



HM Treasury

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Holly Mumby-Croft MP
House of Commons
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Dear Holly Mumby-Croft,

Thank you for your correspondence dated 1 May regarding grants to support small businesses during the COVID-19 outbreak. The Treasury has received unprecedented amounts of correspondence since the start of the coronavirus outbreak in the UK and I am sorry for the delay so far in replying. The Chancellor of the Exchequer has asked me to write to you directly.

The past few months have been a difficult and disorienting time for individuals and businesses across the country and the Government is very grateful for people's patience as it works to protect the NHS and save lives. The Government remains committed to helping businesses and workers and there are a range of grants available to small businesses.

The Small Business Grant Fund (SBGF) and the Retail, Hospitality and Leisure Grant Fund (RHLGF) have been designed to help the smallest businesses, and small businesses in some of the sectors that have been hit hardest by the measures taken to prevent the spread of COVID-19. The first grant scheme was announced on 11 March, and so that date was established as the cut-off date for all the grant schemes to reduce the potential for fraud due to businesses being set up purely in order to claim the grants.

Under the SBGF, businesses can receive:

- £10,000 cash grant per property, for each property in receipt of Small Business Rates Relief or Rural Rates relief as of 11 March 2020; and
- Due to State Aid rules, a single business may receive a maximum of €200,000 from this scheme.

Small businesses occupying properties for retail, hospitality or leisure purposes are likely to be particularly affected by COVID-19 due to their reliance on customer footfall, and the fact that they are less likely than larger businesses to have sufficient cash reserves to meet their high fixed property-

related costs. The RHLGF is intended to help small businesses in this situation. Under the RHLGF, businesses can receive:

- £10,000 cash grant per property, for each property used for retail, hospitality or leisure purposes with a rateable value of £15,000 or below as of 11 March 2020, where the property is not in receipt of Small Business Rates Relief or Rural Rates Relief; and
- £25,000 cash grant per property, for each property used for retail, hospitality or leisure purposes with a rateable value between £15,000 and £51,000 as of 11 March 2020.
- Due to State Aid rules, a single business may receive a maximum of €800,000 from this scheme.

Retail, hospitality and leisure purposes include:

- Shops, restaurants, cafes, drinking establishments, cinemas;
- Hotels, guest and boarding premises and self-catering accommodation; and
- Live music venue, public halls.

A property which would have been in receipt of Expanded Retail Discount Guidance as of 11 March 2020 is classified as a retail, hospitality or leisure property. Please consult the Expanded Retail Discount Guidance here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/877758/Expanded_Retail_Discount_Guidance_02.04.20.pdf

The business grants schemes have been designed to help small businesses. £51,000 is the accepted threshold in the business rates system for a 'small' business, as only businesses which occupy properties with a rateable value of less than £51,000 can benefit from the Small Business Multiplier rate. This threshold applies across England, thus providing a straightforward existing basis which Local Authorities can use to issue grants.

In order to ensure that payments can be made quickly and efficiently to small businesses which are likely to face particularly high fixed property-related costs, eligibility for the RHLGF and the SBGF has been linked to the business rates system. Local Authorities are contacting eligible businesses directly to arrange grant payments. If a business believes they are eligible and has not yet heard from their Local Authority, they should get in touch with them to ask about this payment.

To monitor Local Authorities' performance on the SBGF and the RHLGF, the Treasury keeps in regular contact with them at both official and ministerial level, and particularly with those which are struggling to make payments quickly. The Treasury also requires Local Authorities to publish their performance data every week. The latest figures regarding the value and number of grants paid out by Local Authorities can be found here: www.gov.uk/government/publications/coronavirus-grant-funding-local-authority-payments-to-small-and-medium-businesses.

The Government is aware that some small businesses have found themselves excluded from the existing business grants schemes because of the way they interact with the business rates system. That is why the Government has allocated up to an additional £617 million to Local Authorities to enable them to give discretionary grants to businesses in this situation. The Government's intention is for Local Authorities to prioritise the following types of business when making discretionary grants:

- Small businesses in shared offices or other flexible workspaces for example, industrial parks, science parks, and incubators, which do not have their own business rates assessment;
- Regular market traders who do not have their own business rates assessment;
- B&Bs which pay Council Tax instead of business rates;
- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.

Local Authorities may choose to focus payments on those priority groups which are most relevant to their local areas. However, the priority of all the grants schemes continues to be to help the smallest businesses, and small businesses which are facing significant property-related costs and operate in sectors which have been particularly hard hit by the steep decline in customer footfall. Local Authorities may also choose to pay grants to businesses outside of these priority groups, according to local economic need, so long as the business was trading on 11 March, and has not received any other cash grant funded by central Government (with the exception of grants from the Self-Employment Income Support Scheme).

The Treasury will adopt the same approach when monitoring Local Authorities' progress in making payments from the new discretionary funds. It may take longer to pay out the discretionary grants, as these will be awarded to businesses through an application-based system, whereas for the existing grants schemes most Local Authorities have contacted eligible businesses directly rather than asking them to apply.

Small businesses which are not eligible for business grants should still be able to benefit from other elements of the Government's unprecedented package of support for business, including:

- An option to defer VAT payments by up to 12 months;
- The Bounce Back Loan Scheme, which will ensure that small and micro businesses can quickly access loans of up to £50,000 which are 100 per cent guaranteed by the Government;
- The Coronavirus Business Interruption Loan Scheme, now extended to cover all businesses including those which would be able to access commercial credit;
- The Coronavirus Job Retention Scheme, to support businesses with their wage bill; and

- The Self-Employment Income Support Scheme, to provide support to the self-employed.

Business support is a devolved policy and therefore the responsibility of the devolved administrations. The UK Government has announced £7.4 billion of additional funding to the devolved administrations to respond to COVID-19 and to support people, businesses and public services in Scotland, Wales and Northern Ireland. This means £3.8 billion for the Scottish Government, £2.3 billion for the Welsh Government and £1.3 billion for the Northern Ireland Executive to respond to COVID-19.

You can find more information on the SBGF and the RHLGF online here: www.gov.uk/government/publications/coronavirus-covid-19-business-support-grant-funding-guidance-for-businesses.

More information about the full range of support measures is available at: www.gov.uk/government.

Yours sincerely,

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