

East Riding of Yorkshire Council – Discretionary Grant Scheme

Phase Two

Introduction

In May 2020, the Government announced new funding for councils to provide grants to businesses that have not previously qualified for government funding to support them during the Coronavirus (COVID-19) pandemic. Councils were given discretion to determine the design of their local scheme for distributing this funding.

This document sets out the qualifying criteria for phase two of East Riding of Yorkshire Council's Local Discretionary Grant Scheme.

The Council recognises that the sustainability of small businesses is crucial for the recovery to a vibrant economy within the East Riding of Yorkshire. In turn, a vibrant local economy supports the health and wellbeing of residents. The charitable sector also plays a key role in health and wellbeing, as well as supporting our vulnerable residents.

This scheme therefore reflects three of the Council's key priorities: Growing The Economy, Promoting Healthy Lifestyles, and Protecting The Vulnerable.

The Discretionary Grant Scheme is funded by Government and the total amount available for each local authority to spend is capped at pre-set levels. As funding available for the discretionary scheme is limited, the Council is unable to implement a scheme that offers financial support to all business types.

Phase one of the scheme delivered grants to businesses and charities identified as priorities in the Government's guidance and is not repeated here.

Business support grants funded by the Government of £10,000 have already been provided to eligible small businesses with a rateable value up to £15,000, and grants of £25,000 have been provided to eligible businesses in the retail, leisure and hospitality sectors with a rateable value of between £15,000 and £51,000. The retail, leisure and hospitality sectors are expected to have been hit hard by the Coronavirus (COVID-19) pandemic and the Government has targeted support to this sector in particular.

Local authorities have discretion to design a scheme which it believes maximises the benefit to the local economy whilst operating within the funding envelope available. The Council are mindful of the impact of the pandemic on the retail, leisure and hospitality sector, the importance of this sector to the East Riding economy and the financial support already provided by the Government.

The Council are therefore seeking to provide financial support to businesses in the supply chain to retail, leisure and hospitality businesses, as the supply chain did not receive support through the Government's retail, leisure and hospitality grant scheme. Therefore, phase two of the Council's local discretionary scheme has been designed to target supply chain businesses that have not received grant support. The business property categories eligible for phase two of this scheme have the highest concentration of supply chain businesses within them.

Phase two applications will be open from 22 June 2020 and will close on 12 July 2020.

Section A: Phase Two Qualifying Criteria

1. Type of businesses that can apply

- 1.1 All eligible applicants for phase two of the grant scheme must be businesses with a rateable value of more than £15,000 but less than £51,000 and fall within the following specific valuation office agency descriptions:
- Brewery and Premises
 - Factory and Premises
 - Showroom Workshop and Premises
 - Warehouse and Premises
 - Workshop and Premises
- 1.2 The following categories of rate payers whose properties are assigned the above descriptions are specifically excluded from this scheme:
- Financial Services
 - Publicly funded bodies
- 1.3 Applicants can be made by Sole Traders, Private Limited Companies (LTDs), Publically Limited Companies (PLCs) and Partnerships, including Limited Liability Partnerships (LLPs).

2. Trading requirements and eligibility

- 2.1 All applicants must have been actively trading on 11 March 2020.
- 2.2 All applicants must be registered for business rates and be included on the Council's business rate system within the categories set out in paragraph 1.1 on 22 June 2020.
- 2.3 Applications from insolvent companies, companies in liquidation or companies in administration, will not be accepted.
- 2.4 Applications from Partnerships which are being dissolved, or have been dissolved, will not be accepted.
- 2.5 Applications from bankrupt sole traders will not be accepted.
- 2.6 Applications from a business which is the subject of a striking-off notice will not be accepted.
- 2.7 The Discretionary Grant Fund is for those businesses that are not eligible for other support schemes for businesses. Businesses which have received cash grants from any other central government COVID-related scheme are ineligible for funding from the grant scheme. Such schemes include but are not limited to:
- Small Business Grant Fund (provided to businesses in receipt of Small Business Rates Relief or Rural Rates Relief)
 - Retail, Hospitality and Leisure Grant
 - Phase I of the Discretionary Grant Fund
 - The Fisheries Response Fund
 - Domestic Seafood Supply Scheme (DSSS).

- The Zoos Support Fund
- The Dairy Hardship Fund

Section B: Scheme Operation

The scheme will operate in the following manner:

3. Grant award

- 3.1 The Council has a limited pot of funding to distribute, and the final value of grants awarded will be determined by the number of applications the Council receives from eligible businesses. The funding available will therefore be distributed equally across the number of applications received from eligible businesses by 12 July 2020.
- 3.2 The Council recognises that this targeted financial support is critical to supporting the viability of eligible businesses throughout the East Riding and that it reaches those businesses in a timely manner. In order to prevent further financial hardship, the Council will make an interim grant payment of £5,000 to each business once their eligibility has been determined, with a further top-up payment once the calculation of the final value of grant has been made as set out in paragraph 3.1.

4. Application process

- 4.1 Applications must be submitted online through the specified application process hosted on the Council's website by Sunday 12 July 2020. Paper application forms are available upon request.

5. Evidence and proofs

- 5.1 Applicants may be asked for appropriate evidence to support their application. The Council reserves the right to ask for any evidence and proof it deems necessary and refusal to cooperate and provide evidence and proofs reasonably requested, will result in a rejection of the application.

6. Payments and fraud prevention

- 6.1 The Council reserves the right to undertake any checks it considers necessary to
- 6.2 Payments of the grant will be a one-off lump sum and will only be made direct into a UK bank. Any bank details supplied will be subject to anti-fraud measures.
- 6.3 The Council will not accept any deliberate manipulation, misrepresentation or fraud. Any business caught falsifying their records to gain grant monies will face prosecution and any grant funding issued will be clawed back. Grants paid in error will also be subject to claw back.

7. Exclusions

- 7.1 The following circumstances will render applicants ineligible for the scheme:

- Any applicant which is eligible for other Covid-19 support schemes and grants, whether they have claimed them or not (this does not include payments made under the Coronavirus Job Retention Scheme).
- Applicants that were not trading on 11 March 2020.
- Applicants not legitimately trading in accordance with all applicable laws, regulations, local bye-laws and planning consent rules.
- Applicants that are in administration, insolvent, dormant or where a striking-off notice has been made.
- If an applicant falls within the UK state aid rules concerning 'Undertakings in Difficulties' on 31 December 2019, the grant will not be paid.
- Where payment of the grant will breach state aid rules.

8. State aid

- 8.1 The United Kingdom left the European Union (EU) on 31 January 2020, nonetheless under the Withdrawal Agreement the State aid rules continue to apply during a transition period, subject to regulation by the EU Commission. The local authority must be satisfied that all State aid requirements have been fully met and complied with when making grant payments, including, where required, compliance with all relevant conditions of the EU State aid De-Minimis Regulation, the EU Commission Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, the approved COVID-19 Temporary Framework for UK Authorities, and any relevant reporting requirements to the EU Commission.
- 8.2 Local authorities have a discretion to make payments to eligible recipients under either the De Minimis rules or the COVID-19 Temporary Framework for UK Authorities (provided all the relevant conditions are met).
- 8.3 Payments of up to and including £10,000 will be provided under the De Minimis rules. Applicants can receive up to €200,000 of state aid within a three year period.
- 8.4 Payments of up to and including £25,000 (or where the De Minimis threshold has been reached) will be paid under the COVID-19 Temporary Framework for UK Authorities. Recipients should note the conditions attached to the Temporary Framework, including the €800,000 threshold per undertaking (€120 000 per undertaking active in the fishery and aquaculture sector or €100 000 per undertaking active in the primary production of agricultural products), and the requirement for recipients to declare they were 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:
 - i) The undertaking's book debt to equity ratio has been greater than 7.5 and
 - ii) The undertaking's EBITDA interest coverage ratio has been below 1.0.

8.5 Prepayment checks must include confirmation that, by accepting payments, recipients are in compliance with state aid rules. The application process will require applicants to state that, by accepting the grant payment, the business confirms that it is eligible for the grant scheme, including that any payments accepted will be in compliance with state aid requirements.

9. Appeals

9.1 There is no formal right of appeal if a grant application is not successful, however, the applicant may ask for their case to be reviewed.

9.2 All reviews will be undertaken by independent senior officers of the council who have not been involved in assessing the original application. The outcome of each review will be authorised by a Director of the Council.

9.3 All applicants who have requested a reconsideration will be formally notified of the outcome.

Section C: Data protection and anti-fraud measures

10.1 We will use your information to assess your application for a grant. We will confirm information about you and your account with both the Government and credit referencing agencies. We will do this to ensure that the details you give are correct and that your identity is valid.

10.2 If you provide false or inaccurate information, we will record this. We and other fraud prevention agencies may use and search these records to prevent fraud and money laundering.

10.3 The Council and the Government will not accept deliberate manipulation and fraud. Any business caught falsifying their records to gain grant money will face prosecution and any funding issued will be subject to claw back.

- 10.4 To minimise the risk of fraudulent grant claims, the Council's Fraud Investigation Team will carry out anti-fraud checks which may include use of the Government's 'Spotlight' tool. We may use data provided by third parties in undertaking verification of claims, such as data provided through the National Fraud Initiative, and we may use third parties to check data received, such as the National Anti-Fraud Network (NAFN). We will store this information electronically and will share it with other Council Officers who may be involved in considering your grant.
- 10.5 The Council is compliant with the Data Protection Act 2018 and is compliant with all its obligations under the General Data Protection Regulation.
- 10.6 All data collected will be stored in accordance with the law and will be destroyed in-line with the Council's data retention policy.