

# Guidance Notes

## Liverpool City Region Trading on Scheme

### October 2021

#### 1. OVERVIEW

The Covid-19 pandemic continues to have a significant impact on the Liverpool City Region economy and as a direct response the Government has provided Liverpool City Region Combined Authority with further Additional Restrictions Grant (ARG) funding.

Each Local Authority of Liverpool City Region will receive a small amount of funding to assist businesses severely impacted by the pandemic. Each Local Authority will receive the following one-off allocation:

Local Authority	Allocation
Halton	£673,634.01
Knowsley	£785,559.29
Liverpool	£2,592,501.84
Sefton	£1,438,890.58
St Helens	£940,172.35
Wirral	£1,686,687.94
<b>Total-Liverpool City Region</b>	<b>£8,117,446.00</b>

The “Trading On Scheme October 2021” (hereafter called the “Trading On Scheme”) will be administered by each of the six local authorities that form the Combined Authority, namely Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral

The Government requires each Council to exercise its local knowledge and judgment in devising a grant scheme that aligns best with the particular economic characteristics of its area by funding those businesses that have been severely impacted by Covid-19. Because of this and the limited amount of funding available, the amounts of grant funding for individual businesses, will vary across different Local Authority areas.

As there is no direct correlation between the funding allocation and the number of eligible businesses in each Local Authority area, it is likely that similar businesses in different Local Authority areas across the Liverpool City Region might be treated differently and receive different amounts because the economies of each Local Authority have different characteristics.

The grant application portal will open for receipt of applications at **10.00 am on Monday 25 October 2021 and will close at 5.00 pm on Friday 12 November 2021**. The appraisal process will commence after the window has closed and after applications have been assessed. Dependent on the volume of applications, it could take several weeks to hear the outcome of an application. **Please note that grants will not be disbursed on a “first come first served” basis.** This provides businesses with three weeks to collate and submit the necessary evidence to support their application. Each applicant must demonstrate that their business or charity has been severely impacted by the Covid-19 pandemic and must provide evidence to support this. An evidence checklist is provided in the application guidance notes. Failure to provide satisfactory evidence will result in a refused application with no right of appeal.

It is the applicant’s responsibility to complete the application form and ensure they attach all the required evidence at the time of application. Local Authorities will not chase individual businesses for additional supporting information if it is not included in the original application.

## NOTE:

All applicants are advised that to assist the appraisal process a letter from a suitably qualified accountant is required. This letter must include information to confirm the impact of Covid-19, for example the nature of / reason for business losses, figures for turnover/income and must include the number of full-time equivalent staff (FTE) who work in Liverpool City Region. **A letter template (that must be completed in full by the accountant) is provided.** The accountant's letter is to be supplied at your own cost. If the application is unsuccessful (for whatever reason) the costs will not be reimbursed by the Local Authority.

Incomplete applications will not be appraised.

An application made during the 'grant application window' **does not guarantee** approval for payment. Applicants who canvass with the intention of influencing a decision on the awarding of grants may be disqualified.

Successful applicants will be informed by email and the grant will be paid to the applicant within five working days of confirmation with the business that the application has been successful. All grants paid through the "Trading On Scheme" are funded by Government and these funds are limited. As such, the Local Authority cannot award a grant where funds are no longer available.

## 2. ELIGIBILITY

All businesses/charities must meet all of the following criteria:

- Be able to accept the grant under Subsidy Control/State Aid rules.
  - Be viable and trading on or before 1 April 2021.
  - Employ globally between 10 and 249 Full Time Equivalents (FTE) working at least 35 hours per week and are on payroll (sub-contracted staff are not counted towards the headcount). See below:  
*A staff member working 35 hours is classed as 1 FTE*  
*A staff member working 70 hours per week would still be classed as 1 FTE*  
*Part-time staff can be aggregated for example:*
    - 2 part time staff working 21 hours each would be the equivalent of 1.2 FTE
    - 3 part time staff working 7 hours per week would be the equivalent of 0.6 FTE
- Up to date RTI/payroll evidence will be required for all staff who work in the Liverpool City Region.
- Be based and have commercial property-related costs in Liverpool City Region and be able to evidence 2021 annual rental costs and annual business rates (where applicable).
  - Must demonstrate the business has been severely impacted as a result Covid-19 **Note: The business will be asked for proof of severe impact from Covid-19 (e.g. loss of turnover, income). A suitably qualified accountant must also verify this loss by using the template provided.** The business must provide evidence from two comparable quarters, as requested on the application form and on the accountant's letter template. This evidence includes annual accounts, management accounts and comparable bank statements (please note comparable bank statements *alone* are not acceptable).

## 3. EXCLUSIONS

Excluded from the Scheme are businesses or charities that:

- have received grant payments that, with any grant funding to be awarded under this scheme, will exceed the maximum permitted levels of Subsidy Control (detailed in point 7 below)
- employ fewer than 10 and more than 249 full time equivalent staff
- cannot evidence loss via an accountant's letter
- are based in residential property

- are mobile businesses without commercial property-related costs
- are advertising and billboard properties
- organisations that are predominantly funded by the public sector (e.g. schools and other education providers, care homes, health care settings)
- are places of worship (except organisations trading within these settings)
- are dissolved or about to be dissolved
- are insolvent or that have had insolvency action instigated against them, including any petition or subject to a striking off notice. **(The records of each business and of each individual applying for a grant will be checked as part of the grant appraisal process.)**
- are dormant, i.e. not trading but not insolvent

There may be other factors that cause an applicant to be ineligible, the above list is intended to serve only as a guide to applicants. The Local Authority reserves the right not to make funding awards to organisations for other reasons, including if it believes doing so may bring the Council into disrepute.

#### 4. GRANT LEVELS & AWARD CRITERIA

The final amount of grant awarded under the “Trading On Scheme” will be determined by several factors, including:

- the total number of applications that each Local Authority receives
- the number of Full Time Equivalent people working for the business in Liverpool City Region
- the loss of income caused by COVID-19
- the total value of a business’s fixed annual commercial property costs in Liverpool City Region.

Where a business has multiple premises across Liverpool City Region the business should **apply to the Local Authority where it has its largest presence by number of employees.**

The following weighting matrix will be used when assessing the grant application and the combined average weighting will be used to determine the grant award: It is not possible to determine the level of grants payable before the appraisal process has been completed.

#### WEIGHTING MATRIX

Factor	Evidence and Checks	Weighting
Number of employees	HMRC Real Time Information / PAYE records	50%
Fixed property costs	Copy of the commercial lease, license, rental agreement, Business Rates Statement 21/22, Commercial mortgage.	25%
Financial impact of Covid-19	Accountant’s Letter with evidence from different time frames to show the impact of Covid (for example 2020 compared to 2021): P&L, Management Accounts, Annual Accounts and Bank Statements (details in point 2 above). Businesses will be expected to provide an explanation of how they have been severely impacted by Covid-19.	25%

The grant value that an eligible business receives will depend on the number of applications and the relative scores of those applications. However, it is expected that the minimum grant level will be around £5,000 and the maximum will be no more than £50,000. A small number of applicants will mean that the grant values will generally be higher. Conversely, a large number of successful applicants means that grant values will be generally lower. Until all applications have been appraised it is impossible to confirm what businesses will receive. All businesses that meet the criteria are encouraged to apply.

Applications may, at the discretion of a Local Authority, be subject to a third-party credit check.

## **5. GRANT PAYMENTS**

Successful applicants will be notified by email and payment will be made by BACS. All ARG funds must be disbursed to successful applicants by 31 March 2022. All grants are at the discretion of the Local Authority.

## **6. APPEALS**

There is no right to appeal, and the decision of the Council is final. Unsuccessful applicants will be advised of the outcome of an application by email.

## **7. SUBSIDY CONTROL (FORMERLY KNOWN AS EU STATE AID)**

On 1 January 2021 the Brexit transition period ended and new rules on subsidy control now apply.

The Department for Business, Energy and Industrial Strategy has outlined guidance on the new rules which can be found here (Guidance updated 24 June 2021) [Summary guide to awarding subsidies - GOV.UK](#)

From Thursday 4 March 2021, a new domestic subsidy allowance for COVID-19 business support grants came into effect and all Local Authorities must apply the updated scheme rules set out in guidance issued by Government on 16 June 2021. The following scheme rules are to be applied to COVID-19 business grants on the basis of the EU-UK Trade and Co-operation Agreement (TCA). The updated scheme rules set out in the guidance do not apply retrospectively. Therefore, where a Local Authority has previously rejected an applicant's application for grant before Thursday 4 March 2021 on the grounds that the applicant had reached previous scheme limits, the Local Authority must not revisit this decision. However, Local Authorities may accept Applications submitted from 4 March 2021 from eligible Applicants that are now within the new scheme limits as a result of the increased subsidy allowances. There are three new domestic subsidy allowances for this Scheme (Small Amounts of Financial Assistance Allowance; the COVID-19 Business Grant Allowance; and the COVID-19 Business Grant Special Allowance) as set out below:

### **(i) Small Amounts of Financial Assistance Allowance**

Grants may be paid in accordance with 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. The equivalent in £ Sterling must be checked using this [currency convertor](#) 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.

### **(ii) COVID-19 Business Grant Allowance**

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 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 Rights calculator).

**(iii) COVID-19 Business Grant Special Allowance**

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 the date of application, 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;
- F. Grants provided under this allowance shall not be cumulated with other subsidies for the same costs.

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. The Council will first verify that an Applicant can meet all the criteria set out under this allowance before providing further funding under this allowance.

For the avoidance of doubt, as the Trading on Scheme is a new funding scheme introduced after the end of the Brexit transition period, it is subject to subsidy control rules. However, any State Aid provided prior to 31<sup>st</sup> December 2020 for COVID-19 related support needs to be taken into account in subsidy control eligibility calculations.

**8. TAX**

Grant income received by a business is taxable, therefore funding paid under the Trading On Scheme will be subject to tax. Only businesses which make an overall profit once grant sales/revenue is included will be subject to tax.

**9. GENERAL**

The Council reserve the right to modify and/or withdraw the grant and its associated conditions, particularly to ensure that public money is spent in accordance with Government guidelines. This may be in response to changes in national legislation, local economic and health conditions and changes in funding circumstances.

Businesses are responsible for providing true and accurate information, and applicants are asked to note that:

- Providing wrong or misleading information is a criminal offence and any such information may be used against applicants in any subsequent criminal investigation. The information provided on the online application form may be made available to other departments/agencies for the purposes of preventing or detecting crime.
- Any grant received by a business must be declared to HM Revenue & Customs (HMRC) as appropriate as part of the tax return for the business. For further information, you can contact HMRC's Coronavirus (COVID-19) helpline.
- Any grant received by the business will be used only for the purpose intended i.e. to help alleviate the financial pressure of the recipient business and to the exclusion of any other individual or third-party gain.
- The applicant will be asked to certify that the information provided on behalf of the business is true and correct to the best of the applicant's knowledge and belief. The Council will rely on the information provided, and should it be subsequently determined that the grant was awarded on the basis of wrong or misleading information, the grant will be subject to recovery in full.
- The applicant accepts that in applying for a grant an officer of the Council may at a reasonable time enter the premises to interview the applicant and inspect, copy, record and remove any accounting or other record, including original documents, as may be required for the purposes of confirming the eligibility of the business.
- The applicant understands that an officer of the Council, including Planning, Environmental Health, Public Health and/or Trading Standards, may undertake spot checks of the premises. If there is non-compliance with regulatory requirements, the grant, or any portion of the grant, may be withheld, or will be repayable by the business.
- The applicant understands that the information provided on the online form will be made available to other government departments and their agencies for the purpose of detecting and preventing crime. The provisions of the Rehabilitation of Offenders Act 1974 will apply.
- The applicant understands that if the Council approves the application, the terms and conditions shall be enforceable on the basis of the Terms and Conditions of the grant scheme.

## **10. CHECKLIST FOR APPLICANTS**

Applicants will be asked to provide information and documents to support each grant application, so the checklist provided is to be used to help you gather the information **BEFORE** you start to complete the online application form.

**You must complete the online application form in one session** as it cannot be saved. Any missing or incorrect information will delay the appraisal and payment process.

Do not use the Safari web browser as it is incompatible with the online application portal.

Please read the Checklist, Terms & Conditions and Privacy Notice before completing the online form and accountant's letter template