



Love Your High Street – Grant Application Guidelines - Updated March 2021

Introduction

East Riding of Yorkshire Council (ERYC) want to support ideas/projects that will help to revitalise, and repurpose, our high street spaces and rural communities. At this crucial time with the high street being significantly hit by the COVID pandemic the scheme is available to support and revitalise our business community, particularly as we move into recovery.

Love Your High Street is an initiative offering grant funding to a maximum of £10,000 per applicant. The objective is to support ideas from local businesses, town/parish councils, organisations/community groups with projects that will help revive our high streets and help them to flourish for the future. Supporting the Council's priorities and vision for Growing the Economy and Valuing the Environment.

Whether it's tidying up a high street shopfront, diversifying a business, launching a business, bringing back an empty high street unit/first floor space into practical use, a social enterprise or community group embarking on a high street venture or an event to attract more visitors; we want to hear from you.

Who Can Apply

Businesses High street-based businesses seeking to improve or diversify/ those looking to start up a sustainable new business in the high street, or those wanting to locate an existing business into high street premises. We are looking for projects that add value or improve the high street offer in order to help businesses survive and thrive.

Rural businesses Seeking to start up a new venture or improve/diversify an existing operation that provides a vital service to the local community - such as a village store, café or a service-based business.

Property owners Those seeking to significantly improve high street shop frontages, convert upper storey rooms into usable spaces, bring eye-sore sites back into use, or change the use of existing high street premises to a community benefit.

Social Enterprises / Charities With projects that bring to life something for the community within the high street or a rural location. Either an event, diversification of an existing operation or something that really creates a hub for all to enjoy, either on a temporary or permanent basis, helping to increase or diversify the use of the town centre.

Event organisers With an idea to bring a new event that will increase interest and footfall within the town.



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Groups Business groups / community groups who are collaborating to make a difference. This might be something physical, or just a great idea which creates a stronger high street community.

Town/Parish Councils With a project that will support the vibrancy of the local high street and ethos of developing a great place in the East Riding. There is also the opportunity to pilot the recruitment of a Town Centre Manager in order to drive forward and support the creation and coordination of schemes that improve the vibrancy and offer of the high street.

Eligibility

The project must be within the East Riding of Yorkshire Council boundary and to be considered for a grant you also need to be either:

- A registered small to medium sized business with under 250 employees.
- A constituted body or group of registered businesses working together.
- A registered charity.
- A new business setting up within the high street or as a service within a rural community

New Businesses must, in addition:

- Be planning to register as a new business with HMRC / Companies House.
- Submit a clear business plan with financial forecasts on your business proposal

The East Riding of Yorkshire Council have a team of Business Advisers who are happy to discuss your ideas and can support you in applying for funding. For further information contact: business.support@eastriding.gov.uk using LYHS in the title bar.

Grants can be applied for to support your business operations and opportunities for growth. It is anticipated that this support will fall into one of these categories (But is not restricted to):

High Street Shop Frontage's – With age, ad-hoc development, weather, wear and tear, the shop frontage may look less than 'at its best', for this reason applications are welcomed for improvement of the overall look of buildings within the high streets of the 13 principle East Riding towns. If together we can improve the look and feel of the high street it will help encourage more shoppers and visitors.

Please note grants to upgrade existing shop frontages will be paid on a 60% basis, to be matched by a minimum of a 40% contribution by the applicant, up to the maximum grant amount of £5,000.

Development of high street premises - Taking-on and reinvigorating an otherwise empty premises can be costly and meeting the early stages of equipment or internal lighting / décor needs to be done well. Support is available to bring new life / excitement / ideas into



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to your business premises, to keep visitors interested and wanting to return. The aim is to create more interest in the area and for it to appeal to a wider audience, which will be sustainable for the future. It might also be an opportunity to support business growth/survival through the necessity to make physical alterations to premises/ develop outdoor areas, basically things that will create a safer, sustainable operating environment in a post COVID lockdown world.

Diversification – Changing an existing high street/rural business operation to respond to new opportunities. Developing a new aspect to the business or even adding significant value to an existing offer. Projects of this nature should support survival and create/ increase a wider customer base helping to bring greater footfall into the area.

Essential Equipment /New Technology - The right equipment can improve the business 'offer' to the customer, as well as processes and productivity, ultimately improving the businesses bottom line enabling survival within the high street location or rural community. It might be help to streamline operations, create an on-line presence, develop new products and services that appeal to a niche market or it might help to improve customer service.

Please note the maximum grant for creation of a website will be £2500, paid on a 50% grant basis, with 50% of the cost to be matched by the applicant

The purchase cost of second-hand equipment is also 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 a grant to purchase the equipment in the first place as this would make it ineligible for public grant funding.

Events - The objective is to raise awareness of 'attractions' and to help to support initiatives that enhance and improve foot fall and trade within your town, village or location. This could be food festivals, themed days, or special interest activities that draw-in the crowds, an opportunity to share experiences and bring good ideas together for the benefit of the local area. This could be through facilitated workshop activities, use of social media marketing or modern PR to promote the event as well as the local area.

Through collaboration and joint ventures, grants could be awarded for:

High Street Improvement Schemes – Ideas for new to market activities or the implementation of old schemes which can support the sustainability and / or improve the attraction of a town centre are welcomed.



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Small items of Street Furniture - Where there is a demonstrable need, grants can be potentially awarded for improvements in lighting, signage etc.

In these circumstances assistance and advice from the ERYC Streetscene and planning teams will need to be sought at an early stage.

Ineligible Activities/Costs for Grants

- Purchase of buildings or land or contributions towards
- Salary costs (other than a Town Council pilot to create a town centre manager post).
- 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.
- Any work started on the project prior to receiving a grant agreement. 'Start of works' means the first legally binding commitment to order equipment or any other commitment that makes the investment irreversible.
- Activity that isn't in scope of the agreed project
- Recoverable VAT
- Activity for which the authority or its partner has a statutory obligation to provide

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

Application, Appraisal and Approval Process

All grants will be assessed against the eligibility criteria as outlined above and awarded on a discretionary basis.

The ethos of the grant is to plug gaps in funding were the business has an eligible project but cash flow is prohibiting it from being fully realised. The majority of projects will be supported at a 50% grant rate against the total project cost up to the £10,000 limit.

Two specific exceptions to the 50% rule apply as previously listed –

- grants for creation of websites will be paid on a 50% basis up to a maximum of £2500
- grants to upgrade existing shop frontages will be paid on a 60% basis up the maximum grant amount of £5,000.

In exceptional cases awards of up to 100% of the approved grant money, up to the maximum of £10,000 will be considered by the Love Your High Street Project Board.



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The maximum grant award will be £10,000 per business. A business can apply more than once but any project benefiting from any previous grant award must be complete and the subsequent application must be for a new project.

If you would like to discuss your project prior to an application you can contact a local business adviser or if you are applying as a community based organisation a local growth coordinator. Please email business.support@eastriding.gov.uk using LYHS in the title bar and we will be in touch.

All applicants must fully complete an expression of interest (EOI) which needs to be submitted, via the LYHS online web pages: <https://loveyourhighstreet.co.uk/applying/> The EOI will be reviewed and supported by a business adviser / local growth coordinator to ensure initial eligibility and fit with the overall scheme.

If agreed that your proposal fits the initial criteria you will be sent an electronic link to the full application. This form will require further and more detailed information.

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

For grants over the value of £5,000, a business plan including financial forecasts must accompany your application (templates can be provided).

Support with the completion of the application form and business plan if required is available from an East Riding Council Business Advisor.

Once submitted, the application will be subject to an eligibility evidence check prior to being submitted for the formal appraisal process. Where potential areas of concern are raised these will be explored further. This could be clarity of information submitted, business registration information, request for missing evidence such as quotes or potentially the undertaking of formal credit checks.

Following appraisal all applicants will be formally notified of the outcome. If successful a grant agreement will be sent to the applicant that clearly sets out the conditions of the offer (example available to view on the LYHS website). If unsuccessful applicants 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. However the Business Support team are available to provide ongoing advice and guidance were required.



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Procurement

Applicants applying for the grant will be required to secure value for money through a Best Practice Procurement Procedure and in line with ERYC procurement practices.

The process followed by the applicant 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>)

All procurement should be in line with the best practice procedures as set out below

Value of contract	Best Practice Procedure
£0 - £2,499	Minimum of 2 written quotes. A direct award from a sole supplier is acceptable in certain circumstances. However where possible a comparable written quote or price should be sought to justify a reasonable decision has been made.
£2,500- £24,999	Minimum of 3 written quotes or prices sought from relevant suppliers of goods, works or services against a clear specification. Justification that a reasonable decision has been made on the basis of the quotes/prices

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. 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 you preferred supplier on your grant application.

Cash Flow



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The majority of grants will be paid retrospectively, it is therefore important to ensure that whenever possible you have the financial capability to cover the cost of expenditure initially incurred by the project. Applicants will have to demonstrate they have the required match funds at their disposal.

In circumstances, particularly due to the present COVID pandemic, where there is a cash flow issue upfront/ staged payments of the grant will be considered. However you will be asked to provide the relevant evidence eg invoices and financial records/ accounts, to support your claim. It will also be necessary to clarify that you were not a company in financial difficulty on 31st December 2019.

Payment

The applicant will contract directly with their chosen service provider/supplier who will invoice the applicant upon satisfactory completion of the work. 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:

- The agreement between the grant recipient and the service provider/supplier detailing the type of work/service being supplied, the timescale for delivery and the total costs (including VAT)
- The original invoices and receipts from the service provider/supplier
- Confirmation that the cost has been defrayed e.g. bank statement
- A signed grant agreement between the recipient and the LYHS Project

On receiving this evidence reimbursement of funds to the level agreed will be made by BACS by 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.

Monitoring & Reporting



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It is important to establish a baseline for each project in order to measure the success of the grant scheme. It is therefore important to provide full information within the grant application documents.

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

- All projects will be monitored to completion with photographic evidence of relevant projects being required.
- All applicants will be contacted at the 6 month and 12 month post project completion stage in order for the Council to establish the success and impact of the grant.
- Providing the Council with a financial report and an operational report on its use of the grant and in such formats as the Council may reasonably require.
- Where funding from a third party has been obtained for its delivery of part of the project, the recipient shall include the amount of such funding in its financial reports together with details of what that funding has been used for.
- 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.
- 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.
- The recipient maintaining with a reputable insurance company a policy or policies in respect of all risks which may be incurred by the recipient, arising out of the recipient's performance of the agreement these should be at a level suitable to the scope and scale of the business.

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 at all stages and stored in both manual and electronic formats, ensuring that there is a clear



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audit trail for all applications. Administrative records will be maintained for all applications irrespective of whether they were successful and the data will be maintained for a minimum of 7 years in line with financial recording requirements.

The recipient shall keep all invoices, receipts, accounts and any other relevant documents relating to the expenditure of the grant for 7 years following receipt of any grant monies to which they relate. 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](#)

Legal Base

Support from the LYHS project is delivered under De Minimis State Aid regulations. This allows a company to receive up to €200,000 (at applicable exchange rate) over a rolling three year period. (See Appendix 1 – State Aid Information Sheet)

It is the grant recipient's legal responsibility to ensure that they comply with State Aid law. During the project, grant recipients must take responsibility for and manage connected State Aid issues; for example by collecting appropriate information to demonstrate compliance with the terms of the relevant aid received.

Non-compliant State Aid is the fastest growing area of recovery in National / European grant funded schemes. Therefore applicants are recommended to consider State Aid issues early in the conception and development of their grant application.

If successful, grant recipients will be issued with an East Riding of Yorkshire Council (subsequently referred to as "the 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.



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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 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.



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Appendix 1

State Aid Information Sheet

State Aid

The European Commission's State Aid Regulations come into force when assistance given, gives an advantage to an organisation over another.

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
- 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



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- 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.

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. Any aid paid unlawfully is subject to recovery with interest from the date granted.

It is your responsibility to maintain a complete picture of total support granted under the De Minimis regulation and declare the full amount of De Minimis aid you have already received over the last 3 years.

New De Minimis aid can only be awarded after having checked that this will not raise the total amount of De Minimis aid received during the relevant period of three years to a level above the permitted ceiling.

De Minimis aid is deemed granted at the moment the undertaking has a legal right to receive it, and the period of three years starts from the first time that occurs.

De Minimis aid cannot be given for:

- Undertakings active in the fishery and aquaculture sectors;



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- Undertakings active in the primary production of agricultural products;
- Undertakings active in the processing and marketing of agricultural products (i) when the amount of aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned; (ii) when the aid is conditional on being partly or entirely passed on to primary producers;
- Export-related activities towards third countries or Member States (namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current expenditure linked to the export activity). **Note:** it **does** apply to the costs of participating in trade fairs or studies or consultancy services needed for the launch of a new or existing product on a new market.
- Aid contingent upon the use of domestic over imported goods;
- Aid for the acquisition of road freight transport vehicles granted to undertakings performing road freight transport for hire or reward;

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,



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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.

- **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.

If you are still unsure on the type of aid received or there is any uncertainty, assume that it was De Minimis aid unless its value exceeded **€200,000** in which case it cannot have been.

State Aid SA.56841(2020/N) – United Kingdom - COVID-19 Temporary Framework for UK authorities

The UK notified the "State Aid SA.56841(2020/N) – United Kingdom - COVID-19 Temporary Framework for UK authorities" on 6 April 2020; it runs until 31 December 2021 and is worth £50b. This "umbrella" notification allows UK public sector bodies (e.g. local authorities, combined authorities, LEPs etc), as well as other organisations distributing public funds on their behalf, to make use of six of the ten options under the extended Temporary Framework, these being:



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1. Small amounts of compatible aid, direct grants, equity injections, selective tax advantages and advance payments
2. Aid in the form of guarantees for bank loans
3. Aid in the form of subsidised interest rates for loans
4. Support for coronavirus related research and development (R&D)
5. Investment aid for testing and upscaling infrastructures
6. Support for the production of products relevant to tackle the coronavirus outbreak

The following schemes have been set up by the UK government to assist businesses during the crisis:

- Reopening High Streets Safely Fund
- Small Business Grant Fund
- Retail, Hospitality and Leisure Grant Fund
- Local Authority Discretionary Grants Scheme
- Business Rates Relief
- Coronavirus Business Interruption Loan Scheme (CBILS)
- Coronavirus Business Interruption Loan Scheme (CBILS)
- Coronavirus Large Business Interruption Loan Scheme
- The Bounce Back Loan Scheme (BBL)
- Coronavirus Future Fund
- COVID-19 Corporate Financing Facility (CCFF)
- Coronavirus Job Retention Scheme (Furloughing)
- Coronavirus Statutory Sick Pay Rebate Scheme
- Self-Employment Income Support Scheme

State Aid Allowance

Businesses are required to self-declare that, since 19 March 2019, they have not received more than €800,000 (approx. £734,000) in State Aid under the State Aid Temporary Framework. If the business self-declares as being a “business in difficulty” on 31 December 2019, then additional de minimis State aid restrictions apply.

Measures under the Temporary Framework can be combined with de minimis aid and other aid to bring the aid per company up to €1m. However, be aware of the rules around de minimis aid where it states in the State Aid Manual that it cannot be given towards the same costs that are being supported under another block exemption or notified scheme if it means that the total aid would exceed what is allowed under the block exemption or notified scheme. De minimis aid could be given for separate costs however.



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Undertakings in Difficulty

Please note that, although ERDF 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.

As defined in General Block Exemption Regulations 651/2014 Article 2 para 18: ‘Undertaking in difficulty’ means an undertaking in respect of which at least one of the following circumstances occurs:

- (a) In the case of a limited liability company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), 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, ‘limited liability company’ refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU (1) and ‘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 or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, ‘a company where at least some members have unlimited liability for the debt of the company’ refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU.
- (c) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law 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



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- (e) 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
 - (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.