

COVID-19 Newly Self-Employed Hardship Fund - Q&A

This fund is for newly self-employed individuals who have lost business to COVID-19, are facing financial hardship, and are ineligible for other avenues of COVID-19 government support. Grants are awarded by Local Authorities.

To be eligible applicants must have become self-employed on or after 6 April 2019, demonstrate that they were actively trading up to March 2020, are not be in receipt of other forms of COVID-10 business support or in receipt of working age benefits, and do not have access to sufficient savings or other sources of income to meet basic needs.

Q: What is the purpose of this scheme?

- The purpose of this fund is to provide hardship relief to newly self-employed individuals who have lost revenue to coronavirus and have not been able to access support through other COVID-19 business support schemes

Q: If successful, how much will I receive?

- Successful applicants will receive a one-off payment of £2,000.

Q: How many times can I apply?

- Individuals may only apply once and only in one Local Authority area.

Q: Can I apply for this scheme and the UK Government Self-Employment Income Support Scheme?

- No, this scheme is only for people who became self-employed on or after 6 April 2019 and therefore are not eligible for the UK Government scheme.

Q: Is the grant taxable?

- Grant recipients will need to declare this as income to HMRC.

Q: How will local authorities determine eligibility?

- Self-employed people will be asked to provide documentary evidence of their status and eligibility for the grant. Local authorities will then determine whether they meet the criteria, set out in guidance from the Scottish Government.

Q: What proof will applicants need to provide of their self-employed status and eligibility?

- They will need to provide documentation to show they had an active business prior to COVID-19, such as their VAT registration, bank account statements showing revenue and outgoings linked to self-employment, marketing materials, etc. A full list is provided with the application form.
- They will need to self-declare that they are currently experiencing hardship
- Evidence of being resident in the local authority area of application

Q: What are the criteria?

- Applicants must sign a declaration confirming that they meet all of the following criteria:
 - Became self-employed on/after 6 April 2019 (did not submit a tax return including income from self-employment for 2018-19)
 - Over 50% of individual income is from self-employment
 - Trading profits below £50,000 in financial year 2019-20
 - Have lost business due to coronavirus and experience personal financial hardship as a result
 - Ineligible for other COVID-19 related business support (including the Business Interruption Loan Schemes, Corporate Finance Fund, Job Retention Schemes, Future Fund, R&D Focussed SMEs Fund, HMRC Self-Employment Income Support Scheme, Non-Domestic Rates relief, Small Business Grant or other business support)
 - Do not receive working age benefit payments (Universal Credit, Statutory Sick Pay, Employment and Support Allowance, Job Seekers' Allowance, Income Support) or have applied for but not yet started receiving Universal Credit
 - Trade as self-employed, not as a limited company or partnership
 - Have taken steps to limit costs and expenditure (including through schemes such as VAT deferral and seeking a mortgage payment holiday)
 - Do not have access to sufficient savings or other sources of income to meet basic needs

Q: How much time will my application take?

- We will make the application as straightforward as possible, while ensuring that public funding is protected, and are aiming at a 10 working day turnaround time for properly completed applications with relevant supporting documentation.

Q: Can I continue to work if successful?

- Yes. If you receive the grant you can continue to work or take on other employment including voluntary work.

Q: Will people be able to appeal if their application is rejected?

- Yes, they will be able to ask the local authority to look at the decision again.

Q: Why isn't this scheme as generous as the UK Government's Self-Employment Income Support scheme?

- The UK Government's scheme is open to applications for self-employed people in Scotland who submitted a tax return for 2018-19 were trading in the 2019-20 financial year. This scheme targets those people who are ineligible for the UK Government scheme. We have called on the UK Government to provide additional funding for people who became self-employed in the 2019-20 financial year.