

SUBJECT: Discretionary Business Support Grant Funding

Summary:

1. This Appendix provides Members with the detail of the **Discretionary Grant Fund**.

Background & Briefing:

2. The Government has provided a series of measures to help businesses including grants for local businesses.
3. In March the council was given £40.738m of government funding to allocate to 2,761 local businesses through the following grants:
 - the Small Business Grants Fund (SBGF)
 - the Retail, Hospitality and Leisure Grant Fund (RHLGF)
4. Local Authority Discretionary Grants Fund was announced in May 2020, aimed at small businesses outside the scope of the main grant schemes and businesses suffering financial hardship as a result of the C-19 economic 'lock-down'.
5. The purpose of the scheme is to support small businesses and to encourage growth and re-employment as the 'lock-down' measures are eased.
6. Southampton City Council is responsible for delivering grant to eligible businesses and has been provided a limited fixed budget by the Department for Business, Energy and Industrial Strategy. An initial 'fixed minimum allocation' of £2.186 million on for the scheme is based on the forecast delivery of the original grant schemes. It should also be noted that the financial liability for any cost overruns has shifted to the council.
7. 2,761 hereditaments were eligible for the original grant schemes, with 3,745 businesses making on-line submissions to date. Therefore it is likely the new scheme will be oversubscribed and so with a limited budget some non-prioritised businesses may not receive grant support. (*Initial modelling suggests that up-to 350 grant awards might be made under the Discretionary Fund.*)
8. If the fund is oversubscribed the Southampton City Council reserves the right to amend the grant levels downward, on a pro-rata basis, to enable as many grants to be paid as possible to eligible businesses and ensure the fund remains in budget.

Nationally prioritised businesses

9. The government has requested that local authorities clearly prioritise the following businesses.
 - Small businesses in shared offices spaces, other flexible workspaces and incubators which do not have their own business rates assessment;
 - Regular market traders with fixed property costs and who do not have their own business rates assessment;
 - Bed & Breakfasts and guesthouses paying Council Tax instead of business rates;
 - Charity properties in receipt of charitable business rates relief.

General eligibility criteria

10. Businesses supported to date through other government COVID-related schemes, are **not** eligible for grants through the Discretionary Grants Fund. The main support schemes include but are not limited to the Small Business Grant and the Retail, Hospitality and Leisure Grant.
11. Ineligible submissions to the Small Business and Retail grant funds will be encouraged to re-submit to the Discretionary Fund.
12. Companies must be trading and not be in administration or insolvent, where a striking-off notice has been made and therefore are not eligible for funding under this scheme.
13. The scheme is primarily and predominately aimed at small to medium sized enterprises (SMEs) with fewer than 50 employees and a turnover of less than £10.2m as defined in the Small Business, Enterprise & Employment Act 2015.
14. General eligibility is also based on the following:
 - Those with ongoing fixed property-related costs such as mortgage, rent, lease, licence or other fees for business premises and not domestic properties, except Bed & Breakfasts and guesthouses;
 - A demonstrable fall in income due to the C-19 crisis of more than 50% in recent months when compared with the same period in 2019;
 - Only businesses which were trading on 11 March 2020;
 - Businesses which occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000.

Local fund priorities

15. The Discretionary Fund is finite and so awards will be made to nationally prioritised businesses first. Then Southampton City Council has then determined to prioritise the following businesses and other types of organisations.
 - Priority will be show to businesses with a greater number of employees to protect employment and reduce unemployment if the business were to close.
 - SMEs linked to the hospitality, tourism and leisure sectors being more impacted by the on-going Covid-19 restrictions and ineligible for the Retail, Hospitality and Leisure Grant.
 - SMEs providing a service benefitting the community and residents of Southampton such as day nurseries, nursery schools or those supporting disadvantaged or vulnerable groups.
 - SMEs in the digital, cultural and creative industries impacted by the on-going Covid-19 restrictions and ineligible for the Small Business Grant.
 - SMEs providing learning opportunities for all sections of the community.
 - SMEs that continue to be unable to trade and do not have an online presence.
 - SMEs with-in or that support leisure, community and cultural facilities.
 - SMEs that cannot access Small Business Rates Relief because they occupy a second property with a combined rateable value below £15,000.
16. The list above is not intended to be exhaustive, however the list is generally reflective of the local priorities for the scheme. Southampton City Council will determine if a business activity is of similar in nature and if a submission is eligible for a Discretionary grant.

Methodology for processing submissions and awarding grants

17. All submissions will be assessed against the general eligibility criteria and only one grant will be paid each to eligible company to ensure that the expected high-level of demand for the grants can be met. Any ineligible submissions will be discounted.
18. The government expects that the value of grant awards is proportional and linked to fixed monthly property costs, the size of the business and a demonstration of a consequent financial impact due to the C-19 'lock-down'.
19. The nationally prioritised businesses will be given an additional weighting in assessing submissions. If the demand for the scheme is high then Southampton City Council reserves the right to amend the grant levels downward, on a pro-rata basis, to enable as many grants to be paid as possible to eligible businesses.
20. If for any reason a determination between businesses is necessary then this will be on the basis of either prioritisation and / or on a measure of continuing hardship due to the C-19 'lock-down' as based on lost income.
21. The value of the grants made to an eligible business is at the discretion of Southampton City Council and following governmental guidelines grants will be provided to eligible businesses based on the following criteria:
 - £5,000 grant for micro businesses and small charity properties
No more than 5 employees and / or a turnover of less than £316,000
Fixed monthly property cost from £200 to £800 (excl. VAT)
 - £7,500 grant for small businesses
5 > 10 employees and / or a turnover of less than £632,000
Fixed monthly property cost from £800 to £2500 (excl. VAT)
 - £10,000 grant for medium sized businesses
More than 10 & less than 50 employees and / or a turnover from £632,000 to £10.2 million
Fixed monthly property cost over £2500 (excl. VAT)
 - £5,000 grant for Bed & Breakfast, guest house or serviced accommodation providers paying council tax and with rent or mortgage cost below £4,250 per month.
 - £1000 for Regular market traders, per pitch, if the trader is based in Southampton and have been trading on a market in Southampton for at least 6 months prior to 11 March 2020.
22. An on-line form and webpage are ready to open and then submissions will be accepted and processed over a ten day period. Successful prioritised and eligible businesses will then be informed and grant payments made via BACS payments.

Budgeting, monitoring and reporting requirements

23. The initial '*fixed minimum allocation*' of £2.186M for this scheme is finite and once exhausted no additional grants can be awarded. Additionally if surplus funding remains after awarding the first round of grants then the scheme will be reopened.
24. If the fund is oversubscribed the Southampton City Council reserves the right to amend the grant levels downward, on a pro-rata basis, to enable as many grants to be paid as possible to eligible businesses and ensure the fund remains in budget.
25. Southampton City Council will also be required to report on the following measures in delivering Discretionary Grant Fund, weekly to BEIS alongside the existing reporting on the existing

grants. *(Numbers of businesses provided £10,000 grants. Numbers of businesses provided with grants of less than £10,000. Total value of any grant payments less than £10,000.)*

26. All submissions will include a State aid declaration and a note describing the monitoring of fraudulent activities.

Appeals

27. The decision to award grants or not will not be open to the right of appeal. The Council's decision is final.

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