

## Guidance for applications to Allerdale Borough for Local Authority Discretionary Grants Fund

### Introduction

1. This guidance is intended to support Allerdale based businesses applying to Allerdale Borough Council for a grant from the Local Authority Discretionary Grants Fund announced by the Government on 1 May 2020. **The Council has an allocation of £1,995,000.**
2. This guidance sets out the criteria under which businesses will qualify to make an application to this Grants Fund, the evidence required to support an application, and is aligned with the Government guidance issued on 13<sup>th</sup> May 2020. The scheme has been devised in close consultation with other local authorities in Cumbria. However, whilst there are many similarities between the schemes offered by each district council, there are differences that are aimed to reflect the different nature of the economy of each area. Each council also has different amounts of funding from the government available. Decisions have therefore been taken to ensure the maximum number of businesses in each area gets a meaningful amount of funding from the scheme.
3. This fund is in **addition** to the Government's existing business support grant programmes, the Small Business Grant Fund (SBGF) and the Retail Hospitality and Leisure Grant Fund (RHLGF). This grant funding is for businesses that are not eligible for other support schemes (except as outlined below in paragraph 5).
4. 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.
5. Businesses that have applied for the Coronavirus Job Retention Scheme (furloughed staff) are eligible to apply for this scheme. Businesses that are eligible for the Self-Employed Income Support Scheme (SEISS) are eligible to apply for funding under this Discretionary Grants Fund scheme as well.
6. Businesses that have received grants from any central government COVID-19 related scheme, or are eligible to claim a grant under another scheme, **cannot get grant funding from the Discretionary Grants Fund**. The Government has defined such grant schemes as including but 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. 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 above.

8. The Council will be undertaking pre-payment checks on all applications to assess eligibility before paying out any money.

#### Scope and eligibility

9. Under the guidance issued to us by the Government, the businesses that are 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 (see definitions paragraph 15 and 16) and are either:
  - **Occupying shared offices or other flexible workspaces that do not have their own business rates assessment.** Examples include businesses which share a space with other businesses in a larger building and 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. You will need to apply to the Local Authority in which you/your fixed buildings are based. Where market traders operate in more than one Cumbrian Local Authority area, they should apply to only one Local Authority for a grant, this should be the Local Authority area in which they primarily operate.
  - **Bed & Breakfasts that pay Council Tax instead of business rates.** You will need to be registered as a food business with the Council's Environmental Health department to be eligible as a Bed and Breakfast. Accommodation operations that do not serve breakfast and are not registered with the Council as a food business (such as Airbnbs) are specifically excluded from this scheme.
  - **Charity properties in receipt of charitable business rates relief** that would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.

These businesses will be category A businesses and will be prioritised for funding.

In addition, businesses must be able to demonstrate that they are:

- **Small or micro businesses with relatively high ongoing fixed property-related costs.** This relates to your mortgage or rental cost associated with your property.
  - **Small or micro businesses that occupy property, or part of a property,** with a rateable value / annual rent / annual mortgage payments below £51,000.
  - **Small or micro businesses that can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis.** You must be able to demonstrate the fall in income is related to COVID-19, 'significant' for the purpose of this scheme will mean a drop of 25% or more when comparing turnover for April 2019 to April 2020. Where income has dropped less than 25% but you are able to demonstrate a significant increase in cost due to COVID-19 then this will also be considered.
10. A de-minimis level will apply to this scheme. Applicants will need to be paying at least £2,400 total property costs for a calendar year for their business premises to qualify to apply for a grant. Annual property cost will include: rent, mortgage payments or business rates.
  11. In addition to the criteria set out by government above, the Council recognises through its experience in administering the current grants scheme and through its knowledge of the local economy that certain business types that are particularly prevalent in Allerdale Borough have not been eligible for support under the existing grant schemes. As such, the Council has made the decision to accept applications from businesses detailed below that can meet the criteria on property related costs and loss of income. These businesses will be known as category B and, **if the fund is not exhausted**, any funds that are not assigned to Category A businesses will be distributed to businesses in line with the definitions below:

- Local wholesalers, supply chain businesses and other businesses that rely on businesses mandated to close by Government for the majority of their business that can demonstrate that they meet the Government delimitation of a small or micro business, have suffered a significant fall in income and relatively high, ongoing, fixed property costs. The definition of majority in this case is over 60%.
  - Manufacturing businesses with an RV of below £51,000 and not eligible for Small Business Rate Relief or Expanded Retail Discount Relief and can demonstrate that they meet the Government definition of a small or micro business, have suffered a significant fall in income and relatively high, ongoing, fixed property costs.
12. Only businesses that were trading on 11 March 2020 are eligible for the scheme. Companies that are in administration, are insolvent, or where a striking-off note has been made are not eligible for funding under this scheme.
13. The scheme is designed to help local businesses, therefore in order to be eligible, the business will be based within the Allerdale area. The grant is awarded per business, not per hereditament (property). Businesses with more than one property will only be eligible for one grant. If a business received a grant under the Small Business Rate Relief or Extended Retail Discount Relief scheme for other properties they will not be eligible for this grant.
14. The following business types are excluded from this scheme:
- Financial services (e.g. banks, building societies, cash points, bureaux de change, short-term loan providers)
  - Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
  - Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers)
  - Post office sorting offices
  - Housing Associations

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#### Definitions

15. 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
16. 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

#### The Council's approach

17. In seeking to ensure eligible businesses have the opportunity to apply for the scheme the Council will operate a series of funding rounds dependent on the levels of funding remaining. The level of demand for funding will be quantified for businesses that fall within the priority areas set out in the Government guidance and meet the eligibility criteria and evidence requirements set out in this document.

18. After the Council has processed and determined 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.
19. 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.

#### Application process

20. While we have a good understanding of potential eligible businesses for the grant fund, it is not possible for the Council to accurately quantify how many businesses in Allerdale will potentially meet the criteria set out in the policy. The Council does not hold enough data on how many businesses may fall into these categories. Because of this, the Council believes it would be unfair to process applications on a 'first come first served basis' as this may lead to businesses with greater need missing out on a grant because the money allocated by government becomes fully committed. The Council believes that the allocation of grants based on need, not those quickest to make an application is important.
21. To overcome this, the Council will launch a FOURTEEN day window for businesses that believe they may be eligible for the grant fund to submit their application with the relevant supporting documents. Once the 14 day window has expired the Council will review the applications against the criteria. If the number of grants applied for does not exceed the amount of funding available then all eligible grants will be paid. No payments will be paid within this 14 day period.
22. Once the 14 day window has closed, the Council will seek to reach a decision within 10 working days, and for successful applicants to receive the money within 15 working days of application closure subject to the number of applications received.
23. Proposed timeline for the grant scheme (these dates may change to accommodate the release of the online application form and applicants should check this guidance regularly for updates).

The timeline for the scheme is:

- Applications open – 1 June 2020
  - Application window closes – 15 June 2020
  - Payment of grants – from 22 June 2020
24. If the number of valid applications exceeds the amount of funding available, they will be determined based on need. The definition of 'need' in this case will be businesses with a higher % of dropped revenue based on the evidence provided on income.
  25. An online application for the grant fund will be made available on Allerdale Borough Council's website. For businesses that do not have access to the internet, businesses can call 0303 123 1702 where we can help you complete your application. However, you will still have to submit documentary evidence to support your application. To contact by email, or to submit documents, use [economic.growth@allerdale.gov.uk](mailto:economic.growth@allerdale.gov.uk)
  26. It will be important that you provide all the information accurately and truthfully, and provide all the supporting documents that are requested. Failure to do so could lead to your application being declined or delayed.

27. If there is additional funding after the first round, the Council will look to establish future funding rounds.
28. You must answer all of the questions honestly when completing your application, if the Council suspects any business is trying to fraudulently claim the grant, it will investigate accordingly. Where evidence of fraud is present, we will prosecute the offending business.

#### Evidence Required

29. 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:

Information	Evidence Required	Comment
Evidence you are not eligible for: The Fisheries Response Fund Domestic Seafood Supply Scheme (DSSS). The Zoos Support Fund The Dairy Hardship Fund	This will be done by way of self-declaration on the online application form	
Confirmation you are a micro or small business	This will be done by way of self-declaration on the online application form	Please see definitions
Evidence of value of your NNDR (business rates), ongoing Rental or Mortgage costs or other fixed property related costs	NNDR account number.  Or you will need to provide a copy of relevant page of your current lease agreement or mortgage agreement	This must clearly show the financial contribution you are required to make as part of the agreement, and can be provided by your accountant for example.*
Evidence of a significant fall in income due to Covid-19	You will need to provide evidence of turnover for the year April 2019 to April 2020 for comparison, or evidence of a decline in bookings indicating a percentage loss in revenue. The Council is seeking to establish a month to month comparison between April 2019 and April 2020 as the basis for the fall in income figure.	Where a business was not trading in April 2019, or for a particular reason does not have income figures for this month, we will accept another month's turnover or equivalent. It is at the business's discretion what form this evidence takes but it must clearly show the turnover of the business for these periods. This can be in the letter from your accountant.*
Evidence of trading on 11 March 2020	Where you have a business rates account this will be sufficient as the date liable will be used. For businesses that are not rated you will need to provide evidence.	This could be in the form of stock orders (pre dating 11 March 2020), lease agreements etc. and can be provided by your accountant.*
Confirmation of eligibility under State aid rules	This will be done by way of self-declaration on the online application form.	If you are unsure whether State Aid applies to your business, you will need to seek independent legal advice.

Payment details	Copy of bank statement clearly showing bank account name, business address, sort code and account number and a utility bill clearly showing your business address.	This must match the name of the business or individual listed on the business rates bill or lease/mortgage agreement.
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\*In order to simplify the application process and to keep the required paperwork to a minimum the Council will accept a letter from accountants, with a professional body registration number, to evidence confirmation of property costs, proof of trading and loss of income.

30. Where businesses are also applying as a local wholesaler, supply chain business or other business that relies on businesses mandated to close by Government for the majority of their turnover you will also need to provide:
- Evidence that over 60% of your turnover comes from those businesses that have been mandated to close. This can be confirmed by your accountant.

#### State Aid

31. There is a requirement for all grants made under this scheme to be state aid compliant, under De-Minimis Regulation or the approved COVID-19 Temporary Framework for UK Authorities. Please see the further guidance on this at this link - [Grant Guidance](#). Applicants will therefore have to declare that the business was not an '[undertaking in difficulty](#)' on 31 December 2019.

#### Tax

32. 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.

#### How we will determine the value of the grants to businesses

33. We are seeking to support as many local businesses as possible, whilst also keeping individual grant amounts at a level that will provide meaningful support for businesses. The money available is a limited amount provided by the government.
34. Businesses that are not eligible for a grant under this support scheme are advised to check the government's website for more information on other help that is available.
35. The Council has access to limited funds from Government for this scheme and it is expected that all grant allocations will be on a sliding scale of up to £10,000 (see below).
36. In order for the Discretionary Grant to benefit the maximum number of eligible small businesses, it is proposed to have five levels of grant. This is detailed below.
37. The size of the grant will be based on the following factors:
- Annual property costs (business rates, rent or mortgage)
  - Number of employees at 11 March 2020
  - Loss of income in April 2020

	Property costs	Employees	Loss of income	Amount of Grant to be received
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A	£2,400-£4,999	Fewer than 10	Up to £4,999	Up to £2,000
B	£5,000- £9,999	11-20	£5,000 - £9,999	Up to £4,000
C	£10,000- £14,999	21-30	£10,000 - £14,999	Up to £6,000
D	£15,000- £19,999	31-40	£15,000 - £19,999	Up to £8,000
E	£20,000-£50,999	41-49	£20,000 plus	Up to £10,000

38. Applications will be considered against all three of these criteria. The amount paid will be the highest amount for which a particular business meets any of the three criteria. We aim to pay the larger of any amount in the three categories.

Worked examples:

- Business A has property costs of £25,000pa, six employees, has lost £7,000 in income and so would be eligible for £10,000
- Business B has property costs of £6,000pa, four employees, has lost £1,500 in income and so would be eligible for £4,000
- Business C has property costs of £4,000pa, two employees, has lost £16,500 in income and so would be eligible for £8,000

39. 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. This will ensure that as many businesses get some help from this scheme.

40. Applications for the grant can be made online at <https://www.allerdale.gov.uk/en/coronavirus/coronavirus-business-grants-claims/discretionary-grant-scheme/> and payments will be made directly to approved recipients' bank accounts by electronic transfer. A printable version will be made available online, which businesses can complete and return with **all the relevant documents** to: Discretionary Grants Fund, Allerdale Borough Council, Allerdale House, Workington. CA14 3YJ. Businesses that do not have access to the internet can call 0303 123 1702 to request an application is sent out to them. Please ensure your application is returned answered fully with **all the relevant documents attached**. It will be important that you provide all the information accurately and truthfully, and provide all the supporting documents that are requested. Failure to do so could lead to your application being declined or delayed.

#### Right to Appeal

41. The Government guidance issued on 13<sup>th</sup> May 2020 gives the Council discretion over the grant scheme, and its decisions regarding the scheme will be final.
42. There is no right to appeal and the decision of the Council is final, however the Council will work with businesses who believe the wrong decision has been made due to missing information.
43. The Council's interpretation of this document is at its own discretion and it will be the final arbiter of the definitions contained within this policy.
44. This scheme is not intended to cover all businesses that have not been included in the initial government grant scheme. There are other avenues of support that businesses have available through the other government schemes.

#### GDPR and privacy

45. We will use your information to assess your application for financial support. We will confirm information about you and your account from credit referencing agencies to confirm account

validity and your identity. If you provide false or inaccurate information, we will record this. All personal information will be processed in accordance with the terms of the General Data Protection Regulation. For full information on how any personal information we gather will be processed, please visit our privacy policy: <https://www.allerdale.gov.uk/en/privacy-policy/>.

#### Other Information

46. 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.
47. 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.
48. The council reserves the right to update or change this policy without notification or prior warning in the event that the government updates or changes its guidance to us or in the event of an error or omission.
49. **The Council is relying on businesses to be honest and open with the Council and present to us their evidence of need and eligibility for the Discretionary Business Grant Fund.**

#### Government guidance

50. The full government guidance can be viewed here:  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/887239/Local\\_Authority\\_Discretionary\\_Grants\\_Fund\\_-\\_guidance\\_for\\_local\\_authorities\\_-\\_version\\_2.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/887239/Local_Authority_Discretionary_Grants_Fund_-_guidance_for_local_authorities_-_version_2.pdf)

51. Frequently asked questions available at:  
<https://www.allerdale.gov.uk/en/coronavirus/coronavirus-business-grants-claims/discretionary-grant-scheme/>