

LEICESTER CITY COUNCIL
LOCAL RESTRICTIONS SUPPORT GRANT
(CLOSED) ADDENDUM SCHEME
(The 'second and third national lockdown' scheme)
BUSINESS GRANTS FUND POLICY (1 March 2021)

1. Background

- 1.1 The Government is providing funding to allow local authorities to support businesses providing direct in-person services from their premises that were open as usual, but were then required to close for 28 days between 5 November and 2 December 2020 due to the national restrictions; and from 31 December 2020 under Tier 4 restrictions and then national lockdown from 5 January 2021.
- 1.2 The scheme also includes businesses closed nationally since March 2020 (principally nightclubs and adult entertainment venues), for these periods.
- 1.3 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. For the period of the national lockdown, it takes over from:
- The Local Restrictions Support Grant (Open) which is payable to defined businesses in the hospitality, accommodation and leisure sectors in Leicester from 1 August to 4 November 2020, and from 2 -30 December.
 - The Local Restrictions Support Grant (Sector) which is payable to businesses closed nationally since March 2020 (principally nightclubs and adult entertainment venues) from 1 November to 4 November 2020, and from 2 -30 December.
- 1.4 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.
- 1.5 Eligible businesses can get one grant for each eligible property on which the business pays rates.
- 1.6 The funding will continue to apply on a rolling 14-day basis for as long as national restrictions apply.
- 1.7 Leicester City Council therefore invites applications from businesses providing direct in-person services from their premises that have been mandated to

close by the Government, including non-essential retail, leisure, personal care, sports facilities and hospitality businesses.

1.8 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 has been mandated to close by the Government, including non-essential retail, leisure, personal care, sports facilities and hospitality businesses. This includes businesses closed nationally since March 2020, principally nightclubs and adult entertainment venues.

2.2 The full list of eligible businesses is set out in The Health Protection (Coronavirus, Restrictions) (England) (No. 4) Regulations 2020 <https://www.legislation.gov.uk/ukxi/2020/1200/made>. The Council cannot depart from this list. A small number of businesses are newly required to close from 31 December as Tier 4 restrictions were introduced.

2.3 The businesses required to close and allowed to open are generally listed in the Schedule to the Regulations:

- Part 1 – hospitality businesses required to close – eligible for a grant
- Part 2 – other businesses required to close – eligible for a grant
- Part 3 – businesses allowed to remain open – cannot claim a grant, even if the business has chosen to close.
- Shops offering goods for sale or for hire must close unless listed in Part 3 (as per Section 18), i.e. closure of non-essential retail. Section 18 also mandates the closure of premises providing accommodation. These businesses are eligible for a grant.

2.4 Where a business operates mixed premises and only part of the business is subject to national closures (for example a restaurant that also offers a takeaway service), a grant can be paid if the main service is required to close. The Council will apply its local knowledge and discretion in such cases.

2.5 Businesses cannot get funding if they can legally continue to operate because they do not depend on providing direct in-person services from their premises (for example, accountants); nor if a business has chosen to close, but has not been legally required to do so.

2.6 For the November lockdown, businesses must be the ratepayer on the Council's records at 5 November 2020, and at the start of any subsequent

grant period. For the national lockdown from 5 January 2021, the qualifying date is 5 January; and so forth for subsequent grant periods.

- 2.7 Businesses must have been trading the day before the restrictions came into force, i.e. 4 November for the closure period 5 November – 2 December, and 4 January for the closures from 5 January.
- 2.8 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. Neither are they eligible under the Local Restrictions Support Grant (Open) for the period of the national lockdown. 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). A further temporary flexibility relates to uncovered fixed costs between March and December 2020. 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-business-is-eligible-for-a-coronavirus-grant-due-to-national-restrictions-for-closed-businesses?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 as 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 £1,334 per 28-day period.
 - For properties with a rateable value above £15,000 and less than £51,000, grants of £2,000 per 28-day period.

- For properties with a rateable value of £51,000 or above, grants of £3,000 per 28-day period.
- 4.2 The Council will pay these amounts as directed by the Government for the 28-day period from 5 November 2020 to 2 December 2020; for the 5 days in Tier 4 from 31 December 2020 to 4 January 2021; 42 days from 5 January to 15 February 2021; and 44 days from 16 February to 31 March 2021.
- 4.3 Further payments will be made for any subsequent periods as notified by the Government, should national lockdown restrictions continue.
- 4.4 In the event that restrictions end or change part way through a 28-day period, grants will be paid pro-rata unless otherwise instructed or advised by Government.
- 4.5 The business grants page on the Council's website will be updated to show the value of each grant for each period. <https://www.leicester.gov.uk/your-council/coronavirus/advice-and-support-for-businesses/coronavirus-business-support-grant-funding/>

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 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 Should the national lockdown be extended, the Council will make any future payments automatically as directed by the Government, with no need for further applications.
- 5.4 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.
- 5.5 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.