



**Melton
Borough
Council**

DISCRETIONARY BUSINESS GRANTS FUND POLICY

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1. Background to Business Grants

- 1.1 In response to the Coronavirus, on 11 March 2020 the Government announced 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. The Council was allocated £11.7m to give out through these grant schemes and expected around 1000 businesses to be eligible for grant funding support through these scheme. This original scheme had its criteria set at the national level and remains open for any eligible ratepayers that have not yet claimed and government has not signalled an end date for this. The Council was not required to publish a local policy for this scheme.
- 1.2 On 1 May 2020, the Government announced the **Local Authority Discretionary Grants Fund**, and on 13 May 2020 published guidance for local authorities. This discretionary grant fund gives Local Authorities the discretion to develop further criteria to suit local circumstances on top of the national criteria. It is this local criteria and the development of the associated grant scheme that is the subject of this local policy

2. The Local Authority Discretionary Grants Fund

- 2.1 On 1 May 2020, the Government announced the Local Authority Discretionary Grants Fund. <https://www.gov.uk/government/news/top-up-to-local-business-grant-funds-scheme>
- 2.2 On 13 May 2020, the Government published guidance for local authorities. This additional fund is aimed at small businesses and charities who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund. <https://www.gov.uk/government/publications/coronavirus-covid-19-guidance-on-business-support-grant-funding>
- 2.3 The grant fund for the Melton Borough area is being managed by Melton Borough Council, which is responsible for delivering grants to eligible businesses and charities. The Council must follow the guidance set by the Government. The Council has authority to make these payments under Section 1 of the Localism Act 2011.
- 2.4 Local authorities are required to 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, as prescribed by the Government). This policy meets this requirement.
- 2.5 The Government intends that this grant scheme widens access to support to businesses that are struggling to survive due to the Coronavirus shutdown but are unable to access other grant funding. Local authorities are asked to

make payments as quickly as possible to support struggling businesses. Government anticipates that the first payments made under the scheme will be received by businesses by early June. Melton Borough Council will progress these payments as a matter of urgency but recognise the need to undertake a thorough assessment and appropriate due diligence before grants are paid

- 2.6 Due to the very compressed timescales to meet these expectations of the Government and businesses, the Council has not been able to consult with external partners on the development of this policy but has liaised with neighbouring local authorities to inform it. The council has taken full account of the requirements of Government (as set out in the guidance received on the 13th May) and the issues and questions that have arisen locally and nationally through the delivery of the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund.
- 2.7 Potential applicants will be/are asked to note that:
1. The Government and the Council expects businesses to take advantage of other Government grant/ support schemes in the first instance where they are able to do so. Businesses or those who are self employed who have accessed grant support through other schemes will also not be eligible for this grant scheme (as identified in para 29 of the guidance). The Council does not have the discretion to vary this position
 2. Grants under this scheme will be subject to tax in line with the applicant's tax arrangements. For businesses, the Government advises this is only where there is an overall profit for the tax year once this award is included.
 3. Grants awarded under this discretionary scheme will not generally affect the Council's business ratings list or any rates charges payable by the recipient.
 4. Notwithstanding this, any applicant who should in fact be added to the rates list will be, which may result in a rates bill. This may also result in a grant being claimable from the Small Business Grant Fund or the Retail, Leisure and Hospitality Grant Fund, rather than this discretionary fund.

3 Total Funding Available

- 3.1 The Government has set each council's funding allocation as 5% of the expected spending on the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund funding envelope.
- 3.2 The Council allocation based upon current expenditure from the SBG and RHLG scheme is expected to be around £575k. This can be adjusted

upwards if the number of businesses supported under the SBG and RHLG funds proves to be higher but the total amount will not exceed £585k. It will not however be adjusted to reflect additional demand for the discretionary fund.

- 3.3 As is likely to be the case in the Melton area, over subscription to the funding available for this scheme will require local authorities to prioritise which types of businesses will receive funding, the Government states it will be at the local authority's 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.

4 Who Will benefit from the Discretionary Scheme?

- 4.1 The Government suggests that local authorities may wish to consider collaborating as they design their discretionary schemes to ensure consistency where they are working across a functional economic area, notably here the Leicester and Leicestershire Local Enterprise Partnership (LLEP) area; and to ensure alignment and reduce duplication with any other local discretionary business grants that may have been established. The councils within the LLEP area are mindful of this suggestion, however the extent to which this can be achieved in practice will be limited by the significant time constraints and by local priorities.
- 4.2 An inevitable consequence of this funding allocation methodology is that the funding available for individual businesses and charities will vary from council to council. There is no direct correlation between the 5% funding allocation and the number of eligible businesses for the discretionary scheme in each council area.
- 4.3 Therefore, it is likely that similar businesses in different council areas across Leicestershire (and indeed further afield) could be subject to different prioritisation and grant amounts.
- 4.4 As set out by the Government, these discretionary grants are primarily and predominantly aimed at:
1. 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.
 2. Businesses with relatively high ongoing fixed property-related costs
 3. Businesses which can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis
 4. Businesses which occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000.

4.5 National priorities

Nationally the Government has requested the following 4 areas be given priority for consideration when looking into the distribution of these grants :

1. **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 individual business rates assessment and rates bill.*
2. **Regular market traders with fixed building costs**, such as rent, *who do not have their own business rates assessment.* Note: Melton Borough Council considers this to mean traders with fixed units (including café facilities) and traders in the cattle market as there is a need to demonstrate fixed property costs to be eligible for consideration in this grant.
 - The discretionary fund does not cover any otherwise eligible traders who rent stalls by the day as it is not viewed there will be significant or on-going fixed property related costs.
3. **Bed & Breakfasts which pay Council Tax** instead of business rates (rated premises being eligible under the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund). The Council does not wish to prioritise rooms and premises available through Airbnb and similar channels, and will not make a grant to these.
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. Note, in essence this is charitable premises with a rateable value of below £15,000, which are not eligible for the Retail, Leisure and Hospitality Grant Fund.

4.6 Local Priority

1. **Suppliers to the Retail, Hospitality and Leisure sector:** Melton Borough Council has considered the limitations of the existing SBG and RHLG schemes and identified that locally there are a number of business who sit outside the eligibility for these (either due to size or classification of business etc). It is considered that locally these businesses have been profoundly impacted by the current crisis as a result of being largely reliant on the RHL sector for a majority of their business but have so far been unable to receive grant support to help them through this process.
- 4.7 MBC wishes to support those businesses that adhere to the priorities as set out in section 4.5 and 4.6 and are able to demonstrate significant hardship is being experienced as a result of the Covid crisis. In order to assess against this MBC has set up an application process that applicants will be required to fill in. This will be explored further in section 6.

5 Who Cannot Benefit from the Discretionary Scheme

5.1 This grant funding is for businesses that are not eligible for other support schemes. Such grant / support schemes as prescribed by the Government include but are not limited to:

1. Small Business Grant Fund
2. Retail, Hospitality and Leisure Grant

Both of these are still open for claims to the Council from eligible ratepayers.

3. The Fisheries Response Fund
4. Domestic Seafood Supply Scheme
5. The Zoos Support Fund
6. The Dairy Hardship Fund

All of the above four are administered nationally.

5.2 The Government has prescribed that businesses who fall into the following categories will also not be considered eligible for this scheme

1. Businesses that were not trading on 11 March 2020 are not eligible for this scheme.
2. Companies in administration, are insolvent or where a striking-off notice has been made are not eligible for funding.
3. For the avoidance of doubt, businesses who have applied for the Coronavirus Job Retention Scheme may apply for this scheme.

5.2 The publication scheme provides an opportunity for the Council to engage with the public, explain how FOIA works and applies in practice. The Publication Scheme proactively releases a substantial amount of information by stating what documentation is already publicly available from the Council.

6. Application Process and Timescale

6.1 The Government recognises 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. Also, the Council must manage the process in a fair and equitable manner within the funding available.

The Council invites applications via its website www.melton.gov.uk/here4melton/topupgrantform

Any applicant who is unable to apply via the website should contact business@melton.gov.uk

- 6.2 Applications can be made from 09:00 Wednesday 27 May to 23:59 on Wednesday 10 June 2020. Potential applicants should assume that this window will not be extended, although the Council reserves the right to do so. It is expected that Melton will undertake 1 assessment of all applications received once the discretionary grant deadline has passed.
- 6.3 The Council's website will set out the information required from applicants, which will be the minimum reasonably required to establish eligibility and enable a fair and equitable assessment of grant entitlement.
- 6.4 The Council will individually assess and validate applications as they are received and may request further information should it be required. The pre-payment checks will include confirming eligibility, checks against Companies house and other government websites.
- 6.5 Applicants would also be asked to confirm that by accepting payments they are in compliance with State Aid rules, that to the best of their knowledge they are eligible for the scheme, and acknowledge that the council reserves the right to recover any funding made in error or as the result of misleading information being submitted. The Council's website will require applicants to confirm acceptance of various compliance statements through tick boxes.
- 6.6 The Council will undertake written post payment assurance around compliance, in particular State Aid as per the request set out in the guidance provided by national government for post payment monitoring and reporting
- 6.8 There will be no automatic right of appeal against a decision not to award a grant, or against the value of any grant. However, the Council may, at its discretion, reconsider any refusal or grant value if there is clear evidence that a significantly wrong decision may have been made and assuming there is enough grant funding left to enable a new decision to be made. The only further recourse available to applicants is a judicial review, which is the means by which the decisions of the Council under discretionary powers may be challenged.

7. How will the value of grants be Calculated?

- 7.1 As the funding available to the Council is fixed and the demand is unknown, the value of grants cannot be determined until the application window has closed and all applications have been assessed.
- 7.2 The Government expects that payments of under £10,000 may be appropriate in many cases. The Council's view is that this is indeed appropriate and will be necessary to ensure as many businesses as possible are supported through this grant scheme. Due to this it is expected that the

maximum grant amount that will be allocated through this scheme will be £10,000

- 7.3 The Government guidance states that in taking decisions on the appropriate level of grant, local authorities may want to take into account the level of:
1. fixed costs faced by the business in question,
 2. the number of employees,
 3. whether businesses have had to cease trading and are unable to trade online
 4. the consequent scale of impact of COVID-19 losses.
- 7.4 The Council has considered this statement and has developed an application process and assessment criteria that take these considerations into account.
- 7.5 Due to the relatively small level of funding received by the council it is not proposed to give out £25k grants as a matter of course. However the council reserves the right to award this level of funding should a business be able to demonstrate exceptional hardship as a result of this crisis. This allocation will be determined on a case by case basis.
- 7.6 The Council would encourage all businesses applying for the grants to utilise the full suite of support programmes made available by government. Businesses that are able to demonstrate they are making use of the available support from central government (CBILS, Furlough scheme etc) or have attempted to use it but have been considered ineligible will be taken into account as part of the assessment process
- 7.7 The emphasis of this fund will be on making meaningful payments to those in significant need, rather than paying as many businesses as possible small amounts. Due to this grants will be determined on a case by case basis following careful consideration of the information provided. Therefore an application to this grant scheme does not guarantee the full amount requested, or any grant amount, will be received.
- 7.8 This Policy is intended to provide guiding principles against which applications will be processed to inform applications. A procedural note will be published on the 11th June before awards are granted and decisions made. This note will be published to provide transparency around the finer detail of the assessment process and will be informed by the government guidance updates we receive and any further clarifications by central government. Due to the fact it is expected this grant scheme will be vastly over subscribed this note will also provide further detail as how the Council intends to prioritise the applications it receive to ensure funding is given to those most in need.

8. Managing the Risk of Fraud

- 8.1 The Council and the Government will not accept deliberate manipulation and fraud. Any business or person caught falsifying their records or the information submitted to gain a grant award will face prosecution and any funding issued will be subject to clawback, as may any grants paid in error.
- 8.2 The Government's grants management and counter fraud functions will provide local authorities with access to 'Spotlight', a digital assurance tool. This tool will also assist the Council with pre and post payments assurance, including identification of high-risk payments. There will also be joint working across councils and government departments in preventing fraud.
- 8.3 The Council also reserves the right to use any details submitted by businesses to check against national records and databases to highlight any potential fraudulent activity.

9. Policy Review

- 9.1 This policy has been written in line with Government guidance. It will be subject to dynamic review as circumstances dictate and in line with future clarifications and changes that may be announced by the Government.