



Cheltenham Borough Council Discretionary Business Grant Scheme

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1.0 Purpose of the scheme

- 1.1 The purpose of this document is to determine eligibility for a payment under the Council's Discretionary Business Grants Scheme.
- 1.2 The new Discretionary Business Grant Scheme has been developed in response to an announcement made by the Secretary of State for Business, Energy & Industrial Strategy made on 1st May 2020 which sets out circumstances whereby a grant payment **may** be made by the Council to a business who has not previously qualified for a direct business grant and is suffering a significant fall in income due to the COVID-19 crisis.

Whilst the awarding of grants will be at the total discretion of the Council, the Department for Business, Energy & Industrial Strategy (BEIS) has set down criteria which must be met by each business making an application for a discretionary grant. The Department has also indicated the types of business which should be given priority.

- 1.3 This document sets out the criteria which BEIS have provided to the Council to determine eligibility for the Discretionary Business Grant. It also outlines the approach the Council will take in determining whether an award should be paid or not.

2.0 Funding

- 2.1 Government has provided the Council with a sum of £1,128,750 which represents 5% of the projected allocation for the Direct Business Grants. The funding level is finite and therefore the Council, although keen to ensure that grants are given to the maximum number of businesses, is conscious that its expenditure cannot exceed that amount.
- 2.2 The Council will limit the total awards to the level of funding available from Government.

3.0 Eligibility criteria of the fund

- 3.1 Government, whilst wanting Councils to exercise their local knowledge and discretion, have set national criteria for the funds. In all cases, the Council will only consider businesses for Discretionary Business Grant where the relevant criteria are met.
- 3.2 Any business failing to meet the criteria or failing to provide the Council with sufficient information to determine whether they meet the criteria, will not be awarded a Discretionary Business Grant.
- 3.3 Government has stated that the intention of the scheme is to provide assistance to businesses that primarily and predominantly meet the following criteria:
 - 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 building-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. (Businesses that would otherwise meet the criteria but have a rateable value greater than £51,000

but below £105,001, may apply under the local fund priorities - see section 7); and

- Businesses must have been trading on 11th March 2020.

3.4 In addition, businesses which are **eligible** for any of the following are **ineligible for any Discretionary Business Grant**:

- 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;

4.0 Definitions – Eligibility Criteria

4.1 For the sake of clarity, the following definitions are provided in respect of the criteria set out in paragraphs 3.3 and 3.4:

- **Small Businesses under the Companies Act 2006** must meet two of the following requirements in a year:
 - Turnover must not be more than £10.2 million per annum;
 - The Balance sheet total should not be more than £5.1 million; and
 - The number of employees should be less than 50.
 - Businesses will be required to provide evidence to the Council that they meet the criteria as a small business by providing accounts or draft accounts for the last trading period;
- **Micro Businesses under the Companies Act 2006** must meet two of the following requirements in a year:
 - Turnover must not be more than £632,000 per annum
 - The Balance sheet total should not be more than £316,000; and
 - The number of employees should be less than 10.
 - Businesses will be required to provide evidence to the Council that they meet the criteria as a micro business by providing accounts or draft accounts for the last trading period;
- **Both small and micro businesses** will be required to submit their latest accounts/draft accounts or evidence of turnover for the latest trading period;
- **Businesses must have relatively high ongoing fixed building-related costs** – for the purpose of this scheme, the Council determines fixed building-related costs to be:
 - Payments of mortgage, lease, rent or licence for business premises and **not** domestic premises (apart from the exception of Bed and Breakfast premises as defined in part 6 of this scheme);
 - The payments must represent a high proportion of expenses in relation to the overall income of the business; and
 - The payments are unavoidable and are ongoing.

The Council has determined that each business will have to provide evidence of high on-going fixed building-related costs. The Council will require the business to provide evidence of liabilities including mortgage, lease, tenancy, service charges or licence documentation. In the case of shared workspaces (see sections 5 and 6), only businesses which have fixed building costs of greater than £5,000 per annum shall be considered as priority;

- **Businesses must demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis** – the Council has determined that businesses must certify that there has been a significant fall in income (of at least 50%) for the period March to May 2020 compared with the same months in 2019 (where a business was not trading in March-May 2019, evidence for 3 months prior to March 2020 will be accepted).
Businesses will be required to provide evidence of this which must include bank statements supported by financial information which could be in the form of (but not limited to) management information contained in spreadsheets, evidence from an accountant or bookkeeper or information from a computerised accounting system (e.g. Sage, Xero etc.).
The Council must be sure that the fall in income is due to the COVID-19 crisis and not a general failure of business. Where necessary businesses may need to provide evidence to the Council to support their application;
- **Businesses must be trading on 11th March 2020** – Businesses must have been trading on 11th March 2020 and continue to be trading at the time the grant is paid. Businesses that have ceased trading since 11th March (apart from temporarily due to COVID-19), are dormant, subject to a winding up order, in administration or subject to striking off will not be eligible;
- **Eligible to a grant under the Small Business Grant Scheme or the Retail Hospitality or Leisure Scheme¹** – where the business is either eligible to receive or has received a grant under either of the two schemes administered by the Council, no Discretionary Business Grant shall be awarded;
- **Eligible to assistance under the Fisheries Response Fund** – as administered by the Marine Management Organisation (MMO) and funded by HM Treasury and the Department for Environment, Food and Rural Affairs. Where the business or person is eligible to assistance under this fund, no Discretionary Business Grant shall be awarded;
- **Eligible to assistance under the Domestic Seafood Supply Scheme (DSSS)** as administered by the Marine Management Organisation (MMO) and funded by HM Treasury and the Maritime and Fisheries Fund. Where the business or person is eligible to assistance under this fund, no Discretionary Business Grant shall be awarded;
- **Eligible to assistance under the Zoos Support Fund** as administered by the Department for Environment, Food and Rural Affairs. Where the business or person is eligible to assistance under this fund, no Discretionary Business Grant shall be awarded;
- **Eligible to assistance under the Dairy Hardship Fund** as administered by the Department for Environment, Food and Rural Affairs. Where the business or person is eligible to assistance under this fund, no Discretionary Business Grant shall be awarded;
- **Businesses which occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000** – The Council has decided that this shall be a key determinant of priority under the scheme and, as such, where businesses make payments of mortgage, lease, rent or licence of £51,000 or more per annum, no Discretionary Business Grant

¹ Eligibility Criteria for either the Small Business Grant or Retail Hospitality and Leisure Grant as determined by the Department for Business, Energy & Industrial Strategy and administered by the Council;

shall be awarded. Where businesses would otherwise meet the criteria but have a rateable value of £51,000 or more, they may be considered as a local fund priority (see Section 7).

For the avoidance of doubt, the Council has decided that in calculating the figure of £51,000, **all** buildings occupied by the business (or the responsibility of the business) shall be taken into account.

5.0 National Priority Businesses

5.1 Government are asking Councils to prioritise the following types of businesses for grants from within this discretionary fund:

- (a) **Small businesses in shared offices or other flexible workspaces** e.g. industrial parks, science parks, incubators etc., which do not have their own business rates assessment;
- (b) **Regular market traders who do not have their own business rates assessment;**
- (c) **Bed and Breakfast premises which pay council tax instead of business rates;** and
- (d) **Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.**

6.0 Definitions - National Priority Businesses

6.1 In line with Government's priorities for the fund, the following definitions have been used to determine whether any particular business should be treated as a priority for the funding:

Small businesses in shared offices or other flexible workspaces which do not have their own business rates assessment

6.2 These are defined by the Council as businesses which do not have a separate assessment for Non-Domestic Rating (i.e. those businesses who do not occupy a separate hereditament within the 2017 Rating List) and who, on the 11th March 2020 were trading and shared the premises with other businesses.

6.3 Primarily, these businesses will not be assessed individually for Non-Domestic Rating on the basis that the landlord has paramount occupation of the premises.

6.4 The Council has decided that the following criteria will also apply to small businesses in shared offices or other flexible workspaces:

- The shared office or flexible workspace must be used by the business on a day to day basis and be for the sole use of the business;
- Homeworking will not be considered as shared offices or flexible workspaces;
- The business must be leasing or renting a defined office space or shared workspace, not just individual desk spaces; and
- The business must trade from the shared office or flexible workspace. It must not be wholly or mainly for storage or used as Post Office / Mailing address or Registered Office only.

Regular market traders who do not have their own business rates assessment

6.5 As with the other priority businesses for this fund, these will be businesses which do not have a separate assessment for Non-Domestic Rating (i.e. those businesses who do not occupy a separate hereditament within the 2017 Rating List).

6.6 The Council has decided that for the purpose of this scheme, market traders shall be defined as

“a business or person who sells goods wholly or mainly to visiting members of the public from a stall, pitch or similar, from a place or market recognised by the Council as a market”.

Where the business is street trading, the business or person must hold a valid street trader licence issued by the Council.

6.7 All market traders must prove to the Council that as at 11th March 2020, they had a regular pitch or stall in a fixed location within the Council's boundary from which they sold goods to visiting members of the public.

6.8 For the purposes of this scheme, 'regular' is defined as at least 5 days per week. Where the market trader traded less frequently, the Council will not consider the business as priority for a grant.

6.9 Where a market trader operates in more than one local authority area, the applicant will need to certify that they trade primarily in the Council's boundary or have fixed business base within the Council's boundary. Where a grant is claimed from another authority, no grant will be awarded by the Council.

Bed and Breakfast premises which pay council tax instead of business rates

- 6.10 For the purpose of this scheme, these businesses are those who do not occupy a separate hereditament within the 2017 Rating List and who the Valuation Office Agency would deem to fall within the council tax Valuation List.
- 6.11 For the avoidance of doubt, the Council will consider this as a priority business if:
- (a) the Bed and Breakfast property is domestic and therefore subject to council tax rather than business rates;
 - (b) It provides short stay accommodation for no more than six persons at any one time within the past year;
 - (c) The property is the sole or main residence of the proprietor(s) and the bed and breakfast use is subsidiary to the private use;
 - (d) The business was trading on 11th March 2020 (see paragraph 4.1); and
 - (e) There must be at least two rooms capable of being let separately.
- 6.12 In determining subsidiary use the Council shall take into account:
- Whether the majority of the premises is being used for business purposes: and
 - If the premises have been adapted to alter the character of the property beyond that of a private house.
- 6.13 Where the Council has determined that the Bed and Breakfast premises should have been subject to Non-Domestic Rating, the business shall not be considered as a priority for a Discretionary Business Grant.
- 6.14 The Council has determined that, any premises where it considers that the Bed and Breakfast business is basically 'home sharing' and where advertising is wholly undertaken through 'home sharing' websites, will be excluded from the fund.

Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief

- 6.15 In certain cases, where a charity was in receipt of mandatory relief under Section 43 of the Local Government Finance Act 1988, it would not have been entitled to either Small Business Rates Relief or Rural Rate Relief. As such it would not have been able to receive a grant under the Small Business Grant Fund.
- 6.16 The Council will give priority to charities who, were it not for the receipt of mandatory relief, would have met the qualifying criteria for the Small Business Grants. It should be noted that this only relates to premises that would, but for the receipt of mandatory rate relief, have received a percentage reduction under the Small Business Rates Criteria. In the main this will be premises with a Rateable Value of £15,000 or less and where the ratepayer occupies only one premises (excluding any premises which would be disregarded under the Small Business Rates Relief scheme).

7.0 Local Fund Priorities

- 7.1 In addition to the national fund priorities, the Council has decided that it will accept applications from all local independent businesses meeting the criteria.
- 7.2 The Council has decided priority local independent businesses are those that are in the hospitality sector such as bars, restaurants, cafés, nightclubs, public houses and boutique hotels which are eligible for the Expanded Retail Discount and have a

rateable value of £51,000 or greater but below £105,001. Businesses that are part of national chains or franchises will receive no Discretionary Business Grants.

- 7.3 In all cases however, the business **must** meet the eligibility criteria stated in sections 3 and 4.

8.0 How will grants be provided to businesses?

8.1 The Council is fully aware of the importance of grants to assist businesses and support the local community and economy. The Discretionary Business Grant scheme will offer a lifeline to businesses who are struggling to survive due to the COVID-19 crisis.

8.2 In all cases, an application form **is** required, and this can be completed on-line at the Council's website: www.cheltenham.gov.uk/coronavirus-business-advice
If the requested information is not provided with the application form the application may be deemed invalid
The Council may ask for supplementary information. If this is not provided as requested the application may be deemed invalid.

8.3 An application for a Discretionary Business Grant is deemed to have been made when a duly completed application form is received via the Council's online procedure.

8.4 The Department for Business, Energy & Industrial Strategy (BEIS) has issued a guidance document which will be used in administering the scheme along with any updated versions and supplementary guidance.

9.0 How much grant will be payable

9.1 Government has determined that there shall be a 'cap' on grants of £25,000 per business and that the next level of grant shall be £10,000. However, the Council under Government guidance, has the following discretion:

- (a) Whether to award grants at the £25,000 or £10,000 level; and
- (b) To determine whether grants of less than £10,000 should be awarded.

9.2 The Council has decided that, for the purposes of this scheme, the following grants will be awarded:

- Market traders – up to a maximum of £5,000 subject to demand;
- Bed and breakfast – up to a maximum of £5,000 subject to demand;
- Charities – up to a maximum of £10,000 subject to demand
- Small and micro businesses in shared office space - up to a maximum of £10,000 subject to demand; and
- Local Priority Businesses as defined in section 7 and meeting the criteria in sections 3 and 4 of this scheme up to a maximum of £25,000 subject to demand.

9.3 The Council reserves the right to alter the level of grant awarded where the number of successful applications received, exceed the level of funding available.

9.4 Only one Discretionary Business Grant will be awarded to any business. This will also apply if more than one business has the same proprietor (either sole traders or partnerships).

10.0 Limitation of funds and applications

- 10.1 All monies paid through the Discretionary Business Grant scheme will be funded by Government and paid to the Council under S31 of the Local Government Act 2003. However, as mentioned in section 2, the funds are limited and, as such, the Council is not able to award a grant where funds are no longer available.
- 10.2 In order to fairly administer the scheme, the Council has decided that awards will be determined as follows:
- (a) There will be a two-week period during which applications can be made. This will be between 6pm on 9th June 2020 until midnight 21st June 2020;
 - (b) Any businesses wishing to claim should complete the necessary form on the Council's website as shown in paragraph 8.2. This will also include the provision of such evidence as required by the Council;
 - (c) All claims will be made online;
 - (d) Once the application period is closed, all awards will be considered against the criteria laid down within this scheme. The Council aims to commence paying grants from 25th June;
 - (e) Depending on the number of applications and the amount left in the grant fund, the Council reserves the right to provide other application periods if appropriate.

11.0 EU State Aid requirements

- 11.1 Any Discretionary Business Grant is given as aid under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak published on 19 March 2020. This means that businesses receiving support under these provisions can receive up to €800,000 in aid over three years (being the current and the previous two years).
- 11.2 Any grant awarded is required to comply with the EU law on State Aid. This will involve the applicant declaring to the Council if they have received any other de minimis State aid or aid provided under the EU Commission Covid-19 Temporary Framework.

12.0 Scheme of delegation

- 12.1 The Cabinet, in line with delegated powers, has approved this scheme on behalf of the Council.
- 12.2 Officers of the Council will administer the scheme and the Head of Revenues and Benefits (in consultation with the Executive Director for Finance and Assets and the Cabinet Member Finance) is authorised to make technical scheme amendments to ensure it meets the criteria set by the Council and, in line with Government guidance.

13.0 Notification of decisions

- 13.1 Applications will be considered by the Revenues and Benefits Section.
- 13.2 All decisions made by the Council shall be notified to the applicant by email. A decision shall be made as soon as practicable after the closure of the application period.

14.0 Reviews of decisions

- 14.1 The Council will accept requests from the applicant for a review of its decision. Requests must be made by email within 7 days of the Council issuing its decision and must clearly state the grounds for the decision being reviewed.
- 14.2 The review will be considered by the Head of Revenues and Benefits and Executive Director for Finance and Assets in consultation with the Cabinet Member Finance. The applicant will be informed of the decision by email as soon as practicable. The decision will be final.
- 14.3 The review process will be the mechanism used to review decisions to award or not award grant payments. The Council's complaints procedure will be applied in respect of other grievances in relation to the scheme.

15.0 Complaints

- 15.1 The Council's complaints procedure (available on the Council's website) will be applied in the event of any complaint received about this scheme apart from the decision to award or not award a discretionary business grant.

16.0 Other scheme conditions

- 16.1 The Council has been informed by Treasury that all grants are taxable. Applicants should make their own enquiries to establish any tax position or liability.

17.0 Managing the risk of fraud

- 17.1 Neither the Council, nor the Government will accept deliberate manipulation of the scheme and fraud. Any applicant caught falsifying information to gain grant money or failing to declare entitlement to any of the specified grants will face prosecution and any funding issued will be recovered from them.
- 17.2 Applicants should note that, where a grant is paid by the Council, details of each individual grant may be passed to Government.
- 17.3 The Council reserves the right to reclaim any grant paid in error.