

COVID19 Discretionary Business Grants

Devon Policy

Introduction

On 2nd May 2020 the Government announced that a discretionary fund would be made available aimed at small businesses who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund. The fund value is equivalent to 5% of each Authority's projection of spend for the Small Business and Retail, Hospitality and Leisure Grants, as estimated in the 4th May Delta returns.

Whilst [Government guidance](#) sets out some mandatory eligibility criteria, it also provides scope to target the grants in accordance with local economic circumstances and priorities.

A coordinated Devon policy has been developed by strategic leads from Economic Development, Revenues and finance teams. This policy was agreed by Leaders and Chief Executives of the eight Devon District Councils on Wednesday 20th May 2020 and has also been adopted by Plymouth City Council and Torbay Council.

Government Guidance

Key points of Government guidance are as follows:

- Funding available is equivalent to 5% of each Authority's projection of spend for the Small Business and Retail, Hospitality and Leisure Grants, as estimated in the 4th May Delta return. (see [Appendix A](#))
- Where Councils have unspent grant allocation, discretionary grants will be funded from this unspent residual. Otherwise they will receive an additional payment of 5% of their funding allocation. Councils with a projected underspend of more than 5% cannot allocate awards above their 5% threshold.
- Grants may be made to the value of £25,000, £10,000 or any amount under £10,000, at the discretion of the local authority.
- These grants are primarily and predominantly aimed at:
 - Small and micro businesses.
 - 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.
- Government are asking local authorities to prioritise the following types of businesses (see Appendix B for more detailed descriptions of these agreed by Devon authorities):
 - Small businesses in shared offices or other flexible workspaces.
 - 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.
- 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 SEISS) 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

Whilst the list of four types of businesses suggested for prioritisation in the guidance is advisory, there is some scope to target the grants to maximise support to the local economy, within a standardised framework, for example businesses in shared offices (Exeter) and marine businesses (South Hams).

Coordinated Devon approach

Purpose:

To support economic recovery and transition by supporting businesses that are of most significance to each of Devon's local economies and communities.

Principles:

- Flexibility; to target grants towards businesses that are most important to each local economy.
- Consistency; to provide common definitions of eligible businesses and a common process and timeframe.
- Efficiency; to issue grants as quickly as possible whilst meeting democratic and technical requirements,
- Fairness; to ensure that the funds are not exhausted before eligible businesses have had the opportunity to apply.

Prioritisation

- Priority businesses will be those that are of most significance to each of Devon's local economies.
- The four classes of business identified as priorities by Government are defined in detail in [Appendix B](#) in order to provide consistency between Authorities. Businesses meeting these definitions will be eligible to apply, although the relative weighing given to each will be locally determined.

Process

- Grants will be awarded at five fixed levels; £1k, £2.5k, £5k, £10k, £25k. There is no presumption that each authority needs to utilise all these levels. The £1k level will be appropriate for Districts that have high numbers of eligible business with relatively low premises costs, such as B&Bs.
- Each Council will use the same factors in the allocation of one of the grant award levels above and shall be automatically calculated via the online process. The grant award will be based on the following factors; the evidenced level of drop in income, fixed premises costs, type of business (specifically the 4 classes of business outlined in the guidance for prioritisation), number of employees and finally any local weighting that may be applied.
- Whilst a coordinated Devon approach is agreed, it is also recognised that the business mix of each Council economy is different. For this reason, it may be the case that a business in one Council may get a different grant payment to a similar one in another Council.

- Grants will be considered in three equal tranches. All applications in the first tranche will be scored according to a shared matrix and paid in accordance with that system, incorporating individual authority weighting/prioritisation until the first tranche is spent. Businesses unsuccessful in the first tranche will automatically be entered into the second tranche alongside any other applications received. The same prioritisation process will be undertaken to the end of the third tranche, at which point the funding will have been spent.
- To maximise the number of businesses to benefit from this scheme, awards of the £25k are to be capped at 20% of the overall funding available as an initial ceiling, although it is recognised that in many Council areas, the need for such large grant awards will be limited.
- A maximum grant level will apply to certain business types as defined in Appendix B:
 - Market Traders; maximum grant £2,500,
 - Bed and Breakfast; maximum grant £5,000.
- A common web-based application form and claim handling systems are being developed by Devon Councils. This will generate a list of eligible businesses and grant award, which will take account of any local weighting applied, removing the need for individual assessments and scope for divergence in consistency.
- As there is insufficient money available for all potential grant applicants, there will be difficult decisions and Councils will need a transparent approach to ensure fairness.
- It is possible that some local critical businesses in each Council area that meet the criteria for grant payment, will receive payment earlier than the end of tranche 1. This will be decided at a Council level.
- The strategic leads from each Council will meet regularly throughout the programme and review at the end of each tranche and more frequently as appropriate.

Timescales

- Government guidance for the discretionary grant programme was made available to Councils Wed 13th May. The timeline required to ensure effective and appropriate scheme design, governance, oversite and approval dictates the following timeline which will be implemented to where possible:

Tranche	Opening date for Applications	Closing date for Applications	Payments issued
1	1 st June 2020	10 th June 2020	12 th June 2020
2	15 th June 2020	24 th June 2020	26 th June 2020
3	29 th June 2020	8 th July 2020	10 th July 2020
4	<i>To be introduced if funds remain after tranche 3.</i>		

- Early applications may be processed prior to 1st June to assist testing of the process and to meet clearly established needs.

Administration

- Documentary evidence will be requested in a format that enables easy access and rapid decision making e.g. uploading bank statements for the last 3 months and the same comparable period for the previous year.
- Applications will also be validated by internal cross checking and retrospective verification.

Appendix A: Government Funding Allocations for Discretionary Business Grants

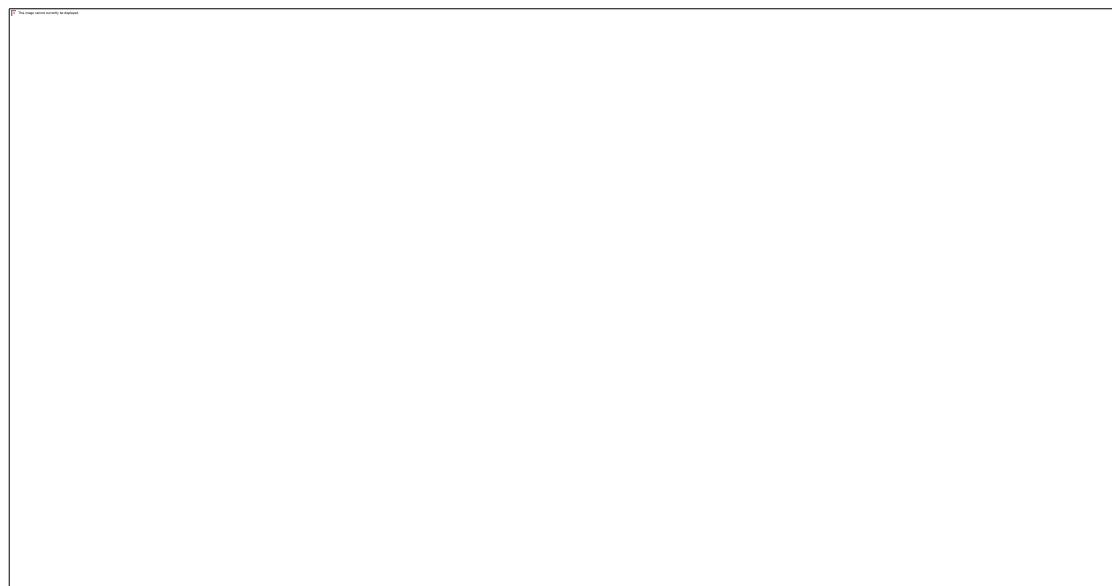
	Initial Allocation for Small Business and Retail, Hospitality and Leisure Grants	Projected spend stated in 4th May Delta return (baseline for allocation)	Available for Discretionary Grants * (5% of projected spend)
East Devon DC	£50,136,000	£48,210,000	£2,410,500
Exeter City Council	£25,082,000		£0
Mid Devon DC	£22,732,000		£0
North Devon Council	£50,944,000		£0
Plymouth City Council	£47,450,000		£0
South Hams DC	£48,398,000	£46,345,000	£2,317,250
Teignbridge DC	£41,014,000	£39,925,000	£1,996,250
Torbay Council	£47,490,000		£0
Torridge DC	£34,860,000		£0
West Devon BC	£17,800,000	£17,410,000	£870,500
	£385,906,000	£151,890,000	£7,594,500

*To be met from:

- Any residual funding from the Small Business and Retail, Hospitality and Leisure Grants Funds, or;
- As an additional grant to be paid to those local authorities expecting to have no residual funding or not enough residual funding from the initial allocation of Small Business and Retail, Hospitality and Leisure Grants Funds.

Appendix B: Descriptions and definitions

David Airey via Rob



6.0 Definitions - National Priority Businesses

- 6.1 In line with Government's priorities for the fund, the following definitions have been used to determine whether any particular business should be treated as a priority for the funding:

Small businesses in shared offices or other flexible workspaces which do not have their own business rates assessment

- 6.2 These are defined by the Council as businesses which do not have a separate assessment for Non-Domestic Rating (i.e. those businesses who do not occupy a separate hereditament within the 2017 Rating List) and who, on the 11th March 2020 were trading and shared the premises with other businesses.
- 6.3 Primarily, these businesses will not be assessed individually for Non-Domestic Rating on the basis that the landlord has paramount occupation of the premises.

Regular market traders who do not have their own business rates assessment

- 6.4 As with the other priority businesses for this fund, these will be businesses who do not have a separate assessment for Non-Domestic Rating (i.e. those businesses who do not occupy a separate hereditament within the 2017 Rating List).

- 6.5 The Council has decided that for the purpose of this scheme, market traders shall be defined as: "a business or person who sells goods wholly or mainly to visiting members of the public from a stall, pitch or similar, from a place or market recognised by the Council as a market". Where the business is street trading, the business or person must hold a valid street market licence issued by the Council.
- 6.6 All market traders must prove to the Council that as at 11th March 2020, they had a regular pitch or stall within the Council's area from which they sold goods to visiting members of the public.
- 6.7 For the purposes of this scheme, 'regular' is defined as at least weekly. Where the market trader traded less frequently, the Council will not consider the business as priority for a grant.
- 6.8 Where a market trader operates in more than one local authority area, the applicant will need to certify that they trade primarily in the Council's area or have fixed business base within the Council's area. Where a grant is claimed from another authority, no grant will be awarded by the Council.

Bed and Breakfast premises which pay Council Tax instead of business rates

- 6.9 For the purpose of this scheme, these businesses are those who do not occupy a separate hereditament within the 2017 Rating List and who the Valuation Office Agency would deem to fall within the Council Tax Valuation List.

- 6.10 For the avoidance of doubt, the Council will consider this as a priority business if:
- (a) the Bed and Breakfast property is domestic and therefore subject to council tax rather than business rates;
 - (b) It provides short stay accommodation for no more than six persons at any one time within the past year;
 - (c) The property is the sole or main residence of the proprietor(s) and the bed and breakfast use is subsidiary to the private use; and
 - (d) The business was trading on 11th March 2020.
- 6.11 In determining subsidiary use the Council shall take into account:
- Whether the majority of the premises is being used for business purposes; and
 - If the premises have been adapted to alter the character of the property beyond that of a private house.
- 6.12 Where the Council has determined that the Bed and Breakfast premises should have been subject to Non-Domestic Rating, the business shall not be considered as a priority for a Discretionary Business Grant.
- 6.13 The Council has determined that any premises where it considers that the Bed and Breakfast business is basically 'home sharing' and advertised solely online through home sharing websites will not take priority for the fund.