

# **NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

## **NATIONAL RESTRICTIONS**

### **DISCRETIONARY SUPPORT POLICY**

#### **1. Background**

On 31 October the Governments announced that there would be a new four-week lockdown period. To support businesses that are affected by these restrictions and any further restrictions, Government launched a number of different grant schemes for businesses, known as the Local Restrictions Support Grant and the Additional Restrictions Grant.

The Additional Restrictions Grant is a £2.07m grant fund provided by Government to support businesses in North West Leicestershire. North West Leicestershire District Council has discretion on how best to use the funding to support businesses, but Government has advised that it could be used for:

- a) Discretionary grants to support businesses which have not been legally forced to close but have nonetheless been severely impacted by restrictions, as well as those businesses forced to close but are outside the business rates system;
- b) Additional support to larger local businesses important to the local economy; and
- c) Wider business support activities.

Full guidance for local authorities can be found on gov.uk:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/935130/additional-restrictions-grant.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/935130/additional-restrictions-grant.pdf)

The council has carefully considered the guidance and clarifications issued by Government, as well as our understanding of the economic environment in North West Leicestershire, in the design of its National Restrictions Discretionary Support policy.

This policy focuses on the immediate discretionary grants we will offer during periods of national restrictions (point a above). The wider business support, including how the council supports larger local businesses (points b and c above), will be considered in longer-term work covered by the council's economic recovery plan and will depend on how much funding is remaining after immediate grants have been administered.

#### **2. Allocation of funding**

Government has stated that the £2.07m grant is a one-off payment to support businesses between now and March 2022. That means the council will not receive any additional funding to support businesses through further national lockdowns.

Therefore, the council must balance the needs of businesses now against the chance of an unknown number of future national lockdowns.

Government will provide additional funding to support businesses should North West Leicestershire enter the High or Very High categories of the Covid-19 alert system (also known as tiers 2 and 3). However, the council judges that this funding is unlikely to be adequate to support businesses through periods of localised restrictions. As a result, some of the ARG funding may be required to top-up these grants.

For these reasons, the council intends to allocate £500,000 of the £2.07m (24%) funding to provide businesses with discretionary grants in response to the November 2020 national lockdown period. This will ensure that the council retains sufficient funding to support businesses through a further 3 national lockdown periods. Alternatively, as the uncertainty around future restrictions is reduced, the funding will be allocated to supporting businesses through the council's economic recovery plan.

**The council reserves the right to alter this allocation if required to ensure the fair distribution of this grant to businesses now and manage the chance of future national lockdowns.**

### **3. Overview of NWLDC's National Restrictions Discretionary Support Grants**

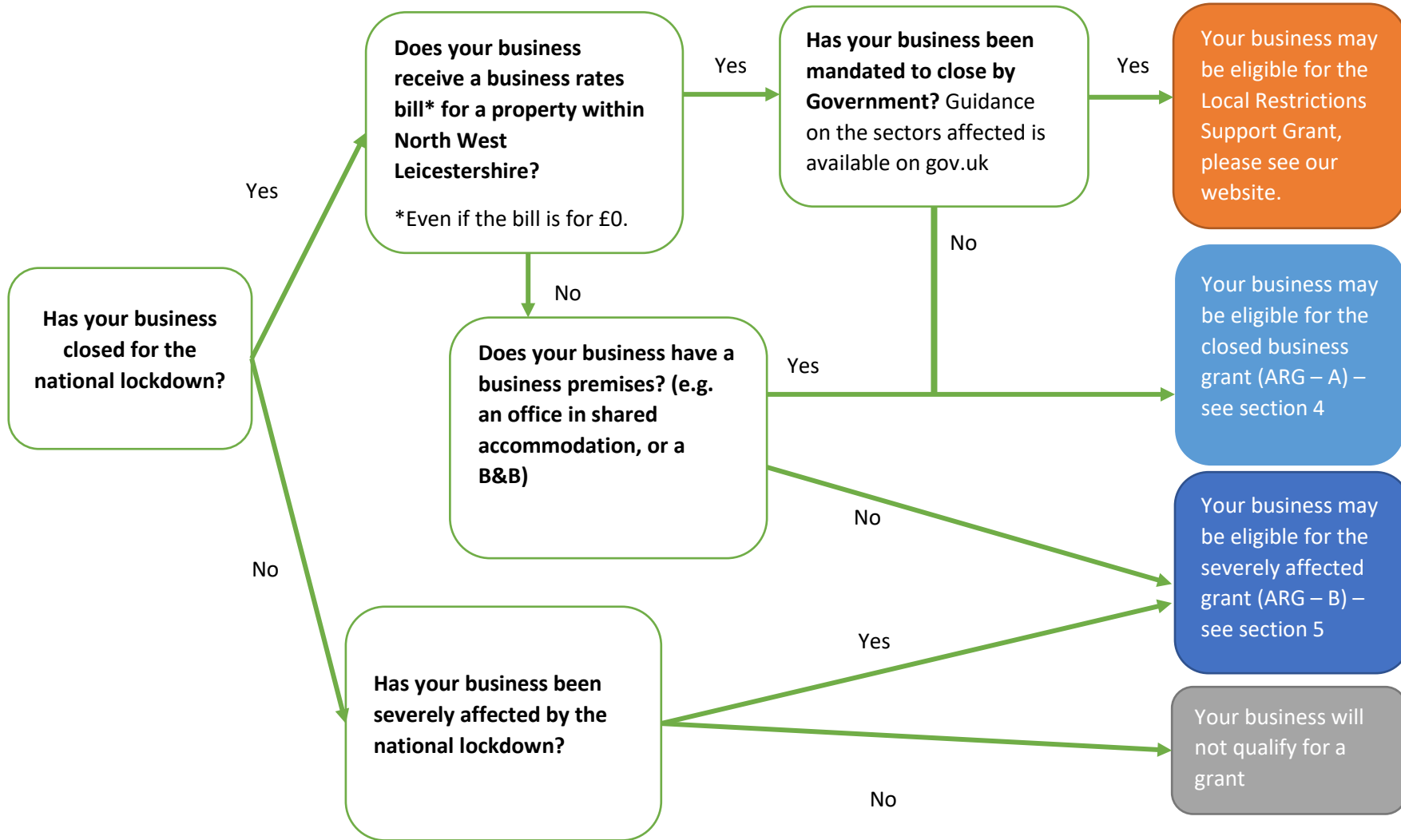
In order to ensure businesses are supported as much as possible, the council considers it necessary to split the National Restrictions Discretionary Support Grants into two schemes to support different types of businesses:

**A. Grants for businesses that have been forced to closed.** This scheme will complement the local restrictions support grant by supporting businesses that have been forced to close for the majority of the lockdown period but are not eligible for the Local Restrictions Support Grant. This includes non-ratepaying businesses that have been required to close by law and businesses that were not required to closed, but have done so for whatever reason (e.g. due to supply chain issues or lack of business). Full details of this scheme are included in section 4 of this policy.

**B. Grants for businesses severely affected, but not closed.** This scheme is for businesses that did not close for the majority of the lockdown period, but have nonetheless been severely affected by it. Full details of this scheme are included in section 5 of this policy.

The flowchart below provides a simplified guide on which scheme businesses should apply for.

**Figure 1: Flowchart to determine which grant to apply for**



*Note: Please note that this is an indicative flow chart and does not guarantee eligibility.*

#### 4. Grants for businesses forced to close (ARG-A)

##### Eligibility

In order to be eligible for this grant, your business must:

- Must have closed for your main trade the majority of the lockdown period. This could be because your business was required to close by the government restrictions listed on gov.uk<sup>1</sup>. It could also be because your business was not viable, for instance due to supply chain disruption.
- Not be eligible for a Local Restrictions Support Grant. This grant is targeted at businesses that are required to close by government restrictions and are ratepayers. More details of this grant are on our website: [https://www.nwleics.gov.uk/pages/coronavirus\\_business\\_support](https://www.nwleics.gov.uk/pages/coronavirus_business_support)
- Have a business premises in North West Leicestershire that either has a rateable value, or which they pay rent or a mortgage on. This includes those in shared premises and B&Bs, but excludes businesses that are based from home (e.g. self-employed) or from a vehicle (e.g. tradespeople). Those excluded should apply for the severely affected scheme (ARG – B).
- Was trading the day before the national lockdown period (4 November for the November 2020 lockdown period)

You will **not** be eligible for this grant scheme if:

- Your business was not closed. This will include if your business was able to continue its main trading in other ways, e.g. by changing your business model to a click and collect service or by working from home.
- Your businesses has received grant payments equal to the maximum levels permitted under the de minimis and the covid-19 temporary state aid framework.
- Your business was not trading, is in administration, insolvent or where a striking-off notice has been made.

##### Value of Payments

Businesses will be paid grants equivalent to the mandated Local Restrictions Support Grant, as detailed below.

<b>Rateable value, annual rent or annual mortgage costs</b>	<b>ARG – A Grant amount (for a 4 week lockdown period)</b>
£15,000 or under	£1,334
£15,001 – £50,999	£2,000

<sup>1</sup> Guidance on which businesses have been required to close can be found here:

<https://www.gov.uk/government/publications/further-businesses-and-premises-to-close/closing-certain-businesses-and-venues-in-england#scope-of-restrictions>

£51,000 or over	£3,000
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If the rateable value and annual rent/mortgage costs place businesses in two different bands, the grant will be awarded based on the rateable value of the business premises to ensure parity with the Local Restrictions Support Grant.

Payments are made per business, not per property. Businesses with multiple properties should therefore apply based on their highest cost premises only and will receive one grant.

Payments will be made to businesses once their applications have been approved, and these applications will be funded out of the £500,000 funding allocation for the November 2020 lockdown.

Businesses should be aware that any grants received will count as income for tax purposes.

**The Council reserves the right to amend this policy, including eligibility requirements and payment amounts, if required to ensure the fair and equitable distribution of funding to businesses within North West Leicestershire.**

## **5. Grants for businesses severely affected, but not closed (ARG-B)**

### **Eligibility**

In order to be eligible for this grant, your business must:

- Be based in North West Leicestershire.
- Not be eligible for a Local Restrictions Support Grant or the closed business discretionary grant (ARG-A).
- Was trading the day before the national lockdown period (4 November for the November 2020 lockdown period)
- Have been severely impacted by the lockdown period. This means that the business has suffered, or is likely to suffer in the near future, significant financial loss as a result of the lockdown period. It is up to businesses to determine and evidence that they have been severely impacted by the lockdown restrictions. The Council will ask businesses to explain and evidence how they have been affected, and will consider:
  - o The reasonableness of the businesses' assertion that it has been severely impacted. This will be based on the council's wider understanding of the business and how its sector has been affected.

- The level of income reduction. As a general rule, we consider a 40% drop in income to be a severe impact. However, there are circumstances where a lower fall in income could still be considered a severe impact on a business, for instance if there is a time lag between restrictions occurring and the impact being seen in sales. It is, therefore, not a prescriptive percentage.
- Any evidence provided by the business for previous covid-19 support grants, and other publicly available information which could be used to corroborate the businesses grant claim.

For the avoidance of doubt, businesses that are based at home or operate from a vehicle could be eligible for this grant.

You will **not** be eligible for this grant scheme if:

- The Council cannot assure itself that your business has been severely affected.
- Your business has received grant payments equal to the maximum levels permitted under the de minimis and the covid-19 temporary state aid framework.
- Your business was not trading, is in administration, insolvent or where a striking-off notice has been made.

### **Value of Payments**

Government has advised that Local Authorities may want to take into account the level of fixed costs faced by the business in question, the number of employees, whether businesses have had to close completely and are unable to trade online, and the consequent scale of Covid-19 losses.

The Council has considered this statement and whilst such an approach might be both desirable, it is not considered achievable given the imperative to make payments quickly and the challenge of evidencing some of these requirements. The Council has concluded that a much simpler approach is required. The council will, therefore, pay businesses the lower of:

- The amount requested by the business; or
- £1,334.

**Update 17 December:** Please note that the Council has amended these payment amounts to ensure the amount distributed to severely affected businesses is fair when compared to businesses forced to close, and to allow the Council to open the scheme for longer.

Previously the stated amounts were for businesses to get paid the lower of: the amount requested by the business; an equal share of the funding available; or £3,000.

Businesses will only be eligible for one payment per lockdown period. Payments will not be made until the application window has closed and the vast majority of applications have been reviewed. This means the earliest businesses will receive their grant for the November 2020 lockdown period is likely to be the week commencing 21 December.

As noted in section 2, the council will make £500,000 available to support businesses through the November 2020 lockdown period. This funding will be used to fund the forced to close scheme (ARG-A) first, with any remaining funding being used to fund this grant scheme (ARG-B). However, as also noted in section 2, the Council reserves the right to vary the allocation of funding to lockdown period based on the number of applications received and the level of grants that results in for businesses.

Businesses should be aware that any grants received will count as income for tax purposes.

**The Council reserves the right to amend this policy, including eligibility requirements and payment amounts, if required to ensure the fair and equitable distribution of funding to businesses within North West Leicestershire.**

## **6. The application process and evidence requirements**

The Government recognises that local authorities will need to run an application process to ensure some proportionate checks are made to confirm eligibility and determine the value of the grant before payment is made.

The council will have two separate application processes for the two grant schemes described above (ARG-A and ARG-B). Businesses will need to ensure they apply for the correct application form based on this policy and guidance set out on our website.

The applications will be launched for the November 2020 lockdown period on 30 November 2020. The application windows will remain until the funding have been utilised or the number of successful applications falls to a point at which the Council considers demand to have reduced.

**Update 17 December:** Please note that the Council has amended the application window to allow businesses more time to apply. The closing date was previously 13 December.

The Council will invite applications via its website and will manage the application process through a specialist grant portal: [www.grantapproval.co.uk](http://www.grantapproval.co.uk). Using this software will automate some checks and enable the council to pay businesses more quickly. If an applicant is unable to apply via the website should email us or phone our customer services on 01530 45 45 45 to request a paper application form.

The application process will guide applicants through the evidence businesses are required to provide, which will be the minimum reasonably required to establish eligibility and enable a fair and equitable assessment of grant entitlement. As the eligibility requirements for each scheme are different, so are the required evidence. The table below sets out the evidence required for each scheme, and potential examples of evidence the business could provide.

	<b>Businesses forced to close (ARG-A)</b>	<b>Businesses severely affected (ARG-B)</b>
Business has closed for the majority of the lockdown period	Businesses could provide: <ul style="list-style-type: none"> <li>- Notifications of closures to customers. For instance, copies of emails or social media posts to announce closure or pictures showing the premises is closed.</li> <li>- Sales data showing no sales during the lockdown period.</li> </ul>	Not applicable.
The rent or mortgage costs of the property	A recent: <ul style="list-style-type: none"> <li>- Rent invoice</li> <li>- Mortgage statement</li> <li>- Relevant rent or mortgage contract.</li> </ul>	Not applicable
Severely impacted up the lockdown	Not applicable	Businesses will need to explain how they have been severely impacted.  Businesses may wish to back up their assessment with the following evidence: <ul style="list-style-type: none"> <li>- Bank statements for October and November, showing the decline in sales.</li> <li>- Business's financial accounts, showing drop in revenue during November.</li> </ul>



		<ul style="list-style-type: none"> <li>- Sales data showing a significant fall in sales during November.</li> <li>- Notifications to customers of closure of the businesses</li> </ul> <p>This is not a complete list and businesses should provide evidence they feel supported their assessment of being severely impacted.</p>
Business must have been trading on 4 November	Evidence of the business trading, such as: <ul style="list-style-type: none"> <li>- A delivery note</li> <li>- Expenses/sales receipt</li> <li>- Purchase order</li> </ul>	
Business is based in North West Leicestershire	Recent utility bill linking the business to the address in the application form	
Verifying business identity	Recent bank statement for the business	

The Council will individually assess and validate applications as they are received and may request further information and validation. The pre-payment checks will include confirming eligibility and that by accepting payments the would-be recipients confirm they are in compliance with State Aid rules. The application form will require applicants to confirm acceptance of various compliance statements, including that the business considers itself eligible for the grant, that State Aid rules will not be breached and acceptance that the grant can be recovered should the Council discover that the business is not eligible.

## **7. Appealing a decision made by North West Leicestershire District Council**

There will be no automatic right of appeal against a decision not to award a grant, or against the value of any grant. However, the Council may at its discretion reconsider any refusal or grant value if there is clear evidence that a significantly wrong decision may have been made. The only further recourse available to applicants is a challenge by way of a judicial review, which is the means by which the decisions of the Council under discretionary powers may be challenged and/or a complaint to The Local Government and Social Care Ombudsman.

## **8. Managing the risk of fraud**

The Council and the Government will not accept deliberate manipulation and fraud. Through the application processes businesses will be required to confirm that they believe they are eligible for the grant based on the guidance provided by the Council. Any business or person caught falsifying their records to gain a grant award will face prosecution and any funding issued will be subject to clawback, as may any grants paid in error.

The Government's grants management and counter fraud functions will 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.

## **9. Policy review**

This policy has been written in line with Government guidance. It will be revised under delegations by the Section 151 Officer, in consultation with the Portfolio Holder for Business and Regeneration, if: changes need to be made to ensure the smooth administration of the scheme; to update the policy for any future national restrictions; and in response to any future clarifications and changes that may be announced by the Government.