



Department for
Business, Energy
& Industrial Strategy

Business Support Package for January Lockdown

From 5 January 2021 onwards (updated 4
May 2021)

Guidance for Local Authorities



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The guidance

1. This guidance document sets out the conditions for two schemes: The Local Restrictions Support Grant (Closed) Addendum: 5 January onwards and the Closed Businesses Lockdown Payment. These two schemes, along with the Additional Restrictions Grant, form part of the Business Support Package for January Lockdown and apply from 5 January 2021 onwards.
2. National restrictions were formally introduced into law on 6 January 2021, but for the purposes of these schemes, eligibility will commence on 5 January 2021 as the expectation was businesses would be mandated to close from this date.
3. This guidance is intended to support Local Authorities in administering the Local Restrictions Support Grant (Closed) Addendum: 5 January onwards and the Closed Businesses Lockdown Payment, to support businesses that are required to close under national restrictions.
4. This guidance is issued by the Secretary of State for Business, Energy and Industrial Strategy to Local Authorities and sets out the criteria for the Local Restrictions Support Grant (Closed) Addendum: 5 January onwards and the Closed Businesses Lockdown Payment.
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

6. On Monday 4 January 2021, the Prime Minister announced that from 5 January 2021 England would enter into a period of national restrictions to manage the spread of coronavirus and save lives. See announcement: <https://www.gov.uk/government/speeches/prime-ministers-address-to-the-nation-4-january-2021>
7. On Tuesday 5 January 2021, the Government announced further funding to support businesses that are legally required to close due to national restrictions. See announcement: <https://www.gov.uk/government/news/46-billion-in-new-lockdown-grants-to-support-businesses-and-protect-jobs>
8. In addition to the grants provided under the Local Restrictions Support Grant (Closed) Addendum: 5 January onwards, the Government announced the Closed Businesses Lockdown Payment, which provides a one-off top up grant for all businesses mandated to close during national restrictions.

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9. The Government also announced a further £500 million is being made available for Local Authorities through a top-up to the Additional Restrictions Grant. There is no change to the guidance for this scheme.
 10. For further details on the Additional Restrictions Grant see:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/946372/additional-restrictions-grant-la-guidance.pdf
 11. National restrictions refer to legally binding restrictions imposed on all Local Authority areas in England in response to the threat posed by coronavirus.
 12. For a full list of businesses mandated to close, see:
<https://www.legislation.gov.uk/uksi/2020/1374>, with updates and amendments for the latest national restrictions at:
<https://www.legislation.gov.uk/uksi/2021/8/made>
 13. This guidance document will set out the eligibility criteria for the Local Restrictions Support Grant (Closed) Addendum: 5 January onwards and Closed Businesses Lockdown Payment schemes.

Eligibility Criteria for the Local Restrictions Support Grant (Closed) Addendum: 5 January onwards

14. This scheme is an extension of the Local Restrictions Support Grant (Closed) scheme but has been adapted for the period of national restrictions. The first payment period is extended to 42 days from 5 January 2021 rather than the 14-day payment cycle in tiers. The second payment cycle will be for a 44-day period up to the end of the financial year and will follow on directly from the first payment cycle to cover 16 February – 31 March 2021.
15. Local Authorities will be provided with funding, under the Local Restrictions Support Grant (Closed) Addendum: 5 January onwards scheme, for businesses that are required to close because of the formal publication of national restrictions guidance by the Government that resulted in a first full day of legal closures on the 6 January 2021. This scheme will pay from 5 January 2021 as the Prime Minister's statement on 4 January 2021 asked the nation to start the lockdown from this date. This funding is not retrospective. Businesses required to close in previous tiers and the national lockdown between 5 November 2020 – 2 December 2020 are covered by other guidance found here:
<https://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities>
16. Businesses that are eligible are those that have been mandated to close by Government in the legislation and include non-essential retail, leisure, tourism, personal care, sports facilities and hospitality businesses.
17. When national restrictions are imposed by Government and a significant number of businesses are mandated to close to manage the spread of

coronavirus, then Local Restrictions Support Grant (Closed) Addendum: Tier 4, (Open) and (Sector) and (Closed) will cease to apply, although applications can still be made for eligible periods before national restrictions. Mandatory grants to eligible businesses and discretionary grants will instead be provided by the LRSB (Closed) Addendum: 5 January onwards and the Additional Restrictions Grant. Businesses will not be eligible for multiple versions of the Local Restrictions Support Grant under widespread national restrictions.

18. Businesses supported through LRSB (Sector) will be eligible for funding under the LRSB (Closed) Addendum: 5 January onwards during national restrictions, for example nightclubs and sexual entertainment venues.
19. If a Local Authority was subject to local restrictions prior to national restrictions being imposed, the Local Authority will remain eligible to claim for applicable variations of the Local Restrictions Support Grants during the period before national restrictions came into force, this should be paid pro-rata where full payment cycles are disrupted.

Eligibility Criteria for the Closed Businesses Lockdown Payment

20. The Closed Businesses Lockdown Payment will be in addition to the first LRSB (Closed) Addendum: 5 January onwards scheme payment.
21. Local Authorities will be provided with funding to deliver a one-off payment for businesses that have been required to close from 5 January 2021 due to the introduction of national restrictions. This funding is not retrospective.
22. Eligibility for the CBLP is the same as the LRSB (Closed) Addendum: 5 January onwards scheme. Businesses that are eligible are those that have been mandated to close by Government and include non-essential retail, leisure, personal care, sports facilities and hospitality businesses.
23. This funding will be provided as a one-off payment, in line with the grant offer letter sent to Local Authorities (using a grant under section 31 of the Local Government Act 2003).
24. Local Authorities will need to use their judgement about whether they need an application process for the new mandatory grants. It may be that previous grant rounds have resulted in an accurate list of those businesses that need to be paid during the January national lockdown.

Local Restrictions Support Grant (Closed) Addendum: 5 January onwards

25. The Local Restrictions Support Grant (Closed) Addendum: 5 January onwards will initially move from a 14-day payment cycle to an alternative payment cycle.

From 5 January 2021, Local Authorities will receive a 42-day allocation for the first payment cycle. The second payment cycle will be for a further 44 days for the period of 16 February to 31 March 2021. If national restrictions are removed prior to the end of the second 44-day payment cycle, this payment will not be subject to recovery. Eligibility for future grant schemes will not commence until the end of the 44-day payment cycle if national restrictions end before this period. Grant funding will be issued to Local Authorities at the beginning of each payment cycle. Local Authorities will be expected to pay eligible businesses the full allocation as soon as possible after receipt of the funding.

26. This funding will be provided for the period national restrictions apply, in line with the grant offer letter sent to Local Authorities (using a grant under section 31 of the Local Government Act 2003).
27. For the 42-day payment made for the period beginning 5 January 2021, the application closure date is 31 March 2021 and final payments must be made by 14 May 2021.
28. For the 44-day payment made for the period beginning 16 February 2021, the application closure date is 31 May 2021 and final payments must be made by 30 June 2021.
29. It is expected that Local Authorities will provide local businesses with grant funding as soon as possible once they become eligible for each payment cycle if national restrictions continue. Businesses no longer have to be paid in arrears.
30. Local Authorities will receive an initial allocation of 90% of the estimated grant funding amount for the Local Restrictions Support Grant (Closed) Addendum: 5 January onwards scheme. When this threshold of funding has been reached, Government will pay Local Authorities the further agreed funding. To ensure efficiency and a smooth funding delivery process, unnecessary underspend should be avoided where possible.

Closed Businesses Lockdown Payment

31. The Closed Businesses Lockdown Payment will be provided as a one-off payment, in line with the grant offer letter sent to Local Authorities (using a grant under section 31 of the Local Government Act 2003).
32. This scheme will close for applications on 31 March 2021, but it is expected Local Authorities will identify and pay all relevant businesses as soon as possible once the funding is received, alongside payments for the Local Restrictions Support Grant (Closed) Addendum: 5 January onwards.
33. The scheme will close on 30 April 2021 and final payments must be made by 14 May 2021.

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34. Local Authorities will receive an initial allocation of 90% of the estimated grant funding amount for the Closed Businesses Lockdown Payment scheme. When this threshold of funding has been reached, Government will pay Local Authorities the further agreed funding. To ensure efficiency and a smooth funding delivery process, unnecessary underspend should be avoided where possible.

General

35. In line with the eligibility criteria set out in this guidance, central Government will provide funding to Local Authorities to pay grants to eligible businesses that are affected by national restrictions and required to close in legislation (with normal reconciliation between grant allocation and actual eligible costs). Central Government will fully reimburse Local Authorities, in line with the following guidance and the grant offer letter sent to Local Authorities, for the cost of the grant (using a grant under section 31 of the Local Government Act 2003). Local Authorities will be responsible for delivering the funding to eligible businesses.
36. Local Authorities will receive funding to meet the cost of payments to businesses within the business rates system based on the number of eligible business hereditaments.
37. For the first payment cycle only, Local Authorities will receive the funding for the Local Restrictions Support Grant (Closed) Addendum: 5 January onwards and the Closed Businesses Lockdown Payment schemes at the same time and are expected to pay eligible businesses the two scheme payments together.
38. There is therefore no need to run two separate application processes for the LRSG (Closed) Addendum: 5 January onwards and the CBLP. For example, a business with a rateable value of exactly £15,000 will receive one payment of £6,001 in the first payment cycle (£2,001 LRSG (Closed) Addendum and £4,000 CBLP, see paragraph 47 and 49 for thresholds).
39. There will be a separate funding allocation to Local Authorities for the second payment cycle (16 February to 31 March) of Local Restrictions Support Grant (Closed) Addendum: 5 January onwards.
40. If businesses do not become eligible for both schemes until a later payment cycle, then Local Authorities are still encouraged to make the one-off CBLP payment together with a future payment cycle of the LRSG (Closed) Addendum: 5 January onwards scheme. Government will ensure the necessary funding is made available. For the avoidance of doubt, the Closed Businesses Lockdown Payment is a one-off grant and applications for this scheme will close on 31 March 2021.
41. Each eligible Local Authority will be issued funding allocations that will be calculated using Valuation Office Agency (VOA) data, based on the categories of business relevant to the closures imposed by Government, and monitored with Local Authorities using DELTA. This is to provide each eligible

Local Authority with an allocation based on a consistent approach that reflects the businesses closed by national restrictions. If the allocation proves insufficient for all eligible businesses, top-up funding will be provided.

42. 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.
43. Government will confirm future arrangements for the grant schemes when national restrictions are lifted in due course.
44. The additional £500 million distributed through the ARG scheme has been paid to Local Authorities in one lump sum and, as with the previous ARG payment, can be used in financial years 2020/21 and 2021/22.
45. Local Authorities will be able to use the new ARG funding to support businesses essential to their local economies, such as those severely impacted by restrictions and through wider business support activities. Local Authorities can work collaboratively on wider business support.
46. Local Authorities are expected to provide funding to businesses with the top-up ARG support as soon as possible to meet business need during national lockdown restrictions.
47. 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?

48. The following thresholds apply to LRSG (Closed) Addendum: 5 January onwards for the 42-day payment cycle made for the period beginning 5 January 2021:
 - a) Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £15,000 or under on the date of the commencement of the widespread national restrictions will receive a payment of £2,001 per 42-day qualifying restriction period.
 - b) Businesses occupying hereditaments appearing on the local rating list with a rateable value over £15,000 and less than £51,000 on the date of the commencement of the widespread national restrictions will receive a payment of £3,000 per 42-day qualifying restriction period.
 - c) Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £51,000 or above on the commencement date of the widespread national restrictions, will receive £4,500 per 42-day qualifying restriction period.

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49. The following thresholds apply to LRSG (Closed) Addendum: 5 January onwards for the 44-day payment made for the period beginning 16 February 2021:
- a) Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £15,000 or under on the date of the commencement of the widespread national restrictions will receive a payment of £2,096 per 44-day qualifying restriction period.
 - b) Businesses occupying hereditaments appearing on the local rating list with a rateable value over £15,000 and less than £51,000 on the date of the commencement of the widespread national restrictions will receive a payment of £3,143 per 44-day qualifying restriction period.
 - c) Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £51,000 or above on the commencement date of the widespread national restrictions, will receive £4,714 per 44-day qualifying restriction period.
50. The following funding thresholds apply to the Closed Businesses Lockdown Payment:
- a) Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £15,000 or under on the date of the commencement of the widespread national restrictions will receive a payment of £4,000.
 - b) Businesses occupying hereditaments appearing on the local rating list with a rateable value over £15,000 and less than £51,000 on the date of the commencement of the widespread national restrictions will receive a payment of £6,000.
 - c) Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £51,000 or above on the commencement date of the widespread national restrictions, will receive £9,000.
51. For LRSG (Closed) Addendum: 5 January onwards and Closed Businesses Lockdown Payment, any changes to the rating list (rateable value or to the hereditament) after 5 January 2021, including changes which have been backdated to this date, should be ignored for the purposes of eligibility. Local Authorities are not required to adjust, pay or recover grants where the rating list is subsequently amended retrospectively to the date that national restrictions began. In cases where it was factually clear to the Local Authority that the rating list was inaccurate on 5 January 2021, Local Authorities may withhold the grant and/or award the grant based on their view of who would have been entitled to the grant had the list been accurate. This is entirely at the discretion of the Local Authority and only intended to prevent manifest errors.

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52. Local Authorities will also receive an allocation from the one-off £500 million top up to the ARG and this can be used to support businesses that are adversely impacted but not eligible under the LRSG (Closed) Addendum: 5 January onwards or the Closed Businesses Lockdown Payment.

Exclusions to Local Restrictions Support Grant (Closed) Addendum: 5 January onwards and Closed Businesses Lockdown Payment Funding

53. Businesses that are able to conduct their main service because they do not depend on providing direct in-person services from premises and can operate their services effectively remotely (e.g. accountants, solicitors).
54. Businesses outside the scope of the national restrictions, as defined by Government, are also excluded.
55. Businesses that have chosen to close but not been required to will not be eligible for this grant.
56. For the avoidance of doubt, businesses that were in administration, are insolvent or where a striking-off notice has been made are not eligible for funding under this scheme.

Who will receive this funding?

57. The person who according to the billing authority's records was the ratepayer in respect of the hereditament on 5 January 2021 is eligible for the grant. Where the Local Authority has reason to believe that the information that they hold about the ratepayer on 5 January 2021 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.
58. Eligible businesses that have a voluntary agreement but are not insolvent, in liquidation or in administration will be eligible to receive a grant if they are still trading and operating, provided they are otherwise eligible.
59. Businesses must have been trading the day before national restrictions came into force to be eligible to receive funding under this scheme.
60. For the purposes of these grant schemes, 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 has staff on furlough
- The business continues to trade 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.

61. Where Local Authorities have previously rejected applications from businesses that were not open, but can be considered to have been trading, Local Authorities are asked to revisit these applications and pay these businesses retrospectively.
62. If a business is required to close its main, in-person service but adapts its business to operate takeaway, click and collect or online with delivery services, it will be considered closed and be eligible to receive grants under this scheme because its substantive business must close.
63. 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.
64. Businesses will need to notify their Local Authority if they no longer meet the eligibility criteria for further grants under the LRSG (Closed) Addendum: 5 January onwards scheme during national restrictions. For example, if they become insolvent.

Will these grant schemes be subject to tax?

65. Grant income received by a business is taxable and will need to be included as income in the tax return of the business.
66. Only businesses that make an overall profit once grant income is included will be subject to tax.

Managing the risk of fraud and payment in error

67. 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 subject to claw back, as may any grants paid in error.
68. Local Authorities must continue to ensure the safe administration of grants and that appropriate measures are put in place, pre-award, to mitigate against the increased risks of both fraud and payment error. In this respect, grant administrators are encouraged to supplement existing controls with digital tools to support efficient, appropriate and accurate grant awards.
69. 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.
70. 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 Local Authorities reviewing the ongoing viability of recipients prior to making awards. Spotlight can also provide an incorporation date for a given company.
71. 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.
72. Local Authorities should discuss their digital tool requirements with the Government Grants Management Function at: Spotlight-localauthority@cabinetoffice.gov.uk
73. If Local Authorities detect fraud (successful rather than attempted), or if they suspect fraud (attempted as well as actual) that is organised, large scale or 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.
74. 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:

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- 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.
75. 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: nfiqueries@cabinetoffice.gov.uk

Pre- and post-event assurance

76. 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 conditions for these schemes.
77. Where Local Authorities have already conducted eligibility checks for previous Local Restrictions Support Grant (Closed) schemes, it is accepted that less information will be required in order to issue the grant as long as the Local Authority is satisfied that the business remains eligible.
78. 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 of these grants.
79. 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.
80. 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.

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81. 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.
 82. 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.
 83. 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

84. Local Authorities must retain necessary data and BEIS will undertake regular data collection exercises. The data will include:
 - numbers of businesses eligible for the scheme,
 - number of payments being processed,
 - number of actual payments, and
 - value of payments made.
85. 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.
86. Annex B contains information on Post Payment Monitoring requirements.
87. 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.

Update to COVID-19 business grant subsidy allowance

88. 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>
89. 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.
90. From Thursday 4 March Local Authorities must apply the updated scheme rules set out in this guidance document.
91. The updated scheme rules set out in this guidance document do not apply retrospectively. Therefore, where a Local Authority has previously rejected an applicant's application before Thursday 4 March on the grounds that the applicant had reached previous scheme limits, the Local Authority must not revisit this decision. The applicant may however submit a new application if still within a current payment cycle.
92. If an applicant, that has previously reached the subsidy allowance limit, applies for past payment cycles, Local Authorities should not accept applications or make retrospective payments to those businesses where the payment cycle has passed. For example, Local Authorities should not accept applications for the LRSG (Closed) Addendum scheme, where the eligibility period was 5 November 2020 to 2 December 2020, as the payment cycle has passed for businesses that had reached the subsidy allowance limit during that period.

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

93. The following scheme rules are to be applied to COVID-19 business grants on the basis of the EU-UK Trade and Co-operation Agreement (TCA).
94. 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.

95. 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

96. 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.

COVID-19 Business Grant Allowance

97. 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

98. 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:

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

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- a. The Special Allowance covers only the applicant's uncovered fixed costs incurred during the period between 1 March 2020 and 31 March 2022, 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;
- g. Grants provided under this allowance shall not be cumulated with other subsidies for the same costs.
99. 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.
100. 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.
101. 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/>.
102. 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.

103. 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.
104. For access to and any further questions on the database, please contact the BEIS subsidy control team at subsidycontrol@beis.gov.uk.
105. 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

106. 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.
107. 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

108. BEIS may vary the terms of these schemes or suspend or close the schemes with immediate effect, without notice and at any time.
109. 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 (subject to the exact amount

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.

applicable under the Small Amounts of Financial Assistance Allowance using the Special Drawing Right calculator).

Withdrawn

Annex A – Summary of scheme requirements

	Local Restrictions Support Grant (Closed) Addendum: 5 January onwards: first payment cycle	Local Restrictions Support Grant (Closed) Addendum: 5 January onwards: second payment cycle	Closed Businesses Lockdown Payment
Business rate-payer	Yes		
Payment cycle	42 days	44 days	One-off
Grant threshold – rateable value £15K and under	£2,001 per 42-day period	£2,096 per 44-day period	£4,000
Grant threshold – Rateable value more than £15K and less than £51K	£3,000 per 42-day period	£3,143 per 44-day period	£6,000
Grant threshold – Rateable value £51K and above	£4,500 per 42-day period	£4,714 per 44-day period	£9,000
Grant per business	1 per hereditament		
Funding geography	England only		
Eligibility start date of the scheme	5 January 2021		
Date of payment to Local Authorities	Week commencing 11 January 2021	Week commencing 1 March 2021	Week commencing 11 January 2021
First payment to businesses	Combine both payments and issue as soon as funds received from Government, or before if feasible		
Eligibility criteria	Mandated to close in legislation by Government under national restrictions Rate-paying business Solvent Under subsidy allowances		
Exclusions	Non-rate paying business Insolvent business Utilised subsidy allowances		
Monitoring & reporting	Delta returns Weekly		
Scheme closure date	Final payments by 30 April 2021	Final payments by 30 June 2021	Final payments by 30 April 2021

Annex B – Post-payment reporting

Background

1. Local Authorities will be required to report to the department on the grant fund.
2. Weekly reports will cover:
 - Numbers of businesses eligible for the scheme
 - Number of actual payments per restriction period
 - Total amount of actual payments
 - Issues encountered in implementing the scheme to allow BEIS to support development of solutions with Local Authorities
3. These returns should be completed using the DELTA Reporting system.
4. In addition to weekly performance monitoring reports, we may ask Local Authorities to provide data in order to allow reporting by Parliamentary constituency.

Process

5. Local Authorities will report on progress in making payments to eligible rate paying businesses, for each period of restrictions.
6. Each report will only cover grants provided by Local Authorities to eligible business during the period as per paragraph 14 onwards. 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 eligible businesses	This reflects the number of eligible businesses identified by the Local Authorities to receive funding under the scheme.
Total number of grants provided under each element of the scheme (£2,001, £3,000, £4,500 for LRSG (Closed) Addendum: 5 January onwards first payment cycle; £2,096, £3,143, £4,714 for LRSG (Closed) Addendum: 5 January onwards second payment cycle; £4,000, £6,000, £9,000 for CBLP).	Number of grants paid (in that restriction period) to the eligible businesses identified by the Local Authorities.

Expected date of completing all payments to eligible businesses	Date at which the Local Authorities believes it will have identified and provided grants to all eligible businesses within the payment cycle and for the one-off payment.
Comments	Highlight in this box issues that Local Authorities are encountering while implementing the scheme.

Data collections for evaluation

7. 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.
8. 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
9. 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. We will fully support Local Authorities through this data collection. Please do contact lagrants.data@beis.gov.uk if you have any queries.
10. The list below sets out the minimum information we require Local Authorities to collect for Local Restrictions Support Grants, Additional Restrictions Grant, Christmas Support Payment for wet-led pubs, and the Closed Businesses Lockdown Payment:
 - a. Business Rate Payer name

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- 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

11. 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 and an example spreadsheet will be circulated with each monthly data collection.

Withdrawn

Annex C – 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.