

Covid-19: guidance on small business and retail sector grant schemes

The government has published the details and eligibility criteria for the small business and retail sector grant schemes originally announced in the Budget and which have now been significantly enhanced in light of the business closures as a result of the current pandemic

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Pat Sweet

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The Chancellor has announced additional funding for both the Small Business Grants Fund (SBGF) and the Retail, Hospitality and Leisure Grant Fund (RHLGF), which will be delivered by local authorities in England.

The guidance states: ‘This grant scheme will offer a lifeline to businesses who are struggling to survive due to the corona virus shutdown. Local authorities should make payments as quickly as possible to support struggling businesses.’

Under the SBGF all businesses in England in receipt of either small business rates relief (SBRR) or rural rates relief (RRR) in the business rates system will be eligible for a payment of £10,000. Hereditaments included in this scheme are those which on the 11 March 2020 were eligible for relief, including those with a rateable value between £12,000 and £15,000 which receive tapered relief.

Under the RHLG, businesses in England that would have been in receipt of the expanded retail discount (which covers retail, hospitality and leisure) on 11 March with a rateable value of less than £51,000 will be eligible for cash grants per property.

Those with a property that has a rateable value of up to and including £15,000 will receive a grant of £10,000, while those with a property that has a rateable value of over £15,000 and less than £51,000 will receive a grant of £25,000. Businesses with a rateable value of £51,000 or over are not eligible for this scheme.

Charities which would otherwise meet these criteria but whose bill for 11 March had been reduced to nil by a local discretionary award should still be considered to be eligible for the RHLG.

Exclusions for both schemes include hereditaments occupied for personal uses. Examples include private stables and loose boxes, beach huts, moorings, car parks and parking spaces. Businesses which as of the 11 March were in liquidation or were dissolved will not be eligible.

There will not be a mandatory application process for this scheme. However, local authorities must retain necessary data provided and BEIS will undertake regular data collection exercises. Further guidance will be forthcoming to support this process.

The data will include the numbers of businesses eligible per scheme, the number of payments being processed per scheme, and the number of actual payments per scheme.

The guidance includes annexes covering the key eligibility criteria as well as sample letters which local authorities can send out to businesses, and lists of the information required for monitoring purposes.

The guidance warns of the risk of ‘deliberate manipulation and fraud’, stating that 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.

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. Spotlight is an automated due diligence tool, which is capable of quickly completing initial due diligence checks on large volumes of grant recipients, and provides risked outputs. The tool can process data relating to registered companies and charities.

Although the UK has left the EU state aid rules continue to apply during a transition period, subject to regulation by the EU Commission. Subject to UK notification of a scheme under the Covid-19 Temporary Framework and Commission approval, BEIS expects payments made under the RHLGF (or SBGF where the de minimis threshold has been reached) to be paid under the UK Temporary Framework Scheme. Further guidance on the temporary framework will be issued following approval.