



**Melton
Borough
Council**

DISCRETIONARY BUSINESS GRANTS FUND PROCEDURE NOTE

Author:	Regeneration Manager
Owner:	Regeneration Manager
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CONTENTS:

Paragraph	Heading	Page
1	Introduction	4
2	Background	4
3	Eligibility and Criteria	5
4	Grant Award Considerations	5
5	Scheme Wide considerations	6
6	Priority Specific Considerations	8
7	Timescales	8
8	Grant awards	9
9	Post grant assurances	10

1. Introduction

- 1.1 This procedural note will be used to inform the decision making process and provide transparency as to how grant award decisions will be made when assessing the applications to the discretionary grant fund.
- 1.2 This document should be considered along side the guidance that has been produced by Central Government and also the Local Policy the Council has developed for this grant scheme
- 1.3 The amount of funding provided to Local Authorities for the discretionary fund is a 5% flat rate based upon the predicted spend for the SBG and RHLG grant. For the Melton area this equates to 575k.
- 1.4 The grant is not proportional to the amount of businesses that may be eligible and as a result of this The Council expects the grant scheme to be significantly over subscribed. Due to this the Council will have to make some very tough decisions and will look to be as objective and as fair as possible when assessing the information provided by businesses.
- 1.5 In many instances the council is reliant on the information provided being a true reflection of a businesses current circumstances. If a grant is awarded based on the information provided and it later become clear this information was not accurate The council reserves the right to reclaim this funding.

2. Background

- 2.1 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>
- 2.2 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.
- 2.3 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).
- 2.4 This procedural note will identify the decision making process the council will

follow to award these grants in adherence to the Discretionary Grant Policy that has been developed by the council and published on its website

3 Eligibility and Criteria

3.1 The guidance also identifies who should be considered eligible for the grant and who should not be considered eligible through identifying criteria which has to be met.

3.2 These criteria are that:

- Businesses cannot have been in receipt of other grant funding through any of the other grant schemes set up to support businesses through the covid crisis (a list of these is provided in paragraph 29 of the published guidance)
- Businesses that were not trading on 11 March 2020 are not eligible for this scheme.
- Companies in administration, are insolvent or where a striking-off notice has been made are not eligible for funding.

3.3 The guidance also identifies some further criteria which the grants should be primarily and predominately 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. (definition provide in section 21 and 22 of the guidance)
- 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.

3.4 The Guidance also identifies 4 priority areas it considers to be most important when considering applications from local businesses these are:

- Businesses in shared offices or other flexible workspaces.
- Regular market traders with fixed building costs
- Bed & Breakfasts which pay Council Tax
- Charity properties in receipt of charitable business rates relief

3.5 The guidance gives local authorities the discretion to identify any priority areas they also wish to fund taking into account local circumstances and the impact covid has had on particular key sectors of their economy. Melton has decided to consider one additional local priority which is.

- Suppliers of the Retail, Hospitality and Leisure sector who were not considered eligible for SBG or RHLG scheme

4 Grant Award Considerations

- 4.1 If the value of applications received does not add up to more than the allocated amount for the Melton Borough area all grants will be funded to the amount requested subject to the applicant being deemed as eligible for the scheme as per the criteria set out in section 3 above
- 4.2 The council will endeavour to provide funding to as many businesses without simultaneously spreading the funding too thinly and risk not supporting anyone in the manner they require. This may mean some businesses are not funded at all or do not receive the amount they have requested in the application.
- 4.3 Should the amount of applications mean the funding is over subscribed the Council will apply the following definitions to determine who will and will not be funded through this funding.
- **Relatively high fixed costs:** this will be determined by assessing monthly fixed costs against yearly turnover
 - **Significant income loss:** for the purpose of this grant scheme 'significant' will be determined as losses that result in at least a 40% decrease in income compared to the same period last year or compared to expected projections if a business is under 1 year old..
- 4.6 Due to the expected over subscription of the grant funding from businesses in Melton the following benchmarks will be used to inform potential grant amounts awarded. This is only intended as a guide and will be used to inform decision making not to dictate it.
- **80% or more lost income:** Up to £10k grant, amount requested in application form or fixed costs incurred since 11 March awarded
 - **60% - 79.9% lost income:** Up to £7.5k grant, amount requested in application form or fixed costs incurred since 11 March awarded
 - **40% - 59.9% lost income:** Up to £5k grant, amount requested in application form or fixed costs incurred since 11 March awarded
- 4.7 Should the above approach still lead to the over subscription of the grant fund the following further considerations will be applied. Businesses that have shown a proactive approach to securing any of the following will be shown additional consideration when determining grant awards.

- Conversations have been had with the landlord to secure rent deferrals or reductions
- Access to other government support has been sought
- Evidence provided of securing private support to enable business to survive

5 Priority Specific Considerations

5.1 To remove any ambiguity and for the purpose of this procedure the following priority specific considerations will be applied when assessing applicants for each of the 5 priority areas

5.2 **Businesses in shared offices or other flexible workspaces:**

5.2.1 Definition: For the purpose of this grant scheme an eligible business is determined to be a business where the applicant formally rents out a demise within a larger premise and contributes to an overall umbrella rateable value through this formal arrangement but does not have one directly themselves.

5.2.2 In instances where applicant business is tenant but has link through director or key employee to the landlord business it will be expected that evidence is provided that a discussion has been had in regards to rental deferral or another form of support to enable the business through this tough time. *For the purpose of clarity this is where the applicant and landlord businesses are linked by this individual directly (i.e. they are the same person not through family member or close association)*

5.2.3 Applicant serving notice on property: If an applicant fell within this category but has served notice as a result of Covid-19 the following considerations will be taken into account

- We would only look to support businesses in Melton through this period up until the point they served notice. Where apparent these instances will have to be assessed on a case by case basis.
- If a businesses has served notice on their accommodation and wishes to remain in the borough this will be given weight. If the business is moving out of the borough this will also be considered.

5.2.4 For the avoidance of doubt any business that has property outside of the Melton Borough area that was eligible for RHLG or SBG grant funding will not be considered eligible for the discretionary grant

scheme as per Section 29 of the Local Authority discretionary grant scheme guidance.

5.3 Regular market traders with fixed costs:

5.3.1 Those traders who rent a pitch within a market on an informal or irregular basis will not be considered as eligible for this scheme

5.3.2 As per the guidance traders will have to demonstrate fixed costs to secure any funding. *For clarity the Council will only consider fixed costs that are incurred as a result of a formal agreement being in place.*

5.3.3 Traders will have to be able to demonstrate that any fixed costs incurred are incurred within the Borough of Melton. This grant is not about where the applicant trades but where the fixed costs are incurred.

5.4 Bed and breakfasts paying council tax

5.4.1 For clarity these are to be considered where the business is able to identify they are continuing to pay council tax.

5.4.2 For these considerations we acknowledge the following that will be taken into consideration:

- There is demand from MBC in regards to homeless provision, has the applicant housed any of these people in need?
- Does the owner benefit from living in the property

5.4.3 Awards in this instance will also be assessed on council tax contributions value.

5.4.4 There will be criteria minimum set criteria of 3 bedrooms to be available through the B and B to be eligible for this grant

5.5 Charities in receipt of charitable rate relief

5.5.1 For the purpose of this grant charities shall be treated no differently then businesses that are also eligible for this grant

5.6 Suppliers to the retail hospitality and Leisure sector.

5.6.1 Evidence will have to be provided that the Retail, Hospitality and Leisure industry makes up a majority of the businesses sales (over 50%)

6. Grant award Timescales

- 6.1 The Council will attempt to adhere to the following indicative timescales when awarding the grants.

Date	Milestone
09:00 27 May 2020	Discretionary grant scheme fund released
27 May – 10 June	Officers to validate applications and undertake high level eligibility assessment as and when applications are submitted.
23:59 10 th June 2020	Deadline for applications to the discretionary grant fund
11 th June – 16 th June	Officers sift applications to check all additional information is provided as a result of clarifications and all verification checks have been undertaken
16 th – 19 th June	Grants Panel meets to award grant funding
19 th June	Communication with successful and unsuccessful businesses as per paragraph 7.3 below
19 June onwards	Pay grants as and when response from businesses accepting grants awards have been received

7. Grant Awards Process

- 7.1 Should any further clarifications be required by the council from the information provided within the submitted application form, the applicant will have 1 week, or until the 16th June to respond to these requests for information (which ever is the soonest). This is to ensure timely payments can be made to all applicants and all evidence can be considered fairly before an award decision is finalised

- 7.2 Paragraph 37 of guidance identifies that places an obligation on the Council to undertake the following:

‘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’

- 7.3 By submitting an application it is acknowledge that businesses will have already agreed to these measures. However, in instances where a grant is awarded, we will comply with the above obligation through the following means

- In the first instance email contact
- If no email is available through phone
- If no phone or email is available in writing by letter.

Only once we have received confirmation that the applicant agrees to these terms will a grant be paid via bacs transfer to the details provided in the application

- 7.4 Businesses who are not awarded any funding will be written to with the reasoning as to why this is the case.

8. Post Payment Assurances

- 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.

9. Policy Review

- 9.1 This procedure 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.