



**Local Government Finance Circular No. 11/2020**  
**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)

04 June 2020

Dear Chief Executives and Directors of Finance,

**PHASE 3 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) and [Local Government Finance Circular 09/2020](#) for Cumulative Rateable Value applications. These outlines the criteria which must be satisfied for a property to be eligible for the Small Business Grant Fund (SBGF).
3. These amendments constitute PHASE 3 of the grant funding scheme and will commence on **8 June 2020**. Both amendments enhance accessibility of the SBGF. One creates an avenue for businesses typically occupying shared spaces – hitherto ineligible for the Fund as they were not the named ratepayer for a property - to access support (“Tenants & Occupiers”). The other amends the cumulative rateable value upper threshold which portfolios of properties must not exceed order to be eligible for SBGF payments on any RHL properties with a rateable value not exceeding £18,000 (“Cumulative Rateable Value”):
  - **Tenants & Occupiers:** The tenants and/or occupiers of non-domestic properties such as shared office spaces, incubators and industrial units, where they are not the ratepayer but can evidence that they are required to contribute towards the charges associated with the non-domestic rates liability via the ratepayer for that property may now be eligible for the SBGF, provided the property meets the necessary qualifying criteria, and satisfactory supporting evidence can be provided.
  - **Cumulative Rateable Value:** 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, have – since 2 May - been 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. From 2 June, the total cumulative rateable value range will be amended from £35,001 - £51,000 to £35,001 - £500,000
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**

## **CONTENTS**

<b>INTRODUCTION TO CHANGES</b>	<b>3</b>
<b>GRANTS FOR TENANTS/OCCUPIERS</b>	<b>4</b>
<b>CUMULATIVE RATEABLE VALUE</b>	<b>7</b>

## INTRODUCTION TO CHANGES

1. This Annex articulates significant changes to the Grant Funding Scheme, denoted Phase 3, announced by Fiona Hyslop MSP, Cabinet Secretary for Economy, Fair Work & Culture, on 26 May 2020.
2. Primarily it expands eligibility for the Small Business Grant Fund (SBGF) to enable the tenants or occupiers of shared spaces – including but not limited to office space, incubators and industrial units – to access a single, one-off £10,000 grant if they can evidence a contribution to the rates liability for the property, provided they meet the necessary qualifying criteria. To date, only businesses which were directly liable for non-domestic rates (NDR) on the occupied property (i.e. the named ratepayer) were eligible.
3. Separately, it amends the criteria which holders of multiple properties, some or all of which are Retail, Hospitality and Leisure (RHL) and the individual rateable values of which prevent their ratepayers from accessing support individually through either Fund, must meet to receive payments through the SBGF. Specifically it amends the limit for total cumulative rateable value of all the properties a person is the ratepayer for, which must not be exceeded in order for the applicant to be eligible.
4. Unless otherwise stated, other criteria determining entitlement are unchanged. 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 amended) for general applications, and [Local Government Finance Circular 09/2020](#) for Cumulative Rateable Value applications.
5. As necessary and in the interests of due diligence, Local Authorities should take appropriate action to verify applications submitted & grant payments made, including liaising with other Local Authorities.
6. We acknowledge that, due to the breadth of businesses falling within the scope of the Coronavirus Business Support Fund, the guidance will not comprehensively instruct Local Authorities for every case. As such, they allow Local Authorities a degree of discretion enabling them to utilise local knowledge to determine any cases which accord with the overall objectives of the scheme, if not the letter.
7. We also acknowledge that it will not immediately be apparent how the Scheme's guidelines apply to certain cases. If uncertain about how to administer a particular type of application, Local Authorities are asked to set aside these cases to raise with the Scottish Government. These will be discussed periodically with local authority directors of finance and heads of revenue services, and Scottish Government & COSLA officials, and a common approach agreed.

## GRANTS FOR TENANTS/OCCUPIERS

8. The objectives of the Grant Scheme are to protect jobs, prevent business closure, and promote economic recovery. Eligibility to the grant scheme was linked to the NDR system because the situation demanded rapid mobilisation of funds and it was the fastest, most effective way to administer support directly to businesses.

9. Consequently, to date applicants had to be the ratepayer of a property as per the council's records on 17 March in order to qualify. However we acknowledge that there are arrangements where small businesses are indirectly rather than directly liable for the rates of the property that they occupy. The core objective of Phase 3 is to enable persons in this position to access support.

10. Besides being an expedient means of identifying and administering payment to businesses in need, the requirement to be the ratepayer also provided a significant barrier to fraudulent applications. Having an NDR liability requires a relationship with the Local Authority and affords a degree of immediate verifiability that an applicant & business is legitimate.

11. In extending eligibility to applicants which are not directly liable for the NDR of the property they occupy, the legitimacy implied by NDR liability is removed; additional steps must be introduced to authenticate applications, ensure they are genuine, and mitigate fraud.

12. This amendment is designed to benefit businesses which to date were ineligible for any UK or Scottish Government business support grant. Business which are eligible for cash grants via other UK or Scottish Government Schemes are ineligible for funding through this amendment. These include;

- SBGF
- RHL Grant Fund (RHLGF)
- Pivotal Enterprise Resilience Fund
- Creative, Tourism and Hospitality Enterprises Hardship Fund
- Newly Self-Employed Hardship Fund
- Self-Employed Income Support Scheme
- Third Sector Resilience Fund

13. A business using the Coronavirus Job Retention Scheme to retain staff, and not in receipt of any UK or Scottish Government grant support is not excluded from being eligible to Phase 3 Small Business Grant Scheme.

14. On that same basis, this amendment is not intended to be accessed by self-employed individuals and sole-traders; for whom other support, most importantly including the Self-Employed Income Support Scheme, is intended.

15. Applicants are required to declare all previous applications for support to UK or Scottish Government support schemes to provide Local Authorities with the necessary information to ensure payments are made correctly and compliant with State Aid limits, and to avoid duplication.

16. We acknowledge that this amendment may result in payments being made to multiple businesses which occupy the same property. Provided each individual business meets the

necessary qualifying criteria laid out as follows in every case, the Scottish Government is content.

17. We acknowledge that there may be circumstances where a Local Authority identifies that a business, property, or group of businesses or properties technically meet the necessary qualifying criteria for payment, but to whom making a payment would potentially undermine the objectives or spirit of the Scheme. We cannot speculate on the circumstances in which this would arise, and instead defer to the local knowledge & understanding of the relevant authority. In these circumstances the decision to make or refuse payment ultimately rests with the Local Authority. Local Authorities are expected to document and meet any request for an internal review of this decision.

## **APPLICATIONS**

18. Where a tenant/occupier is a small business not directly liable for non-domestic rates on the property they occupy, they must meet following criteria and supply satisfactory documentation to substantiate each element in order to qualify for the SBGF;

- The occupied property was on the valuation roll and liable for non-domestic rates as at 17 March, irrespective of any relief;
- The property type is not included in Table 2 of [Local Government Finance Circular 08/2020](#)(as amended) listing excluded property types.
- The tenant/occupier is legally and wholly distinct from the landlord or other party with whom they have a lease/rental agreement; there must be no common ownership, directorship or other shared corporate relationship which suggests the landlord stands to gain directly from the endowment of a grant to the tenant/occupier.
- The tenant/occupier is not in receipt of any other UK or Scottish Government grant support outlined at point 12.

19. A tenant/occupier applying for support must also meet the following criteria and supply appropriate documentation to substantiate each;

### Lease or rental agreement

- Between tenant/occupier and owner/landlord. Signed on or prior to 17 March 2020 and valid for occupation on that date.
- If the Local Authority cannot verify that the landlord is liable for rates on the property using its own records, they may request documentation proving this, or showing that the tenant/occupier is explicitly or contractually liable for charges associated with non-domestic rates for the property.

### Employment

- Proof that the legal person applying for the grant had at least one paid employee on the payroll (not including themselves) as at 17 March.
- Evidence can include a payroll records from February-March 2020; HMRC PAYE registration and reports for February-March 2020 or prior; and/or successful application to the Coronavirus Job Retention (“Furlough”) Scheme.

### Company and Trading Authentication

- Proof that the business is an appropriately registered company or partnership, and trading as such.
  - For individual entities this should include trading name, registered name & Companies House reference number.

- For partnerships this should include a copy of the partnership agreement or a document indicating partnership from the company solicitor.
- Additional supporting documents indicative of trade may also be requested by a local authority should it require further confirmatory evidence of the authenticity of an application, including;
  - Insurance documents including employer, contents, or public liability insurance;
  - HMRC Tax Return for 2019-20
  - VAT registration certification and VAT returns.

#### Business Bank Account

- Proof that the business or organisation operates a Business Bank Account. No payments will be made to personal accounts.
- Proof of business transactions through that account for the period including 17 March 2020.
- The statement should where possible support other elements of authentication as outlined above including details of wage payments and rent.

20. Provided these criteria are met, the business will be eligible for payment through SBGF.

21. Unlike Small Business Grants made to ratepayers, a business fulfilling the criteria identified in the preceding paragraphs may only receive a single £10,000 grant

## **CUMULATIVE RATEABLE VALUE**

22. From 5 May 2020, eligibility for SBGF was extended to cover RHL properties previously unable to access either the SBGF or the RHLGF.

23. This arrangement was 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).

24. 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

25. From 8 June 2020, the cumulative rateable value of all properties held (RHL and non-RHL) will be amended from between £35,001 and £51,000, to £500,000.

26. 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, and subject to State Aid limits.

27. Applicants should include each property in their estate portfolio which will be used to calculate Cumulative RV and eligibility for grant funding.