



**NORTH HERTFORDSHIRE DISTRICT  
COUNCIL**

**CUSTOMERS DIRECTORATE**

**BUSINESS GRANTS  
LOCAL AUTHORITY DISCRETIONARY  
GRANTS FUND  
2020/2021**

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## **Local Authority Discretionary Grants Fund**

### **1. Introduction**

- 1.1 In response to the COVID-19 pandemic, the Government introduced three Business Grants Schemes, which were administered by Local Authorities.
- 1.2 In essence, these schemes are:
- Scheme 1. Small Business Grant. This is payable to any business with a rateable value of less than £15,000 and where Small Business Rate Relief is awarded. For each qualifying property a Grant of £10,000 is payable to the ratepayer
  - Scheme 2a. Retail, Hospitality & Leisure Business Grant. This is payable to businesses in the Retail, Hospitality & Leisure sectors, which would qualify for Expanded Retail Rate Relief with a rateable value up and including £15,000. For each qualifying property a Grant of £10,000 is payable to the ratepayer
  - Scheme 2b. This is the same as Scheme 2a except that the eligible rateable value range is £15,001 to £50,999 inclusive. For each qualifying property a Grant of £25,000 is payable to the ratepayer
- 1.3 For all Schemes, it is the ratepayer in occupation on 11 March 2020 that is eligible for the Grant
- 1.4 The Council has been administering these Schemes since early April 2020.
- 1.5 During the implementation of the above Schemes, there was considerable lobbying of the Government in support of businesses that did not meet the criteria for an award and consequently to address some of these questions, the Government has now made a pot of money available to each Local Authority to administer its own Discretionary Scheme, but within some Government set criteria.

### **2. Available Funding**

- 2.1 The Government has announced that the funding available to each Local Authority will be 5% of the projected amount to be paid under the three Schemes above based on the weekly return to the Department of Business, Enterprise and Industrial Strategy on 4 May 2020.
- 2.2 For North Hertfordshire the amount of available funding for the Discretionary Scheme is £1,385,100.
- 2.3 In the first instance, Local Authorities are to use any unspent money already paid to them to fund the original three Schemes. If that money is insufficient, either because a high value of Grants under those Schemes has already been paid, or this proves to be the case moving forward, the funding allowance will be adjusted, and the Government will provide further funding to meet the shortfall.

### **3. Value of Grants**

3.1 There are three levels of Grant available under the Scheme:

- £25,000
- £10,000
- Any value up to £10,000

3.2 No Grants of more than £25,000 are available or for any value between £10,001 and £24,999.

### **4. Legal Basis**

4.1 This Scheme is not directly linked to Business Rates and therefore normal powers to award Discretionary Rate Relief is not appropriate. Instead, the Council is empowered to make these discretionary payments under the provisions of Section 1 of the Localism Act 2011 (General Power of Competence).

### **5. Aims of the Scheme**

5.1 The Government has stated that the Scheme should be primarily and predominantly aimed at the following:

- 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

5.2 The Government has also stipulated that Local Authorities should prioritise businesses in the following categories:

- 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 Rate Relief

5.3 The list set out above is not intended to be exhaustive but is intended to be a guide as to the types of business that the Government considers should be a priority for the scheme.

### **6. Mandatory Restrictions**

6.1 As well as the priorities mentioned at 4.1 above, the Government has also imposed some restrictions that Local Authorities have to be mindful of when devising their Schemes. These are:

- Business must have been trading on 11 March 2020
- Business must have fixed property costs, e.g. Rent/Mortgage, Service Charges, Buildings Insurance
- Business must meet the definition of a small business under the Companies Act 2006, that is to meet two of the following three conditions:
  - 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
- The guidance also refers to micro businesses but the test for that is lower than for a small business
- The business must not be in administration, insolvency or received a striking off notice

6.2 In addition to the restrictions in 6.1, the ratepayer must also not be eligible for any of the other COVID-19 support measures provided by the Government, which include:

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

## **7. Decision Making Process**

7.1 The Council will invite applications from businesses wishing to apply via an electronic form on the Council's web site. It will be made clear on the web site what the qualifying restrictions are.

7.2 Applications will be received up to 17.00 on 19 June 2020. No applications received after the deadline will be considered.

7.3 From 19 June 2020, the Council will review all applications and initially sort them into those that meet at least one of the Government aims in 5.1.

7.4 We will then determine which, of the four priority categories detailed at 5.2 are met by those who meet one of the Government aims in 5.1.

7.5 The number and value of awards will then be determined based on the number of businesses that qualify under 5.1 that fall into one of the priority categories at 5.2 with those meeting all four aims at 5.1 receiving the highest amount, followed by three, then two then one.

7.6 To try and maintain some consistency with the three original Schemes, no property with a rateable value or in the case of those not liable for Business Rates, rent or mortgage payments up to £15,000 per annum, will receive a Grant greater than £10,000.

7.7 It is the Council's wish that businesses with a rateable value of more than £15,000 or in the case of those not liable for Business Rates, rent or mortgage payments greater

than £15,000 per annum and that meet all four aims at 5.1 will receive the higher award of £25,000.

**7.8 However the Council reserves the right to adjust that cut off to provide benefit to the maximum number of applicants within the finance available.**

7.9 Any residual funding after awards have been made to those businesses that meet one or more of the Government aims (see 5.1) and one of the priority businesses at 5.2, will be allocated to businesses that meet one or more of the aims (see 5.1) (second round of awards). with priority being given in the first instance to those businesses whose income has fallen to zero or just above and then increasing upwards.

7.10 In the second round of awards, priority will be given to those businesses that have suffered the greatest percentage reduction in income. Other factors will then be taken into consideration such as the number of employees and the rateable value or annual rent/mortgage payments

7.11 Full details of how the money has been allocated will be published on the Council's web site.

7.12 The Council has decided to follow this process to ensure a fair distribution of funding to all businesses that qualify rather than allocating Grants on a first come first served basis, where some businesses may miss out on valuable Grant funding.

**8. Restrictions in the Council's Scheme**

8.1 Businesses being run from a domestic home will have to demonstrate that they incur additional costs directly associated with the business, above and beyond those normally associated with a domestic property.

8.2 Fixed property related costs will include but not be limited to business rates (where payable) rent/mortgage, property insurance, pitch and storage fees

8.3 There is no definition of a "significant fall in income". The Council will consider this as a percentage of income lost from sales or services in the ten weeks from 23 March 2020 to 31 May 2020, compared with the ten weeks before from 13 January 2020 to 22 March 2020. In doing so, the Council recognises that this may not take account of seasonal variations and will make suitable adjustments if necessary, to allow for this. Proof will be required to support this.

8.4 A regular market trader is considered as one who trades on a regular basis at a particular market in the District, i.e. either every day that the market is open or at least on the same day each week. Those that trade only occasionally, i.e. once per month for example will not be eligible.

8.5 To be eligible as a Bed & Breakfast which pay council tax instead of business rates, the property must have fewer than six bed spaces and should be wholly or mainly used as guest or boarding premises. Proof will be required through the application process.

8.6 The Retail, Hospitality & Leisure Business Grant guidance specifically excludes certain types of businesses including:

- Financial services (e.g. banks, building societies, cash points, bureaux de change, short-term loan providers)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers)
- Post office sorting offices

8.7 These will continue to be excluded under this Local Discretionary Scheme.

8.8 Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors) will be included in this Scheme as these services are wholly dependent on visiting customers being present in person to be able to provide their services.

## **9. Period of the Scheme**

9.1 This is a one-off Scheme sponsored by the Government to meet the pressures on businesses as a result of the COVID-19 pandemic. No applications will be considered after the close of applications at 17.00 on 19 June 2020.

## **10. Notification of Decision**

10.1 Businesses that qualify for a Discretionary Grant will be notified by email detailing the award.

10.2 The award notification will remind recipients that they should not accept the award and repay it immediately if they are not entitled to the award because it falls outside the State Aid De-Minimis Regulations. It is the responsibility of the business to ensure that it does comply with the State Aid De-Minimis Regulations.

10.3 The award notification will also remind recipients that the Grant will be considered as income to the business and as such will be taxable according to HMRC rules that apply at the time the business' tax liability is assessed

## **11. Rights of Appeal**

11.1 There is no statutory right of appeal against a decision to award a Grant under this Scheme made by the Council because the Grant is discretionary. However, the Council recognises that customers should be entitled to have a decision objectively reviewed if they are dissatisfied with the outcome.

11.2 Any business proprietor, who has been refused a Grant under this Scheme should, in the first instance detail in writing their reasons for not agreeing with any decision, to the Revenues Manager in the Customers Department, District Council Offices, Gernon Road, Letchworth Garden City, Herts SG6 3JF or by email to [revenues@north-herts.gov.uk](mailto:revenues@north-herts.gov.uk). A request for a review must be made within one week of notification of the decision and must set out the reasons for the request and any supporting information.

- 11.3 Should the applicant still be aggrieved having received a response to the first “review” they should then write to the Service Director - Customers, at the same address as in 11.2 above within a further week of receiving the first review decision.