

State Aid/Subsidy Allowances

Whilst the UK left the EU on 1st January 2021, the government had advised local authorities to continue working to EU State Aid limits until a UK subsidy regime has been confirmed.

The latest 'Omicron Hospitality and Leisure Grant' and 'COVID-19 Additional Relief Fund (CARF)' guidance notes for England issued in December 2021 confirms the latest subsidy allowances are as follows:

There are 3 subsidy allowance levels:

- **Small Amounts of Financial Assistance Allowance**
 - Special Drawing Rights can be paid to a single economic actor over any period of three fiscal years up to £343,000 (based on exchange rate @ 9 December 2021)
- **COVID-19 Business Grant Allowance/COVID-19 Additional Relief Fund Allowance**
 - Where the 'Small Amounts of Financial Assistance Allowance' limit has been reached, grants can be paid out under the COVID-19 Business Grant Allowance/COVID-19 Additional Relief Fund Allowance
 - This allowance is £1.9m per single economic actor and includes previous 'Covid' grants awarded under Temporary Framework
 - May be combined with the 'Small Amounts of Financial Assistance Allowance' to equal £2,243,000 (subject to the exact amount applicable under the 'Small Amounts of Financial Assistance Allowance' exchange rate)
- **COVID-19 Business Grant Special Allowance/COVID-19 Additional Relief Fund Further Allowance**
 - Where an applicant has reached its limit under 'Small Amounts of Financial Assistance Allowance' and 'COVID-19 Business Grant Allowance'/'COVID-19 Additional Relief Fund Allowance', it may be able to access a further allowance of up to £10,000,000 per single economic actor providing following conditions met
 - Applicants must demonstrate decline in turnover during eligible period of at least 30% compared to the same period in 2019
 - Grant payment must not exceed 70% of the applicant's uncovered fixed costs (exceptions for micro and small enterprises)
 - Applicant must be able to provide necessary documentation to demonstrate
- The guidance confirms that 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' on 31 December 2019

For the avoidance of doubt, the guidance confirms that grants under the 3 allowances may be combined for a potential total allowance of £12,243,000.

Local authorities are required to upload certain information to a 'transparency database'.