



# **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
5	12.06.20	Andrew Kupusarevic	IEMD – amendment to policy (4.3)

## 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 decision as to whether the discretionary grant will be payable will be made by the Business Rates Team.

## **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 (amendment) and will remain so until further notice.

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**

Those businesses that have previously received financial support in the form of a loan are eligible to apply for the discretionary grant payment.

Business which have already received payments via the ‘mandatory’ grants scheme are not eligible to apply e.g: Small Business Grant Fund / Retail, Leisure and Hospitality Grants 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>
Eligibility	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.

#### **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.

This page is intentionally left blank