



HERTSMERE BOROUGH COUNCIL

Covid 19 – Local Authority Discretionary Grant Fund Policy

Background

The government have announced additional funding to target small businesses with high fixed property related costs who are not eligible for the current grant schemes: the Small Business Grant Fund (SBGF) and Retail, Hospitality and Leisure Grant Fund (RHLGF).

This discretionary scheme will widen the access to support for businesses who are struggling to survive due to the Coronavirus shutdown but are unable to access other grant funding and is intended for small and micro businesses with a rateable value or annual mortgage payments or annual rental payments of £51k or less.

Hertsmere have received an initial funding allocation from Government for this scheme of £852k.

National Criteria

The government have set some national criteria for the funds but will allow local authorities discretion to determine which cases to support based on their local knowledge. In line with this national criteria the following businesses will be prioritised:

1. Charity properties that do not qualify to receive a grant under the current schemes such as those in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief.
2. 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.
3. Regular market traders with ongoing rent liability.
4. Bed & Breakfasts which pay Council Tax instead of business rates.

This list is not exhaustive but the Council will determine whether the particular situation is broadly similar to the above list.

The Government have also set some national criteria for the funds which must apply to all grants made from this Fund. These grants can only go to:

- Businesses with ongoing fixed building-related costs
- Businesses which can demonstrate that they have suffered a significant fall in income (at least 50%) due to the Covid-19 crisis.
- Small businesses with fewer than 50 employees
- Businesses that were trading on 11th March.

Businesses that have ceased trading or are in administration will not qualify for a grant. This also applies to businesses with a striking off notice in place.

This scheme is intended for small or micro businesses so any businesses with a rent, rateable value or mortgage of more than £51,000 per annum will not qualify.

Level of Grant

The maximum grant level will be £10,000 or any amount under £10,000. The council have the discretion to award grants of any amount under £10,000.

Due to the number of businesses that the council hope to reach with this grant, the size of these businesses and the fact that the funding from central government is limited at £852k, it is envisaged that **the vast majority of grants will be for less than £10,000.**

Application Process

The council will require information from businesses applying for a grant in order to ascertain their eligibility. Because of this no grant will be paid unless the council have received a completed application form.

The forms will be available on the council website, and any evidence provided to supplement the application will need to be uploaded at the time of application.

The forms will need to be fully completed including acceptance that any payment will be in **compliance with State Aid requirements** and that the claimant is **not eligible for support under the existing grant funds** (SBGF and RHLGF).

The application process will be open for 14 days and the online forms will be available for completion between **9am on 3 June and 11pm on 16 June only.**

Assessments and payments to successful businesses will be made as soon as possible after the application period has closed. This application process is to allow the full level of funding to be allocated to local businesses and to avoid grants being paid out on a first come first serve basis. This is because the level of grant will be determined by the number of applications we receive as set out below.

No grant applications will be accepted outside of the application period.

Funding

Payments will be limited to Hertsmere's funding allocation from the Government in relation to the Local Authority Discretionary Grant Fund, currently £852k.

For businesses, other than Charities, the level of grant awarded will be based on the level of rent they pay pro-rata to the total level of rent paid by all successful applicants. Rental information is therefore vital and businesses will have to provide this to receive a grant.

Grants will be calculated as a percentage of the total available funding **up to a maximum grant of £10,000** based on the following formula:

$$\frac{a}{b} \quad \times \quad c$$

Where:

- a =** 6 month's rent (or mortgage where applicable) for the business successfully claiming a grant
- b =** Total of 6 month's rent (or mortgage where applicable) for all businesses successfully claiming a grant
- c =** Total amount of available funding (after applications from charities) up to a **maximum grant payment of £10,000***

* Due to the limited funding available for this scheme, this formula is intended to award all of the available funds to successful applicants on a pro-rata basis to their fixed property costs, up to a maximum grant of £10,000.

Whilst this formula is intended to allocate all available funds, should the maximum grant award cap be triggered during the initial allocation stage this would result in some residual funding. If this is the case then this residual funding will be

reallocated to the remaining applicants, i.e. those awarded less than £10,000, on a pro-rata basis, up to the maximum payment of £10,000.

This process will be repeated until all of the available funding has been allocated.

Eligibility:

All applicants must meet the national criteria to be eligible for a grant payment under this scheme as detailed above.

The Council will consider applications from the following businesses:

Charities

Charities that would have received Small Business Rate relief if they were not in receipt of charitable relief and are not eligible to receive a grant under either of the existing grant funds (SBGF and RHLGF) will receive a grant of £10,000.

Businesses in Shared Office Spaces

Businesses that do not have a business rate liability because it is included in their rent. This includes small businesses in shared offices or other flexible workspaces such as units in industrial parks, science parks and incubators which do not have their own business rates assessment.

The aim of this grant is to assist small businesses only so businesses with a rent of more than £51,000 per year will not qualify.

Market Traders

The only market that operates in Hertsmere is Borehamwood Street Market which is held on a Tuesday and Saturday. There are also a number of food vans that operate within the borough.

To be eligible traders must be able to demonstrate that they have ongoing fixed building-related costs, which under this policy will include rental for a **regular** pitch (and related storage costs) within Hertsmere. Only rental for pitches in Hertsmere (plus related storage pro-rata to trading days in Hertsmere) will be eligible. Traders with pitches in markets outside of Hertsmere **may** also be able to claim grants from other local authorities.

For the purposes of this policy, **regular** is defined as at least once a week (as the market is in place twice a week). Therefore pitches used less than once a week will not be eligible for a grant.

Traders wishing to claim a grant will need to confirm that they were trading in Hertsmere on 11th March 2020 and were regular traders in the borough before then.

Traders cannot receive a grant if they have already received funding from other grant schemes.

Bed and Breakfasts that pay council tax

Businesses that act as a Bed and Breakfast establishment but pay Council Tax rather than business rates will be considered for a grant. The owners will have to evidence that they were acting as a Bed and Breakfast as of 11th March 2020 by providing evidence of paying guests and that they are registered as a bed and breakfast.

Only properties where it is evidenced that it is wholly or mainly used as guest houses will qualify. Evidence of this will include:

- Planning permission for change of use
- Fire certification
- Hotel and mobile units television licence

This is not an exhaustive list.

Grants will be paid on the value of 6 months mortgage or rent on a pro rata basis determined by the number of rooms available to rent compared to the number of rooms in the property.

Properties operating under Airbnb arrangements do not come under this scheme and will not be eligible for a grant.

Other businesses

The council recognises that there are other sectors that have suffered due to the Covid lockdown but were not covered by the original grant scheme. These businesses will be looked at on a case by case basis, based on the amount of rent/mortgage paid, where a significant financial loss is evidenced.

We will only consider applications for businesses with premises with a rateable value of £51,000 or less.

Due to the level of funding available **the maximum grant awarded will be £10,000** and the actual grant calculation will be the same as above.

Financial services, medical services, professional services and post office sorting offices were not entitled to receive a grant under the original scheme. This policy does allow applications from these sectors but decisions will be made after deciding on the above priority cases. This means if funds have been allocated we may not be able to award any additional grants for these applications.

Decisions

This policy was approved by the Portfolio Holder for Finance & Property on 2 June 2020 and will be implemented by officers under the delegated authority of this policy.

The decisions will be final and there is no further appeal mechanism.