



Department for  
Business, Energy  
& Industrial Strategy

# Local Restrictions Support Grants and Additional Restrictions Grant – Frequently Asked Questions (FAQ)

## Extended – Issue 2



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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

# Contents

Contents .....	2
General .....	3
Local Restrictions Support Grant (Closed) Addendum .....	9
Local Restrictions Support Grant (Closed) .....	9
Local Restrictions Support Grant (Sector) .....	11
Local Restrictions Support Grant (Open).....	11
Additional Restrictions Grant (ARG).....	12

# General

- 1. Where a Local Authority is entitled to recover funds distributed to businesses through previous grant schemes (SBGF, RHLGF, LADGF, LRSG, ARG) but is yet to do so, can the Local Authority withhold LRSG and ARG funds until other funds have been recovered?**

Local Authorities may withhold grant funding where businesses are required to return funding related to grants paid erroneously, for example where businesses have been overpaid or were later found to be ineligible for a previous grant fund. However, the LRSG and the ARG schemes are not intended to provide Local Authorities with the ability to offset one grant against another. Moreover, the grant should not be offset against existing or future business rates liabilities or other unrecovered money separate from grant funding by Government.

- 2. Will case studies be provided on withholding grants from businesses where Local Authorities are entitled to recover funds?**

As Local Authorities are responsible for administering the grant schemes, situations that allow for recovery of funds from some business are likely to be specific. Local Authorities are encouraged to work with each other to share case studies that are relevant to their own situations.

- 3. When should Local Authorities start reporting to BEIS using the reporting templates circulated week commencing 16 November 2020?**

DELTA: Weekly DELTA reporting is required to be completed every Monday. This will capture details of how you intend to operate your schemes and the numbers and value of grants paid.

Record-level data: We will send out further information in week commencing 23 November but intend to ask Local Authorities to provide by 4 December an initial return of data according to the Excel template and data definitions circulated on 16 November. This will provide us with an early indication of how the grant support is being used and help us design a more efficient data collection system for ongoing data returns. Local Authorities should continue to collect the required data for all grant applications, and when we have completed analysis of that initial return, we will advise further when we expect this to be reported to BEIS.

- 4. Is the government Experian Government Counter Fraud Tool on NFI currently available to check LRSG/ARG applications?**

The tool has two modules - a bank account verification tool and an active company check. While both modules are live it should be noted that the active company check was designed to undertake checks for Small Business Grant Fund (SBGF) and Retail, Hospitality and Leisure Grant Fund (RHLGF). As such the tool returns information on the company trading status on 11 March 2020. NFI and Experian are currently working to update the tool so that it checks the company status at a specific

date provided by the Local Authority. If you are interested in using this tool when this upgrade is live please register your interest at: [nfiqueries@cabinetoffice.gov.uk](mailto:nfiqueries@cabinetoffice.gov.uk)

The NFI Experian bank account validation tool is not impacted. This tool checks the current position and as such can help provide the Local Authority with assurance about the company bank account details held.

Local Authorities are also strongly encouraged to use the Spotlight due-diligence tool to provide selected pre- and post-award company checks. The Spotlight fee has been waived for COVID-19 schemes, so we recommend that you use this service first and reduce the number of records to be checked via the chargeable tools. For further information on Spotlight please contact: [spotlight-localauthority@cabinetoffice.gov.uk](mailto:spotlight-localauthority@cabinetoffice.gov.uk)

**5. Will Local Authorities be required to provide LRSG/ARG data to NFI? If so, will the specifications be based on the grants data template and definitions?**

A final decision has not yet been made about LRSG/ARG data. The NFI is currently focussed on the request for Local Authorities to submit data in respect of the Small Business Grant Fund (SBGF), Retail, Hospitality and Leisure Grant Fund (RHLGF), and Local Authority Discretionary Fund. This data is due to be submitted by 29 January 2021.

If the Cabinet Office NFI subsequently elect to require this data be submitted, then this decision, along with a reasonable timetable, will be clearly communicated. The data specification would, as far as practical, mirror the one used for SBGF and the RHLGF and Local Authority Discretionary Grant Fund (LADGF).

**6. Is use of the Spotlight tool compulsory?**

No, Spotlight is not compulsory, but we strongly encourage using the tool to support prepayment checks.

It should be noted that the standard Spotlight tool, which is free for COVID-19 schemes, offers a wide range of due diligence checks drawn from data sources including Companies House and the Charity Commission and can check state aid limits and a change in company nature. We therefore recommend using this first as it can significantly reduce the number of records to be checked via the chargeable tools.

For further information please contact:  
Spotlight - [spotlight-localauthority@cabinetoffice.gov.uk](mailto:spotlight-localauthority@cabinetoffice.gov.uk)

**7. Where a company appears “Red” on Spotlight because it has a voluntary agreement, but it is not in liquidation or administration, would it be eligible to receive a grant?**

Eligible businesses that have a voluntary agreement but are not in liquidation or administration will be eligible to receive a grant if they are still trading and operating but not if the grant is provided under the COVID-19 Temporary Framework for UK Authorities. Businesses that are in administration, are insolvent or where a striking-off notice has been made are not eligible for funding under this scheme.

**8. Will any changes be made to the information or datasets required as part of the weekly DELTA reporting responsibilities?**

As BEIS continues to receive weekly reports there may be minor changes to the reporting template.

**9. Are Local Authorities expected to continue to supply DELTA returns on a month-to-month basis?**

No, weekly DELTA reporting is required to be completed every Monday. This will capture details of how you intend to operate your schemes and the numbers and value of grants paid.

**10. What level of sector analysis is required at lower level SIC codes or at a detailed level in the weekly return requirements? Will there be additional guidance?**

Sector level information is not required for the weekly DELTA return.

We do, however, ask that the business sector or type is collected within the record-level data return, initially due by 4 December 2020. This should be according to the 18 high-level SIC codes shared in the Data Definitions guidance.

**11. What additional evidence do Local Authorities need to collect on top of the DELTA return?**

Local Authorities are required to report more granular record-level data on individual grant applicants. This should be as per the Excel template and Data Definitions guidance circulated on 16 November 2020, which asks for details of the grant recipient, including relevant address and contact email, size and sector they operate in, and details of the grant awarded.

**12. Do Local Authorities need to collect the VAT number, Companies House number and taxpayer reference held with HMRC?**

For record-level data, Local Authorities should collect at least one unique identifier for each grant applicant. Ideally this would be Companies House Reference number, but recognise this will not apply to all grant applicants, so an alternative should be provided, which may include, but is not limited to, VAT Registration Number, Unique Taxpayer Reference, National Insurance Number, Registered Charity Number, Unique Property Reference etc. If appropriate, additional identifiers can be provided in the comments field. This should be reported with the record-level data return, initially due by 4 December 2020.

**13. Who is responsible for undertaking prosecutions and recovering costs in the event of fraud?**

We would expect Local Authorities to take all reasonable steps to investigate and recover the money, including reporting the case to Action Fraud and working with local police authorities to secure a prosecution.

If Local Authorities detect fraud (successful rather than attempted), or if they suspect fraud (attempted as well as actual) that is organised, large scale or 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.

**14. Please confirm re business being struck off - is simply being “UNDER NOTICE to be struck off” sufficient to be ineligible or does the business have to actually have been struck off the companies register to become ineligible?**

Yes, businesses “Under Notice to be struck off” are ineligible for a grant.

**15. Can Freedom of Information (FOI) requests be made for the details of how Local Authorities have distributed grant funds?**

If a FOI request is submitted to a Local Authority, they will need to follow their usual FOI procedures. FOI requests that ask for details on businesses will be subject to General Data Protection Regulation (GDPR). Local Authorities should also be mindful of the opportunity for fraud using information released under FOI.

**16. Can further clarification be provided for “trading the day before restrictions came into force”?**

Government considers a business to be trading if it is engaged in 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. Fully constituted businesses in liquidation, dissolved, or subject to a striking-off notice are not eligible under these conditions. This can be checked using the digital due diligence tool Spotlight.

**17. Are Local Authorities required to verify each business that declares its eligibility?**

By accepting the grant, each recipient confirms that it is eligible for the scheme. Local Authorities will need to be satisfied that they have taken reasonable and practicable steps to pay eligible businesses. In some cases, self-declaration may be sufficient, in others Local Authorities may decide they need to do more.

**18. When will grant determination letters be sent?**

The following Grant Determination and Grant Offer Letters were sent on the 6

November 2020: LRSG (Open), LRSG (Closed) Addendum and Additional Restrictions Grant. We will send documentation for other allocations as soon as possible.

**19. A number of businesses received grants under the initial Covid-19 business support schemes greater than their annual income. Should we pay them an additional grant?**

Under the LRSG (Closed) schemes businesses should receive mandatory funding. Under discretionary schemes it will be the decision of the Local Authority whether the business will receive a grant.

**20. When will further detail on New Burdens support be released, including funding for additional data capture requirements?**

Yes, a New Burdens assessment has commenced, and we will make payments as soon as possible. We are working with a group of Local Authorities to understand the additional burdens.

**21. Where a grant application has been received, but a company has not provided their company number, or a sole trader their self-assessment or NI number, are Local Authorities allowed to pay providing there are no other issues and the applicants details match rating records?**

Local Authorities will need to be satisfied that they have taken reasonable and practicable steps to pay eligible businesses.

However, for the record-level data required for monitoring and evaluation, an appropriate identifier should be provided.

**22. Can a “save progress” function please be added to the assurance reporting?**

Unfortunately, a “save progress” function is not available on MS Forms, the platform which the assurance report utilises. However, we are also constantly reviewing the questions being asked in the return and appreciate the continued effort from Local Authorities to complete it each month.

**23. Can BEIS introduce functionality to allow Local Authorities to save a copy of the MS Office form for the Assurance reports for our records please?**

We have implemented a function to this month’s assurance return and future returns, which will provide a copy of submitted answers back to the Local Authority once submitted. Local Authorities are asked to input the email address they wish the answers to be sent to at the end of the return.

**24. How can a Local Authority determine whether organisations such as village halls, community centres and charities are eligible to receive LRSG/ARG grants?**

There are three key considerations when a Local Authority determines the eligibility of a business for a grant under the LRSG (Closed):



- Is the business the business rate payer of a hereditament that appears on the rating list?
- Is the main service of that business required to close due to local restrictions?
- Is the business able to self-declare that it meets all scheme conditions, including eligibility and State aid requirements?

Where an organisation meets all of these criteria, it is considered eligible to receive a grant through the mandatory LRSG (Closed) scheme. In cases where hereditaments remain open to provide services that can continue as they are exempt from the regulations (e.g. post office services, food banks) they are still eligible for the LRSG (Closed) grant, because they are unable to provide their main in-person service.

If an applicant is not a ratepayer, or is severely affected without having been required to close its main service, it may be able to apply for the discretionary LRSG (Open) or ARG grants. In these cases, it will be for Local Authorities to consider whether the applicant constitutes a business and can therefore receive a grant through this scheme, which is intended to support businesses.

**25. If a mixed-use premises is evenly split between services that are required to close and services that can remain open, how should Local Authorities distribute grants to the business?**

In order to qualify for the LRSG (Closed), businesses will be required to declare their main service themselves. Its main service should constitute more than a 50% proportion of the overall business. If a business is unable to demonstrate that its main service has been required to close, it may be able to apply for a grant through the discretionary LRSG (Open) or ARG schemes.

**26. Are grants restricted to SMEs?**

No, eligible businesses of all sizes may receive a grant, subject to the conditions of the specific grant scheme.

**27. Are political organisations eligible to receive grants?**

Where a business has been required to close and is a ratepayer, it will be eligible to receive a grant through the LRSG (Closed). 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, are not eligible for LRSG (Closed). We expect that political organisations will fall into this category and will therefore not be eligible to receive grants through the LRSG (Closed) scheme. If an applicant is not a ratepayer, or is severely affected without having been required to close its main service, it may be able to apply for the discretionary LRSG (Open) or ARG grants. In these cases, it will be for Local Authorities to consider whether the applicant constitutes a business and can therefore receive a grant through this scheme, which is intended to support businesses.

# Local Restrictions Support Grant (Closed) Addendum

**28. Is it necessary to return information on business size for the LRSG (Closed) Addendum?**

Yes, the same requirements on data for detailed monitoring and evaluation apply to the LRSG (Closed) Addendum.

**29. Is there a final date by which applications for the LRSG (Closed) Addendum must be received, or do applications close when national restrictions end? Can retrospective applications be accepted?**

We encourage Local Authorities to pay out grants as quickly as possible. The LRSG funding allocations must be spent during Financial Year 2020/2021.

# Local Restrictions Support Grant (Closed)

**30. Where a business operates seasonally and was therefore closed on the date before local restrictions were introduced but remains an active business, can it still qualify for a grant under the LRSG (Closed) scheme? Can occasional use by owners during the period of closure be discounted?**

Yes, as long as the business was not insolvent, in liquidation or subject to a striking off notice on that date, it can be considered to be trading and is therefore eligible to receive grants under this scheme. Any occasional use by owners during the period of closure, must be lawful under the terms of the restrictions applicable within the Local Authority.

**31. If a business operates for only part of the week and was therefore closed on the day before relevant restrictions began, is it eligible to receive grants under this scheme?**

Yes, as long as the business was not insolvent, in liquidation or subject to a striking off notice on that date, it can be considered to be trading and is therefore eligible to receive grants under this scheme.

**32. Are seasonal sports clubs such as cricket clubs and bowling greens, without a bar or social club that is open all year, eligible for LRSG (Closed) if their season ended before 4 November?**

Yes, as long as the business was not insolvent, in liquidation or subject to a striking off notice on that date, it can be considered to be trading and is therefore eligible to receive grants under this scheme.

**33. How can a business prove that its main service has closed? It may be necessary for a Local Authority to use its reasonable judgement in some cases.**

Businesses will need to declare that their main service, constituting more than 50% of the overall business, has been required to close. Government acknowledges that in some cases, Local Authorities will need to exercise their reasonable judgement to determine whether or not a business is eligible for grants under this scheme and be satisfied that they have taken reasonable and practicable steps to pay eligible businesses.

**34. Is LRSG (Closed) funding paid after each 14-day period of LCAL 'Very High' restrictions has passed?**

Local Authorities will be paid for each 14-day period of LCAL 'Very High' restrictions after that 14-day period has passed.

**35. If a business moves property during the period of relevant restrictions, how is the grant impacted?**

The rateable value of the business is determined on the first day of relevant restrictions.

**36. Are self-catering accommodation operators and similar businesses, which do not own the accommodation they manage and do not ordinarily serve customers on site, eligible to receive grants under this scheme?**

In order to qualify for this grant, the business must be part of the business rates system. Therefore, businesses that manage the accommodation remotely must be the eligible business rates payers for that hereditament to receive a grant through the LRSG (Closed) scheme. If they are not, then they would need to apply for a grant through the discretionary LRSG (Open) or ARG schemes.

**37. Who can Local Authorities contact with questions over specific business closures?**

Local Authorities may consult the GOV.UK website on business and venue restrictions, available here: <https://www.gov.uk/government/publications/further-businesses-and-premises-to-close/closing-certain-businesses-and-venues-in-england>.

The COVID-19 business support website may also be helpful for Local Authorities: <https://www.gov.uk/coronavirus/business-support>

**38. Where a business that was mandated to close only closes later, should LRSG (Closed) payments to be business be made pro-rata?**

Part 4 of The Health Protection (Coronavirus Restrictions) Regulations 2020 states a business required to close "must cease to carry on that business or provide that service". To remain open would be against the law and any business doing so will be ineligible for a grant. A business is required to self-declare it has closed when it applies for a grant under the LRSG (Closed), LRSG (Closed) Addendum and LRSG (Sector). A business that was required to close but remained open for part of the 14-day payment cycle for this grant, would not receive a pro-rata payment. If a

previously non-compliant business were to become compliant, it can be considered eligible for a future payment cycle.

## Local Restrictions Support Grant (Sector)

- 39. LRSB (Sector) is awarded for every 14-day period of closure. It started on 1 November 2020 but from the 5 November 2020 we went into full lockdown. Is a payment due for the period 1 November 2020 to 4 November 2020?**

Yes, this is a mandatory grant, a pro-rata payment is due for the period 1 November 2020 to 4 November 2020.

- 40. Does the definition of discotheques in the sector guidance apply to mobile discos for events, where the business has a unit for storage and a business rates account, or if it is just aimed at a permanent disco/nightclub?**

In order to qualify for the Local Restrictions Support Grant (Sector), a business must appear on the ratings list. If a mobile disco business does not appear on the rating list, it will not be eligible to receive grants through the LRSB (Sector) scheme, though it may apply to receive a discretionary grant through the LRSB (Open) or the ARG.

## Local Restrictions Support Grant (Open)

- 41. Where the LRSB (Open) payment term ended prior to the introduction of national restrictions on 5 November, but the full allocation had not yet been spent, can any remaining balance be carried forward to further periods of applicable local restrictions?**

Yes. Local Authorities have until the end of this financial year to spend their LRSB (Open) allocation, though they are encouraged to provide support to businesses in need as quickly as possible.

- 42. Can BEIS confirm the full amount of LRSB (Open) funding provided to each Local Authority?**

Government has already shared the allocations for the LRSB (Closed) Addendum and the ARG. Figures for LRSB (Open) allocations paid before 5 November 2020 will be shared in due course.

- 43. The recent government guidance to businesses and the FAQs on the LRSB (Open) scheme seem to have made a conscious effort to move away from setting grant amounts by RV range. Can you confirm that the LRSB (Open) scheme can now be regarded as a pure discretionary scheme for Local Authorities to determine?**

Government has always been clear that the LRSB (Open) scheme is entirely discretionary. We would anticipate that Local Authorities provide grant funding under the tiers based on rateable value, unless there is a local economic need to deviate. However, Local Authorities can exercise their discretion and alter the amount of

funding offered to a business if they feel they have good reason to do so.

**44. Is the funding for LRSB (Open) capped per every 28-day period?**

Local Authorities will receive a fixed payment for each 28-day period of relevant LCAL High or LCAL Very High restrictions. The allocation will not be increased, and it is for Local Authorities to determine how best to distribute their allocated funding according to local needs.

## Additional Restrictions Grant (ARG)

**45. Question 7 of the Extended FAQs Issue 1 says the discretionary funding can be spent “up to financial year 21/22”, i.e., 31/03/2021, but question 8 in the original ARG FAQs says Local Authorities have all of 21/22 to spend it – which is correct?**

Funding received through the ARG may be spent throughout financial year 2021-2022, meaning that the deadline for spending is 31/03/2022.

**46. When returning monitoring information via DELTA to BEIS, how will Local Authorities be expected to record and report additional business support measures under ARG that are not paid directly to a business?**

Local Authorities can add details of additional business support measures provided using ARG funding in the additional comments.

**47. Can Local Authorities offer grants to businesses to help them through recovery, e.g., through building an e-commerce site?**

Yes, a Local Authority may use ARG funding in any way that provides business support, so long as businesses themselves are the beneficiaries of funding.

**48. Why is there a presumption that under ARG, Local Authorities should not be supporting the self-employed when so many self-employed and company directors paid dividends are excluded from SEISS & CJRS? If Local Authorities were to check that these businesses declare that the money was to go towards fixed costs would that be acceptable?**

Discretionary grants, including the ARG, can be used to support the self-employed. However, the ARG must not be used as a wage supplement, rather as a support to the business that the self-employed person runs. In addition, the Local Restrictions Support Grant (Closed) is available to support self-employed people who are liable for business rates.

**49. Question 42 of the Extended FAQs Issue 1 states: “A business must have been trading before restrictions came into force to be eligible”, whilst question 6 states: “Local Authorities can provide grant funding to support new business start-ups as part of ARG wider business support measures”. Does this mean Local Authorities can provide direct funding to new business start-ups/residents with business proposals?**

While start-ups do not meet the criteria for Local Authorities’ discretionary grant

schemes if they were not set up before restrictions were introduced, Local Authorities can provide grant funding to support new business start-ups as part of Additional Restrictions Grant wider business support measures.

**50. Can ARG funding be allocated to BIDs?**

The ARG funding can be provided to Business Improvement Districts (BIDs) bodies to support them with the shortfall in their levy income, provided that the BID body is not the Local Authority, or a company under the control of the Local Authority.

**51. Can ARG funding be used to offer business rate holidays to businesses that have not qualified for an extended retail discount?**

No, Local Authorities should not under any circumstances use the schemes, including the ARG, to offset existing or future business rates liabilities or any other unrecovered money separate from grant funding by Government. We want eligible businesses to be in receipt of grant funding from central Government.

**52. In order to deliver the business development/support programmes, Local Authorities will encounter capital costs for new projects that will be covered by the ARG grant. Additional staffing resources will also be required to deliver some of these projects. Can the ARG be used for these new staff for business support?**

Funding from the ARG can be used to employ new staff that are employed for the sole purpose of providing outward facing business support/development projects as part of the delivery of the ARG, recognising that the deadline for spending is 31/03/2022. The ARG cannot be used to fund Local Authority staff that are administering ARG – that is the purpose of New Burdens.

**53. Is it possible for a Local Authority to be the beneficiary of the ARG, for example through paying to subsidise car parks?**

No, Local Authorities cannot use ARG to replace lost revenue on car parking (i.e. directly fund themselves).

**54. Can ARG funding be used for ERDF match funding?**

Yes, ARG could be used as match funding for an ERDF project. However, match funding must be available from the outset of a project, and the grant recipient would need to demonstrate that the funding was both relevant and required by the project. Match funding is treated the same as ERDF regardless of source, meaning that the total expenditure (including match funding) must be used for the agreed purposes and defrayed on eligible expenditure. All expenditure must be evidenced, auditable and defrayed prior to the inclusion in any claim and follow other proportionate ERDF compliance rules.

**55. Can Local Authorities make multiple payments to the same customer for ARG?**

As the ARG is a discretionary scheme, Local Authorities may decide to pay multiple grants to the same business. However, Local Authorities may wish to focus on businesses that are not already receiving support through other Local Restrictions Support Grant schemes.

**56. Should the ARG be frontloaded this financial year, or should a particular amount be reserved for next financial year?**

The ARG may be spent at a Local Authority's discretion during this financial year and next financial year. It is therefore for Local Authorities to decide how best to distribute funds, depending on local need.

**57. Are Local Authorities allowed to use the ARG discretionary funding to support the Council's contribution to National Non-Domestic Rates Hardship awards?**

Local Authorities cannot retain the grant funding themselves to fund the cost of awarding hardship rate relief to ratepayers. The Government has already provided fully funded Covid-19 rate relief measures worth over £10 billion this year.