

LEICESTER CITY COUNCIL
LOCAL RESTRICTIONS SUPPORT GRANT (SECTOR)
(The Leicester ‘nationally closed businesses’ scheme)
BUSINESS GRANTS FUND POLICY (22 November 2020)

1. Background

- 1.1 The Government is providing funding to allow local authorities to support ratepaying businesses that have been required to close on a national basis since 23 March 2020. These are nightclubs, dance halls, discotheques, sexual entertainment venues and hostess bars.
- 1.2 This is one of several non-repayable business support grant schemes to be operated by councils announced by the Government in November 2020 in a continued response to the pandemic.
- 1.3 The grant payments to businesses are determined by the Government and local authorities will be reimbursed the actual cost of grants paid to eligible businesses.
- 1.4 Eligible businesses can get one grant for each eligible property on which the business pays rates.
- 1.5 The funding starts on 1 November 2020 and will continue to apply on a rolling 14-day basis for as long as national restrictions apply. However, the scheme is superseded during the national lockdown from 5 November 2020 to 2 December 2020 by the Local Restrictions Support Grant (Closed) (Addendum) scheme. Eligible businesses should also apply to this scheme.
- 1.6 Leicester City Council therefore invites applications from eligible businesses.
- 1.7 Businesses can choose to spend the grants as they wish. The money does not need to be repaid. The Government expects that many businesses will use the grants to cover high fixed property-related costs.

2. Who will benefit from this scheme?

- 2.1 Businesses whose main service is a nightclub, dance hall, discotheque, sexual entertainment venue or hostess bar, and which have been required to close since 23 March 2020.

- 2.2 Businesses are not eligible if they have re-purposed their business and as a result been able to open, for example changing their business from a nightclub to a bar. In this case, they should consider applying to the other available grant schemes for these business types.
- 2.3 Businesses must be the ratepayer on the Council's records at 1 November 2020, and at the start of any subsequent grant period.
- 2.4 The businesses must have been trading on 23 March 2020, this being the day before the restrictions came into force. If new national closures of business property types are announced, then the business must have been trading on the date of the announced closure in order to be eligible.
- 2.5 Businesses that are not the ratepayer (for example, their landlord pays the rates to the Council) are not eligible for grants from this scheme, under Government rules. The Council will include such businesses in its Additional Restrictions Grant discretionary scheme.

3. Other Qualifying Conditions

- 3.1 Businesses must not be in administration, insolvent or subject to a striking-off notice at the time of applying or receiving a grant.
- 3.2 Businesses must ensure that by receiving a grant they will not be in breach of state aid thresholds. In summary, grants can be received under the existing De Minimis rules, provided doing so does not exceed the rolling three-year €200,000 threshold. Payments made where the De Minimis threshold has been reached may be paid under the Covid-19 Temporary Framework for UK Authorities (threshold €800,000). Additional rules apply for businesses that are 'an undertaking in difficulty'. The Government provides more detailed information at <https://www.gov.uk/guidance/check-if-your-nightclub-dance-hall-or-adult-entertainment-business-is-eligible-for-a-coronavirus-grant-due-to-national-restrictions?utm>. Businesses in any doubt should take their own legal advice.
- 3.3 Businesses may apply for this fund regardless of any other national or local COVID-19 grants or loans already received.
- 3.4 As repeat payments may be made under this scheme if national closure restrictions continue, businesses must promptly inform the Council should they become ineligible for grants and must return any overpaid funding.

4. Amount of each business grant

- 4.1 The grant levels are set by the Government:

- For properties with a rateable value of £15,000 or less, grants of £667 per 14-day period (£1,334 per 28 days)
 - For properties with a rateable value above £15,000 and less than £51,000, grants of £1,000 per 14-day period (£2,000 per 28 days)
 - For properties with a rateable value of £51,000 or above, grants of £1,500 per 14-day period (£3,000 per 28 days)
- 4.2 The Council will pay pro-rata amounts for the 4-day period from 1 November 2020 to 4 November 2020. These amounts are respectively £143, £215 and £322.
- 4.3 For the 28-day period of the national lockdown from 5 November 2020 to 2 December 2020, businesses are eligible for an equivalent grant from the Local Restrictions Support Grant (Closed) (Addendum) scheme. Eligible businesses should also apply to this scheme.
- 4.4 Further payments will be made for subsequent full 14-day periods during which the national closure restrictions on these businesses continue. The grant scheme runs until April 2021, with a Government review expected in January 2021.
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 after the scheme opens. The Council will determine a closing date for the scheme in general or for particular periods, taking into account any Government instructions. Any such dates will be advertised on the Council's website.
- 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, state aid compliance and to prevent fraud and error. The Government has also asked the Council to collect other data, including the sector in which the business operates and the number of employees.
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 22/11/2020*