



**Notice of a public
Decision Session - Executive Member for Finance and Performance**

**Meeting to be held in consultation with the Executive Member for
Economy and Strategic Planning (for agenda item 3 Extension
of Hardship Fund Support)**

To: Councillor Ayre and Waller (Executive Member for Finance and Performance) and Councillor Waller (Executive Member for Economy and Strategic Planning)

Date: Thursday, 12 November 2020

Time: 10.00 am

Venue: Remote meeting

AGENDA

Notice to Members – Post Decision Calling In:

Members are reminded that, should they wish to call in any item* on this agenda, notice must be given to Democratic Services by **4:00pm on 13 November 2020**.

*With the exception of matters that have been the subject of a previous call in, require Full Council approval or are urgent which are not subject to the call-in provisions. Any items that are called in will be considered by the Customer and Corporate Services Scrutiny Management Committee.

Written representations in respect of items on this agenda should be submitted to Democratic Services by **5:00pm on 11 November 2020**.

1. Declarations of Interest

At this point in the meeting, the Executive Members are asked to declare:

- any personal interests not included on the Register of

Interests

- any prejudicial interests or
- any disclosable pecuniary interests

which they may have in respect of business on this agenda.

2. Public Participation

At this point in the meeting members of the public who have registered to speak can do so. Members of the public may speak on agenda items or on matters within the remit of the committee. The deadline for registering at this meeting is at 5.00pm on Wednesday 11 November 2020.

To register to speak please visit www.york.gov.uk/AttendCouncilMeetings to fill out an online registration form. If you have any questions about the registration form or the meeting please contact the Democracy Officer for the meeting whose details can be found at the foot of the agenda.

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Please note that, subject to available resources, this remote public meeting will be webcast including any registered public speakers who have given their permission. The remote public meeting can be viewed live and on demand at www.york.gov.uk/webcasts.

During coronavirus, we've made some changes to how we're running council meetings. See our coronavirus updates (www.york.gov.uk/COVIDDemocracy) for more information on meetings and decisions.

3. Lockdown and Tier 3 – Additional Restrictions (Pages 1 - 26) Grant (ARG)

Further to the paper presented on 5 November 2020 on the Local Restriction Grants (LRG) for Tier 2, Sector and Lockdown to support York businesses, this paper provides recommendations on how the Additional Restrictions Grant (ARG) discretionary fund, provided as part of the Government's COVID-19 support, can be used.

4. Urgent Business

Any other business which the Executive Member considers urgent under the Local Government Act 1972.

Democracy Officer:

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For more information about any of the following, please contact the Democracy Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports and
- For receiving reports in other formats

Contact details are set out above.

This information can be provided in your own language.

我們也用您們的語言提供這個信息 (Cantonese)

এই তথ্য আপনার নিজের ভাষায় দেয়া যেতে পারে। (Bengali)

Ta informacja może być dostarczona w twoim własnym języku. (Polish)

Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)

یہ معلومات آپ کی اپنی زبان (بولی) میں بھی مہیا کی جاسکتی ہیں۔ (Urdu)

 (01904) 551550

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**Executive Member for Finance & Performance
in conjunction with Executive Member for
Economy and Strategic Planning**

12 November 2020

Report of the Interim Director of Place

Lockdown and Tier 3 – Additional Restrictions Grant (ARG)

Summary

1. Further to the paper presented on 5th November 2020 on the Local Restriction Grants (LRG) for Tier 2, Sector and Lockdown to support York businesses, this paper provides recommendations on how the Additional Restrictions Grant (ARG) discretionary fund, provided as part of the Government's covid-19 support, can be used.
2. Allocation of the ARG is a key decision, as the total budget is £4,212,360, and cannot be made at an Executive Member Decision Session. Taking the decision as an urgent item at the next meeting of the Executive on 24th November 2020 would delay distribution of the funding by at least two weeks, putting additional strain on the businesses we are seeking to help and risking additional business failures and job losses. We are therefore recommending that the decision is made under emergency powers, but are taking this report to a public decision session to allow comment and for the sake of transparency.

Recommendations

3. The Executive Member is asked to recommend that the Chief Operating Officer make an emergency decision to:
 - Implement a discretionary grants scheme providing support to the businesses outlined and at the levels indicated in paragraphs 19 and 20 to run until March 2022.
 - Instruct the Head of Economic Growth to develop more detailed proposals for a business support voucher scheme

for consideration at a subsequent Executive Member Decision Session

- Allocate a preliminary budget of £200k to fund future reopening events
 - Keep the allocations under review as the pandemic progresses, bring update reports back to Executive Member Decision Sessions should the budget need to be adapted.
4. Should any element of this scheme be changed by subsequent government guidance it is proposed that the Executive Member delegates the decision under this scheme to the Chief Finance Officer (s151) in consultation with the Executive Member Finance and Performance/Executive Member Economy & Strategic Planning, with changes approved retrospectively in public at the next available Executive Member decision session.

Reason: To support to York businesses which are affected by the Lockdown and Tier 3 restrictions but not eligible for Local Restrictions Grant (Closed) funding.

Background

5. The Government announced on 21st October that they were providing additional funding to allow local authorities to support businesses in Tier 2 areas which are not legally closed, but which are severely impacted by the restrictions on movement, including discretionary funding for businesses not attracting the main grants.
6. The Government made a further announcement on 31st of October confirming that the country would be going into a nationwide lockdown from 5th November until 2nd December. As a result further support would be provided for Local Authorities to support businesses in the local economy and to provide additional support to that provided under the Local Restrictions Support Grant.
7. This funding is termed the Additional Restrictions Grant, and guidance for Local Authorities was published by Government in early November 2020. This is attached at Annex A.
8. City of York Council put considerable efforts into distributing both mandatory and discretionary grants earlier in 2020, and in logging cases where businesses were not able to claim support. Through our own Micro Grant schemes, we have also gathered important intelligence on York businesses, including those which operate through a self-employment model, which can be applied in designing our approach to the Additional Restrictions Grant.

Additional Restrictions Grant Government Guidance

9. The Additional Restrictions Grant (ARG) is provided as a grant from Government to Local Authorities under section 31 of the Local Government Act 2003. York has been allocated £4,212,360 of ARG as a one-off payment to cover the current lockdown, any future national lockdown, and any period when York might be subject to local Tier 3 restrictions before the end of financial year 2021/22.
10. The funding is for business support activities, with the expectation that this will primarily take the form of discretionary grants. Any direct grants will attract the same conditions as the Local Restrictions Support Grant (Closed) and will be subject to State Aid declarations and limits.
11. It is for Local Authorities to determine both how much funding to provide to businesses from the ARG funding, and exactly which businesses to target. However, Government has encouraged Local Authorities to develop discretionary schemes to help:
 - businesses which – while not legally forced to close - are nonetheless severely impacted by the restrictions, such as businesses which supply retail, hospitality and leisure sectors or businesses in the events sector
 - businesses outside of the business rates system which are effectively forced to close.
12. Government has also stated that Local Authorities could use ARG funding to provide additional support to larger businesses on top of the funding provided via the LRSB(Closed) scheme, with due reference to State Aid.

York businesses in scope for ARG direct grants

13. Following the principles set out in the Government Guidance, a range of businesses might be eligible for a York discretionary grant scheme. For the avoidance of doubt, we mean by “businesses” those organisations that are formally constituted as companies, partnerships and charities, together with sole-traders and the self-employed.
14. Given that the ARG allocation for York is a fixed amount to cover a period of up to 18 months during which there may be several

national and local lockdowns, it is crucial that our local scheme is established in a manner which:

- Is able to provide for several incidences of national and local restrictions;
- Provides support to as many local businesses as are eligible;
- Can flexibly respond to changing circumstances;
- Benefits the local economy;
- Has the broad support of York’s business communities.

15. Government guidance for the current national lockdown and for local Tiers 2 and 3 has identified a range of businesses which are legally required to close, or who have restrictions on their ability to open. The table below summarises, showing those that must close as red, those that have restrictions in amber, and those that are unrestricted in green.

	Lockdown	Tier 3	Tier 2
Non-essential retail			
Hospitality venues			
Accommodation			
Leisure and sports facilities			
Entertainment venues			
Personal care facilities			
Personal care provided in other peoples’ homes			
Community centres and halls			
Places of worship			

16. For the red and amber boxes, all businesses in those sectors that are part of the rates system will attract LRSG(Closed) payments linked to the rateable value of their premises. Businesses outside of the rates system – not trading from rated premises, or who are not directly the rate payer for their premises – would be within scope for ARG.

17. On the basis of applications received earlier this year to our Micro Grants scheme, we estimate that approximately 750 such businesses are trading in York. This includes market traders,

personal services providers such as hairdressers and beauty therapists, leisure and sports businesses, and providers of holiday accommodation outside of the rates system. In Tier 3, this would reduce to approximately 125 businesses in scope as fewer sectors are compelled to close.

18. For businesses that predominantly supply their goods and services to those shown in red above, the Government's Inter Departmental Business Register shows there to be approximately 250 businesses in scope in York. Some are wholesalers to non-essential retail, while others are the greengrocers, fishmongers, butchers, commercial laundries, cleaning contractors and others who provide services to hospitality and accommodation providers. A further related sector is companies who work with venues and hospitality providers to arrange events – these too can be thought of as suppliers.
19. For businesses in the sectors forced to close but outside the scope of LRSG(Closed), we propose a tiered approach as follows:
 - For those with fixed commercial premises costs – rent payable to a landlord – a payment of £1,334 per 28-day qualifying restriction period (base level of LRSG(Closed) payments)
 - For those without fixed premises costs, a payment of £500 per 28-day qualifying restriction period.
20. For businesses for whom at least 75% of the value of their normal trade is with businesses forced to close in the Lockdown, we propose adopting the same tiered payments as for LRSG(Closed) for those occupying hereditaments appearing on the local rating list. Any suppliers that are eligible but outside of the rates system would be paid as outlined in para 19. For those in rated premises, that would result in payments of:
 - For properties with a rateable value of £15k or under, grants to be £1,334 per month, or £667 per two weeks;
 - For properties with a rateable value of between £15k-£51k grants to be £2,000 per month, or £1,000 per two weeks;
 - For properties with a rateable value of £51k or over grants to be £3,000 per month, or £1,500 per two weeks.

21. We estimate that the total cost of such a scheme would be in the order of £750k - £1m per 28 day period. It is only possible to know what the exact costs would be by running the scheme, however it is clear that a scheme at the level outlined would be capable of being run more than once. If our estimate is correct, there would be scope to provide ARG grants on at least 3 occasions to enable grants to be awarded for a future imposition of restrictions until March 2022, the full period covered by the ARG.
22. Applications would be sought from eligible York-based businesses. That is to say, businesses which have premises in York or where the business is run by a York resident and trade is at least 75% in York, with a maximum of one grant per business. The closing date for applications would be 2nd December 2020, and all eligible claims would be being paid, subject to the total being within the overall budget of £4.2m. If more claims are made than can be paid, allocation would be on the basis of time and date of application, with the earliest applications being paid.

Other forms of support

23. Beyond providing direct grants to businesses, we are committed to providing additional support in the form of advice and specialist input. It is proposed to establish this through a voucher scheme which would entitle businesses to some help in thinking through the key issues that they face in emerging from the pandemic, and then some resource to begin implementing those changes. It is proposed to earmark £500k of funding for such support, with the aim of helping many of those businesses that have had grants to get further practical support which will be more forward looking in its nature.
24. The detail of such a scheme requires further design work, however our key business networks – FSB, IoD, Chamber, BID and Make it York are all supportive both of the principles of such a scheme and also in terms of offering practical support to enable it to happen.
25. As discussed above, it is also possible to use ASG funding to provide less direct support such as events and promotion to animate our centres and attract customers back to businesses that have been closed. Such funding would be for use beyond the current Autumn/Winter events campaign, and would be reconsidered later in the financial year. The budget for indirect spend would be limited to £200k.

Overall budget

26. On the basis of the estimates set out above, there is sufficient funding in the ARG allocation to provide for up to 3 months of national lockdowns, plus 4 months of Tier 3 as follows:

Item	Costs	Overall
National Lockdown	3 months @ £1m	£3m
Tier 3	4 months @ £125k	£500k
Business support scheme	One off	£500k
Reopening events campaign	One off	£200k
Total Cost		£4.2m

Consultation

27. In developing these proposals, Officers have consulted with the Federation of Small Businesses, Institute of Directors, York BID, Make it York, York Chamber of Commerce, York Food Festival, and the University of York. Further consultation will be undertaken as the scheme develops, but to date all consultation has been positive and we have outline support from all of these organisations for the scheme as presented in this paper.

Implications

Financial

28. There are no direct financial implications arising from this scheme as it is funded entirely from the Government Additional Resources Grant.

Human Resources (HR)

There are no HR implications.

Equalities

This report will impact on all communities equally.

Legal

The Additional Restrictions Grant is provided under Section 31 of the Local Government Act 2003.

Crime and Disorder, Information Technology and Property

No implications

Risk Management

21. The key risk associated with this paper is that there is not enough money in both the core and discretionary schemes to provide the level of financial support required by affected businesses in the city during the ongoing covid-19 pandemic.

Author responsible for the report:

Chief Officer responsible for the report:

Simon Brereton
Head of Economic Growth

Tracey Carter
Interim Director of Place

Report Approved

Date 11/11/20

Specialist Implications Officer(s):

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers: None

Annexes

Annex A : Additional Restrictions Grant; Guidance for Local Authorities (BEIS Nov 2020)



Department for
Business, Energy
& Industrial Strategy

Additional Restrictions Grant

Guidance for Local Authorities



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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.

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.

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 (CION) 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 CION of its intention to use the new provision and must await approval from the CION 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

- 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-19

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>

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

[lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0001:0008:EN:PDF](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>

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