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To Leaders of Councils and Local Authority Chief Executives

Covid-19 Business Support Grants: Local Authority Discretionary Grant Fund

Last week, the Government announced that it would provide Local Authorities with additional funding to target small businesses with high fixed property-related costs but that are not eligible for the current grant schemes.

We are making an additional 5% uplift to the £12.33 billion previously announced for the Small Business Grants Fund and the Retail, Hospitality and Leisure Grants Fund, or up to £617 million, available to Local Authorities. We will confirm the exact amount for each local authority in due course. Where Local Authorities anticipate having remaining funding from their initial allocations, having made payments to all eligible businesses, we require them to use this remaining funding first. Additional funding will only be made available where a Local Authority does not have sufficient remaining funds to meet the costs of this additional 5% discretionary grant fund.

We want Local Authorities to exercise their local knowledge and discretion and we recognise that economic need will vary across the country, so we are setting some national criteria for the funds, but allowing Local Authorities to determine which cases to support within those criteria.

We are asking Local Authorities to prioritise the following types of businesses for grants from within this funding pot:

1. Small businesses in shared offices or other flexible workspaces. Examples could include units in industrial parks, science parks and incubators which do not have their own business rates assessment;
2. Regular market traders who do not have their own business rates assessment;
3. Bed & Breakfasts which pay Council Tax instead of business rates; and
4. Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.

The list set out above is not intended to be exhaustive, but is intended to guide Local Authorities as to the types of business that the Government considers should be a priority for the scheme. Authorities should determine for themselves whether particular situations not listed are broadly similar in nature to those above and, if so, whether they should be eligible for grants from this discretionary fund. The precise design of the discretionary fund will be up to each Local Authority.

We are setting some national criteria for the funds which must apply to all grants made from this Fund. These grants can only go to:

- Businesses with ongoing fixed building-related costs
- Businesses which can demonstrate that they have suffered a significant fall in income due to the Covid-19 crisis
- Business with fewer than 50 employees
- Businesses that were trading on 11th March.

In addition, businesses which are eligible for the existing grant schemes or Self-employed Income Support Scheme are not eligible.

Grants are capped at £25,000. The next level of grants is £10,000. Local Authorities have discretion to make payments of any amount under £10,000. It will be for Local Authorities to adapt this approach to local circumstances. We would expect decisions on the appropriate level of funding to reflect the relative costs borne by businesses and to align with the Small Business Grants and Retail, Hospitality and Leisure Grants Funds.

As this is a discretionary fund, we expect Local Authorities will want to use an application process and that it may take some time for this to be established. At the same time, we know that there are businesses that need this funding and that Local Authorities understand this and will make every effort to make this process effective and quick.

We will provide Local Authorities with guidance on this new approach next week and alongside this we will update information for businesses. Of course, we expect local authorities to continue to do everything they can to ensure local small businesses receive their eligible funding for the Small Business Grants, and the Retail, Hospitality and Leisure Grants Funds. We welcome the fact that this week's data return shows that Local Authorities have now allocated over £8.6 billion to 697,515 business properties. However, while some councils have paid out to over 90% of eligible businesses, some remain below the 40% mark. Maintaining this progress is vital.

In taking this step, we have listened to feedback from many groups and recognised the opportunity to keep developing our business support at this critical time. Most importantly, this is an approach that has been suggested to us by local authorities and we hope that this step demonstrates that we have listened, and will continue to listen, to both business and our vital delivery partners.

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

A handwritten signature in black ink that reads "Robert Jenrick" in a cursive style, with a horizontal line underneath.

THE RT HON ROBERT JENRICK MP
Secretary of State for Housing,
Communities and Local Government