

FAREHAM

BOROUGH COUNCIL

Additional Restrictions Grants (ARG) Scheme: Tranche 1 Grants to Businesses (ARG-T1)

INTRODUCTION

In response to the Coronavirus 4-week National Lockdown, ending on 02/12/2020, which was announced on 31/10/2020, the Government also announced there would be funding provided to Local Authorities to support businesses in their areas. The Additional Restrictions Grants Scheme (ARG) was announced alongside the Local Restrictions Support Grant.

ARG funds have been made available to support local economies and businesses that have been adversely impacted by imposed national restrictions. Local Authorities, however, have the discretion to determine how much funding to provide businesses and which businesses to target

Fareham Borough Council will receive £2,324,660 in funding for the ARG scheme. It has been stated that no additional funds will be awarded within the 2020/21 and 2021/22 financial years.

Section 1 of the Localism Act 2011 provides all local authorities with the vires to make these payments.

Fareham Borough Council has adopted a set of principles which underpin how the ARG funds will be used. The table below shows that the funds will be allocated into two tranches, and a wider support scheme. There may be some movement of funding between the parts depending on the level of take up.

| Part of Scheme | Time period | % of Funding Allocated | Value of Funding |
|--|-----------------|------------------------|-------------------|
| First Tranche of Grants to Businesses | Dec 20 - Feb 21 | 40% | £929,864 |
| Second Tranche of Grants to Businesses | Jan 21 - Mar 21 | 40% | £929,864 |
| Wider Support Schemes | Apr 21 - Mar 22 | 20% | £464,932 |
| | | | £2,324,660 |

This document covers the First Tranche of Grants to Business. It is supplemented by the Markets Traders Reimbursement Scheme which is covered by a separate document.

TRANCHE 1 - GRANTS TO BUSINESSES SCHEME (ARG-T1)

This grants scheme will commence on Monday 14th December 2020 and will run until the end of February 2021.

The aims of this scheme are to provide support to businesses (including charities, non-profit organisations, community interest companies or similar organisations) in the Borough of Fareham who have been affected by the 4-week National Lockdown, ending on 02/12/2020, but who are not eligible for the Local Restrictions Support Scheme (Closed) Addendum. The ARG-T1 Scheme covers the following 3 eligible groups:

- Businesses operating from rateable properties not eligible for the Local Restrictions Support Grant (Closed) Addendum who have suffered as a result of the National Lockdown.
- Businesses operating in a commercial non-Rateable Property (including shared office spaces), who have suffered or been forced to close as a result of the National Lockdown.
- Businesses operating from a domestic property, who have suffered or been forced to close as a result of the National Lockdown, and who will have not been eligible for previous grant schemes.

Cost of the Scheme

ARG funding totalling £909,864 has been set aside for this Scheme, and £20,000 has been set aside for the Markets Traders Reimbursement Scheme (total £929,864).

How much Grant will be paid under the ARG-T1 Scheme?

These grants will be given on a sliding scale, in line with various criteria.

Criteria 1: For all eligible businesses operating in a Rateable Property (a Rateable Property is one in which the business or the owner of the business received a Non-Domestic Rates notice before 04/11/2020), who have suffered as a result of the National Lockdown and are not eligible for the Local Restrictions Support Grant (Closed) Addendum

| Rateable Value (on 04/11/2020) | Amount (up to) |
|---------------------------------------|-----------------------|
| £15,000 or less | £1334 |
| Over £15,000 and less than £51,000 | £2000 |
| £51,000 or more | £3000 |

Criteria 2: For all eligible businesses operating in a commercial non-Rateable Property (including shared office spaces), who have suffered or been forced to close as a result of the National Lockdown

Grant awarded: Up to £1334

Criteria 3a: For all eligible businesses operating from a domestic property, who have suffered or been forced to close as a result of the National Lockdown, and previously received the Local Authority Discretionary Grant.

Grant awarded: Up to £1334

Criteria 3b: For all eligible businesses operating from a domestic property, who have suffered or been forced to close as a result of the National Lockdown and did not receive the Local Authority Discretionary Grant.

Grant Awarded: Base grant of up to £1334 plus top up of up to £2,500

For the avoidance of doubt, only a single grant under one of the criteria: 1, 2, 3a, 3b may be awarded to any business.

Who is Eligible for the ARG-T1 Scheme?

Market Traders in the Borough of Fareham are not eligible for this scheme, they are to be considered under the specific Market Traders' Scheme ARG-T1M. Details are available separately.

To be considered for funding the business must meet the following criteria:

a) Not eligible for Fareham Borough Council's Local Restriction Support Grant (Closed) (LRSG(C) Addendum) announced on 10/11/2020

Businesses eligible for LRSG(C) Addendum grants would include businesses in rateable properties who were forced to close, or had to change their substantive business (e.g. a restaurant which served sit down meals, and became take-away only) in the National Lockdown which ended on 02/12/2020. Any eligible business should apply for the LRSG(C) grants.

b) Be an Active Business

The business must:

- Be a business which was established before 01/09/2020

- Have a minimum annual turnover of £10,000 (charities, non-profit organisations, community interest companies or similar organisations are exempt from turnover related eligibility criteria)
- This turnover must be received through sales of products or services. Revenue or income from grants/sponsorship/daughter or parent companies/businesses owned by key stakeholders etc. will not be considered.
- Business entities which may be recognised legally but exist as holding companies for property/assets/other companies etc. are not eligible.
- Have been open and trading on 04/11/2020
- Not be dormant.
- Not be in liquidation, administration, insolvent or had a striking-off notice registered.

c) Must have employees/staff

- The business must pay the staff through PAYE. If the staff received their income through dividends only, it is acceptable to class them as employees, provided they directly deliver goods/services (for example, they are a shop-keeper who predominantly works in the shop).
- To avoid confusion: companies which are investment/holding companies rather than trading companies are not eligible, even if they do have staff.
- The definition of 'staff' can include volunteers if the organisation is a charity, non-profit organisation, community interest company or similar.

d) Occupy at least one trading location in the Borough of Fareham

Certain types of location are excluded, the list which follows is not exhaustive: car parks, properties used for storage units, commercial properties used for domestic purposes.

A single payment per business will be made. For businesses which occupy more than one Rateable Property, the payment will be based on the property with the highest rateable value.

e) Demonstrate Impact of National Lockdown Nov – Dec 2020

If the business was not forced to close, it must be able to demonstrate a loss of income or increased costs of at least 15% when comparing November 2020 income to November 2019.

If the business cannot demonstrate a loss of 15% compared to November of the prior year, they need to explain how they have suffered an adverse impact of the lockdown e.g. based on realistic growth projection or that they were not trading. Additional information may be required to confirm this position

The amount of grant awarded will not exceed the loss.

The Business must not have cash reserves which represent more than 6 months turnover.

f) Must not exceed state aid limits (see state aid limit below)

Applying for a Grant

Applicants must complete an application form which will be available on the Council's website for the period that the scheme is open for applications. The Council reserves the right to make further enquiries to clarify or confirm the information provided in the application.

Assessment and Prioritisation of grants

All relevant applications will be assessed, and the grant recommended for award if approved. The Council reserves the right to close the ARG-T1 scheme if it is likely to become oversubscribed, in which case grants will be awarded on a first come basis. An application is considered 'complete' when all required information has been provided.

The fund is limited therefore once the fund has been used there will be no additional grants paid. A further round of applications may be offered until the funding limit is reached if, following the first round of applications, the funding has not been fully utilised. Applications received after the first round will be first in line if a subsequent round is opened. Alternatively, surplus funds may be allocated to another tranche which falls under the wider ARG criteria.

The Council reserves the right to change the criteria of the scheme, including the amount of the grant, if it is likely to become oversubscribed or it becomes clear that the scheme may result in payments that were not intended.

The Council also reserves the right to use its discretion when assessing applications, where the principles of the scheme are being met but particular details of the scheme are preventing payments to businesses which the Council intended the grants scheme to help. However, there is no discretion over the maximum amount of the grant which can be awarded and the decision to use discretion for any application will be agreed by at least 2 authorising officers.

Award of grant

All applications will be reviewed against the eligibility criteria and checked against information provided. All applicants will be contacted to be informed if grant has been awarded or declined with an explanation.

Only one grant per business will be awarded regardless of the number of properties they occupy.

Payment of grant

All payments will be made via BACS (as soon as practicable) and the business must provide bank details for payment, including proof that the account is related to the business.

Tax

Grant income received is taxable therefore funding paid under any Local Authority discretionary grant should be declared for tax purposes.

State Aid

The United Kingdom left the EU on 31 January 2020, nonetheless under the Withdrawal Agreement the State aid rules continue to apply during a transition period, subject to regulation by the EU Commission. Fareham Borough Council must be satisfied that all State aid requirements have been fully met and complied with when making grant payments, including, where required, compliance with all relevant conditions of the EU State aid De-Minimis Regulation, the EU Commission Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, the approved COVID-19 Temporary Framework for UK Authorities, and any relevant reporting requirements to the EU Commission.

Fareham Borough Council have a discretion to make payments to eligible recipients under either the De Minimis rules or the COVID-19 Temporary Framework for UK Authorities (provided all the relevant conditions are met).

Business Grants are considered as State Aid.

State Aid is the financial support given by the State to businesses, however there is an exemption that will allow the award of State Aid providing the value is below a “de minimis” level (currently €200,000 over a 3 year period).

If the applicant has reached this de minimis level, they may still be eligible for funding under the [COVID-19 Temporary Framework](#), the limit for this framework is €800,000. Applicants will be asked to confirm that they are not an ‘[undertaking in difficulty](#)’ and that the grant award will not exceed the relevant State Aid thresholds:

Fraud

The council will not accept deliberate manipulation and fraud - and any business caught falsifying their records to gain grant money may face prosecution and any funding issued will be subject to claw back, as may any grants paid in error.

All applicants’ information will be shared with the Government Grants Management team to enable any fraud to be identified. The council will use tools available to confirm accuracy of applications and submitted data.

Applicants will need to make declarations within their application, any application received without the declarations complete will be rejected.

Transparency

The Council reserves the right to publicise the names of businesses helped through this scheme.

Appeals

There are no further appeals rights for the grant, the Council's decision is final, however, we will review our decision if it is clear that an error was made in processing an application