



PRESTON CITY COUNCIL

**COVID-19 BUSINESS GRANT POLICY
2020/21**

**encompassing
SMALL BUSINESS GRANT SCHEME (1)
RETAIL, HOSPITALITY & LEISURE GRANT
SCHEME (2)
LOCAL AUTHORITY DISCRETIONARY GRANT
SCHEME (3)**

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SMALL BUSINESS GRANT & RETAIL, HOSPITALITY AND LEISURE GRANT SCHEMES (1 & 2)

1. Introduction

In response to the Coronavirus, Covid-19, the Government announced there would be support for small businesses, and businesses in the retail, hospitality and leisure sectors in the form of two grant funding schemes in Financial Year 2020-2021; the Small Business Grant Fund (SBGF) and the Retail, Hospitality and Leisure Grant Fund (RHLGF).

- **Scheme 1 - Small Business Grant Fund** - Hereditaments included in this scheme are those which on the 11 March 2020 were eligible for relief under the business rate Small Business Rate Relief Scheme.
- **Scheme 2a - Retail, Hospitality and Leisure Grant Fund** - Hereditaments which on the 11 March 2020 had a rateable value up to and including £15,000 and would have been eligible for a discount under the business rates Expanded Retail Discount Scheme, had that scheme been in force for that date are eligible for the grant.
- **Scheme 2b - Retail, Hospitality and Leisure Grant Fund** - Hereditaments which on the 11 March 2020 had a rateable value over £15,000 and less than £51,000 and would have been eligible for a discount under the business rates Expanded Retail Discount Scheme, had that scheme been in force for that date are eligible for the grant.

Full guidance notes can be found at

<https://www.gov.uk/government/publications/coronavirus-covid-19-business-support-grant-funding-guidance-for-businesses>

2. Grant Amounts

The amount of Grant available for each Scheme is as follows:

- Scheme 1 - Small Business Grant Fund £10,000;
- Scheme 2a - Retail, Hospitality & Leisure Grant Fund £10,000;
- Scheme 2b - Retail, Hospitality & Leisure Grant Fund £25,000;

For the avoidance of doubt:

- a) Only one grant can be given in respect of any individual business premises
- b) Only one grant can be awarded under the Small Business Grant Fund rules
- c) Where any hereditament could receive an award under Scheme 1 or Scheme 2, only one grant will be awarded, and
- d) Both ratepayer and business premises must meet the eligibility criteria shown within this policy.

The grant does not need to be paid back and is designed to help business cope with the impact of COVID-19.

3. Eligibility Criteria

Funding is to be provided to the person who according to the billing authority's records was the ratepayer in respect of the hereditament on the 11 March 2020.

To claim grant, a business premises must have been eligible for the following reliefs on 11 March 2020:

- Small Business Grant Fund (Scheme 1) – receiving Small Business Rates Relief (SBRR) or Rural Rate Relief (RRR)
- Retail, Hospitality and Leisure Grant Fund (Scheme 2 a&b) – receiving Expanded Retail Discount – provided the rateable value of their premise(s) is less than £51,000

The Effective Date:

The effective date for eligibility is 11th March 2020 and, in all cases, the following government guidance applies at the effective date:

- The hereditament must be shown in the Rating List as at 11th March 2020
- Any changes to the Rating List (Rateable Value (“RV”) or hereditament) after 11 March 2020, including changes which have been backdated to this date, should be ignored for the purposes of eligibility. Local authorities are not required to adjust, pay or recover grants where the rating list is subsequently amended retrospectively to 11 March 2020.
- By exception, in cases where it was factually clear to the Local Authority on the 11 March 2020 that the rating list was inaccurate on that date, local authorities may withhold the grant and/or award the grant, based on their view of who would have been entitled to the grant had the list been accurate. This is entirely at the discretion of the Local Authority and only intended to prevent manifest errors. It is not intended for ratepayers who subsequently challenge their RV.
- Where a hereditament is exempt from rating as at 11 March 2020, no grant shall be payable.
- If the property has a NIL RV as at 11 March 2020 no grant shall be payable

Retrospective Adjustments:

In cases where discretion is being considered, Officers will use the following guiding principles:

- Cases will be considered on an individual basis
- Discretion can't be used to make awards to businesses that are not covered by the general eligibility criteria
- New assessments (not created from the split or merger of existing assessments), yet to be entered into the Rating List (pre 11 March 2020), with no previous information or evidential proof provided, nor Visiting Officer awareness of occupation, will not be considered eligible for the payment of Grant.
- Simple failure to notify of a relevant change prior to 11 March 2020, or ignorance of the business rate system alone is not considered a reasonable excuse when considering eligibility for the payment of grant.
- Where Retail, Hospitality and Leisure Grant is considered appropriate, retrospective RV increases will be disregarded when determining the level of Grant payable.

Some scenarios where discretion may be considered are (subject to eligibility for relevant reliefs – Small Business Relief or Expanded Retail Discount):

- Where someone should be the ratepayer pre-11 March 2020 but has only just told us they have moved in (provided the hereditament already exists in the Rating List). We will seek evidence to confirm occupation (perhaps by Planning or Building Control information) and endeavour to pay the correct ratepayer.
- Where we have already reported to the VOA that a change to the Rating List is required but the List has either not yet been altered or we have not yet processed the change.
- Where we already hold details (pre-11 March 2020) that a change to the Rating List is required but it has not yet been reported to the VOA.
- Splits and Mergers of existing rating assessments, may be considered, in circumstances where evidenced and proven beyond reasonable doubt to be a manifest error in the Rating List. However, splits reported after the event, where the individual units stay within the same “ownership”, undertaken to take advantage of the scheme will not be considered.
- Zero rated assessments which have a rateable value increase by VOA for a period pre-11 March 2020.

Unfortunately, in cases requiring and dependent upon action by the VOA, grant will not be considered /paid until such time that the Rating List is amended, and businesses should be referred to Economic Development for further assistance with other available help (ie. Business Interruption Loans).

Other Eligibility issues:

The Expanded Retail Relief Scheme has been extended to also cover bingo halls, estate agents and letting agencies.

Charities receiving Charitable Rate Relief can't be eligible for Small Business Rate Relief or Rural Rate Relief and therefore cannot be eligible under the Small Business Grants Fund. They may be eligible under the Retail, Hospitality and Leisure Grant Fund. Such charities should complete the online form [Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund request for information form](https://www.preston.gov.uk/businessratesgrantsform) (<https://www.preston.gov.uk/businessratesgrantsform>) and the Council will assess their case on an individual basis.

Properties in receipt of 100% Discretionary Rate Relief on 11 March 2020 that meet the eligible criteria within the Expanded Retail Relief Scheme or Small business Rate Relief Scheme, will qualify for the grant, unless State Aid rules apply.

Properties falling within the Nursery scheme are not eligible for a grant, unless they were in receipt of Small Business Rate Relief or Rural Rate Relief as of 11 March 2020.

The Council is responsible for making payments to businesses and will interpret legislation and guidance in exercising its judgement to determine whether or not eligibility is met as part of this decision making process.

4. Exclusions

Exclusions to Small Business Grant Fund (Scheme 1):

- Hereditaments occupied for personal uses. Examples of where there may be personal use include private stables and loose boxes, beach huts and moorings.
- Car parks and parking spaces.
- Businesses which as at 11 March were in liquidation or were dissolved will not be eligible.
- Businesses which are not ratepayers in the business rate system are not included in this scheme.

Exclusions to Retail, hospitality & Leisure Grant Fund (Scheme 2 a&b)

- Recipients eligible for the Small Business Grant will not be eligible for the Retail, Hospitality and Leisure Grant.
- Hereditaments occupied for personal uses. Examples of where there may be personal use include private stables and loose boxes, beach huts and moorings.
- Car parks and parking spaces.
- Businesses which as at 11 March were in liquidation or were dissolved will not be eligible.
- Hereditaments with a rateable value of £51,000 or over.
- Only one grant may be awarded per hereditament.
- Businesses which are not ratepayers in the business rate system are not included in this scheme.

Where a Council/authority (such as a parish council) runs a facility, such as a public convenience, or a venue for hire (village hall/assembly rooms for example), government guidance is clear and states that in line with restrictions in the Expanded Retail Discount scheme, billing authorities may not award either grant to themselves, or another precepting authority.

LOCAL AUTHORITY DISCRETIONARY GRANT SCHEME (3)

5. Introduction

In response to the Coronavirus, COVID-19, the Government announced there would be support for small businesses, and businesses in the retail, hospitality and leisure sectors, delivered through the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund.

This additional fund is aimed at small businesses who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund. In recognising that economic need will vary across the country, the Government have set some national criteria for the fund, whilst allowing local authorities to determine which cases to support within those criteria.

- **Scheme 3 – Local Authority Discretionary Grant Fund** - Hereditaments included in this scheme are those which on the 11 March 2020 were eligible for relief under the criteria detailed below, had that criteria been in force on that date.

The full guidance note can be found on the following link:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/887239/Local_Authority_Discretionary_Grants_Fund_-_guidance_for_local_authorities_-_version_2.pdf

6. Grant Amounts

The Council will work within budget when making awards and adapt its approach to local circumstances, providing support for small and micro-businesses that meet the eligibility criteria.

Grants awarded by the Council from this discretionary grant fund will be capped at a maximum £10,000. In the first instance, it is not possible to determine the level of grant allocation to each eligible business, as the Council's allocation is fixed and the number of eligible businesses is unknown.

The Council is keen to balance the need to pay eligible businesses as soon as possible with an equitable consideration to ensure that no eligible business misses out and a clarity consideration to ensure that the features of the policy are clear and understandable. In order to establish this balance, scheme 3 has the following features:

- The scheme will be opened during week commencing 1 June 2020 to the business types set out in section 7 below
- An initial payment of £2,000 will be made to those priority businesses which meet the eligibility as set out in section 7 below
- A closing date for applications will be set (19th June 2020) to allow for analysis of take-up and spend
- Following the closing date, a position statement will be produced detailing the number of eligible businesses in each category that have been paid the initial payment. Based on this information a decision will be made on how to disburse any remaining allocation. At this stage, the following options will be considered:
 - Further allocations to those priority businesses which have applied and been assessed as eligible
 - Extension of the scheme to further types of businesses which meet the definitions for eligibility set out in section 7
 - A combination of the above two
- At the point that this decision is made, this Policy will be updated to reflect that decision.

The grant does not need to be paid back and is designed to help business cope with the impact of COVID-19.

7. Eligibility Criteria

Only businesses which were trading on 11 March 2020 are eligible for this scheme. Funding is to be provided to the person who is the business owner (eg. Sole trader, partnership, Limited Company) in respect of the hereditament on this date.

The eligibility criteria for this fund has been set by Central Government and is primarily aimed at small and micro businesses (defined in the guidance) with relatively high fixed building costs who can demonstrate they have suffered a significant fall in income due to the Covid-19 crisis. The fund is prioritised for the following type of businesses:

- Small businesses in shared offices or other flexible workspaces. Examples 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 with a rateable value below £15,000.

Eligible businesses must demonstrate that they fall into all of the following categories:

- have relatively high ongoing fixed property related costs
- have suffered a significant fall in income due to Covid-19
- meet the definition of a small or micro business as set out in the Companies Act 2006 and reproduced in paragraphs 21 and 22 of the government guidance available at this link:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/887239/Local_Authority_Discretionary_Grants_Fund_-_guidance_for_local_authorities_-_version_2.pdf
- are an eligible business which occupy property, or part of a property, with a rateable value, or annual rent, or annual mortgage payment below £51,000, and
- they were trading as at 11 March 2020

The guiding principles under the Small Business Grant and Retail Hospitality & Leisure Grant Schemes in relation to “Effective Date” and Retrospective Changes” will equally apply to this grant, where appropriate and relevant.

The Council is responsible for making payments to businesses and will interpret legislation and guidance in exercising its judgement to determine whether or not eligibility is met as part of this decision making process.

Subject to expenditure on the Government’s four priority business types listed above, the Council may exercise discretion to consider other miscellaneous businesses, based on local cultural and economic need, which have missed out on other grant schemes and have not received support from other sources.

Therefore, other businesses may still apply for grant if they are able to provide sufficient evidence that they were trading on 11 March 2020, operating with relatively high fixed property costs, and suffered a significant loss in income due to Covid-19. However, there is the possibility that all available funding will be fully allocated to businesses falling within the Government’s four priority areas.

8. Exclusions

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 Business Grants Fund. Such grant schemes include but are not limited to:

- Small Business Grant Fund
- Retail, Hospitality and Leisure Grant
- The Fisheries Response Fund
- Domestic Seafood Supply Scheme (DSSS)
- The Zoos Support Fund
- The Dairy Hardship Fund

However, businesses who have applied for the Coronavirus Job Retention Scheme are eligible to apply 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.

ADDITIONAL GRANT INFORMATION

9. Claiming a Grant

All businesses must complete a grant form. There are no exceptions.

The Small Business Grant form is available at:

<https://www.preston.gov.uk/businessratesgrantsform>

The Retail, Hospitality & Leisure Grant form is available at:

<https://www.preston.gov.uk/businessratesgrantsform>

The Discretionary Business Grant form should be submitted on or before 19th June 2020 and is available at: <https://www.preston.gov.uk/discretionarygrantsfund>

Any business that needs assistance in relation to any of the available grants should contact the Business Rates/Business Support Team by email: discretionaryscheme@preston.gov.uk

10. State Aid

Businesses that are eligible for Small Business Rate Relief or Rural Rate Relief or Local Authority Discretionary Grant of up to £10,000 can only accept a grant under the Small Business Grant Scheme if in receiving it, the total State Aid the business will have received in the past three financial years will not exceed €200,000.

Businesses that are eligible for the Expanded Retail Discount Scheme can only accept a grant under the Retail, Hospitality and Leisure Scheme if in receiving it, the total State Aid the business will have received in the past three financial years will not exceed €800,000.

These grants are required to comply with the EU law on State Aid. Further information on State aid law can be found at <https://www.gov.uk/state-aid>. This will involve the ratepayer declaring to the council if they have received any other de-minimus State aid or aid provided under the EU Commission Covid-19 Temporary Framework.

11. Scheme of Delegation

This policy has been approved by the Leader of the Council under emergency powers. However, the S151 Officer is authorised to make scheme amendments to ensure it meets Council criteria, in line with Central Government Guidance as it evolves.

12. Review of Decision

Government Guidance makes clear that there is no statutory appeal procedure in relation to the Council making discretionary decisions under these schemes. It is up to the local authority to apply the guidance as they see fit. However, the Council will accept a ratepayers request for a review of the decision, in circumstances where either the grant is refused or there is dispute in relation to the level of grant awarded.

Requests for review should be made in writing and submitted to:

Business Grant Review
Preston City Council
Town Hall
Lancaster Road
Preston
PR1 2RL

Email: businessgrantreview@preston.gov.uk

Reviews may take up to 12 weeks to process and will be conducted independently by the Council's S151 Officer, or Assistant Director (Head of Financial Services) who play key roles in ensuring compliance with all financial, statutory and constitutional requirements. The decision on review will be provided in writing and is considered final.

13. Other Grant Conditions

The Council has been informed by Treasury that all grants are taxable. Ratepayers should make their own enquiries to establish any tax position or liability.

A business is not obliged to accept the grant and can decline it if they do not require support.

14. Managing the risk of Fraud

All grant claims will be processed through a series of checks, including checks against our business rates database and checks using the Government Spotlight anti-fraud software. The Council reserves the right to verify/put on hold any claim to enable detailed checks to be carried out.

Neither the Council, nor the Government will accept deliberate manipulation of the scheme and fraud. Any ratepayer caught falsifying their records to gain additional grant money will face prosecution and any funding issued will be subject to clawback, as may any grants paid in error.

Ratepayers should note that, where a grant is paid by the Council, details of each grant will be passed to government departments, as allowed under the Data Protection Act 2018, to prevent fraud.

15. Effect on Council Finances

The Council is required, on a weekly basis, to report to Central government a range of information relating to how many eligible businesses received grants and the amount granted. All monies paid through the grants system will be funded by Central Government and paid to the Council under S31 of the Local Government Act 2003.

The Government guidance on which this document is based is subject to ongoing change and, as such, this document may also be subject to change. The Council is not liable if any of the changes affect the eligibility of any business for any of the COVID-19 grants.