

LEICESTER CITY COUNCIL
ADDITIONAL RESTRICTIONS GRANT (OMICRON) POLICY
(January 2022)

1. Background
- 1.1 On 21 December 2021, the Government announced that a further £102 million would be made available for Local Authorities, through a top-up to the Additional Restrictions Grant: <https://www.gov.uk/government/news/1-billion-in-support-for-businesses-most-impacted-by-omicron-across-the-uk>
- 1.2 The scheme is called the Additional Restrictions Grant (ARG) and is administered by business rate billing authorities in England.
- 1.3 The scheme sits alongside the Omicron Hospitality and Leisure Grant (OHLG), which provides set grants to eligible businesses in the Hospitality, Leisure and Accommodation sectors. These businesses must also be directly liable for business rates. Eligibility criteria and grant amounts are set nationally by the Government. The Council is administering the OHLG scheme in the city and has published a separate OHLG policy.
- 1.4 The Government advises that the ARG funding scheme aims to support businesses severely impacted by coronavirus restrictions and the rise of the Omicron variant, when most needed.
- 1.5 The Government has directed that this tranche of funding must be used for grants directly to businesses. Local Authorities are encouraged to focus their support on businesses severely impacted by the rise of the Omicron variant.
- 1.6 However, the Government lists are not directive nor exhaustive, and Local Authorities should continue to issue grants at their discretion, based on local economic needs.
- 1.7 In taking decisions on the appropriate level of grant, Local Authorities may want to take into account the level of fixed costs of the business, the number of employees the business has, whether it is unable to trade online and the consequent scale of coronavirus losses.
- 1.8 The Government directs that ARG funding should not be used as a wage support mechanism, for capital projects that do not provide direct business support, or to fund projects whereby Local Authorities are the recipients.

- 1.9 Leicester City Council has received £675,126. This must be paid to businesses by 31 March 2022, or returned to the Government. The Council may also call upon the residual balance remaining from earlier schemes, circa £40,000.
- 1.10 Businesses must be trading. There is however no particular starting date from which businesses must have been trading in order to qualify for grant funding.
- 1.11 Businesses can choose to spend the grants as they wish. The money does not need to be repaid.
- 1.12 Local Authorities must run a new application process for all applicants; and must be satisfied that businesses that have previously received related grants continue to meet the eligibility criteria for the ARG if further grants are awarded.

2. Who will benefit from this scheme?

- 2.1 It is apparent that the funding available is not sufficient to provide grants to all businesses in the city that may have been affected by Omicron and which are not eligible for the OHLG.
- 2.2 The Council has carefully considered which business types and business sectors can be supported from the limited ARG funding available. The Council is mindful of factors such as its earlier ARG priorities/focus, Government guidance, businesses likely to have been most affected by the rise of the Omicron variant, a priority to support rent and other fixed non-payroll costs of business premises (a very significant element of the Council's earlier ARG schemes), the need to provide meaningful grant value to each business, the wider benefits to the city and its communities, and the efficiency and simplicity of the application and assessment process.
- 2.3 The Council considers it appropriate that the grant amounts should where possible be the same as the mandatory OHLG, based on rateable value. Where the premises are shared or not rated, then the lower band is expected to apply, i.e. £2,667. Separate grants for multiple premises would be at the Council's discretion. The £675k available would fund between 200 and 250 businesses, depending upon the balance of grant bands. However, the standard grant values may be varied for the personal care sector, see 2.6 below.
- 2.4 The Council has set pre-determined grant amounts throughout its ARG schemes; it considers taking into account levels of fixed costs, number of employees, etc, to be too complex and subjective for an orderly grant making process. Taking into account on-line trading income would risk penalising businesses that have sought to innovate and adapt to the pandemic.

- 2.5 The £675k available is sufficient to fund between 200 and 250 businesses, depending upon the balance of grant bands. The eligibility criteria set out below are expected to be commensurate with this.
- 2.6 Grants will be available to sole traders and micro/small/medium sized businesses that are occupying business premises subject to business rates (whether or not the business is the direct ratepayer), in the following sectors:
- **Hospitality, leisure and accommodation businesses occupying ‘shared spaces’** that would have been eligible for the OHLG grant if they had been the direct ratepayer. It is reasonable to assume that these are generally severely affected. Non-ratepaying businesses considering applying should refer to the OHLG webpage to check eligibility. A copy of the prelease and evidence of rent payments will be required.
 - **Travel agents and tour operators** – these have generally been severely impacted throughout the pandemic due to on-going domestic and international travel restrictions and levels of caution. They were generally severely affected by the Omicron variant; however for national grant purposes are classed as non-essential retail, so are not eligible for the OHLG.
 - **Hospitality and leisure businesses not eligible for the OHLG**, and which were not eligible for earlier mandatory grants, which the Council supported from the earlier LRSG Open grant and / or ARG – including marquee hire, coach hire, event caterers, event operators, local breweries and English language schools. It is clear that these have generally been severely affected by Omicron. Hence, it is appropriate that the Council should generally continue to support these businesses. The Council however reserves the right to request evidence of income loss, including from any fresh applications not previously supported.
 - **Suppliers to the leisure, hospitality, events and accommodation sectors** (as defined by the OHLG eligibility criteria), which have been severely affected by Omicron. Not all suppliers will have been severely affected, depending on their customer base. Therefore businesses will need to evidence a reduction in revenue (income) in November/December and into January due to Omicron of at least 30% of their normal expected revenues, by supplying an accountant’s letter confirming this. The Council reserves the right to require further evidence.
 - **Gyms and sports businesses**, including dance and fitness studios; sports centres and clubs; sports courts; swimming pools and golf courses where physical exercise or training is conducted. Although generally seen as being in the leisure sector, these are not eligible for the OHLG. However, it is apparent that some of these businesses have been severely affected by Omicron, notwithstanding that the sector generally has a membership fee structure. They are important for public health, including the physical and mental wellbeing of the city’s communities. Businesses will need to evidence a reduction in revenue (income) in

November/December and into January due to Omicron of at least 30% of their normal expected revenues, by supplying an accountant's letter confirming this. The Council reserves the right to require further evidence.

- **Places of public worship with defined and separate community facilities.** The area must be physically separate from the space used for worship. The grant relates only to the community facilities. These facilities are an important community resource alongside community facilities which are eligible for the OHLG (or ARG, if not the direct ratepayer). Applicants who received ARG in earlier rounds will generally not be required to evidence loss of income. New applicants will need to evidence a reduction in revenue (income) in November/December and into January due to Omicron of at least 30% of their normal expected revenues, by supplying an accountant's letter confirming this. The Council reserves the right to require further evidence before making any award. (*category added 6 February 2022*)
- **Personal Care** - defined as a business which provides a service, treatment or activity for the purposes of personal beauty, hair, grooming, body care and aesthetics, and wellbeing:
 - deliver in-person holistic, beauty and hair treatments
 - provide services such as tattoos and piercings
 - offer close contact services, which are required to deliver the treatment
 - offer services, treatments or activities that require social distancing and cleaning protocols, which led to a reduction in their capacity to deliver personal care services

Such business include hairdressers, barbers, beauty salons, spas, saunas, steam rooms, tanning salons, nail salons, massage centres, tattoo and piercing venues, holistic therapy.

Note that these businesses are not eligible:

- provide only personal care goods, rather than services
- premises are used solely as training centres for staff, apprentices and others
- premises providing dental services, opticians, audiology services, chiropody, chiropractors, osteopaths and other medical or health services - including services which incorporate personal care services
- premises providing treatments required by those with disabilities and services relating to mental health.

Personal care businesses and sector representatives have made representations about loss of income and additional costs due to Omicron.

The personal care sector has been added later in the grant process when it became evident that the other categories would not claim all of the available funding. Reserved funding of circa £300,000 is expected to be available. There are many businesses in the sector and if applications

exceed the reserved funding at the standard grant values, the funding will be shared across all eligible applications.

The Council is aware that many businesses in the sector are sole traders who may not routinely use the services of an accountant. Therefore, in view of this and the limited time for applications, businesses will be required to explain how they have been significantly impacted by Omicron, rather than supply an accountant's letter. The updated threshold of 30% loss of income applicable to certain other categories provides a benchmark.

(category added 1 March 2022)

2.7 The funding may also be used to pay grants relating to earlier periods where the Council exceptionally accepts such grants are properly payable (for example, due to an earlier clear Council error).

2.8 In the event it becomes apparent that applications from the above categories will be insufficient to award all the available funding, the Council may add further categories and/or increase grant amounts.

3. Other Qualifying Conditions

3.1 Businesses must not have received, or be eligible for, an OHLG grant on the premises in question. Such businesses should apply for an OHLG grant.

3.2 Businesses must be occupying premises liable for business rates, whether or not the business is the actual ratepayer.

3.3 Businesses must not be in administration, insolvent or subject to a striking-off notice at the time of applying or receiving a grant.

3.4 Businesses that have already received grant payments must ensure that they have not breached the maximum permitted under the UK subsidy allowance. Details on subsidy allowances can be found on the link below:

<https://www.gov.uk/guidance/check-if-youre-eligible-for-the-omicron-hospitality-and-leisure-grant#subsidy-allowance>

Businesses in any doubt should take their own legal advice.

4. Amount of each business grant

4.1 The grants are one-off and are expected to mirror the OHLG values set by the Government:

- For properties with a rateable value of £15,000 or less on 30th December 2021, will receive grants of £2,667. This also applies to 'shared spaces' where the business is not the ratepayer.

- For properties with a rateable value above £15,000 and less than £51,000 on 30th December 2021, will received grants of £4,000.
- For properties with a rateable value of £51,000 or above on 30th December 2021, will receive grants of £6,000.

However, in the event it becomes apparent soon after the scheme opens that the available funding will prove insufficient to meet applications from the eligible categories in section 2, the Council may reduce these grant levels. This may particularly apply to the personal care sector, see 2.6 above.

5. Applying for a grant

- 5.1 Businesses must meet the criteria in section 2.
- 5.2 Applications should be made as soon as possible. The final closing date for applications is the 18th March 2022. However as noted above, the funding available for this scheme is fixed. Once all the funding has been paid out, the scheme will close and any outstanding applications will not be processed.
- 5.3 Businesses must tell the Council of any changes in circumstances that might affect eligibility for grant payments. Failure to do this could lead to grants being clawed back.
- 5.4 Applications should be made online. Businesses will be required to provide information to demonstrate eligibility, bank account details, demonstrate UK subsidy rules allowance compliance and to prevent fraud and error.
- 5.5 Businesses which occupy a 'shared space' as they are not the direct ratepayer will be required to provide a copy of the lease and evidence of rate payments.
- 5.6 Businesses applying as suppliers to the leisure, hospitality, events and accommodation sectors, or as gyms and sports businesses, will be required to supply an accountant's letter confirming that revenue / income has reduced below normal expected levels by at least 30% due to Omicron.
- 5.7 Any data received may be shared with Government. Details on the BEIS privacy notice, setting out how BEIS will handle personal data across all COVID 19 business grants schemes can be found on the link below:
<https://www.gov.uk/government/publications/covid-19-grant-schemes-privacy-notice/covid-19-grant-schemes-privacy-notice>
- 5.8 If a grant is refused then clarification of the reasons for refusal can be sought via the following email:
c19discretionarygrant@leicester.gov.uk

6. Will these grant schemes be subject to tax?

- 6.1 Grant income received by a business is taxable. Therefore, funding paid under this scheme will be subject to tax.
- 6.2 Only businesses which make an overall profit once grant income is included will be subject to tax.

7 Managing the risk of fraud

- 7.1 The Government and the Council will not accept deliberate manipulation and fraud. Any business caught falsifying their records to gain grant money will face prosecution and any funding issued will be subject to claw back, as may any grants paid in error.
- 7.2 The Government's grants management and counter fraud functions provide local authorities with access to 'Spotlight', a digital assurance tool. This tool will also assist the Council with pre and post payments assurance, including identification of high-risk payments. There will also be joint working across councils and government departments in preventing fraud.
- 7.3 The Council also reserves the right to use any details submitted by businesses to check against national records and databases to highlight any potentially fraudulent activity.
- 7.4 The council may withhold all or part of any grant payment where there is reason to believe that the eligibility conditions have not been met.

8 Appeals

- 8.1 There is no right to appeal, and the decision of the Council is final. The Council's interpretation of this document is at its own discretion and it will be the final arbiter of the definitions contained within this policy.

9 Policy Review

- 9.1 This policy has been written in line with Government guidance. It will be subject to dynamic review as circumstances dictate and in line with future clarifications and changes that may be announced by the Government.

Leicester City Council

Finance Division 26/01/2022

Updated 06/02/22 (primarily added places of worship with community facilities)

Updated 01/03/22 (primarily added personal care and reduced income loss threshold from 40% to 30%)