

LEICESTER CITY COUNCIL  
LOCAL RESTRICTIONS SUPPORT GRANT (OPEN)  
(the Leicester Tier 2 / Tier 3 open business grant scheme)  
BUSINESS GRANTS FUND POLICY (1 March 2021)

1. Background

- 1.1 The Government is providing additional funding to allow local authorities to support businesses in Covid High or Very High areas (Tiers 2 and 3) which are not legally required to close, but which are severely impacted by the local restrictions. The funding is intended to help kickstart recovery by supporting sustainable businesses.
- 1.2 This is one of several non-repayable business support grant schemes to be operated by councils announced by the Government in November and December 2020 in a continued response to the pandemic.
- 1.3 The funding local authorities receive for this scheme is based on the number of hospitality, hotel, B&B, and leisure businesses in their area, using Valuation Office Agency data.
- 1.4 The funding assumes that eligible businesses receive grants equivalent to 70% of the fixed grants for which legally closed businesses are eligible. Eligible businesses can get one grant for each eligible property on which the business pays rates or holds a tenancy.
- 1.5 Local councils have the freedom to determine the precise eligibility criteria for these grants. However, the Government expects the funding to be targeted at hospitality, hotel, B&B and leisure businesses.
- 1.6 Leicester City Council therefore invites applications from severely impacted businesses in the hospitality, hotel, B&B, and leisure sectors (as defined by the Council, see Appendix A for up to 4 November, and Appendix B from 2 December) for the period they were not required to be closed; and will make payments at the 70% level of closed business grants as recommended by the Government.
- 1.7 Some areas including Leicester were subject to restrictions on socialising for several months, before the tiering system was introduced on 14 October 2020. Government funding for these areas is backdated to the point at which these restrictions began, which for Leicester is 1<sup>st</sup> August 2020.
- 1.8 For ratepaying businesses legally required to close from 5 November 2020 due to the national lockdown, this grant scheme initially runs from 1 August

2020 until 4 November 2020. Such businesses will then be funded during the national lockdown at a higher level (100%) under the Local Restrictions Support Grant (Closed) Addendum scheme (the Leicester second national lockdown scheme). The list of businesses legally required to close from 5 November 2020 can be found at <https://www.legislation.gov.uk/uksi/2020/1200/made> (parts 1 and 2 of the Schedule).

- 1.9 Tier 3 local restrictions were imposed at the end of the November national lockdown and for those businesses permitted to reopen, periodic payments will once again be made under this scheme.
- 1.10 An explanation of the restrictions under the local restriction tiers from 2 December 2020 can be found at <https://www.gov.uk/guidance/local-restriction-tiers-what-you-need-to-know>
- 1.11 For the businesses not legally required to close during the national lockdown from 5 November, and for any business which does not pay rates directly to the Council, the Council will continue to make payments during the lockdown period. This also applies from 31 December 2020 under tier 4 and then national lockdown. However, these will be funded from the Additional Restrictions Grant:
  - Businesses not legally required to close during the national lockdown will continue to receive grants at the 70% level. The list of businesses legally required to close from 5 November 2020 can be found at <https://www.legislation.gov.uk/uksi/2020/1200/made> (part 3 of the Schedule).
  - Businesses which do not pay rates directly to the Council and which are legally required to close will receive grants at the same level as ratepaying business legally required to close.
- 1.12 This scheme will initially run until April 2021, with a Government review point expected in January 2021. As the tier to which Leicester is subject changes during this period, the grant scheme is updated accordingly as instructed by / agreed with the Government.
- 1.13 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 Principally hospitality, hotel, B&B and leisure businesses which were not legally required to close from 1<sup>st</sup> August 2020 (although may be required to close under Tier 3 from 2 December 2020), but which were/are severely impacted by the restrictions on socialising, and which pay rates directly to

Leicester City Council or occupy rated premises under a formal tenancy but are not the direct ratepayer.

- 2.2 A list of eligible business types from 1 August is given at Appendix A, and from 2 December at Appendix B; any other businesses considering applying for a grant will be assessed against this list. One grant per period may be claimed for each eligible premises. The premises must be used wholly or mainly for the prescribed activity to qualify for a grant.
- 2.3 The Council estimates there are around 600 – 700 eligible ratepaying properties from 1 August 2020, based on a review of the ratings list.
- 2.4 The Council may review the list of eligible businesses ahead of any payment periods following the end of the national lockdown, adding and removing business types depending upon funding and trading conditions. The Council may also add business types retrospectively, should funding allow and taking into account experience of running the scheme.
- 2.5 Businesses must be the ratepayer on the Council's records (or occupy rated premises under a formal tenancy, but are not the direct ratepayer) at 1 August 2020, and at the start of any subsequent grant period.
- 2.6 Businesses must have been trading the day before the restrictions came into force, i.e. 31 July 2020.
- 2.7 For the avoidance of doubt, 'open' grants are not available to shops (whether deemed essential or not), takeaways and homeworkers. Non-essential shops that are legally required to close during the national lockdown from 5 November are eligible for funding under the separate Local Restrictions Support Grant (Closed) Addendum scheme. The Council will consider wider sectors under the Additional Restrictions Grant in due course.
- 2.8 Businesses which have vacated their premises before a grant payment is made will not be eligible, as there is no longer a business to sustain. If a business vacates premises after receiving a grant, repayment will not be required, but no further payments will be due.

### 3. Other Qualifying Conditions

- 3.1 Businesses must have been the ratepayer or tenant at 1 August 2020. Business which began trading or became the ratepayer or tenant after 1 August 2020 cannot be funded under this scheme.
- 3.2 Businesses must not be in administration, insolvent or subject to a striking-off notice at the time of applying or receiving a grant.
- 3.3 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 should 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-youre-eligible-for-the-coronavirus-local-restrictions-support-grant-for-open-businesses?utm>. Businesses in any doubt should take their own legal advice.

- 3.4 Businesses may apply for this fund regardless of any other national or local COVID-19 grants or loans already received.
- 3.5 As repeat payments will be made under this scheme, 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 Government says it is up to the Council to determine what precise funding to allocate to each business. This is because of how the Government is funding councils for the scheme and because councils determine the precise eligibility criteria in their area.
  - 4.2 The grant levels below for businesses which pay rates are an approximate guide from the Government. The Council will pay these for the period 1 August 2020 to 4 November 2020.
    - For properties with a rateable value of £15,000 or less, grants of an indicative £934 per 28-day period. This band also generally applies to businesses that are not the direct ratepayer.
    - For properties with a rateable value above £15,000 and less than £51,000, grants of an indicative £1,400 per 28-day period.
    - For properties with a rateable value of £51,000 or above, grants of an indicative £2,100 per 28-day period.
  - 4.3 The Council will aim to continue these amounts from 2 December 2020 (after the national lockdown ended), unless it becomes clear they cannot be afforded within the funding available. Grants will however become due every 14 days that the city remains in Tier 2 or 3, at a rate of £467, £700 and £1,050 respectively.
  - 4.4 Grants will be paid to towards the end of each period. In the event that local restrictions end or change part way through a 14-day period, grants will be paid pro-rata unless otherwise instructed or advised by Government.
  - 4.5 Should the total grants paid exceed the funding from the Government, the difference will be charged to the Additional Restrictions Grant allocation.

- 4.6 The initial grant amounts from 1 August 2020 to before the national lockdown on 4 November cover 3 and 3/7 periods of 28 days (1-28 August, 29 August – 25 September, 26 September – 23 October, 24 October – 4 November). This is a multiplier of 3.429.
- 4.7 The amounts payable are shown in the table.

Rateable Value	Grant per 28 days to 4 November	Grant 1 Aug to 4 November	Grant per 14 days from 2 December
£15,000 and less	£ 934	£3,200	£ 467
£15,001 to £50,999	£1,400	£4,800	£ 700
£51,000 and above	£2,100	£6,600	£1,050

## 5. Applying for a grant

- 5.1 Businesses must meet the criteria in section 2.
- 5.2 Applications for the first round of grants to 4 November 2020 should be made as soon as possible. The Council will determine a closing date which will be advertised on its website; this will not be sooner than 4 weeks after applications open.
- 5.3 Applications may be made any time thereafter but at the Council's discretion may take effect from the then current period and may not be backdated.
- 5.4 The Council will seek to make any future 14-day payments automatically towards the end of the period, with no need for further applications.
- 5.5 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.
- 5.6 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. A summary of how the business has been severely impacted will be required, for example income losses, trading losses, number of staff furloughed. 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, updated 15/12/2020, updated 01/03/2021*

## **APPENDIX A – TO 4 NOVEMBER 2020 (TIER 2)**

### **LOCAL RESTRICTIONS SUPPORT GRANT (OPEN)**

**Hospitality, hotel, B&B and leisure businesses not legally closed, but severely impacted by the temporary local restrictions**

**Eligible business types – the use of the premises must be wholly or mainly for these purposes to qualify for a grant**

#### **Hospitality**

Restaurants, cafes, coffee shops, public houses, bars, social clubs, clubs and clubhouses, corporate event and wedding caterers and organisers and planners, marquee hire.

Note:

- Businesses whose main operation is a 'takeaway' are not eligible for this grant, as they have generally not been severely impacted by temporary local restrictions.
- Businesses whose main operation is a café, restaurant or pub and which offer a takeaway or click and collect service are eligible for a grant.

#### **Hotels, etc**

Hotels, bed and breakfast (including those registered and paying council tax), guest houses, serviced apartments.

Note: *AirBnb rooms are not eligible.*

#### **Leisure**

Gymnasiums, sports grounds, sports facilities, health clubs, fitness clubs/centres, spas, casinos, cinemas, theatres, concert halls, public halls, arenas, bingo halls, amusement arcades, bowling alleys, snooker clubs, skate parks, entertainment venues, farm parks, adventure activities, riding schools, scout huts, cadet huts, conference and exhibition centre, coach tour operators, kennels and catteries.

Note: *Nightclubs and adult entertainment venues closed by national restrictions are not eligible under the Government's rules.*

#### **Supply chain to the above**

Small and micro businesses (see Appendix C) supplying food and beverages to the above, whose trade has been severely impacted compared to pre-pandemic levels from 1<sup>st</sup> August onwards. Further evidence of income loss may be requested following the application.

*Businesses applying or seeking to apply will be assessed against this list.*

## **APPENDIX B – FROM 2 DECEMBER 2020 (TIER 3)**

### **LOCAL RESTRICTIONS SUPPORT GRANT (OPEN)**

**Hospitality, hotel, B&B and leisure businesses not legally closed, but severely impacted by the temporary local restrictions**

**Eligible business types – the use of the premises must be wholly or mainly for these purposes to qualify for a grant**

#### **Hospitality**

Corporate event and wedding caterers and organisers and planners, marquee hire.

Note:

- Businesses whose main operation is a 'takeaway' are not eligible for this grant, as they have generally not been severely impacted by temporary local restrictions.

#### **Hotels, etc**

All must be closed. Grants are payable to registered bed and breakfasts paying council tax, which are not eligible for mandatory lockdown grants..

#### **Leisure**

Gymnasiums, sports grounds, sports facilities, health clubs, fitness clubs/centres, farm parks, adventure activities, riding schools, scout huts, cadet huts – *note these are generally required to close from 31 December 2020, under tier 4 and then national lockdown.*

Coach tour operators, kennels and catteries.

#### **Supply chain to the above**

Small and micro businesses (see Appendix C) supplying food and beverages as in Appendix A, whose trade has been severely impacted compared to pre-pandemic levels from 1<sup>st</sup> August onwards. Further evidence of income loss may be requested following the application. The Council may at its discretion support other severely affected supply chain businesses.

*Businesses applying or seeking to apply will be assessed against this list.*

## **APPENDIX C**

### **Definition of small and micro businesses**

#### **Definitions – small and micro businesses**

To be a **small business**, under the Companies Act 2006, a business must satisfy two or more of the following requirements in a year:

- Turnover: Not more than £10.2 million
- Balance sheet total: Not more than £5.1 million
- Number of employees: a headcount of staff of less than 50

To be a **micro business**, under the Companies Act 2006, a business must satisfy two or more of the following requirements:

- Turnover: Not more than £632,000
- Balance sheet total: Not more than £316,000
- Number of employees: a headcount of staff of not more than 10

<https://www.gov.uk/government/publications/coronavirus-covid-19-guidance-on-business-support-grant-funding>