



Department for
Business, Energy
& Industrial Strategy

Additional Restrictions Grant

Guidance for Local Authorities

November 2020



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The guidance

1. This guidance is intended to support Local Authorities in administering the Additional Restrictions Grant (ARG) to support businesses in their local economies and to provide additional support to grant funding under the Local Restrictions Support Grant.
2. This support was announced on the 31 October 2020. This guidance applies to England only from 14 October 2020. It is not retrospective.
3. This guidance is issued by the Secretary of State for Business, Energy and Industrial Strategy to Local Authorities in England.
4. 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 Local Covid Alert Level 3 restrictions.
See announcement: <https://www.gov.uk/government/news/furlough-scheme-extended-and-further-economic-support-announced>
6. This support will take the form of a funding scheme in Financial Year 2020-2021 and can be used across Financial Years 20/21 and 21/22. The scheme is called the Additional Restrictions Grant (ARG) and is administered by business rate billing authorities in England.
7. This document provides guidance to Local Authorities about the operation and delivery of the Additional Restrictions Grant scheme.
8. Funding will be made available to eligible Local Authorities at the point that national restrictions are imposed or at the point the Local Authority first entered LCAL 3 restrictions.
9. This guidance is aimed at Local Authorities. However, in the case that funding under this scheme was provided to Combined Authorities (see paragraph 11), then the Combined Authority will be subject to the same conditions and obligations under this guidance as Local Authorities.
10. Local Authorities that previously entered LCAL 3 restrictions may have already accessed additional enhanced business support settlements. These settlements are now part of the Additional Restrictions Grant.

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11. Areas that have agreed this support at the time of publication are: Liverpool, Lancashire, Greater Manchester, South Yorkshire, West Yorkshire, Warrington and Nottinghamshire.
 12. All Local Authorities in England, except those covered by agreements made in areas listed in paragraph 11, are now eligible for funding under this scheme due to the widespread national restrictions coming into force on 5 November 2020.
 13. Under the Additional Restrictions Grant, Local Authorities will receive a one-off lump sum payment amounting to £20 per head in each eligible Local Authority when LCAL 3 or widespread national restrictions are imposed. Local authorities can use this funding for business support activities. We envisage this will primarily take the form of discretionary grants, but LAs could also use this funding for wider business support activities.
 14. If Local Authorities use ARG for direct business support grants, the same conditions of grant apply as for the Local Restrictions Support Grant (Closed), however local authorities will have the discretion to alter the amount of funding offered to individual businesses and the frequency of payment.
 15. Once a Local Authority exits national or LCAL 3 restrictions they will not receive additional funding under this grant scheme if the Local Authority then re-enters national or LCAL 3 restrictions.
 16. This support for businesses is separate from local public health support, e.g. the £8 per head made available to Local Authorities under LCAL 3 restrictions through the Contain Outbreak Management Fund.

How will the grant be provided?

17. 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 coronavirus and commonly as part of a wider set of measures.
18. In line with the eligibility criteria set out in this guidance, Government will provide grant funding to Local Authorities under national and LCAL 3 restrictions. This funding will be a one-off lump sum payment when national or LCAL 3 restrictions have come into force from 14 October 2020, in line with the grant offer letter sent to Local Authorities (using a grant under section 31 of the Local Government Act 2003).
19. Government will issue Local Authorities 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.

20. Local Authorities that will be responsible for making payments to businesses, and which will receive funding from Government, are business rate billing authorities in England.
21. 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 authorities.

How much funding will be provided to businesses?

22. Local Authorities can determine how much funding to provide to businesses from the ARG funding provided, and exactly which businesses to target.
23. However, we encourage Local Authorities to develop discretionary grant schemes to help those businesses which – while not legally forced to close – are nonetheless severely impacted by the restrictions put in place to control the spread of Covid-19. This could include – for example – businesses which supply the retail, hospitality, and leisure sectors, or businesses in the events sector.
24. Local Authorities may also choose to help businesses outside the business rates system, which are effectively forced to close – for example market traders.
25. Finally, Local Authorities could use ARG funding to provide additional support to larger local businesses which are important to the local economy, on top of the funding provided to those businesses via the LRSG (Closed) scheme, with due reference to State Aid.
26. In taking decisions on the appropriate level of grant, Local Authorities may want to take into account the level of fixed costs faced by the business in question, the number of employees, whether they are unable to trade online and the consequent scale of coronavirus losses.
27. The grant amounts given to individual businesses will be subject to state aid limits.

Exclusions to Additional Restrictions Grant funding

28. Businesses that have already received grant payments that equal the maximum levels of State aid permitted under the de minimis and the Covid-19 Temporary State Aid Framework.

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29. 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.
 30. Local or Combined Authorities that have already agreed enhanced support settlements will not be eligible for further funding under this scheme (see paragraph 11 for exclusions).

Who will receive this funding?

31. Where a grant is issued, the business who, according to the billing authority's records, was the ratepayer in respect of the hereditament on the date LCAL 3 or national restrictions first came into force, is eligible for the grant. Where a Local Authority has reason to believe that the information that they hold about the ratepayer on the first full day of national or LCAL 3 restrictions is inaccurate they may withhold or recover the grant and take reasonable steps to identify the correct ratepayer. Local Authorities should make clear to recipients that the grant is for the ratepayer and may be liable for recovery if the recipient was not the ratepayer on the eligible day. Some businesses outside the business rate system may also receive grants.
32. Businesses must have been trading on the first full day of national or LCAL 3 restrictions to be eligible to receive a grant support.
33. The Local Authority must call or write 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.
34. 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).

Will grants be subject to tax?

35. 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.
36. Only businesses which make an overall profit once grant income is included will be subject to tax.

Managing the risk of fraud and payments in error

37. 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 may any grants paid in error.

38. 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 consider supplementing existing controls with digital tools to support efficient, appropriate and accurate grants awards.
39. 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 emergency grants until 31 March 2021. Use of Spotlight to support pre-award due diligence is strongly recommended.
40. 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.
41. 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: spotlightlocalauthority@cabinetoffice.gov.uk

Pre- and post-event assurance

42. All Local Authorities are required to follow this guidance and conduct activity to provide assurance that the grants have been paid out in line with the eligibility and State aid conditions for these schemes.
43. 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.
44. Local Authorities must be satisfied that all State aid requirements have been fully complied with when making grant payments. Full details, including sample declaration forms, are contained in in this guidance.
45. To deliver this assurance requirement, Local Authorities should develop pre- and post-payment assurance plans for each grant scheme. There should be an eligibility check and a recipient check on all payments, whether pre- or

post-payment. The plans should set out the actions and checks Local Authorities will undertake to ascertain regularity of payments. They should cover the pre-payment checks for grants still to be paid, but also the post payment assurance checking regime that the Local Authority will introduce to identify irregular payments.

46. The volume and depth of checks that a Local Authority undertakes as detailed in these plans should be proportionate to the grant value versus the cost of the check, and informed by a Fraud Risk Assessment of the likelihood of error and/or fraud in the payments they have made.
47. Consequently, Fraud Risk Assessments should also be undertaken for each grant scheme and comprise part of the assurance plan. To support Local Authorities in developing their risk assessments the Department will provide risk assessment templates tailored to the relevant funds.
48. The Government Grants Management Function and Counter Fraud Function will support Local Authorities to carry out post-event assurance work to identify high risk payments and to estimate and measure the likely incidence of fraud and error that has occurred in the scheme. This requires statistically significant sample testing of key residual risks to assess the level of fraud / error that has arisen from the residual aspect of identified fraud risks. Post-event assurance is therefore dependent upon a detailed fraud risk assessment being undertaken for the scheme. Guidance will be made available to Local Authorities to support the development of Post Event Assurance Action Plans.
49. 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.

Monitoring and reporting requirements

50. Local Authorities must retain necessary data and BEIS will undertake regular data collection exercises. The data will include:
 - number of applications received for the scheme,
 - number of payments being processed,
 - number of actual payments, and
 - value of payments made.
51. Local Authorities may be required to provide data in order to allow reporting by Parliamentary constituency. BEIS will work with Local Authorities to

facilitate such reporting.

52. Annex A contains information on Post Payment Monitoring requirements.
53. Local Authorities will be asked to provide a monthly report to the Department comprising an update on their Fraud Risk Assessments and pre- and post-payment assurance activities as they are delivered over the lifetime of each of these grants separately. The Department will provide a reporting template in due course.
54. If Local Authorities detect fraud (successful rather than attempted), or if they suspect fraud (attempted as well as actual) that is organised, large scale systematic, or which crosses Local Authority boundaries, they must report it in real time. We recommend Local Authorities report it simultaneously to the dedicated inboxes at the National Anti Fraud Network (intel@nafn.gov.uk) and the National Investigation Service (report@natis.pnn.police.uk). Local Authorities may be contacted for further information to assist with lines of enquiry being pursued.
55. 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.
56. 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
57. This monitoring and reporting is in addition to any relevant reporting requirements to the EU Commission under State aid rules.

State aid

58. The United Kingdom left the EU on 31 January 2020, nonetheless under the Withdrawal Agreement the State aid rules continue to apply during a transition period, subject to regulation by the EU Commission. The Local Authority must be satisfied that all State aid requirements have been fully met and complied with when making grant payments, including, where required, compliance with all relevant conditions of the EU State aid De-Minimis Regulation, the EU

Commission Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, the approved Covid-19 Temporary Framework for UK Authorities, and any relevant reporting requirements to the EU Commission.

59. Payments made can be provided under the existing De Minimis rules, to any one organisation over a three fiscal year period, provided doing so does not exceed the €200,000 threshold. Payments made where the De Minimis threshold has been reached should be paid under the Covid-19 Temporary Framework for UK Authorities (threshold €800,000).
60. The amended Temporary Framework enables EU Member States to give up to the nominal value of € 800,000 per company. This can be combined also with so-called *de minimis* aid (to bring the aid per company to up to €1 million) and with other specific types of aid. Any business that has reached the limits of payments permissible under the De Minimis and the UK Covid-19 Temporary State Aid Framework will not be able to receive further grant funding.
61. Annex B of this guidance contains two sample declarations which Local Authorities may wish to use with either payments under the De Minimis rules or under the Covid-19 Temporary Framework for UK Authorities. Where Local Authorities have further questions about De Minimis or other aspects of State aid law, they should seek advice from their legal department in the first instance.
62. On 13 October 2020 the European Commission (CJON) announced further amendments to its State aid Temporary Framework - introducing a new measure enabling further support to companies facing a decline in turnover during the eligible period of at least 30% compared to the same period of 2019 due to the coronavirus outbreak. The support can be provided for up to 70% (90% in case of micro and small companies) of the beneficiaries' fixed costs that are not covered by their revenues or other specified sources, up to a maximum amount of EUR 3 million per undertaking. The aid under this measure cannot be cumulated with other aid for the same eligible costs and is subject to further conditions set out in the Temporary Framework. The U.K. Government has notified the CJON of its intention to use the new provision and must await approval from the CJON to do so. The Covid-19 Temporary Framework for UK Public Authorities will need to be amended before aid under this new measure may be provided. All Local Restrictions Support Grants guidance documents will be updated to reflect the new provisions if and when they are applied to the LRSG schemes once the U.K. Government has approval. See announcement:
https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1872

Annex A – Post-payment reporting

Background

1. Local Authorities will be required to report to the department on the fund.
2. Weekly reports will cover:
 - a. Number of actual payments made
 - b. Where Local Authorities use an application process to assess grant awards, the total amount of applications per restriction period
 - c. Total amount of actual payments
 - d. Issues encountered in implementing the scheme to allow BEIS to support development of solutions with Local Authorities.
3. The return will be completed using the DELTA Reporting system.

Process

4. Local Authorities will report on progress in making payments to eligible rate paying businesses for each period of restrictions.
5. Each report will only cover grants provided by Local Authorities to eligible business during the period as per paragraph 13. The Cities and Local Growth Unit will consolidate the reports to create an accumulative total and monitor progress against the initial allocation of funding per Local Authority.

Definitions

Total number of applications received	Number of applications received in the restriction period
Total number of grants provided	Number of grants paid (in that restriction period) to the eligible businesses identified by the Local Authorities.
Total value of payment made	Value of grants paid (in that restriction period) to the eligible businesses identified by the Local Authorities.
Comments	Highlight in this box issues that Local Authorities are encountering while implementing the scheme.

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Data collections for evaluation

6. Local Authorities are also required to collect information from businesses receiving these grant payments, and will be expected 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.
7. It is vitally important that we have this information centrally to allow us to understand and evaluate how the provision is working. 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
8. We will devise a mechanism by which Local Authorities can frequently share this information with BEIS, which is the most cost-effective way of collecting a wide data set. 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. We will fully support Local Authorities through this data collection, and will share further details and advice by the end of November.
9. The list below sets out the minimum information we require Local Authorities to collect for LRSG (Closed):
 - 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

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- i. Date grant paid
 - j. Grant name

10. This provides important information that will support evaluation and further our understanding of the impact of the grants. Further details including the definitions of the terms above will be provided advice w/c 9 November.

Annex B – State aid: Sample paragraphs that could be included in letters to grant recipients

Template to send to beneficiaries of aid awarded based on the UK COVID-19 Temporary Framework¹

Dear [Name of Aid Recipient]

Confirmation of State aid received under the Covid-19 Temporary Framework for UK Authorities scheme

Following the outbreak of the Coronavirus, the European Commission has approved schemes to aid businesses affected by the Coronavirus outbreak on the basis of their Temporary Framework, including the COVID-19 Temporary Framework scheme for the UK.

The maximum level of aid that a company may receive is €800 000 (€120 000 per undertaking active in the fishery and aquaculture sector or €100 000 per undertaking active in the primary production of agricultural products). This is across all UK schemes under the terms of the European Commission's Temporary Framework. The Euro equivalent of the Sterling aid amount is calculated using the Commission exchange rate² applicable on the date the aid is offered.

Any aid provided under this scheme will be relevant if you wish to apply, or have applied, for any other aid granted on the basis of the European Commission's Temporary Framework. You will need to declare this amount to any other aid awarding body who requests information from you on how much aid you have received. You must retain this letter for four years after the conclusion of the UK's transition from the EU and produce it on any request from the UK public authorities or the European Commission.

Aid may be granted to undertakings that were not in difficulty (within the meaning of Article 2(18) of the General Block Exemption Regulation³) on 31 December 2019, but that faced difficulties or entered in difficulty thereafter as a result of the COVID-

¹ Approval reference.

² https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02014R0651-20170710>

19 outbreak.⁴ This undertaking in difficulty test does not apply to small and micro undertakings (less than 50 employees and less than EUR 10 million of annual turnover and/or annual balance sheet) unless they are subject to insolvency proceedings, have received rescue aid that has not been repaid, or are subject to a restructuring plan under State aid rules.⁵

This aid is in addition any aid that you may have received under the De Minimis regulation allowing aid of up to €200,000 to any one organisation over a three fiscal year period (i.e. your current fiscal year and previous two fiscal years), and any other approved aid you have received under other State aid rules, such as aid granted under the General Block Exemption Regulation.

Confirmation of State aid received under x Scheme, and Undertaking in Difficulty status

Please sign the attached statement confirming your eligibility, in principle, for aid.

I confirm that I have received the following aid under measures approved within the European Commission's Temporary Framework between March 2020 and December 2020.

I confirm that I am not a small or micro company, and that my undertaking was not in difficulty (within the meaning of Article 2(18) of the General Block Exemption Regulation) on 31 December 2019.

Body providing the assistance/ aid	Value of assistance (in €)	Date of assistance

DECLARATION

Company	
Company Representative Name	
Signature	
Date	

⁴ If you are an undertaking in difficulty within the meaning of Article 2(18) of the General Block Exemption Regulation you may still be entitled to de minimis aid if you have received less than €200,000 in de minimis aid in the last three years. You should contact us if you consider that you may qualify for de minimis aid on this basis.

⁵ Third amendment to the Covid-19 Temporary Framework: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2020.218.01.0003.01.ENG&toc=OJ:C:2020:218:TOC

Template to send to beneficiaries of aid awarded based on De Minimis Rules

Dear []

NON-DOMESTIC RATES ACCOUNT NUMBER: _____

The value of the grant payment to be provided to [name of undertaking] by [name of local authority] is £ [] (Euros []).

This award shall comply with the EU law on State aid on the basis that, including this award, [name of undertaking] shall not receive more than €200,000 in total of de minimis aid within the current financial year or the previous two financial years).

The de minimis Regulations 1407/2013 (as published in the Official Journal of the European Union L352 24.12.2013) can be found at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0001:0008:EN:PDF>

Amount of <i>de minimis</i> aid	Date of aid	Organisation providing aid	Nature of aid

I confirm that:

1) I am authorised to sign on behalf of _____ [name of undertaking];
and

2) _____ [name of undertaking] shall not exceed its De minimis threshold by accepting this grant payment.

SIGNATURE:

NAME:

POSITION:

BUSINESS:

ADDRESS:

I confirm that I wish to accept the grant payment in relation to the above premises.

DATE:

Refusal of Grant form

Name and address of premises	Non-domestic rates account number	Amount of Grant Funding

I confirm that I wish to refuse grant in relation to the above premises.

I confirm that I am authorised to sign on behalf of _____ [name of undertaking].

SIGNATURE:

NAME:

POSITION:

BUSINESS:

ADDRESS:

DATE:

<u>Name and address of premises</u>	<u>Non-domestic rates account number</u>