

## Local Restrictions Support Grant (Open) - LRSO(O) Policy

### January 2021 update

Reflecting government guidance released 3<sup>rd</sup> November 2020 and updated for revised guidance released on 9<sup>th</sup> December 2020, 24<sup>th</sup> December 2020 and 14<sup>th</sup> January 2021. This document sets out both the policy for the distribution of LRSO(O) 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.

The LRSO(O) is intended to support businesses liable for business rates which are not required to close during periods of Tier 2 & Tier 3 Restrictions.

Government expect the funding to be targeted at hospitality, hotel, bed & breakfast and leisure businesses, eligibility for this grant is therefore restricted to businesses in these categories based on the information about the use of the property held by the Valuation Office Agency.

Grant values will be determined for businesses occupying hereditaments on the date of the commencement of the local restrictions and the level of income reduction they are able to evidence for each 28 day period of closure as below:

RV	Reduction in income	Grant
£15,000 or less	more than 25% but less than 50%	£467
	50% or more	£934
Greater than £15,000 and less than £51,000	more than 25% but less than 50%	£700
	50% or more	£1,400
£51,000 or more	more than 25% but less than 50%	£1,050
	50% or more	£2,100

The grant values shown in the table above are for 28 day restriction periods. Grant values will be prorated by day and rounded to the nearest pound. The assessment of income based on the period to which to claims relate and equivalent periods for the immediate preceding period or equivalent period from the prior year. Periods will be adjusted to reflect the restriction periods announced by Government.

Where a business is entitled to receive LRSO(O) 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 a business has demonstrated an income reduction of more than 25% but less than 50% but can demonstrate a reduction of more than 50% for a subsequent period they will be required to provide evidence before grant payments will be made at the higher rate.

If the LRSO(O) 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.

### Interaction between different grants

For the avoidance of doubt, when national restrictions are imposed by Government and businesses are mandated to close to manage the spread of coronavirus, LRSG(O) and Local Restrictions Support Grant (Sector) (LRSG(S)) will cease to apply, and Local Restrictions Support Grant Closed LRSG(C) will apply. Additional Restrictions Grant 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 hereditament 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 hereditament. 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 (rateable value or to the hereditament) 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 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 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 5<sup>th</sup> November 2020 to 2<sup>nd</sup> December 2020 by comparing income from the period of 8<sup>th</sup> October 2020 - 4<sup>th</sup> November 2020 or 5<sup>th</sup> November 2019 - 2<sup>nd</sup> 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 2<sup>nd</sup> 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

Applications must be made online via the council's website and will include agreement that the applicant consents to all stipulated declarations. These may need to be reconfirmed if restrictions are extended or applicants are entitled to further grant payments. All applications must be supported by the specified evidence which must demonstrate that they meet the relevant criteria.

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

<b>Criteria</b>	<b>Acceptable evidence</b>
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, partnership or other organisation.	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 <sup>st</sup> 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.
Income reduction	Businesses are required to provide a bank statement for the business covering the restriction period for which the grant is payable. This will be compared to an equivalent period immediately preceding the restrictions or the equivalent period for the previous year.  For example, applicants for an Additional Restrictions Grant covering the period 5 <sup>th</sup> November 2020 to 2 <sup>nd</sup> December will need to provide a bank statement covering this period and a further bank statement covering either

Criteria	Acceptable evidence
	<p>the period 8<sup>th</sup> October 2020 to 4<sup>th</sup> November 2020 or the period 5<sup>th</sup> November 2019 to 2<sup>nd</sup> December 2019.</p> <p>No redactions should be made to the bank statements.</p> <p>Income will be calculated by totalling the relevant credits for the relevant periods. Applicants will be given the opportunity to note transactions which are not considered business income, this will be reflected in the income reduction calculation at the discretion of the authority.</p>

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 the initial period prior to grants being paid for additional 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.