



High Street Support Scheme: guidance for local authorities

A: Introduction

This guidance sets out the objectives for which support is being made available by Government to local authorities under the High Street Support Scheme announced by the Prime Minister on 11 August.

The overall aim of the scheme is to alleviate the impact of the recent widespread public disorder between 6 and 11 August on affected businesses, enabling them to recover more quickly than otherwise would be the case. Additional funding of £20m is being made available to affected local authorities under the Scheme, for use in the ways set out in this guidance. Grants will be paid to affected local authorities in England under Section 31 of the Local Government Finance Act 2003.

Specifically, the fund is being provided to:

- help fund the costs to local authorities of providing Business Rate Hardship Relief
- help businesses get back on their feet more quickly, including with cash flow problems whilst they wait for insurance or other claims to be met and
- help businesses with non-refundable exceptional business expenses and to help rebuild business confidence in the area affected.

Local authorities will have responsibility for ensuring that the grants received are paid to businesses with all the proper assurances in place to ensure full propriety in all payments and value for money from local support that is provided.

Local authorities may wish to discuss with their local enterprise partnership how the scheme will best meet business needs and contribute to longer term economic recovery of the locality.

Local authorities may wish to advise affected businesses that they may claim for damages under the Riot Damages Act via a claim form to their police authority.

https://online.businesslink.gov.uk/Horizontal_Services_files/Riot_Damages_Act_Claim_Form_WEB_ACCESSIBLE.PDF

B: Eligible authorities

Local authorities who have businesses that have been affected by the public disorder incidents between 6 and 11 August 2011 in their area can claim for assistance under this scheme. Eligible local authorities under this scheme:

- district councils
- county councils
- London boroughs
- City of London

Local authorities are requested to notify the Department for Communities and Local Government by 5pm on Monday 5 September of an intention to apply for funding under this scheme (address at Section G below).

C: Business Rate Hardship Relief

Under Section 49 of the Local Government Finance Act 1988 billing authorities may reduce or remit a business rates bill if it can be demonstrated that:

- a) The liable ratepayer would sustain hardship if the billing authority did not grant relief and
- b) It is reasonable for the authority to do so, having regard to the interests of council tax payers in its area

The costs of providing hardship relief are met 75 per cent by central government and 25 per cent by the relevant billing authority. Central government meets its share of the costs by allowing the billing authority to reduce its business rates contributions to the central rates pool accordingly.

Scope of the support

The High Street Support Scheme enables billing authorities to apply for resources to fund their own 25 per cent share of providing hardship relief, where the relief is granted to businesses that were directly affected as a result of the recent public disorder.

The specific criteria are:

- that the ratepayer, as a result of the public disorder which occurred between 6 and 11 August 2011, would sustain hardship if the billing authority did not provide relief from business rates
- the relief granted covers a period within 6 August 2011 and 31 March 2012

This element of the scheme is open to all ratepayers in the billing authority area meeting the above criteria.

Application information

Local authorities should provide the anticipated total cost of granting relief in the above circumstances when they apply for the scheme. Authorities should also provide details of the number and the total rateable value of the properties expected to receive relief.

D: Support for affected businesses

Scheme overview

The objective of this element of the High Street Recovery Scheme is **to enable affected small and medium-sized businesses and commercial districts recover from the impact of the recent disorder more swiftly than they would be able to do so without additional assistance.** The precise mechanism for the disbursement of funds in pursuit of this objective is left to local authorities to determine provided that the requirements below are fulfilled, but it is expected that the majority of assistance will take the form of small grants to affected individual businesses groups of businesses or business representative organisations, or funding for other activity that will directly assist the recovery of an affected commercial district. **The government considers it essential that local authorities begin to provide assistance to affected businesses as swiftly as possible.**

Eligibility

To be eligible for assistance provided by any local authority funded under the Scheme, individual businesses or groups of businesses should meet all of the following criteria:

- be operating in an area affected by recent disorder
- have suffered losses as a direct result of that disorder and
- be small or medium sized enterprises. In order to qualify as a small or medium sized enterprise, the business must be independent (or a franchise) and meet the following size criteria:
 - fewer than 250 employees worldwide
 - turnover below £ 33.5m per annum

The expectation is that most of the financial support claimed under the scheme will be to provide direct support to small and medium sized enterprises. However, expenditure other than grants may be eligible. To be eligible it must be of a nature that will assist the recovery of commercial districts affected by the disorder, but it is not a requirement that all businesses in that district should meet the second and third criteria above.

Eligible costs

Grant payments to individual businesses or groups of businesses should only be made in respect of costs that are a direct consequence of the recent disorder and in respect of loss of bona fide business assets and exceptional business expenses.

It is for local authorities to determine the precise scope of costs meeting this requirement and the overall objective set out above. It may include costs in respect of which a business may subsequently claim reimbursement from its insurers in order to help businesses with cash flow where there is a delay before insurance payment will be received. In such circumstances, local authorities will, however, wish to make clawback arrangements in order to ensure value for money (See value for money, state aids and data protection section below).

Business costs that are eligible for grant aid are likely to include the following:

- temporary accommodation
- non-recoverable insurance excesses relating to motor vehicles, buildings, fixtures and fittings, plant and equipment, office equipment including computers and stock
- replacement of essential assets similar to those listed above that are not covered by insurance
- removal of debris and similar clean-up costs
- emergency repairs to motor vehicles, plant, machinery, equipment, buildings etc that are necessary to make these items safe and/or restore them to business use
- additional staff costs incurred as a result of clean-up or other emergency response activity
- reinstatement of business records including computerised data
- structural surveys, engineering reports and similar professional costs which arise as a direct result of the impacts of civil disorder
- security measures
- marketing material and business recovery activity to publicise 'Open for Business'

This list is not comprehensive, but intended to provide guidance to local authorities.

Ineligible costs and limits

Grants made to businesses or groups of businesses using funds provided to local authorities under the Scheme should not be used to cover the following:

- routine business expenses that would have been incurred regardless of the recent disturbances, e.g. ongoing staff or other operational costs
- loss of earnings
- costs that will be met by other grants or similar financial assistance

- costs in respect of which the business has received reimbursement from its insurers. This exclusion does not necessarily apply to costs in respect of which a business may subsequently claim reimbursement from its insurers in, for instance, a delay before insurance payment will be received would place a business in difficulty. In such circumstances, Local authorities will, however, wish to make clawback arrangements (see paragraph below) in order to ensure value for money and
- recoverable VAT

Beyond these exclusions, local authorities will more generally wish to take into account the importance of ensuring that grants made under the Scheme do not serve the purpose of rewarding businesses for poor business practice - for instance – if a business has not put any insurance arrangements in place.

The Government is not setting an upper limit for payments to individual businesses in the interests of giving each local authority maximum flexibility to respond to the needs of affected businesses in its area. Local authorities may, however, clearly wish to set an upper limit for payments in their area so as to ensure that available funds can be used to support all businesses in need. It may be helpful to make local authorities aware that other recent business recovery schemes (e.g. those provided by regional development agencies following the 2007 floods) have limited individual claims to £2,500 per business.

Local authorities may wish to specify additional exclusions for types of expenditure that they do not wish to consider for support under the Scheme.

Applications and evidence from businesses to local authorities

Local authorities should put in place such arrangements as they see fit for processing applications from businesses, though local authorities will wish to put a premium on minimising bureaucracy. A suggested form that could be issued to impacted businesses is attached for assistance at annex A.

Local authorities should satisfy themselves in each case that appropriate evidence has been provided by the business or businesses concerned before a grant payment is made under the Scheme. Evidence that may be required could include copies of invoices or receipts for costs or evidence of insurance excesses being paid.

Whilst the Government would expect that each applicant for assistance should provide as much evidence as possible, it is appreciated that some evidence may not be available at the time of application due to damage or lack of accessibility to premises. Local authorities may therefore wish to accept claims with reduced levels of evidence, although in such circumstances they should of course consider other precautions to ensure value for money, for instance reserving the right to request sight of documents in future to substantiate such claims.

To minimise risk of fraud, local authorities should also put in place appropriate arrangements to demonstrate the existence of businesses to be assisted. Applicants might be asked to provide one of the following:

- company registration number (if a limited company incorporated in England and Wales)
- copy of a valid VAT Registration Certificate or other official confirmation of their VAT number (eg most recent VAT return)
- copy of a current PAYE payment booklet
- copy of a valid Employer's Liability Insurance certificate or policy
- copy of other valid business insurance certificate or policy

Payment

To ensure swift payment and minimise transactional costs, local authorities are encouraged to transfer payments to successful applicants directly into their bank account by BACS. Applicants should therefore be asked to provide business bank account details to the local authority on any application form.

Clawback of grants

Local authorities are responsible for ensuring probity in the payment of grants to businesses. As part of these responsibilities, local authorities should reserve the right to reclaim part or all of any grant paid to a business in any of the following circumstances:

- where the business does not meet the eligibility criteria
- where the costs claimed have also been recovered from another party, for example an insurer or under the Riot Damages Act
- where the costs claimed are demonstrated not to be genuine business expenses arising as a direct consequence of recent civil disorder
- where there is evidence of fraud or other unlawful action in respect of the claim

Local authorities may of course also reserve the right to audit any claim under this scheme to ensure the protection and proper use of public funds.

Value for money, state aids and data protection

Local authorities providing support to businesses under the Scheme should of course be mindful of their obligations in these areas.

E: Payment to local authorities and indicative allocations

The scheme has an overall limit of £20m. All payments will be paid to cover costs in this financial year, 2011-12. Subject to actual claims submitted, it is expected that the largest payments will be made to local authorities with the most businesses most affected by the public disorder between 6 and 11 August 2011.

Based on the information collated during the period of public disorder above and subsequently, we might expect that:

- the largest allocation – of up to around £2m – would be paid to Croydon, Birmingham, Haringey and Greenwich
- support of up to around £1m would be paid to Wandsworth and Westminster
- smaller allocations would be paid to all other eligible authorities

Please let us know straightaway if you think your eligible costs will place you in a higher band than indicated.

F: Spending period

The deadline for eligible spending under this scheme has been extended from 7 November 2011 to 3 January 2012. Beyond this cut off date for spending, local authorities will have until the end of January 2012 to submit the claim to DCLG (as set out below).

G: Claims information

Claims should be clear and easy for the Department for Communities and Local Government to interpret. The claim should clearly set out how much financial assistance is being claimed under each of the three elements of the claim and the numbers of businesses supported by the small and medium sized enterprise grants must include the information set out in the relevant sections above.

The claim should be signed by the authority's Chief Financial Officer and sent to SRC Division, Department for Communities and Local Government, Zone 5/E1, Eland House, Bressenden Place, London SW1E 5DU, to arrive no later than **5pm on 31 January 2012**.

A final claim received after this deadline will be disregarded unless an extension to the deadline is agreed as a result of exceptional circumstances beyond an authority's control.

The figure included in the claim must relate to actual expenditure of the authority and must be precise. Where there is any doubt whether expenditure is eligible under the scheme that expenditure should be included and clearly identified so that the Department for Communities and Local Government can take a view.

The claim form must be certified by the Chief Financial Officer to the effect that it complies in all respects with the terms of this scheme.

As this scheme will not be subject to a separate grant audit, supporting documentation for all expenditure must be supplied.

The Department for Communities and Local Government will check the claim form on receipt, and may ask the authority for clarification if necessary. When a claim has been accepted, the Department for Communities and Local Government will notify the local authority and where appropriate confirm that payment of the claimed amount can be made. If the department considers that less (or more) than the amount claimed is eligible, it will write separately giving details.

The Department will consider allowing interim payments against expenditure actually incurred.