

RUSHMOOR BOROUGH COUNCIL



RECORD OF EXECUTIVE DECISION UNDER TEMPORARY DELEGATION ARRANGEMENTS

The Chief Executive, in consultation with the Leader of the Council, is authorised to make Cabinet decisions in accordance with the conditions and arrangements set out in Report No. DSP2007

REPORT OR DECISION TITLE Additional Restrictions Grant
DECISION TAKEN To approve the policy known as the Additional Restrictions Grant
REASONS FOR THE DECISIONS (If not set out in attached Report) The amendment to this grant scheme enables the council to deliver funding to those businesses who have been severely impacted by restrictions specifically related to the Omicron variant, including those outside of the business rates system.
CONTACT OFFICER (HEAD OF SERVICE) David Stanley
PORTFOLIO Councillor Paul Taylor
DATE OF DECISION 18 th March 2022

Signed 
(Chief Executive, Paul Shackley)



Signed

(Leader, Cllr David Clifford)

**EXECUTIVE EMERGENCY DECISION
PAUL SHACKLEY, CHIEF EXECUTIVE AND
DAVID CLIFFORD, LEADER OF THE COUNCIL**

18 March 2022

REPORT NO. FIN2218

KEY DECISION? YES/NO

**BUSINESS RATES GRANTS -
AMENDMENTS TO THE ADDITIONAL RESTRICTIONS GRANT POLICY**

SUMMARY:

In response to the impact of the Coronavirus pandemic, the government has over the last two years, announced a variety of different grant schemes which were aimed to support businesses financially through the pandemic by providing direct business grants.

This report focuses on the discretionary Additional Restrictions Grant (ARG). The ARG policy was originally approved on the 14 December 2020 by the Chief Executive in consultation with the Leader of the Council using delegated powers under the temporary delegation arrangements. The policy was further amended in May 2021 and again in August 2021, following additional funding being awarded to Local Authorities for the ARG scheme.

On 21 December 2021, the Government announced further additional funding for Local Authorities to support businesses who were severely impacted by the coronavirus restrictions and the rise of the Omicron variant.

This report seeks approval to amend the council's Additional Restrictions Grant Policy in line with the most recent guidance provided by government.

RECOMMENDATIONS:

The Chief Executive in consultation with the Leader of the Council is recommended to: -

- 1) Approve the discretionary ARG Policy as set out in this report to enable the council to provide further financial support to businesses in the borough.

1. INTRODUCTION

- 1.1. In response to the Coronavirus pandemic, the Government has announced a variety of different grant schemes to support businesses that have been severely affected by the pandemic.
- 1.2. One of these schemes is known as the Additional Restrictions Grant (ARG). The ARG scheme is at the discretion of the council and as such, the council is required to devise its own policy, following guidance and advice from Government.

2. ADDITIONAL RESTRICTIONS GRANT FUNDING (ARG)

- 2.1. The ARG funding was first made available in 2020/21 for both the current year and 21/22. Local Authorities were encouraged to distribute the grants to the businesses who required the support as soon as possible after the funding became available.
- 2.2. Local Authorities are required to allocate the funding through business support grants and wider business support measures. All funding provided under the ARG scheme should provide direct support to businesses.
- 2.3. The Council has received four batches of allocations for the ARG Scheme which are as follows: -
 - November 2020 = £1,891,980
 - January 2021 = £840,328
 - July 2021 = £638,408
 - December 2021 = £146,048

Total = £3,516,764
- 2.4. Funds that have not been already distributed to businesses by 31 March 2022, will need to be sent back to Government.

3. ADDITIONAL RESTRICTIONS GRANT (ARG) – POLICY DETAILS

- 3.1. The government has provided guidance on how the ARG scheme should work and the council has followed the guidance when creating the policy. The full guidance can be found in Appendix 1 of this report.
- 3.2. However, a summary of the businesses that Government would like Local Authorities to support is as follows: -
 - Providing direct grant support to businesses impacted by restrictions.
 - Supporting businesses that have been unable to access other businesses support measures.
 - Supporting home businesses and sole traders.
 - To be used for the provision of Wider Business Support such as “Recover to Grow” – the programme will aid recovery and help businesses struggling with the impacts of the pandemic develop a sustainable growth plan”.

- 3.4. The fourth allocation received in December 2021 of £146,048 can only be used to support businesses from all sectors that may have been severely impacted by restrictions specifically related to the Omicron variant, including those outside of the business rates system.
- 3.5. Full details of the amended ARG Policy can be seen in Appendix 2 of this report. The relevant change is in paragraph 1.4 and explains that the council will support businesses that can demonstrate that they have been significantly financially impacted by the Governments response in December 2021, to the new Covid-19 Omicron variant.
- 3.6. On the 7th January 2022, the council launched its ARG scheme inviting all businesses to apply for the grant and to explain how they have been affected by the omicron variant. The deadline for applications was 11th February 2022.
- 3.7. In this period, we received 300 applications. All these applications have been considered and it is our proposal to support them all. The amount of the award for each category of business is detailed in the table below.

Category – Rated Premises	Value of Award
Businesses that have not benefited from previous grant schemes.	£4,000
Rateable Value above £51,000.	£6,000
Rateable Value between £15,000 and £51,000.	£2,000
Rateable Value less than £15,000.	£1,000
Category – Non-Rated Premises	Value of Award
Businesses that have not benefited from previous grant schemes with an average income of over £2,000 a month	£2,000
Businesses that have not benefited from previous grant schemes with an average income of less than £2,000 a month	£1,000
Taxi Drivers / Driving Instructors / Mobile Hairdressers & Personal Care / Self Employed Actors and businesses with a monthly turnover of less than £500	£500
Large businesses with a monthly turnover of over £30,000	£6,000
Businesses with a monthly turnover of less than £30,000	£4,000
All other businesses	£1,000

- 3.8. £183,325 will also be used by the Economy Team to provide wider business support. This money will be used to Recover to Grow and will aid recovery and help businesses struggling with the impacts of the pandemic develop a

sustainable growth plan. The programme will provide intensive 1-1 business support and is targeted and aimed at helping businesses increase turnover.

- 3.9. By making payments at these levels, we would use the entire allocation of the council's ARG funding without the need to return funds to government.

4. IMPLICATIONS

Legal Implications

- 4.1. National and local restrictions are legally binding restrictions imposed where the Secretary of State for Health and Social Care requires the closure of businesses under regulations made using powers in Part 2A of the Public Health (Control of Disease) Act 1984 in response to the threat posed by the coronavirus.
- 4.2. The Health Protection (Coronavirus, Restrictions) (England) (No.4) Regulations 2020 details businesses that are subject to closure or permitted to remain open under any lockdown. This enables the council to determine what businesses should qualify for a grant under the ARG scheme.
- 4.3. Any award of discretionary grant is considered state aid and subject to limits. From 31 Dec 2020 we are governed by the Trade and Cooperation Agreement which allows a threshold of €380,000 over a 3-year period.
- 4.4. Therefore, any organisation qualifying for this grant will be required to advise that any award of a grant will not exceed funding limits.

Financial and Resource Implications

- 4.5. The council has received a total grant allocation of £3,516,764 to deliver the ARG scheme.
- 4.6. To date, the council has spent £3,208,319 of its allocation.
- 4.7. This leaves a remaining balance in the fund of £308,445 for businesses most severely affected by the Omicron variant
- 4.8. The council has received New Burdens Funding to deliver the ARG scheme.
- 4.9. Therefore, there will be no financial impact on the council but in continuing to implement the scheme, but the scheme has and will continue to be of significant benefit to a number of businesses in borough, during what has been a very difficult time.

5. CONCLUSIONS

- 5.1. In conclusion, the Chief Executive in consultation with the Leader of the Council is asked to approve the revised ARG scheme.

- 5.2. The council has been provided with further funds by the Government to cover the ARG scheme.
- 5.3. The Corporate Services Portfolio Holder and the Planning and Economy Portfolio Holder have reviewed the amendments to the policy and are supportive of both the policy and the criteria on which decisions will be made to support local businesses.
- 5.4. The council has received additional funding towards the cost of implementing the scheme.
- 5.5. These proposals will directly benefit a substantial number of businesses in the borough in what continues to be a very challenging time.

BACKGROUND DOCUMENTS:

Department for Business, Energy & Industrial Strategy – Additional Restrictions Grant Guidance Note

The Health Protection (Coronavirus, Restrictions) (England) (No.4) Regulations 2020

Additional Restrictions Grant Policy

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BACKGROUND DOCUMENTS:

List

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Department for
Business, Energy
& Industrial Strategy

Additional Restrictions Grant

Guidance for Local Authorities (updated 30
December 2021)



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The Guidance

1. This guidance is intended to support Local Authorities in administering the Additional Restrictions Grant (ARG) to provide direct business grants and wider business support.
2. Enhanced business support settlements were first provided to areas entering Tier 3 restrictions for the first time from 14 October 2020. With the 31 October 2020 announcement that national restrictions would be reintroduced, the scheme was extended and formalised into the Additional Restrictions Grant to support all Local Authorities or Combined Authorities.
3. This Additional Restrictions Grant guidance was updated on 30 December 2021 and applies until 31 March 2022.
4. This guidance is issued by the Secretary of State for Business, Energy and Industrial Strategy to Local Authorities in England.
5. Local Authority enquiries on this measure should be addressed to businessgrantfunds@beis.gov.uk. Businesses seeking information should refer to the Government's business support website: <https://www.businesssupport.gov.uk/>

Introduction

5. On 31 October 2020, the Government announced the introduction of additional support for Local Authorities under national and Tier 3 restrictions. See announcement: <https://www.gov.uk/government/news/furlough-schemeextended-and-further-economic-support-announced>
6. On 5 January 2021, the Government announced that a further £500 million would be made available for Local Authorities through a top-up to the Additional Restrictions Grant: <https://www.gov.uk/government/news/46-billion-in-new-lockdown-grants-to-support-businesses-and-protect-jobs>
7. On 3 March 2021, the Government announced that a further £425 million would be made available for Local Authorities, through a conditional top-up to the Additional Restrictions Grant from 1 April 2021: <https://www.gov.uk/government/news/budget-2021-sets-path-for-recovery>
8. On 21 December 2021, the Government announced that a further £102 million would be made available for Local Authorities, through a top-up to the Additional Restrictions Grant: <https://www.gov.uk/government/news/1-billion-in-support-for-businesses-most-impacted-by-omicron-across-the-uk>
9. The scheme is called the Additional Restrictions Grant (ARG) and is administered by business rate billing authorities in England.
10. The ARG funding scheme aims to support businesses severely impacted by coronavirus restrictions and the rise of the Omicron variant, when most needed. Funding was first made available in financial year 2020-2021 and can be used across financial years 20/21 and 21/22. However, Local Authorities

are encouraged to distribute funding to businesses which require support as soon as possible.

11. This document provides guidance to Local Authorities about the operation and delivery of the ARG scheme.
12. For the purposes of this guidance, ARG funding will refer to Local Authorities as recipients, acknowledging that funding may be paid to Combined Authorities on behalf of Local Authorities in some limited cases. Combined Authorities will be subject to the same conditions and obligations under this guidance as Local Authorities.
13. Funding was originally made available to eligible Local Authorities at the point the Local Authority first entered Tier 3 restrictions in October 2020. Local Authorities may have accessed additional enhanced business support settlements at this time. These settlements became part of the Additional Restrictions Grant.
14. Areas that agreed this support include: Liverpool City Region, Lancashire, Greater Manchester, South Yorkshire, West Yorkshire, Warrington and Nottinghamshire.
15. Funding was formalised into the Additional Restrictions Grant when national restrictions were announced on 31 October 2020. Under the Additional Restrictions Grant, Local Authorities received an initial one-off lump sum payment amounting to £20 per head in each eligible Local Authority when Tier 3 or widespread national restrictions were imposed, except where agreed otherwise (in areas set out in paragraph 14).
16. Local Authorities received an allocation of the £500 million top-up to the ARG scheme in January 2021, as a result of further national restrictions being imposed. This allocation was based on a per-head calculation.
17. Local Authorities received an allocation of the £425 million top-up announced in the 2021 Budget, which was allocated subject to Local Authorities spending their existing allocations of ARG. For further details on spending existing allocations, please see paragraphs 46 to 54.
18. The second top-up of £425 million of ARG funding was allocated to Local Authorities from 1 April 2021, when conditions of the funding were met. This funding was allocated based on a per-business calculation.
19. The third top-up of £102 million of ARG funding will be allocated to Local Authorities in England from 30 December 2021. This funding will be allocated based on a per-business calculation.
20. Further top-up funding may be allocated at the discretion of Government. Reported data may be used to prioritise those Local Authorities most in need of further payments.
21. With the exception of the third top-up payment, Local Authorities can use ARG funding for business support activities. This may primarily take the form of discretionary grants, but Local Authorities could also use this funding for wider business support activities.

22. On 14 June 2021, the Prime Minister announced that step 4 of the Roadmap out of lockdown was being delayed by a period of up to 4 weeks. This guidance has been updated to take account of that announcement. The deadline for spending the first top-up allocation was extended to 30 July 2021.
23. On 21 December 2021, the Chancellor announced, in response to the rise of the Omicron variant, a £102 million top-up for the Additional Restrictions Grant. This guidance has been updated to take account of that announcement.

How will the grant be provided?

22. Government will issue Local Authorities with funding, in line with the following guidance and the Grant Offer Letter sent to Local Authorities, for the cost of the Additional Restrictions Grant (using a grant under Section 31 of the Local Government Act 2003). Local Authorities will be responsible for delivering the funding.
23. Local Authorities are business rate billing authorities in England. They are responsible for making payments to businesses and will receive funding from Government.
24. Funds that have not been fully defrayed from the Local Authority's bank account by 31 March 2022 will be subject to recovery. For the avoidance of doubt, Local Authorities need to manage their application and payment process to achieve all spend by 31 March 2022, as payments after this date will not be allowed in any circumstances.
25. As part of their application process for the scheme, all businesses will be required to self-certify that they meet all eligibility criteria. In respect of the third top-up, Local Authorities must verify the evidence provided as part of pre-payment checks. Evidence of completed checks must be retained by Local Authorities.
26. We are committed to meeting the New Burdens costs to Local Authorities for this scheme. A New Burdens Assessment will be completed, and funding then provided to Local Authorities subject to HM Treasury approval.
27. Local Authorities should allocate funding through business support grants or through wider business support measures. The third top-up payment should only be allocated to business support grants and should not fund wider business support measures. All funding provided under this scheme should provide direct support to businesses.
28. Local Authorities are encouraged to support businesses from all sectors that may have been severely impacted by restrictions, or by the Omicron variant, including those outside of the business rates system. These may include, but are not limited to: hospitality, accommodation, leisure, personal care, the travel and tourism sector, including group travel, travel agents and tour operators, coach operators, wedding industries, nightclubs, theatres, events industries, wholesalers, English language schools, breweries, freelance and mobile businesses (including caterers, events, hair, beauty and wedding related businesses), gyms, and other businesses that may have not received

other grant funding. There is no restriction on the number of grants a business may receive, subject to subsidy limits.

29. Local Authorities are encouraged to focus their support on:

- In allocating first top-up payment: businesses from all sectors that may have been severely impacted by restrictions but were not eligible for the LRSG and CBLP Grant schemes.
- In allocating the second two top-up payments: businesses from all sectors that may have been severely impacted by restrictions but were not eligible for the Restart Grant scheme, and those sectors that remained closed or were severely impacted by extended restrictions, even if those businesses had already been in receipt of Restart Grants.
- In allocating the third top-up payment: businesses severely impacted by the rise of the Omicron variant, see para 28.

These lists are not directive nor exhaustive, and Local Authorities should continue to issue grants at their discretion, based on local economic needs.

30. In taking decisions on the appropriate level of grant, Local Authorities may want to take into account the level of fixed costs of the business, the number of employees the business has, whether it is unable to trade online and the consequent scale of coronavirus losses.

31. The grant amounts given to individual businesses will be subject to subsidy allowances.

Exclusions to Additional Restrictions Grant funding

31. Businesses that have already received grant payments that equal the maximum permitted levels of subsidy will not be eligible to receive funding.

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

33. ARG funding should not be used as a wage support mechanism, for capital projects that do not provide direct business support, or to fund projects whereby Local Authorities are the recipients.

Who will receive this funding?

34. Previous guidance for the Additional Restrictions Grant indicated that businesses must have been trading before relevant restrictions were introduced in order to be eligible. This is no longer the case. All businesses that are trading and meet other eligibility criteria may apply to receive funding under this scheme. There is no starting date from which businesses must have been trading in order to qualify for grant funding.

35. For the purposes of this grant scheme, a business is considered to be trading if it is engaged in business activity. This should be interpreted as carrying on a

trade or profession, or buying and selling goods or services in order to generate turnover. Fully constituted businesses in liquidation, dissolved, struck off or subject to a striking-off notice are not eligible under these conditions.

To help further, some trading indicators are included below that can help assess what can be defined as trading for the purposes of the grant schemes. Indicators that a business is trading are:

- The business continues to trade, including online, via click and collect services etc.
- The business is not in liquidation, dissolved, struck off or subject to a striking-off notice or under notice
- The business is engaged in business activity; managing accounts, preparing for reopening, planning and implementing COVID-safe measures

This list of indicators is not exhaustive and Local Authorities must use their discretion to determine if a business is trading.

36. In previous schemes, Local Authorities have been encouraged to utilise an application process. For the avoidance of doubt, applications are now required for all applicants.

37. Local Authorities will need to run a new application process for all applicants and must be satisfied that businesses that have previously received related grants under this scheme continue to meet the eligibility criteria for the ARG if further grants are awarded. As a minimum, Local Authorities must hold the following information on all applicants:

- a. Name of business
- b. Business Trading Address including postcode
- c. Unique identifier (preferably Company Reference Number (CRN)) if applicable. If not applicable, VAT Registration Number, Self-Assessment/Partnership Number, National Insurance Number, Unique Taxpayer Reference, Registered Charity Number will also be acceptable)
- d. High level SIC Code
- e. Nature of Business
- f. Date business established
- g. Number of employees
- h. Business rate account number (if applicable)
- i. Cumulative total of previous funding received under all COVID-19 business grants schemes

38. Local Authorities should make clear to applicants that this data may be shared with BEIS. The BEIS privacy notice, setting out how BEIS will handle personal data across all COVID-19 business grant schemes, can be found here <https://www.gov.uk/government/publications/covid-19-grant-schemes-privacy-notice/covid-19-grant-schemes-privacy-notice>.

39. In addition, the application process should also enable Local Authorities to carry out the required pre-grant fraud checks (including unique identifier), as well as the minimum data reporting requirements set out in Annex A.
40. For the initial allocation of ARG, Local Authorities were provided an allocation of £20 per head, unless otherwise negotiated (see paragraph 13).
41. For the first top-up of ARG, Local Authorities were provided with a per-head allocation from the £500 million funding available.
42. For the second top-up of ARG, Local Authorities who met eligibility criteria (see paragraphs 46- 54) were provided with a per-business allocation from the £425 million funding available.
43. For the third top-up of ARG, Local Authorities are eligible for an allocation from the £102 million funding based on a per-business calculation.
44. The Local Authority must write or email to the business, stating that by accepting the grant payment, the business confirms that they are eligible for the grant schemes. This includes where Local Authorities already have bank details for businesses and are in a position to send out funding immediately, or where the Local Authority is sending a cheque to a business.
45. Businesses will need to notify their Local Authority if they no longer meet the eligibility criteria for additional grants (for example, if they become insolvent or have maximised subsidy allowances).

Accessing the second-top up

46. Local Authorities had until 30 July 2021 to meet all necessary conditions and prove that they had spent or made a validated attempt to spend 100% of their first two ARG allocations combined.
47. For the avoidance of doubt, spend was defined as all funding defrayed or where there has been a validated attempt to defray the funding. For example, a validated attempt may be where bounce-backs of payments have occurred because businesses have provided the wrong account details.
48. The Local Authority, Combined Authority, Growth Hub, or other third party or intermediary responsible for distributing the grant funding to businesses should have evidence there has been a validated attempt to defray the funding before 30 July 2021. For example, if Local Authorities intend to use the funding for business support activity and have therefore transferred the funding to the relevant Growth Hub or Combined Authority, that organisation must have made a validated attempt to defray the funding to businesses. Transferring funding to an intermediary or third party is not considered spend or a validated attempt.
49. For spend to be considered as a validated attempt, the payment must be in the financial system, meaning the processing of the payment is underway.
50. Below are some examples that would be considered within scope of a 'validated attempt':

- Where a payment has been made to an incorrect bank account and has been rejected; the grant can be classed as a validated attempt as long as a further attempt to pay will be made immediately upon discovering the error
- Where an application has been approved and the payment has been made, but due to a technical error the payment did not process, this can be classed as a validated attempt as long as payment was made on discovery of the error
- Where a payment has been processed, but is on hold by the bank, due to verification checks being undertaken, this can be classed as a validated attempt to make payment
- Where a contract has already been signed to provide a service (prior to the date of this guidance being updated on 15 April 2021) such as for business support activity, even if that funding is not yet spent.

51. Below are some examples that would not be considered in scope of a 'validated attempt':

- If the grant funding application has been received but has not been approved and passed to pay
- If the grant funding application has been received and approved, but not passed to pay
- The grant application being sent to the finance team to process without further action being taken, as per paragraph 49
- Funding allocated but where there is no contract to provide business support after 30 July 2021
- Transferring funds to a different cost code or a third-party account, where no contract has already been signed to provide a service (prior to the date of this guidance being updated on 15 April 2021), such as for business support activity.

52. Local Authorities were asked to provide evidence of their spending and validated attempts to spend their ARG allocations. This should include both:

- a. A screenshot from the Local Authorities' finance system showing 100% of the current cumulative ARG allocation having been spent;
- b. A letter signed by the Finance Director confirming conditions have been met to release the ARG top-up payment.

53. Funding was provided from 1 April 2021 on a per-business basis to ensure that Local Authorities can target funding fairly and directly at business support.

54. Where a Combined Authority received ARG allocations on behalf of Local Authorities, the Combined Authority was required to evidence that they and the constituent Local Authorities met the conditions outlined in paragraphs 46 to 51 in order to access the £425 million top-up.

Will grants be subject to tax?

53. 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.

54. Only businesses which make an overall profit once grant income is included will be subject to tax.
55. Payments made to businesses before 5 April 2021 will fall into the 2020/21 tax year. Unincorporated businesses will be taxed when they receive the grant income.

Managing the risk of fraud and payments in error

56. The Government will not accept deliberate manipulation and fraud. Any business caught falsifying their records to gain additional grant money will face prosecution and any funding issued will be recovered, as may any grants paid in error.
57. Local Authorities must continue to ensure the safe administration of grants and that appropriate measures are put in place to mitigate against the increased risks of both fraud and payment error. In this respect, grant administrators should supplement existing controls with digital tools to support efficient, appropriate and accurate grants awards.
58. For the avoidance of doubt, Local Authorities are required to undertake pre-payment checks for all payments. These checks are required to be undertaken before any payments are issued to businesses and Local Authorities should retain evidence of such. This requirement is not limited to new applicants and should look at both the company and the company's bank account.

Company check

59. The Government Grants Management Function have waived the annual fee and made their digital due-diligence tool, Spotlight, available to Local Authorities to support the administration of COVID-19 business grants until 31 March 2022. Use of Spotlight (or an equivalent tool) for enhanced checks to support pre-award due diligence is required. Evidence of Spotlight checks undertaken needs to be retained by Local Authorities for audit purposes.
60. Spotlight complements existing pre-award due-diligence checks and highlights areas of risk to inform grant-making decisions, through fundamental (basic) due diligence checks. In particular, Spotlight can quickly and easily flag where organisations have recently become inactive to support authorities review the ongoing viability of recipients prior to making awards.
61. Spotlight can also provide enhanced due diligence, through a paid-for service, and grant administrators are encouraged to consider the benefits of enhanced due diligence. Local Authorities should discuss their digital tool requirements with the Government Grants Management Function at: spotlight-localauthority@cabinetoffice.gov.uk.

Bank account check

62. Grant payments should only be made to UK bank accounts.
63. The Government Counter Fraud Function has worked in partnership with Experian to introduce two new complementary products to assist public bodies in addressing residual fraud risks when dispersing funds for the COVID-19 financial support

schemes by addressing their residual fraud risks. These tools will allow Local Authorities to:

- (a) verify the bank accounts of companies in receipt of these business grants; and
- (b) provide insight into whether the company was trading at the relevant date for these grants.

64. These tools are available via the National Fraud Initiative (NFI) and can be used for both pre- and post-payment checks. They apply to both registered companies (at Companies House) and unregistered companies such as sole traders. For further information and to access the tools, please email helpdesk@nfi.gov.uk.

65. Local Authorities can utilise the following tools (or equivalent) to undertake the required company and bank account pre-payment checks: Companies House, Experian (either directly or NFI tool), NAFN, Mint, Cifas, TransUnion “call” validate tool, Equifax Equip “report” tool, Spotlight, rent/mortgage statement or lease agreement, utility bills, building and content insurance premiums.

66. The Bank Account Verification Tool is widely available to Local Authorities, and we would recommend use of the tool to mitigate the risk of business impersonation fraud.

Pre- and post-event assurance

67. All Local Authorities are required to follow this guidance and conduct activity to provide assurance that all grants have been paid out in line with the eligibility and subsidy allowance conditions for these schemes.

68. The general principle applies that Local Authorities are responsible and accountable for the lawful use of funds under Section 151 of the Local Government Act 1972. The Section 151 Officer within the Local Authority is required to exercise their duties in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance, ensuring their oversight of the proper administration of financial affairs within the Local Authority, including these grants.

69. Any undispersed funding or funds outside the scope of the scheme criteria will need to be returned to BEIS in full within 30 days of the completion of the reconciliation exercise.

70. Local Authorities must be satisfied that all subsidy allowance conditions have been fully complied with when making grant payments. LAs are recommended to seek their own advice on subsidy control compliance. LAs should assure themselves in respect of awards made and retain appropriate evidence in support.

71. To deliver the assurance requirement, Local Authorities must have pre- and post-payment assurance processes in place for this grant scheme to assure all grants issued and must retain evidence of such. Local Authorities must ensure these processes are in place as soon as possible. The process must cover the minimum two pre-payment checks (company and bank account) for grants to be paid, but also the post-payment assurance checking regime that the Local Authority will introduce to identify irregular payments. The Spotlight tool includes the functionality to add schemes pre- or post-award.

72. Assurance Guidance is issued by the Secretary of State for Business, Energy and Industrial Strategy to Local Authorities in England and applies to assurance on all

COVID–19 Business Support Grant schemes. Local Authorities should operate in line with the published Assurance Guidance V4 [link].

73. Where checks discover that payments have been made in error or have been claimed as a result of fraud, any initial recovery action will need to be undertaken by the Local Authority who should operate in line with the published Debt Recovery Guidance V4 [link].

Monitoring and reporting requirements

74. Local Authorities must retain necessary data and BEIS will undertake regular data collection exercises with the input of Local Authorities. This reporting enables accurate monitoring, evaluation, and assurance of business support grant payments. LAs should retain evidence of all grant awards made, payments issued and assurance steps undertaken.
75. Further details on data collection requirements are outlined in Annex B.
76. To assist in fraud prevention and recovery Local Authorities are required to include the name of the grant (ARG) and Local Authority code as part of the payment reference when making a payment to a business.
77. If Local Authorities detect *any* fraud that is attempted or actual, whether it is local, or organised, large scale, systematic or crosses Local Authority boundaries then they must report it in real time to the dedicated inbox at NAFN National Anti-Fraud Network (intel@nafn.gov.uk). This is so Government can build up a full picture of what is going on and get vital information and alerts back to Local Authorities in real time, this also feeds into the wider intelligence network on counter fraud within Grants.
78. If a case is categorised as organised, large scale, systematic or crosses Local Authority boundaries by NAFN, they will pass the case to NATIS who investigate serious and organised fraud on behalf of BEIS.
79. Local Authorities may be contacted for further information to assist with lines of enquiry being pursued.
80. NATIS may determine that the case is not something they could pursue and will return it to the Local Authority making the original referral. In these cases, the LA should try and secure repayment from the debtor through all reasonable and practicable steps.
81. Where a Local Authority is taking the lead in investigating fraudulent activity where the attempted or suspected fraud is local (rather than organised, large scale, systematic or crosses Local Authority boundaries), they are expected to instigate the recovery of the grant themselves. If a referral is made to NAFN for consideration of investigation, where the Local Authority does not have the resources to investigate, then any attempts that have been made to recover funds, should be included in the referral to NAFN. Local Authorities may wish to pursue referral of the case to local police, however this is at their discretion.
82. A referral should still be made to NAFN where a Local Authority is investigating a suspected or actual fraud to enable NAFN/NATIS to interrogate their systems to identify any links to other cases and to identify possible links to organised crime groups.

COVID-19 business grant subsidy allowance

83. The EU State aid rules no longer apply to subsidies granted in the UK following the end of the transition period, which ended on 31 December 2020. This does not impact the limited circumstances in which State aid rules still apply under the Withdrawal Agreement, specifically Article 10 of the Northern Ireland Protocol. However, in the vast majority of cases this will not apply. The United Kingdom remains bound by its international commitments, including subsidy obligations set out in the Trade and Cooperation Agreement (TCA) with the EU. BEIS Guidance for public authorities explaining the subsidies chapter of the TCA, World Trade Organisation rules on subsidies, and other international commitments can be found here: <https://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities>.

COVID-19 business grants subsidy allowances provided on the basis of the TCA

84. The below scheme rules should be applied to applicants at the level of economic actor, which is defined as an entity or a group of entities constituting a single economic entity regardless of its legal status, that is engaged in an economic activity by offering goods or services on a market.
85. There are three subsidy allowances for the COVID-19 Business Grant Schemes set out below: Small Amounts of Financial Assistance Allowance, the COVID-19 Business Grant Allowance and the COVID-19 Business Grant Special Allowance. For grants in scope of the Northern Ireland Protocol, please see paragraphs 94 to 96 below.
86. We have concluded that the COVID-19 Business Grant Allowance and the COVID-19 Business Grant Special Allowance are compatible with the principles set out in Article 366 of the TCA and are targeted, proportionate, and effective in order to remedy difficulties caused by the COVID-19 pandemic for the purposes of Article 364(3). These two allowances constitute subsidy schemes for the purposes of Article 373(4) of the TCA and the transparency requirements at Article 369 of the TCA. Local Authorities will still need to consider their own transparency obligations in relation to individual award (see paragraph 92 below).

Small Amounts of Financial Assistance Allowance

87. Grants may be paid in accordance with Article 364(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 up to 325,000 Special Drawing Rights, to a single economic actor over a rolling period of three fiscal years (the “**Relevant Period**”), which is the equivalent of £335,000 as at 2 March 2021¹. When calculating the amount of subsidy an applicant has received under Article 364(4) of the TCA in a Relevant Period, a local authority should have regard to any subsidy given under Article 364(4) and any subsidy given under Commission Regulation (EU) No 1407/2013 (the **De Minimis Regulation**). 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.

1. ¹ The Special Drawing Right calculator here can be used to calculate the exchange rate on the day the subsidy is awarded: https://coinmill.com/SDR_calculator.html

COVID-19 Business Grant Allowance

88. Where the Small Amounts of Financial Assistance Allowance has been reached or an applicant has elected not to receive a grant under this allowance, grants may be paid in compliance with the Principles set out in Article 366 of the TCA and in compliance with Article 364(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 the COVID-19 Business Grant Schemes, this allowance is £1,900,000 per single economic actor. This allowance includes any grants previously received under other COVID-19 Business Grant Schemes using the COVID-19 Business Grant Allowance 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 £2,235,000 (subject to the exact amount applicable under the Small Amounts of Financial Assistance Allowance using the Special Drawing Right calculator, and any other support an applicant has received under the Small Amounts of Financial Assistance Allowance in the Relevant Period).

COVID-19 Business Grant Special Allowance

89. 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 the COVID-19 Business Grant Schemes of up to £10,000,000 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 £10,000,000 per single economic actor. This allowance includes any subsidies previously received in accordance with Section 3.12 of the European Commission's Temporary Framework or previously received under the COVID-19 Business Grant Schemes using this COVID-19 Business Grant Special Allowance; 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.
90. 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. Local Authorities must first verify that an applicant can meet all the criteria set out under this allowance before providing further funding under this allowance.
91. Grants provided in excess of the Small Amounts of Financial Assistance Allowance may not be granted to applicants that were defined as an 'undertaking in difficulty' (as defined in Annex C below) on 31 December 2019. In derogation to the above, grants can be granted to micro or small enterprises (as defined above) that were already in difficulty on 31 December 2019 provided that they are not subject to collective insolvency proceedings.
92. Local Authorities must ensure the remaining applicable provisions of the subsidies chapter of the TCA are complied with. In particular, the transparency obligations under Article 369. The transparency database can be found at <https://manageuksubsidies.beis.gov.uk/>. All schemes and individual awards over £500,000 must be uploaded within six months of being granted. Any ad hoc awards of at least 325,000 Special Drawing Rights over three years to an individual beneficiary must also be uploaded within six months of being granted. For access to and any further questions on the database, please contact the BEIS subsidy control team at subsidycontrol@beis.gov.uk.
93. For the avoidance of doubt, grants under the Small Amounts of Financial Assistance Allowance, the COVID-19 Business Grant Allowance and the COVID-19 Business Grant Special Allowance may be combined for a potential total allowance of £12,235,000 (taking into account all grants previously received under the COVID-19 business grants schemes and subject to the exact amount applicable under the Small Amounts of Financial Assistance Allowance using the Special Drawing Right calculator and the three fiscal year period applicable to the Small Amounts of Financial Assistance Allowance).

Article 10 of the Northern Ireland Protocol

94. Grants in scope of Article 10 of the Northern Ireland Protocol remain subject to EU State aid rules, following the end of the Transition Period which ended on 31 December 2020. Article 10 provides that EU State aid rules will continue to apply to the UK in respect of measures which affect trade in goods and electricity between Northern Ireland and the European Union.
95. In assessing whether Article 10 may apply, Local Authorities are directed to Section 7 of the technical BEIS Guidance which covers the practical application of Article 10. Local Authorities applying Article 10 must follow Section 7 of the technical BEIS Guidance.
96. Where a Local Authority grant falls within scope of Article 10 of the Northern Ireland Protocol, then a Local Authority cannot rely on the Small Amounts of Financial Assistance Allowance. Instead a Local Authority must see if the grant can be awarded under the De Minimis Regulation which allows for up to 200,000 euros of subsidy to be given to an undertaking in a rolling three year fiscal period. If a grant falls within scope of the Northern Ireland Protocol and the De Minimis Regulation cannot be relied upon, then the Local Authority will need to satisfy itself there is another legal route to award the grant in compliance with EU State aid

Rules. For example, the grants may be given under the European Commission's Temporary Framework².

General

97. BEIS may vary the terms of these schemes or suspend or close the schemes with immediate effect, without notice and at any time, and requiring that undispersed funds are returned to BEIS within 30 days.

² The UK Temporary Framework for State aid for COVID-19 responses currently expires on 31 December 2021. A decision on approval of extension of the UK scheme from the Commission is pending at the time of writing.

Annex A – Data reporting

1. As part of the Post Payment reporting process, Local Authorities will be required to report to the Department on the grant fund and to adhere to data reporting requirements. This will include reporting to BEIS progress in making payments to eligible rate paying businesses, and detailed information of grants awarded.
2. Local Authorities are required to collect information from businesses receiving these grant payments and will be required to account for how the funding has been spent. Grant recipients should also be advised that they may be contacted for research purposes, and that their data will be shared with BEIS for research and evaluation purposes. The list below sets out the minimum information requested from Local Authorities to be reported for the Additional Restrictions Grant:
 - a. Business Rate Payer name
 - b. Hereditament address
 - c. Ratepayer email address
 - d. Size of business the grant relates to
 - e. Sector
 - f. Unique identifier (preferably Company Reference Number)
 - g. Grant awarded
 - h. Amount of grant paid
 - i. Date grant paid
 - j. Grant name
3. Local Authorities will need to ensure they have appropriate data protection arrangements in line with the General Data Protection Regulation (GDPR) and the Data Protection Act 2018. Local Authorities should make clear to applicants that this data may be shared with BEIS. The BEIS privacy notice, setting out how BEIS will handle personal data across all COVID-19 grant schemes, can be found here <https://www.gov.uk/government/publications/covid-19-grant-schemes-privacy-notice/covid-19-grant-schemes-privacy-notice>. Data may be shared with other enforcement agencies for the prevention and detection of crime.
4. In requesting detailed information of grants awarded, we will reduce the number of submissions that Local Authorities will be asked to make, for example this data will allow us to report by Parliamentary constituency in addition to Local Authority. Grant data should be submitted using the Data Management System reporting system. Grant data will be requested on a weekly basis.
5. Further details of the data submission process, including login details, supporting material, guidance on the data submission timings and process, guidance on the use of the system, example spreadsheets, definition of terms, and applicable training is available to Local Authorities. Local Authorities can contact lagrants.data@beis.gov.uk with any queries.
6. BEIS will consolidate the reports received to support monitoring and evaluation information of the grant. This includes providing high-level performance reports including summaries of the number of businesses supported and total amount spent. We do this for a number of different reasons, including;
 - a. Accountability – to provide a clear and transparent basis for why this policy has been implemented, and its progress over time

- b. Efficiency – ensuring that we are maximising the value delivered from this public spending and ensuring opportunities for analysis and learning for the future
- c. Effectiveness – ensuring that policy makes a positive impact and understanding the context of when that happens.
- d. Further allocations – we may take into account reported data when determining further top-up payments for Local Authorities.

Annex B – Undertaking in difficulty

'Undertaking in difficulty' means an undertaking in respect of 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. For the purposes of this provision, 'share capital' includes, where relevant, any share premium.
- (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 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:
 - (1) the undertaking's book debt to equity ratio has been greater than 7.5 and
 - (2) the undertaking's EBITDA interest coverage ratio has been below 1.0.

Annex C – COVID-19 Business Grant Schemes

The COVID-19 business grant schemes are:

- Omicron Hospitality and Leisure Grant
- Additional Restrictions Grant (ARG)
- Restart Grant
- Closed Business Lockdown Payment
- Christmas Support Payment for wet-led pubs (CSP)
- Local Restrictions Support Grant (Closed) Addendum: 5 January onwards
- Local Restrictions Support Grant (Closed) Addendum: Tier 4
- Local Restrictions Support Grant (Closed) Addendum
- Local Restrictions Support Grant (Sector)
- Local Restrictions Support Grant (Closed)
- Local Restrictions Support Grant (Open)
- Local Authority Discretionary Grant Fund
- Retail, Hospitality and Leisure Grant Fund
- Small Business Grant Fund

Scheme specific guidance can be found at

<https://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities> and
<https://www.gov.uk/government/publications/coronavirus-covid-19-guidance-on-business-support-grant-funding>