

# Childcare Provider Grant

## GUIDANCE NOTES

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This is a grant to provide financial assistance for CIW-registered childcare businesses which have experienced a reduction in net income as a result of the COVID-19 outbreak and have not been able to access grants from other UK or Welsh Government schemes.

The grant is awarded based on the reduction of net income for the period 1 April 2020 to 30 June 2020 compared to 1 April to 30 June 2019. Net income will be counted as the deposits/in-goings to the business bank account minus the expenses/outgoings shown on the business bank statement for the period.

Alternatively, if your business started trading on or after 2 April 2019, you may be eligible for a grant of up to £2,500 if you suffered a net loss for the period 1 April 2020 to 30 June 2020 and meet all of the other criteria listed below. The grant you will receive will be the lower of £2,500 or the actual loss suffered for the period.

**Please note** that any support you receive or are due to receive from public sources for the period 1 April 2020 to 30 June 2020 will be counted as income and **must** be declared. This will include funding relating to the Childcare Offer for Wales, Coronavirus Childcare Assistance Scheme (C-CAS), Flying Start, Foundation Phase Nursery (FPN), Coronavirus Job Retention Scheme (CJRS) and any financial assistance received from your local authority, such as sustainability and start-up grants (these are separate from the Welsh Government Start-Up Grant scheme).

Subject to the criteria below, a business may be eligible for a grant up to £5,000:

- Where the reduction in net income is 50% or less, the grant will equal the reduction in net income, or £2,500, whichever is lower;
- Where the reduction in net income is 51% or greater, the grant will equal the reduction in net income or £5,000, whichever is lower;
- Where the business started trading on or after 2 April 2019, the business will be eligible for a grant equivalent to the net loss suffered for the period 1 April 2020 to 30 June 2020, or £2,500, whichever is lower.

There are examples at the end of the guidance notes to help guide you through the calculations.

### PURPOSE OF THE GRANT

The purpose of the grant is to support registered childcare businesses with immediate cash flow support to help them with the economic consequences of the Covid-19 outbreak. The grant seeks help those childcare businesses which have not been able to access other schemes and complements other Covid-19 response measures to support businesses, social enterprises and charitable organisations in Wales.

### BUSINESS WALES

Business Wales provides tailored support to start-up, micro and small and medium sized businesses in Wales. The service can help you understand what your needs are and provide

tailored support packages including access to online tools, workshops, specialist advisers and mentors. In addition to working with you on a business diagnostic and action plan, our advisers can also provide targeted financial advice and access other support that you might benefit from.

Successful applicants **must** register for support with the Business Wales service once the grant is awarded.

To find out more, please visit <https://fundchecker.businesswales.gov.wales/childcare>.

## WHO CAN APPLY ?

A grant of up to £5,000 is available to CIW registered childcare businesses that have been affected by the Covid-19 outbreak. Your net income for April to June 2020 must have reduced compared to April-June 2019 due to COVID-19 and you must not have been able to access the various other grant schemes offered by UK and Welsh Governments. Or, alternatively, if you started trading on or after 2 April 2019, you may be eligible for a grant of up to £2,500 if you suffered a net loss for the period 1 April 2020 to 30 June 2020 and meet all of the other criteria listed below.

This grant can only be claimed by businesses that meet the following criteria:

- The business provides childcare;
- The business is registered with Care Inspectorate Wales (CIW);
- Businesses must have been operating in Wales on or before 1 March 2020 and is continuing, or intends to continue operating in Wales;
- Where the business is temporarily closed, the business must undertake to fully re-open on, or before 14; September 2020; or if based on school premises, as soon as the school allows
- The business has experienced a reduction in net income due to coronavirus during the period 1<sup>st</sup> April to 30<sup>th</sup> June 2020 compared to the equivalent period in 2019; **or** if the business started trading on or after 2 April 2019 and suffered a net loss for the period 1 April 2020 to 30 June 2020;
- Business has not received funding from and/or has not successfully applied for Economic Resilience Fund, Business Rate Grant, Self-Employment Income Support Scheme, Welsh Government Start Up Grant, or Third Sector Resilience Fund or, where relevant, the Mudiad Meithrin grant scheme which is funded from the Third Sector Resilience Fund.
- Where applicable, Coronavirus Job Retention Scheme (CJRS) declarations are up to date and copies will be provided with the application;
- Businesses need to confirm that without the grant support the viability of the enterprise will be under threat, and outline why;
- Business must be, or must undertake to become within 12 months, registered as a company limited by guarantee, a private limited company, Community Interest Company or a Charitable Incorporated Organisation. (Cwlwm partners are able to discuss this with you if you are unsure). If you are a childminder **and** are registered with HMRC as a sole trader then you are exempt from this requirement;
- If you employ staff, your business must aim to maintain employment for 12 months;
- Only one application per businesses.

Businesses will need to provide:

- Proof of identification of applicant (one of the following)
  - Current UK or EEA photocard driving licence
  - Current signed passport
  - Original Birth certificate
  
- Proof of business address (one of the following)
  - Council tax statement
  - Utility bill
  - Written correspondence confirming registration with HMRC
  - If based on school premises, suitable evidence or confirmation from the school
  
- Evidence of active trading up to 1<sup>st</sup> March 2020 e.g. bank statements (Please ensure all business related income and expenditure is clearly highlighted on bank statements.)
- Actual turnover for the 2019/20 tax year and anticipated turnover for the 2020/21 tax year.
- Business bank statements, or statements for accounts used for business purposes to be provided for the periods 1 April to 30 June for 2019 and 2020

If any of the above documents are in an individual's name rather than in the name of the business, please explain why.

Businesses which are unable to agree to the criteria above are ineligible for the scheme.

## HOW MUCH CAN YOU APPLY FOR?

A grant of up to £5,000 is available per business, to support with immediate cash flow to help businesses remain solvent throughout the disrupted trading period.

Businesses need to confirm that without the grant support the viability of the enterprise will be under threat, and outline why.

All applications will be considered on an individual basis and payment of the grant is at the absolute discretion of the awarding body.

## HOW TO APPLY

Businesses can apply for the grant by using the eligibility checker on the Business Wales website. If eligible, you will be invited to apply to your local authority. You **must** include your supporting evidence with your application. Applications without supporting evidence will not be considered.

Scanned documents and photos are acceptable forms of evidence for this purpose.

The Childcare Provider Grant is open to applications from the 24<sup>th</sup> August 2020 until the fund is fully committed or 31<sup>st</sup> October 2020, whichever is earlier. Applications will be dealt with on a **first come first served** basis. This may lead to applications not being appraised after they have been submitted if the fund is fully committed. The Welsh Government has absolute discretion on the duration and terms of the fund.

## **GUIDANCE ON COMPLETING THE FORM**

### **Section 1 – Your personal details**

This part asks for information about you ‘the applicant’.

### **Section 2 – Information about your business**

This part asks for information about your business. Please ensure the details in this section are accurate and complete. Application forms that have incomplete or inaccurate data will **not** be processed.

#### **De Minimis Aid**

You must declare if you have received any De Minimis Aid during the previous 3 fiscal years (i.e. current fiscal year and the previous two fiscal years) together with the amount received and details of the awarding body.

#### ***What is De Minimis Aid?***

In order to minimise distortion of competition the European Commission sets limits on how much assistance can be given to organisations operating in a competitive market. Under EC Regulation 1407/2013 (de minimis Aid Regulation) as published in the Official Journal of the European Union 24 December 2013, the support provided is a de minimis aid. There is a ceiling of €200,000 (€100,000 for undertakings in the road transport sector) for all de minimis aid provided to any one organisation over a three fiscal year period (i.e. the current fiscal year and the previous two fiscal years). Any de minimis aid provided to you under this service will be relevant. Please advise us of any other de minimis aid received during the current and previous two fiscal years, as we need to check that our support added to that previously received, will not exceed the threshold of €200,000 (€100,000 for undertakings in the road transport sector) over the last 3 fiscal years. Aid includes not only grant but also assistance such as free or subsidised consultancy services, marketing advice etc. If you are in any doubt about whether previous assistance received classes as de minimis assistance please include it.

### **Section 3 – Impact of Covid-19 on your business**

We need to understand how the Covid-19 outbreak has affected you and your business. Please complete this section in as much detail as possible so that we can understand why you need assistance from this grant fund.

You will need to demonstrate that your business has suffered disruption to the running of the business and you are facing operational and financial challenges as a result of the COVID-19 outbreak.

### **Section 4 – Bank Details**

Please provide your business bank account details as this information will be used to make the grant payment to you – please ensure these details are correct. Welsh Government will not be liable for incorrect bank details submitted by the applicant.

### **Section 5 - Declarations**

Please read the declarations carefully and tick the boxes to confirm you accept and understand the declarations.

It is very important that you have read and understood this guidance document.

## CHECKLIST

Your completed application form must be accompanied by proof of identification, proof of address, proof of active trading, business bank statements and details of annual turnover as detailed on page 2 of this document.

## CHILDCARE PROVIDER GRANT WHAT HAPPENS AFTER THE APPLICATION IS RECEIVED?

Receipt of your application will be acknowledged within 10 working days.

Decisions on applications will be made based on the information provided in the application form, associated evidence and information checks that are conducted from other business data sources. If any data is incomplete or incorrect or the evidence provided is insufficient we will **not** process the application and it will be rejected.

We aim to process grant applications within 30 days of receipt.

**If applications are approved** you will receive a grant offer by email notifying you of the award of the grant. Grant offers will be open for 14 days – if not accepted within this period the offer will be withdrawn.

Grants will be paid on the basis that 100% of the grant is paid up front.

Applicants must accept the grant offer by e-mail before payment can be made.

**If your application is unsuccessful**, you will receive an email outlining the reason[s] for rejection. There is no appeal process.

## GRANT REPAYMENT

Applicants should note that the Local Authority may require repayment of the grant in full or part if evidence emerges that the applicant was not eligible for the Childcare Provider Grant.

## Examples

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**Business A** had income of £5,000 and expenses of £3,000 for April to June 2019. Its **net income** was therefore £2,000 for that period. During April to June 2020, due to coronavirus the business had income of £2,000 but incurred expenses of £3,000, giving a net *loss* of £1,000. The difference between the net income of £2,000 in 2019 and net loss of £1,000 in 2020 is £3,000.

To calculate the reduction in net income, we must take the change in net income and divide it by the original net income. In this example, the change in net income is £3,000 (the difference between net income in 2019 and net loss in 2020). The original net income in 2019 was £2,000.

£3,000 divided by £2,000 = 1.5. 1.5 multiplied by 100 gives a percentage of 150%.

The business has therefore experienced a reduction in net income of 150%.

As the reduction in net income was 150%, the business is entitled to a grant that equals the net reduction, up to a maximum of £5,000. In this case the grant would cover the net reduction of £3,000

**Business B** had income of £3,800 and expenses of £2,650 for April to June 2019. Its **net income** was therefore £1,150. For April to June 2020, due to coronavirus, the business closed and only received Childcare Offer funding of £1,100 (including £500 actually received in July for June). Despite closing it still incurred expenses of £1,200. This meant for April to June 2020 the business had a net loss for April to June 2020 of £100.

The difference between the net income in 2019 and net loss in 2020 is £1,250.

$\text{£1,250 divided by £1,150} = 1.08$ . 1.08 multiplied by 100 gives a percentage of 108%.

The business has therefore experienced a reduction in net income of 108%.

The business is entitled to the lower of the reduction in net income, or £5,000.

The business would therefore be eligible for a grant of £1,250, as the reduction in net income of £1,250 is less than £5,000.

**Business C** had income of £5,000 and expenses of £2,000 for April to June 2019. Its **net income** was therefore £3,000. For April to June 2020 the business continued to trade but, due to coronavirus the business received income of £3,000 and incurred expenses of £1,400. This meant for April to June 2020 the business had a net income for April to June 2020 of £1,600.

The difference between the net income in 2019 and net loss in 2020 is £1,400.

$\text{£1,400 divided by £3,000} = 0.47$ . 0.47 multiplied by 100 gives a percentage of 47%.

The business has therefore experienced a reduction in net income of 47%.

As the reduction in net income was 47%, the business is entitled to a grant that equals the net reduction, up to a maximum of £2,500. In this case the grant would cover the net reduction of £1,400.

**Business D** started trading on 1 September 2019. As the business started trading after 30 June 2019, it is eligible for a maximum grant of £2,500 to cover net losses incurred during the period 1 April to 30 June 2020. The grant will match the net loss experienced for this period, up to a maximum of £2,500.

For the period April to June 2020, the business experienced income of £12,000 and expenditure of £16,000. The business therefore made a net loss of £4,000 for April to June 2020. As the net loss experienced exceeds the maximum grant of £2,500, the business will receive a grant of £2,500.