

Business Rates Discretionary Grant Funding Covid 19 Emergency Response

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Runnymede
BOROUGH COUNCIL 

Discretionary Grant Funding Covid 19 Response

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Discretionary Grant Funding Covid 19 Response

Introduction

Whilst the Council is obliged to grant relief to premises that fall within the mandatory category, the Council also has powers under the Local Government Finance Act 1988 to grant discretionary relief to ratepayers subject to certain criteria being met.

The powers relating to the granting of mandatory and discretionary relief are given to local authorities under sections 43, 45, 47 and 48 of the Local Government Finance Act 1988, respectively

Powers have also been granted under the Localism Act 2011, which allow for the granting of discretionary relief to any premises where the authority feels the granting of such relief would be of benefit to the local community.

In response to the Coronavirus, COVID-19, the Government announced there would be support for small businesses, and businesses in the retail, hospitality and leisure sectors, delivered through the Small Business Grant Fund (SBGF) and the Retail, Leisure and Hospitality Grant Fund (RLHGF). Runnymede Borough Council has been allocated approximately £14m to support businesses in these areas.

In addition to these grants, the Government has ring-fenced 5% (£700, 000) of the Local Authority's funding allocation to enable Council's to administer an additional top-up discretionary grant to small businesses with ongoing fixed property-related costs who were not eligible for either the SBGF or the RLHGF.

Discretionary Grant Funding Scheme

The Government is asking local authorities to prioritise support for the following businesses:

- Small businesses in shared offices or other flexible work spaces e.g. industrial parks, science parks, incubators etc, which do not have their own business rates assessment
- Regular Market Traders who do not have their own business rates assessment
- B&B's which pay Council Tax instead of Business Rates
- Charity properties in receipt of charitable Business Rates relief which otherwise would have been eligible for Small Business Rates Relief or Rural Rate Relief

The Government has also given councils the discretion to make support payments to businesses outside of the above list including:

- Businesses which can demonstrate that they have suffered a significant fall in income due to the Covid-19 crisis
- Business with fewer than 50 employees
- Businesses that were trading on or before 11 March
- Businesses must operate from within a relevant non-domestic hereditament with a Rateable Value below £51,000

Further guidance can be found in the government guidance

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/885011/local-authority-discretionary-grants-fund-guidance-local-government.pdf

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Who will benefit from this scheme?

These grants are primarily and predominantly aimed at:

- 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.

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

Eligibility for scheme

This grant funding is for businesses that are **not** eligible for other support schemes. Businesses which have received cash grants from any central government COVID-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

Businesses who have applied for the Coronavirus Job Retention Scheme **are** eligible to apply for this scheme. Business who are eligible for the Self-employed Income Support Scheme (SEISS) **are** also able to apply for this relief. Businesses that have accessed loan or deferral schemes **are** also eligible to apply for this.

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

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Administering the scheme

The Council has a duty to carefully consider every application on its individual merits, considering the relevant circumstances affecting each business. There is no statutory appeal process against any decision made by the Council. Whilst there is no formal right of appeal except by judicial review, in the interests of natural justice applicants may seek a review of the decision from the Council.

The Council will identify as many businesses as possible that are likely to qualify and will invite them to apply using a standard application form. This includes those businesses that applied for but did not qualify for the SGBF or the RHLG as they may qualify for under this separate discretionary policy.

However, due to the nature of the criteria it may not be possible to identify those businesses who are occupying shared offices or other flexible working spaces without their own business rates assessment. Therefore, the Council will publicise the scheme through the Council's website and Business newsletter.

Ratepayers will be obliged to make a written application with supporting evidence to the Council by 23 June 2020. Evidence should be provided to support each criterion in the application. If the organisation is unable to meet any of the criteria it should clearly explain why.

The level of discretionary relief awarded will be capped at up to £10,000 to ensure as many businesses as possible are supported. Government guidance proposes that recipients should have experienced 'a significant fall in income.' Given the ambiguity of this criteria, expressing this in a more transparent manner will help potential applicants understand if they will be eligible and what level of grant they can expect.

Therefore, the Council has reflected on the potential effect of loss of revenue and fixed property costs and will consider grants where the impact has been over 25% and over 50%:

Type of applicant	Impact on income Loss between 25% - 50%	Impact on income Loss over 50%
Those businesses that have applied or are eligible for SEISS where there are ongoing fixed business property costs of £350pm or more	£2,500	£2,500
Regular Market Traders based on location of stall/pitch	£2,500	£2,500
B&B which pay Council Tax instead of Business	£2,500	£2,500
Charities	£5,000	£7,500
Micro businesses (1/9 employees)	£5,000	£10,000
Small businesses (10/49 employees)	£7,500	£10,000

If the fund is oversubscribed with applications received, the Council reserves the right to amend the grant levels to a pro-rata basis based on the applications received and approved to ensure the grants are distributed equitably.

State Aid

All relief under this local scheme is subject to State Aid consideration. State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. However, the support for ratepayers will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013)2.

The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years).

To administer De Minimis it is necessary for the Council to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid.

Managing the process

Organisations are required to provide a completed application form (as applicable) plus any such evidence, documents, accounts, financial statements including bank statements clearly showing the business name and account details etc. necessary to allow the Council to make a decision.

Where insufficient information is provided, despite reminders, then no relief will be granted.

In all cases, the Council will notify the ratepayer of decisions made.

Where an application is successful, the following will be notified to them in writing:

- the amount of relief granted and the date from which it has been granted;
- a requirement that the applicant should notify the authority of any change in circumstances that may affect entitlement to the grant.

Where relief is not granted then the following information will be provided, again in writing:

- an explanation of the decision within the context of the authority's statutory duty; and
- an explanation of the appeal rights (see below).

Appeal rights

Whilst there is no formal right of appeal except by judicial review, in the interests of natural justice and to eliminate the risk of administrative error, applicants may seek a review of the decision from the Council.

Powers given to the authority for the granting, varying, reviewing and revocation of discretionary relief under the Local Government Finance Act 1988, the Local Government and Rating Act 1997, the Local Government Act 2003 and the Localism Act 2011 shall be delegated to the Corporate Head of Customer, Digital and Collection Services in conjunction with the Revenues Technical Manager.

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The amount of funding to be provided by the Council in respect of discretionary grant funding relief shall be determined by the Government's funding allocation and is approximately £700, 000.

Where the authority receives a request from the ratepayer for a review of the decision regarding the granting or refusal of discretionary funding grant, the case will be reviewed by the Assistant Chief Executive (Resources). This could include cases:

- where the applicant cannot provide evidence to satisfy all the criteria but can still demonstrate a significant loss of revenue.
- the applicant missed the deadline of 23 June 2020 due to exceptional circumstances and might qualify under the terms of the scheme.
- where the applicant is not listed as a priority business under government guidelines but grant funding could ensure the business can survive and the business is important to local economic need.

In exceptional circumstances, the Assistant Chief Executive (Resources) may refer the case to the Corporate Management Committee if it is believed that the case merits further consideration. The ratepayer shall be informed of the final outcome.

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