

EAST SUFFOLK COVID-19 DISCRETIONARY BUSINESS SUPPORT FUNDING SCHEME

Background

1. On 2nd May 2020, the Government announced funding for local authorities to enable them to support small businesses **outside the scope of the existing business grant funds schemes**. Further detail was published on 13th May 2020 and updated on 23rd May 2020 which is available at <https://www.gov.uk/government/publications/coronavirus-covid-19-guidance-on-business-support-grant-funding>
2. The amount of funding that the Government is giving to local authorities is modest compared to the earlier grant schemes (5% of the estimated eligible expenditure on current schemes as at 4th May 2020). The Government has set out the types of businesses that local authorities should prioritise support to with the funding in its guidance. Although the scheme enables local authorities to pay grants at three different levels of £25,000, £10,000, and up to £10,000, given the limited funding available and the need to assist as many small businesses as possible, the Council will not initially be paying any grants of £25,000 under this scheme. This will be reviewed as the scheme progresses.
3. Local authorities may also choose to make payments to other businesses not referred to in the Government guidance, based on local economic need. In addition to prioritising those businesses who meet the Government's criteria, East Suffolk Council is also using this discretion to offer support to businesses not outlined in the Government's criteria, but who can demonstrate significant impacts from the COVID-19 pandemic.

Scheme purpose - Government guidance

4. The funding is aimed at small businesses who were not eligible for the Small Business Grant Fund or the Retail, Hospitality and Leisure Grant Fund, and that have **ongoing fixed property-related costs** (for example, rent, service charges, mortgage costs, utilities and moorings). In particular, Government is asking local authorities to support:
 - A. **businesses in shared offices or other flexible workspaces**, for example, units in industrial parks, science parks and incubators which do not have their own business rates assessment but occupy a space that was part of a larger business rates assessment on 11th March 2020;
 - B. **regular market traders** with fixed costs such as rent who do not have their own business rates assessment;
 - C. **bed and breakfast businesses** that pay council tax rather than business rates; and
 - D. **small charity properties** in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.
5. Government has also stated that the funding is also primarily and predominantly aimed at:
 - small and micro-businesses, as defined in s33 Part 2 of the Small Business, Enterprise and Employment Act 2015 and the Companies Act 2006. This means they will have a turnover of not more than £10.2 million, a balance sheet total of not more than £5.1 million and have under 50 employees. Where a business is part of a national multiple or chain, the applicant must be able to prove that the local branch is a franchise and is not in receipt of financial support from the national business.
 - 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.

6. Unlike with the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund, which allocated grants automatically to certain categories of business on the business rates list, local authorities are now being asked by Government to take into account certain factors when determining the level of grant to be awarded such as:
- the level of fixed costs faced by the business in question;
 - the number of employees;
 - whether the business has had to close completely;
 - whether the business is able to trade online; and
 - the scale of impact of the COVID-19 losses.

Scheme requirements

7. Local authorities may award grants of the following amounts:
- £25,000;
 - £10,000; and
 - any amount up to £10,000.
8. Businesses who have applied for the Coronavirus Job Retention Scheme and the Self Employment Income Support Scheme (SEISS) are eligible to apply for this scheme. The funding is not available to businesses who are eligible for support under one of the following schemes:
- Small Business Grant Fund;
 - Retail, Hospitality and Leisure Grant Fund;
 - The Fisheries Response Fund;
 - Domestic Seafood Supply Scheme (DSSS);
 - The Zoos Support Fund; and
 - The Dairy Hardship Fund.
9. Businesses must have been trading from the premises in question on 11th March 2020. Businesses that are in administration, are insolvent, are dormant or where a striking-off notice has been made are not eligible for funding under this scheme.
10. Businesses are only entitled to one grant under this scheme.
11. No time limit is currently proposed for applications, but dependent on progress of the scheme and availability of funding, the Council may prescribe a time limit for the receipt of applications.

Businesses eligible for grant support

12. Businesses eligible for the East Suffolk scheme will be as defined in Groups A to F as shown below, although the Council will exercise further discretion with a view to addressing gaps identified locally in existing schemes and meeting clearly defined need. A schematic overview of the scheme is shown in Annex 1. In order receive funding, any business must:
- **operate from a single premise or one or more spaces in a single shared premise.** It must not have multiple sites (with some exceptions, in line with the eligibility rules for Small Business Rate Relief).

- **be able to demonstrate that they have seen a significant fall in income due to COVID-19 restriction measures.** The Council will ask the business to give a signed written statement of the impact on its financial position of COVID-19, including an indication of how this financial position could be demonstrated if needed, for example, reference to order books, management accounts or bank statements. The business should include a description of what goods or services it offers and therefore what the impact of COVID-19 has been. For example, where a business has been required to close under social distancing requirements, this should be stated. The Council will withdraw the funding if a falsified statement is made.

A. Businesses in shared spaces

These are multiple businesses sharing a larger rateable space that was in the business rates list on 11th March 2020 but not previously eligible for the Small Business Grant Fund. Wherever possible applications from these businesses will be processed through the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund and grants paid from these schemes as shown below in paragraph 13.

13. Where businesses occupy spaces within larger business units, office parks or incubation units, and where their lettable space would have the equivalent of a rateable value of less than £15,000, the business is eligible to a grant of **£10,000**.
14. These businesses will occupy discrete business units which could be considered as a separate hereditament for business rate purposes.
15. Evidence must be submitted alongside the application to demonstrate the business' occupation of the premises on 11th March 2020, for example, a service agreement or other documentation from the landlord.
16. Grants will be paid to the leaseholder (where there is one) as at 11th March 2020. Where no leaseholder exists, the grants will be paid to the property owner who has proof that they were trading from the address in question on 11th March 2020.

B. Market traders

17. Permanent traders on a market in the East Suffolk area, who held a current licence and were registered with the Council on 11th March 2020 are eligible to a grant of **£2,500**.
18. Details of regular market traders are already held by the council and payments will be made to those already on the council's finance system, unless errors have been identified.
19. These grants are only available to permanent market traders and are not available to street traders, as the latter do not pay rents (as required by the Government guidance). Grants may be available to street traders where leases and licenses are payable as shown below in respect of group F.

C. Charity properties that would meet the criteria for Small Business Rate Relief

20. Charities that were previously ineligible for support under the Small Business Grant Fund because they receive mandatory charity relief, rather than Small Business Rate Relief, and were not eligible for the Retail, Hospitality and Leisure Grant Scheme, but have premises with a rateable value of less than £15,000 can apply for a single grant of **£1,000**. Grants will be paid to the ratepayer for the property. Charitable childcare operators can apply for a grant of **£10,000**.

D. Bed and breakfast businesses

21. A number of bed and breakfast businesses are not within the business rates system but instead pay council tax. This is where the accommodation comprises of less than six bed spaces and where the owner lives onsite.

22. Where these meet the following criteria, they are eligible for a grant of **£5,000**.
23. Eligible bed and breakfast businesses must be registered with East Suffolk Council as a Food Business Operator to demonstrate their role as a premises where breakfast is regularly supplied to guests. The Bed and Breakfast business will be the main income/occupation of the business owner. Grants will not be made available to individuals who occasionally rent out a room / their property via platforms such AirBnB.
24. In order to apply for a grant, the business must submit a range of evidence that they are operating as a Bed and Breakfast and have been affected by COVID-19. This is likely to include websites, advertising materials and evidence of future bookings that have been cancelled as a result of COVID-19. The business will need to demonstrate the level of bookings that they would usually expect in a year. Grants will be paid to the person liable for council tax at the address in question.

E. Businesses that have significant premises costs and which are crucial to the local and regional economy

25. A single grant of **£10,000** will be payable to small and micro businesses that have significant premises costs and which are considered to be crucial to the local economy, for example, businesses that are essential to the supply chain of critical sectors such as energy, ports and logistics, food production, community safety, and economic resilience. Applications in this category will be assessed by a panel of officers, including the Chief Finance Officer (s151 Officer), Strategic Director with responsibility for Economic Development, Monitoring Officer, and the Head of Economic Development.

F. Additional small and micro businesses with fixed costs

26. Grants of up to £10,000 dependent on the level on financial loss will be paid to additional small and micro businesses that are not eligible under the other categories in this scheme that can demonstrate high fixed costs, examples of these may include mooring fees for boat operators; Lease or licence arrangements for e.g. street vendors; businesses with warehouse rent costs; and fixed costs for 'Nil rated' farm shops Homeworkers will not be eligible for these grants.
27. Applications in this category and the amount of grant to be awarded will be assessed and determined by a panel of officers, including the Chief Finance Officer (s151 Officer), Strategic Director with responsibility for Economic Development, Monitoring Officer, and the Head of Economic Development.

Questions over eligibility and further changes to the scheme

28. The Council has outlined the categories of businesses eligible under this scheme, the amounts of grants to be awarded, and the criteria for eligibility. However, the Council reserves the right to exercise further discretion in considering applications where these, or any other factors, are unclear. In such circumstances, an application will be referred to a panel of officers, including the Chief Finance Officer (s151 Officer), Strategic Director with responsibility for Economic Development, Monitoring Officer, and the Head of Economic Development. If appropriate, the Council will also seek advice from a range of sources (for example, the Department for Business, Energy and Industrial Strategy, the Local Government Association, the Institute of Revenues, Ratings and Valuation, the Chartered Institute of Public Finance and Accountancy) and then reach a decision. The Government has made clear that there is no right of appeal.
29. The Council will keep the operation and funding availability of the scheme under continuous review and may consider extension of the scheme to other businesses in the East Suffolk area should circumstances allow.

30. Delegation has been given to the Chief Finance Officer to implement in full any changes to business rates, council tax or grants in response to COVID-19 as long as they are fully funded by government.

Annex 1

Category	Eligible Business	Available Grant	Process
Group A	Businesses in shared spaces	£10,000	Application and then processing through Small Business Grant Fund
Group B	Market Traders	£2,500	Application
Group C	Charity Properties Charitable Childcare Businesses	£1,000 £10,000	Application
Group D	Bed and Breakfast businesses	£5,000	Application
Group E	Crucial businesses to the local and regional economy with significant premises costs	£10,000	Application determined by Panel
Group F	Additional small and micro businesses with fixed costs	Up to a maximum of £10,000, dependent on Covid-19 impact.	Application determined by Panel