

74. 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.
75. Any funding not spent will need to be returned to BEIS within 30 days of the completion of the reconciliation exercise.
76. Local Authorities must be satisfied that all subsidy allowance conditions have been fully complied with when making grant payments.
77. To deliver this assurance requirement, Local Authorities must have pre- and post-payment assurance plans in place for this grant scheme. Local Authorities must ensure these plans are in place as soon as possible and can be provided to BEIS when requested. The plans must set out the actions and checks Local Authorities will undertake to ascertain regularity of payments. The plans need to 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 now includes the functionality to add schemes pre- or post-award.
78. In addition, Fraud Risk Assessments should also be undertaken for the 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.
79. 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.
80. 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

81. 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.

82. Further details on post-payment monitoring requirements are outlined in Annex A.
83. Local Authorities will be required to provide data in order to allow reporting by Parliamentary constituency. BEIS will work with Local Authorities to facilitate such reporting.
84. Local Authorities will also be required 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.
85. 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.
86. 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.
87. Local Authorities may be contacted for further information to assist with lines of enquiry being pursued.
88. 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.
89. 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.
90. 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.

Update to COVID-19 business grant subsidy allowance

91. 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. 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>

92. On Thursday 4 March new subsidy allowances were established for the COVID-19 business grants schemes, on the basis of the principles set out in Article 3.4 of the TCA.

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

93. 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.

94. There are three subsidy allowances for this scheme set out below: Small Amounts of Financial Assistance Allowance, the COVID-19 Business Grant Allowance and the COVID-19 Business Grant Special Allowance.

Small Amounts of Financial Assistance Allowance

95. 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, which is the equivalent of £335,000 as at 2 March 2021¹. 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 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

96. 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 Right calculator).

COVID-19 Business Grant Special Allowance

97. 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.
98. 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.
99. 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 B 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.
100. 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 3.7. The transparency database can be found at <https://manageuksubsidies.beis.gov.uk/>.
101. If a grant is awarded under the Small Amounts of Financial Assistance Allowance, Local Authorities must ask the recipient whether, when cumulated with any De Minimis State Aid or Small Amounts of Financial Assistance that the business has received in the last three years, the grant will mean that the recipient has received more than 325,000 Special Drawing Rights (approximately £335,000 at the time of writing). If it has, then the grant must be declared on the BEIS transparency database within six months of it being made.
102. If the grant is awarded under the COVID-19 Business Grant Allowance or the COVID-19 Business Grant Special Allowance, Local Authorities must ask the recipient whether, when cumulated with any other grant under the allowances, the recipient has received more than £500,000. If it has, then the grant must be declared on the BEIS transparency database within six months of it being made.
103. For access to and any further questions on the database, please contact the BEIS subsidy control team at subsidycontrol@beis.gov.uk.
104. Local Authorities still need to comply with reporting requirements to the European Commission in respect of grants previously granted under the European Commission's Temporary Framework before the Transition Period ended on 31 December 2020.

Article 10 of the Northern Ireland Protocol

105. Grants in scope of Article 10 of the Northern Ireland Protocol remain subject to EU State aid rules², 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.

106. 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.

General

107. BEIS may vary the terms of these schemes or suspend or close the schemes with immediate effect, without notice and at any time.

108. 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 £10,935,000 (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).

² This means grants in scope of Article 10 of the Northern Ireland Protocol must comply with the provisions set out in the 4th amendment of the State aid Temporary Framework dated 13 October 2020.

Annex A – Post-payment reporting

Background

1. As part of the Post Payment reporting process, Local Authorities will be required to adhere to the following data reporting requirements:
 - a. Weekly grant spend return
 - b. Monthly data collection for evaluation

Weekly grant spend return

2. Local Authorities will be required to report to the Department on the grant fund.
3. Weekly reports will cover:
 - a. Number of businesses eligible for the scheme
 - b. Number of businesses in receipt of a grant payment
 - c. Total amount of actual payments
 - d. Issues encountered in implementing the scheme to allow BEIS to support development of solutions with Local Authorities
4. These returns should be completed using the DELTA reporting system.
5. In addition to weekly performance monitoring reports, we are likely to ask Local Authorities to provide data in order to allow reporting by Parliamentary constituency and Local Authorities should be prepared to provide this data when requested.

Process

6. Local Authorities will report on progress in making payments to eligible rate paying businesses.
7. Each report will only cover grants provided by Local Authorities to eligible businesses. 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

Number of businesses eligible for the scheme	Number of businesses identified by the Local Authority as eligible for the grant payment in the relevant rateable value band.
Number of businesses in receipt of a grant payment	Number of businesses who have received a grant payment in the relevant rateable value band.
Total amount of actual payments	Total value of payments made to businesses in the relevant rateable value band.
Comments	Highlight in this box issues that Local Authorities are encountering while implementing the scheme.

Data collections for evaluation

8. Local Authorities are also 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.
9. 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

10. We are continuing to develop the mechanism by which Local Authorities can frequently generate and share this information with BEIS, including working with system providers, 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.

11. Local Authorities will be required to follow a 'Monthly Data Collection for Evaluation' process as part of Post Payment Reporting. The list below sets out the minimum information required from Local Authorities to be reported for the Restart 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

12. Further details including supporting material, guidance on the data submission timings and process, example spreadsheets, definition of terms, and applicable training will be provided to Local Authorities. BEIS will work with the Local Authorities to facilitate such requirement. Local Authorities can contact lagrants.data@beis.gov.uk for any queries.

13. The requested data provides important information that will support evaluation and further our understanding of the impact of the grants.

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 – Business categorisation for the purposes of grant funding thresholds

Threshold definitions for the purposes of this scheme are restated below:

- **Non-essential retail definition:** a business that is open to the public and is used mainly or wholly for the purposes of retail sale or hire of goods or services, where the primary purpose of products or services provided are not necessary to the health and well-being of the public.
- **Hospitality definition:** a business whose main function is to provide a venue for the consumption and sale of food and drink
- **Leisure definition:** a business that provides opportunities, experiences and facilities, in particular for culture, recreation, entertainment, celebratory events, days and nights out, betting and gaming
- **Accommodation definition:** a business whose main lodging provision is used for holiday, travel and other purposes.
- **Gym & Sport definition:** a commercial establishment where physical exercise or training is conducted on an individual basis or group basis, using exercise equipment or open floor space with or without instruction, or where individual and group sporting, athletic and physical activities are participated in competitively or recreationally.
- **Personal care definition:** a business which provides a service, treatment or activity for the purposes of personal beauty, hair, grooming, body care and aesthetics, and wellbeing.

This table sets out types of businesses that are eligible under the sector thresholds for this scheme. This list is not exhaustive, but indicative of the types of businesses that can be supported under this scheme.

Support type	Types of businesses	
Non-essential retail (up to £6k)	Betting offices	Auction rooms
	Departmental stores	Car auction
	Markets (other than livestock)	Car showrooms
	Sales kiosks	Car supermarkets
	Showrooms, e.g. kitchen, bathroom, tile, glazing	Car washes (standalone)
	Tobacco and vape stores	Car/caravan
	Antiques stores	Sales/display/hiring Sites
	Sales offices	Charity shops
	Travel agents	Carpet stores
	Electronic goods and mobile phone shops	Furniture shops
	Clothes shops	Sofa shops
	Book shops	Homeware shops
		Florists
		Plant nurseries

	Jewellers Stationery shops Gift shops Make-up shops	Animal groomers Sweet shops Photography studios
Hospitality (up to £18k)	Food courts Public houses/pub restaurants Restaurants	Roadside restaurants Wine bars Cafes
Leisure (up to £18k)	Bingo halls Bowling alleys Casinos and gambling clubs Cinemas Ice rinks Museums and art galleries Roller skating rinks Stately homes & historic houses Theatres Zoos & safari parks Amusement parks Pleasure piers Pavilions Conference centres Exhibition centres including for use as banquet halls and other events Wedding venues Events venues Heritage railways Public halls Night clubs & discotheques Hostess bars Sexual entertainment venues Shisha bars, waterpipe consumption venues	Arenas Concert halls Go kart rinks Model villages Tourist attractions Aquaria Miniature railways Theme parks Amusement arcades including adult gaming centres Animal attractions at farms Wildlife centres Botanical gardens Circus Visitor attractions at film studios Soft play centres or areas Indoor riding centres Clubs & institutions Village halls & scout huts, cadet huts etc.
Accommodation (up to £18k)	Caravan parks Caravan sites and pitches Chalet parks Coaching inns Country house hotels Guest & boarding houses Hostels Hotels Lodges	Holiday apartments, cottages or bungalows Campsites Boarding houses Canal boats or other vessels B&Bs Catered holiday homes Holiday homes
Personal care	Spas, sauna and steam rooms	Hairdressing salons

(up to £18k)	Tanning salons Nail salons Massage centres, massage treatments Tattoo and piercing studios Holistic therapy (reflexology, massage, acupuncture)	Barbers, groomers Beauty salons Beauticians, aesthetics Other non-surgical treatments
Gyms & sport (up to £18k)	Dance schools and centres Dance studios Gymnasia/fitness suites Cricket centres Ski centres Sports and leisure centres Outdoor sports centres Outdoor adventure centres Squash courts	Tennis centres Sports courts Swimming pools Shooting and archery venues Driving ranges Water sport centres Golf courses