

Test Valley Borough Council

Local Authority Discretionary Grant Fund Scheme



Background

The government has put in place a wide range of measures to support the economy in the fight against coronavirus.

On 1st May 2020 the government announced that it would be introducing the Local Authority Discretionary Grant Fund scheme, which will be targeted at small businesses with fixed ongoing property-related costs but which fall outside the eligibility criteria for the existing business grant schemes.

The Council has been allocated funding of £1,411,250 for this scheme.

Eligibility

Businesses must be a small or micro business within the definitions of the Companies Act 2006. This means that at least two of the following three criteria must be met in a year:

- **Turnover of not more than £10.2M**
- **Balance sheet value not more than £5.1M**
- **Fewer than 50 employees**

Business must meet the following criteria to be eligible for the grant:

- **Must have been trading on 11 March 2020**
- **Must not be in administration, insolvent or subject to a striking-off notice**
- **Must have fewer than 50 employees**
- **Must be able to provide evidence of loss of income due to covid-19 impact**
- **Must occupy a property or part of a property (for trading or business storage purposes) and be able to evidence total monthly business-related property overheads**
- **Must not go over state aid limits (see below)**

Businesses which are eligible for support from any of the following central government COVID-related support schemes will not be eligible for a grant:

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

* Where a grant application is received from businesses which the Council believes is eligible for a grant under the small business or retail, hospitality & leisure grant, their application will be processed under those schemes.

Businesses utilising the coronavirus job retention scheme or self-employed income support scheme are eligible to apply for a grant.

Grant Awards and Payments

Grants will be given on a sliding scale in line with the monthly property-related overheads of the business as follows:

Monthly Property-Related Overheads *	Grant
£750 or below	£2,500
£751 to 1,500	£5,000
£1,501 to £2,500	£7,500
£2,501 or above	£10,000

* For the purpose of this grant, property-related overheads includes; rent (or mortgage), market pitch rental, business rates / council tax, electricity, gas, water and business insurance.

All payments will be made via BACS (as soon as practicable) and the business must provide bank details for payment, including a bank statement.

Only one grant will be paid per business, regardless of the number of properties occupied.

Whilst the government guidance allows payments of up to £25,000, this scheme will cap support at £10,000 in anticipation that demand will be high and the level of funding available is relatively low.

Application

Businesses must complete an application form to apply for the grant. Applications can be made through the council's website for 2 weeks from the afternoon of Monday 8th June 2020 to Sunday 21st June 2020 at 23:59.

Applications will be assessed by the Council as follows:

In accordance with government expectations, applications from the following businesses will be given priority over all other applications (in priority order, as below):

- **Small businesses in shared offices or other flexible workspaces. Examples could include units in business parks, science parks and incubators which do not have their own business rates assessment**
- **Regular market traders (must be able to demonstrate property costs that relate to markets in Test Valley only)**
- **Small charity properties that would meet the criteria for Small Business Rates Relief or Rural Rate Relief (who have a ratable value of less than £15,000 and no other property)**
- **Bed and breakfasts that pay council tax rather than business rates. The B&B must be registered with the local authority for food safety purposes.**
- **Once the businesses in the above category have been assessed for the grant any other applications will be prioritised as follows:**
- **Charities / Community Interest Companies that benefit from 20% discretionary relief (in addition to 80% mandatory relief) with an RV of less than £51,000.**

- **Businesses linked to retail / exhibition / hospitality / leisure & tourism sectors that will have seen their sales most affected by COVID 19.**
- **Businesses that can demonstrate they are the only one of its type in the borough and add value to local distinctiveness**
- **Businesses that can demonstrate a clear community benefit that are not covered in the above criteria**
- **Provision of childcare services (must be OFSTED registered)**
- **Businesses that have been unable to operate and have no online presence**

Where the point that the funding level is exhausted in any of the priority areas above, businesses with a rateable value / rent of less than £51,000 will be prioritised over those with higher rateable values / rents.

As a secondary determinant, the business with the greater number of employees will be prioritised.

All applications will be reviewed on fixed property-related overheads and checked against information provided. Awards will then be given based on the priority order noted above. All applicants will be informed of the outcome of their application.

The fund is limited, therefore once the funding allocation has been used there will be no additional grants paid. Submission of an application by a business does not guarantee that a grant will be paid. A further round of applications will be offered if, following the first round of applications, the funding has not been fully utilised. The same prioritisation process will be followed, until the funding limit is reached.

Tax

Grant income received by a business is taxable therefore funding paid under the Local Authority Discretionary Grants Fund will be subject to tax.

State Aid

The United Kingdom left the EU on 31 January 2020, nonetheless under the Withdrawal Agreement the State aid rules continue to apply during a transition period, subject to regulation by the EU Commission. Test Valley Borough Council must be satisfied that all State aid requirements have been fully met and complied with when making grant payments, including, where required, compliance with all relevant conditions of the EU State Aid De-Minimis Regulation, the EU Commission Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, the approved COVID-19 Temporary Framework for UK Authorities, and any relevant reporting requirements to the EU Commission.

Test Valley Borough Council have discretion to make payments to eligible recipients under either the De Minimis rules or the COVID-19 Temporary Framework for UK Authorities (provided all the relevant conditions are met).

Payments of up to and including £10,000 can be provided under the De Minimis rules, meaning applicants can receive up to €200,000 of aid within a three year period. Payments of up to and including £25,000 (or where the De Minimis threshold has been reached) should be paid under the COVID-19 Temporary Framework for UK Authorities.

Fraud

The council will not accept deliberate manipulation and fraud. Any business caught falsifying their records to gain additional grant money may face prosecution and any funding issued will be subject to claw back, as may any grants paid in error.

All applicants' information will be shared with the Government Grants Management team to enable any fraud to be identified.

Appeals

There are no appeal rights for the grant allocation. The Council's decision is final.