

## **Cheshire West Covid-19 financial support for businesses - Additional Restrictions Grant (Autumn 2021)**

### **Policy note**

This document supersedes all previous policies referring to the Additional Restrictions Grant and enables Cheshire West and Chester council to specify the use of the Additional Restrictions Grant allocation and be agile in making future policy decisions to support those business sectors significantly affected by the impact of the pandemic. The policy is effective in respect of applications received between 4<sup>th</sup> October and 1<sup>st</sup> November 2021.

### **Background**

1. The Government has provided local authorities with Additional Restrictions Grant funding to enable them to continue to support their local economies through the impact of the Covid-19 pandemic. To date, the council has awarded almost £10m in additional restrictions grant funding directly to businesses that were forced to close or had been otherwise significantly impacted.
2. The council was awarded a top-up to its Additional Restrictions Grant funding of £2.6m. This funding will be used to support business recovery and wider, long-term business support as the country moves out of the pandemic. It is proposed that an indicative allocation of £500,000 (a proportion of the Additional Restrictions Grant allocation is assigned for the continued recovery of businesses.

### **Policy**

3. The Additional Restrictions Grant allocation funding will be used to support businesses that fall into one of the following categories:
  - Businesses that have had to close for a period of more than three consecutive days or three occasions over a four-week period as a result of staff needing to self-isolate up to a maximum of 10 days.
  - Businesses that were impacted by the extended period of restrictions during July 2021

- Businesses that continue to be significantly financially impacted by the continued impact of pandemic restrictions and that fall outside the above two categories

## **Businesses closed due to staff self-isolating**

4. Eligible businesses will receive up to \*£200 per day they were closed up to a maximum of £2000 irrespective of their rateable value. Evidence of closure for each period will be required to validate applications.

\*The above amount may reduce if demand is high.

## **Businesses impacted by the extended period of restrictions and those financially impacted by the continued impact of pandemic restrictions**

5. One off lump sum payment will be awarded to businesses and will be based on a business's rateable value. These amounts will be:
  - Up to £1,500\* for rateable values of £15,000 and under
  - Up to £3,000\* for rateable values over £15,000 but under £51,000
  - Up to £5,000\* for rateable values of £51,000 and over.
6. Where a business meets the criteria but does not have a rateable value a one off lump sum payment of up to £1,500\*
7. Evidence of financial/business impact will be required to validate applications.

\*The above amounts may be reduced if demand is high

## **Other businesses**

8. One off lump sum payment will be awarded to businesses and will be based on a business's rateable value. These amounts will be:
  - Up to £1,500\* for rateable values of £15,000 and under
  - Up to £3,000\* for rateable values over £15,000 but under £51,000
  - Up to £5,000\* for rateable values of £51,000 and over.
9. Where a business is successful for a grant but does not have a rateable value a one off lump sum payment of up to £1,500\*

\*The above amounts may be reduced if demand is high.

## **Eligibility**

10. In order to be eligible for an award under this policy the business must be actively trading.
11. Businesses that are in administration, insolvent or have been issued with a striking-off notice are not eligible for funding.
12. Businesses that have already received grant payments that equal the maximum permitted levels of subsidy will not be eligible to receive funding.
13. Only businesses located within the Cheshire West and Chester Council boundary can apply for a grant under this policy.
14. Businesses must apply to the Council via an online form and provide the evidence required in order to be considered for a grant payment.

## **General conditions relating to all awards made from the Additional Restrictions Grant**

### **Grant payments**

15. All organisations will be contacted by the Council by phone or email to advise of the outcome of their application. This will state that by accepting the grant payment, the business confirms that they are eligible for the grant scheme and that any payment accepted will comply with subsidy allowance requirements.
16. The council will make all successful grant awards by direct credit transfer and it is important that organisations/businesses supply their bank account details as part of the application process.
17. Only one award will be made under this Additional Restrictions Business Grant policy to ensure that the council can support as many businesses as possible with limited funding.

18. If a business is awarded a grant through this scheme, it does not prevent them from applying and receiving other support that may be available through future policies.

### **Protecting the public purse**

19. The 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.

20. We will work with government and other councils in identifying and sharing good practice, including protecting eligible businesses which may be targeted by fraudsters pretending to be central or local government or acting on their behalf.

21. We will use the information provided to assess applications for financial support. We may share the information provided with other organisations/agencies to confirm information, bank account validity and identity and for the detection and prevention of crime.

22. All applications will be subject to pre and post payment checks.

### **Appeals**

23. If a business is unsuccessful in their application for a grant under this policy an appeal can be made to the Council. Representations must be made in writing, within 14 days of a decision notice, providing additional supporting evidence and details of why the business disagrees with the decision made.

24. The appeal will be considered by the Head of Economic Growth who will respond, in writing, within 14 days. The decision made by the Head of Economic Growth will be final and no further appeals rights will be offered.

### **Subsidy allowance**

25. The EU State aid rules no longer apply to subsidies granted in the UK following the end of the transition period, which ended on 31 December 2020. This does not impact the limited circumstances in which State aid rules still apply under the Withdrawal Agreement, specifically Article 10 of the Northern Ireland Protocol. The United Kingdom remains bound by its international commitments, including subsidy obligations set out in the Trade and Cooperation Agreement (TCA) with the EU. BEIS Guidance for public authorities explaining the subsidies chapter of the TCA, World Trade Organisation rules on subsidies, and other international commitments can be found here: <https://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities>
26. On Thursday 4 March new subsidy allowances were established for the COVID-19 business grants schemes, based on the principles set out in Article 3.4 of the TCA. From this date there are three subsidy allowances for COVID-related business grant schemes set out below: Small Amounts of Financial Assistance Allowance, the COVID-19 Business Grant Allowance and the COVID-19 Business Grant Special Allowance.
27. The below scheme rules apply 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.

### **Small amounts of financial assistance allowance**

28. Grants may be paid in accordance with Part 2, Title XI, 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 was 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.

### **COVID-19 Business grant allowance**

29. 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 Part 2, Title XI, 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).

### **COVID-19 Business grant special allowance**

30. 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

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

31. An applicant must be able to provide the necessary documentation to demonstrate it is eligible for funding under this COVID-19 Business Grant Special Allowance.

32. Grants provided in excess of the Small Amounts of Financial Assistance Allowance may not be granted to applicants that were defined as an 'undertaking in difficulty' on 31 December 2019. In derogation to the above, grants can be granted to micro or small enterprises (as defined above) that were already in difficulty on 31 December 2019 provided that they are not subject to collective insolvency proceedings.