

LOCAL AUTHORITY DISCRETIONARY GRANTS FUND

The Business Secretary Alok Sharma and Minister for Regional Growth and Local Government, Simon Clarke recently spoke to local authorities in England to set out that up to £617 million would be made available to local businesses.

This is an additional 5% uplift to the £12.33 billion funding previously announced for the Small Business Grants Fund (SBGF) and the Retail, Hospitality and Leisure Grants Fund (RHLGF), so up to £617 million.

Size of grants

Local authorities may disburse grants to the value of:

- £25,000
- £10,000
- Any amount under £10,000

The value of the payment to be made to a business is at the discretion of the local authority.

Businesses that the grant aims to support

These grants are primarily and predominantly aimed at:

- Small and micro businesses, as defined in the Companies Act 2006. A small business is one which satisfies two out of these conditions:
 - ⇒ Turnover: not more than £10.2 million
 - ⇒ Balance sheet total: not more than £5.1 million
 - ⇒ Number of employees: a headcount of staff of less than 50
- 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 coronavirus (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

The Department for Business, Energy & Industrial Strategy has asked local authorities to prioritise the following types of businesses for grants, though this list is not intended to be exhaustive:

- Small businesses in shared offices or other flexible workspaces. Examples could include units in industrial parks, science parks and incubators which do not have their own business rates assessment
- 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
- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief

Eligibility

This grant funding is for businesses that are not eligible for other coronavirus related cash grants, such as:

- Small Business Grant Fund
- Retail, Hospitality and Leisure Grant
- Fisheries Response Fund
- Domestic Seafood Supply Scheme (DSSS)
- Zoos Support Fund
- Dairy Hardship Fund

However, if your business has applied for the Coronavirus Job Retention Scheme or Self-Employment Income Support Scheme then it is eligible to apply for the LADGF scheme.

Only businesses which were trading on 11 March 2020 are eligible for this scheme. Companies that are in administration, are insolvent or where a striking-off notice has been made are not eligible for funding under this scheme.

Application

It is recognised that local authorities will need to run some form of application process as the potential beneficiaries are highly unlikely to be known directly by the local authorities. This will allow each local authority to:

- Undertake proportionate prepayment checks to confirm eligibility relative to their local scheme
- Determine how to use its discretion in relation to the appropriate level of grant

Prepayment checks must include confirmation that by accepting payments, recipients are in compliance with state aid rules.

Local authorities have now started to open online applications for these discretionary grants and we recommend that eligible businesses contact their local authority's website on a daily basis.

CONTACT US

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