**CITY OF LINCOLN DISCRETIONARY LOCAL GRANT SCHEME**

**1 Introduction**

1.1 Funding of £1,207,750 has been awarded to the City of Lincoln Council to assist businesses within the District that have been impacted by Covid-19 but haven’t been able to access other support schemes.

1.2 This guidance sets out the criteria under which businesses will qualify to make an application for funding under this Discretionary Grant Fund and the evidence required in support of an application.

1.3 The Discretionary Grant Fund is in addition to the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund, through which the Council has awarded over £20.5m funding to 1650 businesses. A total of 988 businesses have also benefitted from rate relief to the value of £27.2m through the Expanded Retail Discount Scheme.

**2 Core Criteria**

2.1 Under the guidance issued to the Council by Government on 13th May 2020, the Local Authority Discretionary Grant Fund is only available to businesses:

* + - That were trading on 11 March 2020
    - That are not eligible for the following schemes:
      * 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

2.2 Businesses that have applied for the Coronavirus Job Retention Scheme are eligible to apply for this scheme and if your business has furloughed staff, then it will still be eligible to apply for a Discretionary Grant.

2.3 Businesses who are eligible for the Self-Employed Income Support Scheme (SEISS) are eligible to apply for this scheme as well.

2.4 Companies that are in Administration, are Insolvent or where a Striking-Off Notice has been made are not eligible for funding under this scheme.

2.5 The Discretionary Grant Fund is intended to support small and micro businesses that fall into all of the following categories:

* + Businesses with less than 50 staff
  + Businesses with a turnover of not more than £10.2million and/or a balance sheet not exceeding £5.1 million
  + Businesses with relatively high ongoing fixed property-related costs
  + Businesses which can demonstrate a significant fall in income due to Covid-19
  + Businesses which occupy property with a rateable value or annual rent or annual mortgage payment of below £51,000.

**3 Priority Sectors**

3.1 The Fund will prioritise the following types of businesses as set out within the Government Guidance and latest FAQs:

* + Small businesses in shared offices or flexible workspaces such as industrial parks, science parks and incubators that do not have their own business rates assessment. We would not consider virtual tenancies in this category.
  + Regular market traders who do not have their own business rates assessment. To qualify as a regular market trader you must be trading at least 3 days per week in Lincoln.
  + Bed & Breakfasts which pay Council tax instead of business rates. To be registered for Council Tax, B&Bs must have fewer than 6 bed spaces. Properties must be wholly or mainly used as guest premises. Rooms rented through Airbnb will not qualify for support.
  + Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief

**4 The Council’s Approach**

4.1 The Council has adopted a phased approach to the administration of this grant scheme in order to manage the demand against the level of funding which is available for this scheme. The first phase of funding gave priority to firms within the sectors identified for support by government, identified in section 3.1. The second phase of the scheme gave priority to those firms fulfilling all of the core criteria in section 2.5. The third phase of the scheme enabled firms within the leisure, hospitality and manufacturing firms occupying larger premises (with a rateable value of over £51k) to apply.

4.2 A limited amount of funding remains. The Council will therefore continue to accept and prioritise grant applications from firms which meet all of the core criteria in section 2.5 until such time as funds are fully allocated.

4.3 In addition, in order to support as many firms as possible and with a grant that is proportional to income and costs, the Council will now consider applications from businesses which can **as a minimum, demonstrate a significant fall in income due to covid-19.**

4.4 Sectors which are **excluded** from applying are:

* + Medical services (see 4.6)
  + Solicitors
  + Post office sorting offices
  + Primary agriculture
  + Those with only virtual tenancy agreements
  + Home-based firms (see 4.5)

4.5 These sectors have been refined from those excluded under the Expanded Retail Discount rate relief scheme.

4.6 Businesses must be able to evidence fixed property costs which are exclusively business-related. **We will not support home-based businesses** unless the fixed property costs are separate to the residential property costs and can be clearly identified and evidenced.

4.7 By exception, the Council may consider applications from businesses in the health sector where these are not in receipt of state funding and where all of the other qualifying criteria are met.

4.8 The Council reserves the right to vary the terms of the scheme at any time should it be necessary to do so.

**5 Timescales and Application Process**

5.1 The scheme will continue to operate until such time as funds are fully allocated. Notice of the scheme closure will be given via the Council’s website [www.lincoln.gov.uk/support](http://www.lincoln.gov.uk/support) and via social media channels.

5.2 The application process will be via electronic form [www.lincoln.gov.uk/discretionarygrantfund](http://www.lincoln.gov.uk/discretionarygrantfund)

**6 Evidence Required**

6.1 Businesses are required to submit evidence in order to verify their eligibility and to support their case for funding. The requirement for evidence is set out below and will be detailed in full within the application form:

* Evidence that your business was trading at a location within the City of Lincoln District on 11 March 2020 and verification of business details. We will require your Companies House/Charity Number and financial evidence as set out below;
* Evidence of fixed property costs such as rent, rates or mortgage payments. This will include your signed lease/mortgage agreement and a breakdown of costs;
* Evidence to demonstrate a substantial loss in income. This will be in the form of filed accounts for previous years and management accounts/bank statements for the current period and previous trading period;
* Evidence of complying with the definition of a Small or Micro Business, including the number of staff you employ in the form of payroll or personnel records;
* For all businesses including the self-employed or sole trader the following are examples of the evidence that may be required;
* proof of registration for tax and national insurance (NI) purposes with HMRC such as a letter of self-employed status/unique tax reference number or a letter confirming payment of tax and NI contributions/class;
* HMRC tax return invoices for work done;
* an accountant’s letter confirming the activity of the business and the profits achieved;
* Insurance/Utility Bills
* Business Rates/Council Tax reference
* Food Business Registration/Other licence references
* Other evidence as relevant to the business and in order to demonstrate the case for funding
* Confirmation that you are not eligible for or in receipt of a grant from the schemes listed above;
* Confirmation of state aid compliance

**7 Assessment and Grant Award**

7.1 Grant applications will be assessed by a team of professionals within the Council’s Audit, Finance and Business Teams, based on the criteria matrix in appendix A with the final award being subject to approval by the Supporting Business Grant Panel.

7.2 Applications will be assessed on a rolling basis as they are received.

7.3 The Council will only register applications which are complete, with all of the required evidence attached. If information is missing and the application is incomplete, the assessment and decision-making process will be delayed. Businesses will be notified where this is the case and have the opportunity to submit the required information before the grant application deadline stated. Once funds are exhausted, any applications which remain in the system will be rejected.

7.4 The Council has only limited funds for this scheme. In order to maximise the benefit of this fund to small businesses, it is proposed to have different levels of grant which will be proportionate to the level of property costs for the business and the impact on income due to the Covid-19 crisis. The grant award will also take into account the size of the business and the number of jobs which are supported by the firm.

7.5 It is anticipated that the maximum allocation of £25,000 will only be made in exceptional circumstances, to small businesses employing more than 10 staff. The majority of awards will be under £10,000.

7.6 The grant award shall be paid directly into a successful applicant’s business bank account by electronic transfer. The amount awarded is not open for negotiation. The award levels have been set in line with Government Guidance and to ensure the Council can support as many firms as possible during this crisis.

7.7 If the demand for grant funding exceeds the amount available, grants shall be awarded to businesses on a first come first served basis, subject to the Council receiving a complete application, the business meeting all of the criteria set out above.

7.8 Applicants should be aware that the Council’s decision shall be final and there shall be no appeals process for this scheme.

**8 Additional Details**

8.1 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.

8.2 The Council will not accept deliberate manipulation and fraud. 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.

8.3 State Aid rules and requirements apply to this scheme.

**Appendix A – Assessment Criteria**

The following criteria is proposed for this scheme. The thresholds for a ‘significant fall in income’ and ‘relatively high property costs’ have been informed by advice from the Lincolnshire Growth Hub, Accountancy Advisers and the City of Lincoln’s Financial Services Manager.

The size of the business will also be considered as an assessment of the benefit to the economy in terms of the number of jobs supported.

For micro-businesses employing less than 10 people, it is proposed that funding will be capped at £10,000, with awards of up to £2,500; £5,000 and £10,000.

For small businesses employing 10 or more staff, the funding awards will be up to £5,000, £10,000 and £25,000.

Applications will initially be assessed based on the following criteria matrix.

|  |  |  |
| --- | --- | --- |
| **For Micro-Businesses employing below 10 staff** | | |
|  | Fixed Costs (annual)  *As a percentage of annual turnover* | |
| Fall in income  *Comparison of turnover for March-May 2020 against period last year or previous 3 months* | Less than 20% turnover | Greater than 20% turnover |
| Less than 30% reduction in turnover | £2,500\* | £5,000\* |
| Greater than 30% reduction in turnover | £5,000\* | £10,000 |

|  |  |  |
| --- | --- | --- |
| **For Businesses employing 10+ staff** | | |
|  | Fixed Costs (annual)  *As a percentage of annual turnover* | |
| Fall in income  *Comparison of turnover for March-May 2020 against period last year or previous 3 months* | Less than 20% turnover | Greater than 20% turnover |
| Less than 30% reduction in turnover | £5,000\* | £10,000\* |
| Greater than 30% reduction in turnover | £10,000\* | £25,000\* |

\*For self-employed applicants or businesses with lower property costs of less than £10,000 per annum, the maximum grant will normally be capped at £5,000. A maximum grant of £25,000 will normally only be considered in cases where annual fixed costs exceed this amount.

The grant shall not usually exceed annual turnover or annual fixed costs, and grant awards may be less than £2500 in these cases.

This is to ensure that we can support as many firms as possible with a grant proportional to the level of fixed costs and turnover.