



Department for  
Business, Energy  
& Industrial Strategy

To: Secretary of State

From: Alex Chisholm, Permanent Secretary and Accounting Officer

Date: 23 March 2020

## **COVID-19 RETAIL, HOSPITALITY AND LEISURE BUSINESS GRANTS FUND**

Dear Secretary of State,

In his speech on 17 March, the Chancellor announced a new scheme for Local Authorities in England to deliver which will provide grant funding to businesses in the retail, hospitality, and leisure sectors to help provide some protection from the substantial economic shock being caused by Covid-19. Under the terms of this scheme, businesses in these sectors with a rateable value below £15,000, who are not eligible for Small Business Rates Relief (SBRR), will receive a grant of £10,000 each, and those with a rateable value between £15,000 and £51,000 will receive a grant of £25,000 each. This is in addition to a previous announcement that these businesses will pay no business rates this year.

This letter sets out my position as the Principal Accounting Officer for the new grant scheme.

Businesses in the retail, hospitality and leisure sectors are particularly exposed to the substantial supply and demand side disruption being caused by Covid-19. As a result, many are facing immediate financial pressures, including on their cash flow, and are having to take difficult decisions in order to manage. These decisions will have a significant impact on both the short- and long-term prospects of these businesses and the economy as a whole. This grant scheme, in addition to the decision to cancel business rates for these businesses this year, will go some way to helping them to alleviate the many financial anxieties that they face and to bridge through this period of economic turmoil.

As you know, it is my personal duty as Principal Accounting Officer to ensure that the Department's use of resources is appropriate. In this respect *Managing Public Money (MPM)* requires me to consider the 'regularity, propriety, value for money and feasibility' of all spending.

In advice on the 'Covid-19 Small Business Support Fund' we have discussed the problems associated with assessing the economic impact of this type of scheme on an ex-ante basis. At this point in time, and using available information, any assessment will be comparing immeasurable and unknown benefits against significant and known costs. This means that it is not possible to reliably

demonstrate the economic impact that this proposal can be expected to have. As a result, I am unable to provide you with necessary assurance that this proposal represents value for money to the usual standards of evidence and confidence that are expected by *MPM* and am therefore required to seek your written instruction to proceed.

There must also be doubts about the full feasibility of this scheme, given the speed at which we are expecting local authorities to make payments, and the operational difficulties they will experience in trying to administer efficiently and error-free a new scheme during a pandemic. In the case of this scheme feasibility risks are exacerbated by the less well-established scope and by the need to apply differential rates.

However, there are clearly compelling reasons for you to choose to proceed which fall outside the confines of *MPM*. This includes the important role that the government has in supporting these sectors and of providing them with a much-needed confidence boost at this time of economic upheaval.

Once I have received your letter I will proceed accordingly, working closely with colleagues in HMT and MHCLG to deliver this funding.

In line with the usual process for ministerial directions, I am also copying this letter to the Comptroller and Auditor General (who will inform the Public Accounts Committee) and the Treasury Officer of Accounts.



**Alex Chisholm**