

# **Northumberland County Council**

## **COVID-19 Discretionary Grant Fund Scheme**

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 and the Retail, Leisure and Hospitality Grant Fund.

This additional Discretionary Grant Fund is aimed at some of the small and micro businesses within Northumberland which were not eligible for either the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund.

This Discretionary Grant Fund widens access to support to businesses who are struggling to survive due to the Coronavirus shutdown but are unable to access other grant funding.

### **Scope of this Discretionary Grant Fund**

The Government has set national criteria for the award of funds under this scheme. The grant funding under this scheme is primarily aimed at small and micro businesses (described below), businesses with high ongoing fixed property-related costs, and businesses which can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis.

Local authorities have been asked by Government to prioritise the businesses including the following types within this grant scheme:

- Bed & Breakfasts which pay Council Tax instead of business rates
- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.

In addition, Northumberland County Council recognises that a number of small sized businesses in the leisure and hospitality industry are vital to the economy of the County, but just missed out on a grant under the earlier Government funding streams because they had premises with a rateable value exceeding £51k. Accordingly, Northumberland County Council is also extending application of this scheme to those hotels and pubs within Northumberland with a rateable value exceeding £51k but which are still classified as 'small' as defined under the relevant legislation (discussed below).

### **Which businesses this scheme will support**

This Discretionary Scheme is designed to support businesses within Northumberland which are defined as 'small' or 'micro' businesses under Section 33 Part 2 of the Small Business, Enterprise and Employment Act 2015 and the Companies Act 2006.

In summary, a business is defined as either small or micro under the Companies Act 2006 if it complies with two of the following criteria relating to balance sheet value, turnover value or staff headcount:

<b>Criteria</b>	<b>To be a 'Small Business', two of the following three must apply</b>	<b>To be a 'Micro Business', two of the following three must apply</b>
Balance sheet total	Not more than £5.1m	Not more than £316k
Turnover	Not more than £10.2m	Not more than £632k
Staff Headcount	50 or less	10 or less

To be eligible for a grant under this Discretionary Scheme, a business must be able to demonstrate that it is small or micro by reference to the above criteria.

Within Northumberland, this Discretionary Grant Scheme phase will provide support to small and micro businesses in the following business sectors:

<b>Type of Business</b>	<b>Rationale for Support</b>	<b>How value of grant funding will be assessed</b>
<b>B&amp;Bs / guesthouses</b>  <b>(not including self-catering properties or Airbnb)</b>	Small businesses which have not been required to pay business rates, instead paying council tax, and therefore were unable to claim a grant under earlier funding streams, but an important part of the visitor economy	The value of grant funding to be paid will be determined by the number of bedspaces in the B&B / guesthouse as follows: <ul style="list-style-type: none"> <li>● 3 or 4 bed spaces</li> <li>● 5 bed spaces</li> <li>● 6 bed spaces</li> </ul>
<b>Charitable properties that would have been eligible for Small Business Rates Relief if not for their charitable status</b>	Charities which were unable to claim a Small Business Grant due to having charitable status. This will include some early years and nursery providers, key service providers, which have a charitable status and so far have been ineligible for grants	The value of grant funding to be paid will be determined by the rateable value of the charitable property as follows: <ul style="list-style-type: none"> <li>● Rateable value of less than £5k</li> </ul>

		<ul style="list-style-type: none"> <li>• Rateable value between £5k and £10k</li> <li>• Rateable value exceeding £10k</li> </ul>
<p><b>Hotels &amp; Pubs with a premises rateable value exceeding £51k</b></p>	<p>Contribution to the visitor economy, these businesses are often important employers in localities and support wider businesses (food and drink producers, wider trades within the County) and which have had a significant reduction in trade as a result of the crisis, and not supported by previous grants.</p>	<p>All qualifying businesses with a rateable value over £51k will receive the same award of grant.</p>

### How much grant will be paid?

It should be noted that there is a finite financial allocation from Government for each local authority in England. Northumberland County Council is forecast to receive c.£4.6m in funding to pay out to small and micro businesses in Northumberland through the Discretionary Grants scheme.

These financial constraints have been taken into account by the Council when designing the scheme. Given the value of funding available, it will not be possible to help every business.

The County Council will therefore determine the level of demand from eligible businesses under the scheme, before determining the values to pay out to eligible businesses by way of grant. This is in order to ensure that as many businesses as possible can receive some funding from the Scheme.

A de-minimis level will apply to this scheme. Applicants will need to be paying at least £250 on fixed premises costs per calendar month to qualify to apply for a grant.

The maximum grant allocation will be £10,000. **However it is envisaged that the majority of grants paid out under this Scheme will be for an amount which is much less than this, and scaled to reflect fixed premises costs and the scale of Covid-19 related losses suffered.**

If the fund is oversubscribed with the 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 be as fair as possible in providing funding to as many eligible businesses as we can.

## Eligibility Criteria

1. Northumberland County Council can only accept applications from small and micro sized businesses operating from a location in Northumberland.
2. 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 the Self Employed Income Support Scheme and the Coronavirus Job Retention Scheme) are ineligible for funding from the Discretionary Grants Fund. Applications cannot be accepted from businesses which have received funding from (or are eligible to receive funding from) the following funding schemes:
  - 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
3. Only businesses which were trading on 11 March 2020 are eligible for this scheme.
4. Companies that are in administration, are insolvent or where a striking-off notice has been made are not eligible for funding under this scheme.
5. Any payments which would breach State Aid rules cannot be made by the County Council under this scheme. Detailed State Aid requirements are attached as Appendix A to this document. The County Council requires applicants to confirm that by accepting payments under this Scheme, grant recipients are in compliance with State Aid rules.
6. Businesses will need to demonstrate that they have suffered a loss of income as a result of the Covid-19 restrictions.
7. Businesses will need to demonstrate relatively high ongoing fixed premises costs. A de-minimis level will apply to this scheme. Applicants will need to be paying at least £250 per calendar month for their business premises to qualify to apply for a grant.

It is envisaged that only one payment will be made per business, in order to maximise the number of businesses in Northumberland which can be supported under this Scheme.

Please note, grant income received by a business is taxable therefore funding paid under the Local Authority Discretionary Grants Fund will be subject to tax.

## **How to apply for the COVID-19 Discretionary Grant Fund**

This grant funding scheme must be applied for by means of an online application form, available on Northumberland County Council's website, which can be accessed [here \(insert hyperlink once available\)](#).

Queries regarding this scheme can be addressed to the County Council at the following dedicated website address:

[NCCdiscretionarygrant@northumberland.gov.uk](mailto:NCCdiscretionarygrant@northumberland.gov.uk)

The online form guides businesses through the application process and prompts applicants for the information required, as well any supporting documents needed (see 'Evidence to support application' below).

All applicants will be required to demonstrate loss of income related to Covid-19 as part of the application process. The applicant must make a declaration regarding this, and provide supporting documents with their application. The Council may write to ask for additional supporting documentation where necessary.

### **Evidence to support applications for a discretionary grant**

Applicants for funding under this Discretionary Scheme will be required to provide proof of their eligibility for funding under this scheme, i.e. their compliance with the eligibility criteria set out above.

Applicants will also be required to provide financial records to demonstrate that they have suffered a drop in income related to the COVID-19 restrictions, along with documentation to demonstrate information such as rateable value of premises, annual value of rent or other fixed property costs, etc.

The information required and examples are included as prompts within the online application form.

### **Timescale for Applications**

Applications will open on Friday 19 June 2020 for 10 days, closing at midnight on Sunday 28 June 2020.

### **Variation to the Fund**

The Council reserves the right to vary the terms of the scheme at any time, and without notice, should it be necessary to do so.

If the fund is oversubscribed with the applications received, the Council reserves the right to amend the grant levels on a pro-rata basis.

## **Appeals**

There is no appeal process.

## **Managing the risk of fraud**

Neither the government nor Northumberland County Council will accept deliberate manipulation and fraud - and any business caught falsifying their records to gain grant money will face prosecution and any funding issued will be subject to claw back, as may any grants paid in error.

It is important that applicants ensure that they provide accurate bank details for grant payments and that these relate to the business concerned.

## **More information on Business Grants**

The full Department of Business, Energy and Industrial Strategy guidance on the Discretionary Grant Scheme can be found at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/887310/local-authority-discretionary-fund-la-guidance-v2.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/887310/local-authority-discretionary-fund-la-guidance-v2.pdf)

For more information on the earlier business grants – the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund, please visit:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/881040/business\\_support\\_grants-local\\_authorities\\_guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/881040/business_support_grants-local_authorities_guidance.pdf)

To apply for the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund, please visit:

[https://form.northumberland.gov.uk/form/auto/covid19\\_emergency\\_grant](https://form.northumberland.gov.uk/form/auto/covid19_emergency_grant)

## **Appendix A:**

### **State Aid Requirements – Northumberland County Council Discretionary Grant Scheme**

Any business seeking to receive a grant under this Scheme will, by submitting their application by way of the online form available on Northumberland County Council's website, be required to confirm that they have read and understood the following paragraphs relating to State Aid.

Businesses are also required to make a statement that acceptance of any grant funding by them conforms with State Aid requirements.

#### **Confirmation of State Aid received under the COVID-19 Temporary Framework for UK Authorities scheme**

Following the outbreak of the Coronavirus, the European Commission has approved schemes to aid businesses affected by the Coronavirus outbreak on the basis of their Temporary Framework, including the COVID-19 Temporary Framework scheme for the UK.

The maximum level of aid that a company may receive is €800 000 (€120 000 per undertaking active in the fishery and aquaculture sector or €100 000 per undertaking active in the primary production of agricultural products). This is across all UK schemes under the terms of the European Commission's Temporary Framework. The Euro equivalent of the Sterling aid amount is calculated using the Commission exchange rate applicable on the date the aid is offered, and may be accessed here:

[https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro\\_en](https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en)

Any aid provided under this scheme will be relevant if you wish to apply, or have applied, for any other aid granted on the basis of the European Commission's Temporary Framework. You will need to declare this amount to any other aid awarding body who requests information from you on how much aid you have received. You must retain this letter for four years after the conclusion of the UK's transition from the EU and produce it on any request from the UK public authorities or the European Commission.

Aid may be granted to undertakings that were not in difficulty (within the meaning of Article 2(18) of the General Block Exemption Regulation) on 31 December 2019, but that faced difficulties or entered in difficulty thereafter as a result of the COVID-19 outbreak. The General Block Exemption Regulation can be accessed here:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02014R0651-20170710>

If you are an undertaking in difficulty within the meaning of Article 2(18) of the General Block Exemption Regulation you may still be entitled to de minimis aid if you have received less than €200,000 in de minimis aid in the last three years. You should contact us if you consider that you may qualify for de minimis aid on this basis.

This aid is in addition any aid that you may be have received under the De Minimis regulation allowing aid of up to €200,000 to any one organisation over a three fiscal year period (i.e. your current fiscal year and previous two fiscal years), and any other approved aid you have received under other State aid rules, such as aid granted under the General Block Exemption Regulation.