

# Local Authority Discretionary Grant Fund – Frequently Asked Questions (FAQs) for Local Authorities

Local Authority Discretionary 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  |
| Eligibility .....                                   | 4  |
| Local Authority allocations .....                   | 12 |
| Grant amounts .....                                 | 13 |
| Delivery .....                                      | 13 |
| Counter Fraud.....                                  | 15 |
| Local Authority publication of grant criteria ..... | 15 |
| Monitoring.....                                     | 16 |
| State aid.....                                      | 16 |

## About this document

1. The Local Authority Discretionary Grant Fund was announced on 1 May 2020. Guidance for the scheme has been published and updated on 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 scheme.
3. For further information on business support, please see [www.businesssupport.gov.uk](http://www.businesssupport.gov.uk)

## Eligibility

### General

**4. Does this scheme allow one grant per property as with the previous grant schemes?**

It is a matter for Local Authorities to determine how many grants a business should receive. As businesses based in shared spaces are one of the priority groups, we would expect to see instances of more than one grant per property.

**5. Can a business receive more than one grant under this scheme (i.e. if based across multiple properties)?**

This is permissible under this grant, however it is up to Local Authorities to determine how to structure their own local schemes and whether to allow businesses to apply for a grant for more than one property.

**6. What are the mandatory criteria for this scheme referred to in para 44 of the guidance?**

The mandatory criteria are those set out in paras 29-33. That is:

- i. Businesses that are eligible for cash grants from any central government COVID-19 related scheme are ineligible for funding from the Discretionary Grants Fund. However, businesses that are eligible for the Self-Employment Income Support Scheme or Coronavirus Job Retention Scheme can receive grants under the Local Authority Discretionary Grants Fund.
- ii. Only businesses that were trading on 11 March 2020 are eligible for this scheme.
- iii. Businesses that are in administration, are insolvent or where a striking-off notice has been made are not eligible for funding under this scheme.

**7. Could you define 'trading'? Does it include the period after the business is formed, when it is incurring business costs, but before occupancy of premises?**

Government considers a business as trading if it is engaged in its business activity. This should be interpreted as carrying on a trade or profession or buying and selling goods or services with a view to making a profit or surplus.

**8. Do all four business descriptions in para 20 of the guidance (small and micro business; relatively high ongoing fixed property-related costs; significant fall in income; rateable value, rent or mortgage payment below £51k) need to apply for a business to be eligible?**

The scheme is primarily and predominantly for businesses which fit into these categories. However, it is for Local Authorities to decide what criteria makes most sense for their local area, and what the requirements will be for businesses applying for their grant schemes. All payments must be made in line with the mandatory eligibility criteria.

**9. The guidance says grants are ‘primarily and predominantly aimed at’ small and micro businesses. Does that rule out grants for larger businesses?**

Although there is a discretion for Local Authorities to pay out to individual businesses who do not meet the criteria, the funds are primarily and predominantly designed to support businesses meeting the criteria at para 20. Local Authorities must decide what is right to support their local economies.

**10. Is there scope to provide grants to businesses without premises costs?**

There is discretion for Local Authorities to pay out to businesses who do not meet the criteria the funds are primarily and predominantly designed to support. Local Authorities must decide what is right to support their local economies. However, as this funding is primarily aimed at businesses with high ongoing fixed property-related costs we expect the majority of grants to go to businesses with premises costs.

**11. If a business pays business rates and meets all of the eligibility criteria (e.g. a business in their own office space) can they still receive discretionary grant?**

As long as it is not eligible for any other HMG COVID-19 grant funding (with the exception of the Self-Employment Income Support Scheme and Coronavirus Job Retention Scheme), a business can be considered for a discretionary grant.

**12. Hereditaments that were not on the rating list on 11 March 2020 but were added retrospectively were not eligible for the Small Business Grants Fund and Retail, Hospitality & Leisure Grants Fund. Are those businesses eligible under the Discretionary Fund?**

To be eligible for the Small Business Grants Fund or Retail, Hospitality & Leisure Grants Fund a hereditament must have been eligible, on 11 March 2020, for either Small Business Rates Relief, Rural Rates Relief or the Expanded Retail Discount Scheme, depending on the grant fund. This requires them to have been on the ratings list on that date. 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. The only exception to this is in cases where it was factually clear to the Local Authority on the 11 March 2020 that the rating list was inaccurate on that date. In these cases Local Authorities may withhold the grant and/or award the grant based on their view of who would have been entitled to the grant had the list been accurate.

Under those two schemes, Local Authorities also had the discretion to take reasonable steps to identify the correct ratepayer where it had reason to believe the information they held about the ratepayer on 11 March 2020 was inaccurate.

The Local Authority Discretionary Grant Fund has no requirements regarding the rating list or business rates-related relief. It is for the Local Authority to decide on local criteria, but they are not prevented from providing grants to businesses ruled out of the other two schemes due to ratings list changes.

**13. If a newer business was fitting out a property prior to 11 March but never got round to opening/trading would it be eligible for this fund?**

The mandatory criteria requires that a business was trading as of 11 March. Grant payments can only be paid to firms that meet the mandatory requirements.

**14. How is a 'significant fall in income due to the COVID-19 crisis' and 'high ongoing fixed property-related costs' (para 20) defined?**

These grants are primarily aimed at those types of businesses set out in para 20 of the guidance, however we have not given a definition of high fixed property costs or significant fall in income. This provides Local Authorities with the flexibility to design their local fund to respond to their local situation.

**15. What are evidence requirements for 'significant fall in income'? Can this be via disclaimer? Are Local Authorities expected to assess profit and loss accounts alongside bank statements?**

Local Authorities must assess applications properly, taking into account all relevant information. We would expect at minimum a written statement from the business. Local Authorities may wish to ask for further documentary evidence (e.g. a bank statement) as part of the original application process or if, having read the statement, they feel further questions need to be answered.

**16. Can mooring or marina fees be counted as a 'fixed property cost' for businesses that involve boat tours, floating restaurants etc?**

Yes. This could count as a fixed property cost.

**17. Is there still an absolute rateable value limit of £51,000 for businesses receiving this fund?**

This fund is primarily and predominantly directed to small and micro businesses. However, Local Authorities have discretion to determine who else is eligible to receive funding through their schemes.

**18. Should Local Authorities target hospitality and leisure businesses rated above £51,000 as they will remain closed longest?**

It is for Local Authorities to determine which sectors they wish to prioritise and how best to support their local economies.

## Small Business

**19. Are the two business types defined in the guidance to support verification of eligibility or because there is an expectation they will receive different levels of grant?**

Legal definitions of small and microbusinesses have been included as useful information for Local Authorities. It is up to Local Authorities to decide how they structure their schemes.

**20. In the definition of small and micro businesses in paras 21-22, what does 'Balance sheet total' refer to? Is this a figure based on Assets, Liabilities or Equity?**

'Balance sheet total' is defined in the Finance Act 2016 as the aggregate of the amounts shown as assets in a company's balance sheet at the end of the financial year.

## Other schemes

### **21. How can Local Authorities verify whether businesses are eligible for other schemes not managed by Local Authorities?**

Local Authorities will be able to check their own records on the Small Business Grant Fund and Retail, Hospitality & Leisure Fund. For other grant funding schemes we anticipate businesses using a self-declaration process. Where checks discover that payments have been made in error or have been claimed as a result of fraud there will need to be recovery action.

### **22. Are applicants that are eligible for the Self-Employment Income Support Scheme also eligible for the Local Authority Discretionary Grant Fund?**

Businesses who are eligible for or in receipt of the Self-Employment Income Support Scheme (SEISS) are eligible to apply for this scheme as well. See latest version of guidance, published 22 May.

### **23. Why has the eligibility criteria about the Self-Employment Income Support Scheme changed?**

Following feedback from our stakeholders, we have changed the eligibility criteria to allow those eligible for the Self-Employment Income Support Scheme to apply for discretionary grants. New guidance clarifying this was issued on 22 May 2020. As with the Small Business Grants Fund and the Retail, Hospitality & Leisure Grants Fund, Government will keep the package of support under review.

### **24. Are businesses that have accessed loan or deferral schemes (e.g. Deferral of VAT, the Coronavirus Business Interruption Loan Scheme) eligible for grants under this scheme?**

Yes – it is only where businesses have received grant funding from Government that they are ineligible for support under this scheme. Paras 29-33 of the guidance cover eligibility for the scheme.

### **25. Businesses who have applied to the Coronavirus Job Retention Scheme are eligible for grants. Does this also apply to businesses that have claimed Statutory Sick Pay for staff sick with coronavirus?**

Yes, claiming Statutory Sick Pay for staff would not make a company ineligible for a grant under the discretionary scheme.

### **26. In the case of sole director companies who have furloughed staff, would applying for a grant break the terms of the Coronavirus Job Retention Scheme?**

It is for businesses to be aware of their position regarding different COVID-19 support schemes. Guidance on applying for the Coronavirus Job Retention Scheme can be found on [GOV.UK](https://www.gov.uk).

### **27. One of the priority groups for this scheme is charities, but the £750m charity support package is not in the exclusion list?**

The package of £750 million announced by the Chancellor in April is being managed across a number of departments and through a number of delivery mechanisms. Charities benefiting from this support are not excluded from the Local Authority Discretionary Grant Fund.

**28. If a Business Improvement District (BID) is to receive funding under other High Street funds are their offices eligible for the discretionary grants?**

Businesses receiving funding support established prior to the COVID-19 outbreak are eligible for discretionary grants. Businesses that are ineligible for this fund are those that are eligible for other grant funding schemes set up as part of the COVID-19 response (such as those set out in para 29 of the guidance). This does not include the Self-Employment Income Support Scheme and Coronavirus Job Retention Scheme.

**29. Exemptions in paragraph 29 of the guidance refers both to eligibility for other schemes and businesses who have received cash grants, which is it?**

Any business that is eligible for an HMG COVID-19 grant funding scheme (with the exception of the Self-Employment Income Support Scheme and Coronavirus Job Retention Scheme) is not eligible for the Local Authority Discretionary Grants Fund.

**30. Can a business that pays business rates but is not covered by the previous scheme due to the nature of their business be covered by this scheme?**

Yes. Businesses that were not in the scope of the Small Business Grants Fund or Retail, Hospitality and Leisure Grants Fund can receive grants through this scheme as long as they meet the mandatory criteria laid out in the guidance. It is for Local Authorities to choose the businesses they wish to support through this scheme.

**31. Where an owner has two limited businesses and one has a rate liability and has had a grant but the other has no liability can a discretionary grant be considered?**

There is no reason that the second business cannot be considered. It is up to the Local Authority to decide how they award their grants against their local priorities.

## Discretion

**32. Do Local Authorities have to include all four of the priority groups (Shared spaces, market traders, bed & breakfasts and charities) or can they pick which to prioritise these or other businesses? The funding provided may not cover these groups and other businesses in need in the area.**

This fund is designed to primarily and predominantly support small and micro businesses, while allowing Local Authorities to exercise their local knowledge and discretion on what particular needs exist within their area. The above list, presented in para 24 of the guidance, provides some priority groups that were not eligible for the Small Business Grants Fund or Retail, Hospitality and Leisure Fund and which Government is asking Local Authorities to prioritise for this scheme.

However Local Authorities have discretion to decide which types of business are most relevant to their local economy and there will be no penalty for Local Authorities based on this prioritisation. Local Authorities are required to publish their criteria on their websites.

**33. Where can Local Authorities use discretion to deviate from the guidance?**

Local Authorities are being given discretion to structure and target these grants as they deem appropriate for their local business base. However, there are a small number of mandatory criteria that must apply to all businesses receiving a grant. These are laid out in paras 29-33 in the guidance.

They include the stipulation that businesses that are eligible for cash grants from any central government COVID-19 related scheme are ineligible for funding from the

Discretionary Grants Fund. This is not an element that Local Authorities have discretion over. However, the Self-Employment Income Support Scheme has been removed from the list in the latest version of the guidance, published 22 May.

## Striking-off notices

### **34. Para 33 excludes those with striking-off notice. Why has this exclusion been included in this fund and not previous grant schemes?**

This grant has 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 were in administration as of 11 March or those that fall into administration or are dissolved after 11 March and before their grant is paid will also not be eligible.

A business that has applied to be removed from Companies House should not get grant funding. This is an extension of the principle about businesses in administration – where the business is no longer operating, they should not get funding.

### **35. A striking-off notice may be in place due to a delay in relation to filing a confirmation statement or accounts. Is the intention that this would make a business ineligible?**

Yes – where a striking off notice has been made, a business is not eligible for a discretionary grant.

## Market traders

### **36. What is a 'regular' market trader, as mentioned in para 24 of the guidance?**

Government is not setting any strict definition of a 'regular' market trader. However in most cases we expect 'regular' traders to be those which, before COVID-19 restrictions, traded most days of the week. Traders that only traded in occasional markets (e.g. once a month) would not be considered 'regular'. However, each Local Authority should set their own criteria, and Government is not mandating a particular definition.

### **37. Can market traders that operate in more than one Local Authority apply to grants from both?**

It is up to Local Authorities to assess what is reasonable in the circumstances depending on the business's fixed costs. The guidance does not exclude a business receiving grants from more than one local authority.

### **38. Does the Government consider annual pitch fees and storage costs to be 'fixed property costs' for market traders?**

Yes, pitch fees and storage costs would count as fixed property costs.

### **39. What will be done if the Local Authority where the trader is resident decides not to pay grants to regular market traders?**

It is up to Local Authorities to decide how to structure and prioritise their grant funding. There will be no penalty for Local Authorities based on this prioritisation. They must publish details of how their scheme will work.

**40. Market traders may have storage premises covered by Small Business Rates Relief. Is the intention that we exclude them from the Discretionary Grant Fund despite the pitch costs not being covered?**

Businesses that are eligible for other COVID-19 grant schemes (with the exception of the Self-Employment Income Support Scheme and Coronavirus Job Retention Scheme) are not eligible for funding under the discretionary grant scheme.

## Shared Space

**41. Is a business in a shared workspace expected to know or be able to prove the rateable value (below £51k) of the total premises within which they work?**

It is for Local Authorities to determine if an applicant meets the criteria of a local discretionary scheme. Where a rateable value is not available, the guidance suggests considering annual rent or annual mortgage costs as a proxy.

**42. Businesses in shared offices may have shared directors, i.e. two companies trading from same premises. Would there be an intention to restrict grants in these cases?**

Both businesses can be assessed. The different costs incurred by the companies would have to be identifiable (i.e. the property/utility costs paid by each business for the space).

**43. How should councils assess what portion of a larger shared space a business occupies, as this will have to be done without reference to the Valuation Office Agency?**

It is for Local Authorities to determine if an applicant meets the criteria of a local discretionary scheme. Where a rateable value is not available, the guidance suggests considering annual rent or annual mortgage costs as a proxy.

**44. Do shared spaces include other premises such as antiques centres where individual traders rent a space/stand from the landlord or forecourts in retail space?**

It is for Local Authorities to determine if an applicant meets the criteria of a local discretionary scheme. These businesses would be in scope for the overall Local Authority Discretionary Fund as long as they meet the mandatory criteria. The definition of 'regular market trader' in these FAQs may also be a relevant consideration for local authorities in these circumstances.

**45. If a premises is shared and the landlord paying business rates has received funding but another business in the space has no business rates account, can Local Authorities now fund this other business?**

Yes. One of the key aims of this funding is to provide grants to businesses who have been unable to access previous grant support due to their premises being in shared space.

## B&Bs

**46. The guidance mentioned B&Bs that pay council tax. What does Government class as a B&B? Does renting a room on Airbnb count?**

It is up to Local Authorities to set their own criteria for their local schemes and what they would class as a B&B. To be registered for council tax, B&Bs must have fewer than six

bed spaces. We would expect properties to be wholly or mainly used as guest or boarding premises. Examples of relevant proof that Local Authorities may wish to consider for B&Bs include:

- Planning permission for change of use;
- A fire certificate obtained when setting up the B&B to get business insurance policy and public liability cover;
- A “hotel and mobile units television licence”, which covers up to 15 televisions and can be purchased online from TV Licensing;
- A music licence from PPL PRS Ltd, if they have a TV in public areas, such as a bar or breakfast room, which has the sound turned on;
- A personal and premise alcohol licence, if serving alcohol;
- Registered with local Environmental Health Officer when setting up the B&B to have the property assessed.

**47. Can Local Authorities include self-catering properties (within strict criteria for occupancy) in their funds?**

Yes – it is up to Local Authorities to determine what kind of businesses they wish to support through this scheme.

**48. As well as including B&Bs who pay council tax, is there an expectation this is extended to care homes also paying council tax?**

Care homes that pay council tax are not in the list of property types that Government has asked Local Authorities to prioritise. However, if Local Authorities wish to make grant payments to businesses in that position, then they are free to consider doing so.

## Other businesses

**49. Will parish councils be eligible for this fund?**

It is not expected that Parish and town councils would be eligible to receive a grant. Where town and parish councils have set up organisations, including trusts, that meet the grant criteria, they may be eligible and parish and town councils should liaise with their relevant Local Authorities to determine whether this is the case.

**50. Many suppliers to the retail, hospitality and leisure sectors who have lost demand missed out on the previous grants. Can they be included here?**

It is up to Local Authorities to determine what kind of businesses they wish to support through this scheme.

**51. Businesses based in a residential dwelling may take fixed property costs to include their house mortgages etc. Could support be given to these businesses?**

It is up to Local Authorities to determine what kind of businesses they wish to support through this scheme. Tax and insurance details should identify the separate costs of a home-based business. Local Authorities should take steps to understand the specific costs of the business.

**52. Does Government have a view on whether these grants should be paid to businesses like dentists or coach operators that were excluded from the original grants?**

As long as businesses meet the mandatory criteria set out in paras 29-33 of the

guidance, it is up to Local Authorities to decide which types of businesses are eligible for their local schemes.

## Local Authority allocations

### **53. How many Local Authorities are expected to benefit from the additional £617m allocation announced by the Government?**

Each of the 314 billing authorities currently involved in the delivery of the Small Business Grants Fund and Retail, Hospitality & Leisure Fund will receive a fixed minimum allocation for the Local Authority Discretionary Grant Fund as a 5% uplift of the value of its in-scope hereditaments as identified at 3 May 2020. Individual letters were issued to all 314 Local Authorities on 20 May 2020 with a detailed explanation of their allocation.

### **54. Where Local Authorities have more than 5% estimated unused monies from the initial allocation can this be used to support more businesses or is it capped at 5%?**

Local Authorities with a projected underspend of more than 5% cannot allocate funding from their initial allocation to the Discretionary Fund above their 5% threshold. However, Local Authorities could – if they chose to do so – top up the Discretionary Fund using their own wider, non-ringfenced, budgets.

### **55. Can you clarify how the 5% allocation may be adjusted upwards based on grants awarded?**

Local Authorities that manage to achieve a higher number of grants paid through the Small Business Grants Fund and Retail, Hospitality & Leisure Grants Fund after 3 May estimate will have their 5% allocation adjusted upwards.

### **56. When will Local Authorities receive more information on the adjustment of their 5% allocation based on grants awarded under previous schemes?**

We will continue to monitor each Local Authority's spend performance for the Small Business Grants Fund; Retail, Hospitality & Leisure Grants Fund and the Local Authority Discretionary Grants Fund and ensure they have sufficient funding and the correct 5% cap for the Discretionary Grants Fund and will top up funding where necessary.

### **57. If a Local Authority has issued cheques for the other two funds and not all of those have been cashed, what does this mean for the allocation? Will the Local Authority be asked to carry on at risk?**

The individual allocations for the discretionary scheme were based on the number of hereditaments that each local authority estimated to be in scope of the first two grant schemes not grants paid.

### **58. Will more funds be made available following the decision to include businesses eligible for the Self-Employment Income Support Scheme in the Discretionary scheme?**

Local Authorities will need to manage their schemes to stay within the 5% limit, or top up the fund using their own budgets. As with the Small Business Grants Fund and the Retail, Hospitality & Leisure Grants Fund Government will keep the package of support under review.

**59. There is likely to be strong demand for this grant scheme, is there likely to be further funding made available after the initial 5% allocation has been used up?**

Local Authorities will need to manage their schemes to stay within the 5% limit, or top up the fund using their own budgets. As with the Small Business Grants Fund and the Retail, Hospitality & Leisure Grants Fund, Government will keep the package of support under review.

## Grant amounts

**60. Why are Local Authorities not able to pay grants of between £10k and £25k?**

The scheme has been designed to reflect the previous two schemes in grant size, however to provide more flexibility to Local Authorities to design their own local schemes they can award grants of under £10k and we anticipate that many payments made under this scheme will be for sums less than £10k.

**61. Is there any guidance or expectation on £25k/£10k/£<10k allocations?**

No – it is for Local Authorities to determine the level of payments they make, in line with the criteria for their local discretionary scheme.

**62. Is there still an expectation that £25k grants are for businesses in the Retail, Hospitality and Leisure sectors?**

No – it is for Local Authorities to determine the level of payments they make, in line with the criteria for their local discretionary scheme.

**63. Will Local Authorities be penalised if they use a flat-rate scheme at a level of £10k?**

No – it is for Local Authorities to determine the level of payments they make, in line with the criteria for their local discretionary scheme which they must publish.

## Delivery

**64. Will giving each Local Authority discretion to design their schemes mean businesses that may get a grant in one place wouldn't get it in another? Is this fair?**

This funding is aimed at small and micro businesses impacted by COVID-19 that were not eligible for previous grant funding support. Government has established a small number of mandatory national criteria for eligibility but we recognise that economic need will vary across the country. Therefore we want Local Authorities to exercise their local knowledge and discretion to determine which cases to support within those mandatory criteria.

We encourage Local Authorities to consider collaborating within their functional economic area (e.g. a Mayoral Combined Authority or Local Enterprise Partnership area) to ensure consistency and alignment with neighbouring authorities.

**65. Does Government anticipate decisions taken on awards under the Discretionary Fund being taken by officers under delegated powers, or by councillors?**

Section 1 of the Localism Act 2011 provides Local Authorities with the powers to make these payments. It is up to Local Authorities to determine how local decision-making on grants should operate in their area.

**66. What timeframes are expected for this new grant process?**

This grant scheme has been designed to widen access to support for businesses that are struggling to cope with impacts from COVID-19 and are unable to access other grant funding. Local Authorities should therefore aim to make payments as quickly as possible. Due to the need to establish local schemes, we anticipate that the first payments made to businesses under the scheme will take place in early June.

**67. How should Local Authorities prioritise grants awards where applications are oversubscribed?**

We recognise that economic need will vary across the country and want Local Authorities to exercise their local knowledge and use discretion to determine which types of business are most relevant to their local economy. There will be no penalty for Local Authorities based on this prioritisation.

**68. Could a Local Authority provide its funding in rounds, rather than on a first-come, first-served basis? This could provide a better chance to compare applications, assess need and allocate more fairly.**

It is up to individual Local Authorities how they structure their local grant schemes. We know that some are planning to conduct their funding schemes in rounds.

**69. Could a Local Authority set an application cut-off and pay an initial grant (e.g. £5k) and then top up those grants if sufficient funding remains?**

It is up to individual Local Authorities how they structure their local grant schemes. Topping up of grants can be part of a local scheme.

**70. What dispute mechanism will be in place for this grant scheme?**

It is for Local Authorities to apply the guidance and manage the scheme through their usual processes.

**71. Is Government expecting Local Authorities to coordinate across LEP areas or can they keep discussion mainly within their county?**

Local Authorities may wish to consider collaborating as they design their discretionary schemes to ensure there is consistency where they are working across a functional economic area (e.g. a Mayoral Combined Authority or Local Enterprise Partnership area) and may want to engage with MCAs and LEPs to ensure alignment and reduce duplication with other local discretionary business grants that may have been established.

**72. Could best practice be shared by Local Authorities who have gone live with their schemes to support others in determining their scheme details?**

Local Authorities have now begun to publish details of their schemes on their websites, as required by the guidance. We suggest that Local Authorities developing their schemes and seeking examples look for Authorities with comparable economies and situations. This could be done through networks such as the District Councils Network or the Core Cities Group.

**73. Is there a timeline for New Burdens assessments and delivery for this fund?**

We anticipate that New Burdens payments will be made by the end of June.

## Counter Fraud

**74. What level of validation does Government expect Local Authorities to provide as evidence? Will an application/declaration and a Spotlight check be sufficient?**

The level of validation is down to Local Authorities to determine.

The Government Grants Management Function and Counter Fraud Function have made their digital assurance tool, Spotlight, available to Local Authorities, and will offer support in using the tool and interpreting results. Spotlight, or other digital due diligence tools, can be used as part of any checks and due diligence but it should not be relied upon as the sole method of checking.

**75. Do Local Authorities have the same assurances as with the other two grant schemes regarding clawback by BEIS for fraud or error overpayments that reasonable efforts to recover won't leave the Local Authority liable?**

We are reviewing the funding accountability letter issued for the Small Business Grants Fund and Retail, Hospitality & Leisure Fund and will confirm the position regarding the Local Authority Discretionary Grants Fund soon.

**76. Is there any guidance on responding to Freedom of Information requests regarding data on grants spent? Could this impact the risk of fraud?**

Categories of information that Local Authorities are obliged to provide are set out in Part Two of the [Local Government Transparency Code](#), which includes expenditure over £500. Each Local Authority should take a decision locally and use local legal consultation to determine their own process for responding to Freedom of Information requests and on releasing identities of grant recipients.

**77. Will Government be providing clarification on what is reasonable level of pre- and post-assurance?**

Guidance on Assurance will be issued shortly.

**78. Are you planning to coordinate counter fraud work with other agencies, for example the National Fraud Initiative or National Anti-Fraud Network?**

Yes – we are working with a range of stakeholders on counter fraud work. The government will not accept deliberate manipulation and fraud – and any business caught falsifying their records to gain grant money will face prosecution and any funding issued will be subject to claw back, as may any grants paid in error. Guidance for Local Authorities on Assurance will be issued shortly.

## Local Authority publication of grant criteria

**79. Local Authorities don't have definitive numbers to budget. How can they publish details on the amounts available without knowing the number of eligible businesses?**

Local Authorities will need to publish the details of their scheme on their website, including the criteria they are using to prioritise the types of businesses which will receive grants, and how they are assessing the level of grants that companies will receive. The published details do not have to include a breakdown of the specific number and size of grants to be paid.

**80. What is the deadline for Local Authorities 'setting out the scope of their discretionary grant scheme on their website', as per para 27?**

Local Authorities should set out the scope of their schemes as soon as possible. It should be published before or in parallel with the launch of the application process.

## Monitoring

**81. How soon will the weekly monitoring begin? Will the Government be looking to publish these results publicly?**

We expect to ask Local Authorities to report for the first time on DELTA from Monday 22 June. We will inform all Local Authorities in due course about publication arrangements.

**82. Will a separate report be required for this fund or will it be integrated with reporting for the Small Business Grants and Retail, Hospitality & Leisure Grants?**

Local Authorities will be asked to submit a separate report to prevent results being mixed with the other two business support grant schemes. As some Local Authorities may choose to top up their Discretionary Grant schemes with other funds we will also want to distinguish between grants made using the 5% allocation and those from non-ringfenced Local Authority funds.

## State aid

**83. The guidance (para 37) says the Local Authority must 'call or write to the business' stating that by accepting the grant payment, the business confirms that they are eligible for the grant scheme, including that any payments accepted will be in compliance with State aid requirements. As businesses will have to fill out an application form, can Local Authorities include a State aid disclaimer confirming that they are eligible in their view and accept State aid responsibilities?**

Yes – it is the responsibility of Local Authorities to confirm before payment that any grants are paid in compliance with State aid requirements. This could be done as part of the application process.

**84. What is the position regarding franchises in the Discretionary scheme? For example, some breweries are turning down grants due to State aid limits, but some of their pubs and properties are franchises. Could the Discretionary Fund support franchises in these kinds of cases?**

All schemes and payments must be compliant with State aid law. It is the responsibility of businesses to understand their position in relation to State aid. This also applies to businesses in receipt of the Small Business Grant Fund and Retail, Hospitality & Leisure Grant Fund.

**85. Should Local Authorities refuse a grant if the business in question was in financial distress as of December 2019?**

The guidance sets out rules on undertakings in difficulty. This test is only applicable to payments made under the COVID-19 Temporary Framework.

The guidance advises that payments of up to and including £25,000 (or £10,000 where the De Minimis threshold has been reached) should be paid under the COVID-19

Temporary Framework for UK Authorities. Local authorities should note the conditions attached to the Temporary Framework, including the €800,000 threshold per undertaking (€120,000 per undertaking active in the fishery and aquaculture sector or €100,000 per undertaking active in the primary production of agricultural products), and requirement for recipients to declare they were not an undertaking in difficulty on 31 December 2019. An 'undertaking in difficulty' is defined by GBER (2014) 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 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:
  - i. The undertaking's book debt to equity ratio has been greater than 7.5 and
  - ii. The undertaking's EBITDA interest coverage ratio has been below 1.0.