

Harrogate Borough Council
Additional Restrictions Grants (ARG) Scheme
Phase 2

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Definitions

The following definitions are used within this document:

‘Additional Restrictions Grant (ARG)’ means the additional funding provided by Government. Funding will be made available to eligible Local Authorities at the point that national restrictions are imposed or at the point the Local Authority first entered local restrictions;

‘COVID-19’ (coronavirus); means the infectious disease caused by the most recently discovered coronavirus;

‘Department for Business, Energy & Industrial Strategy (BEIS)’; means the Government department responsible for the scheme and guidance;

‘Effective date’; means, for eligibility of the grant, the date of the local restrictions or the date of widespread national restrictions. For the purpose of this scheme the date cannot be before 9th September 2020;

‘Hereditament(s)’; means the assessment defined within Section 64 of the Local Government Finance Act 1988;

‘In-person services’ means services which are wholly or mainly provided by the business to their customers face to face and which **cannot** be provided by other means such as online or remotely by telephone, email, video link, or written communication;

‘Local Covid Alert Level’ (LCAL) means the level of alert determined by Government and Local Authorities for the area. LCALs have three Tiers. Tier 1 (Medium): Tier 2 (High), Tier 3 (Very High) and Tier 4 (Stay at home). For the purposes of these schemes the definitions used are LCAL1, LCAL2, LCAL3 and LCAL 4.

‘Local lockdown’; means the same as **‘Local restrictions’;**

‘Local rating list’; means the list as defined by Section 41 of the Local Government Finance Act 1988

‘Local restrictions’; and **‘Localised restrictions’** means legally binding restrictions imposed on specific Local Authority areas or multiple Local Authority areas, where the Secretary of State for Health and Social Care requires the closure of businesses in a local area under regulations made using powers in Part 2A of the Public Health (Control of Disease) Act 1984 in response to the threat posed by coronavirus and commonly as part of a wider set of measures;

‘Local Restrictions Support Grant Scheme (Closed)’; means the grant scheme which is applicable to businesses forced to close under either LCAL2 or LCAL3;

Local Restrictions Support Grant Scheme (Closed Addendum) Tier 4; means the grant scheme which is applicable to businesses forced to close under LCAL4;

Local Restrictions Support Grant Scheme (Open); means the grant scheme developed by the Council in response to an announcement made by the Secretary of State for Business, Energy & Industrial Strategy made on 22nd October 2020 and which is applicable to businesses that are still open but severely impacted by the restrictions imposed by LCAL2 and LCAL3. It does not apply in LCAL 4;

Local Restrictions Support Grant Scheme (Sector); means the grant scheme which is applicable to businesses that have been required to close on a national basis since 23rd March 2020 due to restrictions being put in place to manage coronavirus. This scheme does not apply in LCAL4

'Rateable value'; means the rateable value for the hereditament shown in the Council's local rating list at the date of the local restrictions;

'Ratepayer'; means the person who will receive the grant will be the person who, according to the Council's records, was the ratepayer liable for occupied rates in respect of the hereditament at the date of the local restrictions;

'State Aid Framework'; means the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak published on 19 March 2020; and

'Temporary Framework for State aid'; means the same as the **'State Aid Framework'**.

1.0 Purpose of the Scheme and background.

- 1.1 The purpose of this document is to determine eligibility for a payment under the Council's Additional Restrictions Grant Scheme (ARG). The Council, as the Business Rates Billing Authority is responsible for payment of these grants.
- 1.2 This discretionary grant scheme has been developed by the Council in response to an announcement made by the Secretary of State for Business, Energy & Industrial Strategy made on 31st October 2020 which sets out the basic circumstances whereby an additional restriction grant payment may be made by the Council to a business which has to close or are severely affected due to localised or widespread national restrictions being put in place to manage coronavirus and save lives.
- 1.3 Whilst the awarding of grants will largely be at the Council's discretion, the Department for Business, Energy & Industrial Strategy (BEIS) has set down criteria which **must** be met by each business making an application.
- 1.4 The scheme applies where local restrictions (LCAL3) are put in place **or** where a widespread national lockdown is announced.
- 1.5 Localised restrictions are legally binding restrictions imposed on specific Local Authority areas or multiple Local Authority areas, where the Secretary of State for Health and Social Care requires the closure of businesses in a local area under regulations made using powers in Part 2A of the Public Health (Control of Disease) Act 1984 in response to the threat posed by coronavirus and commonly as part of a wider set of measures.
- 1.6 National restrictions are nationally binding widespread restrictions imposed by Parliament under legislation. The current national restrictions are made under the Health Protection (Coronavirus, Restrictions) (England) (No. 4) Regulations 2020.
- 1.7 Grants under this scheme will be available for the 2020/21 and 2021/22 financial years only.
- 1.8 No grant shall be paid for any period where the localised or widespread national restrictions were in place prior to 2nd December 2020.
- 1.9 Where any area enters either a localised restriction or where a national restriction applies, additional assistance may be given to businesses under the Council's Local Restrictions Support Grants (Closed) Scheme (as amended).

2.0 Funding

- 2.1 Under the Additional Restrictions Grant Scheme (ARG) provisions, Local Authorities will receive a one-off lump sum payment amounting to £20 per head in each area when local restrictions (LCAL3) or widespread national restrictions are imposed.

- 2.2 Once the Council's area is removed from local restrictions (LCAL3) or widespread national restrictions, no additional funding will be received from Government even if either the local restrictions or widespread national restrictions are re-instated.
- 2.3 The Council been allocated £3,216,620 for Additional Restrictions Grant funding.
- 2.4 The Council has decided that all funding available will be split into three phases as follows:
- **Phase 1** -To support businesses during the current widespread national restrictions (40%);
 - **Phase 2**– to support eligible businesses during period of LCAL 2 and 3 restrictions from 2 December 2020 to 4 January 2021and during the national restrictions in place from 5 January 2021 onwards; and
 - **Phase 3** - To provide general business support schemes (20%).
- The actual allocation may vary, with the decision delegated to Cabinet Member for Resources, Enterprise and Economic Development.

3.0 Eligibility criteria and awards

- 3.1 The Council is able to use this funding for business support activities and Government envisage that this will primarily take the form of discretionary grants although it can be used for wider business support activities.
- 3.2 If Local Authorities use the Additional Restriction Grant for direct business support grants, Government has stated that the same conditions of grant **must** apply as for the Local Restrictions Support Grant (Closed) scheme. However, the Council will have the discretion to alter the amount of funding offered to individual businesses and the frequency of payment.
- 3.3 Government has stated that the Council *may* also consider making grant payments to 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. Government has also stated that the Council may also wish to assist business which are outside of the rating system and which are effectively forced to close.

Eligibility Criteria

- 3.4 To be considered for the scheme the business must:
- be based in Harrogate district;
 - have been trading on the day before the introduction of LCAL 2, LCAL 3, LCAL4 or national restrictions from 5 January 2021;
 - be a micro or small business (including voluntary and community sector organisations) with less than 50 employees.;
 - be able to demonstrate a reduction in income due to impact of the Covid-19 localised or national restrictions;
 - Have fixed ongoing business costs (including but not limited to rent, commercial mortgage, insurance, service charges, but not including staffing costs etc.);

- be unable to access grant support through the LRS (Closed), LRS (closed addendum), LRS (Open), LRS (Sectors) for the period of restrictions

3.5 In addition, the following will be deemed eligible:

- Businesses that supply the following sectors but are not legally required to close
 - Retail;
 - hospitality ;
 - leisure;
 - visitor economy;
 - events.

For example this could include but not limited to; mobile catering, photography, breweries, event management and PR agencies;

- Businesses that are required to legally close due to LCAL3/LCAL4/national restrictions but do not pay business rates, including but not limited to:
 - home based businesses;
 - Bed and Breakfasts that pay Council Tax;
 - businesses occupying shared workspaces.
- Businesses providing ‘in-person’ services that are not legally required to close and have continued to trade but have been negatively impacted as a result of Covid-19 restrictions including but not limited to; essential retail, hairdressers and beauty services, childcare providers, travel and holiday operators, teaching—including sports and fitness lessons;
- Freelance / sole-trader businesses trading before introduction of LCAL 2 LCAL3 LCAL4 or national restrictions from 5 January 2021 that evidence they are not eligible for either SEISS or CJRS (furlough) and can show a reduction in income, as a result of localised/national restrictions; and
- Market traders that registered as a permanent trader with Harrogate Borough Council prior to 2 December 2020

Award Levels

3.6 The grants awarded will be issued as one-off grant per business for the Phase 2 period, the level of grants are as follows:

	LCAL2/ 3/4 restrictions	National lockdown restrictions from 5th January 2021
Business with fixed annual business costs per annum of less than £15,000	Up to £934	£4,000
Business with fixed annual business costs per annum of between £15,000 - £51,000	Up to £1400	£6,000
Business with fixed annual business costs per annum of more than £51,000	Up to £2100	£9,000
Permanent market traders with fixed annual business costs that are legally required to close	Up to £467	£2,000

	LCAL2/ 3/4 restrictions	National lockdown restrictions from 5th January 2021
Permanent market traders with fixed annual business costs that have continued to trade but have been impacted by Covid19 restrictions	Up to £467	£934

Excluded businesses

- 3.7 The following businesses/organisations will not be eligible for an award:
- Businesses in areas outside the scope of the localised restrictions, as defined by Government, and not subject to a widespread national restriction;
 - Businesses that have chosen to close but not been required to, will not be eligible;
 - 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;
 - Businesses that were in administration, are insolvent or where a striking-off notice has been made at the date of the local restriction to widespread national restrictions;
 - Charities and Community Voluntary Sector organisation that have been awarded a grant from the National Coronavirus Community Support Fund.

The Effective Date

- 3.8 The effective date for eligibility is the date of the widespread national or local restrictions. Businesses **must** have been trading on the day prior to national or local restrictions to be eligible to receive grant support.

Who can receive the grant?

- 3.9 Government has stated that the person who will receive the grant will be the person who, according to the Council's records, was the ratepayer in respect of the hereditament at the effective date. Where there is no entry in the rating list for the business, the Council will have discretion to determine who should receive the grant.
- 3.10 Where the Council has reason to believe that the information it holds about the business or ratepayer at the effective date is inaccurate, it may withhold or recover the grant and take reasonable steps to identify the correct ratepayer.
- 3.11 Where, it is subsequently determined that the records held are incorrect, the Council reserves the right to recover any grant incorrectly paid.
- 3.12 Where any business or individual misrepresents information or contrives to take advantage of the scheme, the Council will look to recover any grant paid and take appropriate legal action. Likewise, if any ratepayer is found to have falsified records in order to obtain a grant.

4.0 How will grants be provided to Businesses?

- 4.1 The Council recognises the importance of these grants to assist businesses and support the local economy in responding to the challenges of COVID-19.
- 4.2 Details of how to obtain grants are available on the Council's website:
www.harrogate.gov.uk/business
- 4.3 Applications for Phase 2 will be available on a first come-first serve basis. Applications will be open until 14 February 2021 at 23:59 and will be considered for reopening subject to remaining funding and continuation of restrictions.
- 4.4 The Council reserves the right to reserve supplementary information from businesses to support its assessment of grant applications. This information must be provided within the specified timescale, or the application will be declined.
- 4.5 An application for an Additional Restrictions Grant is only deemed to have been made when a duly completed application form is received and acknowledged via the Council's online procedure.
- 4.6 All monies paid under this scheme will be funded by Government and paid to the Council under S31 of the Local Government Act 2003.

5.0 EU State Aid requirements

- 5.1 Any grant is given as aid under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak published on 19 March 2020. This means that businesses receiving support under these provisions can receive up to €800,000 in aid over three years (being the current and the previous two years).
- 5.2 Any grant awarded is required to comply with the EU law on State Aid. This will involve the applicant declaring to the Council if they have received any other de minimis State aid or aid provided under the EU Commission COVID-19 Temporary Framework.
- 5.3 If the applicant has not received any other de minimis State aid, they are not required to make that declaration to the Council or to complete any declaration statement.

6.0 Scheme of Delegation

- 6.1 The Council has approved this scheme.
- 6.2 Officers of the Council will administer the scheme and the Revenues, Welfare and Customer Services Manager is authorised to make technical scheme amendments to ensure it meets the criteria set by the Council and, in line with Government guidance.
- 6.3 The Head of Finance is authorised to make changes to the scheme in relation to phase timings and the funding allocation for each level.

7.0 Notification of Decisions

- 7.1 Applications will be considered on behalf of the Council by the Revenues and Local Taxation team and the Economy and Transport Team.
- 7.2 All decisions made by the Council shall be notified to the applicant either in writing or by email. A decision shall be made as soon as practicable after an application is received.

8.0 Reviews of Decisions

- 8.1 The Council will operate an internal review process and will accept an applicant's request for a review of its decision. Appeals will only be accepted where a grant is refused. There shall be no appeal in respect of variation of the grant amount specified in the scheme.
- 8.2 All such requests must be made in writing to the Council within 7 days of the Council's decision and should state the reasons why the applicant is aggrieved with the decision of the Council. New information may be submitted at this stage to support the applicant's appeal.
- 8.3 The initial reconsideration application will be undertaken by the Executive Officer for Economy and Transport, Revenues & Income Manager, or the Revenues, Welfare and Customer Services Manager, as soon as practicable and the applicant informed in writing or by email of the decision.

9.0 Complaints

- 9.1 The Council's Complaints procedure, available at www.harrogate.gov.uk/complaints will be applied in the event of any complaint received about the scheme.

10.0 Taxation and the provision of information to Her Majesty's Revenues and Customs (HMRC)

- 10.1 The Council has been informed by Government that all payments under the scheme are taxable.
- 10.2 The Council does not accept any responsibility in relation to an applicant's tax liabilities and all applicants should make their own enquiries to establish any tax position.
- 10.3 All applicants should note that the Council is required to inform Her Majesty's Revenue and Customs (HMRC) of all payments made to businesses.

11.0 Managing the risk of fraud

- 11.1 Neither the Council, nor Government will accept deliberate manipulation of the schemes or fraud. Any applicant caught falsifying information to gain grant money or failing to declare

entitlement to any of the specified grants will face prosecution and any funding issued will be recovered from them.

- 11.2 Applicants should note that, where a grant is paid by the Council, details of each individual grant may be passed to Government.

12.0 Recovery of amounts incorrectly paid

- 12.1 If it is established that **any** award has been made incorrectly due to error, misrepresentation or incorrect information provided to the Council by an applicant or their representative(s), the Council will look to recover the amount in full.

13.0 Data Protection and use of data

- 13.1 All information and data provided by applicants shall be dealt with in accordance with the Council's Data Protection policy and Privacy Notices which are available on the Council's website.