



Discretionary Business Grants Scheme

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1. Introduction

In response to the Coronavirus, 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 and the Retail, Leisure and Hospitality Grant Fund.

Additional funding is being made available aimed at small and micro businesses who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Grant Fund.

Local authorities will be responsible for delivering grants to eligible businesses. All monies paid through the grants system will be funded by central government and paid to the council.

Local Authorities may disburse grants to the value of £25,000, £10,000 or any amount under £10,000. The value of the payment to be made to a business is at the discretion of the local authority.

The scope of the discretionary grant scheme will be published on our website and will provide guidance on which types of business are being considered.

The actual level of grants awarded will depend on the number of applications received compared to the funding available and will be a local decision.

2. Eligible Businesses

Only businesses which were trading on 11 March 2020 and are not eligible for other support schemes may apply.

The 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 (please see detailed definitions below).
- Businesses with high ongoing fixed property-related costs. For the purpose of this scheme this will be businesses which occupy property, or part of a property, with an annual rent or annual business mortgage of between £5,201 and £51,000 and/or a rateable value of below £51,000.
- Market traders with fixed on-going market rent. For the purpose of this scheme street traders are not eligible. The majority of market trading must be within the boundary of SMBC.
- Businesses which can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis

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

Solihull Council will consider the following types of businesses for grants in line with national guidance.

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.

The list set out above is not intended to be exhaustive. Solihull Council will determine whether particular situations not listed are broadly similar in nature to those above and, if so, whether they should be eligible for grants from this discretionary fund.

3. Exclusions

Businesses which have received cash grants from any central government COVID-related scheme are ineligible (apart from SEISS) 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. Businesses who are eligible for the Self Employed Income Support Scheme (SEISS) are also eligible to apply for this scheme.

Businesses which occupy property, or part of a property, with an annual rent or annual mortgage under £5,201 or over £51,000 and/or a rateable value of over £51,000 are excluded from this scheme.

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

4. Grant Amounts

Local authorities may disburse grants to the value of £25,000, £10,000 or any amount under £10,000. The value of the payment to be made to a business is at the discretion of the local authority. Grants under the Discretionary Business Grants Fund are capped at £25,000.

The government has indicated grant levels of £25,000, £10,000 or less than £10,000. **The actual level of grants awarded will depend on the number of applications received compared to the funding available and will be a local decision.**

It is anticipated that payments of under £10,000 will be appropriate in most cases.

The grant payment is subject to tax.

5. Claiming a grant

All businesses must complete a grant application form.

The form is available on our website at www.solihull.gov.uk

Grant claims will be accepted during the period **22 May 2020 to 7 June 2020** after which time it will not be possible to submit or consider an application. Due to the limited funds available there are no exceptions to this.

The application form details the supporting evidence that **must be provided at the time of application.**

Only one application may be made per business regardless of how many locations the business may operate from within the boundary of SMBC.

6. Decisions

If supporting evidence has not been supplied with the application form the application will not be considered.

The level of grant will be determined taking into account:-

- Whether the business has been impacted by Covid-19 losses.
- The fixed on-going costs faced by the business for annual rent or annual mortgage payments or business rates.

- The number of employees.
- Whether the business has had to stop operating completely as a result of Covid-19.
- Whether the business has been able to generate any income since 11 March 2020 (this includes on line sales or alternative business models e.g. adapting to takeaway service)

7. Awarding a grant

Prepayment checks will be undertaken prior to a grant being paid. All payments will be made by BACS.

In addition, the business must confirm that they are eligible for the grant scheme and by accepting the grant payment they are in compliance with State Aid rules (see section 12 for more information regarding State Aid rules).

Businesses that complete a form but are not eligible will receive a notification to advise that their claim has not been successful.

8. Scheme Delegation

The Head of Income & Awards will make recommendations to the Director of Resources & Deputy Chief Executive who is authorised to make technical scheme amendments to make sure it meets the criteria set down by the Council, and in line with central government guidance.

10. Financial – Funding available

The funding allocated to Solihull Council by Central Government to be provided to businesses under this scheme is £1,244,500.

11. Managing the risk of fraud

The Authority 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. Claw back will also apply to any grants paid in error.

The government Grants Management Function and Counter Fraud Function will make their digital assurance tools available to local authorities in order that pre-payment or post-payment checks may be undertaken.

12. State Aid

The United Kingdom left the EU on 31 January 2020, nonetheless under the Withdrawal Agreement the State aid rules continue to apply during a transition period, subject to regulation by the EU Commission. The local authority must be satisfied that all State aid requirements have been fully met and complied with when making grant payments, including, where required, compliance with all relevant conditions of the EU State aid De-Minimis Regulation, the EU Commission Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, the approved COVID-19 Temporary Framework for UK Authorities, and any relevant reporting requirements to the EU Commission.

Local authorities have a discretion to make payments to eligible recipients under either the De Minimis rules or the COVID-19 Temporary Framework for UK Authorities (provided all the relevant conditions are met).

Payments of up to and including £10,000 can be provided under the De Minimis rules, meaning applicants can receive up to €200,000 of aid within a three year period.

Payments of up to and including £25,000 (or where the De Minimis threshold has been reached) should be paid under the COVID-19 Temporary Framework for UK Authorities. Local authorities should note the conditions attached to the Temporary Framework, including the €800,000 threshold per undertaking (€120 000 per undertaking active in the fishery and aquaculture sector or €100 000 per undertaking active in the primary production of agricultural products), and requirement for recipients to declare they were not an undertaking in difficulty on 31 December 2019.

13. A Business In Difficulty

In line with national guidance a business that is classed as “in difficulty” is not eligible for help under this scheme, a business in difficulty is :-

Defined by GBER (2014) as an undertaking in which at least one of the following circumstances occurs:

In the case of a limited liability company (other than an SME that has been in existence for less than three years), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital.

In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses.

Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.

Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan.

In the case of an undertaking that is not an SME, where, for the past two years: The undertaking's book debt to equity ratio has been greater than 7.5 and
The undertaking's EBITDA interest coverage ratio has been below 1.0.