

Milton Keynes Local Authority Discretionary Grant Scheme

June 2020



milton keynes council

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Background

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 (SBG) and the Retail, Leisure and Hospitality Grant Fund (RHLG).

The Local Authority Discretionary Grant Fund (LADG) grant scheme announced by the Government on 1 May 2020 widens access to support to businesses that are struggling to survive due to the Coronavirus shutdown but are unable to access any other grant funding. The Government expect that the first payments made under the scheme will be received by businesses in June 2020.

Funding

The value of grants to potential eligible businesses under the SBG and RHLG schemes submitted to BEIS on 4th May 2020 is to be used as the baseline for calculating the funding under this scheme and is limited to 5% of that value. BEIS confirmed on 20 May 2020 that the funding for MKC is £1.972m. This is a fixed sum and cannot be topped up from unused funding from the SBG and RHLG funds.

Government Guidance on eligibility

The Government has provided guidance (<https://www.gov.uk/government/publications/coronavirus-covid-19-guidance-on-business-support-grant-funding>) and asked 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.

The above list is intended to guide local authorities as to the types of business that the government considers should be a priority for the scheme. Each local authority should determine for itself 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.

Where limits to funding available for this scheme require the local authority to prioritise which types of businesses will receive funding, it will be at the local authority's discretion as to which types of business are most relevant to their local economy.

Milton Keynes Local Scheme

1. MKC recognises that the guidance issued by the Government on the delivery and funding of the SBG and RHLG schemes meant that many businesses were excluded from these schemes.
2. MKC wants to provide meaningful support to those businesses that fell outside of the original funding and that have had their income severely impacted by the Covid19 pandemic whilst still having to meet fixed property costs.
3. There is limited funding and the level of grants available will be restricted in order to provide assistance to as many businesses as possible. MKC recognise that it will not be possible to support all businesses that apply for the grants.
4. In order to ensure all eligible businesses have the opportunity to apply for the scheme, the Council will administer a phased approach to the grants scheme to assess and quantify 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.
5. Businesses wishing to apply for funding will be able to do so until 14 June 2020 after which no further applications will be accepted by the Council. Once the application portal is closed all applications will be reviewed and considered in line with the eligibility criteria detailed below.

Eligibility criteria

6. These grants are to be 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. (1)
- Businesses with relatively high ongoing fixed property-related costs (above a minimum threshold of £250 per month) (2)
- Businesses which can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis (3)

Definitions:

(1) 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

(2) “Property related costs” refers to ongoing payments made by the business under a lease, licence, rental or mortgage agreement in respect of the property that the business operates from.

(3) “significant fall ” for the purpose of this scheme will mean a drop in income of 25% or more when comparing turnover for April 2019 to April 2020. Where income has dropped less than 25% but the business can demonstrate a significant increase in cost due to Covid 19 then this will also be considered.

7. The following will not be eligible for a grant:

a) Businesses which are eligible for other support schemes. 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

- b) Companies that are in administration, are insolvent or where a striking-off notice has been made are not eligible for funding under this scheme.
- c) Businesses that were not trading on 11 March 2020
- d) Business that occupy a property with a rateable value of more than £51,000 (if there is no rateable value MKC will use comparable evidence to estimate the rateable value).
- e) Businesses who have received a grant under the LADG scheme from another local authority
- f) Businesses operating as Bed and Breakfast that are not registered as a food business with the Council; Airbnb's that do not serve breakfast and not registered with the Council as a food business are specifically excluded from this scheme.

8. Grant applications will be considered in the following order:

- a) Businesses identified in the government guidance as being a priority to benefit under this scheme, namely
 - 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 who do not have their own business rates assessment.
 - Bed and breakfasts which pay Council Tax instead of business rates.
 - Properties occupied by charities and in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief
- b) Other businesses who have suffered a significant loss of income as a result of temporarily ceasing to trade due to the lockdown restrictions
- c) Businesses who face significant costs in ensuring their business is 'Covid safe' in line with current government requirements before being able to recommence trading.

9. After the grant allocations for all applications from this first phase have been decided, there will be an assessment of whether there is any Government funding left. The Council may then offer future phases of grant funding and further information about this will be made available at the appropriate time, should it be required.

10. MKC reserves the right to vary the terms of the scheme at any time, and without notice, should it be necessary to do so.

11. MKC will not approve or make payment of a further grant to a business that has already received a grant or partial grant passed on by a landlord under SBG or RHLF schemes.

12. Businesses that occupy more than one property will only be eligible for one grant payment under this scheme.

Application Process

13. In order for the application to be considered, MKC require businesses to demonstrate that they meet the eligibility criteria above by completing an application form on their online portal available at <https://www.milton-keynes.gov.uk/business/business-rates> .

14. Only online applications made through the MKC portal will be accepted.

15. Applications will be accepted between 3 June 2020 and 14 June 2020. Applications received after this date will not be considered in this first phase.

16. As a minimum the following will be required:

- Evidence of property costs such as rent, rates or mortgage payments above the de minimis level of £250 per month. This should take the form of leases/agreements showing an obligation to pay and bank statements showing that payments have actually been made.
- Evidence to demonstrate a substantial loss in income as a result of Covid19. This is likely to be in the form of filed accounts for previous years and management accounts/bank statements for the current period. A minimum of three months bank statements will be required
- Evidence of complying with the definition of a Small or Micro Business.
- Confirmation that the business has not received any grant under the grant schemes mentioned above.
- Confirmation of State Aid compliance. There is a requirement for all grants made under this scheme to be state aid compliant

Grant Amounts and how payments will be made

17. In order for the Discretionary Grant to benefit the maximum number of eligible small businesses, there will be 6 levels of grant, which will directly be proportionate to the level of property costs for the business, and take into account the impact on income due to the Covid-19 crisis.

18. The grant levels are:

- £1,000 grant
- £2,500 grant
- £5,000 grant
- £7,500 grant
- £10,000 grant
- £25,000 grant

19. If the fund is oversubscribed with the applications received, MKC 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.

20. Annual property cost will include, rent, mortgage payments, insurance, and rates. If a business is in a sector that has not been allowed to open or provides services that are not permitted due to social distancing rules, and have not been able to move to online services, the level of income lost will be more significant to that of a business still able to operate but at a reduced level. This will be considered in confirming the grant amount to be offered.

21. Payments will be made directly to the approved recipients' bank accounts by electronic transfer.

Decision process

22. Each application will be considered and decided by a panel made up of the Director of Finance, Inward Investment Partnerships Manager and Head of Revenues & Benefits or their nominated deputies.

23. All decisions will be subject to a moderation review by Head of Audit Services or their nominated deputy prior to award.

24. The decision of the panel will be final and will be communicated to the business by email.

25. A business can only challenge the grant decision on a point of law through the court.

