Discretionary Grant Fund: Covid-19 Business Support Grants

Introduction:

In response to Covid-19, the government previously announced that there would be support for small businesses, and businesses in the retail, hospitality and leisure sectors, delivered through the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund. Additional funding has also been made available to businesses in other sectors and self-employed individuals.

The Local Authority Discretionary Grants Fund was announced by Government on the 1st of May 2020. It is a discretionary grant fund for local authorities to support businesses impacted by Covid-19 in their area.

The scheme is due to run for the 2020/21 financial year only. Enfield Council may award grants to the value of £25,000, £10,000 or any value under £10,000.

Discretionary Business Support Grant Policy:

In accordance with Government guidance, the London Borough of Enfield has set the following eligibility criteria outlined below.

The London Borough of Enfield has a high proportion of small and micro businesses. To ensure that the discretionary grants are best suited to the local context and that available funding reaches more businesses, the council has separated applications into two phases.

Qualifying Criteria:

To qualify for support from this scheme, businesses must be able to demonstrate they meet all of the conditions outlined below:

- The Business must be a private enterprise trading as self-employed/sole trader, partnership or Limited Company.
- The Business must have been trading on the 11th March 2020.
- The Business must be able to demonstrate that it has suffered a fall income of 20% or more due to Covid-19 crisis.
- The Business must have relatively high fixed ongoing property costs (which is greater than 50% of their income).
- The Business must be a 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.
- The Business must have fewer than 50 employees.
- The Business must have a principal trading address within the London Borough of Enfield administrative area.

Phase One:

Local Authorities have been asked by Government to prioritise four types of business when distributing the Discretionary Grant Fund:

- 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.

We will invite eligible businesses to complete an application process which will be used to confirm eligibility and award the grants.

If a business falls into the categories in phase one, if they make an application in phase two they will not receive a higher grant.

Phase Two:

Depending upon available funding following the first phase, the London Borough of Enfield will extend its grant eligibility criteria to include businesses which support the local economy, those which employ residents and support the vibrancy of the high-street. These businesses provide and form a key part of Enfield’s community, through supplying products or services to residents or businesses.

Businesses which fall into the following categories will be prioritised:

Type of Business:

• **Manufacturers:** London’s second biggest industrial corridor is the Upper Lea Valley. There are around 400 manufacturing businesses across 20 estates in Enfield and 5% of jobs in the borough are in manufacturing, (compared to the 2% London average).

• **Charities working with young people that have high property costs:** This is a recognition that 23% of the population in Enfield is under 16, in comparison to the London average of 11.5%.

• **Independent Restaurants and other SMEs in Retail, Hospitality and Leisure that maintain high property costs and were ineligible for previous Covid-19 Government Support Grants:** Whilst most business are negatively impacted, business that heavily rely on bringing people together in close proximity are typically facing the largest challenges; our pubs, bars, restaurants and cafes. These are likely to be the last to reopen as social distancing measures are relaxed. For many, opening at limited capacity is not a viable option. The government’s business grant scheme has provided support for some businesses operating within the retail, hospitality and leisure sectors. But many have been missed out. Those with a rateable value of above £51k are currently ineligible for grant support. As well as providing employment for local people, businesses in this category form a key part of the borough’s community and cultural infrastructure. They contribute to the vibrancy of our town centres.

• **Warehouses & Wholesalers:** Warehouses and wholesalers trade to local businesses within the borough and have been unable to sell goods due to the closure of non-essential retail and hospitality businesses. This sector has also been ineligible for the Retail, Leisure and Hospitality Grants.

• **Motor Trade Businesses which have negatively been impacted by Covid-19:** Information shows that motor trade businesses have been disproportionately impacted by the effects of Covid-19. Data shows from the Society for Motor Manufacturers and Traders (SMMT) show a drop of 44.4% compared to last year. Furthermore, trade for garages reduces as the Government extended MOTS by 6 months where expiring post 30th of March 2020.
Knowledge Driven Businesses – such as finance, legal and other professionals and creative development companies. These high growth businesses are an important aspect of the borough’s economic development.

Number of Enfield Residents Employed by the Business:

- The **higher the number of residents the business employees, the higher points the application will score**. This is to recognise the business’s wider contribution to the local economy as an employer of local people.

Whether the Business is in one of the Borough’s Town Centres:

- This is reflecting the borough’s Local Plan as priority areas of economic development.

Does the Business sell goods or services to residents or the London Borough of Enfield?

- This recognises the businesses commitment to the local economy and its importance in the local community.

In addition to meeting the criteria and priorities outlined above, eligibility for each funding level is as follows:

<table>
<thead>
<tr>
<th>£25,000 grants</th>
<th>Businesses with a Rateable Value above £51,000 per annum that are not eligible for other grants.</th>
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<tbody>
<tr>
<td></td>
<td>OR</td>
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<tr>
<td></td>
<td>Businesses that do not pay Business Rates but which an annual rent or mortgage payment is above £51,000.</td>
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<tr>
<th>£10,000 grants</th>
<th>Businesses with a Rateable Value between £15,000 and £51,000 per annum that are not eligible for other grants.</th>
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<td>OR</td>
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<tr>
<td></td>
<td>Businesses that do not pay Business Rates but which have an annual rent or mortgage payment between £15,000 and £51,000.</td>
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<th>£7,500 grants</th>
<th>Businesses with a Rateable Value of £14,999 or less per annum that are not eligible for other grants.</th>
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<td>OR</td>
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<tr>
<td></td>
<td>Businesses that do not pay Business Rates but which have an annual rent or mortgage payment between £5,000 and £14,999.</td>
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| £5,000 grants | Micro businesses that do not qualify for a higher level of grant funding. |

There is likely to be more demand for funding than funding available. Enfield Council will continue to lobby for more Government support to local businesses yet to receive support. Therefore, applying and meeting the criteria will not therefore guarantee approval of a grant.
To Apply: Phase 2 applications will open from 24th June 2020 for three weeks until 15th July 2020.

**Application Process**

Applications must be made online via the Council’s website and will include agreement that the applicant consents to all stipulated declarations. All applications must be supported by enough evidence to confirm that they meet the relevant criteria.

The list below provides examples of the types of evidence that will be acceptable. Please note, this list is not exhaustive and other forms of evidence may be accepted at the discretion of council officers.

*Grants will only be paid when all eligibility criteria have been suitably evidenced.*

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Examples of acceptable evidence</th>
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<tbody>
<tr>
<td>The Business must be a private enterprise trading as self-employed/sole trader, partnership or Limited Company</td>
<td>Companies House listing&lt;br&gt;Confirmation of self-employed status from HMRC</td>
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<tr>
<td>The Business must have ongoing, fixed building-related costs</td>
<td>A copy of the lease or licence for your premises showing the premises address&lt;br&gt;Evidence of rental payments</td>
</tr>
<tr>
<td>The Business must be either a small or micro business</td>
<td>Bank account statements</td>
</tr>
<tr>
<td>The Business must have been trading on 11th March 2020</td>
<td>A copy of your company’s February and March bank statements, showing the name, address and account details with no transactions redacted. This will be the account that funds are paid into.</td>
</tr>
<tr>
<td>The Business must be able to demonstrate that it has suffered a significant fall in income due to the Covid-19 crisis</td>
<td>A copy of the businesses’ accounts or a copy of your self-assessment tax return for the last year&lt;br&gt;A copy of your most recent management accounts or trading summary showing turnover figures&lt;br&gt;Bank Statements for at least 12 months or if you have not been trading this length of time – bank statements since you started trading.</td>
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</table>
The Business must have a principal trading address within the London Borough of Enfield administrative area

Note that a single piece of evidence may be used to demonstrate multiple criteria.

**Definition of Small and Micro Business**

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

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

**Exclusions**

This grant funding is for businesses that are not eligible for other support schemes. Businesses which are eligible for cash grants from any central government COVID-related scheme, (apart from SEISS), are ineligible for funding from the Discretionary Grant Fund. This applies even where the grant eligibility is for a separate property that the business may operate out of. 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

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

Businesses that have a registered address in the London Borough of Enfield but are neither based nor trade in the borough.

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

Businesses who eligible for the Self-Employed Income Support Scheme are eligible to apply for this scheme.
In the unlikely event the business has received a significant amount of public funding then EU State Aid limitations may apply.

**Determination of Applications**

Applications will be considered by a dedicated review team, overseen by the Economic Development team, and a recommendation will be made to a senior officer for approval.

Any award will be at the absolute discretion of the Head of Economic Development and their decision will be final.

**Policy Review**

To ensure that the Discretionary Grant Fund reaches those businesses most in need, this policy may be reviewed by the Director of Property and Economy after launch, following which the council reserves the right to modify eligibility criteria and funding thresholds.

**Combatting Fraud**

In order to ensure that the Discretionary Grant Fund is not subject to potential abuse, all submitted applications will require a statutory declaration of truth, a statement regarding data processing and a recovery of funds statement. This declaration allows for the council, through the Anti-Fraud Team, to carry out pre-payment checks in order to give greater assurance that the funds are being claimed correctly. Furthermore, the declaration carries warnings which further allow the Council to consider taking criminal action against persons who have been found to have deliberately made false applications for the funding. It also allows for the recovery of funds which have been paid which should not have been.

**The Award**

We are aiming to make payments to successful applicants within ten working days after the closing date (Wednesday 15 July 2020).

All payments will be by BACS transfer to the nominated business bank account details submitted as part of the application.

**Other information**

Grant income received by a business is taxable therefore funding paid under the Local Authority Discretionary Grants Fund will be subject to tax. However, only businesses which make an overall profit once grant income is included will be subject to tax.