# City of Lincoln Council National level restrictions 5th November – 2 December 2020 Closed Business Grant Support Policy

Includes: Local Restrictions Support Grant (Closed/Sector) and Additional Restrictions Grant (for businesses required to close only).

## **1. Introduction**

Following the Government’s announcement on 31st October 2020 introducing new national restrictions from 5th November to the 2nd of December 2020 certain businesses and venues are required to close or restrict how they provide goods and services for this period.

Government has provided £2,181,564 to the City of Lincoln Council through the Local Restrictions Support Grant (Closed/Sector) to support rate paying businesses forced to close within their area.

Funding of £1,985,980 has also been awarded to the City of Lincoln Council to support businesses more broadly over the coming months as a key part of local economies through the Additional Restrictions Grant. The Council will be developing the Policy for expenditure of this fund over the coming months in response to local business priorities and support needs. In the meantime, we are prioritising the use some of this funding to support non-rate paying businesses forced to close during the national restriction period.

This document sets out the criteria under which businesses will qualify to make an application for these grants and the evidence required in support of an application.

Grants covered by this policy will be in accordance with Government Guidance issued on 3rd November 2020 in respect of the Local Restriction Support Grant (Closed/Sector) and the Additional Restrictions Grant Schemes, along with guidance on required closures. Any updated guidance or FAQs subsequently published by Government in respect of these schemes will also apply. Guidance can be accessed via the following link.

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

## **2. Qualifying Criteria**

For Businesses that have a separate business rates account to qualify for the Local Restrictions Support Grant, businesses must:

* have been open as usual and providing in-person services to customers from their business premises on the 4th of November 2020 and then mandated to close by Government from 5th November 2020 (see Appendix A for a full list of closures), or
* still be closed due to national restrictions imposed on 23 March 2020 as a result of regulations made under the Public Health (Control of Disease) Act 1984 i.e. nightclubs, dance halls, discotheques, sexual entertainment venues and hostess bars.
* And have been registered and be the liable business rate payer on 5th November 2020.

Where a hereditament has mixed premises and only part of the business is subject to national closures (e.g. locksmith/shoe repairs, restaurant/takeaway), the hereditament will be eligible to receive a LRSG grant if the business is required to close its main service. Local Authorities will be required to exercise their discretion and judge whether this is the case based on their local knowledge.

Businesses that are required to close but then diversify to remain open in part e.g. restaurants/cafes that close but retain a takeaway service or shops that close but retain a click and collect facility will still be eligible for a grant.

For Businesses that don’t have a separate business rates account to qualify for the Additional Restrictions Support Grant, businesses must:

* have been open as usual and providing in-person services to customers from their business premises on the 4th of November 2020 and then mandated to close by Government from 5th November 2020 (see Appendix A for a full list of closures).
* And be able to evidence non business rates, rent or mortgage costs above the minimum cost threshold outlined below for a building or premises which has a primary business purpose or trading use.

It is expected that such businesses fall into one of, but not restricted to, the following categories:

* small businesses in shared spaces that don't have a separate business rates account
* regular market traders (indoor or outdoor) with fixed property costs
* self-employed who rent a space in a property that is registered for business rates (for example: a hairdresser renting a chair)
* overnight accommodation providers and public houses

## **3. Exclusions**

* Businesses that are able to continue to trade because their substantive business does not depend on providing direct in-person services from premises and can operate their services effectively remotely (e.g. accountants, solicitors).
* Businesses that have chosen to close but not been required to close by law will not be eligible for this grant.
* Businesses that are in liquidation or dissolved or subject to a striking off notice, or are defined as an undertaking in difficulty on 31 December 2019, (See appendix 2).
* Businesses which have already received grant payments that equal the maximum levels of State aid permitted under the de minimis and the Covid-19 Temporary State Aid Framework.
* Home based businesses with no business rate accounts or clearly distinct separate business premise costs, with the exception of overnight accommodation providers.

## **4. Grant conditions**

For Businesses eligible under the Local Restrictions Support Grant;

One grant per period may be claimed for each eligible premises liable for business rates. This grant scheme will apply to a 28-day payment cycle.

Businesses may apply for this fund regardless of any other national or local COVID-19 grants or loans already received.

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 of €1 when combined with De Minimis aid) . Any business that has reached the limits of payments permissible under the De Minimis and the UK Covid-19 Temporary State Aid Framework will not be able to receive further grant funding. Businesses in any doubt should take their own legal advice.

Subject to state aid limits, businesses will be entitled to receive a grant for each eligible hereditament during the time national restrictions are imposed. Some businesses may receive more than one grant where they have more than one eligible hereditament.

Grants will only be payable to the liable party who according to the Local Authority’s billing records was the ratepayer in respect of the hereditament or the liable party in respect of the lease or mortgage agreement on the date of the first full day of national restrictions to qualify for support.

Where the Local Authority has reason to believe that the information that they hold about the ratepayer/liable party on the first full day of the national restrictions is inaccurate they may withhold or recover the grant and take reasonable steps to identify the correct party.

For Businesses eligible under the Additional Restrictions Support Grant all conditions are as the Local Restrictions Support Grant Scheme except;

* The grant will be a one-off discretionary payment.
* Business must also not have been able to access any other government business support during this period, excluding the government's furlough support scheme or self-employed income scheme.

## **5. Declaration**

All business will need to sign a declaration form to confirm that they are the liable party, that the business is eligible in accordance with the scheme conditions and to confirm the accuracy of all information within the application form.

The Council 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 subject to claw back as may any grants paid in error.

## **6. Grant Awards**

For Businesses that have a separate business rates account qualifying under the Local Restrictions Support Grant;

* The eligible business rate payer appearing on the local rating list with a rateable value of exactly £15,000 or under on the date of the commencement of the national restrictions will receive a payment of £1,334 per 28-day qualifying restriction period.
* The eligible business rate payer appearing on the local rating list with a rateable value over £15,000 and less than £51,000 on the date of the commencement of the national restrictions will receive a payment of £2,000 per 28-day qualifying restriction period.
* The eligible business rate payer Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £51,000 or above on the commencement date of the national restrictions, will receive £3,000 per 28-day qualifying restriction period.

For Businesses that don’t have a separate business rates account qualifying under the Additional Restrictions Support Grant:

* Businesses with a rateable value or lease or mortgage costs of between £1500 and exactly £15,000 per annum on the date of the commencement of the national restrictions will receive a payment of between £250 to £1,334 as a one off payment during the 28-day qualifying restriction period. The City council will award a level of grant that is reasonable and proportionate to the monthly business property costs.
* Businesses with a rateable value or lease or mortgage costs over £15,000 and less than £51,000 per annum on the date of the commencement of the national restrictions will receive a payment of £2,000 as a one off payment during the 28-day qualifying restriction period
* Businesses with a rateable value or lease or mortgage costs of exactly £51,000 or above pa on the commencement date of the national restrictions, will receive £3,000 as a one off payment during the 28-day qualifying restriction period

## **7. Application process**

Applications should be made online.

Businesses will be required to provide information to demonstrate eligibility. This includes:

* Business Bank Statement
* Most Recent Business Rates Bill or Signed Lease/Mortgage Statement with details of annual cost.
* Declaration that the business is legally required to close, is eligible under the conditions outlined in this Policy and that receipt of grant complies with State Aid rules.

Payments to eligible businesses will be made once the application has been validated to confirm eligibility.

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.

Please refer to [www.lincoln.gov.uk/support](http://www.lincoln.gov.uk/support) for the latest information on support available to businesses and local grants.

## **8. Timescales and Application Process**

The scheme will continue to operate until such time as closure restrictions and funding remains in place.

Notice of the scheme closure will be given via the Council’s website [www.lincoln.gov.uk/support](http://www.lincoln.gov.uk/support) and via social media channels.

## **9. Additional Details**

Grant income received by a business is taxable. The Local Restrictions Support Grant will need to be included as income in the tax return of the business.

Only businesses which make an overall profit once grant income is included will be subject to tax.

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.

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.

State Aid rules and requirements apply to this scheme.

Businesses will need to notify their Local Authority if they no longer meet the eligibility criteria for additional grants at any point in any local restrictions period. For example, if they become insolvent.

There shall be no right of appeal and the decision of the Council is final.

The Council reserves the right to vary the terms of the scheme at any time should it be necessary to do so.

## **10. Rating List Changes**

Any changes to the rating list (rateable value or to the hereditament) after the first full day of restrictions and business closures regulations came into force including changes which have been backdated to this date, should be ignored for the purposes of eligibility.

Local Authorities are not required to adjust, pay or recover grants where the rating list is subsequently amended retrospectively to the date that local restrictions began.

In cases where it was factually clear to the Local Authority on the local restriction date that the rating list was inaccurate on that date, Local Authorities may withhold the grant and/or award the grant based on their view of who would have been entitled to the grant had the list been accurate. This is entirely at the discretion of the Local Authority and only intended to prevent manifest errors.

Where the Local Authority chooses to use this discretion then landlords and managing agents are urged to support the Local Authority in identifying quickly the correct ratepayers.

## **Appendix A**

Extract from Schedule 2 of The Health Protection (Coronavirus, Restrictions) (England) (No. 4) Regulations 2020 for those businesses mandated to close: <https://www.legislation.gov.uk/uksi/2020/1200/pdfs/uksi_20201200_en.pdf>

**Businesses subject to restrictions or closure;**

**PART 1 : Hospitality businesses**

1. Restaurants, including restaurants and dining rooms in hotels or members’ clubs.

2.— (1) Cafes, including workplace canteens (subject to sub-paragraph (2)), but not including—

(a) cafes or canteens at a hospital, care home or school, or provider of post-16 education or training (as defined in paragraph 1(8) of Schedule 17 to the Coronavirus Act 2020(a));

(b) canteens at criminal justice accommodation or an establishment intended for use for naval, military or air force purposes or for the purposes of the Department of the Secretary of State responsible for defence;

(c) services providing food and drink or either to the homeless.

(2) Workplace canteens may remain open where there is no practical alternative for staff at that workplace to obtain food.

3. Bars, including bars in hotels or members’ clubs.

4. Social clubs.

5. Public houses.

**PART 2 : Other businesses**

6. Cinemas.

7. Theatres.

8. Nightclubs, dance halls, discotheques and any other venue which—

(a) opens at night,

(b) has a dance floor or other space for dancing by members of the public (and for these purposes members of the venue in question are to be considered members of the public), and

(c) provides music, whether live or recorded, for dancing.

9. Bingo halls.

10. Concert halls.

11. Museums and galleries.

12. Casinos.

13. Betting shops and adult gaming centres.

14. Spas.

15. Nail, beauty salons, hair salons and barbers.

16. Tanning salons.

17. Massage parlours.

18. Sexual entertainment venues, within the meaning given in paragraph 2A of Schedule 3 to the Local Government (Miscellaneous Provisions) Act 1982(a) (“the 1982 Act”).

19. Hostess bars, within the meaning given by paragraph 3B of Schedule 3 to the 1982 Act(b).

20. Tattoo and piercing parlours.

21. Skating rinks.

22. The following indoor facilities: dance studios, fitness studios, gyms, sports courts, swimming pools, bowling alleys, amusement arcades, playgrounds or soft play areas or other indoor leisure centres or facilities, including indoor games, recreation and entertainment venues.

23. Circuses, funfairs and fairgrounds (whether outdoors or indoors), theme parks and adventure parks and activities.

24. Outdoor sports centres or amenities, including water sports, stables, shooting and archery venues, golf courses, driving ranges, outdoor gyms, outdoor swimming pools, water parks and aquaparks.

25. Outdoor markets (except for livestock markets, stalls selling food and any other retailer listed in Part 3).

26. Showrooms and other premises, including outdoor areas, used for the sale or hire of caravans, boats or any vehicle which can be propelled by mechanical means, and car washes.

27. Auction houses (except for auctions of livestock or agricultural equipment).

28. Model villages.

29. Visitor attractions at film studios.

30. Aquariums, zoos, safari parks, farms, wildlife centres and any place where animals are exhibited to the public as an attraction.

31.— (1) Indoor attractions at visitor attractions such as—

(a) botanical or other gardens, biomes or greenhouses;

(b) stately or historic homes, castles or other heritage sites;

(c) landmarks, including observation wheels or viewing platforms;

(d) sculpture parks.

(2) For the purposes of sub-paragraph (1), an “indoor attraction” means those parts of a venue, including visitor centres but not including toilets for visitors, which—

(a) would be considered to be enclosed or substantially enclosed for the purposes of section 2 of the Health Act 2006 under the Smoke-free (Premises and Enforcement) Regulations 2006; and

(b) are, in normal times, open for members of the public to visit for the purposes of recreation, whether or not for payment.

32.— (1) Conference centres and exhibition halls, so far as they are used to host conferences, exhibitions, trade shows, private dining events or banquets, other than conferences or events which are attended only by employees of the person who owns or is responsible for running the conference centre or exhibition hall.

(2) For the purposes of this paragraph, a “trade show” is an event held to bring together members of a particular industry to display, demonstrate and discuss their latest products and services with members of the public.

**PART 3 : Businesses permitted to remain open**

33. Food retailers, including food markets, supermarkets, convenience stores and corner shops.

34. Off licenses and licensed shops selling alcohol (including breweries).

35. Pharmacies (including non-dispensing pharmacies) and chemists.

36. Newsagents.

37. Hardware stores.

38. Building merchants, and building services.

39. Petrol stations.

40. Car repair and MOT services.

41. Bicycle shops.

42. Taxi or vehicle hire businesses.

43. The following businesses—

(a) banks;

(b) building societies;

(c) credit unions;

(d) short term loan providers;

(e) savings clubs;

(f) cash points;

(g) undertakings which by way of business operate currency exchange offices, transmit money (or any representation of money) by any means or cash cheques which are made payable to customers.

44. Post offices.

45. Funeral directors.

46. Laundrettes and dry cleaners.

47. Dental services, opticians, audiology services, chiropody, chiropractors, osteopaths and other medical or health services, including services relating to mental health.

48. Veterinary surgeons and pet shops.

49. Agricultural supplies shop.

50. Storage and distribution facilities, including delivery drop off or collection points, where the facilities are in the premises of a business included in this Part.

51. Car parks.

52. Public toilets.

53. Garden centres.

## **Appendix 2**

**What does it mean to be an Undertaking in Difficulty?**

An ‘undertaking in difficulty’ is defined as an undertaking in which at least one of the following circumstances occurs:

a. In the case of a limited liability company (other than an SME that has been in existence for less than three years), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital.

b. In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses.

c. Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.

d. Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan.

e. In the case of an undertaking that is not an SME, where, for the past two years:

i.The undertaking’s book debt to equity ratio has been greater than 7.5; and

ii. The undertaking’s earnings before interest, tax, depreciation and amortisation (EBITDA) interest coverage ratio has been below 1.0.

This test only applies to payments made under the Temporary Framework, but excludes small and micro businesses (less than 50 employees and less than EUR 10 million of annual turnover and/or annual balance sheet).