



Local Government Finance Circular No. 09/20
Annex to Local Government Finance Circular No. 08/2020

By e-mail

To: Chief Executives and Directors of Finance of Scottish Local Authorities
Chief Executive, Convention of Scottish Local Authorities (COSLA)

30 April 2020

Dear Chief Executives and Directors of Finance,

**PHASE 2 OF GRANT FUNDING SCHEMES: SMALL BUSINESS GRANT FUND AND
RETAIL, HOSPITALITY AND LEISURE GRANT FUND GUIDANCE**

1. Please find enclosed at Annex A guidance on amendments to the COVID Business Support Fund announced by the Scottish Government on 15 April.
2. Unless otherwise stated, this annex is to be used in conjunction with [Local Government Finance Circular 08/2020](#) (as amended). This outlines the criteria which must be satisfied for a property to be eligible for the Small Business Grant Fund (SBGF) and the Retail, Hospitality and Leisure Grant Fund (RHLGF).
3. These amendments constitute PHASE 2 of the grant funding scheme and will commence on **5 May 2020**. They do not significantly alter the existing eligibility criteria outlined in Local Government Finance Circular 08/2020. Instead they expand the ways in which eligible businesses can access the SBGF and the RHLGF, under two main categories;
 - **Ratepayers with multiple properties;** Following the initial one-off grant awarded through either Fund, each additional property for which the applicant pays rates & which also meets the eligibility criteria will qualify for a grant equal to 75% of the one-off grant.
For the SBFG the first qualifying property will be eligible for £10,000, and qualifying properties thereafter eligible for £7,500. For the RHLGF the sums will be £25,000 and £18,750 respectively.
 - **Cumulative Rateable Value;** For ratepayers that hold one or more properties in the Retail, Hospitality, and Leisure (RHL) sector, whose cumulative rateable value (of all RHL and non-RHL properties) is between £35,001 and £51,000. They will now be eligible for the SBGF for each of their qualifying Retail, Hospitality, and Leisure properties which has an individual rateable value that does not exceed 18,000.
4. I hope this document is useful, and would be happy to discuss.

Yours faithfully,
Local Government & Analytical Services Division

ANNEX A - INFORMATION FOR SCOTTISH LOCAL AUTHORITIES

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INTRODUCTION TO CHANGES

1. This Annex articulates significant changes to the Grant Funding Scheme, billed as Phase 2, announced on 15 April 2020. Primarily it will expand eligibility from one grant per ratepayer to one grant per eligible property, and expands eligibility to include Retail, Hospitality and Lesiure (RHL) properties previously ineligible for the Scheme generally due to their rateable values. All other criteria determing entitlement are unchanged.

2. The Annex describes how Local Authorities should process applications falling into each of the expanded categories. It acts as a complement, not a substitute, for existing guidance. Unless otherwise stated, handling should be consistent with [Local Government Finance Circular 08/2020](#)(as updated).

GRANTS FOR MULTIPLE PROPERTIES

3. Following an initial one-off grant awarded through **either** the SBGF or the RHLGF, each additional property for which the applicant is the ratepayer & which meets the relevant criteria will qualify for an additional grant. The grants available with Phase 2 are;

- **Small Business Grant Fund;** ratepayers with multiple business properties which meet the relevant criteria are eligible to receive a one-off grant of £10,000 for their first property and **£7,500** for each subsequent qualifying property.
- **Retail, Hospitality, and Leisure Grant Fund;** ratepayers with multiple business properties which meet the relevant criteria are eligible to receive a one-off grant of £25,000 for their first property and **£18,750** for each subsequent qualifying property.

4. There is no limit, subject to compliance with EU State aid rules, to the number of grants which can be awarded to a single ratepayer. However to ensure that as many as possible of those in need can access support, businesses are encouraged to refrain from claiming additional grants unless absolutely necessary. When making this determination they should consider the Scheme's objectives:

- Protect jobs
- Prevent business closure
- Promote economic recovery

5. Every property must be eligible on its own merit to qualify for either an initial or additional grant. i.e. it must meet the criteria of the relevant Fund outlined in Local Government Finance Circular 08/2020.

6. Applicants are eligible for a **single** grant of *either* £10,000 from the Small Business Grant Fund *or* £25,000 from the Retail, Hospitality, and Leisure Grant Fund, even in cases where they operate properties which qualify for both. It is a one-off sum for the Scheme generally, inclusive of both Funds, not a one-off sum for each. The initial grant should be awarded to whichever property is associated with a ratepayer's first application for support.

7. Grant sums are flat and do not vary based on any characteristic of the property. The grant amount is determined by the Fund through which the application is made, and whether it is an initial or subsequent application. As such applicants may freely select the property they use for their initial application, and are required to indicate in each case whether it is an initial or subsequent application.

Applications

8. Applicants with multiple eligible properties are required to submit individual applications for each. The purpose of individual applications is to support due diligence checks and for audit purposes.

9. The ratepayer is responsible for deciding how to configure their multiple properties when making initial and subsequent applications. Local Authorities are not required to advise an applicant if the order in which they submit their applications will not yield the optimum grant sum.

10. Once an applicant has received their initial award, regardless of the Fund through which it was obtained, additional grants for subsequent qualifying properties should be awarded at a value of 75% of the grant for the relevant Fund – even if they have only obtained support through one Fund to that point.
11. For example, a ratepayer operates properties which qualify for both the SBGF and the RHLGF. The ratepayer obtains an initial grant of £25,000 through RHLGF and applies to the SBGF for their additional qualifying properties. As the ratepayer has already received an initial one-off grant, albeit through a separate Fund, the grants awarded for all additional properties under the SBGF should be £7,500 only.
12. Applicants are required to disclose all previous applications for support under either SBGF or RHLGF to provide Local Authorities with the necessary information to ensure payments are made correctly and compliant with State Aid limits, and to avoid duplication.
13. As necessary and in the interests of due diligence, Local Authorities should liaise in order to verify applications submitted, or grant payments made.
14. Applicants with multiple properties in separate Local Authorities are required to make individual applications to the Local Authorities in which their properties are situated. In each application, they should declare the other properties for which they have applied or obtained support through this Scheme, and to which Local Authority the application has been made. This is designed to ensure that Local Authorities are not liable to make payments which exceed the initial budget allocation and which was calculated to include only the eligible properties within their boundaries.

CUMULATIVE RATEABLE VALUE

15. From 5 May 2020, eligibility for the £10,000 Small Business Grant Fund will be extended to cover Retail, Hospitality, and Leisure businesses previously unable to access either the SBGF or the RHLGF grant funds.

16. This arrangement is designed to support businesses whose cumulative rateable value exceeds £35,000 (making them ineligible for the Small Business Bonus Scheme, thereby preventing them from accessing the SBGF) and whose individual rateable value does not exceed £18,000 (thereby preventing them from accessing the RHLGF.)

17. The following conditions must be met to qualify:

- Ratepayers hold one or more properties which meet the use test for the Retail, Hospitality, and Leisure Grant Fund
- The individual rateable value of the qualifying Retail, Hospitality or Leisure property for which a grant is being sought does not exceed £18,000
- The cumulative rateable value of all the properties held (RHL and non-RHL) is between £35,001 and £51,000

18. When these conditions are satisfied, the applicant will be eligible to receive £10,000 for the first property and £7,500 for each additional qualifying property, in accordance with the criteria for awarding grants to multiple eligible businesses.

19. While individual applications should be submitted for each property, applicants should also list the properties to which this arrangement applies and against which they are claiming additional grants.

STATE AID

20. The European Commission temporary framework to enable Member States to further support the economy in the COVID-19 outbreak¹ allows aid to be granted to undertakings facing difficulty as a result of the COVID-19 outbreak. It extends the limit of support to €800,000 in the form of grants, repayable advances and tax or payments advantages. Within the temporary framework, aid to the fishery and aquaculture sector should not exceed €120,000 per undertaking, and it should not exceed €100,000 per undertaking in the primary production of agricultural goods.

21. The European Commission has approved a UK umbrella scheme² to support small and medium-sized enterprises (SMEs) and large corporates in the United Kingdom affected by the coronavirus outbreak under this Temporary Framework.

22. Guidance on the Covid-19 Temporary Framework for Scottish Public Authorities provides further detail on reporting requirements and transparency procedures: <https://www.gov.scot/publications/coronavirus-covid-19-state-aid-public-authorities/>

23. Only public support offered to properties that can demonstrate they were not in financial difficulty on 31 December 2019 can be covered by the temporary framework. Councils must therefore ensure they hold this information from grants applicants. See paragraph 18 of regulation (EU) No 651/2014³ of 17 June 2014 for the definition of a “firm in difficulty”.

24. To be considered within this temporary framework scheme, aid would have to be granted no later than 31 December 2020. Grants after this date should be awarded under the De Minimis Framework.

25. Further information on the Temporary Framework and UK Umbrella Scheme is available in the State Aid pages of the Scottish Government website.

¹ https://ec.europa.eu/competition/state_aid/what_is_new/sa_covid19_temporary-framework.pdf

² https://ec.europa.eu/commission/presscorner/detail/en/IP_20_603

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=EN>