



Department for
Business, Energy
& Industrial Strategy

Grant Funding Schemes – Frequently Asked Questions (FAQ)

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



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Contents

About this document.....	4
General	4
Eligibility - General.....	5
Expanded Retail Discount.....	7
Eligibility – Small Business Grant Fund.....	7
Eligibility – Retail, Hospitality and Leisure Grant Fund.....	7
Charities.....	8
Business details	8
Ratepayers	8
Payment.....	9
Timing	9
State aid.....	9

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://www.businesssupport.gov.uk).
2. This document sets out Frequently Asked Questions regarding the criteria and management of the funding schemes.
3. For further information on business support, please see <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 the 11 March 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 (RHLG) businesses in England that would have been in receipt of the Expanded Retail Discount (which covers retail, hospitality and leisure) on 11 March, 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 ratepayers 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 will 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 SBRR – 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. We will do whatever it takes.
- 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. Businesses who accept this funding must also provide information requested by the Local Authority to support monitoring and assurance.

12. Is this funding taxable?

The default position is that these grants would be liable for tax, as are the business costs this grant is supporting.

Eligibility - General

13. Which businesses are eligible?

Businesses that were in receipt of Small Business Rate Relief or Rural Rate as of 11 March 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.

14. Can businesses with multiple properties claim multiple grants? (e.g. Can a hairdresser with three shops, each with less than a £15k rateable value, claim three £10k grants?)

Businesses can only get one grant under the Small Business Grant Scheme.

Businesses eligible for the Retail, Hospitality and Leisure scheme can claim one grant per eligible property.

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?

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

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. 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 should not affect eligibility.

Expanded Retail Discount

21. 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 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

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

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

23. 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

24. 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 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.

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

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

26. Are Community Amateur Sports Clubs (CASCs) that are eligible for Marginal 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 then they qualify. Properties that had rate discounts increased to 100% using local discretion on 11 March still qualify for the Retail, Hospitality and Leisure grant. The same principle applies with charity shops.

27. Are supermarkets going to remain supported by the rates relief position?

Supermarkets that are eligible for either scheme can receive the grant, in line with State aid rules.

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

Grants can be awarded to multiple eligible hereditaments, up to the State aid limits.

Charities

29. 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.

Business details

30. How can businesses claim this funding?

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

31. How will 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.

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

Local Authorities have discretion to request further information.

Ratepayers

33. 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 SBRR, rural 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.

34. 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

35. 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.

36. What is the position on commercial rent?

Eligibility for the grants is linked to rateable value.

Timing

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

All Local Authorities are encouraged to get the grants to businesses as soon as possible.

State aid

38. 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 (defined 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 scheme can be made under the COVID-19 Temporary Framework for UK Authorities (once approved).

39. Won't grants be well above the State aid limit?

Where a business has multiple eligible properties under the RLHS, they may reach the State aid limit. The RLHS grant conditions require businesses not to exceed the maximum permitted funding limits.

40. 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.

41. 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.

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

The business rates relief schemes are not subject to state aid, and should not be counted as previous support when businesses assess whether they have received previous state aid under the 200,000EUR or 800,000EUR limits.

43. What does it mean to be an Undertaking In Distress? How can I tell if I was an Undertaking in Distress on 31 December 2019?

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:

1) The undertaking's book debt to equity ratio has been greater than 7.5 and

2) The undertaking's EBITDA interest coverage ratio has been below 1.0.