



**WEST LANCASHIRE BOROUGH COUNCIL
BUSINESS GRANTS FUND SCHEME POLICY
DATED 28 MAY 2020**



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1. Introduction

- 1.1 In response to the Coronavirus pandemic, COVID-19, the government announced, in March 2020, there would be support for small businesses, and businesses in the retail, hospitality and leisure sectors, through the Small Business Grant Fund (SBGF) and the Retail, Hospitality and Leisure Grant Fund (RHLGF). To date the Council is pleased to have supported **1600** businesses in West Lancashire and paid out over **£19m** under the two schemes.
- 1.2 In May 2020 an additional new fund was announced by Government, to be administered by local councils, aimed at small businesses who were not eligible for the SBGF or the RHLGF, and which have relatively high ongoing fixed property related costs, and can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis. On 20 May 2020 Government advised that the Council's allocation under this new scheme would amount to **£1.075m**.
- 1.3 The Council is delighted to have been able to support so many local businesses during the COVID-19 pandemic. While the Council recognise that the schemes offered by Government have not been sufficient to include every business adversely affected by the crisis, we hope to support many more small businesses under the West Lancashire Business Grants Fund Scheme.

2. Purpose & Scope of the Scheme

- 2.1 The purpose of this Scheme is to set out the criteria under which West Lancashire based small businesses may qualify for a grant under the West Lancashire Business Grants Fund, the evidence required to support an application and the appropriate level of grant that may be awarded.

- 2.2 This scheme will also ensure, as far as possible, the fair, equitable and consistent treatment of all businesses who are eligible to apply.
- 2.3 [Government guidance](#) updated on 22/05/2020 sets out the criteria which the Government advises the Council should consider in administering the Business Grants Fund Scheme.
- 2.4 In the absence of any set criteria it is likely that demand for this scheme would outstrip the limited funds that have been provided by Government. Therefore, the Council will implement a phased application process that will first target the priority businesses identified in the Government guidance and within this scheme. The Council may then offer a further application phase (or phases) for other small businesses, dependent on the availability of funding.
- 2.5 The Government guidance has determined that the grants are primarily and predominantly aimed at business which meet all of 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 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.
- 2.6 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
- 2.7 To be a micro business, under the Companies Act 2006, a business must satisfy two or more of the following requirements in a year:
- 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.
- 2.8 Section 1 of the Localism Act 2011 provides the Council with the powers to make the grant payments. The Council's decisions regarding the scheme will be final and there is no appeal process.

3. Eligibility

- 3.1 To be eligible to apply for a grant under this scheme the business must meet all of the following criteria:
- Qualify as a small or micro business, as defined above;

- Were trading on 11th March 2020;
- Have relatively high ongoing fixed property-related costs;
- They must be able to demonstrate that they have suffered a significant fall in income due to the restrictions of COVID-19, and
- Occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000.

3.2 This grant funding is for businesses that are not eligible for other support schemes. Businesses which are eligible or have received cash grants from any central government COVID-19 related scheme are ineligible for funding from the Discretionary Grants Fund. Such grant schemes include but are 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

3.3 Businesses who are eligible for the Self-Employed Income support scheme (SEISS) are eligible to apply for this scheme.

3.4 Businesses who have applied for the Coronavirus Job Retention Scheme are eligible to apply for this scheme.

3.5 Companies that are in administration, are insolvent or where a striking-off notice has been made are not eligible for funding under this scheme.

3.6 Businesses will only be eligible for one grant irrespective of the number of premises that they occupy.

3.7 Homeworkers will not be eligible for this scheme.

3.8 In line with the Government guidelines, the first phase will be prioritised to any businesses falling within any of the following priority categories:

- **Small businesses in shared offices or other flexible workspaces.** Examples could include mills, 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 (note see further information regarding market traders eligibility at paragraph 5.5 below);
- **Bed & Breakfasts** which pay Council Tax instead of business rates (grants will not be made available to individuals who occasionally rent out a room or their property through platforms such as AirBnB); 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

3.9. The Council reserves the right to vary the terms of this scheme at any time, and without notice, should it be necessary to do so.

4. Fair Funding Approach

- 4.1 The Council will adopt a fair funding approach to the grants scheme in a phased manner in order to ensure that all eligible businesses have the opportunity to apply under the scheme. This will allow the Council to assess and quantify the level of demand for funding from businesses that fall within the priority areas identified in the Government guidance and meet the eligibility criteria and evidence requirements set out in this policy.
- 4.2 During the application window for the first phase the Council will process and decide on grant allocations for all applications it has received. Once the first phase has closed the Council will then assess whether there is any further Government funding available under the scheme. The Council may then offer future phases of grant funding and further information about this will be made available when appropriate and if required.
- 4.3 If a business falls into a sector that has not been allowed to open or provides services that are not permitted due to social distancing rules, and have not been able to move to online services, the level of income lost will be more significant to that of a business still able to operate but at a reduced level. This will be taken into consideration when confirming the grant amount to be offered.

5. Determination of Grant Amounts and Payments

- 5.1 In accordance with Government guidance the Council may disburse grants under the scheme to the value of £25,000, £10,000 or any amount under £10,000. The value of the grant to be made to an eligible business is at the discretion of the Council.
- 5.2 Grants under the scheme are capped at £25,000. The next level of grant is £10,000.
- 5.3 The Council has discretion to award grants of any amount under £10,000. The Government have provided limited funds to administer this scheme and expect most grants under £10,000 to be appropriate. The Council will follow this guidance and also anticipates that the maximum grant of £25,000 will only be made in appropriate circumstances where there are justifiable reasons.
- 5.4 The Council believes that in order to benefit as many small businesses as possible from the limited funds available it is appropriate to have a number of staged levels of grants. The grants awarded under each level will be directly proportionate to the fixed property costs of the business and the impact on income due to COVID-19 will also be considered. The grant levels are:
- £1,000 grant
 - £2,500 grant
 - £5,000 grant
 - £7,500 grant
 - £10,000 grant
 - £25,000 grant (only considered in exceptional circumstances)
- 5.5 The exception to paragraph 5.4 is regular market traders because the Council has identified the importance of these businesses within the local area. The Council understands that this sector may have low fixed property related costs, but due to COVID-19 restrictions they are

mainly or wholly unable to trade and have experienced a significant drop in income. Therefore, even if a market trader is unable to evidence that their business occupies property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000 or that they have high fixed property related costs they will still be eligible to apply for a grant. The grant awarded will be an amount proportionate to the approximate stall costs of the market trader over a period of 3 months.

- 5.6 If the fund is oversubscribed with the applications received, the Council reserves the right to amend the grant levels on a pro-rata basis.
- 5.7 Payments will be made by electronic transfer directly to the bank account provided in the application form, provided the business can show a direct link to this account.

6. Required Evidence

- 6.1 In order for the application to be considered, The Council require businesses to demonstrate that they meet the eligibility criteria detailed in this policy.
- 6.2 We anticipate that to do this, applications will need to include:
- Evidence of ongoing fixed property costs, examples include, but are not limited to a signed lease agreement, signed licence agreement, signed rental agreement or signed mortgage agreement. The evidence submitted should show an obligation to pay and bank statements should also be provided showing that payments have actually been made in the previous 12 months or, if the business has been trading less than 12 months, from the date trading began.
 - A summary description of how the business has suffered a substantial loss in income from 11th March 2020 to 30th May 2020 as a result of COVID-19 and evidence to support this.
 - Confirmation of complying with the definition of a small or micro business.
 - Confirmation that the business has not received any grant under the grant schemes detailed in paragraph 3.2 above.
 - Confirmation of State Aid compliance
- 6.3 If the application does not include the required evidence and documents the Council will be unable to consider the grant and there will be a delay in processing the application until all requested documentation has been provided.

7. State Aid

All grants made under this scheme must be State Aid compliant and the Council must be satisfied that all State Aid requirements have been fully met and complied with when making grant payments.

Under State Aid rules, grant payments under the scheme can be provided under existing De Minimis rules, provided doing so does not exceed the €200,000 (£175,000) limit over 3 years. If this threshold has been reached payments can still be made under the COVID-19 Temporary Framework for UK Authorities subject to €800,000 limit (£700,000). The business must complete the declaration within the application form.

8. Tax

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.

9. Refusal of Grant

If the grant application is refused, the business will be informed of the reasons why in writing. They will not be allowed to re-apply. The Council's decisions regarding the scheme will be final and there is no appeal process.

10. Fraud

10.1 The Government and the Council will not accept deliberate manipulation and fraud. 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.

10.2 Businesses should be aware at the current time there is an increased risk of fraud. This includes risks that someone may impersonate the Council either to commit fraud against your business or to gain information allowing them to make an application for a business's grant.

11. Additional Information

11.1 Applications for the grant can be made online [here](#).

11.2 The Council will not accept any liability for any matters that may arise in connection to businesses as a result of applying for, receiving or not receiving grant funding under the Local Authority Discretionary Grants Fund.

11.3 The Council is required to account for how it spends public funds. As such the Council will likely be required to publish or disclose upon request details of any amounts paid to businesses under this scheme. This will be necessary to meet the Council's Transparency obligations and the requirements of the Freedom of Information Act 2000.

11.4 The Council seeks to ensure that direct and indirect discrimination are eliminated by abiding to the Equality Act 2010. The Council will endeavour to ensure that its policies and procedures do not result in discrimination in terms of access to grant funding and staff understand and operate according to the principles of fairness and equality.

11.5 Enquiries about this scheme can be emailed to BusinessSupport@westlancs.gov.uk or the Business Grants Support Team can be called directly on 01695 585050 between 9am to 5pm Monday to Friday.