

**Additional Restrictions Grant**

**17 August 2021**

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1. Introduction

1.1 On 12 October, the Prime Minister announced a new three tiered system (medium, high or very high) on local Covid alert levels. The level which a region is labelled depends on the rate of local outbreaks of Covid cases within that area, creating a tightening of rules on social gatherings and measures which impact on businesses, inclusive of specific business closures. As part of this new regional, tiered system, additional business support was announced and is being administered by local authorities in the form of new strands (as England moved into a national lockdown) to an existing grant scheme (Local Restrictions Support Grant) and a new discretionary grant scheme (Additional Restrictions Grant).

1.2 The Additional Restrictions Grant is a one-off lump sum payment for local authorities amounting to £20 per head when tier 3 or widespread national restrictions are imposed. Lichfield District Council’s allocation for the Additional Restrictions Grant to distribute is £2,095,120 (calculated using the ONS midyear population estimates published March 2020).

1.3 On 4 January 2021, the Chancellor announced a £594 million discretionary fund has been made available for Local Authorities which is a further ‘top up’ amount for each local authorities Additional Restrictions Grant allocation. Lichfield District Council’s proportion is £930,553, creating the total funding pot for the Additional Restrictions Grant to be £3,025,673.

1.4 On 15 April 2021, the Chancellor announced an overall national additional £425 million ‘top up’ available for each local authorities Additional Restrictions Grant allocation. Lichfield District Council’s proportion is £834,841, creating the accumulative, local funding pot for the Additional Restrictions Grant to be £3,860,514. To access the ‘top up’ allocation, conditions must be met to defray or make a valid attempt to defray 100% of the existing two allocations received by local authorities and provide evidence of spend and validated attempts to spend the allocation.

 The evidence required is:

* A screenshot from the Local Authorities’ finance system showing 100% of the current cumulative ARG allocation having been spent.
* A letter signed by the Finance Director confirming conditions have been met to release the ARG top-up payment.
	1. The District Council had a total of £393,173 remaining unspent from the existing allocations, which was allocated to the Skills & Training element and the Start Up Grant Scheme element.

In May 2021, a Cabinet Member decision was approved and adopted that the remaining unspent monies in the existing allocation was to be defrayed equally between previously success applicants of the direct grant funding element who are within the leisure, events sector and their supply chain.

99 previous successful applicants were identified as meeting this criteria for the remaining unspent allocation, which provided an additional £3,971.44 per applicant.

 A decision was made on how the ‘top up’ allocation of £834,841 shall be spent, by redistributing the unspent monies of the skills and training & start up grant scheme elements:

* Skills and training: £184,667
* Start-up Grant Scheme: £205,138

 With £445,036 of the ‘top up’ allocation to go towards the leisure, events sector and its supply chain (inclusive of hospitality) as direct grant funding.

1.6 The grant is ring fenced for business support only, taking the form of a discretionary grant but can also be used for wider business support activities. Local authorities are able to determine how much funding to provide to businesses from the scheme and exactly which businesses to target, using their local knowledge and existing records to assess which businesses they wish to support.

1.7 Local authorities are encouraged to develop discretionary grant schemes to help those businesses which, while not legally forced to close, are severely impacted by the restrictions put in place.

1.8 The Additional Restrictions Support grant guidance is at: <https://www.gov.uk/guidance/check-if-youre-eligible-for-the-coronavirus-additional-restrictions-grant>

1.9 This guidance sets out some mandatory criteria and suggested business types to target, for local authorities to follow.

2. Purpose of policy

2.1 This policy sets out the criteria to provide financial assistance to eligible businesses that fall within the scope of the policy, in accordance with the guidance issued by BEIS and through analysis of previous and current coronavirus business support & local key and at risk sectors.

1. Scope of policy

3.1 The funding is available to support local economies and businesses that have been adversely impacted by national and Local Covid Alert Level Very High, alongside the Local Restrictions Support Grant.

3.2 National guidance further states that:

* A business is considered to be trading if it is engaged in business activity, interpreted as carrying on a trade or profession, or buying and selling goods or services in order to generate turnover.
* Local authorities should use the funds to support businesses (active businesses) affected by the pandemic.
* Local authorities can use this scheme to support businesses outside of the business rating system.
* Local authorities have the freedom to use funds from the Additional Restrictions Grant to provide top-up grants to businesses that are in receipt of grants under other schemes.
* Companies must have been significantly financially impacted by local and national restrictions & the pandemic.
	1. Local authorities are able to determine how much funding to provide to businesses from the scheme and exactly which businesses to target, using their local knowledge and existing information to assess which businesses they wish to support.

3.4 The following information provides the eligibility criteria for the direct grant funding element of the ‘top up’ Additional Restrictions Grant allocation of £445,036 to be aimed at the leisure, events sector and their supply chain (inclusive of hospitality).

* 1. The business types and activities for the direct grant funding to be aimed at is based on a cabinet member decision which has been informed by the Government’s Roadmap out of Lockdown and the ongoing restrictions being felt upon the leisure, events sector and their supply chain (inclusive of hospitality).
	2. The direct grant funding awarded shall be a one-off £11,471.44 grant per eligible business, aimed at micro and small businesses which are:
* Businesses involved in the leisure, events sector and their direct supply chain (inclusive of hospitality).
	1. Micro and small businesses are defined by the following definitions:

To be a micro business, under the Companies House 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

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

* + Turnover: Not more than £10.2 million
	+ Balance sheet total: Not more than £5.1 million
	+ Number of employees: a headcount of staff of not more than 50

3.9 The following criteria must also be satisfied to be eligible for a grant:

* + Companies must not be in administration, insolvent or where a striking-off notice has been given.
	+ Companies must have been significantly financially impacted by local and national restrictions & the pandemic.
	+ Companies must be registered in Lichfield District.
	+ Companies that haven’t received support from the Local Restrictions Support Grant, previous Additional Restrictions Grant rounds and the Restart Grant Scheme.

3.11 In addition to the above, any other grant or reserves that a business has may be taken into account for the assessment of the grant award.

3.12 The council has the right to review the criteria without prior notice based on the scheme’s performance. Businesses shall be made aware of any changes through publicity material.

1. How it relates to/underpins our strategic ambitions

4.1 The policy underpins our priority of developing prosperity encouraging economic growth and being a good council that is responsive and customer focussed.

1. Policy details

5.1 This scheme is designed to support businesses within the leisure, events sector and their supply chain (inclusive of hospitality) which, while may not have been legally forced to close, are severely impacted by the restrictions put in place.

* 1. The government grant funding will be distributed based on eligible applications made prior to the closure of the scheme.
	2. A reduction in net profits (before tax figure) is locally defined as a decrease of 25% or more, compared to the period outlined below.
	3. The local authority will undertake proportionate pre-payment checks. In the first instance, businesses will be asked to supply their last two sets of full accounts and most recent management accounts showing the projection to the end of the current trading year, whereby a 25% reduction in profit is shown for the financial year.
	4. Businesses must also evidence (qualitatively) how the local and national restrictions & the pandemic have impacted upon their business operation and falling profits.
	5. The grant will be a one off £11,471.44 grant per eligible micro or small business and not per property.
	6. The grant must go towards the business directly and not be used as a wage supplement.
	7. An application form is required from the director or other authorised signatory for the business and should include evidence as requested.
	8. Directors/owners of a business applying for the grant will need to declare any other business which they have significant control of and/or a majority shareholder within and whether those have had previous support.

5.10 A business must also outline what other government support they have received (e.g. Small Business Grant, Extended Retail Grant, Self-Employment Income Support Scheme, Bounce Back Loan, Local Restrictions Support Grant, Restart Grant, previous Additional Restrictions Grant rounds etc.), which shall be considered within the decision.

5.11 Applicants that do not provide the evidence as requested with their application will not be eligible for payment.

5.12 The business must confirm that in accepting the grant payment they are in compliance with the state aid rules.

5.13 The application will be considered by delegated officers within the economic development team

5.14 Payments will be made by BACS into an account used by the business.

5.15 The grant will not need to be repaid. However the government will not accept deliberate manipulation and fraud and 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.

5.16 If changes were to be made following the Additional Restrictions Grant review by government, such would be reflected in an amendment to our scheme.

5.17 The funding pot is limited and the scheme shall operate on a first come, first serve basis for successful applicants that meet the eligibility criteria. The scheme shall close for applications if the amount of applications received outweighs the amount of funding available.