

Local Restrictions Support Grant(Sector) – LRSG(S) Policy

January 2021

Reflecting government guidance released 3rd November 2020 and updated for revised guidance released on 9th December 2020, 24th December 2020 and 14th January 2021. This document sets out both the policy for the distribution of LRSG(S) for businesses operating from premises within the London Borough of Hounslow. The dates for the periods this grant is available will be detailed on the Council website aligned to the funding confirmed by government.

Payable to businesses that have been required to close due to national restrictions imposed on 23rd March 2020 and have not been able to re-open as a result of regulations made under the Public Health (Control of Disease) Act 1984 will be eligible to receive grant funding. Payments will be made for each 14-day period of closure from 1 November 2020 and will not be backdated. The grant will be paid from 1 November to 4 November.

Eligible businesses are:

- a. Nightclubs, dance halls, and discotheques
- b. Sexual entertainment venues and hostess bars

Businesses occupying hereditaments appearing on the local rating list on the date of the commencement of the local restrictions will be entitled to grants per 14-day qualifying restriction period as follows:

- RV of exactly £15,000 or under will receive a payment of £667;
- RV over £15,000 and less than £51,000 will receive a payment of £1,000;
- RV of exactly £51,000 or above will receive £1,500;

The grant values shown above are for 14 day restriction periods. Grant values will be prorated by day for periods other than 14 days. Periods will be adjusted to reflect the restriction periods the Government provides funding to support the payment of grants to businesses.

Businesses may receive more than one grant where they have more than one eligible hereditament.

Where a business is entitled to receive LRSG(S) for consecutive periods, businesses will be asked to advise if there has been any change to their circumstances which impact on their entitlement. Businesses will be paid grants for subsequent periods unless they advise the business is no longer eligible. The London Borough of Hounslow reserves the right to require any business to provide evidence to support the payment of grant for additional periods of restrictions both in advance of and after payment has been made. If the LRSG(S) has been claimed for a period immediately preceding a period of Tier 4 or national restrictions businesses will be notified of the actions they need to take to access the Local Restrictions Support Grant (Closed) (LRSG(C)), where sufficient information is available businesses will not be required to complete a new application.

Business in the categories listed as eligible businesses for the LRSG(S) will not be eligible if they have re-purposed their business and as a result been able to open, for example changing their business from a nightclub to a bar.

Interaction between different grants

For the avoidance of doubt, when national or Tier 4 restrictions are imposed by Government and businesses are mandated to close to manage the spread of coronavirus, then Local Restrictions Support Grant (Open) (LRSG(O)) and LRSG(S) will cease to apply, and LRSG(C) will apply. Additional Restrictions Grant (ARG) will remain available to businesses that are not liable for business rates and businesses liable for business rates not required to close.

Businesses will only be entitled to claim one of the grants in any period even if they meet the criteria of more than one of the grants in that period, businesses will be awarded the grant they apply for if the application is approved.

State Aid applies to all grants

Subject to State aid limits, businesses will be entitled to receive a grant for each eligible property per period of restrictions that require them to close or otherwise entitle the business to a grant. Some businesses may receive more than one grant where they have more than one eligible property. Businesses will be required to confirm that by receiving the grant they will not be breaching the state aid limits.

Other exclusions and general requirements for all grants

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

Where the funding provided by Government is limited grant applications will be considered in the order they are received and once the funding provided by Government has been awarded to businesses in full no further grant payments will be approved from payment by the Council. Applications for grants with limited funding will be closed when it becomes reasonably certain that all available funding will be distributed.

Recipients of the grants for the occupier/ratepayer are advised that the grant may be liable for recovery if the recipient was not the occupier on the eligible day. Some businesses outside the business rate system may also receive grants and may also be liable for recovery if after payment it transpires that the business did not meet the required criteria for the grant.

Any changes to the rating list after the first full day of localised restrictions and business closures regulations came into force including changes which have been backdated to this date, will be ignored for the purposes of eligibility. Grants will not be adjusted, paid or recovered where the rating list is subsequently amended retrospectively to the date that local restrictions began. In cases where it was factually clear on the local restriction date that the rating list was inaccurate on that date, grant maybe withheld and/or awarded based on the Council's view of who would have been entitled to the grant had the list been accurate. This discretion is only intended to prevent manifest errors.

Only businesses with business premises within the London Borough of Hounslow will be eligible for grant payments from the London Borough of Hounslow.

Applicants for grants will be required to provide evidence to confirm the bank account into which the grant will be paid, this will should unless agreed by exception be an account in the name of the business applying for the grant.

Where there is more than one liable party per property the grant will be awarded to the ratepayer who bears the business rate liability. In the unlikely event that an unincorporated association are jointly liable for ratepaying in a business mandated to close, then the hereditament will be eligible for one grant. The payment will be determined by the Head of Revenues & Benefits or the Assistant Director Commercial and Projects on a case-by-case basis.

Where applicants are required to demonstrate a reduction in income this will be assessed based on income per the bank statement between the period to which the claim applies and either the equivalent period immediately before the period being claimed for or the equivalent period for previous year. A business will be able to submit a claim for the period from 5th November 2020 to 2nd December 2020 by comparing income from the period of 8th October 2020 - 4th November 2020 to 5th November 2019 - 2nd December 2019. Applicants will need to provide bank statements covering the periods and will be able to highlight transactions which do not relate to business trading income such as receipt of a loan, Coronavirus Job Retention Scheme grants, it will be at the total discretion of the Council to determine if these transaction are to be excluded from the calculation of reduction in income.

If local restrictions are applied to areas of the borough only businesses with premises in those areas will be eligible for grants for those periods.

Grant income received by a business is taxable therefore funding paid under any of the grants covered in this policy will be subject to tax. However, only businesses which make an overall profit once grant income is included will be subject to tax.

If insufficient evidence is provided with the initial application a request for additional information will be made with a 2 day window for responses. Applicants will be allowed a 2nd opportunity to provide additional information if the initial response is still not sufficient. If there is no response or the additional information is still not sufficient to support the application, it will be rejected.

The council will not accept applications made by third parties or agents on behalf of businesses.

Businesses which satisfy the criteria of the grant policy but do not apply for a grant will be considered to have declined the grant. Businesses must apply for grants relating to specific periods of closure within 28 days of the relevant period of restrictions ending.

Businesses will be required to confirm that they comply with the scheme conditions, for example that they did not fall within the definition of an undertaking in difficulty on 31 December 2019 (excluding small and micro businesses - less than 50 employees and less than EUR 10 million of annual turnover and/or annual balance sheet). An 'undertaking in

difficulty' is defined as an undertaking in which at least one of the following circumstances occurs:

- a. In the case of a limited liability company (other than an SME that has been in existence for less than three years), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital.
- b. In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses.
- c. Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.
- d. Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan.
- e. In the case of an undertaking that is not an SME, where, for the past two years:
 - i. The undertaking's book debt to equity ratio has been greater than 7.5; and
 - ii. The undertaking's earnings before interest, tax, depreciation and amortisation (EBITDA) interest coverage ratio has been below 1.0.

For grants which apply during periods of restrictions, the business must have been trading on the day prior to the restrictions being imposed.

Application Process

There are few businesses known to meet this criteria, the Council will contact known businesses and provide instructions about how this grant can be accessed. There will not be a web application form for this grant. Where a business is entitled to receive Covid 19 business support grant for consecutive periods businesses will be notified of the actions required to receive grant for these additional periods.

The list below shows the evidence that will be acceptable. Please note, this list is exhaustive and other forms of evidence will not be accepted other than in exceptional circumstances.

Grants will only be paid where all eligibility criteria have been suitably evidenced.

Criteria	Acceptable evidence
The business must be able to confirm that they are closed due to a national decision to close	Any evidence required to confirm the business has been closed as a result of national

Criteria	Acceptable evidence
businesses in a high incidence area.	restrictions will be notified on webpages and the online application form if required
The business must be trading as a partnership or Limited Company registered at Companies House, a charity, sole trader or partnership.	Companies House listing or if not listed at Companies House one of:- Evidence of VAT or other HMRC registration A copy of the partnership agreement Copy of a recent invoice to a customer
The business must have a principle trading address within the London Borough of Hounslow administrative area.	Business Rates Account number or where a business premises not on the business rates list, then:- A copy of the lease, licence or mortgage for your premises showing the premises address and annual cost. Where these are not dated after 1 st January 2020 additional evidence of payments from bank statements or invoices or statements from the lessor, licensor or mortgage provider dated within 3 months of the date of application. Leases or licences must be for a period of at least 12 months in total which includes the full period of local restrictions for which the grant is being paid to determine the annual cost. Where costs related to a residential property evidence may be required to confirm the property is used for your business to provide direct in-person services through, for example, your insurance, your mortgage or lease arrangements, your tax return, or any licenses or planning approvals. The annual value of the property costs will be used to determine the value of the grant to be awarded.

Note that a single piece of evidence may be used to demonstrate more than one criterion.

Applicants will be required to make a declaration of compliance with State Aid regulations these may need to be reconfirmed if local restrictions extend beyond an initial 3 week period prior to grants being paid for additional 3 week periods.

Determination of applications

Applications will be considered by a dedicated review team with a recommendation made to a senior officer for approval. The process will be to review the information disclosed in the application and confirm the evidence provided supports the disclosures.

Any award will be at the absolute discretion of any of the following.

1. Head of Revenues & Benefits
2. Assistant Director Commercial and Projects

There is no statutory right of appeal against a decision regarding discretionary grants made by the Council. Any challenge will be determined by the Executive Director Finance and Resources and their decision will be final.

Combatting fraud

In order to ensure that the grant is not subject to potential abuse, all submitted applications will require a statutory declaration of truth, a statement regarding data processing and a recovery of funds statement. This declaration allows for the council, through the Corporate Anti-Fraud Team, to carry out pre-payment checks in order to give greater assurance that the funds are being claimed correctly. Furthermore, the declaration carries warnings which further allow the Council to consider taking criminal action against persons who have been found to have deliberately made false applications for the funding. It also allows for the recovery of funds which have been paid which should not have been.

The Award

As funding is limited, it will be awarded to eligible businesses on a first-come-first-served basis, determined by the date and time of the application submission. The Council cannot commit to funding eligible businesses once all available Government funding has been allocated.

Applications will be processed on receipt in the order they are submitted. Successful applications will receive payment by BACS only.

Successful applicants will be notified upon confirmation of all verification checks being completed and provided with an indication of when they can expect to receive payment.

Applications will be closed when the funding allocation is estimated to have been utilised, this will allow time to administer the applications received first. If further funding becomes available as the Government extends the scheme or some applications received are not valid there will be a subsequent window for applications. This process may be repeated if funding allows.