

Additional Restrictions Grant (ARG) – Development Grant Criteria and Conditions

Introduction

The East Riding of Yorkshire Development Grant is funded by the Covid Additional Restrictions Grant (ARG) to assist SME's (Small medium Enterprises) within the East Riding of Yorkshire with the objective to help grow the local economy through supporting the expansion and / or diversification of existing businesses.

Growth must be shown through the opportunity to increase productivity, increase efficiency, increase sales, accessing new markets or supply chains and / or development of new products, processes or service. Its priorities is to support those businesses that have been most affected by the Covid-19 restrictions, sustain employment levels and help in the creation of new sustainable employment.

Grants will be in the form of a contribution of up to 50% of the cost towards specific costs e.g. Marketing Activities, Equipment, Technology, Strategy and Business Planning, however grants can extend to other categories as appropriate to the business needs. Grants must be for a minimum of £1,000, with £5,000 being the maximum.

Where existing East Riding of Yorkshire Council funding / grant schemes are identified as being appropriate these will be pursued initially, ensuring this funding adds value to the current business support offer.

Eligibility

Applicants must:

- be a registered SME (Small, Medium Enterprise – see appendix 1) within the East Riding Of Yorkshire
- be registered, with the East Riding of Yorkshire Council (subsequently referred to as “the Council”) Business Support Team to access 1-2-1 advice and confirmed as eligible on the project (Further details on ineligible businesses see below).
- ensure that the grant supports the direct growth, development or stability of the business and supports the businesses ability to safeguard jobs or create new employment.
- provide evidence of previous 2 years company accounts and current profit and loss statement to cover the trading period between most recent accounts and date of this grant application.
- show potential for ongoing growth of a sustainable business through submission of a current Business Plan with 1 years financial projections.
- maintain ongoing communications and agree to undertake regular reviews and monitoring of the business
- meet the UK Subsidy Allowance Scheme in relation to State Aid and Undertakings in Difficulty regulations as set out in the State aid information sheet (See Appendix 2)
- All grants need to have been awarded and paid for by 31st December 2021

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Legal Base / State Aid / UK Subsidy Allowance

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. The United Kingdom remains bound by its international commitments, including subsidy obligations set out in the Trade and Cooperation Agreement (TCA) with the EU. On Thursday 4 March new subsidy allowances were established for the COVID-19 business grants schemes, on the basis of the principles set out in Article 3.4 of the TCA.

BEIS Guidance for public authorities explaining the subsidies can be found at: <https://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities>

It is the Grant Recipient's legal responsibility to ensure that they comply with State Aid law. This should cover any De Minimis aid or Domestic subsidy which your enterprise and any enterprises linked to it may have received during your current and previous two fiscal years, to ensure that our support added to that previously received, will not exceed the maximum thresholds permitted. (See Appendix 2)

Applicants are recommended to consider State Aid issues early in the development of their Grant Application, due to grant monies being recovered if the applicant is found to be non-compliant.

Following completion of the grant process and in the event of a successful award and payment, you will receive notification confirming the value of aid provided through this scheme. This is for information purposes only but should be retained for future reference until 31 December 2033.

If successful, Grant Recipients will be issued with a Council Grant Agreement. This Agreement sets out the terms and conditions on which the Grant is made by the Council to the Recipient and no payments can be made prior to the return of a signed Agreement.

Ineligible Businesses

- financial services (e.g. banks, building societies, cash points, bureaux de change, short-term loan providers)
- medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- professional services (e.g. solicitors, accountants, insurance agents/ financial advisers)
- Air B & B's
- post office sorting offices
- property related businesses including property developers and construction, buy to let businesses, property refurbishment projects, residential/commercial landlord businesses

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- Businesses that have already received grant payments that equal the maximum permitted levels of subsidy allowance
- For the avoidance of doubt, businesses that are in administration, insolvent or where a striking off order has been made, are not eligible for funding under this scheme

Indicative Ineligible Activities/Costs for Grants

- Purchase of buildings or land or contributions towards
- Salary costs
- Expenditure on the purchase of transport equipment (movable assets)
- Research and Development Support (not including aid towards individual company processes and organisational innovation)
- All and any financial liabilities, provisions, contingencies, donations, gifts, credit arrangements are ineligible to receive Grant Support.

The purchase cost of second-hand equipment is eligible providing:

- The equipment has not been originally purchased as part of a previous Grant funded project
- The price paid does not exceed its market value
- Whilst it is unlikely that commercially available second-hand equipment has been bought using public money, Grant applicants should obtain a declaration from the supplier confirming that they did not receive any Grant to purchase the equipment in the first place. If a Grant was used to purchase the equipment, none of the cost of purchase is eligible.

This list is not definitive and any queries regarding activities/ expenditure should be addressed with your business adviser.

Conditions of Grants

The investment must be maintained in the recipient region for at least three years after the whole investment has been completed. This shall not prevent the replacement of plant or equipment that has become out-dated due to rapid technological change, provided that the economic activity is retained in the region for the minimum period. In the case of the equipment / machinery being disposed of during the three years the Recipient must inform the council in writing.

Gross Grant equivalent aid intensity

For the purposes of calculating aid intensity, all figures used shall be taken before any deduction of tax or other charge.

Where the Recipient intends to apply to a third party for other funding for the Project, it will notify the Council in advance of its intention to do so and, where such funding is obtained, it will provide the Council with details of the amount and purpose of that funding. The Recipient

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agrees and accepts that it shall not apply for duplicate funding in respect of any part of the project or any related administration costs that the Council is funding in full under this agreement. These need to be shown in detail on the application form accompanied by quotes for the work.

Application, Appraisal and Approval Process

Grants will be given on a discretionary basis in order to support business growth and sustain / create employment within the East Riding of Yorkshire area.

Applications will be accepted for grants between £1,000 and £5,000 with a maximum intervention rate of 50%.

All grants need to have been awarded and paid for by 31st December 2021

Applications need to be submitted along with all relevant documentation and be initiated in conjunction with your Council Business Adviser / Account Manager.

Quotes for the proposed costs must be submitted with the application in line with the procurement processes as described below.

Support with the completion of the application form will be undertaken by your Business Advisor / Account Manager. They will be the first line of appraising the business plan / application, adding their own recommendations for support.

Once submitted, the application will be subject to a final eligibility evidence check prior to being submitted for the formal appraisal process.

The formal appraisal process will be undertaken by the Council Business Investment team, each application will be considered against the proposed business case, opportunity for growth, sustaining and / or creation of new employment within the company.

Where potential areas of concern are raised these will be explored further, this could be for clarity of information submitted.

Where applications are unsuccessful companies will be informed in writing of the decision with reasons for not providing the grant being cited. All decisions are final with no right of appeal.

If successful an agreement will be sent to applicants that clearly set out the conditions of the offer and a request to forward their bank account details and any other mandatory information required at that time. A final pre-payment check on the company and bank account will then be undertaken by the Council Fraud team, in line with their pre and post payment assurance plans.

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No prior start

If applying for grant support, companies must not have started works prior to returning a signed Grant Agreement and no payments will be made unless satisfactory full pre-payment checks have been undertaken.

‘Start of works’ means the first legally binding commitment to order equipment or any other commitment that makes the investment irreversible.

Delivery at risk

“Delivery at risk”, refers to a scenario where applicants wish to procure their goods and services before receiving a grant approval decision.

This is on the condition that a written request be submitted in writing (email) after the submission of the grant application and before the purchase of the goods and services in question.

Procurement

Applicants applying for Grants will be required to secure value for money through the Best Practice Procurement Procedure (as below).

The process followed by the Grant Recipient must be recorded and the relevant documentation retained and made available as part of the project audit trail. A lack of audit trail to demonstrate the process followed and decisions taken could lead to a financial correction.

Applicants will be expected to provide evidence of the process followed and procure locally, unless there is no appropriate supplier (To help source local suppliers visit the supplier directory <https://www.thesupplychainnetwork.co.uk/Supplier-Directory>)

Value of contract	Best Practice Procedure
£0 - £10,000 (Services/Works/Supplies)	Where possible, 3 written quotes or prices sought from relevant suppliers against a clear specification. Justification that a reasonable decision has been made on the basis of the quotes/prices

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The following procurement practices will not be acceptable under any circumstances

- Direct awards to linked organisations
- Non-compliance with the thresholds above – including artificial splitting of contracts

Breaches of the rules will be treated as a breach of contract and also an irregularity within the meaning of the Structural Funds Regulations. If you are in breach of contract the Council may at its discretion withhold or suspend payment of the Grant and/or require repayment of all or part of the Grant.

The final choice of preferred supplier will rest with the applicant. However you will be asked to provide a justification for your preferred supplier on your Grant Application.

Cash Flow

As Grants are provided retrospectively, it is important to ensure that you have the financial capability to cover the full cost of expenditure initially incurred by the project. The Council aim's to process the payment of grants as quickly as possible to help minimise any potential cash flow problems to the organisation.

Payment

The applicant will contract directly with their chosen service provider/supplier who will invoice the applicant upon satisfactory completion of the work. All offers of Grants will be made on the condition of payment only being made on proof of purchase and subject to the necessary funds being available when payment is due.

Evidence will be required (and must be retained) in the form of:

- Quotes/Agreement between the Grant Recipient and the product/service supplier detailing, as applicable, the type of product/service being supplied, the timescale for delivery and the total costs (including VAT)
- Original invoices and receipts from the service/product supplier.
- Confirmation that the cost has been defrayed e.g. bank statement
- A signed Grant Agreement between your enterprise and the East Riding of Yorkshire Council

Payment is made on the basis of a legally binding Agreement between the Company and the Council. The terms of the Agreement, once accepted by the Company, impose legally enforceable obligations on both the Company and the Council in line with the East Riding of Yorkshire Council's Grants Policy.

The amount of the Grant shall not be increased in the event of any overspend by the Recipient in its delivery of the project.

VAT / Gross costs will only be considered for funding if the Recipient is not VAT registered and unable to recover any VAT charged in delivering the Project.

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If successful payment will be made once pre-payment checks have been undertaken.

Pre-payment checks on the company and bank account will be undertaken by the Council Fraud team, in line with their pre and post payment assurance plans.

Government will not accept deliberate manipulation and fraud. Any business caught falsifying their records to gain additional grant money will face prosecution and any funding issued will be recovered

Once pre- payment checks have been completed the level of grant agreed will be made by BACS by the Council.

Grants will be paid to the recipient in accordance with UK subsidy allowance regulations. Please note that this grant funding is taxable and will only be paid into bank accounts which are in the business or sole traders name.

Outcomes

In order to be considered for Grant Support, the project must support the direct growth, sustainability or development of the business. This must include either:

Job Safeguarding

Safeguarded jobs must be counted against the below conditions.

- To qualify there must be a permanent, paid, full time equivalent (FTE) job which is at risk
- “At Risk” is defined as being forecast to be lost normally within 1 year i.e. the jobs at risk must be specified, or if sector is in long-term decline a longer period might be appropriate (where project is proposing to undertake pre-emptive action).
- The job(s) must be forecast as at risk when the project was approved
- The job(s) must be still in existence at the time of counting
- The job(s) be no longer at risk of being lost within a year
- Safeguarded jobs must have an existing contract with a duration of 1 year or longer (or 4 weeks per annum for seasonal jobs integral to the project)

Job Creation

Increases in employment must be created following the below conditions.

- A new, permanent, paid, full-time equivalent (FTE) job created as a result of activity supported by project. This does not include self-employed; sub contracted or temporary personnel.
- New, means it should not have existed with that employer in the England programme area before the intervention
- Permanent means it should have an intended life expectancy of at least 12 months from the point at which it is created. Full time job = 36 hours or more per week
- Part-time jobs should be treated on a pro-rata basis

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- A job results in an overall increase in the employment levels of the supported enterprise e.g. a net increase in the number of employees in the establishment concerned, compared with the average over the previous twelve months;
- Seasonal jobs may be counted where this is normal practice for an industry. The job must exist for a minimum of 4 weeks per annum and is counted on a pro-rata basis
- Projects which are likely to create over-capacity and/or displace jobs from another area elsewhere in the UK do not qualify for aid.
- Relocation projects will only qualify for support where the relocation involves a significant increase in net employment
- Employment should be created within 6 months of the project completion

Monitoring & Reporting

Payment is made on the basis of a legally binding Agreement between the Company and the Council. The terms of the Agreement, once accepted by the Company, impose legally enforceable obligations on both the Company and the Council, these include:

- Closely monitor the delivery and success of the Project to support the aims and objectives of the Project being met.
- Providing the Council with a financial report and an operational report on the businesses progress in such formats as the Council may reasonably require.
- Providing the Council with such further information, explanations and documents as the Council may reasonably require in order for it to establish that the Grant has been used properly in accordance with the Agreement.
- Permitting any person authorised by the Council such reasonable access to its employees, agents, premises, facilities and records, for the purpose of discussing, monitoring and evaluating the Recipient's fulfilment of the conditions of the Agreement and shall, if so required, provide appropriate oral or written explanations from them.
- Where jobs are created / safeguarded - monitoring the continued employment for a period 12 months
- The Recipient shall provide East Riding of Yorkshire Council (and its auditors and other advisers) with all reasonable co-operation, access and assistance in relation to any audit.
 - The Recipient shall keep and maintain an asset register of all items funded by the Grant and will inform the Council of any changes to the asset register, whether an acquisition, disposal or transfer of an asset in writing during the Grant Period and for a further period of three years following expiry or termination of the Grant.

How we will use this information.

We will use your information to assess your application for a grant and feed in key information on ongoing issues for analysis purposes to support both local and regional economic recovery

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plans. Statistical information may be shared with other local authorities, government organisations to highlight impacts on local areas, potential gaps in support services and support messages to central government.

Record keeping and Freedom of Information

In order to meet the requirements of the Data Protection Act 2018 and Freedom of Information Act 2000 reasons for decisions about applications and claims will be recorded and stored at all stages, in both manual and electronic formats, also ensuring that there is a clear audit trail for all applications. Administrative records will be maintained for all applications irrespective of whether they were successful. In line with funding and state aid regulations this data will be maintained until 31 December 2033.

The Recipient shall keep all accounts and any other relevant documents relating to the expenditure of the Grant for future reference until 31 December 2033. The Council shall have the right to review, at the Council's reasonable request, the Recipient's accounts and records that relate to the expenditure of the Grant and shall have the right to take copies of such accounts and records.

We will always ensure any information you provide is kept secure and confidential. If you want to know more about data protection, how the council uses information and your rights please visit our website: <http://www2.eastriding.gov.uk/council/governance-and-spending/how-we-use-your-information/>

If you have a concern about the way we are collecting or using your data, we request that you raise your concern with us in the first instance. Contact details are available on our website: <http://www2.eastriding.gov.uk/council/governance-and-spending/how-we-use-your-information/>

Alternatively, you can contact the [Information Commissioner's Office](#)

Any grant award information may be made available to the public under the Freedom of Information Act 2000.

If you require any further information regarding the ARG Development Grant approval process, the scope of funding or eligibility criteria please contact your adviser or Dawn Hall, Business Support Services Manager, East Riding of Yorkshire Council on dawn.hall@eastriding.gov.uk

Appendix 1

Definitions

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For the purpose of these Guidelines the following definitions shall apply:

a) “Grant” – Sum of money to be provided to the Recipient to assist in the purchasing of products or services, in line with the UK Subsidy Allowance Regulations.

c) “Tangible assets” means assets relating to land, buildings and plant, machinery and equipment;

d) “Intangible assets” means assets entailed in by transfer of technology by the acquisition of patent rights, licences, know-how or unpatented technical knowledge;

e) “SME’s” - micro, small and medium-sized enterprises are summarised as follows:

Category	Headcount	Turnover	or	Balance Sheet Total
Medium Sized	Fewer than 250	Not exceeding €50m		Not exceeding €43m
Small	Fewer than 50	Not exceeding €10m		Not exceeding €10m
Micro	Fewer than 10	Not exceeding €2m		Not exceeding €2m

(Large enterprises means undertakings not fulfilling the criteria as above)

f) “Seasonal jobs” may be included in offers and cost per job calculations (calculated as full-time equivalents) provided that: there is a contract of employment; the jobs are integral to the project; are specified in the company’s application and the offer letter; and last for a minimum of four weeks per annum. Seasonal jobs should be subject to a “conditions” period of identical length to permanent full-time employment resulting from the project. Where the number of seasonal workers varies each year, the smallest number created in the relevant years should be adopted.

g) “Homeworking and teleworking” - Developments in employment policy have created full time job opportunities in the form of homeworking / teleworking.

There are two sorts of homeworking:

- Individuals, generally highly skilled in administrative, professional and technical occupations who are contracted to do work in their homes; and
- Pieceworkers who are generally self-employed individuals whose remuneration is linked to output levels. They are normally engaged in low paid, low technology and mostly manual occupations which are taken from the factory floor.

Teleworking is a flexible way of working which covers a wide range of work activities, all of which entail working remotely from an employer, or from a traditional place of work, for a significant proportion of work time. It may be either a full-time or part-time basis. The work

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often involves electronic processing of information (via a computer), and always involves using telecommunications (telephone, fax, modem and (possibly) a video conference link) to keep the remote employer and employee in contact with each other. This form of teleworking is also known as homeworking.

To be eligible for assistance, homeworking or teleworking jobs must fulfil the following criteria:

- a permanent full time contract of employment with the applicant
- clear evidence that the appointment is an integral part of the project and that the job will be required for the life of the project;
- in the case of part-time homeworking or teleworking there must be a permanent contract of employment with the applicant, relating directly to the project of at least 15 hours a week. Two such contracts will count as the equivalent of one full time job.

Applicants will need to demonstrate that homeworking or teleworking employees are permanently domiciled or based at the office or in a satellite office within the Green Point Growth Programme area.

An additional clause to the offer letter will be added to enable adequate monitoring of homeworking or teleworking if applicable.

h) “Start of work” means either the first legally binding commitment to order equipment or Agreement of support with an independent Consultant/Business support specialist.

i) “Monitoring & Reporting” means in line with our funding requirements, the Project Team may monitor and report on the company until June 2033. Monitoring and reporting could be in the form of one to one meetings, emails or telephone conversations.

Monitoring and Reporting could include (but not limited to):

- Financial Reporting
- Progress Monitoring
- Job Monitoring
- Distance Travelled
- Reporting of Assets

Appendix 2

State Aid Information Sheet

State Aid Regulations come into force when assistance given, gives an advantage to an organisation over another.

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The following is not a comprehensive list on all possible forms of aid and therefore we cannot ensure that it covers all possible situations, potentially any assistance from a public body might be an aid. However it should give an indication of the most common forms of aid, which you may have previously received.

For this reason if any further clarification is required it is recommended that you seek independent advice.

Possible Forms of Aid

- Grants from public bodies (including Covid grants)
- Loans from public bodies at favorable rates
- Loan guarantees from public bodies
- Differential tax benefits
- Grants from an investment trust (including charities) which may themselves have received the funds from a public body
- Grants from a part publicly funded venture capital fund
- Publicly administered funds, even if the funds were originally not public such as the national lottery
- Waiving or deferral of fees or interest normally due to a public body such as the waiving or deferral of rent or waiver of interest normally due on late payment of taxation or other costs to a public body
- Monopoly licenses or guarantees of market share
- Advertising via a public channel such as a tourist board or state owned television
- Consultancy advice provided either free or at a reduced rate
- Training provided either free or at a reduced rate
- Aid for investment in environmental projects
- Provision of a free or reduced rate feasibility study for research and development or other assistance with research and development
- Purchase of public land or property at a less than market rate
- Benefiting from the provision of infrastructure where your organisation was pre-identified as a beneficiary

It is your responsibility to ensure that you have accurately reported on all state aid and to ensure that your organisation is not applying for duplicate funding with different bodies.

Please note that previously accessing funding does not make you ineligible for additional funding

Types of Aid

It is the responsibility of the aid provider to determine initially if the service being offered is state aid and inform you of the type of aid any support would be given under. There follows a list of potential types of aid that you may have previously accessed, should you have any doubts on the type of aid previously accessed, check with the organisation, which provided it.

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De Minimis State Aid

Under the Official Journal of the European Union State Aid Regulations No 1407/2013, this allows a company to receive up to €200,000 (at applicable exchange rate) of De Minimis state aid over a rolling three-year period.

Where the De Minimis threshold had been reached, previous Local / Additional Restriction Support Grants could have been paid under the Covid-19 Temporary Framework for UK Authorities -State Aid SA.56841(2020/N).

This raised the maximum level of aid that a company may receive to €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).

UK Subsidy Allowance Rules

The new domestic subsidy allowance for the COVID-19 business support grants took effect on 4 March 2021. Applications made prior to that date are subject to the previous rules.

This scheme is covered by 3 subsidy allowances:

Small Amounts of Financial Assistance Allowance – you're allowed up to £335,000 (subject to exchange rates) over any period of 3 years

COVID-19 Business Grant Allowance – you're allowed up to £1,600,000

COVID-19 Business Grant Special Allowance - if you have reached your limits under the Small Amounts of Financial Assistance Allowance and COVID-19 Business Grant Allowance, you may be able to access a further allowance of funding under these scheme rules of up to £9,000,000, provided certain conditions are met

Grants under these 3 allowances can be combined for a potential total

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. The United Kingdom remains bound by its international commitments, including subsidy obligations set out in the Trade and Cooperation Agreement (TCA) with the EU. On Thursday 4 March new subsidy allowances were established for the COVID-19 business grants schemes, on the basis of the principles set out in Article 3.4 of the TCA.

From Thursday 4 March Businesses must apply the updated provisions.

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.

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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.

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).

Where an applicant has reached its limit under the Small Amounts of Financial Assistance Allowance and COVID-19 Business Grant Allowance, it may be able to access a further allowance of funding under these scheme rules of up to £9,000,000 per single economic actor, provided the following conditions are met:

- A. the Special Allowance covers only the applicant's uncovered fixed costs incurred during the period between 1 March 2020 and 31 March 2022, including such costs incurred in any part of that period ('eligible period').
- B. Applicants must demonstrate a decline in turnover during the eligible period of at least 30% compared to the same period in 2019. The calculation of losses will be based on audited accounts or official statutory accounts filed at Companies House, or approved accounts submitted to HMRC which includes information on the applicant's profit and loss.
- C. 'Uncovered fixed costs' means fixed costs not otherwise covered by profit, insurance or other subsidies.
- D. The grant payment must not exceed 70% of the applicant's uncovered fixed costs, except for micro and small enterprises (for the purposes of this scheme defined as less than 50 employees and less than £9,000,000 of annual turnover and/or annual balance sheet), where the grant payment must not exceed 90% of the uncovered fixed costs.
- E. Grant payments under this allowance must not exceed £9,000,000 per single economic actor. This allowance includes any grants previously received in accordance with Section 3.12 of the European Commission's Temporary Framework; all figures used must be gross, that is, before any deduction of tax or other charge.
- F. Grants provided under this allowance shall not be cumulated with other subsidies for the same costs.

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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.

Grants provided more than the Small Amounts of Financial Assistance Allowance may not be granted to applicants that were defined as an ‘undertaking in difficulty’ on 31 December 2019. (See below)

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 if they are not subject to collective insolvency proceedings.

General Block Exemption Regulations (GBER)

The General Block Exemption Regulation is a set of “off the peg” State Aid exemptions providing cover for awards of State Aid that fall, in most cases, beneath certain set ceilings. To date there are nine schemes these are:

- **Regional aid** (Articles 13 to 16); Aid for initial investment, such as the setting up of a new establishment; the extension of an existing establishment; the starting up of an activity involving the production of products; a fundamental change in the production process of an existing establishment; or acquisition of assets belonging to an establishment which closed or would have closed had it not have been purchased.
- **Aid to small and medium sized enterprises** (Articles 17 to 20) / **Aid to access to finance for small and medium sized enterprises** (Articles 21 to 24); The Commission recognises the key role that SMEs play in the economy and that they often have difficulties in obtaining capital or loans. Limited resources may also restrict their access to information, notably regarding new technology and potential markets. Therefore to facilitate the development of the economic activities of SMEs, the regulation exempts certain categories of aid when they are granted in favour of SMEs including SME investment aid, consultancy aid and SME participation in fairs.
- **Aid for research and development and innovation** (Articles 25 to 30); when giving support for R&D projects, the level of support available depends on the type of research or development being carried out. Aid could include fundamental research, Industrial research, experimental development, feasibility studies, Investment aid for research infrastructures, innovation clusters and aid for process and organisational innovation in services.
- **Training Aid** (Article 31) / **Aid for disadvantaged workers and workers with disabilities** (Articles 32 to 35); Training usually generates benefits for society, increasing the pool of skilled workers and improving competitiveness. Aid to promote training is therefore exempted from the notification requirement under certain conditions. In light of the particular handicaps that SMEs face and the higher relative costs they must bear when they invest in training, the intensities of aid exempted by this Regulation are increased for SMEs. Additionally, the intensities of aid exempted are further increased if the training is given to disadvantaged workers or to workers with disabilities.

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- **Aid for environmental protection** (Articles 36 to 49); The Commission notes that investments to increase levels of environmental protection are essential to meeting EU targets and sustainable development. However these may be hampered by market failures. In principle, state aid may not be used to support investments which are required to comply with EU law. In general, environmental aid is intended to restore a level playing field, therefore it is usually the case that only those extra costs associated with increased levels of environmental protection are eligible costs.
- **Aid for culture and heritage conservation** (Articles 53 and 54); Investment and operating aid, including aid for the construction or upgrade of culture infrastructure such as museums, libraries, theatres, cinemas, live performance organisations, and other similar artistic and cultural infrastructures, organisations and institutions.
- **Aid for local infrastructures** (Articles 56); Financing for the construction or upgrade of local infrastructures that contribute at a local level to improving the business and consumer environment and modernising and developing the industrial base.

General Block Exemption Regulations only apply to transparent aid (where it is possible to determine the amount of the aid at the point of the award) e.g. when giving Grant funding for a specific amount.

All General Block Exemption Regulation funding must demonstrate an incentive effect. The incentive effect tests that the State Aid is being used to leverage a change in behaviour by the beneficiary.

It is the responsibility of the applicant to ensure East Riding of Yorkshire Council is aware of any previous funding that has been received under any of the above exemptions. If an applicant is unsure, they must contact the grant provider to seek clarification and provide this evidence to East Riding of Yorkshire Council.

East Riding of Yorkshire Council does not hold responsibility for the evidence submitted and should an event occur where the applicant has breached state aid regulations then they will be held responsible and be required to repay part or all of the grant awarded to them.

Undertakings in Difficulty

Please note that, although support is not available to companies in difficulty, in light of the current COVID – 19 pandemic, the decision has been taken that aid may be granted to undertakings that can be shown to not be in difficulty on 31 December 2019.

‘Undertaking in difficulty’ means an undertaking in respect of which at least one of the following circumstances occurs:

Additional Restrictions Grant (ARG) – Development Grant Criteria and Conditions

(a) In the case of a limited liability company (other than an SME that has been in existence for less than three years) where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, 'share capital' includes, where relevant, any share premium.

(b) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years) where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses.

(c) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria for being placed in collective insolvency proceedings at the request of its creditors.

(d) Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee or has received restructuring aid and is still subject to a restructuring plan.

(e) In the case of an undertaking that is not an SME, where, for the past two years:

(1) the undertaking's book debt to equity ratio has been greater than 7.5 and

(2) the undertaking's EBITDA interest coverage ratio has been below 1.0.