

## Guidance for Businesses in East Lindsey

### 1. About this guidance

- 1.1. This guidance sets out the criteria East Lindsey District Council will apply to applications for the award of the Additional Restrictions Grant (Open) to businesses within its administrative area.
- 1.2. Information about this fund will be published on the East Lindsey District Council website on:  
<https://www.e-lindsey.gov.uk/argopen>
- 1.3. Any enquiries about the guidance should be directed to: [argopen@e-lindsey.gov.uk](mailto:argopen@e-lindsey.gov.uk)

### 2. Introduction

- 2.1. 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 were required to close or restrict how they provide goods and services for this period.
- 2.2. In response to this National Lockdown (and any future National Lockdowns), funding of £2,834,540 has been provided to East Lindsey District Council to support businesses up to March 2022 through the Additional Restrictions Grant (ARG). (please note: this initial allocation was extended to £4,093,508 on 18/01/21)
- 2.3. East Lindsey District Council has developed/will be developing the Policy for expenditure of ARG funding over the coming months in response to local economic priorities and business support needs.
- 2.4. Recognising the significant impact National Restrictions in January 2021 (5<sup>th</sup> Jan to 31<sup>st</sup> Jan) had on some businesses which remained open during this period (were not forced to close by law), ARG will now be distributed via the Additional Restrictions Grant (Open) – a grant which supports businesses that experienced a drop in income of 30% (or more) when comparing income in January 2020 with income in January 2021.
- 2.5. This grant is a one-off payment and only covers January 2021, 5<sup>th</sup> Jan to 31<sup>st</sup> Jan (for eligible businesses that were open, but severely impacted, due to Tier Restrictions).
- 2.6. The criteria and application process for this funding is based on Government Guidance (<https://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities>) and has been developed in consultation with partner Local Authorities across Greater Lincolnshire.

### 3. How will the grants be provided?

- 3.1. East Lindsey District Council is responsible for delivering the grants to eligible businesses.
- 3.2. Applicants will **only** be able to apply for this grant via on-line application.
- 3.3. The grant application will be available to eligible businesses between 22nd February 2021 (12:00) and 26th February 2021 (17:00). ELDC may need to close the on-line application ahead of the identified application window closure date should applications exceed the budget allocation identified for this grant. Notification will be made with four hours notice (standard working hours) via this webpage, social media and our Business Newsletter (<https://www.e-lindsey.gov.uk/ebb>)
- 3.4. East Lindsey District Council will announce via Corporate and Social Media communications when the Grant is available for businesses to apply.

- 3.5. Once the application window is closed and/or allocation of funds is fully committed to qualifying businesses, it will not be possible to make any further grants and the scheme will be closed.
- 3.6. Subject to funding, payments will be made to eligible businesses once the application has been validated and eligibility confirmed.
- 3.7. Grant payments will be made within a maximum of five weeks following grant fund closure (see 3.3) – ELDC reserves the right to extend this payment window.
- 3.8. Businesses that are awarded grant funding under the scheme will be paid by BACS transfer when they have provided the Council with their bank account details and evidence of income for the identified periods, and those details have been verified to the Council's satisfaction, following the Guidance provided by Government.
- 3.9. Should an applicant be deemed ineligible by not meeting the requirements of the policy (see point 5), they will be notified by email – ELDC's decision is final and there is no right to appeal.
- 3.10. This scheme is limited to one grant per eligible business.
- 3.11. The ARG Open is a grant, not a loan and will not need to be repaid by eligible parties.
- 3.12. The Council reserves the right to vary the terms of the scheme at any time should it be necessary to do so.

#### **4. Eligibility – who may benefit from the scheme**

- 4.1. This grant is intended for businesses that, although not mandated to close by law during National Lockdown (5<sup>th</sup> January to 31<sup>st</sup> January 2021), were severely impacted by those National restrictions.
- 4.2. A business must meet all of the qualifying criteria that are set out in this guidance to be eligible to receive the grant funding:
  - not required to close by law during National Lockdown (5<sup>th</sup> January to 31<sup>st</sup> January 2021) (see Appendix A for closure legislation); and;
  - able to evidence significant impact to their business in terms of demand and income (equating to a reduction in income of 30% or more, when comparing January 2020 income with January 2021 income).
- 4.3. It is expected that eligible businesses will fall into one of, but not restricted to, the following categories:
  - Businesses operating within the supply chain of those required to close; and;
  - Businesses which can continue to operate but with a significantly reduced demand or loss of income (at least 30% reduction in turnover).
- 4.4. Businesses must demonstrate that they meet the State Aid requirements by completing the declaration that is attached to the application for this Grant.
- 4.5. This grant can be used to support the self-employed, however, must not be used as a wage supplement, rather as a support to the business that the self-employed person runs.

#### **5. Ineligibility**

- 5.1. This grant is not intended for businesses:
  - that were not actively trading on 5<sup>th</sup> January 2021 or have ceased trading or closed during the period 5<sup>th</sup> January to 31<sup>st</sup> January 2021;
  - that cannot evidence that they have been severely impacted in terms of the qualifying criteria;

- that have commenced trading from February 2020 onwards and cannot provide the evidence of loss required;
- 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 B);
- 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;
- that have chosen not to reopen since March 2020.

In addition, the following are not eligible for this grant:

- Any business not based in East Lindsey; and;
- Any business mandated to close by law during National Restrictions in January 2021 (5<sup>th</sup> January to 31<sup>st</sup> January 2021).

## 6. How much funding will be provided to businesses?

6.1. The following grant levels will be awarded (in line with the Local Restrictions Support Grant Open).

Business able to provide evidence of a 30%+ reduction in income, Nov 19 vs Nov 20 that has:	
A rateable value of exactly £51,000 or above:	£2,100
A rateable value of exactly £15,000 and below £51,000:	£1,400
A rateable value of below £15,000:	£934
No rateable value:	£667

## 7. Will the Additional Restrictions Grant Open be subject to tax?

7.1. Grant income received by a business is taxable therefore funding paid under the Additional Restrictions Grant Open will be subject to tax. Only businesses which make an overall profit once grant income is included will be subject to tax.

## 8. What will the process be for a business to access the Additional Restrictions Grant Open?

- 8.1. The application form (including state aid declaration) and guidance will be available on the East Lindsey District Council website with effect from 22<sup>nd</sup> February 2021 (12:00). The scheme will close to new applications on 26<sup>th</sup> February 2021 (17:00) (or sooner if the fund allocation has been committed, see 3.3).
- 8.2. The application form will include gateway criteria, standardised questions, request the upload of a signed letter from your accountant (on headed paper) identifying your income for January 2020 and January 2021 – or, If you do not use an accountant, a copy of your January 2020 and January 2021 business bank account statements (or the primary private bank account used for the business) or certified accounts – only eligible applicants will be able to complete and submit the application form.
- 8.3. Documents used to support evidence of entitlement to a business grant must be uploaded in jpeg, jpg, png, docx or pdf format and be no larger than 5MB.

- 8.4. All applicants will need to complete a declaration to confirm that they are the liable party, their business was not legally required to close, that the business is eligible in accordance with the scheme conditions, to confirm the accuracy of all information within the application form and that receipt of grant complies with State Aid rules.
- 8.5. ELDC is required to account for how it spends public funds. Your personal information will not be shared with any third party other than our data processor or with Central Government or Grant awarding bodies for the purposes of the spend. Your data may be shared for the purposes of re-claiming any grant that you are not entitled to or where there has been any misrepresentation or fraud or where we are permitted or required to share your personal data by law.
- 8.6. If an application is not complete and is awaiting further information, the scheme may be fully committed whilst this takes place. Therefore, it is imperative that all information is provided at point of submission.

### **Managing the risk of fraud**

East Lindsey District Council 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.

The Governments Grant Management and Counter Fraud digital assurance tool, Spotlight, will be used to check pre-payment and post-payment compliance.

By signing the final declaration of the application form you are confirming that all information provided is a true and accurate record and can be used.

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.

**Appendix A**

**[www.gov.uk/government/publications/further-businesses-and-premises-to-close/closing-certain-businesses-and-venues-in-england](http://www.gov.uk/government/publications/further-businesses-and-premises-to-close/closing-certain-businesses-and-venues-in-england)**;

**Appendix B**

**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).