

**GUILDFORD BOROUGH COUNCIL**

**COVID BUSINESS DEVELOPMENT GRANTS SCHEME 2021/22**

**GUIDANCE NOTES**

**1. GENERAL**

Guildford Borough Council’s COVID business development grants scheme supports Guildford based businesses that have been severely impacted by restrictions to deliver projects that will help drive growth and productivity, diversify the business into new markets, increase sales, improve skills in the local labour force and create or retain jobs in the borough.

**2. ELIGIBILITY**

Businesses that apply must:

* Have their main business premises locate in the Borough of Guildford.
* Be a small or medium sized enterprise. The definition of a SME for this purpose is a business with less than 250 employees.
* Be able to demonstrate that they have been severely impacted by the COVID restrictions in terms of operating activities, such as having previously been eligible for a COVID grant (e.g. retail, leisure and hospitality grant, local restrictions support grant, restart grant or supported through our discretionary grant scheme or additional restrictions support grant) or, are able to demonstrate they have experienced a significant reduction in turnover, but did not apply for the grants above.
* Display a strong business plan and require grant funding for a specific project that will help:

* + drive growth and productivity,
  + diversify the business into new markets,
  + increased sales,
  + improve skills in the local labour force or
  + create or retain jobs in the borough

Whilst the scheme is open to all business sectors to apply, support will be prioritised for the retail, leisure, hospitality, travel and tourism (including taxi/private hire, group travel, travel agents and tour operators), wedding industries, nightclubs, theatres, events industries, wholesalers, English language schools, breweries, freelance and mobile businesses (including caterers, events, hair, beauty and wedding related businesses).

We are particularly interested in supporting businesses that will drive economic growth by taking on a lease or utilising empty shops and other business premises in the town centre and other urban areas in the borough

Businesses will be eligible whether they are in or outside of the business rates system.

**3. KEY FEATURES OF THE SCHEME**

* The grant available under this scheme is up to £10,000 per organisation, and only one grant per organisation is allowed in the funding period (from 8 November 2021 – 31 December 2021)
* The grant fund is limited to £400,000. Applications will be assessed on their individual merits and the Council’s decision on awards is final.
* Grants must comply with the subsidy allowances that were established for the COVID-19 business grants schemes. Further information can be found in Appendix 1
* Grants may only be used for costs such as equipment, marketing, development of web-based services to improve online sales as well as on-premise sales, redecoration/minor maintenance of shops and business premises where they have been vacant, professional fees, training or the cost of attending trade shows, but not for funding capital projects.

**4. COMPLETING THE APPLICATION FORM**

* It is important to include details confirming your eligibility.

* It is important to draw out the benefits you expect from your business from accessing the grant and when you expect these results to be forthcoming.
* Application forms must be completed in full. Failure to do so is likely to lead to grant applications being disqualified.
* GBC will endeavour to make a decision on the grant award as soon as possible after the deadline for applications (31 December 2021).

**5**. **GRANT REQUIREMENTS**

* Grant recipients must provide copies of bonafide **paid** invoices from the supplier who carried out the work or provided the services supported by the grant to the Council. Pro forma invoices are not allowed.
* Grant recipients must complete and return a feedback to the Council on the completion of the work or services supported by the grant.
* The grant must not cover retrospective expenditure (that incurred prior to approval of the grant)

**APPENDIX 1**

**SUBSIDY ALLOWANCES**

The EU State aid rules no longer apply to subsidies granted in the UK following the end of the transition period, which ended on 31 December 2020. This does not impact the limited circumstances in which State aid rules still apply under the Withdrawal Agreement, specifically Article 10 of the Northern Ireland Protocol. The United Kingdom remains bound by its international commitments, including subsidy obligations set out in the Trade and Cooperation Agreement (TCA) with the EU. BEIS Guidance for public authorities explaining the subsidies chapter of the TCA, World Trade Organisation rules on subsidies, and other international commitments can be found here: https://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities

On Thursday 4 March new subsidy allowances were established for the COVID-19 business grants schemes, on the basis of the principles set out in Article 3.4 of the TCA.

**Updated COVID-19 business grants subsidy allowances based on the TCA**

The below scheme rules should be applied to applicants at the level of economic actor, which is defined as an entity or a group of entities constituting a single economic entity regardless of its legal status, that is engaged in an economic activity by offering goods or services on a market.

**There are three subsidy allowances for this scheme set out below**: Small Amounts of Financial Assistance Allowance, the COVID-19 Business Grant Allowance and the COVID-19 Business Grant Special Allowance.

**Small Amounts of Financial Assistance Allowance**

Grants may be paid in accordance with Article 3.2(4) of the TCA, which enables an applicant to receive up to a maximum level of subsidy without engaging Chapter 3 of the TCA. This allowance is 325,000 Special Drawing Rights, to a single economic actor over any period of three fiscal years, which is the equivalent of £335,000 as at 2 March 2021[[1]](#footnote-1). An applicant may elect not to receive grants under the Small Amounts of Financial Assistance Allowance and instead receive grants only using the below allowances available under this scheme.

**COVID-19 Business Grant Allowance**

Where the Small Amounts of Financial Assistance Allowance has been reached, grants may be paid in compliance with the Principles set out in Article 3.4 of the TCA and in compliance with Article 3.2(3) of the TCA under the COVID-19 Business Grant Allowance (subsidies granted on a temporary basis to respond to a national or global economic emergency). For the purposes of these scheme rules, this allowance is £1,600,000 per single economic actor. This allowance includes any grants previously received under the COVID-19 business grant schemes and any State aid previously received under Section 3.1 of the European Commission’s Temporary Framework across any other UK scheme. This may be combined with the Small Amounts of Financial Assistance Allowance to equal £1,935,000 (subject to the exact amount applicable under the Small Amounts of Financial Assistance Allowance using the Special Drawing Right calculator).

**COVID-19 Business Grant Special Allowance**

Where an applicant has reached its limit under the Small Amounts of Financial Assistance Allowance and COVID-19 Business Grant Allowance, it may be able to access a further allowance of funding under these scheme rules of up to £9,000,000 per single economic actor, provided the following conditions are met:

a. The Special Allowance covers only the applicant’s uncovered fixed costs incurred during the period between 1 March 2020 and 31 March 2022, including such costs incurred in any part of that period (‘eligible period’);

b. Applicants must demonstrate a decline in turnover during the eligible period of at least 30% compared to the same period in 2019. The calculation of losses will be based on audited accounts or official statutory accounts filed at Companies House, or approved accounts submitted to HMRC which includes information on the applicant’s profit and loss;

c. ‘Uncovered fixed costs’ means fixed costs not otherwise covered by profit, insurance or other subsidies;

d. The grant payment must not exceed 70% of the applicant’s uncovered fixed costs, except for micro and small enterprises (for the purposes of this scheme defined as less than 50 employees and less than £9,000,000 of annual turnover and/or annual balance sheet), where the grant payment must not exceed 90% of the uncovered fixed costs;

e. Grant payments under this allowance must not exceed £9,000,000 per single economic actor. This allowance includes any grants previously received in accordance with Section 3.12 of the European Commission’s Temporary Framework; all figures used must be gross, that is, before any deduction of tax or other charge;

f. Grants provided under this allowance shall not be cumulated with other subsidies for the same costs.

An applicant must be able to provide the necessary documentation to demonstrate it is eligible for funding under this COVID-19 Business Grant Special Allowance. Local Authorities must first verify that an applicant can meet all the criteria set out under this allowance before providing further funding under this allowance.

Grants provided in excess of the Small Amounts of Financial Assistance Allowance may not be granted to applicants that were defined as an ‘undertaking in difficulty’ on 31 December 2019. In derogation to the above, grants can be granted to micro or small enterprises (as defined above) that were already in difficulty on 31 December 2019 provided that they are not subject to collective insolvency proceedings.

**Additional Note**

For the avoidance of doubt, grants under the Small Amounts of Financial Assistance Allowance, the COVID-19 Business Grant Allowance and the COVID-19 Business Grant Special Allowance may be combined for a potential total allowance of £10,935,000 (taking into account all grants previously received under the COVID-19 business grants schemes and subject to the exact amount applicable under the Small Amounts of Financial Assistance Allowance using the Special Drawing Right calculator).

1. The Special Drawing Right calculator here can be used to calculate the exchange rate on the day the subsidy is awarded: https://coinmill.com/SDR\_calculator.html [↑](#footnote-ref-1)