

Southampton City Council

Additional Restrictions and Local Restrictions Support Grant (V2- Open) Policy

Summary:

1. This policy describes how Southampton City Council will administer the Additional Restrictions and Local Restrictions Support Grant (LRSNG).
2. The Additional Restrictions scheme will provide support to eligible businesses from January 2021.
3. Grants awards will **ONLY** be made to any eligible SMEs based in Southampton, can evidence fixed monthly business overheads, evidence a loss of income over 12 months, evidence property costs and provide a company number (**being registered at Companies House**), a Business Rates (NNDR) reference number or a Council Tax reference number.
4. Both schemes are intended to support certain businesses that are still open (or closed given a national lock-down), however with trading having been severely impacted by local tiers, restrictions or national lock-down restrictions. Businesses that were mandated to close from 5 January 2021, with higher overheads, will be prioritised under these schemes.
5. Hospitality, hotel, bed & breakfast and leisure businesses having successfully applied to the Local Restrictions Support Grant already, having been mandated to close from 5 November to 2 December, **will not need to resubmit**. Ongoing payment arrangements will apply for the duration of the Tier 3, Tier 4 or national lock-down restrictions.
6. The Additional Restrictions scheme will supplement support provided through the Local Restrictions Support Grant (LRSNG - Open) and support the local supply chain to the hospitality and cruise industries. Businesses in the events sector and other local priorities will be supported as a priority.
7. To ensure fairness, payments under the Additional Restrictions scheme **will not exceed** those made to businesses mandated to close from 5 January 2021 and under Local Restrictions Support Grant (Open), unless 'lock-down' restrictions persist.
8. One-off or increased value payments may also be made under the Additional Restrictions scheme during a national lock-down to ensure a degree of parity with any LRSNG (Closed) payments, budget permitting.
9. Specific support will be provided under the Additional Restrictions scheme to some businesses outside of the business rates system, based in commercial premises - namely businesses with-in large retail spaces, market traders and businesses in co-working spaces.

Background:

10. On Monday 23 November, the Government's COVID-19 Winter Plan was published, with changes announced to the local restrictions tier system. Southampton and all other areas in the UK are in national lock-down restrictions until at least 8 March 2021.
11. Localised restrictions are legally binding, being imposed on specific Local Authority areas where the Secretary of State for Health and Social Care uses powers in Part 2A of the Public Health (Control of Disease) Act 1984, in response to the threat posed by coronavirus.
12. The purpose of these schemes are to support those businesses that have been most impacted by to local restrictions, with fixed commercial costs and overheads, to encourage recovery and continuing employment as the 'lock-down' measures are eased.

13. In the event of renewed widespread national 'lockdown' restrictions being imposed, the Local Restrictions Support Grant (Open – V2) will cease to apply and be replaced by the previous 'lock-down Addendum' scheme. The Additional Restrictions scheme may also need to be modified.
14. In the event of Southampton moving national lock-down restrictions to the previous tier status both schemes will be reassessed. The Additional Restrictions scheme is a limited resource and may have to close and new priorities published, when national lock-down measures are eased. Budget permitting payments under the scheme may continue to support the initial recovery phase in 2021.

General eligibility criteria

15. The Local Restrictions Support Grant (Open) will **only provide support to hospitality, hotel, bed & breakfast and leisure sector businesses liable for business rates (NNDR)**.
16. Hospitality, hotel, bed & breakfast and leisure businesses having successfully applied to the Local Restrictions Support Grant already, having been mandated to close from 5 November to 2 December, and then on 5 January 2021, **will not need to resubmit**. Ongoing payment arrangements will apply for the duration of the local restrictions. The LRS (Open) scheme may close. A 'Closed – Addendum' scheme will apply during national lock-down restrictions and with eligibility assessed on a 14 day cycle rather than the previous 28 days cycle.
17. **Under the Additional Restrictions scheme the following businesses will be eligible for support;**
 - Businesses in the events and conference industry liable for business rates (NNDR);
 - Local suppliers of goods to the hospitality sector that are liable for business rates (NNDR);
 - Non-essential retailers outside of the business rates system, based in commercial premises;
 - Non-essential retailers, liable for business rates, having received a payment under the closed LRS scheme (to 2 December);
 - Direct suppliers of goods and services to the cruise industry that are liable for business rates;
 - Market traders operating on licenced markets in Southampton;
 - Live music venues liable for business rates (NNDR);
 - Businesses in co-working spaces that have been closed during the second 'lock-down' that and that are not liable for business rates (NNDR);
 - Essential suppliers to local schools that are liable for business rates (NNDR);
 - Businesses located in community or cultural facilities that are not liable for business rates;
 - Limited companies, registered at Companies House and based in residential properties;
 - Private childcare facilities and nurseries that are liable for business rates (NNDR);
 - Small charities and businesses providing learning opportunities and welfare to local residents;
 - Local businesses in the marine leisure sector that are not liable for business rates (NNDR).
18. Companies must have been trading on the 5 January 2021 and not be in administration or insolvent, where a striking-off notice has been made and therefore are not eligible further support.
19. These schemes are primarily aimed at small to medium sized enterprises (SMEs) with fewer than 50 employees and a turnover of less than £10.2m as defined in the Small Business, Enterprise & Employment Act 2015.
20. Additional support could be provided to large business, providing critical services in exceptional circumstances, with more than 50 employees, to protect jobs.

General eligibility for the Additional Restrictions scheme is also based on the following:

- Businesses **MUST** be based in Southampton and **be registered at Companies House**;
- Businesses must have been trading and not have ceased trading on the 5 January 2021;
- Those with fixed monthly business related overheads.

- For SMEs based in a residential property, fixed monthly overheads for the purpose of these grants can only include legitimate business expenses.
- A maximum of one payment will be made per residential or commercial property (hereditament) other than for co-working spaces;
- A demonstrable fall in revenues due to the COVID 19 crisis of over 60% in recent months when compared with the same period in 2019 or 2020. **(Evidence must be provided.)**

Additional local priorities

21. Southampton City Council has then determined to prioritise the following.
- Priority will be show to businesses with a greater number of employees to protect employment and those with higher fixed costs.
 - Businesses that were mandated to close from 5 November to 2 December and from 5 January 2021 will be prioritised under these schemes.

Payments to eligible businesses

22. Under the Local Restrictions Support Grant (Open- V2) the following payment will be made with-in a 14 day cycle until Tier 2 restrictions are lifted. (Once Tier 2 restrictions are lifted payments will cease.)
- Payments of up to £467 per period for businesses occupying hereditaments with a rateable value of exactly £15,000 or under.
 - Payments of up to £700 per period for businesses occupying hereditaments with a rateable value over £15,000 and less than £51,000.
 - Payments of up to £1,050 per period for businesses occupying hereditaments with a rateable value of exactly £51,000 or above.
23. Under the Additional Restrictions scheme the following payments will be made with-in a 30 day cycle until the scheme is closed or the budget is exhausted. This is a finite scheme.
- £500 payment for micro businesses and small charity properties with less than 5 employees and / or a turnover of less than £316,000. Fixed monthly cost from £200 to £800 (excl. VAT)
 - £1,000 payment for businesses with 5 to 10 employees and / or a turnover of less than £632,000. Fixed monthly property cost from £800 to £2500 (excl. VAT)
 - £1,750 payment for businesses with more than 10 employees and / or a turnover from £632,000 to £10.2 million. Fixed monthly property cost over £2500 (excl. VAT)
 - Supplementary one-off payments might be considered if the national lock-down restrictions persist into April 2021.
24. Separate on-line forms will enable submissions under both schemes. Submissions will then be accepted and processed for each 14 day or 30 day cycle. Successful prioritised and eligible businesses will then be informed and payments made via BACS until the schemes are closed.
25. An initial payment will be made through the Additional Restrictions scheme to non-essential retail businesses outside of the business rates system and based in commercial premises in December 2020. Then in January 2021 payment values will then revert to those described in section 22 of this policy until the scheme ends.

Methodology for processing submissions and awarding grants

26. All submissions will be assessed, firstly against the general eligibility criteria and any ineligible submissions will be discounted. Only one grant will be paid each to eligible companies, to a hereditament or property.

27. The government expects that the value of grants is proportional, linked to fixed monthly business related overheads, the size of the business and a demonstrable financial impact due to the second and third national 'lock-downs'.
28. If the demand for the Additional Restrictions scheme is too high given the fixed budget, then Southampton City Council reserves the right to close the scheme or to amend payments in each 30 day cycle, on a pro-rata basis, to enable as many grants to be paid as possible to eligible businesses.
29. If for any reason a determination between businesses is necessary then this will be on the basis of either prioritisation and / or on a measure of continuing hardship due to the C-19 'lockdown' based on lost income.

Budgeting, monitoring and reporting requirements

30. If the Additional Restrictions scheme is oversubscribed then Southampton City Council reserves the right to close the scheme, cease payments or amend the payment levels downward, on a pro-rata basis, to enable as many grants to be paid as possible to eligible businesses and ensure the fund remains in budget.
31. Southampton City Council will e-mail business, stating that, by accepting the grant payment, the business confirms that they are eligible for the grant schemes.
32. Businesses will need to notify Southampton City Council immediately if they no longer meet the eligibility criteria for these payments at any point in the each 14-day or 30 day cycle period.
33. Submissions will include a State aid declaration and a note on the monitoring of fraudulent activities.
34. The Government will not accept deliberate manipulation and fraud – and any business caught falsifying their records to gain additional grant money will face prosecution and any funding issued will be recovered, as will any grants paid in error.
35. Data submitted will be shared with the Council's Revenues & Benefits for the purposes of cross referencing against records. Data may also be shared with Government Grants Management Function and Counter Fraud Function.

Appeals

36. Due to the significant number of submissions to these schemes, the decisions on eligibility and to not award payments will not be open to a right of appeal. **The Council's decision will be final** and businesses will need to sign a declaration of acceptance.

Taxation on Grant income

37. Grant income received by a business is taxable. The Additional Restrictions Grant will need to be included as income in the tax return of the business.
38. Only businesses which make an overall profit once grant income is included will be subject to tax.