

Warwick District Council

**Covid-19 Additional Restrictions Grant Policy
(discretionary payment scheme)**

November 2020

V5 November 2020

Contents

Page

1. Introduction.....	3
2. Aim of this Policy.....	4
3. Administration of the Additional Restrictions Grant	5
4. Businesses that will be supported under the Additional Restrictions Grant..	6
5. Eligibility Criteria for the Additional Restrictions Grant	6
6. Amount of grant available to businesses.....	7
7. Application Process.....	7
8. State Aid.....	8
9. Tax.....	9
10. Managing the risk of fraud.....	9

1. Introduction

- 1.1 In response to the COVID-19 pandemic, in October 2020, the Government announced a further package of financial assistance to support businesses in their local area under Local Covid Alert Level Very High (LCAL3) or national restrictions.
- 1.2 On 31 October 2020 the Government announced the introduction of the Additional Restrictions Grant (ARG). This is a discretionary scheme which in part, has been introduced to support businesses that are not eligible for the Local Restrictions Support Grant (closed) (LRSG). The LRSG is only eligible to retail, hospitality and leisure businesses that are mandated to close and are within the business rates system. Both schemes are to be administered at a local authority level.
- 1.3 On 5 November 2020 England entered into a 28-day period of national restrictions. This period is currently understood to come to an end on 2 December 2020.
- 1.4 Between June and September 2020 a Local Authority Discretionary Grant Fund (LADGF) was implemented to support businesses ineligible to apply for existing grant schemes launched in April 2020, which were linked to business rates, namely, the Retail, Hospitality and Leisure Grant (RHLGF) and the Small Business Grant Fund (SBGF).
- 1.5 This new discretionary scheme allows Local Authorities increased discretion, with minimal national qualifying criteria being stipulated by the Government.
- 1.6 The Government has provided written guidance to Local Authorities on the requirements of the Discretionary Grants Scheme. Links to that guidance are included later in this policy.

2. Aim of this Policy

- 2.1 This policy sets out the approach that will be taken by Warwick District Council in relation to the Additional Restriction Grant Scheme. It aims to support qualifying local businesses that have been adversely impacted by the current national restrictions which were imposed on 5 November 2020.
- 2.2 The Policy seeks to provide clear guidance to potential applicants about the nature of the fund, the eligibility criteria, the types of businesses that this scheme is designed to assist and the level of grant funding that will be available.
- 2.3 This policy should be read in conjunction with the Government Guidance which has been issued to all Local Authorities in order to enable them to develop their local level scheme.
- 2.4 The Government Guidance document can be found using the following web-link;

<https://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities>

3. Administration of the Additional Restrictions Grant Scheme

- 3.1 Warwick District Council is responsible for administering the Additional Restrictions Grant Scheme to eligible businesses within its geographical boundary.
- 3.2 Under the Additional Restrictions Grant, the Government will allocate a one-off lump sum based on £20.00 per head of the population (ONS 2019 Mid-Year population estimates) in each eligible Local Authority when LCAL Very High or national restrictions are imposed. All Local Authorities in England are now eligible under the scheme due to the national restrictions coming into force on 5 November 2020.
- 3.3 The above mentioned sum is a one-off lump sum payment. As such, if a Local Authority exits LCAL Very High or National Restrictions and then re-enters at a later date, it will not receive an additional payment.
- 3.4 Local Authorities have the discretion to use funds for wider business support initiatives. As such, other initiatives or schemes will be implemented alongside this grant scheme at Warwick District Council's discretion.
- 3.5 For Warwick District Council the total Discretionary Grant fund amounts to £2,875,060.
- 3.6 Warwick District Council will limit the total amount of awards granted under the discretionary Additional Restrictions Grant Scheme to the limit of funding that has been provided by Central Government.
- 3.7 Once the above limit has been reached through grant payments or other business support initiatives, there can be no further payments made to businesses under this Discretionary Grant Scheme, whether or not they meet the eligibility criteria set out in this policy document.
- 3.8 The funding for this scheme can be used across financial years 20/21 and 21/22. Warwick District Council have until 31 March 2022 in which to spend this sum.

4. Businesses that will be supported under Additional Restrictions Grant Scheme

4.1 Additional Restrictions Grant (Part A)

Businesses that **have** previously received grant payments under the Small Business Grant Fund (SBGF) or Local Authority Discretionary Grant Fund (LADGF).

4.2 Additional Restrictions Grant (Part B)

Non-rated businesses that **have** been mandated to close but are **NOT** eligible for a grant under the Local Restrictions Support Grant (closed) scheme.

Businesses (non-rated and rated) that are **NOT** mandated to close, but **are** adversely impacted by national restrictions and/or other factors associated with COVID-19.

5. Eligibility criteria for the Discretionary Additional Restrictions Grant Scheme

5.1 Ineligible businesses: -

- Businesses that are subject to strike off notice, insolvency or administration
- A business with a trading address which is not within the local authority area of Warwick District. Not to be confused with a registered address, a trading address is the address detailed on a company's invoice and the address to which customers, banks or suppliers correspond.

5.2 Eligible businesses: -

- Businesses that qualify as either a micro or a small business (as defined in the Small Business, Enterprise and Employment Act 2015 and the Companies Act 2006.)

To qualify as a small business, applicants must demonstrate **at least two** of the following criteria 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

- Businesses are eligible, where one or more of the below statements apply: -

Non-rated businesses that **have** been mandated to close, but are ineligible to apply for a grant under the Local Restrictions Support Grant (closed) scheme.

Businesses which **have** previously been awarded grants under the Small Business Grant Fund (SBGF) or Local Authority Discretionary Grant Fund (LADGF).

Businesses that are **NOT** mandated to close, but are adversely impacted by national restrictions and/or other factors associated with COVID-19.
- Businesses that have applied for the Coronavirus Job Retention Scheme (the so called furlough scheme) **are** eligible to apply for a grant under this scheme.
- Businesses that are eligible for the Self-Employed Income Support Scheme (SEISS) **are** eligible to apply for a grant under this scheme as well.
- Businesses must have been trading on 4 November 2020 to be eligible to apply for a grant under the Additional Restrictions Grant Scheme.

5.3 The Council will need to see proof that any business making an application was trading on the 4 November 2020 and as such was **NOT** in administration, insolvent or where a striking off notice has been made.

5.4 Applicants to this scheme will be required to make a legal declaration that they meet the above eligibility criteria.

6. Amount of individual grants that businesses will receive

6.1 Warwick District Council have been awarded a total of £2,875,060 to support businesses during the current period of national restrictions which commenced on 5 November 2020. This sum is one-off allocation and, at this time, no further monies are expected from the Government to support businesses in circumstances where similar national restrictions are applied.

6.2 Warwick District Council has allocated £2.1m towards this grant payment scheme (ARG). It is reserving the balance that remains to assist the district's local businesses with future support initiatives and projects in 2021.

6.3 Each recipient business to this grant payment scheme (ARG) will receive a one-off payment of £1,000.

7. Application Process

- 7.1 Applications for a grant under this Discretionary Grant Scheme will be accepted via an online form.
- 7.2 Following the launch of the scheme on Tuesday 17 November 2020, Warwick District Council will introduce a 14-day application window. This will strictly close at midnight on Monday 30 November 2020.
- 7.3 It is the intention of Warwick District Council to avoid undue burden and complexity on businesses in respect of the application process.
- 7.4 Whilst avoiding undue complexity, and burden on applicants, appropriate evidence will be necessary in support of an application to demonstrate the eligibility criteria outlined in this policy is met and to assist the Council in making an informed decision on the award of a grant.
- 7.5 The on-line application form will identify the evidence requirements in line with those set out above in section 5.
- 7.6 The decision of the Council in respect of the award of or refusal of a grant will be final. There will be no appeal process.

8. State Aid

- 8.1 The United Kingdom left the EU on 31 January 2020, nonetheless under the Withdrawal Agreement the State aid rules continue to apply during a transition period, subject to regulation by the EU Commission. Therefore, the Council must be satisfied that State aid requirements are met before grants can be paid out to individual applicants.
- 8.2 Under De Minimis rules an organisation is permitted to receive up to the equivalent of €200,000 of aid within a three-year period.
- 8.3 Where the threshold of 200,00 has been reached payments can still be made in line with the Covid-19 Temporary Framework for UK Authorities, which has been introduced to support businesses during the current COVID-19 outbreak. This temporary framework permits an organisation to receive up to the equivalent of €800,000.
- 8.4 Where an applicant is below but close to that threshold, the grant award will be set at such an amount as to ensure that the applicant does not exceed this threshold.
- 8.5 As part of the application process, all applicants will be asked to make a legal declaration to confirm that the award of this grant will comply with EU law on State Aid, which requires that they have not received any other state aid that exceeds in total €800,000, under the De Minimis Regulations EC 1407/2013.

9 Tax

- 9.1 As prescribed for in the guidance provided to Warwick District Council by the Government, grant income received by a business is taxable therefore any grant paid under the Local Authority Discretionary Grant Fund will be subject to tax.
- 9.2 Only businesses which make an overall profit once grant income is included will be subject to tax.

10 Managing the risk of fraud

- 10.1 Warwick District Council will not tolerate any acts of fraud in relation to its Additional Restrictions Grant Scheme. Any persons found to be submitting a fraudulent claim by, for example, falsifying records will be reported to the police for criminal investigation and could face prosecution. Robust action will be taken to recover any monies paid in respect of the fraudulent claim.
- 10.2 The Council will undertake comprehensive checks to ensure that grants are paid only in respect of genuine applications.
- 10.3 The Council reserves the right to reclaim any grant that has been paid in error or as a result of a fraudulent claim.

