

NORTH KESTEVEN DISTRICT COUNCIL

ADDITIONAL RESTRICTION GRANT - Severe Impact (ARGSI) - business 'severely impacted' by the second national Lockdown (05/11/20 – 04/12/20)

Policy

20th January 2021

1. Introduction

Government announced on the 31st October 2020 a four week national lockdown for England and that funding may be awarded at Local Authority discretion to support businesses 'severely impacted' by second National Lockdown (05/11/20 – 04/12/20) but not required to close under the published guidance.

The RHL sector targeted through the LRSG has a long supply chain not least in the food and drink sector, while suppliers in the exhibition and events or travel sectors and the wider leisure market will also have been hit hard.

2. Guidance

The guidance issued to the Council by Government on 4th November 2020 states:

'We encourage Local Authorities to develop discretionary grant schemes to help those businesses which – while not legally forced to close – are nonetheless severely impacted by the restrictions put in place to control the spread of Covid-19. This could include – for example – businesses which supply the retail, hospitality, and leisure sectors, or businesses in the events sector.'

'Local Authorities may also choose to help businesses outside the business rates system, which are effectively forced to close – for example market traders.'

'Local Authorities could use ARG funding to provide additional support to larger local businesses which are important to the local economy, on top of the funding provided to those businesses via the LRSG (Closed) scheme, with due reference to State Aid.'

The above guidance offers a very 'broad canvas' on which to create a grant support scheme for business 'severely impacted' by Lockdown restrictions, as it includes via the top up, those forced to close, which includes, pubs, bars hotels and restaurants cafes. The guidance basically encourages The Authority to define eligibility in any way it sees fit in order to provide the maximum benefit to the local economy.

3. EOI Evidence

A decision was taken to 'test the market' by introducing an Expression of Interest (EOI) phase for the grant. The window was time limited for 2 weeks and approximately 100 EOIs were received by the closing date of 04/01/21

4. Using EOI data to target the grant

Using data from the EOI it is clear that targeting the RHL supply chain and the core Hospitality sector with 'top ups' is a priority. There is clear evidence from the EOIs of a mounting crisis in the sector which is heavily reliant on trading (and therefore income) in order to meet significant ongoing costs.

5. Businesses eligible for the ARGSI

The ARG Severely Impacted (ARGSI) will target those businesses operating in the core hospitality and leisure sector 'severely impacted' by Lockdown restrictions and which are wholly reliant upon footfall and public accessibility, and which the council believes are of structural importance to the local economy which evidence shows have been hardest hit by closure and restrictions imposed by social distancing.

It will also target using the 'top up' mechanism (provided by the guidance) those businesses required to close in the core hospitality sector, specifically, pubs, hotels, bars, restaurants and cafes.

- 1. Supply chain business for the Hospitality Sector including food and drink supplies, disposables, cleaning, and transport.**
- 2. Retail supply chain businesses (not retail businesses)**
- 3. The events sector and its supply chain including entertainment, theatres, weddings, music, exhibitions, shows and markets. Also sports and motorsport.**
- 4. Travel sector and supply chain including coach tour operators, local tour operators, booking agents, taxis.**
- 5. Visitor Venues and attractions open to the general public**
- 6. Rate-paying businesses in the Hospitality Sector including pubs, bars, restaurants hotels and cafes.**
- 7. Non-rate-paying business and the self-employed supplying goods and services to the Hospitality and Leisure sector or supply chain.**

'Severely impacted' is defined as a significant 'loss of income' due to second Lockdown compared to the equivalent period in 2019/20 – **note:** income is defined as 'profit' for the self-employed not gross income and trading profit for incorporated businesses, not gross sales or revenue. This loss of income must be evidenced by the applicant.

No essential property qualification or restriction is applied. An applicant may be a registered ratepayer, renting, subletting or working from home.

To be eligible for the ARGSI a business must have been trading on the 4th November 2020 regardless of whether required to close under Tier 3/4 restrictions.

6. Businesses not eligible for the ARGSI

The decision to exclude the following RHL sector categories from the ARGSI does not preclude these business from accessing other ARG funding or CBLG funding nor does it suggest these categories have not suffered relatively significant impacts. This scheme attempts to allocate grant monies proportionately to the core hospitality sector because it has been hardest hit. The following RHL category businesses are ineligible for this grant.

- a. **Retailers both essential and non-essential**
- b. **Close Contact Services** including Hairdressers, beauty therapists and clinics, tanning salons, nail-bars, other one-to-one therapies such as chiropractors, osteopaths and personal or fitness trainers).
- c. **Holiday Lets & B&B's/Guest Houses:**
- d. **Gyms & Fitness Centres**

Other businesses not eligible for the ARGSI

- Takeaway restaurants (not required to close)
- Garden Centres (not required to close)
- Financial Services and Accountants and book-keepers
- Property Agents and Estate Agents (not required to close)
- Car Parks
- Parish Councils,
- Village Halls
- Charities and not-for profit organisations (except those operating exclusively in the Hospitality sector)
- Companies in Administration, Insolvent or where a Striking-off Notice has been made prior to 05/11/2020
- Businesses that have chosen not to reopen since March 2020
- Businesses not in the RHL sector but required to close under Government Lockdown restrictions.

7. Grant Awards

This is a discretionary fund. The Council is determined to support those RHL category businesses in direst need. Further ARG funding rounds for other RHL category business excluded from this grant will be announced in the near future. Eligibility will be determined via an assessment of evidence supplied by the applicant that demonstrates the severity of the impact of the second national lockdown (05/11/20 – 04/12/20) on their business income. This assessment will be made on a case by case basis allowing grant awards to be made relative to the scale of the individual loss of income relative to the annual turnover of the business. For the self-

employed' income' is defined as profit, for all other businesses 'income' is defined as profit after costs, not gross sales.

All applicants **must** be able to evidence (via annual accounts, tax return, lost or cancelled orders) an actual or estimated 'year on year loss' of income for the qualifying period. Applicants will be required to sign a declaration verifying that the claimed loss of income for the Lockdown period is true and accurate, regardless of whether or not they were required to close by Government guidance or were permitted to remain open operating under restrictions.

8. Process for applying for Severe Impact Fund

Eligible businesses who submitted an Expression of Interest form will be contacted directly by the Grants Team via email and sent a link to apply.

Other potentially eligible businesses (determined by data already held by The Grants Team) will also be invited to apply by email.

Other potential applicants may apply via the NKDC website

The live application window will be open for 1 week only, reflecting the urgency of the situation for the eligible categories. Further windows may be opened if funds and demand permit.

Business in the eligible categories will be required to submit an online application, providing the following information;

Business Name/Address and contact information

- Sector/type of business
- Company Registration Number (if registered)
- Company VAT number (if applicable)
- NI Number (for the self-employed)
- Number of FTE employees
- A 19/20 HMRC tax return or Annual Accounts (including profit and loss)
- A declaration summarising the actual or estimated year on year loss for the second Lockdown period with evidence of cancelled orders or bookings where appropriate
- Bank details and copy of recent bank statement
- Details of how the grant will be used (it cannot be used to support wages or salaries)
- A fraud declaration
- Agreement to share information with Gov departments for audit purposes.
- State Aid declaration

9. Timescale and Application Process

The application window will open on 22/01/21 and close on 29/01/2. Grant payments will be made from 08/02/2021.

10. Additional Details

Grant income received by a business is taxable therefore funding paid under the Local Authority, Severe Impact Scheme will be subject to tax. Only businesses which make an overall profit once grant income is included will be subject to tax.

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.

State Aid rules and requirements apply to this scheme and applicants will be required to complete a state aid declaration.

Data collected and processed in part of the application process will be processed in accordance with the Data Protection Act 2018. Data may be shared with other Departments within the Council, HMRC and other Government departments for the purpose of improving services, keeping records up-to-date and for the protection of the public fund. All personal data is treated with the utmost care and appropriate steps to protect it. NKDC do not sell any personal information to anyone and will never share your information for marketing purposes. For further information, please see the privacy notice here: <https://www.n-kesteven.gov.uk/privacy/>