

HARBOROUGH DISTRICT COUNCIL
POLICY: ADDITIONAL RESTRICTIONS GRANT
(July 2021)

APPLICATIONS for:

Additional Restrictions Grants will open on the Wednesday 4th of August 2021 and closes on Wednesday 2nd of March 2022. No applications will be accepted after that date.

Introduction

- 1 The second top-up of £425 million of ARG funding will be allocated to Local Authorities after 30th June 2021, when conditions of the funding are met. This funding will be allocated based on a per-business calculation.
- 2 All Local Authorities in England are eligible for the Additional Restrictions Grant, subject to conditions being met to receive an allocation of the second funding top-up of £425 million.

Additional Restrictions Grant (ARG) scheme

- 3 This Policy is in respect of the ARG scheme. The updated guidance was issued on the 16th of June 2021.
- 4 The main principles of the ARG scheme, as noted by the government, are shown below:
 - i. This support will take the form of a funding scheme in Financial Year 2020-2021 and can be used across Financial Years 20/21 and 21/22. (7)
 - ii. The ARG funding scheme aims to support businesses severely impacted by coronavirus restrictions when most needed. Funding was first made available in Financial Year 2020-2021 and can be used across Financial Years 20/21 and 21/22. However, Local Authorities are encouraged to distribute funding to businesses who require support as soon as possible. (9)
 - iii. Local Authorities can use ARG funding for business support activities. This may primarily take the form of discretionary grants, but Local Authorities could also use this funding for wider business support activities (20).
- 5 Due to the very compressed timescales to meet the expectations of the Government and businesses, the Council has not been able to consult on the development of this policy. It has however taken full account of the requirements of Government (as set out in various links above) and the issues and questions that have arisen locally and nationally through the delivery of

past and current business support schemes. Potential applicants are asked to note that:

- i. Grants awarded under this discretionary scheme will not generally affect the Council's business ratings list or any rate charges payable by the recipient.
 - ii. Notwithstanding this, any applicant who should in fact be added to the rates list will be, which may result in a rates bill.
- 6 Further, the government has suggested that the grant can provide both a discretionary grant funding scheme as well as direct support for the wider business community.
- 7 Following the decision to delay stage 4 of the roadmap, Local Authorities are also encouraged to focus their support on those sectors that remain closed or are severely impacted by the extended restrictions, even if those businesses have already been in receipt of Restart Grants. This includes the travel and tourism sector, including group travel, travel agents and tour operators, wedding industries, nightclubs, theatres, events industries, wholesalers, English language schools, breweries, freelance and mobile businesses, and other businesses that may have not received other grant funding.

The Grant Process

- 8 As part of their application process for the scheme, all businesses will be required to self-certify that they meet all eligibility criteria. (25)
- 9 The grant amounts given to individual businesses will be subject to subsidy allowances.

Exclusions to ARG Funding

- 10 Businesses that have already received grant payments that equal the maximum permitted levels of subsidy will not be eligible to receive funding.
- 11 For the avoidance of doubt, businesses that are in administration, insolvent or where a striking-off notice has been made, are not eligible for funding under this scheme.
- 12 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.

Eligible Businesses

- 13 All businesses that are trading and meet other eligibility criteria may apply to receive funding under this scheme. There is no starting date from which businesses must have been trading to qualify for grant funding. (34)
- 14 For the purposes of this grant scheme, a business is trading if it is engaged in business activity. This should be interpreted as carrying on a trade/ profession or buying and selling goods or services in order to generate turnover. Fully constituted businesses in liquidation, dissolved, struck off or subject to a striking-off notice are not eligible under these conditions. (35)
- 15 Local Authorities requires the following information on all applicants: (37)
- a) Name of business
 - b) Business Trading Address including postcode
 - c) Unique identifier (preferably Company Reference Number (CRN)) if applicable. If not applicable, VAT Registration Number, Self-assessment/Partnership Number, National Insurance Number, Unique Taxpayer Reference, Registered Charity Number will also be acceptable)
 - d) High level SIC code
 - e) Nature of Business
 - f) Date business established
 - g) Number of employees
 - h) Business rate account number (if applicable)
 - i) Cumulative total of previous funding received under all COVID-19 grants schemes.
- 16 The Local Authority must confirm with the business that in accepting the grant, the business confirms is eligible (35) and where they no longer meet the eligibility criteria, they will be required to contact the Council (52).

Will grants be subject to tax?

- 17 Grant income received by a business is taxable. The Additional Restrictions Grant will need to be included as income in the tax return of the business. (53)
- 18 Only businesses which make an overall profit once grant income is included will be subject to tax. (54)
- 19 Payments made to businesses before 5 April 2021 will fall into the 2020/21 tax year. Payments after 6 April 2021 will fall into the 2021/22 tax year. Unincorporated businesses will be taxed when they receive the grant income. (55)

The Risk of Fraud

- 20 The Government will not accept deliberate manipulation and fraud. Any business caught falsifying their records to gain additional grant money will face prosecution and any funding issued will be recovered, as may any grants paid in error. (56)

Collaboration

- 21 In some areas across England the ARG funding has been passed to Combined Authorities (CA) to administer; this is not applicable to Leicestershire as the County is not covered by a CA. Also, under the previous Discretionary Grant Scheme the government proposed that local authorities may wish to consider collaborating with their Local Enterprise Partnership (LEP). The aim of this was to try and align resources across a geographical area and potentially reduce duplication. The council is mindful of this suggestion; however, like the previous Discretionary Grant Scheme, the extent to which this can be achieved in practice will be limited by the significant time constraints to get the ARG up and running and by local priorities. Consequently, the Council does not envisage collaborating for the current national lockdown.
- 22 An inevitable consequence of this funding allocation methodology is that the funding available for individual businesses and charities will vary from council to council. There is there is no direct correlation between the funding allocation and the number of eligible businesses for the discretionary scheme in each council area. Therefore, it is likely that similar businesses in different council areas across Leicestershire (and indeed further afield) could be subject to different prioritisation and grant amounts.

The Councils ARG schemes

- 23 These schemes intend to cover:
- Discretionary grants scheme to support the business community over an extended period between July 2021 and March 2022. (DGS)
 - Provide wider support to the local business community (LBSF)
- 24 The following approach is considered to provide a comprehensive but proportionate package of support to the local business community. In Summary the Councils ARG scheme will consist of two parts and will cover the period between July 2021 and March 2022:
- A. Discretionary Grant Scheme (DGS)** will provide recovery support to those businesses who:
- are currently trading within the within the Harborough District.
 - are looking to recover, grow, or innovate.

- have been severely impacted by the extended restrictions. (Businesses listed in (7))
- have not received any Covid-19 grants.
- remain closed due to government restrictions.

B. Local Business Support Fund (LBSF) will enable the Council to directly support businesses:

- during critical periods of the economic year,
- where specific targeted support is needed, and to
- enable supportive business development.
- expected allocation to the LBSF is £300K.

25 The principles of the scheme are based on what the Council learnt from the previous Discretionary Scheme, the governments stipulated eligibility criteria for the new grant schemes and local business experience and intelligence.

A. DISCRETIONARY GRANT SCHEME (DGS)

26 The Councils intention is for the DGS to act as a catalyst to boost recovery, growth, and innovation mechanism for local businesses with or without commercial premises. DGS will continue to support businesses that are severely impacted by the extended restrictions, businesses that have not received any Covid-19 grants, and businesses that remain closed. Consequently, the principles of the scheme and relevant eligibility criteria are shown below:

DGS Eligibility Criteria

- 27 **Specific eligibility criteria;** the DSG are primarily and predominantly aimed at:
- Small and micro businesses with or without commercial premises (as these are considered the 'most at risk' business in the local economy.
 - All businesses that are trading and meet other eligibility criteria may apply to receive funding under this scheme. There is no starting date from which businesses must have been trading to qualify for grant funding.
 - Small and Micro Business are defined in Section 33 Part 2 of the Small Business, Enterprise, and Employment Act 2015 and the Companies Act 2006. Businesses will be expected to self-confirm that they are a small/medium size business in line with the criteria summarised in the table below.

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

28 **Types of Schemes;** the Council will prioritise the following types of schemes for grants:

- i. **ARG Scheme 1 – Go Digital** – The scheme supports digital technology solutions which improve business performance and encourage wider, online access to customers, (e.g., digital marketing, software & hardware, mobile apps, digital training/ courses, digital signage, cyber security, etc.) Deadline: Wednesday 2 March 2022
- ii. **ARG Scheme 2 – Go Green** – The scheme helps businesses to reduce their carbon footprints, increase energy efficiency and reduce fixed costs, (e.g., adopting green transport solutions, including Bikes and E-bikes, using E-Vehicles / delivery vans, introducing LED lighting, solar panels, insulation, and heating pumps etc.). Deadline: Wednesday 2 March 2022
- iii. **ARG Scheme 3 – Innovation** – The scheme encourages the adoption of sustainable and innovative solutions, by reviewing product or service delivery to improve operations or service provision, (e.g., innovation to reduce of packaging, support for business diversification, moving to more local supply chains, developing solutions to support faster turnaround on products or services etc.). Deadline: Wednesday 2 March 2022
- iv. **ARG Scheme 4 – Business Survival** – Its ‘funding of last resort’ to support businesses still severely impacted by the extended Covid-19 restrictions and which are not able to get any other support from other sources. Closing date: Thursday 30 September (will re-open in October 2021)

Application process and timescales

- 28 The Government recognises that local authorities will need to run some form of application process as the potential beneficiaries are highly unlikely to be known directly by the local authorities. Also, the Council must manage the process in a fair and equitable manner within the funding available.
- 29 The Council will only accept online applications (i.e., digital by default), and these can be made via the www.grantapproval.co.uk It is the responsibility of the applicant to ensure that they provide the right information first time; if the

wrong information is supplied the Council will not follow-up with those applicants.

Applicants must assume that this window will not be extended unless shown on the Councils website.

- 30 The Council's website will set out the information required from applicants, which will be the minimum reasonably required to establish eligibility and enable a fair and equitable assessment of grant entitlement. Applicants will need to evidence all items (i) to (iv) below. Where incomplete applications are made, the Council will not follow-up with the applicant i.e., it is the responsibility of the applicant to ensure that a complete application is made.
- i. Compliance with the scheme eligibility requirements
The Council will undertake 3rd party checks to confirm this.
 - ii. Ongoing property-related costs.
You will be required to confirm that you have ongoing property costs; such evidence may include proof of rent, business rates, mortgage payments, storage cost, property maintenance costs, business insurance stating property address.
 - iii. Identification of the business and the person making the application.
Bank statements/Lease agreements/Utility Bill etc showing business name and confirmation of proprietary ownership.
 - iv. Evidence that the bank account into which any grant will be paid properly relates to the business, charity, etc. *Bank statements; including completion of a Harborough District Council new supplier form.*
- 31 The Council will individually assess and validate applications as they are received and may request further information should it be required. The pre-payment checks will include confirming eligibility, including checks against Companies House etc and it is likely that the Council will use government anti-fraud websites.
- 32 Applicants would also be asked to confirm that by accepting payments they follow State Aid rules, that to the best of their knowledge they are eligible for the scheme and acknowledge that the council reserves the right to recover any funding made in error or as the result of misleading information being submitted. The Council's website will require applicants to confirm acceptance of various compliance statements through tick boxes.
- 33 The Council will undertake written post payment assurance around compliance, in particular State Aid as per the request set out in the guidance provided by national govt for post payment monitoring and reporting.
- 34 The Council will conclude the assessment process as soon as possible, determine the successful applicants and pay the grant accordingly. Payments

will start as soon as possible but this will be dependent on the number of applications received.

- 35 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 judicial review, which is how the decisions of the Council under discretionary powers may be challenged.

Managing the risk of fraud and grants made in error.

- 36 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.
- 37 All recipients are required to make the approved purchase within 28 working days of receiving the grant. The recipients will then have further 14 working days from the date of purchase to submit proof of purchase.
- 38 The Council and the Government will not accept deliberate manipulation and fraud. 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.

B. LOCAL BUSINESS SUPPORT FUND (LBSF)

Business Recovery Support

- 39 This would provide approximately £300K, which would be utilised by the Economic Development team to implement projects and initiatives aimed at supporting businesses and rebuilding the economy, post Covid-19. This would be based on delivering the Council's agreed Economic Development Strategy, Harnessing Harborough, whilst adapting where necessary to reflect the new challenges which emerge as result of the Covid-19 pandemic, based on evolving business intelligence. Evidence to support these initiatives will be obtained through data from partners including Job Centre Plus, DWP and the LLEP, as well as feedback from individual businesses and business networks, such as the Chamber of Commerce and Trade, Harbs Collective, Lutterworth Retail Forum, our forthcoming Tourism Summit, as well as evolving business engagement opportunities. Initiatives will be adapted as appropriate to respond to the changing business environment and challenges over the next 15 months and would be supported by targeted communication and engagement plans, to ensure that we maximise the feedback and involvement of businesses.
- 40 Themes would include:

- Responding to the anticipated increase in redundancies, following the end of Furlough support, (details of which will be monitored closely).
- Tackling youth unemployment, through initiatives such as Kickstart and supported apprenticeships, (based on data from Job Centre Plus and LLEP).
- Supporting and fostering skills development and retraining, (to increase employability and help people to adapt to opportunities within sectors which remain buoyant or are expanding).
- Initiatives to rebuild footfall back into town centres, (based on feedback from retail businesses, Harborough Helpers and data from footfall counters and car park usage).
- Promotional campaigns, such as Shop Local and similar initiatives, (to increase local customer loyalty).
- Supporting businesses to move to alternative models of trade, such as increased online trading and greater business collaboration, (using cases studies of good practice and training).
- Tourism and place marketing to raise the profile of Harborough District within the Staycation market, (to maximise dwell-time and increase overnight stays, by developing and promoting the range of activities and events).

Policy review

- 41 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. Please note that the application form and all submitted information will be subject to the statutory requirements of the Local Government Transparency Regulations and Freedom of Information legislation; further your basic business information will be passed to the Councils Economic Development Team (this information will be limited to all that included in the application process).

Harborough District Council

July 2021

The restrictions that government has said Councils must include in the development of their AGR scheme.

1. Businesses that have already received grant payments that equal the maximum permitted levels of subsidy will not be eligible to receive funding. (31)

** it should be noted the responsibility for ensuring compliance with State Aid is the responsibility of each business.*

2. For the avoidance of doubt, businesses that are in administration, insolvent or where a striking-off notice has been made, are not eligible for funding under this scheme. (32)
3. All businesses that are trading and meet other eligibility criteria may apply to receive funding under this scheme. There is no starting date from which businesses must have been trading to qualify for grant funding. (34)
4. For the purposes of this grant scheme, a business is trading if it is engaged in business activity. This should be interpreted as carrying on a trade/ profession or buying and selling goods or services in order to generate turnover. Fully constituted businesses in liquidation, dissolved, struck off or subject to a striking-off notice are not eligible under these conditions. (35)
5. The Local Authority must call or write to the business, stating that by accepting the grant payment, the business confirms that they are eligible for the grant schemes. This includes where Local Authorities already have bank details for businesses and are in a position to send out funding immediately, or where the Local Authority is sending a cheque to a business. (51)
6. Businesses will need to notify their Local Authority if they no longer meet the eligibility criteria for additional grants (for example, if they become insolvent or have maximised subsidy allowance). (52)
7. Grant income received by a business is taxable. The Additional Restrictions Grant will need to be included as income in the tax return of the business. (53)
8. Only businesses which make an overall profit once grant income is included will be subject to tax. (54)