

ADDITIONAL RESTRICTIONS GRANT FUND

Guidance for Applicants

12 February 2021

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1. FUND OVERVIEW

In response to the introduction of national and local restrictions effective from 5 November 2020 to help manage the coronavirus (Covid-19) outbreak, the government announced there would be additional funding support for local businesses that are severely affected by these restrictions.

Funding has been made available under the Additional Restrictions Grants fund (ARG) for local businesses that are not eligible to receive support through the LRSG Closed Addendum, Closed, Open and Sector funds but that have either been required to close by law or have been severely impacted by the range of restrictions imposed by government since 5 November 2020.

The ARG scheme is designed to help support businesses with their unavoidable fixed costs. This scheme is not designed to be a substitute for wages, as support for wage costs can be gained through the Coronavirus Job Retention Scheme (CJRS) and the Self-Employment Income Support Scheme (SEISS). ARG grants will be awarded to eligible businesses based on their level of fixed business costs and evidenced drop in sales income.

All local authorities have received funding allocations to support businesses that experience disruption from 5 November 2020 to 31 March 2022 in line with government guidance during these timescales.

This guidance covers applications for support for the following restriction periods;

- National Lockdown: 5 November 2020 to 1 December 2020
- Tier 2: 2 December 2020 to 18 December 2020
- Tier 3/4: 19 December 2020 to 4 January 2021

There will be further application windows for subsequent restriction periods including the National lockdown that commenced on 5 January 2021

Who can access this fund?

Although this is described as a discretionary fund, government guidance is that these grants are to support:

- Businesses that **are not** business ratepayers and have been **required to close by law**.
- Businesses that **are not** business ratepayers and whilst not required to close by law have been **severely impacted** eg. businesses that supply the retail, hospitality, leisure sectors, or businesses in the events sector.
- Businesses that **are** business ratepayers and are not eligible for one of the LRSG grant funds but have been **severely impacted** eg. businesses that supply the retail, hospitality, leisure sectors, or businesses in the events sector.

Severely impacted is defined as meeting the following criteria:

- **A reduction in income of over 33 per cent for the relevant restriction period compared to similar previous period of the same length**
- **A requirement to continue paying fixed costs that are unavoidable**

All applicants will have to supply clear evidence that they have been severely impacted as set out above by the range of restrictions imposed by the government from 5 November 2020. If you have also been unable to trade online this will further support your case.

In summary the key features of the scheme are;

- Mainly to support non business rate payers as they are not eligible for similar support schemes as business rate payers
- Available to any business in sectors that has been severely affected by the national or local restrictions
- Open to businesses that were open or closed during the period of national or local restrictions that were severely impacted
- Designed to cover unavoidable fixed costs only (as employees costs are reimbursed through the Government's furlough and Self Employed Income Support Scheme)
- Scheme is to provide support for the range of restrictions imposed by the government from 5 November 2020
- Government guidance requires that:
 - Support cannot be provided to fund any costs or losses that relate to periods prior to 5 November 2020
 - Funding cannot be provided for any "wage supplements"
- Grants will take account of how severely affected a business is, starting at a 33% reduction in turnover through to full closure
- Grant awards will cover a wide range of unavoidable fixed costs at a rate proportionately higher than the loss of turnover
- Grants will have an upper limit of £3,000 per 28 day restriction period (this will be pro rata for shorter restrictions periods) and a lower limit of £400 per 28 day restriction period (this will be pro rata for shorter restriction periods) for the range of restrictions from 5 November 2020.

2. ELIGIBILITY CRITERIA AND SUPPORTING INFORMATION

National eligibility criteria

To be eligible businesses must meet the following criteria;

- Businesses must have been open and trading on the day before restrictions came into force and be able to evidence this. Where businesses were closed due to restrictions that preceded the relevant restriction period, it is accepted that those businesses are still trading.
- Businesses must not be in administration or be insolvent or where a striking-off notice has been made.
- Businesses must not 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](#)

Gosport Borough Council criteria

This grant fund will be used to support and provide some recompense for local businesses that have either had to close by law or have been severely impacted due to being in the supply chain of businesses forced to close by law as a direct result of the restrictions imposed over the period from 5 November 2020 to 4 January 2021.

The scheme is designed to help support businesses with their unavoidable fixed costs. This scheme is not designed to be a substitute for wages as support for wage costs can be gained through the Coronavirus Job Retention Scheme (CJRS) and the Self-Employment Income Support Scheme (SEISS).

In addition to the national eligibility criteria above, businesses will also need to meet all of the following criteria;

- The business will need to demonstrate how the restrictions for each specified period have severely impacted them and will have to provide evidence of this

- The business will need to have a trading address within Gosport Borough Council local authority boundary
- The business must not have applied for a grant for the same scheme from another local authority
- The business will need to incur fixed costs that include at least one of the following;
 - rent
 - business rates
 - storage costs
 - mooring fees
 - mortgage costs
 - use of home as office
 - council tax
 - hire purchase
 - lease costs
 - license costs
 - business insurance

Other costs will not be deemed as eligible.

Evidence of the business incurring these costs will need to be provided.

Applications are being accepted for the following restriction periods;

- National Lockdown: 5 November to 1 December 2020
- Tier 2: 2 December to 18 December 2020
- Tier 3/4: 19 December to 4 January 2021

If an application has already been made for the national lockdown period from 5 November 2020 to 1 December 2020 a further application will need to be made for the restriction period from 2 December 2020 to 4 January 2021 but it will be a simplified application form to complete.

Only one application per restriction period will be accepted per business. Businesses will not normally be eligible for an ARG if they are eligible to receive a grant from one of the following grant schemes:

- LRSG (Closed) Addendum
- LRSG (Closed)
- LRSG (Closed) Addendum: Tier 4
- LRSG (Sector).
- LRSG (Open)
- LRSG (Closed)

Businesses will need to notify their local authority if they no longer meet the eligibility criteria for an Additional Restrictions Grant (for example, if they become insolvent).

Grants available

For businesses that have been required to close by law or are severely affected, grants will be awarded under this scheme to recompense towards the restriction period cost of evidenced eligible fixed costs up to a maximum grant of £3,000 for a 28 day period (this will be pro rata for restriction periods of different lengths).

Business grants will be awarded according to a scale set out below which relates to the extent of their reduction in income. A minimum grant of £400 for a 28 day period (this will be pro rata for restriction periods of different lengths) will be awarded to eligible businesses.

Reduction in income will be based on income (total sales/revenue specific to the business only) for the restriction period compared to income (total sales/revenue specific to the business only) of same period in the previous year. Where the business had not commenced trading in the 2019 equivalent period then comparison will be made to income (total sales) achieved in September and October 2020.

Eligible fixed monthly costs for the purpose of this grant only include:

- rent
- rates
- storage costs
- mooring fees
- mortgage costs
- use of home as office
- council tax
- hire purchase
- lease costs
- license costs
- business insurance (if applicable)

Evidence of the charge to the business for these costs eg. invoice or lease agreement and shown in the profit and loss accounts or self-assessment return must be provided. Please note that any other costs paid by the business will not be deemed as eligible expenditure.

Reduction in income %	33-40%	41-50%	51-60%	61-70%	71-80%	81-90%	91-100%
Grant level % based on eligible fixed business costs	60%	75%	90%	105%	120%	135%	150%

As an example: A business incurs monthly rent of £600, had sales income in November 2019 of £3,000 and sales income in November 2020 of £750. Therefore they have suffered a 75% decline in income and are eligible for a grant of £720 (120% of £600) for the restriction period 5 November 2020 to 1 December 2020.

Exceptional Grants

The council may award a grant higher than £3,000 in exceptional cases where an eligible business can clearly demonstrate that their business needs greater support, is in a critical sector responding to the pandemic and that it delivers services crucial to the economy of Gosport. It is expected that exceptional grants would only be paid out in very specific circumstances.

Market Traders

Regular Market Traders

- To be eligible, market traders will also have been required to close by law or demonstrate that they have been severely impacted by the restrictions that came into force for the applying restriction period.
- Market traders must show that they are regular traders by providing a copy of their licence in their online application including the number of days they trade in Gosport for each pitch held. Applicants must have been trading on a weekly basis on a market in Gosport for at least three months prior to the beginning of the restriction period applying for to be eligible for grant support.

Supporting documentation

In order for your application to be assessed you will be required to provide the following supporting documents when submitting an application form;

- Copy of the businesses latest filed financial statements or self-assessment tax return showing entries for the business where applicable
- Management accounts / Summary of monthly income and expenditure for the period from the last filed financial statements / self-assessment up to date of application
- Evidence to support sales income for the applying restriction period and the comparative 2019 three month period
- Evidence of the fixed costs charged to the business eg invoice or agreement with landlord and must be shown in the expenditure records of the business
- Latest business bank statement covering the applying restriction period

If you don't supply sufficient evidence as set out here it may weaken your application and reduce the chance of receiving a grant or mean your application is ineligible.

Timescales

The form will be available on the council's website at www.gosport.gov.uk/businessrates

These application windows are as a direct response to the restriction periods as follows.

- National lockdown: 5 November 2020 to 1 December 2020.
- Tier 2: 2 December to 18 December 2020
- Tier 3/4: 19 December to 4 January 2021

Closing date of this application window will be notified through the website.

Separate application windows will be opened for subsequent restriction periods imposed including the National Lockdown starting 5 January 2021.

However the fund is limited and when the fund has been fully allocated there will be no additional grants paid.

All applications will be assessed, specifically in respect of the evidenced fixed costs and lost income through the applying restriction period and this will need to be validated against information provided as part of the application.

All applicants will be contacted to be informed if a grant has been awarded or declined as soon as possible after applications have been assessed.



3. APPLICATION, DECISION AND FUNDING PROCESS

Fund Application

Please apply using the online form on this web page: www.gospport.gov.uk/businessrates

Once received, applications will be assessed and scored using a scoring matrix based on the criteria set out above.

You **must** attach evidence to substantiate the information in your application form. Failing to do so will either weaken your application and reduce the chance of receiving a grant or mean your application is ineligible.

As part of the assessment, you may be asked for additional information to support your application. This scheme is funded directly by government and therefore there is a requirement for proper and proportionate checks to be undertaken in the assessment of all applications.

If you are required to provide additional information then we will request this by email using the information provided in your application and require a response within five working days in order for your application to be assessed. Please ensure you regularly check your emails including items that may have been sent to your spam / junk inbox.

The decision of the assessors is final.

There is no provision to appeal. If your application fund meets the criteria and is awarded funding, you will be contacted to confirm the amount.

Release of funds

All payments will be made via BACS as soon as is possible but it is expected that the volume of applications will be very high and it will take some time to carry out all of the assessments.

The business must provide bank details for payment, including a bank statement.

Post Award Monitoring

This scheme is funded directly by Government and a requirement of the funding is to collect information from businesses receiving these grant payments, and we will be expected to account for how the funding has been spent. Grant recipients should also be advised that they may be contacted for research purposes, and that their data will be shared with the Department for Business, Energy and Industrial Strategy for research and evaluation purposes.

Tax

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

State aid

The United Kingdom left the EU on 31 January 2020, nonetheless under the Withdrawal Agreement state aid rules continue to apply during a transition period, subject to regulation by the EU Commission.

The council must be satisfied that all state aid requirements have been fully met and complied with when making grant payments, including, where required, compliance with all relevant conditions of the EU state aid *de minimis* regulation, the EU commission temporary framework for state aid measures to support the economy in the current Covid-19 outbreak, the approved Covid-19 temporary framework for UK authorities, and any relevant reporting requirements to the EU commission.

The council has discretion to make payments to eligible recipients under either the *de minimis* rules or the Covid-19 temporary framework for UK authorities (provided all the relevant conditions are met).

Payments of up to and including £10,000 can be provided under the *de minimis* rules, meaning applicants can receive up to €200,000 of aid within a three year period. Payments of up to and including £25,000 (or where the *de minimis* threshold has been reached) should be paid under the Covid-19 temporary framework for UK authorities.

Fraud

The council will not accept deliberate manipulation and fraud. Any business caught falsifying their records to gain additional grant money will face prosecution. Any funding issued will be subject to claw back, as will any grants paid in error.

All applicants' information will be shared with the government grants management team to enable any fraud to be identified. All businesses will be required to confirm acceptance of this by ticking the box on the application form.



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