



Department for
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Dear Sam

COVID-19 LOCAL AUTHORITY DISCRETIONARY GRANTS FUND

Thank you for your letter dated 1 May 2020, relating to the Covid-19 Local Authority Discretionary Grants Fund which I have considered carefully.

As you rightly say, the potential role of this funding cannot be overstated given the seriousness of the economic circumstances that we face as a result of Covid-19 and there remain many small businesses that have high fixed costs and the same financial difficulties, but do not qualify for either of the previously announced schemes. This applies, for example, to those small businesses that rent or share their property and do not have the direct liability for business rates.

As you outline, these issues, relating to the narrow eligibility criteria of the existing schemes, and the fact that equally deserving small businesses are missing out on much needed grant funding, have been raised with us by numerous parties, not least the local authorities responsible for administering the existing schemes.

I agree with your assessment that there is a strong policy rationale for this proposal. Many of these small businesses are financially exposed to the economic shock caused by Covid-19, yet still face substantial ongoing fixed costs and this is having a significant impact on their cashflow which in turn is likely to harm their survival prospects.

This proposal aims to address this problem by providing local authorities with discretion to administer a grant scheme to help support small businesses in their localities which are not in scope of either of the existing grant schemes. Where necessary additional funding will be provided for this, up to a limit of 5% of the original grant schemes' value. As you note, there is a strong policy rationale for this proposal.

The Chancellor, via his officials, has given me approval to proceed and I am prepared to provide support for the introduction of this scheme as soon as practicable. Therefore, I am formally directing you as Accounting Officer to take this forward with immediate effect.

I am copying this letter to the Comptroller and Auditor General and the Treasury Officer of Accounts.

A handwritten signature in blue ink, appearing to read 'Alok Sharma', written in a cursive style.

THE RT HON ALOK SHARMA MP
Secretary of State for Business, Energy & Industrial Strategy