

# Discretionary Grant Fund

Cabinet Member for Major Projects and Economic Development, Cllr Liz Little and  
Cabinet Member for Finance, Procurement, Customer Services, Revenues and Benefits, Cllr  
Rob Strachen



Date: 30 July 2020  
Contact Officer: Pat Leybourne  
Tel Number: 01543 308921  
Email: Pat.leybourne@lichfielddc.gov.uk  
Key Decision? YES  
Local Ward Members If any Wards are particularly affected insert the name of the Ward Members and their Ward. Ensure that the Ward Members have been consulted.

**CABINET  
MEMBER  
DECISION**

## 1. Executive Summary

- 1.1 The government has provided financial support for small and micro businesses that were not eligible for assistance in the Small Business Grant Fund or the Retail, Leisure and Hospitality Grant Fund. The businesses that were eligible for support from these funds were those that paid business rates.
- 1.2 The additional support has been administered via the Local Authority Discretionary Grant Fund. (DGF)
- 1.3 Approval for the DGF was granted on 5 June 2020.
- 1.4 Guidance for the administration of the grants was issued by the Department for Business, Energy & Industrial Strategy (BEIS) with eligibility being based on some mandatory criteria and some specified priorities, albeit that local authorities have discretion to support businesses in their area based on economic need.
- 1.5 As at 28 July 2020 only 74 businesses have qualified for the grant, with the potential for a further 12, subject to receiving evidence supporting their eligibility. It is clear that the existing guidance will not utilise all of the available funding.

## 2. Recommendations

- 2.1 That Cabinet approve a revised Discretionary Grant Fund policy, attached at appendix A. The original policy, with tracked changes, is at appendix B.
- 2.2 Delegated authority is granted to the Cabinet Members for Major Projects and Economic Development and Finance, Procurement, Customer Services, Revenues and Benefits, along with the Head of Customer Services, Revenues and Benefits to determine the level of grant payment, when the scheme closes.

## 3. Background

- 3.1 In response to 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. The businesses that were eligible for support from this fund were those that paid business rates.
- 3.2 Government recognised that there were small businesses who would not satisfy the criteria for financial assistance in the above scheme and in response introduced the Local Authority Discretionary Grant Fund.

- 3.3 Local Authorities (LA) have been allocated a fixed grant to distribute to eligible businesses under a local scheme.
- 3.4 The Department for Business, Energy & Industrial Strategy (BEIS) published guidance for local authorities to support the administration of the grants. The guidance contained some mandatory guidelines along with a list of types of businesses to prioritise. Discretion was given to local authorities to use their local knowledge to decide the eligibility criteria and level of grant.
- 3.5 Like most authorities, the initial policy was based entirely on the guidance, mandatory and priority, issued by BEIS because the number of potential recipients was not known. There are no detailed databases within the local authority of businesses who are not paying business rates; knowledge of the number of potential businesses was anecdotal and estimated to be a minimum of 90 businesses with the likelihood that it would be more. With the information available, there was an aspiration to assist 180 businesses with a £5,000 grant and this grant money could be paid to the businesses relatively quickly.
- 3.6 Other local authorities opened up their schemes for a fixed period of time and analysed the applications before committing to payment.
- 3.7 The take up of the grants was good, albeit resource intensive. It was quickly realised that the assessment of 'relatively high property costs' was preventing many businesses from qualifying, so in accordance with the delegated powers agreed by Cabinet, a minor change to the scheme was made. Whilst this has resulted in more businesses being paid, it is clear that all the grant funding available will not be spent.
- 3.8 BEIS have announced that the grant funding available to all local authorities will end on 28 August 2020 and any unspent monies will be retained by the government.
- 3.9 It is proposed to widen the scheme further, predominantly to assist those businesses that are still unable to trade, or whose activities are restricted and have a significant reduction in income compared to the same period last year. In addition the amount of grant funding awarded will be aligned with the funding available to ensure that as many businesses as possible are helped.
- 3.10 Other LAs have also broadened their policies to assist more businesses.
- 3.11 The funding will be paid on the submission of an application form, with evidence provided as required, by 14 August 2020. This will allow enough time to assess the applications, determine the level of the grant and have it paid (in accordance with the requirement stipulated by BEIS) by 28 August 2020.

Alternative Options	<ol style="list-style-type: none"> <li>1. Leave the scheme as it is presently. However, a lesser number of businesses will be assisted and government will retain any unspent funding.</li> </ol>
Consultation	<ol style="list-style-type: none"> <li>1. None.</li> </ol>
Financial Implications	<ol style="list-style-type: none"> <li>1. A grant of £951,000 is available to distribute to eligible businesses. The grants will be funded through any underspend on the original grant funding and then from a top up by the government.</li> <li>2. The grant calculation is based on 5% of the funding that was paid to businesses under the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund, as at 4<sup>th</sup> May 2020.</li> <li>3. The funding will be increased as a small number of grants have been paid after that date.</li> </ol>
Contribution to the Delivery of the	<ol style="list-style-type: none"> <li>1. The policy underpins our priority of developing prosperity encouraging economic growth and being a good council that is responsive and customer</li> </ol>

Strategic Plan	focussed.
Equality, Diversity and Human Rights Implications	1. An Equality Impact Assessment has been carried out and does not impact on people with protected characteristics.
Crime & Safety Issues	1. There will be no crime and safety issues.
Environmental Impact	1. There will be no environmental impact.
GDPR/Privacy Impact Assessment	1. The need for a Privacy Impact Assessment has been checked and on is not required.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Businesses who may be eligible may not apply	Publicity will be undertaken to promote the latest scheme	Green.
B	The distribution of the grant may not be enough to cover the costs of individual businesses	Publicity will include direction to other potential sources of funding	Yellow
C			
D			
E			

<p><b>Background documents</b></p> <p>Guidance from the Department for Business, Energy &amp; Industrial Strategy</p> <p><a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/885011/local-authority-discretionary-grants-fund-guidance-local-government.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/885011/local-authority-discretionary-grants-fund-guidance-local-government.pdf</a></p> <p>Previous Cabinet report</p> <p><a href="https://lichfieldintranet.moderngov.co.uk/ieDecisionDetails.aspx?ID=279">https://lichfieldintranet.moderngov.co.uk/ieDecisionDetails.aspx?ID=279</a></p>
--

Relevant web links
--------------------



**Discretionary Grant Fund**  
**28 July 2020**

Approved by:	<b>Cabinet</b>
Approval date:	<b>4 August 2020</b>
Author/owner:	<b>Pat Leybourne</b>
Review frequency:	
Next review date:	<b>not applicable</b>
Location:	

# 1. Introduction

1.1 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. The businesses that were eligible for support from this fund were those that paid business rates.

1.2 Government recognised that there were small businesses who would not satisfy the criteria for financial assistance in the above scheme and in response have introduced an additional Local Authority Discretionary Grant Fund.

1.3 Local Authorities (LA) will be given a fixed grant to distribute to eligible businesses. The eligibility is based on guidance supplied by the Department for Business, Energy & Industrial Strategy (BEIS) and at the discretion of the LA.

1.4 The LA must set out clear criteria for determining the appropriate level of grant, to give businesses clarity and support businesses that are unable to access other grant funding.

1.5 The Grant Funding Scheme Local Authority Discretionary Grants Fund guidance is at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/885011/local-authority-discretionary-grants-fund-guidance-local-government.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/885011/local-authority-discretionary-grants-fund-guidance-local-government.pdf)

1.6 This guidance sets out some mandatory criteria and priorities for LAs to follow.

## 2. Purpose of policy

This policy sets out the criteria to provide financial assistance to eligible businesses that fall within the scope of the policy and in accordance with the guidance issued by BEIS.

## 3. Scope of policy

3.1 The grants awarded will be predominantly aimed at:

- Small and micro businesses, as defined in paragraphs 20 to 22 of the guidance. Guidance advised that homeworkers should be excluded from the grant, however an exception will be made for those businesses that provide public events in the Lichfield District, or organisations that are suppliers to such businesses.
- Businesses with relatively high ongoing fixed property-related costs.
- Businesses that can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis.
- Businesses that occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000.
- Businesses that are unable to open or who are still affected by the COVID-19 crisis and their profits remain significantly affected.

3.2 In addition to the above, local authorities are directed to exercise their local knowledge and discretion to reflect the local economic need but within the following criteria:

- Small businesses in shared offices, other flexible workspaces and those who satisfy the criteria above.
- Regular market traders with fixed building costs, such as rent.
- Bed & Breakfasts that pay Council Tax instead of business rates ('air BnB' businesses are excluded from applying for this grant).
- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.

3.3 The following criteria must be satisfied to be eligible for a grant:

- Businesses must have been trading on 11 March 2020.

- Companies must not be in administration, insolvent or where a striking-off notice has been given.
- Businesses that are **not** eligible for assistance from other support schemes. 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

3.4 In addition to the above, any other grant or reserves that a business has may be taken into account for the assessment of the grant award.

## 4. How it relates to/underpins our strategic ambitions

The policy underpins our priority of developing prosperity encouraging economic growth and being a good council that is responsive and customer focussed.

## 5. Policy details

5.1 This scheme is designed to support businesses that are struggling to survive, especially where they have fixed commercial property costs and are unable to access other funding to cover these.

5.2 The government grant funding will be distributed based on eligible applications made prior to the closure of the scheme.

5.3 Relatively high ongoing fixed property-related costs are locally defined as those costs that exceed 15% of the value of the overall costs of the business

5.4 A significant fall in income is locally defined as a loss of income of more than 20%.

5.5 A significant effect on profit will be locally defined as a reduction in income of 50% or more compared to the same period last year, or other appropriate period if the business was not trading in 2019.

5.6 The grant will be one grant per business and not per property.

5.7 An application form is required from the director or other authorised signatory for the business and should include evidence as requested.

5.8 The local authority will undertake proportionate pre-payment checks. In the first instance, businesses may be asked to supply details of their income pre and post 23 March and commercial property related costs.

5.9 Applicants that do not provide the evidence as requested with their application will not be eligible for payment.

5.10 The business must confirm that in accepting the grant payment they are in compliance with the state aid rules.

5.11 The application will be considered by delegated officers within the revenues team.

5.12 Payments will be made by BACS into an account used by the business.

5.13 The grant will not need to be repaid. However 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.

**Discretionary Grant Fund**  
**~~1 June 2020~~ 28 July 2020**

Approved by:	<b>Cabinet</b>
Approval date:	<del>4 June</del> <b>4 August 2020</b>
Author/owner:	<b>Pat Leybourne</b>
Review frequency:	
Next review date:	<del>6 July 2020</del> <b><u>not applicable</u></b>
Location:	



# 1. Introduction

1.1 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. The businesses that were eligible for support from this fund were those that paid business rates.

1.2 Government recognised that there were small businesses who would not satisfy the criteria for financial assistance in the above scheme and in response have introduced an additional Local Authority Discretionary Grant Fund.

1.3 Local Authorities (LA) will be given a fixed grant to distribute to eligible businesses. The eligibility is based on guidance supplied by the Department for Business, Energy & Industrial Strategy (BEIS) and at the discretion of the LA.

1.4 The LA must set out clear criteria for determining the appropriate level of grant, to give businesses clarity and support businesses that are unable to access other grant funding.

1.5 The Grant Funding Scheme Local Authority Discretionary Grants Fund guidance is at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/885011/local-authority-discretionary-grants-fund-guidance-local-government.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/885011/local-authority-discretionary-grants-fund-guidance-local-government.pdf)

1.6 This guidance sets out some mandatory criteria and priorities for LAs to follow.

## 2. Purpose of policy

This policy sets out the criteria to provide financial assistance to eligible businesses that fall within the scope of the policy and in accordance with the guidance issued by BEIS.

## 3. Scope of policy

3.1 The grants awarded will be predominantly aimed at:

- Small and micro businesses, as defined in paragraphs 20 to 22 of the guidance. Guidance also confirms that property related costs do not include property costs for an applicant's residence, therefore homeworkers are excluded from the grant. Guidance advised that homeworkers should be excluded from the grant, however an exception will be made for those businesses that provide public events in the Lichfield District, or organisations that are suppliers to such businesses.
- Businesses with relatively high ongoing fixed property-related costs.
- Businesses that can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis.
- Businesses that occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000.
- Businesses that are unable to open or who are still affected by the COVID-19 crisis and their profits remain significantly affected.

3.2 In addition to the above, local authorities are directed to exercise their local knowledge and discretion to reflect the local economic need but within the following criteria:

- Small businesses in shared offices, ~~or~~ other flexible workspaces and those who satisfy the criteria above.
- Regular market traders with fixed building costs, such as rent.
- Bed & Breakfasts that pay Council Tax instead of business rates ('air BnB' businesses are excluded from applying for this grant).
- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.

3.3 The following criteria must be satisfied to be eligible for a grant:

- Businesses must have been trading on 11 March 2020.
- Companies must not be in administration, insolvent or where a striking-off notice has been given.
- Businesses that are **not** eligible for assistance from other support schemes. 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

3.4 In addition to the above, any other grant or reserves that a business has may be taken into account for the assessment of the grant award.

## 4. How it relates to/underpins our strategic ambitions

The policy underpins our priority of developing prosperity encouraging economic growth and being a good council that is responsive and customer focussed.

## 5. Policy details

5.1 This scheme is designed to support businesses that are struggling to survive, especially where they have fixed commercial property costs and are unable to access other funding to cover these.

5.2 ~~Grants of £5,000 will be awarded to eligible businesses from this fund.~~ The government grant funding will be distributed based on eligible applications made prior to the closure of the scheme.

5.3 Relatively high ongoing fixed property-related costs are locally defined as those costs that exceed 15% of the value of the overall costs of the business

5.4 A significant fall in income is locally defined as a loss of income of more than 20%.

~~5.45.5~~ A significant effect on profit will be locally defined as a reduction in income of 50% or more compared to the same period last year, or other appropriate period if the business was not trading in 2019.

~~5.55.6~~ The grant will be one grant per business and not per property.

~~5.65.7~~ An application form is required from the director or other authorised signatory for the business and should include evidence as requested.

~~5.75.8~~ The local authority will undertake proportionate pre-payment checks. In the first instance, businesses may be asked to supply details of their income pre and post 23 March and commercial property related costs.

~~5.85.9~~ Applicants that do not provide the evidence as requested with their application will not be eligible for payment.

~~5.95.10~~ The business must confirm that in accepting the grant payment they are in compliance with the state aid rules.

~~5.10-11~~ The application will be considered by delegated officers within the revenues team.

~~5.11-12~~ Payments will be made by BACS into an account used by the business.

~~5.12-13~~ The grant will not need to be repaid. However 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.