

Covid-19 Additional Restriction Grant for Businesses (Discretionary Grant)

November 2020

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1. Introduction and Purpose

On 31 October 2020, the Government announced the introduction of additional support for Local Authorities under national and Local Covid Alert Level 3 restrictions.

See announcement: <https://www.gov.uk/government/news/furlough-scheme-extended-and-further-economic-support-announced>

On 5 November 2020, when new national restrictions were imposed by Government, the Additional Restrictions Grant (ARG) was triggered for all Local Authorities.

Under the ARG, Local Authorities are able to develop discretionary grant schemes to help those businesses which are severely impacted by the restrictions put in place to control the spread of Covid-19 but do not meet the eligibility criteria applicable to the Local Restrictions Support Grant LRSRG.

Full eligibility criteria and grant funding levels for Maidstone Borough Council are detailed below.

2. Which businesses will be eligible for the grant?

The basic idea of the Additional Restrictions Grant is simple – financial support for businesses that were trading immediately before the restrictions and have been required to close or have experienced a significant reduction in income as a result of the national restrictions announced on 31 October 2020.

The following eligibility criteria apply:

- Businesses must be operating in the sector (non-essential retail, hospitality and leisure) that has been legally required to close; occupy a commercial workspace within the borough and be unable to claim financial support through the LRSRG as they are not the business ratepayer for the premises which they occupy; or
- Businesses must receive their primary source of income (over 50%) through the supply of goods or services to the sector (non-essential retail, hospitality and leisure), are not legally required to close but have for the first round of funding experienced a significant loss in income during the period 5th November to 2nd December.

Principles underpinning the scheme:

- The scheme is open to those businesses that occupy commercial workspace on the basis that they are likely to have higher fixed costs.
- Businesses meeting the criteria will be able to make separate applications for every property which they occupy within the borough and from which they carry out their substantive trade.

For the avoidance of doubt, businesses that are in administration, insolvent or where a striking off notice has been made are not eligible for funding under this scheme.

3. How much funding will be provided to businesses?

The amount of the payment to be made to a business is at the discretion of the council.

Subject to demand on the scheme and available funding the council will aim to make awards to businesses where the business has been legally required to close equivalent to the Local Restrictions Grant.

Businesses paying a commercial rent of £15,000 or under will receive a payment of £1,334.

Businesses paying a commercial rent between £15,000 and under £51,000 will receive a payment of £2,000.

Businesses paying a commercial rent of exactly £51,000 or above will receive a payment of £3,000.

Where a business is able to remain open but its primary source of income or trade is through the supply of goods or services to the sector (non-essential retail, hospitality and leisure) and it has experienced a significant loss in income, the council will aim to make awards equivalent to 70% of the Local Support Restriction Grant.

Properties with a rateable value of £15,000 or under will receive a one-off payment of £934.

Properties with a rateable value over £15,000 and below £51,000 will receive a one-off payment of £1,400.

Properties with a rateable value of £51,000 and over will receive a one-off payment of £2,100.

4. Application process

There will be an online application process available through the Council's website, which will be widely publicised to encourage take up.

Applications will allow the Council to undertake pre-payment checks to confirm eligibility and determine how to use its discretion in relation to the appropriate level of grant.

Businesses will be required to certify that they meet the criteria set out within the scheme and provide evidence requested to support their claim. Where evidence is requested and not provided or does not support the claim made the council will retain the right to seek repayment of any grant paid.

Due to the limited funds available there will be a fixed period for applications. Applications for the first round of funding, covering the period 5th November to 2nd December 2020 must be received no later than 2nd December 2020.

Payments will be made week commencing 7th December 2020.

Any applications outside of this period will only be considered in exceptional circumstances. See section 7.

5. State Aid

Following the outbreak of the Coronavirus, the European Commission has approved schemes to aid businesses affected by the Coronavirus outbreak on the basis of their Temporary Framework, including the COVID-19 Temporary Framework scheme for the UK.

All recipients are required to comply with the maximum permitted funding under the relevant State aid rules – EUR 200,000 over three years under the De Minimis Regulation, or EUR 800,000 under the COVID-19 Temporary Framework for UK Authorities. The De Minimis aid and the Temporary Framework can be combined to bring the aid per company to up to €1 million.

Any aid provided under this scheme will be relevant if you wish to apply, or have applied, for any other aid granted on the basis of the European Commission's Temporary Framework. You will need to declare this amount to any other aid awarding body who requests information from you on how much aid you have received.

Aid may be granted to undertakings that were not in difficulty (within the meaning of Article 2(18) of the General Block Exemption Regulation³) on 31 December 2019, but that faced difficulties or entered in difficulty thereafter as a result of the COVID-19

This undertaking in difficulty test does not apply to small and micro undertakings (less than 50 employees and less than EUR 10 million of annual turnover and/or annual balance sheet) unless they are subject to insolvency proceedings, have received rescue aid that has not been repaid, or are subject to a restructuring plan under State aid rules.⁵

Please contact the council for further advice if you believe that either state aid limitations or the undertaking in difficulty may apply to your business.

6. Decision making and review of decisions

No grant will be paid without an application being made.

In the interests of efficiency, the authority to consider applications is delegated to the Head of Economic Development and Regeneration, who will ensure that a decision is notified by email as soon as is reasonably practical after the application period closes.

Any request for review of a decision to award or not award a grant or against the level of grant must be made within 7 days of notification of the decision by email.

Authority to consider reviews or any application received beyond the deadline of the 2nd December is delegated to the Director of Finance and Business Improvement who will notify the applicant of the final decision in writing within 7 days with a full explanation of the reasons for the decision.