**St Albans City and District Council Discretionary Grants Procedure.**

1. **Background**
   1. On 1 May 2020 the Department for Business, Energy and Industrial Strategy (BEIS) announced a Discretionary Grant fund for local authorities to administer in order to support certain small businesses outside of the scope of the previously announced business grant funds scheme.
   2. The funding available to businesses in the St Albans District is calculated as 5% of the total amount to be awarded under the Small Business and Retail, Hospitality and Leisure grant schemes. As we have yet to finalise awards to eligible businesses within these groups, the final level of funding available is currently unknown, although it is likely to be between £1.25M - £1.3M, and on 1 June 2020 we received an interim funding payment of £1,257,000.
   3. Since 1 May 2020 BEIS have published both Guidance for Local Authorities and a document detailing their response to ‘Frequently Asked Questions’.
2. **Eligibility Criteria**
   1. As per the guidance issued by BEIS on 1 May 2020, this ‘additional fund is aimed at small and micro businesses who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund.’ (BEIS guidance paragraph 5).
   2. Local authorities may disburse grants to the value of £25,000, £10,000 or any amount under £10,000. The value of the payment to be made to a business is at the discretion of the local authority. (BEIS guidance paragraph 14).
   3. Businesses which are eligible for cash grants from any central government COVID-19-related scheme are ineligible for funding from the Discretionary Grants Fund. These COVID-19-related schemes are as follows:

* Small Business Grant Fund
* Retail, Hospitality and Leisure Grant
* The Fisheries Response Fund – *unlikely to be applicable*
* Domestic Seafood Supply Scheme (DSSS). – *unlikely to be applicable*
* The Zoos Support Fund -– *unlikely to be applicable*
* The Dairy Hardship Fund – *unlikely to be applicable*

NB - Businesses who have applied for the Coronavirus Job Retention Scheme and the Self-Employed Income support scheme (SEISS) are eligible to apply for this scheme.

* 1. Only businesses which were trading on 11 March 2020 are eligible for this scheme. Companies that are in administration, are insolvent or where a striking-off notice has been made on 11 March 2020 are not eligible for funding under this scheme.
  2. These grants are subject to EU rules on State aid. This is unlikely to apply but businesses may be required to complete a State aid declaration form.
  3. The BEIS recognise that this scheme requires local authorities to prioritise which types of businesses will receive funding, and it will be at the local authority’s discretion as to which types of business are most relevant to their local economy. As such there will be no penalty for local authorities who use their use of discretion to prioritise some business types
  4. However, BEIS also state these grants are ‘primarily and predominantly aimed at’ the following business types:
* 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.
  1. BEIS have also asked authorities to ‘prioritise’ the following types of business for grants from within the funding pot.
* Small businesses in shared offices or other flexible workspaces. Examples could include 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
  1. The list set out above is not intended to be exhaustive but is intended to guide local authorities as to the types of business that the government considers should be a priority for the scheme

1. **St Albans Priorities:** 
   1. Taking into account the relevant guidance, the likely demand on funds and the views of officers, portfolio holders, group leaders and Cabinet, it was agreed that the following eligibility to these funds should be restricted to the following business types:

* Regular Market Traders with fixed building costs who do not have their own business rate assessment.  
  Bed and Breakfast Businesses who pay Council Tax rather than business rates.
* Charity properties in receipt of charitable business rates relief who would otherwise have been eligible for Small Business Rate Relief.
* Micro Businesses in shared offices or other flexible workspaces who do not have their own business rate assessment.
* Small Businesses in shared offices or other flexible workspaces who do not have their own business rate assessment.
* Independent Businesses who are not eligible for other Government Support towards their building costs, are considered to help make the District a vibrant place to live and work in, and who can demonstrate they have suffered a significant fall in income due to the COVID-19 crisis.
  1. BEIS have stated that this funding is ‘predominately’ aimed at businesses with high on-going fixed property related costs and there is an expectation that the majority of grants go to businesses with premises costs (BEIS Frequently Asked Questions paragraph 9). Therefore businesses, other than ‘bed and breakfasts’ which operate from a residential home will not be considered eligible for a grant, unless they also have business related property costs (such as a rented storage space or similar). The rationale behind this decision are as follows:
* Any premise cost such as Rent or Council Tax where a business operates from a residential home cannot be stated to be solely incurred in the course of the business.
* There is potentially other financial help available in order to help individuals with housing costs, such as the Self-Employed Income Support Scheme, Universal Credit, Housing Benefit and Council Tax Support.

1. **Application process:** 
   1. St Albans District Council will operate an online application for these Discretionary Grants up to Sunday 14 June 2020.
   2. Business will be asked to provide the following details in support of their application:

* Name of Business
* Business Address
* Brief Description of Business
* Category of Business
* VAT Registration Number
* Company Number
* Business Rate Account number (if applicable)
* How long the business has been trading
* Turnover for the last financial year for which complete records exist.
* Current Balance Sheet Total.
* How many members of staff does the business currently employ?
* Total Annual property related costs in respect of the business
* Details of how COVID-19 has affected their business.
* Details of how the business benefits the residents of the district.
* Has the Business Received any other financial support.
* Is the business currently in administration / insolvent / subject to a striking off notice.
* Name of Person Completing Application.
* Details of Bank Account Payment is to be made into.   
  1. Depending on demand and number of successful applications there may be a second application process after 14 June 2020.
  2. Businesses will not initially be required to provide evidence of anything they state, including their property related costs. The rationale for this is as follows:
* It would be difficult to prescribe what level of evidence may be required across all the different business types and some smaller businesses, including market traders, may find providing detailed evidence onerous. This may dissuade them from making an application.
* Officers may be able to determine that the figures declared look ‘reasonable’ based on local knowledge and comparison with other applications.
  1. However, officers reserve the right to request evidence of anything declared. An advantage of this approach is only business which are potentially entitled will be requested to provide evidence and business which are outside the scope of the scheme are not providing documentation unnecessarily.
  2. Applications may be reviewed prior to 14 June 2020 to establish whether further information and/or documentation is required.

1. **Decision Making Process** 
   1. Decisions will be made in respect of these applications as soon as is practicable after 14June 2020. Decisions will be made by three senior officers across Finance, Legal and Economic Development and will be assessed against the criteria detailed within this policy, the BEIS guidance and BEIS Frequently Asked Questions. Officers may seek advice from Heads of Service where it is considered necessary. Where all three officers cannot agree on a decision, a majority decision will be acceptable. In some cases, businesses will be required to provide further information and/or documentation in support of their application. Where that documentation is not provided within a reasonable time frame, offices may determine that the business is not eligible to receive funding.
   2. Officers involved in the decision-making process will be required to complete a Declaration of Interests detailing any links to businesses within the St Albans district. These declarations will be reviewed by the Head of Internal Audit who will determine whether the officer should be excluded from being involved in making a decision on a particular application or should be removed from the process entirely.
2. **Regular Market Traders.** 
   1. BEIS have not set any definition of a ‘regular market trader’ but have stated (BEIS Frequently Asked Questions paragraph 31) that in most cases they expect regular market traders to be those which, before COVID-19 restrictions, traded most days of the week. BEIS go on to state that traders that only traded in occasional markets (e.g. once a month) would not be considered regular, but local authorities should set their own criteria.
   2. We consider that a market trader who operates in the St Albans District on average once a week over 40 weeks of the year (to allow for holidays, sickness etc) should be deemed a ‘regular’ market trader.
   3. These grants are not restricted to those traders who operate in the St Albans Charter Market but also could be applicable to businesses who operate stalls or vehicles on a regular basis in other parts of the district, such as food / coffee ‘vans’ and flower stalls at railway stations or similar. Officers may wish to speak to the Licensing team to confirm the trader operates regularly in the district.
   4. BEIS have confirmed that a market trader may legitimately receive a grant from more than one authority where they operate across multiple districts (BEIS Frequently Asked Questions paragraph 32). As a business would be unaware when submitting their application whether they may subsequently be awarded a grant from another authority, we will not take into account whether another discretionary grant is potentially pending when making a decision under this scheme.
   5. We are aware that the advice of the National Market Traders Federation (NMTF) to market traders was to apply for the grant with the Council where they live. We would suggest that this advice was incorrect and did not take into account the views of Local Authorities or the guidance issued by BEIS. Applications from market traders who do not regularly operate in the St Albans district will be considered ineligible for funding this from scheme but will be advised to submit a further application to the authorities where they trade.
   6. It is acknowledged that market traders may have not have the ‘usual’ or ‘traditional’ business related property costs in terms of rent etc. Furthermore, any costs which they do incur may be difficult to evidence. For this reason, but also to aid administration and to provide a level of consistency across all traders, all regular traders who make an application will be awarded a fixed amount in respect of the grant. The actual level of grant will be determined by the number of successful awards across the other priority groups and the level of funding received by the Local Authority. The award will not exceed £10,000 and is likely to be substantially less than this.
   7. This award will then be reduced by a percentage depending on whether they have continued to operate through the pandemic.

* ‘Some trading’ – operated between 1-3 times in St Albans District during pandemic. Reduction of 25%
* ‘Substantial trading’ – operated between 4-8 times in St Albans District during pandemic. Reduction of 50%
* ‘Trading as normal’ – traded more than 9 times or traded as normal in St Albans District. Reduction of 100% (no award).

1. **Bed and Breakfast Businesses who pay Council Tax rather than business rates.**
   1. Bed and Breakfast type businesses have not been defined by BEIS and it is up to Local Authorities to set their own criteria as to what they would class as a B&B. We would consider a Bed and Breakfast to be an establishment which offers overnight accommodation and breakfast, the business proprietors are also usually resident, and the property is registered for Council Tax rather than business rates.
   2. When considering an application from a Bed and Breakfast, officers can use local knowledge, information from Planning, Housing, Environmental Health, online adverts, reviews and accredited registration to establish whether it is a genuine Bed and Breakfast type business.
   3. Additionally, officers may wish to request evidence of one or more of the following:

* A Fire Certificate.
* A Hotel and Mobile Units Television Licence.
* A PRS Music Licence.
* An alcohol licence.
  1. Properties which are let out as a whole and are considered more akin to ‘Airbnb’ type lettings will not be eligible under this scheme, nor will holiday lets which should have been registered for Business Rates rather than Council Tax, but have not been done so for any reason.
  2. The level of grant to be awarded to successful applicants will be based upon the declared property related costs (which include mortgage payments, utility bills, council tax, insurance and repairs / maintenance) calculated over a three-month period. A period of three months has been used to reflect the approximate period of ‘lock-down’ due to the COVID-19 pandemic. It is acknowledged that certain business types, including Bed and Breakfasts, are likely to still experience a reduction in trade even following the partial relaxation of the lock-down. However, at this stage it is not known whether there will be further Government Support for specific industries. Calculating the award with reference to 3 months business related building costs mirrors the policy intention of the previously announced grants for small businesses and businesses in the retail / hospitality and leisure sectors.
  3. This award will then be reduced by a percentage depending on whether the business has continued to operate during the pandemic.
* ‘Some trading’ – some occupancy during pandemic. Reduction of 25%
* ‘Substantial occupancy’ – Approximately 50% occupancy during pandemic. Reduction of 50%
* ‘Normal occupancy’ – Unaffected by pandemic. Reduction of 100% (no award).
  1. The award will be capped at £10,000 but in most cases will be substantially less than this. For ease of administration the award will be rounded to the nearest £100.

1. **Charity properties in receipt of charitable business rates relief who would otherwise have been eligible for Small Business Rate Relief.**
   1. Charities operating hereditaments with a rateable value of less than £15,000 would normally have received a grant of £10,000 under the previously announced grant scheme. However, because some Charities receive charitable rate relief rather than Small Business Rate Relief, they were deemed ineligible.
   2. At this stage it is unclear whether we have any charities that fall within this criteria, as charity shops and the like would have received a £10,000 grant under the Retail, Hospitality and Leisure grant scheme even if they did not receive Small Business Rate Relief. Therefore, it is likely this criteria will only be applicable to charities occupying small office type buildings within the district.
   3. Any application received under this criteria will be checked against the Local Authorities Business Rate Records to establish if they have already received a grant and if not, the reasons why. As it will be clear from the Business Rate Records if the charity receives Charitable Rate Relief, if will not be necessary for the charity to provide evidence of their charitable status.
   4. The level of grant to be awarded to successful applicants will be based upon the declared property related costs (which include rent / lease payments, utility bills, business rates and insurance) calculated over a three-month period. The award will be capped at £10,000 but may be substantially less. For ease of administration the award will be rounded to the nearest £100.
   5. There will be no reduction from this award if the charity has continued to operate during the pandemic as any charities which operate shops, cafes which would have been affected by the pandemic should have already received a £10,000 grant for the reasons outlined above.
2. **Small and Micro Businesses in shared offices or other flexible workspaces who do not have their own business rate assessment.**
   1. Some businesses in shared or flexible workspaces found themselves excluded from receiving a grant because they did not have their own business rate assessment. Therefore, this criteria is designed to ensure these businesses receive financial support during the pandemic.
   2. To be a micro business, under the Companies Act 2006, a business must satisfy two or more of the following:

* Turnover: Not more than £632,000
* Balance sheet total: Not more than £316,000
* Number of employees: a headcount of staff of not more 10
  1. 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
  1. Officers will assess whether the business is a micro business or a small business against the criteria above. Officers will also check Business Rate Records to ensure the business is not rated for business rates and has not already received a grant. A business in a shared workspace with two or more of the following requirements: headcount or more than 50 / Balance Sheet of more than £5.1 million / Turnover of more than £10.2 million will be excluded from receiving help under this scheme.
  2. Businesses who do not actually occupy a business property but pay for a postal address and/or a website (an arrangement which may be referred to as a ‘a virtual office’) are not considered to be eligible under this criteria.
  3. If the business occupies a business property in respect of which a grant has already been paid to the ratepayer, they will not be considered eligible under this criteria unless there are exceptional circumstances. The reasons for this are as follows:
* The previously announced grants were payable in respect of business premise costs. If a grant has already been paid in respect of that building, there is an expectation that other occupants should have in some way benefited from this grant. If, for example, sub-tenants have continued to be charged full rent despite the fact a grant was paid, it is suggested they will need to raise this with their landlord.
* Making further grants available to other companies within the same building could potentially lead to abuse of the scheme, in that these companies may be in some way linked to the ratepayer who has already received the grant.
  1. Where a grant has not previously been awarded in respect of the building, it will be expected that a number of discretionary grants could be payable in respect of the same hereditament where it is a genuine shared office. Again, this could be potentially open to abuse as in some cases directors may be shared between these companies. BEIS have confirmed this is acceptable to make payments to ‘linked’ businesses in the scenario but the costs incurred by each company would have to be identified separately. (BEIS Frequently Asked Questions paragraph 37)
  2. The level of grant to be awarded to successful applicants will be based upon the declared property related costs (which include rent / lease payments, utility bills and insurance) calculated over a three-month period.
  3. This award will then be reduced by a percentage depending on whether the business has continued to operate during the pandemic.
* ‘Some trading’ – a small amount of trading during pandemic. Reduction of 25%
* ‘Substantial trading’ – Business affected by pandemic but still able to trade to a reasonable extent, perhaps online. Reduction of 50%
* ‘Normal trading’ – Unaffected by pandemic. Reduction of 100% (no award).
  1. The initially calculated award will then be reduced by a further 25% if the business has received other Government funding designed to assist with non-staff related costs such as a ‘bounceback loan’ or a ‘coronavirus business interruption loan’.
  2. For micro businesses the award will be capped at £10,000 but in some cases may be substantially less than this. For small businesses the award will be capped at £25,000. If the calculated award for a small business exceeds £10,000 it will be rounded to either £10,000 or £25,000 depending on which figure is nearest. Awards for less than £10,000 will be rounded to the nearest £100. Please note it is not possible to make an award for an amount between £10,000 and £25,000.

1. **Independent Businesses who are considered to help make the District a vibrant place to live and work in, and who can demonstrate they have suffered a significant fall in income due to the COVID-19 crisis.**
   1. This criteria is designed to potentially benefit independent businesses who may not have received funding under the previously announced grant scheme because of their rateable value or the type of business they are. BEIS have confirmed it is permitted for a Local Authority to award a discretionary grant to businesses which a located in a business property with a rateable value greater than £51K. (BEIS Frequently Asked Questions paragraph 15)
   2. It will be for officers to consider whether a business is ‘independent’ taking into account its ownership and whether it forms part of a larger chain of businesses. As a guide, an independent business for the purposes of this scheme should be one that operates no more than 3 business properties, all of which are situated in the St Albans District or in an immediately neighbouring district. Businesses which are ‘franchised’ from a larger national chain would not normally be considered independent.
   3. In determining whether the business makes the District a ‘vibrant place to live and work in’, officers will have regard to the application form and local knowledge. They may also speak to other Council Officers. In arriving at a decision officers may wish to consider some of the following factors:

* Does the business attract visitors and tourists to the district?
* Does the business provide a service or goods which customers cannot easily obtain elsewhere within the district?
* Does the business recruit and employ a substantial number of people within the district?
* Does the business do any charitable work or work within the community at large?
* Does the business instil a sense of loyalty within its customers and would it be ‘missed’ if it closed permanently?
* Is the business normally economically viable and does it put money back into the community? Evidence of a business not being economically viable might be non-payment of business rates or similar.
* Are there any links between the business and what would be considered ‘anti-social behaviour’ – noise or litter complaints, breaches of regulations etc.
  1. Businesses which are considered to make the district a vibrant place to live and work in can be awarded a grant upon the declared property related costs (which include mortgage payments, utility bills, insurance and repairs / maintenance) calculated over a three-month period. Officers should check whether the business has received 100% business rate relief for 2020/21 in determining whether to include Business Rates in this calculation. ‘One off’ costs such as shop fitting / re-fitting, improvements etc, where declared, should not be included.
  2. This period of three months has been used to reflect the approximate period of ‘lock-down’ due to the COVID-19 pandemic. It is acknowledged that certain business types who may be applying under this criteria, including pubs and restaurants are likely to still experience a reduction in trade even following the partial relaxation of the lock-down. However, at this stage it is not known whether there will be further Government Support for specific industries.
  3. This award will then be reduced by a percentage depending on whether the business has continued to operate during the pandemic.
* ‘Some trading’ – a small amount of trading during pandemic, perhaps online. Amount must be more than de minimis. Reduction of 25%
* ‘Substantial trading’ – Business affected by pandemic but still able to trade to a reasonable extent, perhaps online. Reduction of 50%
* ‘Normal trading’ – Unaffected by pandemic. Reduction of 100% (no award).
  1. The initially calculated award will then be reduced by a further 25% if the business has received other Government funding designed to assist with non-staff related costs such as a ‘bounceback loan’ or a ‘coronavirus business interruption loan’.
  2. If the calculated award exceeds £10,000 it will be rounded to either £10,000 or £25,000 depending on which figure is nearest. It is not possible to make an award for an amount between £10,000 and £25,000. Awards for less than £10,000 will be rounded to the nearest £100.
  3. It is felt that many independent businesses within this district will have already received grants under the previous grants scheme. Therefore, it is anticipated the majority of awards will be made to other business types detailed above. However, awards made under this criteria are likely to be greater in value because of the higher level of property related costs.

1. **Administration.** 
   1. As the local authority only has limited funds, the number of applications which are deemed eligible may determine the amount of money which can be awarded in each case. For this reason, it is likely the Local Authority will not be in a position to make decisions on the amount of money to be awarded in individual cases until the majority of applications are considered.
   2. Furthermore, the local authority may have to revise the calculation process detailed within this policy if the number of applications which are considered eligible exceeds expectations. For example, it may be necessary to only look to cover businesses building related costs for a period of two months for some or all eligible groups.
   3. If the number of eligible applications is less than anticipated the Local Authority may look to run a second application process and / or revise the calculation process to cover a period greater than three months building related costs for some or all eligible groups. In doing this the local authority might want to have regard to the types of businesses which are likely to suffer a decline in trade for the longest period or are likely to incur the greatest costs related to re-opening.
   4. In line with the previously announced grants, there is no formal right of appeal against a decision made in respect of these grants. Successful applicants will receive a payment into their nominated bank account as soon as is practicable. They will also receive a payment schedule detailing the amount of the payment. However, the local authority will not issue any further correspondence to the applicant. This means, for example, the applicant will not receive any detail of how the award has been calculated.
   5. If an individual award is calculated as being less than £200 the Local Authority can elect not to make payment.
   6. Unsuccessful applicants will not receive any correspondence in respect of their application.
   7. All applicants will be subject to checks in respect of their application. This includes data matching with information held by other authorities and third parties. Such checks will be required to establish, for example, whether the company was trading as at 11 March 2020. It is anticipated some or all checks will be carried out post-payment.
   8. Any business or individual who are found to have falsified their records or deliberately submitted information which they know to be incorrect in order to obtain a grant will have to repay any monies awarded to them. The Local Authority will also consider whether prosecution may be appropriate taking into account all relevant factors.