Guidance for applications to Stockport Council for Local Authority Discretionary Grants Fund

Introduction

1. This guidance is intended to support Stockport based businesses applying to Stockport Council for a grant from the Local Authority Discretionary Grants Fund announced by the Government on 1 May 2020.

2. This guidance sets out the criteria under which businesses will qualify to make an application to the Local Authority Discretionary Grants Fund, and the evidence required to support an application, and is aligned with the Government guidance issued on 13/05/2020.

3. This is an additional fund to the Small Business Grant Fund (SBGF) or the Retail Hospitality and Leisure Grant Fund (RHLGF), and it is aimed at certain small businesses who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund, and which have relatively high ongoing, fixed property-related costs, and which can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis.

Scope and eligibility

1. The Government guidance issued on 13/05/2020 gives the Council discretion over the grant scheme, and its decisions regarding the scheme will be final.

2. Under the guidance issued to the Council by the Government, it has been determined that the small businesses to be prioritised for access to the funding are:

    - 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.
    - Small businesses in shared offices or other flexible workspaces.
    - Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.

3. 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

4. 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

5. To be eligible to apply for a grant under this scheme, a small business must:

   - Have been trading on 11th March 2020;
   - Be small, with fewer than 50 employees,
   - Have relatively high ongoing fixed property-related costs, and
   - They must also be able to demonstrate that they have had a significant drop of income due to Coronavirus restriction measures.

6. 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:

   • 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

7. Businesses who have applied for the Coronavirus Job Retention Scheme are eligible to apply for this scheme.

8. Businesses who are eligible for the Self-Employed Income support scheme (SEISS) are eligible to apply for this scheme as well.

9. Only businesses which were trading on 11 March 2020 are eligible for this scheme.

10. Companies that are in administration, are insolvent or where a striking-off notice has been made are not eligible for funding under this scheme.

The Council's approach

11. In order to ensure all eligible businesses have the opportunity to apply for the scheme, the Council will administer a phased approach to the grants scheme to assess and quantify the level of demand for funding from businesses that fall within the priority areas set out in the Government guidance and meet the eligibility criteria and evidence requirements set out above.

12. After the Council has processed and decided on grant allocations for all applications from the first phase, there will be an assessment of whether there is any Government funding left. The Council may then offer future phases of grant funding and further information about this will be made available at the appropriate time, should it be required.

13. In line with the guidelines, the first phase will include any businesses falling within the following categories:

- Small businesses in shared offices or other flexible workspaces. Examples could include mills, 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.

14. The Council reserves the right to vary the terms of the scheme at any time, and without notice, should it be necessary to do so.

15. The Council will not approve or make payment of a further grant to a business that has already received a grant or partial grant passed on by a landlord under one of the schemes mentioned in 6 above. Businesses that have not previously been able to apply for a grant in their own right as they do not have a separate rating assessment, may now apply to this scheme if they meet all of the other eligibility criteria set out in this guidance, and have not received payments under any other scheme (except for the Job Retention Scheme or the Self-Employed Income support scheme).

Evidence Required

16. In order for the application to be considered, we require businesses to demonstrate that they meet the eligibility criteria above. We anticipate that to do this, you will need to provide:

    - Evidence of property costs such as rent, rates or mortgage payments above the de minimis level of £250 per month. This should take the

form of leases/agreements showing an obligation to pay and bank statements showing that payments have actually been made
- Evidence to demonstrate a substantial loss in income as a result of the current situation. This is likely to be in the form of filed accounts for previous years and management accounts/bank statements for the current period
- Evidence of complying with the definition of a Small or Micro Business
- Confirmation that the business has not received any grant under the grant schemes mentioned in Section 6 above.
- Confirmation of State Aid compliance

State aid

17. There is a requirement for all grants made under this scheme to be state aid compliant, please see the further guidance on this at this link – State Aid Guidance

Grant Amounts and how payments will be made

18. The Council has access to limited funds form Government for this scheme and it is expected that most grant allocations made will be under £10,000. The maximum allocation permitted of £25,000 will only be made in very exceptional circumstances.

19. In order for the Discretionary Grant to benefit the maximum number of eligible small businesses, it is proposed to have 5 levels of grant, which will directly be proportionate to the level of property costs for the business, and take into account the impact on income due to the Corona Virus crisis. There will be 5 levels of grant payments. This is so that the grant can be proportionate to the property costs of the business and take into account the loss of income experienced. The grant levels are:
    - £2,500 grant
    - £5,000 grant
    - £7,500 grant
    - £10,000 grant
    - £25,000 grant

20. A de-minimis level will apply to this scheme. Applicants will need to be paying at least £250 rent per calendar month for their business premises to qualify to apply for a grant.

21. If the fund is oversubscribed with the applications received, the Council reserves the right to amend the grant levels to a pro-rata basis, based on the

applications received and approved, as a way of dealing with this situation, should it arise.

22. Annual property cost will include, rent, mortgage payments, insurance, and rates. If a business is in a sector that has not been allowed to open or provides services that are not permitted due to social distancing rules, and have not been able to move to online services, the level of income lost will be more significant to that of a business still able to operate but at a reduced level. This will be considered in confirming the grant amount to be offered.

23. Applications for the grant can be made online at (web address to be confirmed) and payments will be made directly to approved recipients' bank accounts by electronic transfer.

Proposed timeline for the grant scheme (these dates may change to accommodate the release of the online application form by the supplier and applicants should check this guidance regularly for updates)

24. The timeline for the scheme is:
    - Applications open – Friday, 22nd May, 9am.
    - Application window closes – Wednesday, 3rd June, 5pm.
    - Payment of grants – from Friday 5th June onwards.

Other information

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

26. The Government and the Council 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.

27. State Aid rules and requirements apply to this grant scheme.

28. The Council does not accept any liability for any issues that may arise for businesses because of applying for, receiving, or not receiving grant payments under this scheme.

29. Enquiries about the scheme can be emailed to SKLADGRANTS@stockport.gov.uk