

Chelmsford City Council
Additional Restrictions Grants (ARG)
Scheme with effect from 15 February
2021

Contents

Definitions.....	3
1.0 Purpose of the Scheme and background.....	5
2.0 Funding.....	5
3.0 Eligibility criteria and awards.....	6
Eligibility Criteria.....	6
Award Levels	8
Excluded businesses – both local and national restrictions	9
The Effective Date	9
Who can receive the grant?.....	9
4.0 How will grants be provided to Businesses?.....	10
5.0 State Aid requirements.....	10
6.0 Scheme of Delegation.....	12
7.0 Notification of Decisions.....	12
8.0 Reviews of Decisions.....	12
9.0 Complaints.....	13
10.0 Taxation and the provision of information to Her Majesty’s Revenues and Customs (HMRC).....	13
11.0 Managing the risk of fraud	13
12.0 Recovery of amounts incorrectly paid.....	13
13.0 Data Protection and use of data.....	13

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 LCAL 3 local restrictions;

‘the Council’; means Chelmsford City Council;

‘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 17th October 2020;

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

‘Local Covid Alert Level’ (LCAL) means the level of alert determined by Government and Local Authorities for the area. LCALs have four 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 LCAL4.

‘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 developed by the Council in response to an announcement made by the Secretary of State for Business, Energy & Industrial Strategy made on 9th September 2020 and amended on 9th October 2020 and which is applicable to businesses forced to close under either LCAL3, LCAL4 or where national restrictions are in place;

‘Local Restrictions Support Grant Scheme (Closed) Addendum; means the changes made to the Local Restrictions Support Grant Scheme (Closed) due to widespread nationwide restrictions;

‘National restrictions’; are nationally binding widespread restrictions imposed by Parliament under legislation. The current national restrictions are made under the Health Protection (Coronavirus, Restrictions) (All Tiers) (England) (No. 4) Regulations 2020 (as amended);

‘Ratepayer’; means 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 or widespread national restrictions;

‘State Aid Framework’; means the Covid-19 business grant subsidy allowance established with effect from 4 March 2021 on the basis of the principles set out in Article 3.4 of the Trade and Cooperation Agreement (TCA) with the EU; 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). This scheme consolidates the provisions of the previous Local Restrictions Grant (Open) and Additional Restrictions Grant Schemes, which were in operation until 15th February 2021. 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 (LCAL2) are put in place **or** where a widespread national lockdown is announced.
- 1.5 Grants under this scheme will be available for the 2020/21 and 2021/22 financial years only and only while funds last.

2.0 Funding

- 2.1 Under the Additional Restrictions Grant Scheme (ARG) provisions, Chelmsford has received a sum of £5,152,120 to be utilised during 2020/21 and 2021/22. No further funding is expected. Chelmsford has decided to use £4,595,344 in direct grants to business and £556,776 in wider business support activities.

3.0 Eligibility criteria and awards

- 3.1 The Council will 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 For the purposes of this scheme the Council has decided that the following eligibility criteria must be met in order to receive an Additional Restriction Grant:
- (a) Businesses that were established and trading on the day prior to the introduction LCAL 3-type (Very High) restrictions within the area and which satisfy one or more of the following criteria;
 - (i) Medium, small and micro businesses in the retail, hospitality, leisure and accommodation sectors whose turnover and trade has been severely affected by the localised restrictions on socialising;
 - (ii) Medium, small and micro businesses in the supply chain to the hospitality, leisure and accommodation sectors, where the majority of their trade is with those sectors;
 - (iii) Medium, small and micro businesses in the 'events' sector;
 - (iv) Taxi drivers and proprietors with a current Chelmsford City Council taxi licence, where 'proprietor' means the owner of a vehicle with a licence to operate as a taxi;
 - (v) Business owners/proprietors/directors resident outside the Chelmsford City Council area without a physical business premises within the CCC area will not be eligible for a discretionary grant;
 - (vi) Businesses which have already received a discretionary grant from another local authority will not be eligible for a discretionary grant from Chelmsford City Council, unless they have re-located to Chelmsford subsequent to receipt of that grant. If eligible, payment of ARG from Chelmsford City Council will only cover any appropriate period following the date of such re-location.
- 3.5 In each case, except for taxi drivers and proprietors where the grant is dependent solely upon possession of a current valid Chelmsford City Council taxi licence in respect of each vehicle operated as at 1 February 2021, the business will be required to certify to the council that they have been severely impacted by the restrictions to be eligible for a grant.
- 3.6 The decision as to whether a business has been 'severely affected' will be at the absolute discretion of the Council. In most cases this will be obvious due to the nature of the business. A business in the above sectors will have had to make adjustments which have limited its capacity or customer footfall or its ability to trade normally or trade has severely reduced as a result of restrictions on movement or freedom to assemble. It may be necessary to ask for further information in borderline cases.
- 3.7 Medium, small and micro are defined as follows:

- a medium-sized business has fewer than 250 employees and either a turnover of up to €50 million or a balance sheet total of up to €43 million
- a small business has fewer than 50 employees and either a turnover of up to €10 million or a balance sheet total of up to €10 million
- a micro-business has fewer than ten employees and either a turnover of up to €2 million or a balance sheet total of up to €2 million

3.8 Examples of hospitality, leisure and accommodation (these are not definitive)

Hospitality venues such as cafes, restaurants, pubs, bars, takeaways, coffee shops and social clubs

Leisure and sports facilities such as leisure centres and gyms, swimming pools, tennis and basketball courts, golf courses, fitness and dance studios, climbing walls, archery, driving, and shooting ranges,

Entertainment venues such as theatres, concert halls, cinemas, museums and galleries, casinos, amusement arcades, bingo halls, bowling alleys, skating rinks, go-karting venues, soft play centres and areas, circuses, fairgrounds, funfairs, zoos and other animal attractions, water parks and theme parks, botanical gardens, art galleries (where art is not for sale or hire) and heritage homes

Personal care facilities such as hair, beauty, tanning and nail salons, tattoo parlours, spas, massage parlours, body and skin piercing services, laundrettes and dry cleaners

Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:

- Hotels, Guest- and Boarding Houses
- Holiday homes
- Caravan parks and sites

Businesses involved in the supply chain to the hospitality, leisure, and accommodation sector where more than half the trade is with that sector such as: commercial laundries, wedding planners/photographers, bridal wear, catering, travel agents, boarding kennels and catteries etc

Events businesses – such as wedding planners, trade fair planners, marquee hire

Exclusions to the above eligible categories

Food retailers, including food markets, supermarkets, convenience stores and corner shops

Off licences and licenced shops selling alcohol (including breweries)

Pharmacies (including non-dispensing pharmacies) and chemists

Newsagents

Hardware stores

Building merchants and building services
Petrol stations
Car repair and MOT services
Bicycle shops
Banks, building societies, credit unions, short-term loan providers, savings clubs, cash points, currency exchange services, bureaux de change or any other business transmitting money or representations of money by any means and cheque cashing services
Post Offices
Funeral directors
Dental services, opticians, audiology services, chiropody, chiropractors, osteopaths and other medical or health services, including services related to mental health
Veterinary surgeons and pet shops
Agricultural supplies shops
Storage and distribution facilities, including delivery drop off or collection points, where the facilities are in the premises of a business included in these exceptions
Car parks
Public toilets
Garden centres

Award Levels

3.9 The Council has decided the following grant award levels will be awarded. The Council reserves the right to scale back or stop these awards without notice to ensure that expenditure does not exceed the available funding.

Where the business is shown in the local non-domestic rating list

3.10 The Council has decided that the following awards shall be granted:

- (a) Grants of £934 per 28-day period for businesses occupying hereditaments with a rateable value of exactly £15,000 or under on the date of the commencement of the local restrictions (LCAL2 or LCAL3);
- (b) Grants of £1,400 per 28-day period for businesses occupying hereditaments with a rateable value over £15,000 and less than £51,000 on the date of the commencement of the local restrictions (LCAL2 or LCAL3);
- (c) Grants of £2,100 per 28-day period for businesses occupying hereditaments with a rateable value of exactly £51,000 or above on the date of the commencement of the local restrictions (LCAL2 or LCAL3).

Where the business is NOT shown in the local non-domestic rating list

3.11 In addition to the above, the Council has decided that the following awards will be available to businesses who are not currently shown in the non-domestic rating list, who are able to remain open but who are severely impacted by the restrictions, and which satisfy the eligibility criteria for the award of a grant.

(a) Grants of £934 per 28-day period;

3.12 Eligible taxi drivers only: – a one-off grant of £400 in respect of the period prior to 15 February 2021 (if it has not previously been paid).

Eligible taxi proprietors only: - a one-off payment for the period after 15 February 2021 of:

£1,500 where a proprietor has an existing Chelmsford City Council (CCC) licence for one vehicle as at 1 February 2021;

£3,000 where a proprietor has existing CCC licences for at least two and no more than 5 vehicles as at 1 February 2021;

£6,000 where a proprietor has existing CCC licences for 6 or more vehicles as at 1 February 2021.

Excluded businesses – both local and national restrictions

3.13 The following businesses will **not** be eligible for an award:

(a) Businesses in areas outside the scope of the localised restrictions, as defined by Government and not subject to a widespread national restriction;

(b) Businesses that have chosen to close, but not been required to, will not be eligible;

(c) Businesses which are eligible for Local Restrictions Support (Closed) Grants;

(d) Multiple businesses under control or directorship of the same person(s) at the same address. Only one grant will be payable;

(e) 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; and,

(f) Businesses that were in administration, are insolvent or where a striking-off notice has been made at the date of the local restriction or widespread national restriction.

The Effective Date

3.14 The effective date for eligibility is the date of the widespread national or local restrictions (LCAL3). Businesses **must** have been trading on the first full day of national or LCAL3 restrictions to be eligible to receive grant support.

Who can receive the grant?

3.15 In **all** cases, 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.

3.16 Where the Council has reason to believe that the information it holds about the ratepayer at the effective date is inaccurate, it may withhold or recover the grant and take reasonable steps to identify the correct ratepayer.

- 3.17 Where it is subsequently determined that the records held are incorrect, the Council reserves the right to recover any grant incorrectly paid.
- 3.18 Where any business 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.
- 3.19 Where there is no entry in the rating list for the business, the Council will have discretion to determine who should receive the grant.

4.0 How will grants be provided to Businesses?

- 4.1 Details of how to obtain grants are available on the Council's website: <https://www.chelmsford.gov.uk/business/coronavirus-help-and-guidance-for-businesses-and-employers/grants-for-businesses-affected-by-coronavirus/>
- 4.2 In all cases, businesses will be required to confirm that they are eligible to receive the grants. This includes circumstances where the Council already has bank details for the business and is in a position to send out funding immediately. Businesses are under an obligation to notify the Council should they no longer meet the eligibility criteria for any additional grants.
- 4.3 The Council reserves the right to request any supplementary information from businesses. No grant will be paid where requested information has not been supplied. The judgement as to the suitability or completeness of any supplied information will rest solely with the Council.
- 4.4 An application for an Additional Restriction Grant is deemed to have been made when a duly completed application form is received via the Council's online procedure.

5.0 State Aid requirements

- 5.1 The following scheme rules are to be applied to COVID-19 business grants on the basis of the EU-UK Trade and Co-operation Agreement (TCA).
- 5.2 The below scheme rules should be applied to applicants at the level of economic actor, which is defined as an entity or a group of entities constituting a single economic entity regardless of its legal status, that is engaged in an economic activity by offering goods or services on a market.

- 5.3 There are three subsidy allowances for this scheme set out below: Small Amounts of Financial Assistance Allowance, the COVID-19 Business Grant Allowance and the COVID-19 Business Grant Special Allowance.
- 5.4 **Small Amounts of Financial Assistance Allowance** - Grants may be paid in accordance with Article 3.2(4) of the TCA, which enables an applicant to receive up to a maximum level of subsidy without engaging Chapter 3 of the TCA. This allowance is £325,000 Special Drawing Rights, to a single economic actor over any period of three fiscal years, which is the equivalent of £335,000 as at 2 March 2021. An applicant may elect not to receive grants under the Small Amounts of Financial Assistance Allowance and instead receive grants only using the below allowances available under this scheme.
- 5.5 **COVID-19 Business Grant Allowance** - Where the Small Amounts of Financial Assistance Allowance has been reached, grants may be paid in compliance with the Principles set out in Article 3.4 of the TCA and in compliance with Article 3.2(3) of the TCA under the COVID-19 Business Grant Allowance (subsidies granted on a temporary basis to respond to a national or global economic emergency). For the purposes of these scheme rules, this allowance is £1,600,000 per single economic actor. This allowance includes any grants previously received under the COVID-19 business grant schemes and any State aid previously received under Section 3.1 of the European Commission's Temporary Framework across any other UK scheme. This may be combined with the Small Amounts of Financial Assistance Allowance to equal £1,935,000 (subject to the exact amount applicable under the Small Amounts of Financial Assistance Allowance using the Special Drawing Right calculator).
- 5.6 **COVID-19 Business Grant Special Allowance** - Where an applicant has reached its limit under the Small Amounts of Financial Assistance Allowance and COVID-19 Business Grant Allowance, it may be able to access a further allowance of funding under these scheme rules of up to £9,000,000 per single economic actor, provided the following conditions are met:
- a. The Special Allowance covers only the applicant's uncovered fixed costs incurred during the period between 1 March 2020 and 31 March 2022, including such costs incurred in any part of that period ('eligible period');
 - b. Applicants must demonstrate a decline in turnover during the eligible period of at least 30% compared to the same period in 2019. The calculation of losses will be based on audited accounts or official statutory accounts filed at Companies House, or approved accounts submitted to HMRC which includes information on the applicant's profit and loss;
 - c. 'Uncovered fixed costs' means fixed costs not otherwise covered by profit, insurance or other subsidies;
 - d. The grant payment must not exceed 70% of the applicant's uncovered fixed costs, except for micro and small enterprises (for the purposes of this scheme defined as less than 50 employees and less than £9,000,000 of annual turnover and/or annual

balance sheet), where the grant payment must not exceed 90% of the uncovered fixed costs;

e. Grant payments under this allowance must not exceed £9,000,000 per single economic actor. This allowance includes any grants previously received in accordance with Section 3.12 of the European Commission's Temporary Framework; all figures used must be gross, that is, before any deduction of tax or other charge;

f. Grants provided under this allowance shall not be cumulated with other subsidies for the same costs.

- 5.7 For the avoidance of doubt, grants under the Small Amounts of Financial Assistance Allowance, the COVID-19 Business Grant Allowance and the COVID-19 Business Grant Special Allowance may be combined for a potential total allowance of £10,935,000

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 Director of Finance is authorised to make technical scheme amendments to ensure it meets the criteria set by the Council and in line with Government guidance.

7.0 Notification of Decisions

- 7.1 Applications will be considered on behalf of the Council by the Revenues and Benefits Service.
- 7.2 All decisions made by the Council will be notified to the applicant either in writing or by email. A decision will 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.
- 8.2 All such requests must be made in writing to the Council within 14 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 application will be reconsidered by a senior officer, 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' (<https://www.chelmsford.gov.uk/your-council/have-your-say/complaints/>) will be applied in the event of any complaint received about this 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 will be passed to Government upon request.

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 will be dealt with in accordance with the Council's Data Protection policy and Privacy Notices which are available on the

Council's website. <https://www.chelmsford.gov.uk/your-council/about-our-website/our-privacy-policy-and-privacy-notice/>