

# Public Document Pack



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To:- Members of the Executive

## **EXECUTIVE - THURSDAY, 28TH MAY, 2020**

I am now able to enclose, for consideration at the next Executive Meeting scheduled for Thursday 28th May, 2020, the following appendices to the Small Business Discretionary Payment item that were marked as 'to follow' on the agenda sent out recently.

### **Agenda No    Item**

122.    **Small Business Discretionary Payment (Pages 3 - 30)**

Appendix 1 – Small Business Discretionary Payment Policy  
Appendix 2 – Local Authority Discretionary Grant Funding Guidance  
Appendix 3 – Funding allocation letter from the Department for Business, Energy and Industrial Strategy received 21<sup>st</sup> May 2020

Yours sincerely

A handwritten signature in black ink, appearing to read 'Susan Parsonage'.

Susan Parsonage  
Chief Executive

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# **WOKINGHAM BOROUGH COUNCIL**

## **DISCRETIONARY GRANTS POLICY 2020 – 2021 COVID 19**

## Version Control

<b>Version</b>	<b>Date</b>	<b>Author</b>	<b>Comments</b>
1	14.05.20	Andrew Kupusarevic	draft
2	18.05.20	Andrew Kupusarevic	Updated draft document
3	20.05.20	Andrew Kupusarevic	Released - Executive Committee on 28 <sup>th</sup> May 2020
4	21.05.20	Andrew Kupusarevic	Re-released due to update from Government

## 1.0 Introduction

On 1<sup>st</sup> May, the Government announced that it would provide Local Authorities with additional funding to target small businesses with high fixed property-related costs but that are not eligible for the current grant schemes.

The Government are making an additional 5% uplift to the £12.33 billion previously announced for the Small Business Grants Fund and the Retail, Hospitality and Leisure Grants Fund, or up to £617 million, available to Local Authorities.

They will confirm the exact amount for each local authority in due course. Where Local Authorities anticipate having remaining funding from their initial allocations, having made payments to all eligible businesses, we are required to use these remaining funding first. Additional funding will only be made available where a Local Authority does not have sufficient remaining funds to meet the costs of this additional 5% discretionary grant fund.

The Government want Local Authorities to exercise their local knowledge and discretion and they recognise that economic need will vary across the country, so they are setting some national criteria for the funds, but allowing Local Authorities to determine which cases to support within those criteria.

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.
- 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.

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

The Government are asking Local Authorities to prioritise the following types of businesses for grants from within their 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 traders 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.

The list set out above is not intended to be exhaustive, but is intended to guide Local Authorities as to the types of business that the Government considers should be a priority for the scheme. The precise design of the discretionary fund will be up to each Local Authority.

The Government are setting some national criteria for the funds which must apply to all grants made from this Fund. These grants can only go to:

- Businesses with ongoing fixed building-related costs
- Businesses which can demonstrate that they have suffered a significant fall in income due to the Covid-19 crisis
- Business with fewer than 50 employees
- Businesses that were trading on 11<sup>th</sup> March.

In addition, businesses which are eligible for the existing grant schemes or Self-employed Income Support Scheme (this scheme allows the self-employed to claim a taxable grant of 80% of their average monthly trading profits), are not eligible.

Grants are capped at £25,000. The next level of grants is £10,000. Local Authorities have discretion to make payments of any amount under £10,000. It will be for Local Authorities to adapt this approach to local circumstances.

As this is a discretionary fund, Wokingham Borough Council (WBC) will be using an application process.

The initial decision as to whether the discretionary grant will be payable will be made by the Business Rates Team followed by an internal decision panel comprising of the Assistant Director for Housing, Income and Assessments and Head of Finance for those who wish to appeal.

## **2.0 Local Picture**

### **Covid 19 – Business Support Grants**

The below table shows the current progress (as at the time of this report) WBC have made in relation to Business Support Grants prior to the recent announcement that additional funding will be made available via a discretionary scheme.

	Paid out to date	Estimate of eligible businesses	Government funding received
Total	£16,185,000	£21,770,000	£20,532,000
Paid as % of;		74.3%	78.8%

		No. of Businesses Paid			Total No. of Businesses Paid	Cumulative Total No. of Businesses Paid	% Paid of Total Estimated Eligible Businesses
Week Ending	Scheme 1	Scheme 2a	Scheme 2b				
	Small Business Grant	Retail, Hospitality and Leisure Grant					
	£10k Grant	£10k Grant	£25k Grant				
Week 1	5th April	43	0	23	66	66	4%
Week 2	12th April	48	12	50	110	176	10%
Week 3	19th April*	41	3	31	75	252	14%
Week 4	26th April	139	10	44	193	445	25%
Week 5	3rd May	391	38	61	490	935	53%
Week 6	10th May	108	16	32	156	1,091	62%
Week 7	17 <sup>th</sup> May	71	3	11	85	1,174	67%
Week 8	24 <sup>th</sup> May	44	0	9	53	1,227	70%

\* Due to bank holidays, only 1 payment run made

### 3.0 Statement of Objectives

The Council recognises that it must be able to respond flexibly to the needs of Businesses within the borough if it wants to support strong and sustainable local communities.

The Discretionary Grants will be used to help mitigate the escalation of exceptional circumstances that threaten business abilities to remain sustainable during Covid 19.

The intentions of the funds are:

- To help business in the short term to remain sustainable;
- To support business who have to remain shut or cannot trade during the Covid 19 pandemic;
- To support business who are preparing to re-open following the relaxation of the 'stay at home' requirements.

In recognition of the current economic situation due to the COVID 19 pandemic, where there is likely to be an increase in claims and pressure on the fund, the council will aim to be as flexible as possible while still adhering to this policy and Government guidance.

## **4.0 Policy**

### **4.1 Discretionary Grants - Payments Scheme**

The Government guidance is clear that

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

The Council has reviewed the guidance and has developed the criteria below based on this guidance.

The Discretionary Grants are intended to provide short-term financial assistance where small business have not been able to apply for the Small Business Grant Fund or the Retail, Leisure and Hospitality Grant Fund.

The delivery of the discretionary grant is purely at the Council’s discretion. The scheme set out in the following paper shall be known as the Discretionary Grant Policy and will apply from 1<sup>st</sup> June 2020 onwards, until changed.

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.

All applications will be considered on their individual merits.

### **4.2 Applying for a Discretionary Grant**

- The discretionary grant will be advertised directly on our website, where the application form can be completed and sent electronically to the Council. Businesses must provide their supporting evidence (see 4.4 below) as this will be required to assist the decision making process.
- Applications must be made on the appropriate application form available on our website.
- All outcomes will be notified in writing.

### **4.3 Eligibility Criteria**

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-19 related scheme are ineligible for funding from the Discretionary Grants Fund. Such grant schemes include but are not limited to:

- Self-Employment Income Support Scheme
- Small Business Grant Fund
- Retail, Hospitality and Leisure Grant
- Government back loans due to Covid 19
- The Coronavirus Business Interruption Loan Scheme (CBILS)

- Coronavirus Job retention scheme (furlough)
- Market Traders who have received discretionary funding from another Local Authorities / Councils.
- The Fisheries Response Fund
- Domestic Seafood Supply Scheme (DSSS).
- The Zoos Support Fund
- The Dairy Hardship Fund

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

Only one grant will be paid to the business irrespective of the number of hereditaments they may have.

To be considered for a Discretionary Grant Payment the Business must be a:

- Businesses with ongoing fixed building-related costs – for example Rent, Utilities and Insurance/s
- Businesses which can demonstrate that they have suffered a significant fall in income due to the Covid-19 crisis
- Business with fewer than 50 employees
- Businesses that were trading on 11<sup>th</sup> March
- Businesses which occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000
- Satisfy the Council that further financial assistance is required in order to sustain their business

#### **4.4 Awarding a Discretionary Grant payment**

In deciding whether to make a Discretionary Grant payment we will have regard to the Businesses circumstances. In order to do this each Business must supply (where possible) reasonable supporting evidence to support their request for the grant payment. This will include, but is not limited to:

- Lease documents / Licencing agreement
- Summary of your monthly fixed outgoings
- Number of staff
- Bank statements, for the last 3 months
- What support have you already received
- What steps have you taken to minimise your outgoings – agreed rent reductions etc
- Have you seen a reduction in your operating costs – if so please clarify

The Council will award the discretionary grant based of the following criteria, whilst having due regard to the funds made available:

<b>Amount</b>	<b>Under £10,000</b>	<b>£10,000</b>	<b>£25,000</b>
<b>Eligibility</b>	Micro-businesses with fixed costs or support for businesses that are crucial for their local economies	Businesses with relatively high ongoing fixed property-related costs and can demonstrate that they have suffered a fall in income due to the COVID-19 pandemic	Businesses with relatively high ongoing fixed property-related costs and can demonstrate that they have suffered a significant fall in income due to the COVID-19 pandemic

The Council wants to ensure that as many business as possible can benefit from the discretionary funding.

Once this funding has been exhausted no further business will be eligible.

#### **4.5 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 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.

Local authorities have a discretion to make payments to eligible recipients under either the De Minimis rules or the COVID-19 Temporary Framework for UK Authorities (provided all the relevant conditions are met).

#### **4.6 Payments of a Discretionary Grant Payment**

All payments will be made by Business Services via a bank transfer payment into the businesses account.

#### **4.7 Notification**

The Council will notify the Business of the outcome in writing. It will also include details of how to appeal a decision.

#### **4.8 Right to Appeal**

Discretionary grants are not subject to any formal statutory appeals process and therefore there are no appeal rights.

#### **4.9 Overpayments**

If the Council becomes aware that the information contained in an application for a Discretionary Grant was incorrect or that relevant information was not declared, either intentionally or otherwise, the Council will seek to recover the value of any Discretionary Grant paid made as a result of that application.

#### **4.10 Fraud**

The Council is committed to the fight against fraud in all its forms. Any Business who tries to fraudulently claim a Discretionary Grant might have committed an offence under the Fraud Act 2006.

If the Council suspects that fraud may have occurred, the matter will be investigated as appropriate and this could lead to criminal proceedings.

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.

#### **4.11 Publicity**

In addition to details being contained on the Council's website, the scheme will be advertised via social media and support from the Business Growth Hub.

#### **4.12 Monitoring**

The Business Rates Team and The Senior Finance Specialist will monitor the amount and types of award made. This monitoring information will be available for management and members at any time, and any other relevant persons or organisations with whom data can be shared within appropriate legislation and guidance.

In addition the Investigations Team carries out monitoring on the amount of awards made to each funding stream.

#### **4.13 Financial Implications**

The Government will reimburse Local Authorities that pay grants to eligible businesses.

Central government will fully reimburse Local Authorities, in line with their previous guidance and the grant offer letter previously sent to LAs, for the cost of the grant (using a grant under section 31 of the Local Government Act 2003).

The Government are making an additional 5% uplift to the £12.33 billion previously announced for the Small Business Grants Fund and the Retail, Hospitality and Leisure Grants Fund, or up to £617 million, available to Local Authorities.

The level of discretionary funding being made available by Central government to Wokingham Borough Council to support local businesses is £1.1m.

The discretionary grants will only be paid from within the allocated funds on a 'first come, first served bases'. However, if the Government decide to extend the current 'discretionary' grant scheme then the policy will be extended in line with the details set out above.



Department for  
Business, Energy  
& Industrial Strategy

# Grant Funding Schemes

Local Authority Discretionary Grants Fund –  
guidance for local authorities



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## About this guidance

1. This guidance is intended to support local authorities in administering the Local Authority Discretionary Grants Fund announced on 1 May 2020. This guidance applies to England only.
2. This guidance sets out the criteria which local government should consider as they manage the Local Authority Discretionary Grants Fund. This does not replace [existing guidance](#) for the Small Business Grant Fund (SBGF) or the Retail Hospitality and Leisure Grant Fund (RHLGF).
3. Local authority enquiries on this measure should be addressed to [businessgrantfunds@beis.gov.uk](mailto:businessgrantfunds@beis.gov.uk). Businesses seeking information should refer to their local authority for further information on their discretionary scheme.

## Introduction

4. 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.
5. This additional fund is aimed at small businesses who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund.

## How will the grants be provided?

6. Local authorities will be responsible for delivering grants to eligible businesses. Section 1 of the Localism Act 2011 provides all local authorities with the vires to make these payments.
7. The cost to local authorities of these grant payments will be met in one of two ways:
  - Where they have or plan to spend all of the grants fund allocation for the Small Business Grants Fund and Retail, Hospitality and Leisure Grants Fund, they will receive an additional payment of 5% of their funding allocation (using a grant under section 31 of the Local Government Act 2003).
  - Local authorities that, having taken all reasonable steps to provide grants to eligible businesses for the Small Business Grants Fund and/or the Retail, Hospitality and Leisure Grants Fund, still have unspent initial grants funds allocation, will fund the grants from this unspent residual. Local authorities with a projected underspend of more than 5% cannot allocate awards above their 5% threshold.
8. In either case, we will continue to monitor each local authority's spend performance for the Small Business, Retail, Hospitality and Leisure Grants Funds and the Local Authority Discretionary Grants Fund and ensure they have sufficient funding and the correct 5% cap for the Discretionary Grants Fund and will top up funding where necessary.

9. We will use the data return from local authorities of Monday 4th May 2020, which includes a projection of spend totals for the Small Business and Retail, Hospitality and Leisure Grants Funds, as the baseline for calculating either:
  - The 5% funding envelope that each local authority can utilise to meet the costs of this discretionary grants scheme, where they have residual funding available;
  - Or, the allocation of the additional amount of grant to be paid to those local authorities expecting to have no residual funding or not enough residual funding from the initial allocation of Small Business and Retail, Hospitality and Leisure Grants Funds.
10. This is a baseline to provide the fixed minimum 5% allocation for each local authority, to give certainty. We do not want to penalise local authorities that subsequently manage to achieve a higher number of business hereditaments supported and grants awarded; their 5% allocation will be adjusted upwards.
11. We are committed to meeting the delivery costs to local authorities for this scheme and will meet associated New Burdens costs.
12. Local authorities that will be responsible for making payments to businesses and which will receive funding from government are billing authorities in England.
13. This grant scheme widens access to support to businesses who are struggling to survive due to the Corona virus shutdown but are unable to access other grant funding. Local authorities should make payments as quickly as possible to support struggling businesses. We anticipate that the first payments made under the scheme will be received by businesses by early June.

## How much funding will be provided to businesses?

14. 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.
15. Grants under the Local Authority Discretionary Grants Fund are capped at £25,000.
16. The next level payment under the Local Authority Discretionary Grants Fund is £10,000.
17. Local authorities have discretion to make payments of any amount under £10,000. 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. We expect that payments of under £10,000 may be appropriate in many cases.
18. In taking decisions on the appropriate level of grant, local authorities may want to take into account the level of fixed costs faced by the business in question, the number of employees, whether businesses have had to close completely and are unable to trade online and the consequent scale of impact of COVID-19 losses.
19. Bearing in mind the above, local authorities should set out clear criteria for determining the appropriate level of grant to give businesses clarity.

## Who will benefit from these schemes?

20. 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.
  - 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.
21. 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
22. 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
23. We want local authorities to exercise their local knowledge and discretion and we recognise that economic need will vary across the country, so we are setting some national criteria for the funds but allowing local authorities to determine which cases to support within those criteria.
24. We are asking local authorities to prioritise the following types of businesses 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 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.

25. The list set out above is not intended to be exhaustive but is intended to guide local authorities as to the types of business that the government considers should be a priority for the scheme. Authorities should determine for themselves whether particular situations not listed are broadly similar in nature to those above and, if so, whether they should be eligible for grants from this discretionary fund.
26. Where limits to funding available for this scheme require local authorities to prioritise which types of businesses will receive funding, it will be at the local authorities discretion as to which types of business are most relevant to their local economy. There will be no penalty for local authorities because of their use of discretion to prioritise some business types.
27. Local authorities should set out the scope of their discretionary grant scheme on their website, providing clear guidance on which types of business are being prioritised, as well as the rationale for the level of grant to be provided (either £25,000, £10,000 or less than £10,000).
28. Local authorities may wish to consider collaborating as they design their discretionary schemes to ensure there is consistency where they are working across a functional economic area (e.g. a Mayoral Combined Authority or Local Enterprise Partnership area) and may want to engage with MCAs and LEPs to ensure alignment and reduce duplication with other local discretionary business grants that may have been established.

## Eligibility

29. 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:
  - Self Employment Income Support Scheme
  - 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
30. Businesses who have applied for the Coronavirus Job Retention Scheme are eligible to apply for this scheme.
31. Only businesses which were trading on 11 March 2020 are eligible for this scheme.
32. Companies that are in administration, are insolvent or where a striking-off notice has been made are not eligible for funding under this scheme.

## Who will receive this funding?

33. It is recognised that local authorities will need to run some form of application process as the potential beneficiaries are highly unlikely to be known directly by the local authorities.
34. This will allow local authorities to undertake proportionate pre-payment checks to confirm eligibility relative to their local scheme and to allow each local authority to determine how to use its discretion in relation to the appropriate level of grant. Prepayment checks must include confirming that by accepting payments recipients are in compliance with State aid rules.
35. Local authorities must use their discretion in identifying the right person to receive this funding, based on their application process.
36. The local authority must call or write to the business, stating 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. Suggested wording for State aid declarations is included at Annex B.

## Will these grant schemes be subject to tax?

37. Grant income received by a business is taxable therefore funding paid under the Local Authority Discretionary Grants Fund will be subject to tax.
38. Only businesses which make an overall profit once grant income is included will be subject to tax.

## Managing the risk of fraud

39. 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.
40. The government Grants Management Function and Counter Fraud Function will make their digital assurance tool, Spotlight, available to local authorities, and will offer support in using the tool and interpreting results. Alongside other checks conducted by local authorities, the tool can help with pre-payment and post payment assurance. We also want local authorities to work with us and each other in identifying and sharing good practice, including protecting eligible businesses which may be targeted by fraudsters pretending to be central or local government or acting on their behalf.

## Post event assurance

41. 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.

## Monitoring and reporting requirements

42. Local authorities will be required to report on their progress in developing and delivering the Local Authority Discretionary Grant Fund weekly to BEIS alongside the existing reporting on the Small Business Grants Fund and Retail, Hospitality and Leisure Grants Fund. Criteria for local authority schemes must be published and shared with BEIS.
43. Once the scheme is developed and payments are made, reports from June onward will cover:
  - Numbers of businesses provided £25,000 grants
  - Numbers of businesses provided £10,000 grants
  - Numbers of businesses provided less than £10,000 grants
  - Total funding paid out in relation to the discretionary grant scheme paying less than £10,000
  - Expected date of completion of all grant payments to businesses
  - Issues encountered in implementing the scheme to allow BEIS to support development of solutions with local authorities.
44. We will also contact a sample of LAs each month to:
  - Check they are awarding in line with the mandatory criteria;
  - Understand the ways in which they are using their discretion.
45. Annex A contains information on Post Payment Monitoring requirements.

## State aid

46. 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.
47. Local authorities have a discretion to make payments to eligible recipients under either the De Minimis rules or the COVID-19 Temporary Framework for UK Authorities (provided all the relevant conditions are met).
48. 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.
49. 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. Local authorities should note the conditions attached to the Temporary Framework, including the €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), and requirement for recipients to declare they were not an undertaking in difficulty on 31 December 2019. An 'undertaking in difficulty' is defined by GBER (2014) as an undertaking in which at least one of the following circumstances occurs:

- a) In the case of a limited liability company (other than an SME that has been in existence for less than three years), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital.
- b) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses.
- c) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.
- d) Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan.
- e) In the case of an undertaking that is not an SME, where, for the past two years:
  - i) The undertaking's book debt to equity ratio has been greater than 7.5 and
  - ii) The undertaking's EBITDA interest coverage ratio has been below 1.0.

50. Annex B of this guidance contains two sample declarations which local authorities may wish to use with either payments under the De Minimis rules or under the COVID-19 Temporary Framework for UK Authorities. Where local authorities have further questions about De Minimis or other aspects of State aid law, they should seek advice from their legal department in the first instance.

## Annex A: Post-payment reporting

### Background

1. Local authorities will be required to report weekly to BEIS on the Local Authority Discretionary Grants Fund, alongside the existing reporting on the Small Business Grants Fund and Retail, Hospitality and Leisure Grants Fund
2. Reports will cover:
  - Numbers of businesses provided £25,000 grants
  - Numbers of businesses provided £10,000 grants
  - Numbers of businesses provided less than £10,000 grants
  - Total funding paid out in relation to the discretionary grant scheme paying less than £10,000
  - Expected date of completion of all grant payments to businesses
  - Issues encountered in implementing the scheme to allow BEIS to support development of solutions with local authorities
3. The return will be completed using the DELTA Reporting system.

### Process

4. Local authorities are required to complete the weekly return for BEIS by 10am Monday (from early June), reporting on the previous Monday – Sunday period.
5. Each weekly report will only cover grants provided by local authorities to eligible business during the period of the previous week as per paragraph 4. The Cities and Local Growth Unit will consolidate the reports to create a cumulative total and monitor progress against the allocation of funding per local authority.

### Definitions

<b>Total number of grants provided under each level of the scheme (£25,000; £10,000; and less than £10,000)</b>	Number of grants paid (in that week) to the eligible businesses identified by the local authorities.
<b>Total funding paid out in relation to the discretionary grant scheme paying less than £10,000</b>	This should reflect the amount of money paid in grants against the under £10k grant in the reporting week under this scheme.
<b>Expected Date of Completing all payments to Eligible Businesses</b>	Date at which the local authorities believes it will have provided all grants under the scheme.
<b>Comments</b>	Highlight in this box issues that local authorities are encountering while implementing the schemes.

## Annex B: State aid – Sample paragraphs that could be included in letters to grant recipients

### Template to send to beneficiaries of aid awarded based on the UK COVID-19 Temporary Framework<sup>1</sup>

Dear [Name of Aid Recipient]

#### **Confirmation of State Aid received under the COVID-19 Temporary Framework for UK Authorities scheme**

Following the outbreak of the Coronavirus, the European Commission has approved schemes to aid businesses affected by the Coronavirus outbreak on the basis of their Temporary Framework, including the COVID-19 Temporary Framework scheme for the UK.

The maximum level of aid that a company may receive is €800 000 (€120 000 per undertaking active in the fishery and aquaculture sector or €100 000 per undertaking active in the primary production of agricultural products). This is across all UK schemes under the terms of the European Commission's Temporary Framework. The Euro equivalent of the Sterling aid amount is calculated using the Commission exchange rate<sup>2</sup> applicable on the date the aid is offered.

Any aid provided under this scheme will be relevant if you wish to apply, or have applied, for any other aid granted on the basis of the European Commission's Temporary Framework. You will need to declare this amount to any other aid awarding body who requests information from you on how much aid you have received. You must retain this letter for four years after the conclusion of the UK's transition from the EU and produce it on any request from the UK public authorities or the European Commission.

Aid may be granted to undertakings that were not in difficulty (within the meaning of Article 2(18) of the General Block Exemption Regulation<sup>3</sup>) on 31 December 2019, but that faced difficulties or entered in difficulty thereafter as a result of the COVID-19 outbreak<sup>4</sup>.

This aid is in addition any aid that you may have received under the De Minimis regulation allowing aid of up to €200,000 to any one organisation over a three fiscal year period (i.e. your current fiscal year and previous two fiscal years), and any other approved aid you have received under other State aid rules, such as aid granted under the General Block Exemption Regulation.

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<sup>1</sup> Approval reference.

<sup>2</sup> [https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro\\_en](https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en)

<sup>3</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02014R0651-20170710>

<sup>4</sup> If you are an undertaking in difficulty within the meaning of Article 2(18) of the General Block Exemption Regulation you may still be entitled to de minimis aid if you have received less than €200,000 in de minimis aid in the last three years. You should contact us if you consider that you may qualify for de minimis aid on this basis.

### **Confirmation of State aid received under x Scheme, and Undertaking in Difficulty status**

Please sign the attached statement confirming your eligibility, in principle, for aid.

I confirm that I have received the following aid under measures approved within the European Commission's Temporary Framework between March 2020 and December 2020.

I confirm that my undertaking was not in difficulty (within the meaning of Article 2(18) of the General Block Exemption Regulation) on 31 December 2019.

<b>Body providing the assistance/ aid</b>	<b>Value of assistance (in €)</b>	<b>Date of assistance</b>

### **Declaration**

<b>Company</b>	
<b>Company Representative Name</b>	
<b>Signature</b>	
<b>Date</b>	

## Template to send to beneficiaries of aid awarded based on De Minimis Rules

Dear [ ]

The value of the grant payment to be provided to [name of undertaking] by [name of local authority] is £ [ ] (Euros [ ]).

This award shall comply with the EU law on State aid on the basis that, including this award, [name of undertaking] shall not receive more than €200,000 in total of de minimis aid within the current financial year or the previous two financial years). The de minimis Regulations 1407/2013 (as published in the Official Journal of the European Union L352 24.12.2013) can be found at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0001:0008:EN:PDF>

Amount of de minimis aid	Date of aid	Organisation providing aid	Nature of aid

I confirm that:

- 1) I am authorised to sign on behalf of \_\_\_\_\_ [name of undertaking]; and
- 2) \_\_\_\_\_ [name of undertaking] shall not exceed its De minimis threshold by accepting this grant payment.

SIGNATURE:

NAME:

POSITION:

BUSINESS:

ADDRESS:

I confirm that I wish to accept the grant payment in relation to the above premises.

DATE:

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Dear Graham Ebers

We would like to provide you with an update on the allocations for both the Small Business Grant Fund (SBGF) and Retail, Hospitality and Leisure Grant Fund (RHLGF) and for the recently announced Local Authority Discretionary Grant Fund (LADGF). As set out in the Grant Offer Letter for the Business Support Package for the first two schemes, the payment of grant was an on account payment.

It was agreed that local authorities (LAs) would be funded on outturn costs to be confirmed in the future. Although a full reconciliation is yet to take place (and not likely until later in the year), it has become apparent through weekly reporting that some areas are in need of additional funding, to cover the costs of the original grant schemes as well as needing funds to deliver the new LADGF scheme. It is also clear from the weekly reporting that some LAs will not need all their original allocation.

Below we set out how we have identified those LAs needing extra funding to cover the costs of the SBGF and RHLGF. We also set out the fixed minimum allocation for the LADGF and whether any additional payments need to be made to you. The fixed minimum allocation for the LADGF is a 5% uplift on the in scope hereditaments as identified at 3 May.

### **Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund**

You will have received a Grant Offer Letter on or around 1 April setting out your initial allocation for the above scheme, see column (a) in the table below. As a result of the weekly monitoring returns and your identification of in scope hereditaments, the amount you actually require to pay the original grants is calculated in column (b). We will continue to monitor this to ensure that you continue to have enough funding to cover requirements.

### **Local Authority Discretionary Grant Fund**

As you are aware, we published guidance on the LADGF on 13 May 2020. Ahead of sending you your Grant Offer Letter, we wanted to provide you with details of your fixed minimum allocation. This amount can be found in column (c).

Where you still have unspent initial grant funds allocation from the SBGF and RHLGF schemes, you will fund LADGF grants from this unspent residual. Local authorities with a projected underspend of more than 5% cannot allocate awards above their 5% threshold.

### **Payments**

Having taken account of your initial allocation, requirements as at 3 May and your fixed minimum allocation for LADGF, column (d) indicates whether an additional payment is to be made and the value of that payment. It is expected that this payment be made in early June.

Local Authority	SBGF & RHLGF Initial Grant Allocation	SBGF & RHLGF Grant Requirement identified by LA as at 3rd May	LADGF Fixed Minimum Allocation	Payment to be made around 1 June 2020
	(a)	(b)	(c)	(d)
Wokingham Borough Council	£20,532,000	£22,255,000	£1,112,750	£2,835,750

You will shortly receive a Grant Offer Letter which sets out the conditions of the LADGF grant. This will not replace your original grant offer letter for SBGF and RHLGF.

Yours sincerely

A handwritten signature in black ink that reads "Jenny Dibden". The signature is written in a cursive, slightly slanted style.

**Jenny Dibden**  
Co-Director and Senior Responsible Officer (SRO),  
Cities and Local Growth Unit,  
Department for Business, Energy and Industrial Strategy