

ARG - Policy

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Additional Restrictions Grant (ARG) Innovation Grants

1. Introduction

- 1.1. The following policy outlines the Council's approach to the recent government grants to help businesses.
- 1.2. The government has introduced a number of mandatory schemes to provide funding to support businesses who are ratepayers.
- 1.3. In addition, the government has provided funding for Local Authorities to provide additional grants to businesses whether they are ratepayers or not. All grants must be considered in line with government guidelines but gives local authorities discretion to distribute these grants to businesses in their area, this is known as the Additional Restrictions Grant (ARG)
- 1.4. This policy sets out how the Additional Restrictions Grant (ARG) will be distributed in Slough.

2. Background

- 2.1. On 31 October 2020, the government announced the introduction of additional support for Local Authorities under national and Local Covid Alert Level (LCAL) 3 restrictions. The government announced that Local Authorities would receive a one-off lump sum payment of £20 per head when LCAL 3 or widespread national restrictions are imposed. The funding is to support closed businesses that do not directly pay business rates, as well as businesses that whilst not closed are impacted by the closures. Whilst it is envisaged the support will primarily take the form of discretionary grants, authorities can also use the funding for wider business support activities.
- 2.2. The scheme is called the Additional Restrictions Grant and is administered by business rate billing authorities in England; Slough's share of the funding is £2,990,780 to cover the period up to the 31 March 2022. Though the government had stated that local authorities would not receive additional funding under this grant scheme, additional funding of £1,328,363 was awarded making a total of £4,319,143.
- 2.3. In addition, the government has stated that further funding will be available if the above has been spent by 30 June 2021.
- 2.4. The funding is available until 31 March 2022.
- 2.5. The Government have stated that authorities have discretion to determine how much funding to provide to businesses from the Additional Restrictions Grant and which businesses to target. They 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. Businesses outside the business rates system, which are effectively forced to close, for example market traders could be eligible and provision of additional support (on top of the funding provided via the LRSG (Closed) scheme) to larger local businesses important to the local economy could also be included within the scheme, provided there is no breach of Covid Business Grant Subsidy Allowance (formally State Aid) rules.

- 2.6. This report sets out the proposed offer to Slough Businesses, taking into consideration demand, economic need and consistency with our neighbouring authorities.

3. National Guidance

- 3.1. The Government recognises that the mandatory grant schemes omit a number of businesses, in the main as they do not have a liability to pay business rates. As a result, additional funding is available to Local Authorities to administer a discretionary grant scheme.
- 3.2. On 03 November guidance was issued to Local Authorities, with complete discretion being given to devise a local scheme, further guidance in the form of frequently asked questions was then issued during November 2020.
- 3.3. The guidance confirms Local Authorities can determine how much funding to provide to businesses from the Additional Restrictions Grant funding provided, and exactly which businesses to target, but it encourages authorities 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.
- 3.4. Local Authorities may also choose to help businesses outside the business rates system who are effectively forced to close, e.g. market traders or, to provide additional support to larger local businesses important to the local economy (on top of the funding provided to those businesses via the LRSG (Closed) scheme and with due reference to State Aid).
- 3.5. In determining the level of grant award, the Guidance suggests authorities 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.
- 3.6. In addition to the above, funding may be used to provide wider business support designed to assist the business community as a whole. This may include advice and guidance for businesses and/or skills training to support their ability to trade in changed circumstance etc.

4. National Criteria

4.1. The Government has set the following eligibility criteria for receipt of this funding:

- 4.1.1. A business must be trading as defined by Department for Business, Energy and Industrial Strategy (BEIS) to be eligible for the scheme.
- 4.1.2. Businesses that have already received grant payments that equal the maximum levels of Covid Business Grant Subsidy Allowance (formally State Aid) permitted under the de minimis, and the Covid-19 Temporary State Aid Framework are ineligible.
- 4.1.3. Businesses that are in administration, insolvent or where a striking-off notice has been made, are not eligible for funding under this scheme.

4.2. Local Authorities have the discretion to determine the amount of funding offered to individual businesses and the frequency of payment.

5. Key Dates in Slough

- 5.1. Slough was placed in in Local COVID Alert Level 2 (LCAL2) (Tier 2 - High) on 24 October 2020. This lasted for 12 days before the Borough became subject to national restrictions between 5 November and 2 December 2020. On 26 November 2020, it was announced that Slough would be in Tier 3 (LCAL3) (Tier 3 Very High). On 20 December 2020 Slough entered Tier 4 (LCAL4) and on 6 January 2021 Slough along with all local authorities entered a further lockdown.
- 5.2. This policy reflects the grant funding position for the period from 1 April 2021 onwards.
- 5.3. This policy will remain in force until 31 March 2022 but will be subject to regular review.

6. Grant Funding Allocation

- 6.1. The funding for Slough is currently £4,319,143 to cover both the current financial year 2020/2021 and the following financial year 2021/2022.
- 6.2. Additional funding of £1,157,114 will be available if the above is spent by 30 June 2021.

7. The Scheme

- 7.1. The ARG Scheme will be split into the following categories:
 - 7.1.1. Business Hardship Fund
 - 7.1.2. Business Innovation Fund for individual businesses
 - 7.1.3. Business Innovation Fund for organisations that support businesses in Slough.

- 7.1.4. Special scheme to support named sectors to reopen.
- 7.2. Business applying for the Hardship Fund must demonstrate that they have been severely impacted by the restrictions put in place to control the spread of Covid-19, this could be by providing evidence of closure during the period, provision of accounts or bank statements for the current period and the same for a previous period for example the same time last year.
- 7.3. Businesses applying for the Innovation Fund must demonstrate that the innovations support Slough residents and priority will be given to those that show tangible benefits to Customers.
- 7.4. Organisations applying for the Innovation Fund to support a group of businesses in Slough must be recognised organisations and must demonstrate that the innovations support Slough residents and priority will be given to those that show tangible benefits to Customers.
- 7.5. Businesses and organisations applying for the innovation fund must deliver the project contained in the business plan within 6 months of the award and evidence produced if requested. If the project has not been satisfactorily delivered, the council will reserve the right to claw back the grant total. Evidence of successful completion of the project may include bank statements, audited accounts or site visits.
- 7.6. The Council will determine if a specific sector needs additional support to reopen and will consider support for these sectors.
- 7.7. In order to be awarded a grant:
 - 7.7.1. Businesses must be Slough based.
 - 7.7.2. Businesses must have been trading before lockdown.
 - 7.7.3. All Slough based businesses are eligible. This includes sole traders, sole directors, partnerships and limited companies.
 - 7.7.4. 25 percent or more of staff from the business must reside in Slough.
 - 7.7.5. Have a turnover not exceeding £600k.
 - 7.7.6. Have fewer than 250 staff.
 - 7.7.7. Applicants may be rate payers or non-rate payers.
 - 7.7.8. The business must not have breached COVID regulations and been issued a prohibition notice.
 - 7.7.9. Applicants must be the owner or representative of the owner.
 - 7.7.10. Businesses or business owners who have previously submitted an unsuccessful business innovation grant application will not be eligible to re-apply.

7.8. Exclusions from the Scheme

7.8.1. The following businesses are ineligible to apply:

- 7.8.1.1. Businesses which have already received payments that equal the maximum levels of Covid Business Grant Subsidy Allowance (formally State Aid) permitted under the de minimis and the Covid-19 Temporary State Aid Framework.
- 7.8.1.2. Businesses that do not trade or employ staff in Slough.
- 7.8.1.3. Businesses that were in administration, insolvent or where a striking-off notice has been made at the date of the local lockdown or prior to payment.
- 7.8.1.4. Betting shops, Vape shops, Casinos, Adult Gaming Centres and Arcades
- 7.8.1.5. Businesses where direct in-person services are not an essential part of their business, such as solicitors and accountants for example.
- 7.8.1.6. Businesses in areas outside the scope of the localised restrictions, as defined by Government.
- 7.8.1.7. Businesses subject to national closures (e.g. nightclubs)

7.8.2. The Government has stated that the scheme cannot be used as follows:

- 7.8.2.1. As a wage support mechanism,
- 7.8.2.2. for capital / Infrastructure projects that do not provide direct business support,
- 7.8.2.3. to fund projects whereby Local Authorities are the recipients.
- 7.8.2.4. to divert funds from businesses to meet other costs, for example covering market stall pitch costs instead of directly funding the market trader or as a business rate hardship fund.

7.9. The Council will make payments in line with the Tier and lockdown timelines criteria, this will be clarified on the website.

7.10. Any changes to the rating list (rateable value or to the hereditament) after the first full day of localised restrictions and business closure regulations came into force, including changes which

have been backdated to this date, will be ignored for the purposes of eligibility.

7.11. The Council will not adjust, pay or recover grants where the rating list is subsequently amended retrospectively to the date that local restrictions began.

7.12. In cases where it was factually clear to the Local Authority on the local restriction date that the rating list was inaccurate on that date, the Council may withhold the grant and/or award the grant based on its 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.

8. How to apply

8.1. Businesses can make an application for each property that fulfils the above criteria that they operate from within Slough Borough Council. Each property requires a separate application.

8.2. Some businesses may, therefore, receive more than one grant payment. A successful application for one business does not guarantee a successful application for any additional businesses, if they do not meet the eligibility criteria.

8.3. This grant funding scheme must be applied for by way of an online application form, available on Slough Borough Council website.

8.4. The online form guides businesses through the application process and prompts applicants for the information required, as well any supporting documents needed (see 'Evidence to support applications' below).

8.5. All applicants for the Hardship Award will be required to demonstrate loss of income related to COVID-19 as part of the application process. The applicant must make a declaration regarding this and provide supporting information.

8.6. Businesses applying should ensure that they fully complete the online application form. Any incomplete applications will be deemed ineligible.

8.7. The Council may write to ask for additional supporting documentation where necessary, failure to provide supporting information within 14 days of the request made will invalidate the application.

9. Evidence to support applications

9.1. Businesses are required to submit evidence to support their application:

- 9.1.1. The address and rateable value of the property from which they operate.
- 9.1.2. A bank statement to confirm the details of the business bank account the grant is requested to be paid into.
- 9.1.3. A declaration that the business has been severely impacted by local restrictions and complies with state aid requirements.
- 9.1.4. Supporting evidence to substantiate the declaration.
- 9.1.5. Any other information deemed necessary by the Council.

10. Payments

- 10.1. Payments of the relevant grants will be made into the specified business bank account after making appropriate checks.
- 10.2. Businesses who apply for support through the Additional Restrictions Grant for Hardship will be informed of this within 10 working days of their application wherever possible. Businesses applying for the innovation grants will be informed within 10 working days after closure of the scheme.

11. Appeals

- 11.1. There is no appeals procedure.

12. Manipulation and Fraud

- 12.1. Neither the Government or Slough Borough Council will 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. All applications will be subject to checks and verification.

13. Covid Business Grant Subsidy Allowance (formally State Aid)

- 13.1. 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 at the GOV.UK website.](#)
- 13.2. On Thursday 4 March 2021 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.

- 13.3. From Thursday 4 March 2021 the updated scheme rules set out below will apply. The updated scheme rules do not apply retrospectively.

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

- 13.4. 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).
- 13.5. The below scheme rules will 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.
- 13.6. 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

- 13.7. 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 2021. 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

- 13.8. 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

- 13.9. 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:
- 13.9.1. 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').
- 13.9.2. 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.
- 13.9.3. 'Uncovered fixed costs' means fixed costs not otherwise covered by profit, insurance or other subsidies.
- 13.9.4. 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.
- 13.9.5. 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.
- 13.9.6. Grants provided under this allowance shall not be cumulated with other subsidies for the same costs.
- 13.10. 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.
- 13.11. Grants provided in excess of the Small Amounts of Financial Assistance Allowance may not be granted to applicants that were defined as an 'undertaking in difficulty' (as defined in Annex B below) on 31 December 2019. In derogation to the above, grants can be granted to micro or small enterprises (as defined above) that were already in difficulty on 31 December 2019 provided that they are not subject to collective insolvency proceedings.

13.12. 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 the Manage UK Subsidies website](#). All schemes and individual awards over £500,000 must be uploaded within six months of being granted. Any ad hoc awards of at least £325,000 Special Drawing Rights over three years to an individual beneficiary must also be uploaded within six months of being granted. For access to and any further questions on the database, please contact the BEIS subsidy control team at subsidycontrol@beis.gov.uk.

13.13. 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.

14. Tax implications

14.1. Grant income received by a business is taxable. Additional Restrictions Grant will need to be included as income in the tax return of the business.

15. Review of Policy

15.1. The Council reserves the right to vary the terms of the scheme at any time, and without notice, should it be necessary to do so.