

**CORPORATE SERVICES DEPARTMENT**  
Director – Caroline Holland



**Democracy Services  
London Borough of Merton  
Merton Civic Centre  
London Road  
Morden SM4 5DX**

**Direct Line: 0208 545 3616  
Email:  
democratic.services@merton.gov.uk**

***Date: 5 June 2020***

Dear Councillor

Notification of a Decision taken by the **Director of Corporate Services**

The attached **Key decision** has been taken by the **Director of Corporate Services**, with regards to the **Local Authority Discretionary Grant Scheme** and will be implemented at **noon on Wednesday 10 June 2020** unless a call-in request is received.

The [call-in](#) form is attached for your use if needed and refers to the relevant sections of the constitution.

Yours sincerely

**Democracy Services**

## KEY DECISION TAKEN BY AN OFFICER UNDER DELEGATED AUTHORITY

See over for instructions on how to use this form – all parts of this form must be completed. Type all information in the boxes. The boxes will expand to accommodate extra lines where needed.

### 1. Title of report

Local Authority Discretionary Grant Scheme

### 2. Reason for exemption (if any)

n/a

### 3. Decision maker

Caroline Holland, Director of Corporate Services

### 4. Date of Decision

5 June 2020

### 5. Date report made available to decision maker

28 May 2020

### 6. Decision

To agree the recommendation in the report – agree the Discretionary Grant Policy

### 7. Reason for decision

To enable the commencement of the scheme and application process on 10 June 2020 which will be over a week earlier than if the decision was taken by Cabinet. The government are expecting local authorities to commence payment of the grants in early June. Some London authorities have already gone live with their schemes. If this decision was made by Cabinet on the 15 June 2020 the scheme could not go live until 22 June 2020 following call in period. The scheme will have a two week application window. This would mean that grant payments would not be paid until after 7 July 2020. Following the call in period for this decision grant payments would be able to be paid from 25 June 2020.

### 8. Alternative options considered and why rejected

Wait for Cabinet decision on 15 June 2020. Following call in the scheme and application process would not be commenced until the 22 June 2020

### 9. Documents relied on in addition to officer report

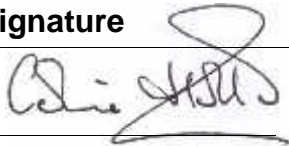
Local Authority Discretionary Grant Scheme report, policy, government guidance and Equality Impact Assessment

### 10. Declarations of Interest

None

**11. Signature**

Signature

A handwritten signature in black ink, appearing to read 'C. Hill', written over a horizontal line.

Date 5 June 2020

**12. Publication of this decision and call in provision**

Send this form and the officer report to [democratic.services@merton.gov.uk](mailto:democratic.services@merton.gov.uk) for publication. Publication will take place within two days. The call-in deadline will be at Noon on the third working day following publication.

IMPORTANT – this decision should not be implemented until the call-in period has elapsed.

# Decision Maker: Director of Corporate Resources

## Date:

Wards: All

## Subject: Local Authority Discretionary Grant Scheme

Lead officer: Caroline Holland, Director of Corporate Services

Lead member: Councillor Mark Allison, Deputy Leader and Cabinet Member for Finance

Contact officer: David Keppler, Head of Revenues and Benefits

### Recommendations:

---

1. To agree the Local Authority Discretionary Grant Policy attached as appendix A, including the process for making decisions on individual applications set out therein.
- 

## 1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. To advise the Director of Corporate Services on the new Local Authority Discretionary Grant policy and seek agreement for the policy.

## 2 DETAILS

- 2.1. On the 2 May 2020 the government announced a new grant fund and scheme to assist small businesses with fixed property related costs.
- 2.2. The scheme is to be delivered by local authorities through grant payments.
- 2.3. On the 13 May 2020 the government issued guidance to local authorities on the scheme. (Appendix 1)
- 2.4. The government identified that support should be primarily and predominantly aimed at:
  - ) Small and micro businesses – (the guidance provides conditions for this)
  - ) 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 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
- 2.5. The government have asked local authorities to prioritise the following types of businesses for grants:
  - ) Small businesses in shared offices or other flexible workspaces
  - ) Regular Market Traders with fixed building costs

- ) Bed and Breakfasts that pay council tax
- ) Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief

- 2.6. The government state that the list set out above is not intended to be exhaustive but is intended to guide local authorities as to the types of business that the government considers should be a priority for the scheme. Authorities should determine for themselves whether particular situations not listed are broadly similar in nature to those above and, if so, whether they should be eligible for grants from this discretionary fund.
- 2.7. Grants can be paid for £25,000, £10,000 or amounts less than £10,000. It is likely that a large number of grants of less than £10,000 will be awarded so more businesses can be supported.
- 2.8. The council has been allocated £1,312,750 in funding
- 2.9. The grant funding is for businesses that are not eligible for other support schemes. Businesses which have received cash grants from any central government COVID-related scheme are ineligible for funding from the Discretionary Grants Fund
- 2.10. Businesses which were trading on or before 11 March 2020 are eligible to grants.
- 2.11. The council cannot identify the exact number of businesses that meet the four priority areas and therefore cannot accurately estimate the level of funding required to meet applications from these groups.
- 2.12. Businesses in shared premises and workspaces are not known to the council so estimating demand from this group is very difficult.
- 2.13. The council has already received a high level of enquiries from businesses and business sectors regarding the scheme. Demand and expectation for support is likely to be very high.
- 2.14. To manage demand it is proposed to implement a two phased application and award process. Stage one will be for the four priority groups identified by the government.
- 2.15. Once stage one has been completed and paid a second phase will commence inviting applications from the local priority groups identified in the policy. The policy is attached as (Appendix 2)
- 2.16. A social media campaign will be designed and delivered to promote the scheme, application process and try to manage expectation.
- 2.17. The Chamber of Commerce and MVSC will be asked to promote the scheme and application process.
- 2.18. The government have stated that they expect grants to be paid in early June. Although they have also acknowledged that Council's will need to assess applications (including financial checks) from businesses.
- 2.19. Having a two phased application and award process will mean that payments to some businesses will be delayed. This would be more

preferable than inviting applications from all businesses and then having to reject the majority as the funding had been used on the priority areas.

- 2.20. Discussions are ongoing across London to identify if a consistent approach could be adopted where possible with regards to communications, application process, definitions such as “significant fall”.
- 2.21. An application process will be required and applications to be made via an on line web form.
- 2.22. The Revenues and Benefits team will administer the scheme on behalf of the Director of Corporate Services. Decisions on applications and awards will be made by the Director of Corporate Services at a panel meeting comprising her, the Chief Executive of Merton Chamber of Commerce, Chief Executive of MVSC, Head of Revenues and Benefits and Economy Manager.
- 2.23. As per the government guidance there will be no right of appeal.

### **3 ALTERNATIVE OPTIONS**

- 3.1. There is the option to change the policy and process. Different local priorities could be identified.

### **4 CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1. It is intended to consult with the Chamber of Commerce and MVSC once the policy has been agreed by LSG.

### **5 TIMETABLE**

- 5.1. The government expect that grant payments to be made in early June.

<b>Task</b>	<b>Time frame</b>
Software due	22 May 20
Testing of software and web form	22 May to 29 May 20
Communications campaign starts	2 June 20
Director of Corporate Services decision	5 June 20
Application period – phase one	10 June to 24 June 20
Review of applications start	14 June 20
Commence payments	26 June 20
Complete phase one application reviews	7 July 20
Complete phase one payments	15 July 20
Application period – phase two	10 July to 24 July 20
Review of applications start	15 July 20
Commence payments	25 July 20
Complete phase two application reviews	31 July 20

## **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 6.1. The council will receive £1,312,750 in funding for the grants
- 6.2. The council will receive new burdens funding to administer this scheme and the previous business support grant scheme.
- 6.3. The council's software supplier for business rates system will provide an enhancement to enable, integrated web form, document management system and award and payment of grants. This is likely to cost in the region of £3,500.
- 6.4. Staffing levels to administer the scheme will come from existing resources.

## **7 LEGAL AND STATUTORY IMPLICATIONS**

- 7.1. The Council is able to make such grants under the Localism Act and in line with Central Government Guidance as a result of the Covid 19 Pandemic.
- 7.2. In keeping with the Council's duties for transparency and to ensure that the Council is not subject to any judicial review challenge of its decisions the application criteria, application process and decision making process should transparently be available and all decisions on grants should be based solely on the criteria and clearly evidenced in any decision letter.

## **8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 8.1. An Equalities Impact Assessment has been completed. (Appendix 3)
- 8.2. The web form that has been designed will not enable the capture of equalities data.
- 8.3. Equalities data will try to be collated from the applications.
- 8.4. Merton's local priorities under phase two will prioritise applications from businesses and organisations that demonstrate they support closing the equality gap between the east and west of the borough.

## **9 CRIME AND DISORDER IMPLICATIONS**

- 9.1. The government expect pre-payment checking and have stated they will pursue and prosecute fraudulent awards.
- 9.2. The government have provided an online tool to help with verification.

## **10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 10.1. Plans must be made to ensure the service is not overwhelmed by the number of applications received.
- 10.2. The council will need to monitor and ensure that applications can be reviewed, financially vetted and decisions made within the timeframes indicated above.
- 10.3. Additional resource should be made available if required.

**11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

) Appendix 1 – Government guidance on Local Authority Discretionary Grant

) Appendix 2 - Merton Discretionary Grant Policy

) Appendix 3 – Equality Impact Assessment

**12 BACKGROUND PAPERS**

12.1.





Department for  
Business, Energy  
& Industrial Strategy

# Grant Funding Schemes

Local Authority Discretionary Grants Fund –  
guidance for local authorities



© Crown copyright 2020

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3) or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: [psi@nationalarchives.gov.uk](mailto:psi@nationalarchives.gov.uk).

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

Any enquiries regarding this publication should be sent to us at: [enquiries@beis.gov.uk](mailto:enquiries@beis.gov.uk)

---

# Contents

About this guidance	4
Introduction	4
How will the grants be provided?	4
How much funding will be provided to businesses?	5
Who will benefit from these schemes?	6
Eligibility	7
Who will receive this funding?	8
Will these grant schemes be subject to tax?	8
Managing the risk of fraud	8
Post event assurance	8
Monitoring and reporting requirements	9
State aid	9
Annex A: Post-payment reporting	11
Annex B: State aid – Sample paragraphs that could be included in letters to grant recipients	12

## About this guidance

1. This guidance is intended to support local authorities in administering the Local Authority Discretionary Grants Fund announced on 1 May 2020. This guidance applies to England only.
2. This guidance sets out the criteria which local government should consider as they manage the Local Authority Discretionary Grants Fund. This does not replace [existing guidance](#) for the Small Business Grant Fund (SBGF) or the Retail Hospitality and Leisure Grant Fund (RHLGF).
3. Local authority enquiries on this measure should be addressed to [businessgrantfunds@beis.gov.uk](mailto:businessgrantfunds@beis.gov.uk). Businesses seeking information should refer to their local authority for further information on their discretionary scheme.

## Introduction

4. 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, delivered through the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund.
5. This additional fund is aimed at small and micro businesses who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund.

## How will the grants be provided?

6. Local authorities will be responsible for delivering grants to eligible businesses. Section 1 of the Localism Act 2011 provides all local authorities with the vires to make these payments.
7. The cost to local authorities of these grant payments will be met in one of two ways:
  - Where they have or plan to spend all of the grants fund allocation for the Small Business Grants Fund and Retail, Hospitality and Leisure Grants Fund, they will receive an additional payment of 5% of their funding allocation (using a grant under section 31 of the Local Government Act 2003).
  - Local authorities that, having taken all reasonable steps to provide grants to eligible businesses for the Small Business Grants Fund and/or the Retail, Hospitality and Leisure Grants Fund, still have unspent initial grants funds allocation, will fund the grants from this unspent residual. Local authorities with a projected underspend of more than 5% cannot allocate awards above their 5% threshold.
8. In either case, we will continue to monitor each local authority's spend performance for the Small Business, Retail, Hospitality and Leisure Grants Funds and the Local Authority Discretionary Grants Fund and ensure they have sufficient funding and the correct 5% cap for the Discretionary Grants Fund and will top up funding where necessary.

9. We will use the data return from local authorities of Monday 4th May 2020, which includes a projection of spend totals for the Small Business and Retail, Hospitality and Leisure Grants Funds, as the baseline for calculating either:
  - The 5% funding envelope that each local authority can utilise to meet the costs of this discretionary grants scheme, where they have residual funding available;
  - Or, the allocation of the additional amount of grant to be paid to those local authorities expecting to have no residual funding or not enough residual funding from the initial allocation of Small Business and Retail, Hospitality and Leisure Grants Funds.
10. This is a baseline to provide the fixed minimum 5% allocation for each local authority, to give certainty. We do not want to penalise local authorities that subsequently manage to achieve a higher number of business hereditaments supported and grants awarded; their 5% allocation will be adjusted upwards.
11. We are committed to meeting the delivery costs to local authorities for this scheme and will meet associated New Burdens costs.
12. Local authorities that will be responsible for making payments to businesses and which will receive funding from government are billing authorities in England.
13. This grant scheme widens access to support to businesses who are struggling to survive due to the Corona virus shutdown but are unable to access other grant funding. Local authorities should make payments as quickly as possible to support struggling businesses. We anticipate that the first payments made under the scheme will be received by businesses by early June.

## How much funding will be provided to businesses?

14. Local authorities may disburse grants to the value of £25,000, £10,000 or any amount under £10,000. The value of the payment to be made to a business is at the discretion of the local authority.
15. Grants under the Local Authority Discretionary Grants Fund are capped at £25,000.
16. The next level payment under the Local Authority Discretionary Grants Fund is £10,000.
17. Local authorities have discretion to make payments of any amount under £10,000. It will be for local authorities to adapt this approach to local circumstances, such as providing support for micro-businesses with fixed costs or support for businesses that are crucial for their local economies. We expect that payments of under £10,000 may be appropriate in many cases.
18. In taking decisions on the appropriate level of grant, local authorities may want to take into account the level of fixed costs faced by the business in question, the number of employees, whether businesses have had to close completely and are unable to trade online and the consequent scale of impact of COVID-19 losses.
19. Bearing in mind the above, local authorities should set out clear criteria for determining the appropriate level of grant to give businesses clarity.

## Who will benefit from these schemes?

20. These grants are primarily and predominantly aimed at:
- Small and micro businesses, as defined in Section 33 Part 2 of the Small Business, Enterprise and Employment Act 2015 and the Companies Act 2006.
  - 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 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.
21. To be a small business, under the Companies Act 2006, a business must satisfy two or more of the following requirements in a year—
- 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
22. To be a micro business, under the Companies Act 2006, a business must satisfy two or more of the following requirements—
- Turnover: Not more than £632,000
  - Balance sheet total: Not more than £316,000
  - Number of employees: a headcount of staff of not more than 10
23. We want local authorities to exercise their local knowledge and discretion and we recognise that economic need will vary across the country, so we are setting some national criteria for the funds but allowing local authorities to determine which cases to support within those criteria.
24. We are asking local authorities to prioritise the following types of businesses for grants from within this funding pot:
- 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; and
  - Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.

25. The list set out above is not intended to be exhaustive but is intended to guide local authorities as to the types of business that the government considers should be a priority for the scheme. Authorities should determine for themselves whether particular situations not listed are broadly similar in nature to those above and, if so, whether they should be eligible for grants from this discretionary fund.
26. Where limits to funding available for this scheme require local authorities to prioritise which types of businesses will receive funding, it will be at the local authorities discretion as to which types of business are most relevant to their local economy. There will be no penalty for local authorities because of their use of discretion to prioritise some business types.
27. Local authorities should set out the scope of their discretionary grant scheme on their website, providing clear guidance on which types of business are being prioritised, as well as the rationale for the level of grant to be provided (either £25,000, £10,000 or less than £10,000).
28. Local authorities may wish to consider collaborating as they design their discretionary schemes to ensure there is consistency where they are working across a functional economic area (e.g. a Mayoral Combined Authority or Local Enterprise Partnership area) and may want to engage with MCAs and LEPs to ensure alignment and reduce duplication with other local discretionary business grants that may have been established.

## Eligibility

29. This grant funding is for businesses that are not eligible for other support schemes. Businesses which are eligible for cash grants from any central government COVID-related scheme (apart from SEISS) are ineligible for funding from the Discretionary Grants Fund. Such grant schemes include but are not limited to:
  - Small Business Grant Fund
  - Retail, Hospitality and Leisure Grant
  - The Fisheries Response Fund
  - Domestic Seafood Supply Scheme (DSSS).
  - The Zoos Support Fund
  - The Dairy Hardship Fund
30. Businesses who have applied for the Coronavirus Job Retention Scheme are eligible to apply for this scheme.
31. Businesses who are eligible for the Self-Employed Income support scheme (SEISS) are eligible to apply for this scheme as well.
32. Only businesses which were trading on 11 March 2020 are eligible for this scheme.
33. Companies that are in administration, are insolvent or where a striking-off notice has been made are not eligible for funding under this scheme.

## Who will receive this funding?

34. It is recognised that local authorities will need to run some form of application process.
35. This will allow local authorities to undertake proportionate pre-payment checks to confirm eligibility relative to their local scheme and to allow each local authority to determine how to use its discretion in relation to the appropriate level of grant. Prepayment checks must include confirming that by accepting payments recipients are in compliance with State aid rules.
36. Local authorities must use their discretion in identifying the right person to receive this funding, based on their application process.
37. The local authority must call or write to the business, stating that by accepting the grant payment, the business confirms that they are eligible for the grant scheme, including that any payments accepted will be in compliance with State aid requirements. Suggested wording for State aid declarations is included at Annex B.

## Will these grant schemes be subject to tax?

38. Grant income received by a business is taxable therefore funding paid under the Local Authority Discretionary Grants Fund will be subject to tax.
39. Only businesses which make an overall profit once grant income is included will be subject to tax.

## Managing the risk of fraud

40. The government will not accept deliberate manipulation and fraud - and any business caught falsifying their records to gain grant money will face prosecution and any funding issued will be subject to claw back, as may any grants paid in error.
41. The government Grants Management Function and Counter Fraud Function will make their digital assurance tool, Spotlight, available to local authorities, and will offer support in using the tool and interpreting results. Alongside other checks conducted by local authorities, the tool can help with pre-payment and post payment assurance. We also want local authorities to work with us and each other in identifying and sharing good practice, including protecting eligible businesses which may be targeted by fraudsters pretending to be central or local government or acting on their behalf.

## Post event assurance

42. Post payment, the government Grants Management Function and Counter Fraud Function will support local authorities to carry out post-event assurance work to identify high risk payments.



## Monitoring and reporting requirements

43. Local authorities will be required to report on their progress in developing and delivering the Local Authority Discretionary Grant Fund weekly to BEIS alongside the existing reporting on the Small Business Grants Fund and Retail, Hospitality and Leisure Grants Fund. Criteria for local authority schemes must be published and shared with BEIS.
44. Once the scheme is developed and payments are made, reports from June onward will cover:
  - Numbers of businesses provided £25,000 grants
  - Numbers of businesses provided £10,000 grants
  - Numbers of businesses provided less than £10,000 grants
  - Total funding paid out in relation to the discretionary grant scheme paying less than £10,000
  - Expected date of completion of all grant payments to businesses
  - Issues encountered in implementing the scheme to allow BEIS to support development of solutions with local authorities.
45. We will also contact a sample of LAs each month to:
  - Check they are awarding in line with the mandatory criteria;
  - Understand the ways in which they are using their discretion.
46. Annex A contains information on Post Payment Monitoring requirements.

## State aid

47. The United Kingdom left the 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.
48. 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).
49. Payments of up to and including £10,000 can be provided under the De Minimis rules, meaning applicants can receive up to €200,000 of aid within a three year period.
50. Payments of up to and including £25,000 (or £10,000 where the De Minimis threshold has been reached) should be paid under the COVID-19 Temporary Framework for UK Authorities. Local authorities 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 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.

51. Annex B of this guidance contains two sample declarations which local authorities may wish to use with either payments under the De Minimis rules or under the COVID-19 Temporary Framework for UK Authorities. Where local authorities have further questions about De Minimis or other aspects of State aid law, they should seek advice from their legal department in the first instance.

## Annex A: Post-payment reporting

### Background

1. Local authorities will be required to report weekly to BEIS on the Local Authority Discretionary Grants Fund, alongside the existing reporting on the Small Business Grants Fund and Retail, Hospitality and Leisure Grants Fund
2. Reports will cover:
  - Numbers of businesses provided £25,000 grants
  - Numbers of businesses provided £10,000 grants
  - Numbers of businesses provided less than £10,000 grants
  - Total funding paid out in relation to the discretionary grant scheme paying less than £10,000
  - Expected date of completion of all grant payments to businesses
  - Issues encountered in implementing the scheme to allow BEIS to support development of solutions with local authorities
3. The return will be completed using the DELTA Reporting system.

### Process

4. Local authorities are required to complete the weekly return for BEIS by 10am Monday (from early June), reporting on the previous Monday – Sunday period.
5. Each weekly report will only cover grants provided by local authorities to eligible business during the period of the previous week as per paragraph 4. The Cities and Local Growth Unit will consolidate the reports to create a cumulative total and monitor progress against the allocation of funding per local authority.

### Definitions

<b>Total number of grants provided under each level of the scheme (£25,000; £10,000; and less than £10,000)</b>	Number of grants paid (in that week) to the eligible businesses identified by the local authorities.
<b>Total funding paid out in relation to the discretionary grant scheme paying less than £10,000</b>	This should reflect the amount of money paid in grants against the under £10k grant in the reporting week under this scheme.
<b>Expected Date of Completing all payments to Eligible Businesses</b>	Date at which the local authorities believes it will have provided all grants under the scheme.
<b>Comments</b>	Highlight in this box issues that local authorities are encountering while implementing the schemes.

## Annex B: State aid – Sample paragraphs that could be included in letters to grant recipients

### Template to send to beneficiaries of aid awarded based on the UK COVID-19 Temporary Framework<sup>1</sup>

Dear [Name of Aid Recipient]

#### **Confirmation of State Aid received under the COVID-19 Temporary Framework for UK Authorities scheme**

Following the outbreak of the Coronavirus, the European Commission has approved schemes to aid businesses affected by the Coronavirus outbreak on the basis of their Temporary Framework, including the COVID-19 Temporary Framework scheme for the UK.

The maximum level of aid that a company may receive is €800 000 (€120 000 per undertaking active in the fishery and aquaculture sector or €100 000 per undertaking active in the primary production of agricultural products). This is across all UK schemes under the terms of the European Commission's Temporary Framework. The Euro equivalent of the Sterling aid amount is calculated using the Commission exchange rate<sup>2</sup> applicable on the date the aid is offered.

Any aid provided under this scheme will be relevant if you wish to apply, or have applied, for any other aid granted on the basis of the European Commission's Temporary Framework. You will need to declare this amount to any other aid awarding body who requests information from you on how much aid you have received. You must retain this letter for four years after the conclusion of the UK's transition from the EU and produce it on any request from the UK public authorities or the European Commission.

Aid may be granted to undertakings that were not in difficulty (within the meaning of Article 2(18) of the General Block Exemption Regulation<sup>3</sup>) on 31 December 2019, but that faced difficulties or entered in difficulty thereafter as a result of the COVID-19 outbreak<sup>4</sup>.

This aid is in addition any aid that you may have received under the De Minimis regulation allowing aid of up to €200,000 to any one organisation over a three fiscal year period (i.e. your current fiscal year and previous two fiscal years), and any other approved aid you have received under other State aid rules, such as aid granted under the General Block Exemption Regulation.

---

<sup>1</sup> Approval reference.

<sup>2</sup> [https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro\\_en](https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en)

<sup>3</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02014R0651-20170710>

<sup>4</sup> If you are an undertaking in difficulty within the meaning of Article 2(18) of the General Block Exemption Regulation you may still be entitled to de minimis aid if you have received less than €200,000 in de minimis aid in the last three years. You should contact us if you consider that you may qualify for de minimis aid on this basis.

### **Confirmation of State aid received under x Scheme, and Undertaking in Difficulty status**

Please sign the attached statement confirming your eligibility, in principle, for aid.

I confirm that I have received the following aid under measures approved within the European Commission's Temporary Framework between March 2020 and December 2020.

I confirm that my undertaking was not in difficulty (within the meaning of Article 2(18) of the General Block Exemption Regulation) on 31 December 2019.

<b>Body providing the assistance/ aid</b>	<b>Value of assistance (in €)</b>	<b>Date of assistance</b>

### **Declaration**

<b>Company</b>	
<b>Company Representative Name</b>	
<b>Signature</b>	
<b>Date</b>	

## Template to send to beneficiaries of aid awarded based on De Minimis Rules

Dear [ ]

The value of the grant payment to be provided to [name of undertaking] by [name of local authority] is £ [ ] (Euros [ ]).

This award shall comply with the EU law on State aid on the basis that, including this award, [name of undertaking] shall not receive more than €200,000 in total of de minimis aid within the current financial year or the previous two financial years). The de minimis Regulations 1407/2013 (as published in the Official Journal of the European Union L352 24.12.2013) can be found at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0001:0008:EN:PDF>

Amount of de minimis aid	Date of aid	Organisation providing aid	Nature of aid

I confirm that:

- 1) I am authorised to sign on behalf of \_\_\_\_\_ [name of undertaking]; and
- 2) \_\_\_\_\_ [name of undertaking] shall not exceed its De minimis threshold by accepting this grant payment.

SIGNATURE:

NAME:

POSITION:

BUSINESS:

ADDRESS:

I confirm that I wish to accept the grant payment in relation to the above premises.

DATE:

---

This publication is available from: [www.gov.uk/beis](http://www.gov.uk/beis)

If you need a version of this document in a more accessible format, please email [enquiries@beis.gov.uk](mailto:enquiries@beis.gov.uk). Please tell us what format you need. It will help us if you say what assistive technology you use.

## Local Authority Discretionary Grants Fund Policy 2020/21

On 1 May 2020, the Government announced it is providing a Discretionary Grant scheme in addition to the Small Business Grant Fund (SBGF) or the Retail Hospitality and Leisure Grant Fund (RHLGF). It is aimed at certain small businesses not eligible under the other grant schemes, which have relatively high, ongoing, fixed property-related costs, and which can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis.

Funding will be limited and will be capped at 5% of the projection of spend totals for the Small Business and Retail, Hospitality and Leisure Grants Funds from the data returns as at 4 May 2020. For Merton, this is estimated at £1.3 million.

The government anticipates the first payments will start in early June.

### Which properties will benefit from the grants?

In the Government guidance issued on 13 May 2020, the grants are primarily, and predominantly aimed at:

- ) Small and micro businesses, as defined in Section 33 Part 2 of the Small Business, Enterprise and Employment Act 2015 and the Companies Act 2006. (see details below).
- ) 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 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,
- ) Businesses that are not in receipt of grant funding from other central government COVID related scheme including the Small Business Grant Fund; the Retail, Hospitality and Leisure Grant; or the Self Employed Income Support Scheme.
- ) Only businesses 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.
- ) Businesses who have applied for the Coronavirus Job Retention Scheme are eligible to apply for this scheme.

To be a small business, under the Companies Act 2006, a business must satisfy two or more of the following requirements in a year—

- ) 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

To be a micro business, under the Companies Act 2006, a business must satisfy two or more of the following requirements—

- ) Turnover: Not more than £632,000
- ) Balance sheet total: Not more than £316,000
- ) Number of employees: a headcount of staff of not more than 10

### Merton's approach

In order to ensure all eligible businesses have the opportunity to apply for the scheme, the Council will administer a phased approach to assess the level of demand for funding from businesses that fall within the priority areas set out in the Government guidance and meet the eligibility criteria and evidence requirements set out above.



After the Council has processed and decided on grant allocations for all applications from the first phase, the Council may then offer future phases of grant funding depending on the remaining amount of grant funding available.

### **Governments priority business criteria – Phase one**

Central government want local authorities to exercise their local knowledge and discretion and recognise that economic need will vary across the country, so they have set some national criteria for the funds but will allow local authorities to determine which cases to support within those criteria:

- ) 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 and Breakfasts which pay council tax instead of business rates; and
- ) Charity properties in receipt of charitable business rates relief, which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.

The list set out above is not intended to be exhaustive but is intended to guide local authorities as to the types of business that the government considers should be a priority for the scheme. Authorities should determine for themselves whether particular situations not listed are broadly similar in nature to those above and, if so, whether they should be eligible for grants from this discretionary fund

### **Phase two**

Once qualifying businesses under phase one have received grants the council will consider a second phase of applications, subject to funding, from businesses that meet the following criteria:

- ) Businesses which can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis
- ) Other small businesses with relatively high ongoing fixed property-related costs.
- ) Businesses that occupy a property with a rateable value below £51,000
- ) Priority will be given to businesses and organisations that demonstrate they support closing the equality gap between the east and west of the borough

### **Businesses not eligible**

This grant funding is for businesses that are not eligible for other support schemes. Any business which has received cash grants from any central government COVID-related scheme, are ineligible for funding from the Discretionary Grants Fund. Such grant schemes include but are not limited to:

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

### **Value of the grants available**

In taking decisions on the appropriate level of grant, the council will take into account the level of fixed costs faced by the business, including the number of employees, whether businesses have had to close completely and are unable to trade online and the consequent scale of impact of loss of income as a result of COVID-19. .

Grants up to the value of £25,000, £10,000 or any other amount under £10,000, may be awarded. The value of the grant payment made to a business is at the discretion of the council. It is likely that payments of under £10,000 may be appropriate in the majority of cases and in order to assist aiding more local businesses. The amount of fixed costs incurred will be the main consideration for the level of grant, so that the grant is proportionate to the property costs of the business and take into account the loss of income experienced. The council will only award grants of £25,000 in very exceptional circumstances.

The aim of the grant will be to cover the fixed costs and/or loss of income of the business for six months up to a limit of £10,000. See details below. If the fund is oversubscribed in the first phase with the applications received, the Council reserves the right to amend the grant levels to a pro-rata basis, based on the applications received and approved, as a way of dealing with this situation, should it arise.

Small businesses and nurseries in shared premises or other flexible workspaces. Examples could include units in industrial parks, science parks and incubators which do not have their own business rates assessment – funding allocated £500,000

The council will request proof of the fixed property costs. Will award a grant for six months of those costs.

Level of grant based on loss of income and monthly fixed property costs  
£2,500 – over 50% loss of income and £250 monthly costs  
£5,000 – over 50% loss of income and £500 monthly costs  
£7,500 - over 50% loss of income and £750 monthly costs  
£10,000 - over 50% loss of income and £1,000 monthly costs

Regular Market Traders – funding allocated £200,000

The council will request proof of fixed costs, pitch and storage costs including any associated costs. Will award a grant for six months of those costs.

Level of grant based on loss of income  
Up to £2,500 - over 50% loss of income

Bed and Breakfasts – funding allocated £50,000

The council will request proof of fixed costs, council tax, mortgage payments, licence fees and any associated costs. Will award a grant for six months of those costs

Level of grant based on loss of income  
Up to £5,000 – over 25% loss of income

Charity properties in receipt of charitable relief – funding allocated £500,000

Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief. Charities will need to demonstrate that they have supported residents or the council with relief and or recovery in the Covid19 crisis.

Grant of £10,000 as per guidance for small business grants where loss of income can be demonstrated

Funding allocations are based on estimates of likely awards. The council can amend the funding allocation where required. The council reserves the right to scale down the level of grant if applications exceed funding limits.

### **Grant payments are taxable**

Grant income received by a business is taxable therefore funding paid under the Local Authority Discretionary Grants Fund will be subject to tax. Only businesses which make an overall profit, once grant income is included, will be subject to tax.

### **Application Process**

The grant scheme will be promoted through the council's website, social media, local BIDs, Chamber of Commerce, MVSC and any other partner groups and suitable methods.

Initially only applications from the priority groups (phase one) will be invited and applications will be open for a two week period only.

All applications will be made via an online form on the council's website. Businesses will be required to provide information and evidence to support the claim via the online form. This will include, evidence of property costs, evidence to demonstrate a substantial loss in income as a result of the current situation, bank statements, profit and loss accounts or audited accounts. Businesses will be required to confirm that they meet the criteria, and that the amount of relief is not in excess of State Aid limits. (See the De Minimis Regulations (1407/2013))

Applications made after the deadline will not be considered.

Once the application period has closed, all applications will be assessed against the criteria detailed above and all businesses that have applied will be notified of the outcome.

### **Decision Making and Appeals**

If the information requested is not provided the application will be refused.

Decisions on applications and awards will be made at a panel consisting of:

Director of Corporate Services  
Chief Executive of Merton Chamber of Commerce  
Chief Executive of MVSC  
Head of Revenues and Benefits  
Economy Manager

As per government guidance there is no right of appeal

### **Budget**

Central government will fully reimburse local authorities for grants paid up to the 5% limit. No further grants will be paid once the 5% Government threshold has been reached

### **Pre-payment checks and Fraud**

Guidance states that the application process should allow local authorities to undertake proportionate pre-payment checks to confirm eligibility relative to their local scheme and to allow each local authority to determine how to use its discretion in relation to the appropriate level of

grant. Prepayment checks must include confirming that by accepting payments recipients are in compliance with State aid rules.

Checks will be run using Spotlight, the government Grants Management Function.

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

The Council does not accept any liability for any issues that may arise for businesses because of applying for, receiving, or not receiving grant payments under this scheme.



# Equality Analysis



Please refer to the guidance for carrying out Equality Analysis (available on the intranet).  
Text in blue is intended to provide guidance – you can delete this from your final version.

What are the proposals being assessed?	Local Authority Discretionary Grants Policy
Which Department/ Division has the responsibility for this?	Corporate Services / Resources

<b>Stage 1: Overview</b>	
Name and job title of lead officer	David Keppler, Head of Revenues and Benefits
1. What are the aims, objectives and desired outcomes of your proposal? (Also explain proposals e.g. reduction/removal of service, deletion of posts, changing criteria etc)	<p>Policy to enable award of discretionary grants to businesses. Funding of £1.3 million provided by government and criteria for priority groups identified by government following the onset of measures to deal with the coronavirus pandemic.</p> <p>The aim of the government grant is to help support businesses that did not meet the eligibility criteria for the business support grants.</p>
2. How does this contribute to the council's corporate priorities?	This addresses some concerns with the impact of small businesses and others in the community that have been affected by the pandemic economically
3. Who will be affected by this proposal? For example who are the external/internal customers, communities, partners, stakeholders, the workforce etc.	<p>Local authorities are asked to prioritise businesses in shared spaces, regular market traders, small charity properties that would meet the criteria for Small Business Rates Relief, and bed and breakfasts that pay council tax rather than business rates. But local authorities may choose to make payments to other businesses based on local economic need. The allocation of funding will be at the discretion of local authorities.</p> <p>Businesses must be small, under 50 employees, and they must also be able to demonstrate that they have seen a significant drop of income due to Coronavirus restriction measures.</p> <p>By allocating additional discretionary grants, in line with Central Government guidance, it supports local infrastructure and their ongoing economic well-being.</p>
4. Is the responsibility shared with another department, authority or	None – the Council has responsibility for delivering this scheme – the council will look to include MVSC and Chamber of Commerce in the decision making process

organisation? If so, who are the partners and who has overall responsibility?	
---	--

## Stage 2: Collecting evidence/ data

### 5. What evidence have you considered as part of this assessment?

Provide details of the information you have reviewed to determine the impact your proposal would have on the protected characteristics (equality groups).

This is a very recent addition to economic packages announced by Central Government to address the financial impact on small business as a result of the pandemic.

We have used the guidance issued by Central Government as the underlying principles of the scheme although we have the discretion to modify to address any known local issues.

Consultation has taken place as outline in 4 above to inform the best model to impact on those most at need. There is no equality data available for businesses that will be potentially be applying for the grants. Many SMEs are run by women and BAME residents.

Applications will be assessed against the specific government criteria by the independent panel.

The grants may have a positive impact on businesses or organisations in the borough. Those that meet the criteria and receive grants will benefit.

The level of funding available will not match the likely demand and therefore there will be a negative impact on the businesses and organisations that do not benefit from the grants.

The council will engage with the chamber of commerce and MVSC to promote the scheme and invite applications to businesses and organisations meeting the criteria.

One of the governments four priority areas is Charities so applications from charities will be considered favorably

.



--

**Stage 3: Assessing impact and analysis**

**6. From the evidence you have considered, what areas of concern have you identified regarding the potential negative and positive impact on one or more protected characteristics (equality groups)?**

Protected characteristic (equality group)	Tick which applies		Tick which applies		Reason Briefly explain what positive or negative impact has been identified
	Positive impact		Potential negative impact		
	Yes	No	Yes	No	
<b>Age</b>		N	Y		Potential negative impact if the grant criteria excludes local specialist companies, particularly Community Interest Companies.
<b>Disability</b>		N	Y		Potential negative impact if the grant criteria excludes local specialist companies, particularly Community Interest Companies.
<b>Gender Reassignment</b>		N		N	
<b>Marriage and Civil Partnership</b>		N		N	
<b>Pregnancy and Maternity</b>		N			
<b>Race</b>		N	Y		Potential negative impact if the grant criteria excludes local specialist companies, particularly Community Interest Companies.
<b>Religion/ belief</b>		N		N	
<b>Sex (Gender)</b>		N	Y	N	Potential negative impact if the grant criteria excludes local specialist companies, particularly Community Interest Companies.
<b>Sexual orientation</b>		N		N	
<b>Socio-economic status</b>		N	Y	N	Potential negative impact if the grant criteria excludes local specialist companies, particularly Community Interest Companies.

## 7. If you have identified a negative impact, how do you plan to mitigate it?

Potential negative impact identified, however as we are following guidelines given by Central Government and will not have knowledge of the protected characteristics prior to the application and award stage.

Equality data will be collected for all applications made.

## Stage 4: Conclusion of the Equality Analysis

### 8. Which of the following statements best describe the outcome of the EA (Tick one box only)

Please refer to the guidance for carrying out Equality Impact Assessments is available on the intranet for further information about these outcomes and what they mean for your proposal

- Outcome 1** – The EA has not identified any potential for discrimination or negative impact and all opportunities to promote equality are being addressed. No changes are required.
- Outcome 2** – The EA has identified adjustments to remove negative impact or to better promote equality. Actions you propose to take to do this should be included in the Action Plan.
- Outcome 3** – The EA has identified some potential for negative impact or some missed opportunities to promote equality and it may not be possible to mitigate this fully. If you propose to continue with proposals you must include the justification for this in Section 10 below, and include actions you propose to take to remove negative impact or to better promote equality in the Action Plan. You must ensure that your proposed action is in line with the PSED to have ‘due regard’ and you are advised to seek Legal Advice.
- Outcome 4** – The EA shows actual or potential unlawful discrimination. Stop and rethink your proposals.

## Stage 5: Improvement Action Pan

### 9. Equality Analysis Improvement Action Plan template – Making adjustments for negative impact

This action plan should be completed after the analysis and should outline action(s) to be taken to mitigate the potential negative impact identified (expanding on information provided in Section 7 above).

Negative impact/ gap in information identified in the Equality Analysis	Action required to mitigate	How will you know this is achieved? e.g. performance measure/ target)	By when	Existing or additional resources?	Lead Officer	Action added to divisional/ team plan?
Potential negative impact if the grant criteria excludes local specialist companies, particularly Community Interest Companies.	Collect local data at the application stage	Attempt to collect data at the application stage although it may be challenging as web form does not capture equalities data	July 20	Existing	D Keppler	No

**Note that the full impact of the decision may only be known after the proposals have been implemented; therefore it is important the effective monitoring is in place to assess the impact.**

## Stage 6: Reporting outcomes

### 10. Summary of the equality analysis

This section can also be used in your decision making reports (CMT/Cabinet/etc) but you must also attach the assessment to the report, or provide a hyperlink

This Equality Analysis has resulted in an Outcome 2 Assessment

There is potential negative impact on the SMEs that do not meet the Government criteria. Local equality data needs to be collected at the application stage to give a better picture of the types of businesses applying for the grant or may be ineligible for the grant.

**Stage 7: Sign off by Director/ Head of Service**

<b>Assessment completed by</b>	David Keppler – Head of Revenues and Benefits	<b>Signature:</b> D Keppler	<b>Date:</b> 28.5.20
<b>Improvement action plan signed off by Director/ Head of Service</b>	Roger Kershaw – Assistant Director Resources	<b>Signature:</b> R Kershaw	<b>Date:</b> 28.5.20

## Merton Council - call-in request form

### 1. Decision to be called in: (required)

--

### 2. Which of the principles of decision making in Article 13 of the constitution has not been applied? (required)

Required by part 4E Section 16(c)(a)(ii) of the constitution - tick all that apply:

(a) proportionality (i.e. the action must be proportionate to the desired outcome);	
(b) due consultation and the taking of professional advice from officers;	
(c) respect for human rights and equalities;	
(d) a presumption in favour of openness;	
(e) clarity of aims and desired outcomes;	
(f) consideration and evaluation of alternatives;	
(g) irrelevant matters must be ignored.	

### 3. Desired outcome

Part 4E Section 16(f) of the constitution- select one:

(a) The Panel/Commission to refer the decision back to the decision making person or body for reconsideration, setting out in writing the nature of its concerns.	
(b) To refer the matter to full Council where the Commission/Panel determines that the decision is contrary to the Policy and/or Budget Framework	
(c) The Panel/Commission to decide not to refer the matter back to the decision making person or body *	
* If you select (c) please explain the purpose of calling in the decision.	

**4. Evidence which demonstrates the alleged breach(es) indicated in 2 above (required)**

Required by part 4E Section 16(c)(a)(ii) of the constitution:

**5. Documents requested**

**6. Witnesses requested**

**7. Signed (not required if sent by email): .....**

**8. Notes – see part 4E section 16 of the constitution**

Call-ins must be supported by at least three members of the Council.

The call in form and supporting requests must be received by 12 Noon on the third working day following the publication of the decision.

The form and/or supporting requests must be sent:

- ) **EITHER** by email from a Councillor’s email account (no signature required) to [democratic.services@merton.gov.uk](mailto:democratic.services@merton.gov.uk)
- ) **OR** as a signed paper copy to the Head of Democracy Services, 7<sup>th</sup> floor, Civic Centre, London Road, Morden SM4 5DX.

For further information or advice contact the Head of Democracy Services on  
020 8545 3864