Council reserves the right to request additional information to complete its assessment. **However, as a rule if you do not supply relevant information the council will be unable to process your application.**

In submitting the online application form businesses will be asked to self-certify that they are a Small or Micro business, in compliance with the definitions and that they have not been in receipt of other COVID-19 grant funding. They will also need to declare that in receiving a grant they comply with State Aid regulations (see FAQ 26).

Any applicant caught falsifying information to secure a grant may face prosecution and any funding issued may be recovered from them.

The Council reserves the right to reclaim any grant paid in error.

7) How applications will be assessed and decisions on grant awards made

Assessing Applications

To assist with the application review, a financial assessment will be undertaken to confirm the following:

- How the business has been impacted financially by COVID-19
- Whether the business does, indeed, require financial support to offset the impact of COVID-19 on the business and secure its immediate sustainability
- What grant funding support would constitute an appropriate and proportionate level of financial support to offset the loss of income, support with meeting fixed property related costs, and enable the business to continue as a viable concern.

The financial assessment will seek to take into account the following factors in reaching a recommendation:

- An assessment of the impact on the income of the business due to COVID-19
- An assessment of the fixed property related costs where the business says that they require support. (See FAQ 5 for eligible/ineligible property related costs)
- An assessment of the number of months for which support may be required, tailored to the individual needs of the business.

Determining the level of grant to be paid

Businesses applying for grants are asked to define and substantiate the level of grant they require to offset the impact of COVID-19.

Businesses will request either a £25,000 grant a £10,000 grant or any figure under £10,000.

Following the assessment of the claim, the council will make a final decision concerning whether to pay a grant, and the grant to be paid. This decision will take into account the financial information provided by the business and the subsequent financial assessment.

As the guidance laid down by central government only allows local authorities to pay grants to a value of £25,000, £10,000 or any amount under £10,000, the grant award may include an element of 'rounding-up' or 'rounding-down' to the most appropriate figure if the applicant has been assessed as requiring a figure that falls between £10,000 and £25,000.

The final decision as to a) whether to pay a grant, and b) how much grant to pay, will be made by the council.

All decisions will be taken at discretion of the council and are not subject to a request for a review and/or second consideration.

8) The proposed timescales for administering the grant funding

On the basis that the government has set out a clear expectation that local authorities start to make payments as soon as possible, and the need to ensure that businesses provide financial support as quickly as possible to those businesses in need, a 'first come, first served' administered approach is being adopted.

Under this approach, applications will be assessed and paid in the order in which they are received and assessed, enabling payments to commence as soon as applications are received and reviewed.

All decisions made by the Council shall be notified to the applicant either in writing or by email.

However, there is a recognition that operating on a "first come first served" approach may mean that businesses that apply later than others may not receive a grant if the funding is over-subscribed. Similarly, if there are delays in a business submitting relevant information, this may impact upon their likelihood of obtaining funding.

As and when the scheme reaches a point where all funds are committed, the council will seek to close the scheme for applications. Any further re-opening of the scheme will be publicised in advance.

9) What to do if a business wishes to appeal a decision?

South Holland District Council has been awarded a finite sum of funding with which to operate the scheme, and local authorities are being encouraged to utilise the fund in a way which supports businesses in a targeted and effective way.

This means that, unfortunately, it may not be possible to assist all businesses who seek funds through the scheme. However, to assist businesses that do not access a discretionary grant, the council is committed to work with its partners to help access other forms of appropriate support.

Furthermore, by adopting what we believe is an open and transparent approach with clear eligibility and assessment criteria we hope to eliminate inconsistencies in award decisions.

It is important that businesses read the *Applicant Guidance* fully and submit complete applications, including all the financial information that is being requested, so as to not delay the assessment process.

Applications that fail to submit appropriate financial information or evidence of fixed ongoing property related costs will not be assessed.

Because of the likely interest in the scheme the Council is unfortunately unable to support businesses in the completion of applications. However, businesses can email questions they believe are not covered in this Applicant Guidance to economicdevelopment@sholland.gov.uk and the Council will endeavour to respond through a guidance update. Any questions will need to be posed before the scheme goes live on Monday 8th June 2020.

As the scheme is being administered on a "first come first served" basis businesses will be unable to submit applications once the funds are full committed.

The final decision as to a) whether to pay a grant, and b) how much grant to pay, will be made by the council.

All decisions will be taken at discretion of the council and are non-contestable.

The Council's 'Complaints Procedure' (available on the Council's website) will be applied in the event of any complaint received about this scheme.

10) Answers to Frequently Asked Questions

- 1. Can a business receive more than one grant under this scheme?** (i.e. if based across multiple properties)

No, businesses can only receive one discretionary grant. If a business has more than one premises the associated costs need to be provided as a total so those assessing the application understand the business's total fixed property costs.

- 2. Is there scope to provide grants to businesses without premises costs?**

No, South Holland District Council will only consider businesses with relatively high fixed on-going property related costs. However, the council can support businesses with advice and support in accessing other funds designed to meet other forms of cost, including salary costs and support with cash flow.

- 3. If a newer business was fitting out a property prior to 11 March 2020 but never got round to opening/trading would it be eligible for this fund?**

The mandatory criteria requires that a business was trading as of 11 March 2020. Grant payments can only be paid to firms that meet the mandatory requirements.

- 4. What are evidence requirements for 'significant fall in income'?**

For businesses requesting grants under £10,000 we would expect as a minimum a self-certified statement from the business explaining how COVID-19 has impacted negatively on their sales income plus hard evidence in the form of bank statements with transactions for the period 1st March 2020 to 31st May 2020 and the transactions for the corresponding period in 2019.

For businesses requesting either a £25,000 or a £10,000 grant we would expect as a minimum a self-certified statement from the business explaining how COVID-19 has impacted negatively on their sales income plus hard evidence in the form of bank statements with transactions for the period 1st March 2020 to 31st May 2020 and the transactions for the corresponding period in 2019. In addition, we would require copies of the most recent set of Certified Accounts plus Management Accounts, or equivalent financial information, covering the COVID-19 pandemic period.

If a business is unable to provide evidence in this format they need to provide justification for other forms of suitable financial evidence being submitted.

The evidence requirements set out above are the minimum requirements and the Council reserves the right to request additional information to complete its assessment. However, as a rule if you do not supply relevant information your application will not be considered.

- 5. What are considered as fixed ongoing property related costs?**

Only unavoidable Rent, including service charges, Commercial Mortgage payments and/or Rate payments are being considered as "Relatively High, fixed ongoing property related costs".

The Council will not consider insurance, groundwork, security or other variable property related costs in their assessment. Council Tax will be deemed an eligible property cost in cases where the business is not run from the rate payers residential home (such as in the case of Care Homes). Bed and Breakfast establishments are a notable exception to this rule and may apply if they satisfy the mandatory eligibility checks.

- 6. What evidence must businesses submit to prove fixed ongoing property related costs?**

Business can choose the most appropriate evidence to illustrate they are incurring ongoing

fixed property costs between 1st March and 31st May 2020. This might include a copy of their commercial lease or license showing the annual rents and services charges. A highlighted rent payment on supplied bank statements with transactions, a copy of their commercial mortgage statement showing annual mortgage payments or details of actual business rates paid to the Council.

The Council will not be looking at insurance, groundwork, security or other variable property related costs in their assessment.

7. Can mooring or marina fees be counted as a 'fixed property cost' for businesses that involve boat tours, floating restaurants etc.?

Yes, these could count as a fixed property cost.

8. Are businesses that have accessed loan or deferral schemes (e.g. Deferral of VAT, the Coronavirus Business Interruption Loan Scheme) eligible for grants under this scheme?

Yes. It is only where businesses have received COVID-19 related grant funding from Government that they are ineligible for support under this scheme. Businesses receiving Job retention support for furloughed workers and Self Employed Income Support are both eligible to apply for Discretionary grants.

9. Where an owner has two limited businesses can they apply for a discretionary grant for both businesses?

Yes, as separate Limited companies they potentially both could be eligible.

10. Can Market Traders apply for a discretionary grant?

Yes, if they meet the seven mandatory eligibility criteria. They will however have to prove they are 'regular' market traders and that they either live or are incorporated with a South Holland postcode.

As with the other priority businesses for this fund, these will be businesses who do not have a separate assessment for Non-Domestic Rating (i.e. those businesses who do not occupy a separate hereditament within the 2017 Rating List).

The Council has decided that for the purpose of this scheme, market traders shall be defined as: "a business or person who sells goods wholly or mainly to visiting members of the public from a stall, pitch or similar, from a place or market recognised by the Council as a market".

Where the business is street trading, the business or person must hold a valid street market licence issued by the Council.

All market traders must prove to the Council that as at 11th March 2020, they had a regular pitch or stall within the Council's area from which they sold goods to visiting members of the public.

For the purposes of this scheme, 'regular' is defined as at least monthly. Where the market trader traded less frequently, the Council will not consider the business as priority for a grant. Where a market trader operates in more than one local authority area, the applicant will need to certify that they trade primarily in the Council's area and reside or be incorporated in South Holland. Those that have access a grant from another authority will not qualify to access a further grant through the council's scheme.

11. Are annual pitch fees and storage costs classified as 'fixed property costs' for market traders?

Yes, pitch fees and storage costs would count as fixed property costs.

12. Is a business in a shared workspace expected to know or be able to prove the rateable value (below £51k) of the total premises within which they work?

The fact that a business shares space in a property with a RV in excess of £51,000 p.a. is largely irrelevant as long as their rent does not exceed £51,000 p.a.

13. Businesses in shared offices may have shared directors, i.e. two companies trading from same premises. Would there be an intention to restrict grants in these cases?

No, both businesses can be assessed. As separate Limited companies they potentially both could be eligible.

14. Do shared spaces include other premises such as antiques centres where individual traders rent a space/stand from the landlord or forecourts in retail space?

Yes.

15. If a premise is shared and the landlord paying business rates has received funding but another business in the space has no business rates account, can Local Authorities now fund this other business?

Yes. One of the key aims of this funding is to provide grants to businesses who have been unable to access previous grant support due to their premises being in shared space.

16. The national guidance makes reference to B&Bs that pay council tax. How are you defining B&B? Does renting a room on Airbnb count?

To be registered for council tax, B&Bs must have fewer than six bed spaces. We would expect properties to be wholly or mainly used as guest or boarding premises. We would expect to see two of the following documents:

- i. A fire certificate obtained when setting up the B&B to get business insurance policy and public liability cover;
- ii. Planning permission for change of use;
- iii. Registered with local Environmental Health Officer when setting up the B&B to the property assessed
- iv. A 'hotel and mobile units television licence', which covers up to 15 televisions and can be purchased online from TV Licensing.

17. Can Charities apply for Discretionary Grants?

Charities in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief may be eligible to apply for a grant.

18. Are self-catering properties eligible to apply?

Yes, if they meet the seven mandatory criteria.

19. Are Care Homes, who pay Council Tax, eligible to apply?

Yes, if they meet the seven mandatory criteria.

20. Will parish councils be eligible for this fund?

No, Parish and Town Council are ineligible to apply for the discretionary grants in their own right. However, applications will be welcomed from businesses and charities that operate community assets, such as village halls, pending that they meet the seven mandatory eligibility criteria.

21. Will suppliers to the retail, hospitality and leisure sectors, who experienced a loss of income but who were deemed ineligible for the Retail, Hospitality and Leisure grant, be able to apply for a discretionary grant?

Yes, if they meet the seven mandatory criteria.

22. Businesses based in a residential dwelling may take fixed property costs to include their house mortgages etc. Could support be given to these businesses?

Residential dwelling fixed property costs, such as mortgage payments and Council Taxes, will be ineligible for inclusion in the financial assessment. With the exception of Bed and Breakfasts or where the ratepayer pays Council Tax on a property that is not their main residence, for example a Care Home.

23. Will discretionary grants be subject to tax?

National guidance states that Grant income received by a business is taxable therefore funding paid under the Local Authority Discretionary Grants Fund will be subject to tax. If you require clarity on this point, please seek independent financial advice.

24. How is the Council minimising false claims and fraud?

Neither the Council, nor the Government will accept deliberate manipulation of the scheme and fraud. Any applicant caught falsifying information to gain additional grant money or failing to declare entitlement to any of the specified grants may face prosecution and any funding issued may be recovered from them.

Applicants should note that, where a grant is paid by the Council, details of each individual grant may be passed to Government.

The Council reserves the right to reclaim any grant paid in error.

25. The mandatory criteria states that businesses must be trading on the 11th March 2020 to be eligible for a Discretionary Grant. How are we defining trading?

Businesses must be able to evidence they were income generating by the 11th March 2020. Preparing to open will not be classified as "Trading". Bank statements will be requested to prove the business was income generating by the 11th March 2020. The Council will require proof that the business was trading on 11th March 2020 and was not dormant, subject to a winding up order, in administration or subject to striking off.

26. Are Discretionary Grants subject to State Aid?

Any Discretionary Grant is given as aid under the Temporary Framework for State Aid measures to support the economy in the current COVID-19 outbreak published on 19 March 2020. This means that businesses receiving support under these provisions can receive up to a value of €800,000 in aid over three years (being the current and the previous two years).

Any grant awarded is required to comply with the EU law on State Aid. This will involve the applicant declaring to the Council if they have received any other de minimis State aid or aid provided under the EU Commission Covid-19 Temporary Framework.

If the applicant has not received any other de minimis State aid, they are not required to make that declaration to the Council or to complete any declaration statement.

27. Is there an appeals process if business disagree with the Council's ruling?

The final decision as to a) whether to pay a grant, and b) how much grant to pay, will be made by the council.

All decisions will be taken at discretion of the council and are non-contestable.

The Council's 'Complaints Procedure' (available on the Council's website) will be applied in the event of any complaint received about this scheme.

11) Case studies

The type of business this scheme would support

Business A is a small business with 10 employees. Business A occupies a small business premise which it shares with another business. Whereas both businesses contribute towards the rates bill, Business A is not listed as the rate payer. On this basis, Business A did not qualify for the previous two grants programmes (where only the rate payer was eligible). As part of their application, Business A is able to demonstrate that they have seen a significant drop in income as a result of COVID-19, but that their fixed property costs have remained unchanged throughout the crisis. Following an assessment of their financial circumstances, it can be demonstrated that a £4,000 payment will support business in meeting their fixed property costs for a four-month period. Business A is awarded £4,000 under the discretionary grants scheme.

The type of business this scheme would not support

Business B is a company which occupies a small business premise with a rateable value of £20,000. Business B did not qualify for the previous two grants programmes, on the basis that it is neither a business in a premise with a rateable value of £15,000 or less, nor is Business B a retail, hospitality or leisure business. Business B applies for a discretionary grant scheme. Whereas the financial assessment demonstrates that Business B has had to continue to meet a series of fixed costs during

the COVID-19 crisis, the assessment reveals that the revenue figures for Business B have remained largely unchanged as demand for the company's services have remained consistent with revenue levels prior to COVID. On this basis, Business B is assessed as not being eligible for nor requiring financial support under the discretionary scheme. Business B remains eligible for other forms of government support, including the Job Retention Scheme and the Bounce Back Loan Scheme.

12) Example of the questions that may be asked in the online application

- Business name and trading address
- The name and position of the person applying for the grant, with contact details
- Date business established
- Number of employees as at 11th March 2020 (full time and part time)
- Company status - Limited Co, Registered Charity, Partnership, Limited Liability Partnership (LLP), Self Employed or other
- If incorporated, companies registration number
- A brief description of what the business does and the sector in which it operates
- Whether the business applied for any other COVID-19 related support
- Provide a detailed explanation of how COVID-19 has affected the business, the impact it has had on how it operates and the extent it has been able to continue traditionally or trading online
- On a scale of 1 to 10 (where 10 = total shut down) how would you rank your ability to trade during the period 1st March to 31st May 2020
- Please give an honest assessment as to when your business will be able to safely trade at pre-pandemic levels
- Please tell us what level of grant you can demonstrate your business requires in order to support your fixed property costs: £25k, £10k or under £10k
- To help us assess the impact that Covid-19 has had on your ability to generate income please attach appropriate evidence
- Please describe your annual fixed ongoing property costs, namely the rent you pay or if you the business owns the property from where it trades the annual mortgage payments, plus the level of annual business rates you pay
- To help us to assess your fixed ongoing property related costs please attach relevant evidence
- If you are successful in being awarded a grant, we will pay monies directly into your business bank account. Please provide details that clearly match the bank transactions evidence submitted to show loss of income
- There will also be a self-declaration around the size of the business and around State Aid compliance.