



Department for
Business, Energy
& Industrial Strategy

Local Restrictions Support Grant

Guidance for Local Authorities

September 2020



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The guidance

1. This guidance is intended to support Local Authorities in administering the Local Restrictions Support Grant announced on 9th September 2020 to support businesses that are required to close during localised restrictions. This guidance applies to England only and applies from the date of this announcement. It is not retrospective.
2. This guidance is issued by the Secretary of State for the Department for Business, Energy and Industrial Strategy to Local Authorities and sets out the criteria for the Local Restrictions Support Grant.
3. 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](#).

Introduction

4. On Wednesday 9th September, the [Government announced there would be further funding to support businesses that are required to close](#) due to localised restrictions being put in place to manage coronavirus and save lives.
5. This support will take the form of a grant funding scheme in Financial Year 2020-2021, called the Local Restrictions Support Grant.
6. These grants will be issued for each three-week period that a business is closed following the implementation of statutory localised restrictions and business closures.
7. This document provides guidance to Local Authorities about the operation and delivery of the grant fund.
8. This funding is only available for businesses that were required to close because of the formal publication of local lockdown guidance that resulted in a first full day of closures on or after the 9th September. This funding is not retrospective.

How will the grants be provided?

9. Localised restrictions are legally binding restrictions imposed on specific Local Authority areas or multiple Local Authority areas, where the Secretary of State for Health and Social Care requires the closure of businesses in a local area 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.

10. The Government will, in line with the eligibility criteria set out in this guidance, reimburse Local Authorities that pay grants to eligible businesses that are affected by a local lockdown and required to close (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.
11. Local Authorities will receive two elements of funding:
 - a) Funding to meet the cost of payments to businesses within the business rates system based on an assessment of the number of eligible business hereditaments.
 - b) An additional 5% to be used as discretionary grant funding to support businesses which are closed but are not in the business rating system as well as businesses that may not be required to close but which are severely impacted (e.g. because of closure of their suppliers or the customers they supply to).
12. 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.
13. This grant scheme will offer support to businesses required to close as part of the management of coronavirus transmission and infection in areas where business closures as part of a nationally agreed package of localised restrictions are put in place.
14. 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?

15. Eligible businesses who are within the relevant Local Authority area covered by localised restrictions will receive a grant of up to £1,500 for each eligible hereditament and for each three-week period that the restrictions are imposed as a result of the use of Government powers.
16. The Local Authority will receive an additional 5% of top-up funding allowing the Local Authority to run a local discretionary scheme to provide support to non-business rate paying businesses that are required to close, as well as other businesses that are not required to close but which may be severely affected (e.g. as a result of the closure of customer businesses). It will be at the Local Authority's discretion as to which types of closed and severely impacted businesses are most relevant to their local economy. There will be no penalty for Local Authorities because of their use of discretion to prioritise some business types. Local Authorities may use their discretion to provide grants of any value up to and including £1,500.

17. The 5% top-up funding will be renewed for each three-week closure period. It is up to Local Authorities to choose whether to help the same businesses with the discretionary funding in each period, or whether to help a wider range of businesses.

Who will benefit from these schemes?

Local Restrictions Support Grant – business rate paying businesses

18. Businesses that were open as usual and providing in-person services to customers from their business premises and then required to close for a consecutive period of no less than three weeks as a result of regulations made under the Public Health (Control of Disease) Act 1984 will be eligible for this funding.
19. This could include, for example, non-essential retail, personal services or cafes/restaurants that operate primarily as an in-person venue but have been forced to close these services and instead provide takeaway-only services.
20. Businesses in a local lockdown that is implemented for less than three weeks and businesses that are closed for less than three weeks are not eligible for grant funding.
21. This funding is only available for business closures caused by restrictions that had their first full day on or after the 9th September. It is not retrospective.
22. Businesses occupying hereditaments appearing on the local rating list with a rateable value less than £51,000 on the date of the commencement of the local lockdown will receive a payment of £1,000 per qualifying lockdown period.
23. 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 local lockdown, will receive £1,500 per qualifying lockdown period.
24. Any changes to the rating list (rateable value or to the hereditament) after the first full day of localised restrictions and business closures regulations came into force 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 local lockdown date. In cases where it was factually clear to the Local Authority on the local lockdown date that the rating list was inaccurate on that date, 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.
25. The precise set of businesses eligible for the scheme may vary between each local lockdown area based on the localised restrictions that are established in recognition of the specific evidence and conditions for each area.

26. Subject to State aid limits, businesses will be entitled to receive a grant for each eligible hereditament within the lockdown zone. So, some businesses may receive more than one grant where they have more than one eligible hereditament.

Exclusions to Local Restrictions Support Grant (business rate payers)

27. Businesses that are able to continue to trade because they do not depend on providing direct in-person services from premises and can operate their services effectively remotely (e.g. accountants, solicitors).
28. Businesses in areas outside the scope of the localised restrictions, as defined by Government, are also excluded.
29. Businesses that have chosen to close but not been required to will not be eligible for this grant.
30. Businesses which 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.
31. For the avoidance of doubt, businesses that were in administration, are insolvent or where a striking-off notice has been made at the date of the local lockdown are not eligible for funding under this scheme.
32. Businesses still subject to national closures (e.g. nightclubs) will not be eligible.

Who will receive this funding?

33. The person who according to the billing authority's records was the ratepayer in respect of the hereditament on the date of the first full day of local lockdown is eligible for the grant. Where the Local Authority has reason to believe that the information that they hold about the ratepayer on the first full day of the local lockdown 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.
34. 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.

Discretionary funding criteria

35. Local Authorities will also receive an additional 5% top up amount of business support funding to enable them to help other businesses affected by closures which may not be on the business rates list. This will apply for each three-week qualifying period. This should include those types of business that are required to close as a result of the local lockdown. In addition, Local Authorities can support other businesses that may have no choice but to close (e.g. because their customer businesses are closed; because essential suppliers are closed). The Local Authority will use its discretion in relation to the appropriate level of grant payment and how it prioritises discretionary support. Payments made to businesses from this discretionary fund can be any amount up to and including £1,500.
36. Businesses eligible for the discretionary element of the scheme will be entitled to receive one grant per business (not one per business premises) within the lockdown zone in each three-week qualifying period. Local Authorities have the discretion to pay grants to the same businesses or to different eligible businesses in subsequent qualifying periods.
37. In applying their discretion on the amounts of grant and the eligible businesses for each qualifying period it will be for Local Authorities to adapt the approach to local circumstances, such as providing support for micro-businesses with fixed costs or support for businesses that are crucial for their local economies.
38. 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 businesses have had to close completely and are unable to trade online, and the consequent scale of COVID-19 losses.
39. Businesses that are not required to close during the local lockdown will only be eligible for discretionary funding based on decisions made by the Local Authority. There will be no penalty for Local Authorities because of their use of discretion to prioritise some business types.
40. Local Authorities should set out the scope of their discretionary grant scheme on their website, providing clear guidance. It is recognised that Local Authorities may want to run some form of application process in order to capture all necessary eligible businesses.
41. An application process will allow Local Authorities to undertake proportionate pre-payment checks to confirm eligibility relative to their local scheme and to allow each Local Authority to determine how to use its discretion in relation to the appropriate level of grant. Pre-payment checks must include confirming that by accepting payments recipients are in compliance with State aid rules.
42. 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 scheme, including that

any payments accepted will be in compliance with State aid requirements. Suggested wording for State aid declarations is included at Annex B of this guidance.

43. Local Authorities must use their discretion in identifying the right business owner to receive this funding, based on their application process.

Will these grant schemes be subject to tax?

44. Grant income received by a business is taxable, therefore the Local Restrictions Support Grant will need to be included as income in the tax return of the business.
45. Only businesses which make an overall profit once grant income is included will be subject to tax.

Managing the risk of fraud

46. 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.
47. 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. The Government Grants Management Function and Counter Fraud 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.
48. Spotlight complements existing pre-award due-diligence checks and highlights areas of risk to inform grant-making decisions, through fundamental (basic) due diligence checks. 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

Post event assurance

49. 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 guidance for these schemes.

50. 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.
51. Local Authorities must be satisfied that all State aid requirements have been fully met and complied with when making grant payments. Full details, including sample declaration forms, are contained in in this guidance.
52. 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.
53. 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

54. Local Authorities must retain necessary data and BEIS will undertake regular data collection exercises. The data will include:
 - a) numbers of businesses eligible for the scheme,
 - b) number of payments being processed, and
 - c) number of actual payments.
55. Local Authorities may be required to provide data in order to allow reporting by Parliamentary constituency and BEIS will work with Local Authorities to facilitate such reporting.
56. [Annex A](#) contains information on Post Payment Monitoring requirements.
57. If Local Authorities detect fraud (successful rather than attempted fraud), or if they suspect fraud (attempted as well as actual) that is organised, large scale, systematic or crosses Local Authority boundaries, they must report it in real time. It is critical to capture this information in real time, so we recommend Local Authorities report it simultaneously to the dedicated inboxes at NAFN (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.

58. 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:
- verify the bank accounts of companies in receipt of these business grants; and
 - provide insight into whether the company was trading at the relevant date for these grants.
59. 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 please email helpdesk@nfi.gov.uk

State aid

60. 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.
61. Payments made can be provided under the existing De Minimis rules, 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).
62. 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.
63. [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.

Annex A – Post-payment reporting

Background

1. Local Authorities will be required to report to the department on the fund.
2. Local authorities may be required to provide data in order to allow reporting by Parliamentary constituency and BEIS will work with Local Authorities to facilitate such reporting.
3. Reports will cover:
 - Numbers of businesses eligible for the scheme
 - Number of actual payments per lockdown period
 - Issues encountered in implementing the scheme to allow BEIS to support development of solutions with Local Authorities
4. The return will be completed using the DELTA Reporting system.

Process

5. Local Authorities will report on progress in making payments to both eligible rate paying businesses and those businesses supported through the discretionary grant element, for each lockdown period.
6. Each report will only cover grants provided by Local Authorities to eligible business during the period as per paragraph 4. 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

Term	Explanation
Total number of eligible businesses	This reflects the number of eligible businesses identified by the Local Authorities to receive funding under the scheme, split by mandatory and discretionary.
Total number of grants provided under each element of the scheme (£1.5k, £1k and discretionary award).	Number of grants paid (in that lockdown 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.
Comments	Highlight in this box issues that Local Authorities are encountering while implementing the scheme.

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 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)

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>

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.

unless they were already in 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	

⁵ Third amendment to the [Covid-19 Temporary Framework](#).

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). See the [de minimis Regulations 1407/2013](#) (as published in the Official Journal of the European Union L352 24.12.2013).

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:

Name and address of premises	Non-domestic rates account number

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