



Department for  
Business, Energy  
& Industrial Strategy

# Local Restrictions Support Grants (Closed) – Frequently Asked Questions (FAQ)



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If you have any enquiries regarding this document/publication, 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

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## About this document

1. The Local Restrictions Support Grant (Closed) was announced on 9 September to support businesses in England that were legally required to close due to restrictions put in place to manage coronavirus and save lives. On 9 October changes were made to the scheme to provide further support to businesses required to close by Local Covid Alert Level 'Very High' (LCAL 3) restrictions. Guidance on the fund has been published 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 fund. Questions on how this fund will work during national restrictions are answered in a separate Addendum FAQ document.
3. For further information on business support, please see [www.gov.uk/coronavirus/business-support](http://www.gov.uk/coronavirus/business-support)

## General

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

This funding is being made available to support businesses that have been required to close in areas subject to Local Covid Alert Level 3 (LCAL 3) restrictions implemented to prevent the spread of Covid-19.

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

The Government will provide Local Authorities with funding to meet the costs of providing funding to eligible business hereditaments on the basis of the following levels of grant payment:

Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £15,000 or under, on the date of the commencement of the local restrictions, will receive a payment of £667 per 14-day qualifying restriction period.

Businesses occupying hereditaments appearing on the local rating list with a rateable value over £15,000 and less than £51,000 on the date of the commencement of the local restrictions will receive a payment of £1,000 per 14-day qualifying restriction period.

Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £51,000 or above on the commencement date of the local restrictions, will receive £1,500 per 14-day qualifying restriction period

### 6. What is a qualifying restriction period?

Businesses must be required to close for 14 days as a result of restrictions to be eligible for funding under this scheme. One payment will then be made for each full 14-day period of local restrictions. Local Authorities will need to provide grant funding to businesses in 14-day tranches in order to capture businesses in payment cycles and not to create multiple scheme-entry points. Businesses that voluntarily close in the middle of a payment cycle will not become eligible for the scheme until

they enter the next 14-day payment cycle. However, if Government announces additional businesses that must to close, in a place already subject to local restrictions, within a payment cycle (e.g. soft play centres) then these businesses would trigger a new payment cycle as these are centrally mandated closures. Each additional 14-day period of local restrictions triggers an additional payment. In order to receive a follow-up grant, a business must have remained closed for a full additional 14-day period. For example, if a business has closed due to restrictions, but is able to resume its direct, in-person services after 21 days, it will only receive one grant.

## **7. How has this scheme changed since it was first announced?**

Guidance for the Local Restrictions Support Grant was first published on 24 September. At this point the scheme offered grants of £1,000 or £1,500 every 21 days to businesses on the rating list that were forced to close because of local restrictions introduced by central Government.

On 9 October 2020, the Chancellor of the Exchequer announced additional support for areas with local Covid-19 restrictions. This included introducing a new band of grants under the scheme and making grant funding payable in 14-day tranches instead of 21-day tranches, increasing the amount of funding available to businesses and reducing the time they must wait for grants. On 22 October 2020 further support was announced in the form of the Local Restrictions Support Grant (Open), which provides grants to businesses that are not legally required to close but are severely impacted by restrictions.

In addition, from 1 November 2020 businesses that have been subject to national closures since 23 March 2020 will receive grants in line with the bands outlined above. This element of the grant (Local Restrictions Support Grant (Sectors)) will be payable across all 314 billing authorities. The Government has also announced the Additional Restrictions Grant, which provides Local Authorities under national or LCAL 3 restrictions with a one-off lump sum payment to cover the cost of additional discretionary business support.

Information in these FAQs and the guidance posted on GOV.UK has been updated to reflect these changes.

## **8. When do these changes to the Local Restrictions Support Grant (Closed) begin?**

All changes made to the scheme had immediate effect on 9 October. At this point, Bolton was the only Local Authority to have triggered the scheme, and changes to grant amounts and frequency were backdated to incorporate businesses supported by Bolton's scheme.

## **9. When does the 14-day closure period begin?**

The first 14-day period begins on the first full day when restrictions come into force. Grant funding will be provided in 14-day tranches from this date. Businesses that close in the middle of a payment cycle will not become eligible for the scheme until they enter the next 14-day payment cycle.

**10. Is this scheme UK-wide?**

This grant funding scheme is only for English Local Authorities affected by local restrictions. However, the Chancellor announced on 5 November an increase in the upfront guarantee of funding for the devolved administrations from £14 billion to £16 billion. This uplift will continue to support workers, business and individuals in Scotland, Wales and Northern Ireland. The Barnett formula will apply in the usual way to any additional funding provided to departments in relation to this intervention.

**11. Are these grants subject to tax?**

Grant income received by a business is taxable, therefore the Local Restrictions Support Grant (Closed) will be subject to tax. Only businesses that make an overall profit once grant income is included will be subject to tax.

**12. Will areas subjected to local restrictions prior to the announcement of this fund be able to access grants (e.g. Leicester)?**

This funding is only available for businesses that were required to close because of the formal publication of local lockdown restrictions that resulted in a first full day of closures on or after the 9th September. This funding is not retrospective.

**13. How will Local Authorities know when they become eligible for this grant?**

Guidance on local restrictions is published on GOV.UK setting out the extent of restrictions and, if necessary, which businesses would be required to close. As payments will only be made after a full 14-day period of local restrictions has elapsed, Government will work with eligible Local Authorities to discuss their local scheme and identify the correct business groups.

**14. Will funding be available if a Local Authority imposes its own restrictions on businesses in the area?**

Where Local Authorities have used powers to impose local restrictions themselves, this funding scheme will not be available. This funding is only available for localised restrictions imposed by central government. These are legally binding restrictions imposed on specific Local Authority areas or multiple Local Authority areas where the Secretary of State for Health and Social Care requires the closure of businesses in a local area under regulations made using powers in Part 2A of the Public Health (Control of Disease) Act 1984 in response to the threat posed by Covid-19 and commonly as part of a wider set of measures.

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

Recipients of grant funding must comply with all the scheme conditions, including eligibility, State aid requirements, and the provision of information to the Local Authority to support monitoring and assurance. By accepting the grant each recipient confirms that they are eligible for the scheme. If a Local Authority subsequently finds that this self-declaration is incorrect it will be able to take action and the business would be liable for clawback.

**16. Is there a deadline for spending the Local Restrictions Support Grant?**

The Local Restrictions Support Grant will only apply for the current financial year. Funds should be paid out to businesses by Local Authorities as soon as possible.

**17. How long does this scheme run for?**

The Local Restrictions Support Grant (Closed) runs until April 2021, with a review point in January 2021.

**18. How will the total amount of funding a Local Authority receives be calculated?**

Government representatives will obtain estimates from the Valuation Office Agency and from Local Authorities on the number of eligible businesses under LRSG (Closed), then agree a final allocation figure taking into consideration local knowledge.

## Eligibility

**19. Which businesses are eligible for the Local Restrictions Support Grant (Closed)?**

The businesses that are eligible to receive grants in each Local Authority area will be determined by the form of restrictions imposed upon that area. Businesses offering direct, in-person services that had reopened following the end of the first national lockdown but were then mandated to close by Government imposed local restrictions, will be eligible. This could include, for example, non-essential retail, personal services or cafes/restaurants that operate primarily as an in-person venue but have been forced to close these services and instead provide takeaway-only or delivery services.

Restrictions will be published by Government on GOV.UK setting out which businesses are required to close in each Local Authority area. This official guidance will determine which businesses in each area would be eligible.

Businesses that are able to continue to trade because they do not depend on providing direct in-person services from premises and can operate their services effectively remotely (e.g. accountants, solicitors) are not eligible. Businesses in areas outside the scope of the localised restrictions, as defined by Government, are also excluded.

**20. Is there a date when businesses need to have started trading by to receive a LRSG (Closed) Grant?**

The business must have been trading the day before restrictions came into force.

**21. How would Government define businesses that are ‘required to close’?**

Guidance for local restrictions published on GOV.UK clearly sets out which businesses and venues have been required by law to close. Those eligible for grants

will be businesses that have been offering direct, in-person services but are unable to continue with their main service following the commencement of local restrictions.

If a business has subsequently provided an alternative service (e.g. a restaurant/pub providing takeaway-only meals) it would still be eligible as it has been required to close the part of its business that provides its main service.

Guidance may also state which businesses must alter their services or operating hours. However, it is only those that are specifically required to close that are in the purview of this grant scheme. If a business has closed because it is no longer viable to stay open due to restrictions, it would not be eligible for a grant through the LRSG (Closed) scheme but could be considered for a discretionary grant.

[For further detail see the Local Restrictions Support Grant guidance: <https://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities> ]

**22. How are Local Authorities expected to identify eligible businesses within their area?**

Local Authorities will be able to identify eligible businesses through SCAT codes, property descriptions and in some cases business licences. The SCAT codes, property descriptions and licenses can give an initial grouping, then we would encourage Local Authorities to use their local knowledge and existing records to assess which businesses are eligible for a grant. It is ultimately for the Local Authority to decide how best to administer the grant in their area.

**23. If a business initially stays open after local restrictions commence but is later forced to close, would it be eligible to receive grants through this scheme?**

Yes, a business that is initially able to stay open during LCAL 3 restrictions but is later mandated to close will be eligible for a grant under this scheme. If Government announces additional businesses are mandated to close in a place already subject to local restrictions within a payment cycle (e.g. soft play centres) then these businesses would trigger a new payment cycle as these are centrally mandated closures.

However, businesses that voluntarily close in the middle of a payment cycle (for example, a business that initially chooses to repurpose then decides to close) will not become eligible for the scheme until they enter the next 14-day payment cycle.

**24. Are hospitality businesses that are required to close at 10pm every day eligible for this funding?**

No, however businesses that are not required to close but have been severely impacted are eligible for funding under the LRSG (Open) scheme and the Additional Restrictions Grant.

**25. If a business closes because employees are self-isolating would it be eligible to receive grants through this scheme?**

No. Local authorities could consider supporting these businesses through discretionary grants (LRSG (Open) in LCAL High and Very High areas or Additional Restrictions Grant.

**26. Are gyms and leisure centres eligible to receive grants through this scheme?**

Local restrictions may require gyms, leisure centres and other indoor sports facilities to close under powers in Part 2A of the Public Health (Control of Disease) Act 1984 if, before March 2020, they were regularly used by non-elite athletes. These businesses would be eligible for a Local Restrictions Support Grant.

The definition of elite athletes can be found in Government's Elite Sport Return to Training guidance:

- a. an individual who derives a living from competing in a sport;
- b. a senior representative nominated by a relevant sporting body;
- c. a member of the senior training squad for a relevant sporting body; or aged 16 or above and on an elite development pathway.

Gyms and leisure centres providing for disabled sport will receive grants whether they remain open or choose to close, though provision should remain available for disabled sport in either case.

Following the introduction of local restrictions, Government will work with eligible Local Authorities to discuss their local scheme and identify the correct business groups for grants.

**27. Will businesses be able to receive grants from both the LRSG (Closed) scheme and the LRSG (Open) schemes?**

Yes, Local Authorities can use funds from the LRSG (Open) Grant to pay top-up grants to businesses eligible under the LRSG (Closed) Grant. However, Local Authorities are likely to want to help a range of businesses with their discretionary funds.

**28. Can businesses with multiple properties claim multiple grants?**

Eligible businesses that are within the relevant Local Authority area covered by localised restrictions will receive an LRSG (Closed) grant for each eligible hereditament. However, businesses must remain within the financial thresholds set by State aid law, which may be reached if businesses have previously received State aid funding. Please see the 'State aid' section for more information.

**29. If one hereditament accommodates multiple services and only some of which are required to close, will it be eligible to receive a LRSG (Closed) grant?**

In this instance the hereditament will be eligible to receive a grant through the LRSG (Closed) scheme if the business is required to close its main service. Local Authorities will be required to exercise their discretion and judge whether this is the case, based on their local knowledge.

**30. If a hereditament does not resume trading after the localised lockdown period, is it still eligible for a LRSG (Closed) grant?**

Yes, as long as the business is not in liquidation or dissolved or subject to a striking off notice, and otherwise meets all applicable conditions (including not being an undertaking in difficulty on 31 December 2019), it is eligible for a grant.

**31. Will Parish councils be eligible for this fund?**

Yes, Town and Parish councils are eligible if they meet all the scheme criteria (the precepting authority exclusion does not apply to this fund). Each application must be assessed on its individual facts.

**32. Is there any limit on the number of different hereditaments a business can claim a grant for?**

Businesses will be able to claim for any eligible hereditaments within the area established by local restrictions that were on the rating list on the first full day of local restrictions. However, businesses must remain within the financial thresholds set by State aid law, which may be reached if businesses have previously received State aid funding. Please see the 'State aid' section for more information.

**33. Does a ban on fans attending non-league football matches constitute a closure of the football club as a business providing an in-person service?**

Yes, if providing in-person services to fans is a non-league football club's main service and this service is mandated to close under LCAL 3 restrictions then they would be eligible under the LRS (Closed).

**34. Can social clubs and private member clubs receive LRS (Closed) grant funding?**

Under LCAL 3 restrictions, if social and private clubs are not required to close such clubs are ineligible for support through the LRS (Closed) grant scheme but can receive funding through the LRS (Open) scheme.

**35. Are pubs that provide a takeaway service eligible for a grant under the LRS (Closed)?**

Yes, any business that is required to close the part of its business that provides its main service is eligible for a Closed Grant. This is the case even if the business adapts its business model to provide a reduced service, such as takeaways. We understand that it is not always completely clear if a business has closed the part of its business that provides its main service, however we expect Local Authorities to use their discretion and make this judgement based on their local knowledge.

**36. Are hotels and other accommodation providers able to access the LRS (Closed) grant if they remain open to accommodate individuals travelling for work purposes or other exempt purposes (e.g. domestic violence victims)?**

Yes, if a hotel or accommodation business is required to close their main business offering under LCAL 3 they will be eligible for a grant.

**37. What support is provided to businesses that do not have a rateable value or are non-rate payers, e.g. market traders?**

Businesses that are not part of the business rates systems will not receive funding under LRS (Closed). However, those businesses may be eligible for support under the Additional Restrictions Grant and Local Restrictions Support Grant (Open) schemes.

**38. Are non-essential retail businesses that offer click and collect services considered closed and eligible for this scheme?**

Businesses that are mandated to close under LCAL 3 restrictions that offer a click and collect service, would be eligible for LRSG (Closed) funding.

**39. Are business that are adversely impacted by local restrictions eligible for support under LRSG (Closed): e.g. event companies, supply chain businesses?**

Businesses adversely impact by local restrictions, but not mandated to close by Government will not receive funding under LRSG (Closed). However, those businesses may be eligible for support under the Additional Restrictions Grant and Local restrictions Support Grant (Open) schemes.

**40. Does a business have to be required to close to be eligible?**

Yes. Please see the regulations for those businesses mandated to close:  
[https://www.legislation.gov.uk/ukxi/2020/1200/pdfs/ukxi\\_20201200\\_en.pdf](https://www.legislation.gov.uk/ukxi/2020/1200/pdfs/ukxi_20201200_en.pdf)

**41. Are there any previous grants that prevent eligibility via the LRSG (Closed) scheme (e.g. Arts Council funding)?**

No, there are no previous grants that prevent a business being eligible for a LRSG (Closed) grant. However, State aid thresholds will need to be considered by the business.

**42. If only part of a business closes can it get the grant?**

If a business is forced to close the part of its business that provides its main service then they will be eligible for a grant.

**43. Can a Local Authority top-up an LRSG (Closed) grant with funding from the ARG?**

Local Authorities will be able to use their ARG funding to top-up grant funding where they deem it necessary to support businesses essential to their local economies.

**44. Can we use unspent funding to provide grants before we receive LRSG (Closed) funding from Government?**

Yes, but funding used from other grants schemes will be subject to a reconciliation process and repayment.

## Grant recipients

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

A business may decline the grant.

**46. What discretion do Local Authorities have regarding rating list details?**

Any changes to the rating list – both to the rateable value and the details – made after the first full day of localised restrictions, including changes that have been

backdated to this date, should be ignored for the purposes of eligibility. Only in cases where it was factually clear to the Local Authority on the first day of restrictions that the rating list was inaccurate on that date, 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. This is entirely at the discretion of the Local Authority and only intended to prevent manifest errors.

**47. 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.

**48. How should grants be administered where a business is in administration or liquidation?**

These grants have been created to provide support to active businesses. Businesses will need to confirm they are not in liquidation in order to receive the grant. Some businesses that fail the undertaking in difficulty test on 31 December 2019 are also ineligible for payments under the COVID-19 Temporary Framework for UK Authorities.

## Introduction of national restrictions

**49. How is this scheme impacted if national restrictions are introduced?**

The Local Restrictions Support Grant (Closed) will continue to run during national restrictions, BUT with the conditions set out in Local Restrictions Support Grant (Closed) Addendum.

The Local Restrictions Support Grant (Sector) will cease to apply, as relevant businesses will receive funding from the LRSG (Closed) Addendum. Any LRSG (Sector) payments due to be made between national restrictions being announced and then coming into force will be calculated pro-rata.

To ease the burden of distributing grants to businesses, Local Authorities may wish to bundle pro-rated payments covering short periods with the payments covering 28 days made under the Local Restrictions Support Grant (Closed) Addendum, but payments should be reported and accounted for separately.

Please see Local Restrictions Support Grant (Closed) Addendum FAQs for further information.

**50. Will the frequency of payments change under national restrictions?**

For national restrictions from 5 November 2020 to 2 December 2020 a 28-day payment cycle will be applied. Grant funding will be provided to Local Authorities for the full 28-day payment cycle.

This funding will be provided on a rolling 28-day basis for as long as national restrictions apply.

**51. Will the time a Local Authority spent under LCAL High and Very High restrictions prior to the introduction of national restrictions affect a Local Authorities funding under this scheme once national restrictions are lifted?**

No, when national restrictions are lifted all Local Authorities will be reset and will start again under the original terms of the LRSG (Closed) Grant scheme should they still be in an LCAL Very High area.

## Payment

**52. How will the funding totals for Local Authorities be calculated?**

Government will work with the affected Local Authority to assess the number of eligible businesses in a Local Authority based on the extent of the restrictions in the area. This will enable a figure to be calculated for the grant fund. This process will continue every time the fund is re-triggered by 14-day periods of restrictions.

**53. What is the process for Local Authorities receiving the funding and payments being made?**

Funding will be provided to Local Authorities on a case-by-case basis under a Section 31 payment accompanied by a Grant Offer Letter. Funding will be issued upon confirmation of a 14-day closure period so that Local Authorities can distribute grants to eligible businesses as quickly as possible.

**54. If a business must have been closed for at least 14 days does this mean grants will be paid at the end of the closure period?**

Yes. Local Authorities will be authorised to award grants upon a full 14-day period of local restrictions resulting in of business closure. Any follow-up grant would be awarded upon completion of a further 14-day closure period.

Local Authorities will need to provide grant funding to businesses in 14-day tranches in order to capture businesses in payment cycles and not to create multiple scheme-entry points. Businesses that close in the middle of a payment cycle will not become eligible for the scheme until they enter the next 14-day payment cycle.

**55. How long will Local Authorities have to identify and pay businesses once the 14-day threshold has passed?**

Local Authorities should aim to deliver grants to eligible businesses as quickly as possible following the completion of the 14-day closure period. Local Authorities should aim to pay out the funds in 28 days.

**56. Will New Burdens payments be provided for this funding?**

We are committed to meeting the New Burdens costs to Local Authorities for this scheme. A New Burdens Assessment will be completed, and funding will then be provided to Local Authorities.

**57. Can Local Authorities use funding left over as underspend from previous Covid-19 grant schemes to award these grants?**

While awaiting payment of the funding for the Local Restrictions Support Grant Local Authorities may use underspend from previous grants to cover costs. However, underspend for each grant must ultimately be returned through each respective grant's reconciliation process.

**58. What is the appeals process for businesses under this scheme?**

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

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

The Government will not accept deliberate manipulation and fraud – and any business caught falsifying its 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 financial accountability.

## Fraud

**60. What should a Local Authority do if it detects or suspects fraud through this scheme?**

If Local Authorities detect fraud (successful, rather than attempted) or if they suspect fraud (attempted, as well as actual) that is organised, large scale systematic, or which crosses Local Authority boundaries, they must report it in real time. We recommend Local Authorities report it simultaneously to the dedicated inboxes at the National Anti Fraud Network ([intel@nafn.gov.uk](mailto:intel@nafn.gov.uk)) and the National Investigation Service ([report@natis.pnn.police.uk](mailto:report@natis.pnn.police.uk)). Local Authorities may be contacted for further information to assist with lines of enquiry being pursued.

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

The Government will not accept deliberate manipulation and fraud – and any business caught falsifying its 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 financial accountability.

## State aid

**62. Do State aid rules apply to business grants provided under this scheme?**

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). The De Minimis aid and the Temporary Framework can be combined to bring the aid per company to up to €1 million. Any business that has reached the limits of payments permissible under the

De Minimis and the UK Covid-19 Temporary State Aid Framework will not be able to receive further grant funding.

Excluding small and micro undertakings (fewer than 50 employees and less than EUR 10 million of annual turnover and/or annual balance sheet), a business receiving grant paid under the Temporary Framework must also confirm that they were not an undertaking in difficulty on 31 December 2019. This exemption for small and micro undertakings does not apply if the undertaking is subject to collective insolvency proceedings under national law, has received rescue aid that has not been repaid, or is subject to a restructuring plan under State aid rules.”

Grants provided under the Local Restrictions Support Grant scheme 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 where for example, the De Minimis threshold has been reached. Local Authorities must ensure all relevant State aid law requirements are complied with including any relevant reporting requirements to the EU Commission under State aid rules.

### **63. 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 difficulty on 31 December 2019 (excluding small and micro businesses), 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. Annex B of the Guidance provide a sample letter for Local Authorities to send to grant recipients.

### **64. What does it mean to be an Undertaking in Difficulty?**

An ‘undertaking in difficulty’ is defined 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 earnings before interest, tax, depreciation and amortisation (EBITDA) interest coverage ratio has been below 1.0.

This test only applies to payments made under the Temporary Framework, but excludes small and micro businesses (less than 50 employees and less than EUR 10 million of annual turnover and/or annual balance sheet).

**65. Are there any plans to increase the State aid limit from 800,000 Euros, in line with the change in EU State Aid rules on 13 October that allowed an increase to 3m Euros an undertaking?**

On 13 October 2020 the European Commission (CION) announced further amendments to its State aid Temporary Framework - introducing a new measure enabling further support to companies facing a decline in turnover during the eligible period of at least 30% compared to the same period of 2019 due to the coronavirus outbreak. The support can be provided for up to 70% (90% in case of micro and small companies) of the beneficiaries' fixed costs that are not covered by their revenues or other specified sources, up to a maximum amount of EUR 3 million per undertaking. The aid under this measure cannot be cumulated with other aid for the same eligible costs and is subject to further conditions set out in the Temporary Framework. The U.K. Government has notified the CION of its intention to use the new provision and must await approval from the CION to do so. The Covid-19 Temporary Framework for UK Public Authorities will need to be amended before aid under this new measure may be provided. All Local Restrictions Support Grants guidance documents will be updated to reflect the new provisions if and when they are applied to the LRSG schemes once the U.K. Government has approval. See announcement: [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_1872](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1872)

## Assurance / reporting

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

Local Authorities will be required to report to BEIS on the fund. Reports will cover the number of businesses eligible for the scheme, the number of actual payments per restriction period and any issues encountered in implementing the scheme. Please refer to Annex A 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:

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

**67. Will Local Authorities be expected to provide returns on a constituent basis?**

Local Authorities should organise their reporting such that returns on a constituency basis can be provided, if required.

**68. When will LAs receive the Risk Assessment/Assurance Plan templates?**

Further advice on assurance will be provided shortly.