

# Grant Funding Schemes – Technical Frequently Asked Questions (FAQ) for Local Authorities

Small Business Grant Fund and Retail, Hospitality and  
Leisure Grant Fund Guidance



© Crown copyright, 2020

*Copyright in the typographical arrangement rests with the Crown.*

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/>

This document/publication is also available on our website at <https://www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy>

If you have any enquiries regarding this document/publication, complete the form at <https://www.gov.uk/contact-business-brexit-helpline> or write to us at: [enquiries@beis.gov.uk](mailto:enquiries@beis.gov.uk)

Department of Business, Energy and Industrial Strategy  
1 Victoria Street  
London  
SW1H 0ET

Telephone: 020 7215 5000

# Contents

About this document .....	4
General .....	4
Eligibility - General .....	5
Expanded Retail Discount.....	9
Eligibility – Small Business Grant Fund .....	9
Eligibility – Retail, Hospitality and Leisure Grant Fund.....	10
Charities.....	11
Rating list changes / exceptions .....	11
Contacting businesses / business details.....	12
Ratepayers .....	14
Payment.....	14
Timing / process .....	16
Fraud checks.....	16
State aid.....	16
Assurance / reporting.....	19

## About this document

1. Two business grant schemes, the Small Business Grants Fund and the Retail, Hospitality and Leisure Grants Fund, were announced by the Chancellor on 11 March and 17 March 2020. Guidance on the two funding schemes has been published and updated on GOV.UK and [businesssupport.gov.uk](https://businesssupport.gov.uk).
2. This document is aimed at Local Authorities to provide answers to Frequently Asked Questions regarding the criteria and management of the funding schemes.
3. For further information on business support, please see [www.businesssupport.gov.uk](https://www.businesssupport.gov.uk)

## General

### **4. What is the purpose of this funding?**

This funding is being made available to help small, rural, retail, leisure and hospitality businesses with their ongoing business costs in recognition of the disruption caused by COVID-19.

### **5. How much funding will be provided?**

#### Small Business Grant Fund:

Under the Small Business Grant Fund (SBGF) all businesses in England in receipt of Small Business Rates Relief (SBRR) or Rural Rates Relief (RRR) as of 11 March 2020 will be eligible for a payment of £10,000. We estimate that this will apply to some 730,000 businesses across England.

#### Retail, Hospitality and Leisure Grant Fund:

Under the Retail, Hospitality and Leisure Grant Fund (RH LGF) businesses in England that would have been in receipt of the Expanded Retail Discount (which covers retail, hospitality and leisure) on 11 March 2020, with a rateable value of less than £51,000, will be eligible for cash grants of up to £25,000 per property.

Eligible businesses in these sectors with a property that has a rateable value of up to and including £15,000 will receive a grant of £10,000. Eligible businesses in these sectors with a property that has a rateable value of £15,000.01 or over and less than £51,000 will receive a grant of £25,000. Businesses with a rateable value of £51,000 or over are not eligible for this scheme. Businesses which are not in the business rates system are not included in this scheme.

### **6. Is this scheme UK wide?**

Local business support policy is devolved. The Barnett Consequentials formula is being applied to additional support for businesses in England. The devolved administrations will receive over £2.3bn additional funding as a result of this English grant scheme, enabling them to provide support to businesses in Scotland, Wales, and Northern Ireland.

**7. Will some areas of the country benefit more than others?**

The scheme criteria apply equally to all areas of England.

**8. Why are you giving money to all eligible businesses, isn't it more appropriate to target funding to those affected by COVID-19?**

The government acknowledges that the majority of small, rural, retail, leisure and hospitality ratepayers are likely to be affected by COVID-19.

**9. Why support those in receipt of Small Business Rates Relief – what about other small business e.g. those who do not occupy a property?**

This funding is to support small and rural businesses who are ratepayers on a property. These businesses are more likely to have on-going fixed costs.

**10. What are the principles behind the Government's economic response plan?**

We have set out three principles that are guiding our development of economic policy in response to COVID-19.

- First, our response must be comprehensive. We will act in a manner commensurate with the scale of the challenge we face. It is now clear this situation will require a response beyond the bounds of normal government intervention.
- Second, our response must be coordinated. We in Government are working hand in glove with the wider economic authorities. Domestically, that includes the Bank of England, the regulators, and the health response. And internationally, we will continue to speak with G7 and G20 counterparts.
- Third, our response must be coherent. It would be easy, at a time like this, to rush into a response that we later found out had been ill-considered.

**11. Are there any conditions attached to this grant funding?**

Any business who accepts this funding must confirm they comply with all the applicable State aid requirements (see 'State aid' section). Businesses who accept this funding must also provide information requested by the Local Authority to support monitoring and assurance.

**12. Will these grants be taxed?**

Yes, the Small Business Grants, and Retail, Hospitality and Leisure Grants will be subject to tax. Only businesses which make an overall profit once grant income is included will be subject to tax, and it is right that they contribute to our vital public services at this time.

## Eligibility - General

**13. Which businesses are eligible?**

Businesses that were in receipt of Small Business Rate Relief or Rural Rate Relief as of 11 March 2020 will be eligible for the Small Business Grants Fund.

For the Retail, Leisure and Hospitality Grants Fund, businesses that would have been in receipt of the Expanded Retail Discount Scheme with properties that have a rateable value of under £51,000 are eligible.

Further details on business rates relief schemes can be found at <https://www.gov.uk/apply-for-business-rate-relief>.

**14. Can businesses with multiple properties claim multiple grants? (e.g. Can a newsagent with three shops with less than £15k rates, claim three £10k grants?)**

Businesses eligible for the Small Business Grant scheme and Retail, Hospitality and Leisure Grant scheme can claim one grant per eligible property. The business in the example would be able to claim three grants providing all properties meet the eligibility criteria. However, there are very few circumstances in which all three properties would be eligible for the Small Business Grant scheme. Multiple grants are more likely under the Retail, Hospitality and Leisure scheme.

**15. Will businesses be able to claim support from both the grant scheme for retail, hospitality, and leisure sectors and the Small Business Grants fund for a single hereditament?**

No. If a business receives a Small Business Grant for a hereditament, they will not be eligible for a Retail, Hospitality and Leisure Grant.

**16. It is not clear for Retail, Hospitality and Leisure businesses that receive Small Business Retail Relief whether they fall into the 'Small Business Grants' category or the 'Retail, Hospitality and Leisure Grant Scheme'.**

Any properties falling within both the Small Business Rate Relief and Expanded Retail eligibility should be awarded one £10k grant. Businesses cannot be awarded both grants on the same property.

**17. Can businesses who are eligible but don't want or need funding opt out?**

A business may decline the grant.

**18. How should Local Authorities deal with businesses who, now a grant is possible, are advising them that they have been in occupation of a property for some time?**

Any changes to the rating list after 11 March 2020, including changes which have been backdated to this date, should be ignored for the purposes of eligibility. Local Authorities are not required to adjust, pay or recover grants where the ratings list is subsequently amended retrospectively to 11 March 2020.

The eligible business is the ratepayer in Local Authority records for 11 March 2020. However, Local Authorities have the discretion to depart from this if they know that record was incorrect.

**19. Do businesses who do not pay business rates such as those operating out of Business Centres or Enterprise Zones qualify for Cash Grants?**

If a business is not registered for business rates, they will not get funding through these schemes.

**20. If a business has challenged or appealed its rateable value and the challenge/appeal is outstanding at 11 March 2020, how will this be treated?**

Any changes to the rating list (either to the rateable value or to the hereditament) after 11 March 2020, including changes backdated to this date should be ignored for the purposes of eligibility.

However, in cases where it was factually clear to the Local Authority on 11 March 2020 that the rating list was inaccurate on that date, Local Authorities may withhold or award the grant based on eligibility had the list been accurate. This discretion is only intended to prevent clear errors. Any decisions made after 11 March 2020 should not affect eligibility.

**21. If a hereditament does not resume trading after the shutdown, is it still eligible for a cash grant?**

Yes, as long as the business is not in liquidation or dissolved when the grant is awarded, and otherwise meets all applicable conditions (including not being an undertaking in distress on 21 December 2019 – see Q84), it is eligible for a grant.

**22. Are sole traders without Companies House record eligible?**

Provided they are an eligible ratepayer with an eligible rating assessment then they will qualify.

**23. What happens where there is more than one liable party per property? Do they get a grant each, or are they expected to share?**

Each hereditament will only have one registered ratepayer. They will take receipt of the grant.

**24. What is the situation on the eligibility of second homes used as holiday lets? Are they excluded on the grounds of personal use?**

Properties used for personal use are not eligible. However, if a holiday let is included in the ratings list it has already passed assessment to be considered a non-domestic property (i.e. it is available for letting commercially, as self-catering accommodation, for short periods totalling 140 days or more) and would therefore be eligible.

**25. Are buildings based on agricultural land and premises eligible for this funding?**

Businesses are eligible for the Small Business Grants Fund as long as they occupy property which is in the business rates system and meet all other eligibility criteria set out in the guidance. The Retail, Hospitality and Leisure Grants Fund is only open to businesses from those three sectors. However, if the property in question is exempt from rating, businesses are not eligible to receive a grant in respect of that property.

**26. Can further examples be provided with unusual circumstances. How much discretion do Local Authorities have?**

We are working with 20 Local Authorities as part of advisory group for the scheme and can discuss unusual examples with them. Please let us know through your regional Single Point of Contact if you wish to discuss an example with us.

The guidance offers two different forms of Local Authority discretion:

- 1) Taking reasonable steps to correct the information they held on the ratepayer on 11 March 2020 where the Local Authority has reason to believe it was inaccurate (para 33 of the guidance);
- 2) In cases where it was factually clear to the Local Authority on 11 March 2020 that the rating list was inaccurate on that date. This is intended only to prevent manifest errors (para 40).

**27. What should Local Authorities do where the ratepayer is an independent franchisee and the named individual has changed since 11 March but the ratepayer business remains the same?**

Local Authorities should exercise discretion. The 11 March 2020 date was established to avoid businesses being created and registering simply for the purpose of being eligible for grants.

**28. Some businesses say they had ‘forgotten’ to tell us they were in occupation. Guidance states use discretion if we knew record was incorrect but what if we were unaware?**

The scheme is based on the rating list and the ratepayer on 11 March 2020. However, Local Authorities have discretion to depart from this in two respects:

- Where they have reason to believe the information they held about the ratepayer on 11 March is wrong then they may award the grant to the correct ratepayer; and
- Where it was factually clear to the Local Authority on 11 March 2020 that the rating list was inaccurate (i.e. either/or the identification of the hereditament or the rateable value was inaccurate) then they may award the grant based on their view of the accurate rating list.

If the authority was unaware of the inaccuracy in the ratepayer information on 11 March 2020 then they may award the grant to the correct ratepayer but in such a case they would not have discretion to adopt a different view of the rating list.

**29. If a business has Flooding Relief is it still eligible for a grant if they would have otherwise met the Small Business Rates Relief or Expanded Retail Discount criteria?**

Flooding relief is a discretionary relief that is only applied after Small Business Rates Relief so, in relation to SBRR, this situation should not arise. In relation to the Expanded Retail Relief, authorities should determine whether the property would have been eligible for Expanded Retail Relief on 11 March 2020, regardless of including whether the property was otherwise eligible for or in receipt of Flooding Relief.



- 30. What is the guidance regarding properties with zero rateable value, for example, where a tourism business is renovating properties? As the Retail, Leisure and Hospitality scheme states 'up to £15,000 rateable value' some businesses are interpreting this to mean that zero rateable value is included, as there is no minimum set.**

A property with a rateable value of nil on 11 March 2020 is in effect not in rating and, furthermore, was clearly not trading before COVID-19. It is therefore outside of the scheme.

- 31. The guidance excludes beach huts but assumes they are in personal use. What about businesses that are rateable occupiers and rent them out for short periods?**

Beach huts are only given as an example of personal use and Local Authorities should still consider if individual properties are, in fact, for personal use.

## Expanded Retail Discount

- 32. There has been a relaxation in the rate relief rules to include estate agents etc. Are they included in the grant scheme for retail, leisure, and hospitality businesses as well or just rate relief?**

All businesses that were in receipt of Small Business Rate Relief on 11 March 2020 are eligible for the grant under the Small Business Grant Fund, regardless of the sector they are in.

The Extended Retail Relief Scheme has been extended to also cover bingo halls, estate agents and letting agencies. This will now bring bingo halls, estate agents and letting agencies in hereditaments with a rateable value of under £51,000 in scope of the grant.

## Eligibility – Small Business Grant Fund

- 33. Is there any clarification on whether Nursery/Childcare facilities will be eligible for the £10/25k grant?**

Properties falling within the Nursery business rates discount scheme are not eligible unless they were in receipt of Small Business Rate Relief or Rural Rate Relief as of 11 March 2020.

- 34. Would businesses telling Local Authorities now that they moved in prior to 11 March 2020 be eligible for a grant if they are entitled to Small Business Rate Relief?**

Any changes to the rating list after 11 March 2020, including changes which have been backdated to this date, should be ignored for the purposes of eligibility. Local Authorities are not required to adjust, pay or recover grants where the ratings list is subsequently amended retrospectively to 11 March 2020.

The eligible business is the ratepayer in Local Authority records for 11 March. However, Local Authorities have the discretion to depart from this if they know that record was incorrect – see para 33 of the guidance.

**35. A business has lost Small Business Rate Relief as they didn't return the previous review form/reply to letters. Does this mean that the business could get a 100% rates holiday but not the £10k Small Business Grant?**

In effect this means that on 11 March this property did not fall within section 43(4B(a)) of the Local Government Finance Act 1988 (see para 17 of the guidance) and therefore they are not eligible under the Small Business Grants Fund. But if they are eligible under the Retail, Hospitality and Leisure Grants Fund they may get a grant under that scheme.

**36. Businesses without valuation for rates (e.g. small kiosks based within parks) are missing out because they are too small to be rated. Should they receive this grant?**

No. Only properties in the rating list are eligible.

**37. Are community organisations (e.g. community centres, sports clubs and scout groups) eligible for the Small Business Grant Fund?**

If a community organisation meets all the criteria for eligibility set out in the guidance it is eligible for a grant.

**38. Can businesses like B&Bs operating with domestic rates (council tax) still be eligible for the grant?**

No – only properties in the rating list are eligible.

## Eligibility – Retail, Hospitality and Leisure Grant Fund

**39. How will businesses be identified for the Retail, Hospitality and Leisure scheme?**

Businesses that would have been eligible for the Extended Retail Discount Scheme as of 11 March 2020 will be eligible. Local Authorities hold information on Small Business Rate Relief, Rural Rates Relief, retail and hospitality businesses within their areas, and will be contacting eligible business.

**40. Is there a more detailed definition of each of these sectors?**

The grants schemes replicate the eligibility for the specific rate relief schemes.

**41. Are suppliers to the leisure and hospitality sectors covered, for example businesses who supply, launder and sell linen to hotels and restaurants?**

The grants schemes replicate the eligibility for the specific rate relief schemes. Supply chain businesses who do not meet the eligibility criteria are not within the scheme.

**42. Is there any limit on the number of different hereditaments a business can get relief for?**

Businesses will be able to claim for any hereditaments that met the eligibility criteria as of 11 March 2020 up to the limit set by State aid. Please see the 'State aid' section for more information.

**43. Are Community Amateur Sports Clubs (CASCs) that are eligible for Mandatory Rate Relief and the Extended Retail Relief (as a leisure provider) entitled to the second scheme?**

If they would have been eligible for the Expanded Retail Scheme on 11 March 2020 then they qualify. Properties that had rate discounts increased to 100% using local discretion on 11 March 2020 still qualify for the Retail, Hospitality and Leisure grant. The same principle applies with charity shops.

**44. Are small brewers with rateable values less than £51k covered by the scheme?**

If they would have been eligible for the Expanded Retail Scheme on 11 March 2020 then they qualify.

## Charities

**45. Charities getting Charitable Rate Relief get the Expanded Retail Discount so why not the grant?**

Charities receiving Charitable Rate Relief can't be eligible for Small Business Rate Relief or Rural Rate Relief and therefore cannot be eligible under the Small Business Grants Fund. They may be eligible under the Retail, Leisure and Hospitality Grants Fund if they meet the eligibility criteria (e.g. charity shops).

## Rating list changes / exceptions

**46. Will cases already referred to the Valuation Office Agency (VOA) and not yet on the rating list qualify?**

This is entirely at the discretion of Local Authorities but in order to help manage this and avoid widespread requests/abuse, the guidance says that any change would need to have been factually clear to Local Authorities on 11 March.

**47. The Local Authority cannot determine if the rating list is inaccurate, that is a VOA function. Please clarify the type of situation this covers.**

See above. This is for Local Authorities to decide but an example would be that the Local Authority has inspected, the error was clear and it has lodged a report with the VOA and knows it is going to be actioned. This is to avoid truly hard cases and is entirely at the Local Authority's discretion.

**48. What happens in cases where a ratepayer receives the grant but then immediately or shortly after gives notice that they have moved out of the premises?**

In cases like this the business would receive and keep the grant. The ratepayer should receive the grant if they were occupying a property that was on the rating list and met the eligibility criteria on the March 2020, and the ratepayer was not in administration or dissolved when the grant was awarded.

## Contacting businesses / business details

**49. How can businesses claim this funding?**

Local Authorities will be in touch with businesses that are eligible to apply.

We designed the schemes to have a 'no application' process for two reasons:

- 1) To help get grants to businesses as quickly as possible;
- 2) The assumption that all/almost all eligible businesses are identifiable on the business rate system.

Some Local Authorities have taken a portal approach to gathering payment information.

Eligible businesses must also comply with all applicable conditions on self-declaration, see the State aid section.

**50. Are Local Authorities expected to proactively go out to all rate payers on their lists and confirm information with the view of paying everyone who is eligible or is it acceptable for Local Authorities to simply advertise/promote the availability of grants and wait for businesses to come to them?**

Local Authorities have been asked to contact eligible businesses to gather payment information.

**51. Guidance states Local Authorities will need VAT registration & Company number to make an award. Will all companies (especially small ones) have these? Is this mandatory?**

The guidance has been revised, please see the latest version. Having this information is not mandatory.

**52. Will New Burdens funding be provided?**

Yes. The Government will provide additional funding to local authorities to meet the administrative costs of delivering this policy. We are currently undertaking a New Burdens Assessment and will be in touch with Local Authorities.

**53. Local Authorities may not have businesses' bank details if they receive rate relief. Some Local Authorities won't have capacity to get this information in the time required.**

We are encouraging Local Authorities to process these funds as quickly as possible and believe Local Authorities themselves are best placed to decide how to do this.

New Burdens funding is being provided and we are suggesting Local Authorities redeploy staff or hire temporary staff where appropriate, maybe for data entry. Officials from the Department for Business, Energy and Industrial Strategy are in regular contact with Local Authorities and will continue to keep issues of capacity under review.

**54. How should Local Authorities get and verify details from businesses?**

Local Authorities are using a variety of means to contact business rate payers and collect payment details. It depends what works for particular Local Authorities.

Eligible businesses must also comply with all applicable conditions on self-declaration, see the State aid section.

**55. What is the advice if businesses have recently moved to new premises and are yet to receive communication in regard to rates?**

The core rule is based on the circumstances at 11 March. If the business was there on 11 March Local Authorities have discretion to include them, as per para 33 of the guidance. As explained in the guidance, Local Authority discretion should only be used to prevent manifest errors (para 41).

**56. How do these business grants relate to businesses in arrears?**

The grant is not formally part of the business rates system and therefore cannot be used to offset arrears in business rates.

**57. How should grants be administered where a business is in administration or liquidation as of the 11th March?**

These grants have been created to provide support to active businesses. Businesses that were in liquidation or were dissolved as of the 11 March will not be eligible. Businesses that fall into administration or are dissolved after 11 March and before their grant is paid will also not be eligible.

Businesses which fail the undertaking in distress test on 31 December 2019 are also ineligible for payments under the COVID-19 Temporary Framework for UK Authorities, see Q84 & Q87.

**58. Some information you've asked for is not in our business rating system (e.g. Companies House number).**

We understand that not all information is captured in the business rates systems and therefore where Local Authorities decide to collect that information they may need to ask for additional information from the company. For example, there may be need to ask for Companies House information to use Spotlight for post-payment assurance checks.

**59. How should Local Authorities contact businesses to get contact details when their premises are closed or in lockdown?**

Local Authorities will decide whether letter or email is most appropriate.

**60. Can Local Authorities request additional information to verify the details companies have provided?**

Local Authorities have discretion to request further information.

**61. What are the appeal rights for this grant if we refuse to pay it after consideration of the guidance?**

There is no appeals procedure. It is up to Local Authorities to apply the guidance as they see fit.

## Ratepayers

**62. How does this funding work with shared space/serviced offices, where tenants are not the rate payers?**

Only businesses with their own assessment for business rates and eligible for Small Business Rates Relief, Rural Rates Relief or Expanded Retail Discount with a rateable value below £51,000 will be eligible for the grant. Businesses which are not ratepayers are not eligible.

We understand for some shared space/service offices, individual users do have their own rating assessment and may be eligible. In these cases, we encourage landlords to support local government in ensuring the grant reaches eligible ratepayers.

**63. I am not the ratepayer – my landlord pays the rates on this space. Will I get funding?**

This funding is to support small and rural businesses who are ratepayers on a property. These businesses are more likely to have on-going fixed costs.

## Payment

**64. How will this funding be allocated to Local Authorities?**

Local Authorities will now have received their allocations. These are in line with the distribution of eligible ratepayers. We will ask local government for more accurate estimates to ensure each authority has the right funds to pay the grants.

**65. How will this funding be delivered?**

Local Authorities responsible for business rate collection will deliver this funding to businesses. Local Authorities will contact eligible businesses directly.

**66. What are the Government's expectations regarding which bank account the grant is paid into? Do we use the business rates direct debit by default?**

It is for Local Authorities to decide whether they hold the correct information to pay the grant.

**67. Some small businesses do not pay their rates via direct debit so Local Authorities will not have bank details for them. Should they attempt to contact them to ask for bank details and should they only accept a company account and not a personal account?**

It is expected that Local Authorities will contact businesses and establish appropriate bank details.

**68. Has there been any thought as to phased payments? There is the potential for businesses to access funding and then cease trading.**

These schemes provide one-off grants in a single payment.

**69. If the funding provided to Local Authorities is not enough will you compensate interest cost on any borrowing needed to ensure grants provided as needed?**

Local Authorities should urgently flag if they think the allocations sent on 1 April are insufficient.

**70. Some Local Authorities have felt it necessary, due to urgency, to pay out some grants at their own risk in advance of receiving funds from Government. Will Government be willing to discuss any such payments that may have been made to any firms that guidance has since clarified are excluded from the grant?**

If you think this applies to you then please let us know through your regional Single Point of Contact so we can discuss.

**71. Where a Local Authority has had to act in advance of receiving guidance or the guidance has changed could Government give assurance to authorities that they will not be penalised?**

We will be providing further guidance on payment assurance.

**72. In terms of accounting, is this part of the collection fund or general fund?**

This money should not form part of the collection fund.

**73. If a payment subsequently turns out to have been made due to fraud or error, will you expect the council to meet the cost?**

The Government will not 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, as may any grants paid in error. We will provide further guidance on payment assurance, including liabilities.

**74. What is the position on commercial rent?**

Eligibility for the grants is linked to rateable value.

**75. Is the payment to be declared as trading income by a ratepayer who is tax resident in the UK? If so, in which tax year?**

These grants are taxable. Grant recipients must take their own tax advice.

**76. If the ratepayer is not tax resident in the UK, are they still entitled to the grant?**

Yes. Ratepayers will be eligible if they are not tax resident in the UK.

## Timing / process

**77. When will payment be received?**

Local Authorities will now have received all of the payments from Government to distribute these grants.

**78. How long will it take businesses to receive this funding?**

Business Secretary Alok Sharma told all Local Authorities on a 15 April conference call that grants should be paid by Thursday 30 April.

**79. How much funding will Local Authorities receive and what happens if payments differ to funding?**

We are dealing with the real-time issue of reconciliation. Please contact your regional Single Point of Contact to discuss.

## Fraud checks

**80. The guidance indicates fraud checks will be made using Spotlight. What is Spotlight and is the expectation that these will occur before or after the payments are made?**

Spotlight guidance has been circulated to Local Authorities. Spotlight is being made available for Local Authorities. It is up to Local Authorities when they choose to use this it to supplement their own systems to prevent fraud and error.

**81. Is there an awareness of the fraud activities that have sprung up around this? For example, businesses are getting phone calls from scammers asking for bank details.**

We ask Local Authorities to work with us and each other in identifying and sharing good practice, including protecting eligible businesses which may be targeted by fraudsters pretending to be central or local government or acting on their behalf.

## State aid

**82. Is this State aid?**

Yes. State aid applies to these schemes, and all recipients are required to comply with the maximum permitted funding under the relevant State aid rules – EUR



200,000 over three years under the De Minimis Regulation, or EUR 800,000 under the COVID-19 Temporary Framework for UK Authorities (lower thresholds apply to agriculture, fisheries and aquaculture business). A business receiving grant paid under the Temporary Framework must also confirm that they were not an undertaking in distress (see Q87 for the definition found in Article 2(18) of the EU General Block Exemption regulation) on 31 December 2019.

Grants provided under the Small Business Grant Fund can be made under either the De Minimis Regulation (where the relevant conditions are met), or under the COVID-19 Temporary Framework for UK Authorities (once approved) where for example, the De Minimis threshold has been reached.

Grants paid under the Retail Hospitality and Leisure Grant Fund can be made under the COVID-19 Temporary Framework for UK Authorities (approved by the European Commission on 6 April 2020<sup>1</sup>).

### **83. Won't grants be well above the State aid limit?**

Where a business has multiple eligible properties under the Retail, Hospitality and Leisure Grant Fund, they may reach the State aid limit. All eligible businesses must comply with the grant conditions not to exceed the maximum permitted funding limits.

### **84. What checks are councils expected to make regarding State aid?**

Businesses will be required to confirm that they comply with the scheme conditions, for example that they did not fall within the definition of an undertaking in distress on 31 December 2019, and have not received more than the maximum permitted funding for State aid. Local Authorities will write to businesses to ask for confirmation of this.

### **85. How will support to national retailers work on a practical level given the numbers of properties?**

State aid applies to this scheme, and national retailers would be required not to accept more than the maximum permitted funding.

### **86. What is the interaction between the rates relief and the grant funding for State aid purposes?**

The business rates relief schemes are designed differently, the Government's assessment is that this is not a State aid. Consequently, any such relief should not be counted as previous support when businesses assess whether they have received previous state aid under the EUR 200,000 or EUR 800,000 limits.

### **87. What does it mean to be an Undertaking in Distress?**

An 'undertaking in distress' is defined<sup>2</sup> as an undertaking in 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), where more than half of its subscribed

---

<sup>1</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_603](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_603)

<sup>2</sup> See Article 2(18) of the EU General Block Exemption regulation [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L\\_.2014.187.01.0001.01.ENG](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2014.187.01.0001.01.ENG)

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.

- 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 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.
- 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 earnings before interest, tax, depreciation and amortisation (EBITDA) interest coverage ratio has been below 1.0.

**88. State aid guidance makes no reference to determining whether the grant recipient is a single undertaking (a key criteria for both grants). Why not?**

How to assess a single undertaking is a general principle of State aid law, Local Authorities and existing aid recipients will be used to considering this test. The assessment is fact-specific and looks to assess the level of control one business entity may have over another, for example within a joint venture.

The European Commission Notice on the notion of State aid states: "Several separate legal entities may be considered to form one economic unit for the purposes of the application of State aid rules. That economic unit is then considered to be the relevant undertaking. In this respect, the Court of Justice considers the existence of a controlling share and other functional, economic and organic links to be relevant."

**89. Is there an anticipated date for the approval of the Expanded Retail, Hospitality and Leisure Discount becoming a notified State aid?**

The UK temporary framework has been approved.

**90. Local Authorities won't know whether the businesses meet State aid de minimis regulations so how can they confirm they are meeting all State aid requirements?**

It is down to businesses to declare their position regarding State aid requirements. Annex C of the guidance sets out sample paragraphs that could be included in letters to grant recipients establishing this.

Where Local Authorities have further questions about de minimis or other aspects of State aid law, they should seek advice from their legal department in the first instance.

## Assurance / reporting

### **91. What are the expectations for reporting back to central government? Could not returning all details risk grant repayments?**

Local Authorities should have already received the details. Please email [businessgrantfunds@beis.gov.uk](mailto:businessgrantfunds@beis.gov.uk) to let us know if you haven't.

Please refer to Annex B of the guidance for full details of Post-Payment Reporting. The return will be completed using the DELTA reporting system.

DELTA returns serve two main purposes:

- 1) Local Authorities continue to have enough cash to pay grants to businesses;
- 2) There is a huge amount of interest (including ministerial) in the performance of these two schemes. We will be reporting this information to ministers on a regular basis.

### **92. When reporting 'number eligible per scheme' do we include national organisations in numbers that are likely to exceed state aid threshold?**

We require an accurate assessment of business properties Local Authorities think are eligible per scheme. If you think a property is likely to be excluded for any reason (including State aid) please do not include them in your estimate.

### **93. Is it possible to get a sense from completed Local Authority reports about how the schemes are performing? What is the average percentage of monies out of the door?**

We are publishing information on grant payments by Local Authorities weekly (week commencing 20 April 2020).