Grant Funding Schemes

Small Business Grant Fund / Retail, Hospitality and Leisure Grant Fund

Guidance for business

March 2020
Guidance for businesses

Introduction

1. 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.

2. This support will take the form of two grant funding schemes, the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund.

3. The schemes will be delivered by Local Authorities – if you are eligible, your Local Authority will be in touch with you to arrange payment.

4. Businesses seeking information should refer to the Government’s business support website: https://www.businesssupport.gov.uk/

How will the grants be provided?

5. Central Government will provide funding to Local Authorities that are responsible for business rate billing. Those Local Authorities will contact eligible businesses to arrange payment of the grants.

How much funding will be provided to businesses?

6. Under the Small Business Grant Fund (SBGF) all eligible businesses in England in receipt of either Small Business Rates Relief (SBRR) or Rural Rates Relief (RRR) in the business rates system will be eligible for a payment of £10,000.

7. Under the Retail, Hospitality and Leisure Grant (RHLG) eligible businesses in England in receipt of the Expanded Retail Discount (which covers retail, hospitality and leisure) with a rateable value of less than £51,000 will be eligible for a cash grants of £10,000 or £25,000 per property.

8. Eligible businesses in these sectors with a property that has a rateable value of up to and including £15,000 will receive a grant of £10,000.

9. Eligible businesses in these sectors with a property that has a rateable value of over £15,000 and less than £51,000 will receive a grant of £25,000.

10. Businesses with a rateable value of £51,000 or over are not eligible for this scheme. Businesses which are not ratepayers in the business rates system are not included in this scheme.
Who is eligible for these schemes?

Small Business Grant Fund Eligibility

11. Businesses with a property that on the 11 March 2020 were eligible for Small Business Rate Relief (SBRR) Scheme (including those with a Rateable Value between £12,000 and £15,000 which receive tapered relief).

12. Businesses which on 11 March 2020 were eligible for relief under the Rural Rate Relief Scheme are also eligible for this scheme.

13. Eligible recipients will receive one grant per property.

Exclusions to Small Business Grant Fund

14. You cannot get SBGF for:

- Properties occupied for personal uses, such as private stables and loose boxes, beach huts and moorings.
- Car parks and parking spaces.

15. Businesses which as of the 11 March were in liquidation or were dissolved will not be eligible.

Retail, Hospitality and Leisure Grant Eligibility

16. Properties which on the 11 March 2020 had a rateable value of less than £51,000 and would have been eligible for a discount under the business rates Expanded Retail Discount Scheme had that scheme been in force are eligible for the grant. Charities which would otherwise meet this criteria but whose bill for 11 March had been reduced to nil by a local discretionary award should still be considered to be eligible for the RHL grant.

17. Recipients will receive one grant per eligible property.

Exclusions to RHLG

18. You cannot get RHLG for:

- Properties occupied for personal uses, such as private stables and loose boxes, beach huts and moorings.
- Car parks and parking spaces.
- Properties with a rateable value of £51,000 or over.

19. Businesses which as of the 11 March were in liquidation or were dissolved will not be eligible.

20. Eligible recipients will receive one grant per property. Recipients cannot receive both SBGF and RHLG on the same property.
Who will receive this funding?

21. The person who according to the billing authority’s records was the ratepayer for the property on the 11 March 2020.

22. Where the Local Authority has reason to believe that the information that they hold about the ratepayer on the 11 March 2020 is inaccurate they may withhold or recover the grant and take reasonable steps to identify the correct ratepayer. The grant is for the ratepayer and any money paid may be liable for recovery if the recipient was not the ratepayer on the eligible day.

23. Landlord and management agents are urged to support local government in quickly identifying the correct ratepayer.

Managing the risk of fraud

24. The Government will not accept deliberate manipulation and fraud - and any business caught falsifying their records to gain additional grant money will face prosecution and any funding issued will be subject to claw back, as may any grants paid in error.

Rating List Changes

25. No changes made to the business’s rateable value or rating assessment after 11 March 2020 will be accepted for the purposes of determining eligibility.

26. In cases where there are clear errors on the rating list on 11 March 2020, Local Authorities may, at their discretion, withhold the grant and/or award the grant based on their view of which businesses would have been entitled.

State Aid Information

27. 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.

28. This support will take the form of two grant funding schemes, the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund.

29. State aid applies to these schemes.

How State aid will be managed

Small Business Grant Fund (SBGF)

30. The SBGF will be primarily managed under existing State aid rules permitting De Minimis aid, meaning applicants can receive up to than 200,000 euros of aid within a
three-year period. Where this threshold has or would be reached by accepting the SBGF, a business can receive the £10,000 grant under the EU Commission’s new Covid 19 Temporary Framework published on 19 March (provided the applicable conditions are met).

Retail, Hospitality and Leisure Grant (RHLGF)

31. The RHLGF is given as aid under the Temporary Framework for State aid measures to support the economy in the current Covid-19 outbreak published on 19 March 2020.

32. If you have been offered RHLG (or SBGF under the Temporary Framework), you can only receive up to €800,000 under the Temporary Framework (you must also confirm that you were not an undertaking in distress on 31 December 2019). This may be particularly relevant to those premises that are part of a large chain, where the cumulative total of grant funding received could exceed these thresholds.

What you need to do

33. These grants are required to comply with the EU law on State aid. If you are receiving SBGF as De Minimis aid, your Local Authority will write to you to ask you to complete a De Minimis declaration. You must complete this if you have received other public support which is de minimis aid within the current to previous two financial years.

34. If you have not received any other De Minimis State aid, you do not need to complete or return the declaration.

35. If you wish to refuse the grant funding, there will be a form to complete to confirm that you do not wish to receive the funding. If you are refusing the grant funding, you will not need to complete the declaration.

36. If you are receiving RHLG (or SBGF under the Temporary Framework), your Local Authority will write to you to ask you to complete a declaration to ensure you have not received more than €800,000 under the Temporary Framework. You will also need to confirm that your company was not an undertaking in difficulty on 31 December 2019. An ‘undertaking in difficulty’ is defined by GBER (2014) as an undertaking in which at least one of the following circumstances occurs:

   a. 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.

   b. 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.

   c. 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.
d. 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.

e. In the case of an undertaking that is not an SME, where, for the past two years:

1) The undertaking’s book debt to equity ratio has been greater than 7.5 and

2) The undertaking’s EBITDA interest coverage ratio has been below 1.0.