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WORCESTER CITY COUNCIL BUSINESS START UP GRANT Business Subsidy Allowance

Eligibility under Business Subsidy Allowance

The new Subsidy Control Act 2022 received Royal Assent in April 2022 and came into force in January 2023, to replace the EU state aid rules in this country, post-Brexit

The Worcester City Council Business Start up Grant is awarded under UK Subsidy Rules – Special Drawing Rights, and we therefore require you to advise us of any grants and support you have received from the public sector over the last 3 financial years. This is to ensure your business does not breach the Minimum Financial Assistance (the old “de minimis” rule under state aid law). The limit is £315,000 over 3 years (this applies at company group level).

What is a ‘subsidy’ (formerly referred to as State Aid)?

A subsidy is any advantage granted by public authorities through state resources on a selective basis to any organisations that could potentially distort competition and trade in the European Union (EU) and Northern Ireland.

The definition is very broad because ‘an advantage’ can take many forms. It is anything which an undertaking (an organisation engaged in economic activity) could not get on the open market. For example:

- A direct transfer of funds (such as a grant, a loan or an equity investment). This includes previous business support grants and COVID payments.
- A contingent transfer of funds (such as a loan or rent guarantee)
- The forgoing of revenue that is otherwise due (such as a tax relief or exemption)
- The provision of goods or services (as a benefit-in-kind or for payment is received)
- Value of free business support e.g. by an advisor, training course, workshops provided as part of a publicly funded schemes such as Enterprising Worcestershire.
- The purchase of goods or services.

What does this mean for the Worcester City Business Start up Grant?

The administration of this scheme will comply with the new Subsidy Control rules in the UK and the Council will have a range of measures in place to give assurance in this regard, as follows:

1. The end recipients are private businesses, and they will benefit from the Minimum Financial Assistance (MFA).
2. The maximum total grant to be awarded to any recipient is £1,500.





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3. Where MFA is relied on, recipients will be required to self-certify their compliance, by completing details and a declaration, on the application form, confirming that public financial assistance over 3 years does not exceed the MFA threshold, as determined by the Special Drawing Right periodically, which the Council will notify to them at the point they make their declaration.
4. Applicants that are awarded a Business Start up Grant, will be required to sign a confirmation statement.
5. The Council has the ability to undertake sampling and audits on the self declarations, including through cross referencing with the Council's financial records held on the recipients.
6. The grant terms and conditions will stipulate compliance with Subsidy Control rules and require grant clawback in the event of any non-compliance.

Any Minimum Financial Assistance (MFA) Grants awarded to you under this project must be declared if you apply, or have applied, for any other public funding. Therefore, if successful, the offer letter must be retained and shown to any other public body to whom you apply for funding for the three years following the offer.

It is your company's responsibility to check that it is eligible, and by the very submission of an application you are declaring that if awarded payment that you are complying with and will not exceed the relevant permitted allowance thresholds. If you have any doubt as to your position, you must seek appropriate advice before applying as the responsibility lies with the business.