

Message

From: Whewell, Jane (Business Investment) [Jane.Whewell@beis.gov.uk]
Sent: 09/03/2020 15:26:38
To: Lilford, Peter - HMT [Peter.Lilford@hmtreasury.gov.uk]; Garton, Will - HMT [Will.Garton@hmtreasury.gov.uk]; Tony Bray [tony.bray@beis.gov.uk]; Merelie, Rachel (Business Investment) [Rachel.Merelie@beis.gov.uk]; Catherine Frances [catherine.frances@communities.gov.uk]; Jenny Dibden [jenny.dibden@communities.gov.uk]; Alex Skinner [alex.skinner@communities.gov.uk]; Katy Baldwin [katy.baldwin@communities.gov.uk]; Pedrotti, Tony (Business Investment) [Tony.Pedrotti@beis.gov.uk]
CC: [redacted]@hmtreasury.gov.uk; [redacted]@hmtreasury.gov.uk; Stephen Jones [stephen.jones@beis.gov.uk]; Frazer_Bradley [frazer_bradley@communities.gov.uk]; [redacted]@communities.gov.uk; Chris Megainey [chris.megainey@communities.gov.uk]; [redacted]@communities.gov.uk; [redacted]@beis.gov.uk; Pedrotti, Tony (Business Investment) [Tony.Pedrotti@beis.gov.uk]
Subject: Re: SME grants [official - market sensitive]

Peter

Thanks. Apologies if this is already fixed, but It is critical that we have a definitive ruling as to whether the scheme is national (what we are hearing no 10 want in all cases) or England only. The answer to this has a very very significant bearing on how the scheme is run and based.

NB - are we really excluding all sole traders ? What about those over 65 who might be told to cocoon but whose business requires them to be out and about?

We would have to allow admin costs/ LA burdens to be paid for out of the £1bn

Jane

Jane Whewell

Sent from my phone, please excuse typos

From: Lilford, Peter - HMT <Peter.Lilford@hmtreasury.gov.uk>
Sent: Monday, March 9, 2020 2:31 pm
To: Garton, Will - HMT; Bray, Tony (Cities & Local Growth); Merelie, Rachel (Business Investment); Catherine Frances; Dibden, Jenny (communities); Alex Skinner; Katy Baldwin; Whewell, Jane (Business Investment); Pedrotti, Tony (Business Investment)
Cc: [redacted] - HMT; [redacted] - HMT; Jones, Stephen (Cities & Local Growth); Frazer_Bradley; [redacted] Chris Megainey; [redacted] (Cities & Local Growth)
Subject: RE: SME grants [official - market sensitive]

All,

Grateful for any comments on latest draft advice for CX on challenges with administering through LAs, and potential eligibility criteria. Advice due in next 30 mins, but comments still welcome after that!

Challenges:

Timing

- Any scheme is only likely to be operational well after the peak in coronavirus, due in 8-10 weeks. It could even miss the second peak later this year.

- Providing funding for 40% of micro businesses is likely to lead to a “first come, first served” approach to distributing funding.

LA Capacity

- Local authorities will be dealing with the operational impacts of corona virus. They are not equipped to distribute small amounts of money to thousands of businesses with no existing architecture. Even when they do this on much smaller scales (flooding and business rates relief) there are loud complaints about the process.
- A third of billing authorities will be in pre-election period from 25 March until 7 May, and therefore unable to take any decisions on policy design on use of any grant funding. This may further slow release of funds to businesses

Eligibility:

- Excludes businesses with no employees and / or no physical business property (i.e. targeted at businesses with monthly cashflow demands in terms of salary bills and business rents and utilities)
- Small businesses only, as defined by:
 - Fewer than 9 employees and / or
 - Eligible for Small Business Rates Relief (rateable value below 15k) – these businesses do not benefit from the new retail + relief, and we expect the small business rates relief is already largely capitalised in their rents; this would limit the eligible population to <700k (v. 1.15 million ‘micro businesses’)
- Registered as a business before [10th March] – to minimise the risk of people ‘gaming’ the system
- Affected by coronavirus (businesses to self-certify that they have been affected, e.g. through supply chain impacts, demand impact, or employee absence) – we would then recommend some checks that LAs might employ to verify this impact (e.g. revenue, cashflow, profit, evidence of staff absence etc)

Many thanks,

Peter

Peter Lilford | Senior Policy Advisor | Local Government & Reform | Public Services Group

HM Treasury, 2 Yellow, 1 Horse Guards Road, SW1A 2HQ

I&S

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From: Garton, Will - HMT <Will.Garton@hmtreasury.gov.uk>

Sent: 09 March 2020 10:04

To: Bray, Tony (Cities & Local Growth) <Tony.Bray@beis.gov.uk>; Merelie, Rachel (Business Investment) <Rachel.Merelie@beis.gov.uk>; Catherine Frances <Catherine.Frances@communities.gov.uk>; Dibden, Jenny (communities) <Jenny.dibden@communities.gov.uk>; Alex Skinner <Alex.Skinner@communities.gov.uk>; Katy Baldwin <Katy.Baldwin@communities.gov.uk>; Lilford, Peter - HMT <Peter.Lilford@hmtreasury.gov.uk>; Whewell, Jane (Business Investment) <Jane.Whewell@beis.gov.uk>; Pedrotti, Tony (Business Investment) <Tony.Pedrotti@beis.gov.uk>

Cc: [redacted] NR - HMT [redacted] NR @hmtreasury.gov.uk; [redacted] NR @hmtreasury.gov.uk; Jones, Stephen (Cities & Local Growth) <Stephen.Jones@beis.gov.uk>; Frazer_Bradley <Frazer_Bradley@communities.gov.uk>; [redacted] NR @communities.gov.uk; Chris Megainey <Chris.Megainey@communities.gov.uk>; [redacted] NR @communities.gov.uk; [redacted] NR (Cities & Local Growth) [redacted] NR @beis.gov.uk

Subject: Re: SME grants [official - market sensitive]

Asap. Ideally this morning. Thanks.

Sent from my BlackBerry — the most secure mobile device — via the EE Network

From: Tony.Bray@beis.gov.uk

Sent: 9 March 2020 10:03

<Peter.Lilford@hmtreasury.gov.uk>; Garton, Will - HMT <Will.Garton@hmtreasury.gov.uk>; Whewell, Jane (Business Investment) <Jane.Whewell@beis.gov.uk>; Pedrotti, Tony (Business Investment) <Tony.Pedrotti@beis.gov.uk>
Cc: [REDACTED] <[\[REDACTED\]@hmtreasury.gov.uk](mailto:[REDACTED]@hmtreasury.gov.uk)>; [REDACTED] <[\[REDACTED\]@hmtreasury.gov.uk](mailto:[REDACTED]@hmtreasury.gov.uk)>; Jones, Stephen (Cities & Local Growth) <Stephen.Jones@beis.gov.uk>; Frazer_Bradley <Frazer_Bradley@communities.gov.uk>; [REDACTED] <[\[REDACTED\]@communities.gov.uk](mailto:[REDACTED]@communities.gov.uk)>; Chris Megainey <Chris.Megainey@communities.gov.uk>; [REDACTED] <[\[REDACTED\]@communities.gov.uk](mailto:[REDACTED]@communities.gov.uk)>; [REDACTED] (Cities & Local Growth) [REDACTED] <[\[REDACTED\]@beis.gov.uk](mailto:[REDACTED]@beis.gov.uk)>
Subject: RE: SME grants [official - market sensitive]

I agree that, as I said in my previous e-mail, this would only be suitable as a mechanism if there were a tight cluster of cases affecting a particular locality. We were envisaging it being used in that way – but of course we simply don't know yet how the cases will fall. But otherwise I agree that the administration of it would be overly complex.

Rachel

From: Bray, Tony (Cities & Local Growth) <Tony.Bray@beis.gov.uk>
Sent: 08 March 2020 17:59
To: Catherine Frances <Catherine.Frances@communities.gov.uk>; Dibden, Jenny (communities) <Jenny.dibden@communities.gov.uk>; Alex Skinner <Alex.Skinner@communities.gov.uk>; Katy Baldwin <Katy.Baldwin@communities.gov.uk>; Lilford, Peter - HMT <Peter.Lilford@hmtreasury.gov.uk>; Garton, Will - HMT <Will.Garton@hmtreasury.gov.uk>
Cc: [REDACTED] <[\[REDACTED\]@hmtreasury.gov.uk](mailto:[REDACTED]@hmtreasury.gov.uk)>; [REDACTED] <[\[REDACTED\]@hmtreasury.gov.uk](mailto:[REDACTED]@hmtreasury.gov.uk)>; Jones, Stephen (Cities & Local Growth) <Stephen.Jones@beis.gov.uk>; Frazer_Bradley <Frazer_Bradley@communities.gov.uk>; [REDACTED] <[\[REDACTED\]@communities.gov.uk](mailto:[REDACTED]@communities.gov.uk)>; Chris Megainey <Chris.Megainey@communities.gov.uk>; [REDACTED] <[\[REDACTED\]@communities.gov.uk](mailto:[REDACTED]@communities.gov.uk)>; [REDACTED] (Cities & Local Growth) [REDACTED] <[\[REDACTED\]@beis.gov.uk](mailto:[REDACTED]@beis.gov.uk)>; Merelie, Rachel (Business Investment) <Rachel.Merelie@beis.gov.uk>
Subject: Re: SME grants [official - market sensitive]

Picking this thread up

- 1) as Catherine points out, the flood recovery mechanism (which we have also used for other emergencies including terrorist related impacts on businesses and Salisbury novichok attack) works well if there is strong spatial localisation and we can define clearly the businesses impacted. The test then is a relatively simple one of loss of trade in the aftermath and/or uninsurable costs, providing a basis to inject a small amount of funding (£2500 per SME) to help with cashflow
- 2) it's hard to see how we would clearly set criteria for a Covid-19 business emergency fund that does not link to some spatial concentration of impacts that would allow a fairly straightforward estimate of businesses impacted. At the moment it might simply be very small numbers spread across a lot of local authority areas, meaning lots of small grants in turn creating quite a strong administrative burden and a very significant uncertainty as to the total cost
- 3) I am sure the BEIS RDEL and CDEL position is pretty tight and already meeting cost of Nov and Feb flooding
- 4) I wonder if rather than an emergency fund at this time we are better funding increased awareness across the business community of how they can Help mitigate risks - analogous to the No Deal Exit business readiness programme? This could see funding to a range of business representative organisations and a national and local dissemination of information. It could also, in turn, provide real intel on business impacts that would support the case of and targeting of an emergency fund

Tony

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From: Catherine Frances <Catherine.Frances@communities.gov.uk>
Sent: Sunday, March 8, 2020 2:56:44 PM

To: Dibden, Jenny (communities) <Jenny.dibden@communities.gov.uk>; Alex Skinner <Alex.Skinner@communities.gov.uk>; Katy Baldwin <Katy.Baldwin@communities.gov.uk>; Lilford, Peter - HMT <Peter.Lilford@hmtreasury.gov.uk>; Garton, Will - HMT <Will.Garton@hmtreasury.gov.uk>

Cc: [redacted] <[\[redacted\]@hmtreasury.gov.uk](mailto:[redacted]@hmtreasury.gov.uk)>; [redacted] <[\[redacted\]@hmtreasury.gov.uk](mailto:[redacted]@hmtreasury.gov.uk)>; Jones, Stephen (Cities & Local Growth) <Stephen.Jones@beis.gov.uk>; Frazer_Bradley <Frazer_Bradley@communities.gov.uk>; [redacted] <[\[redacted\]@communities.gov.uk](mailto:[redacted]@communities.gov.uk)>; Chris Megainey <Chris.Megainey@communities.gov.uk>; Bray, Tony (Cities & Local Growth) <Tony.Bray@beis.gov.uk>; [redacted] <[\[redacted\]@communities.gov.uk](mailto:[redacted]@communities.gov.uk)>; [redacted] (Cities & Local Growth) <[\[redacted\]@beis.gov.uk](mailto:[redacted]@beis.gov.uk)>; Merelie, Rachel (Business Investment) <Rachel.Merelie@beis.gov.uk>

Subject: Re: SME grants [official - market sensitive]

Sorry for silence on this today.

A few thoughts from me:

1. The flooding money was a defined amount of money per business, an exceptionally small number of businesses (low hundreds in the most severely affected authorities) and a small number of authorities. So I think not comparable.
2. We have really struggled to offer reliefs at pace and scale previously. See Chris's points. Reputationally risky.
3. LAs do ask for hardship grants for businesses locally but they ask for small scale money and not a defined offer to the business - which I sense is not the kind of retail offer you are after, firstly as you cannot announce the offer to businesses on Budget day and secondly as it will be time consuming to deliver, so ultimately disappointing if govt needs pace.

Catherine

Catherine Frances
Director General Local Government and Public Services
Ministry of Housing, Communities and Local Government
Fry Building, 2 Marsham Street, London SW1P 4DF

From: Jenny Dibden <Jenny.Dibden@communities.gov.uk>

Sent: Sunday, March 8, 2020 1:56 pm

To: Alex Skinner; Katy Baldwin; Lilford, Peter - HMT; Garton, Will - HMT; Catherine Frances

Cc: [redacted] - HMT; [redacted] - HMT; Stephen Jones; Frazer_Bradley; Malin Eliasson; Chris Megainey; Tony Bray; [redacted] (Cities & Local Growth); Merelie, Rachel (Business Investment)

Subject: Re: SME grants [official - market sensitive]

Apologies for the delaying in picking this up, been driving from Sheffield to Hull (and I need to break off again shortly due to an unavoidable commitment).

Have added Tony & [redacted] as this is a more developed chain and Justin too as he helped with the intel and guidance on the business support element of the FRF. Also Rachel Merelie, the BEIS Director who leads on business support, including for C-19.

The fundamental difficulty, whatever route you use, is going to defining eligibility and assessing it. That holds true for LAs, GHs and BBB.

Using an existing mechanism is more straightforward than devising a brand new one.

The flood money for businesses was BEIS money which we routed via s31 to LAs. We did cover the purpose for which it had to be used in the grant letter and provide guidance. Although LAs like the flex of s31, they do want central government to help define the tricky points in guidance.

I think recently we paid 50% upfront and will pay the balance on receipt of the final bill, to avoid the need for us to recover.

I do need to break off now but hoping Rachel/Tony can come back on the other options.

Thanks.

Regards,

Jenny

Co-Director Cities & Local Growth Unit

I&S

[Interim] PA: NR @communities.gov.uk

From: Alex Skinner <Alex.Skinner@communities.gov.uk>

Sent: Sunday, March 8, 2020 1:18:14 PM

To: Katy Baldwin <Katy.Baldwin@communities.gov.uk>; Lilford, Peter - HMT <Peter.Lilford@hmtreasury.gov.uk>; Garton, Will - HMT <Will.Garton@hmtreasury.gov.uk>; Catherine Frances <Catherine.Frances@communities.gov.uk>

Cc: NR @hmtreasury.gov.uk; NR

NR @hmtreasury.gov.uk; Stephen Jones <stephen.jones@beis.gov.uk>; Jenny Dibden <Jenny.Dibden@communities.gov.uk>; Frazer Bradley <Frazer Bradley@communities.gov.uk>; NR

NR @communities.gov.uk; Chris Megainey <Chris.Megainey@communities.gov.uk>

Subject: Re: SME grants [official - market sensitive]

Peter,

I think your points highlight the dilemma.

The more scope we leave the more tailored and effective it could be. But the more scope we leave the longer it'll take to get anything agreed, up and running and paid - as Chris and NR suggest.

If you want to go via LAs, I think the latter is more important than the former. But we should keep pushing on the BEIS routes as they may be able to deliver both.

Alex

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From: Katy Baldwin <Katy.Baldwin@communities.gov.uk>

Sent: Sunday, March 8, 2020 12:36 pm

To: Lilford, Peter - HMT; Garton, Will - HMT; Alex Skinner; Catherine Frances

Cc: NR HMT; NR HMT; Stephen Jones; Jenny Dibden; Frazer_Bradley; Malin Eliasson; Chris Megainey

Subject: Re: SME grants [official - market sensitive]

Thanks Peter

Timing of payments

I think that's a payment in advance of need question, as per MPM. I think you and BEIS finance would need to satisfy yourselves that you were in line with MPM / they weren't going to get censured by NAO.

LAs can put money in reserves and spend whenever - it's the Whitehall end of the question you'd need to work out with TOA / relevant dept.

Implementation

It's really hard to give a definitive answer to how long - which is why I do think you need to talk to BEIS. Probably at least a couple of weeks+ (if not more) to design something, time to agree and get member sign-off, then time to get systems up and running. I suspect there are a host of practicalities about setting up LAs as vendors for the purposes of payment etc, finding staff to to administer. They will need to notify businesses (which will have costs / take time), receive, process, verify and decide on applications. Payments won't happen immediately. Chris May have some insights from the experience of BR reliefs, which I think took months at best. Worth bearing in mind that for flooding incidents councils were dealing with 10s of businesses in their area - not all businesses. I have no sense of whether LAs will easily be able to contact businesses who dont pay business rates or how easily than can set up payments for them

Katy Baldwin
Local Government Finance

I&S

From: Lilford, Peter - HMT <Peter.Lilford@hmtreasury.gov.uk>

Sent: Sunday, March 8, 2020 12:15:06 PM

To: Katy Baldwin <Katy.Baldwin@communities.gov.uk>; Garton, Will - HMT <Will.Garton@hmtreasury.gov.uk>; Alex Skinner <Alex.Skinner@communities.gov.uk>; Catherine Frances <Catherine.Frances@communities.gov.uk>

Cc: [redacted] NR <[\[redacted\]@hmtreasury.gov.uk](mailto:[redacted]@hmtreasury.gov.uk)>; [redacted] NR <[\[redacted\]@hmtreasury.gov.uk](mailto:[redacted]@hmtreasury.gov.uk)>;

[redacted] NR <[\[redacted\]@hmtreasury.gov.uk](mailto:[redacted]@hmtreasury.gov.uk)>; Stephen Jones <stephen.jones@beis.gov.uk>; Jenny Dibden <Jenny.Dibden@communities.gov.uk>; Frazer_Bradley <Frazer_Bradley@communities.gov.uk>; [redacted] NR <[\[redacted\]@communities.gov.uk](mailto:[redacted]@communities.gov.uk)>

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Subject: RE: SME grants [official - market sensitive]

Katy, sorry, another question: *if* cx wanted to get money out the door as soon as possible, and *if* BEIS DEL had some 2019/20 underspend that could be reprioritised and *if* we could agree guidelines for LAs on how to use the funding in time: if we sent LAs funding right at the end of March, are there any limitations in terms of them actually using the funding in 2020/21?

Peter Lilford | Senior Policy Advisor | Local Government & Reform | Public Services Group
HM Treasury, 2 Yellow, 1 Horse Guards Road, SW1A 2HQ

I&S

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From: Katy Baldwin <Katy.Baldwin@communities.gov.uk>

Sent: 08 March 2020 12:00

To: Garton, Will - HMT <Will.Garton@hmtreasury.gov.uk>; Alex Skinner <Alex.Skinner@communities.gov.uk>; Catherine Frances <Catherine.Frances@communities.gov.uk>

Cc: [redacted] NR <[\[redacted\]@hmtreasury.gov.uk](mailto:[redacted]@hmtreasury.gov.uk)>; [redacted] NR <[\[redacted\]@hmtreasury.gov.uk](mailto:[redacted]@hmtreasury.gov.uk)>; Lilford, Peter - HMT <Peter.Lilford@hmtreasury.gov.uk>; Stephen Jones <stephen.jones@beis.gov.uk>; Jenny Dibden <Jenny.Dibden@communities.gov.uk>; Frazer_Bradley <Frazer_Bradley@communities.gov.uk>; [redacted] NR <[\[redacted\]@communities.gov.uk](mailto:[redacted]@communities.gov.uk)>

[redacted] NR <[\[redacted\]@communities.gov.uk](mailto:[redacted]@communities.gov.uk)>

Subject: Re: SME grants [official - market sensitive]

Thanks Will / Peter

I understand Stephen and Jenny have been sighted on this on a separate email thread and I recommend you share this with them. Stephen mentioned there might be better ways of delivering this not involving LAs directly, which I strongly think is worth exploring. A lot of what I think you are looking for is policy design to support LAs, where you absolutely need a CLGU / BEIS input

Just to repeat my comments from yesterday:

You need to be confident you have the legal powers to do this. Section 31 enables us to pay LAs in relation to expenditure in their areas - not to passport money on. I think this why under things like the flooding framework we don't set out detailed eligibility criteria for support - there needs to be some LA discretion. So the more you tightly define criteria the less likely it is you can rely on s31. Hopefully you're talking to treasury legal advisers about this. I will send on to our lawyers but am not sure if they are around today. I couldn't see any mention of this in the note

It's helpful you've flagged the capacity point - I don't think we can under estimate this - and even if LAs can staff up over time we shouldn't assume they will be able to do so from day 1. The more complex you make it and the higher the expectation that LAs are working closely with businesses the greater the capacity issues / greater likelihood I think there will need to be some capacity / new burdens funding to assist this. I e copied to [redacted] NR who are leading discussions with LAs about Cv 19 and will have a better sense of what they're envisaging

You will need a BEIS view on LAs engagement with local business / suitability to do this - we're only sighted from a business rates point of view whereas this implies much more sustained engagement with business. This echos Alex's point about not assuming LAs are best placed.

I'm assuming this would be BEIS DEL - grateful
For confirmation

Katy Baldwin
Local Government Finance
[redacted] I&S

From: Garton, Will - HMT <Will.Garton@hmtreasury.gov.uk>
Sent: Sunday, March 8, 2020 10:27:16 AM
To: Katy Baldwin <Katy.Baldwin@communities.gov.uk>; Alex Skinner <Alex.Skinner@communities.gov.uk>; Catherine Frances <Catherine.Frances@communities.gov.uk>
Cc: [redacted] NR <[\[redacted\]@hmtreasury.gov.uk](mailto:[redacted]@hmtreasury.gov.uk)>; [redacted] NR <[\[redacted\]@hmtreasury.gov.uk](mailto:[redacted]@hmtreasury.gov.uk)>; Lilford, Peter - HMT <Peter.Lilford@hmtreasury.gov.uk>
Subject: FW: SME grants [official - market sensitive]

Adding Alex and Catherine. As you can see cx wants us to look at setting up a pretty major business grant scheme to be administered by LAs. It would be really helpful to have your views on whether or not this would be deliverable in administrative terms, as it has the potential to become quite a thing!

Much appreciated.

W

From: Lilford, Peter - HMT <Peter.Lilford@hmtreasury.gov.uk>
Sent: 08 March 2020 09:53
To: Katy Baldwin <Katy.Baldwin@communities.gov.uk>
Cc: Garton, Will - HMT <Will.Garton@hmtreasury.gov.uk>; [redacted] NR <[\[redacted\]@hmtreasury.gov.uk](mailto:[redacted]@hmtreasury.gov.uk)>;

NR @hmtreasury.gov.uk>
Subject: RE: SME grants [official - market sensitive]

Katy,

Thanks for your very helpful comments yesterday. I have emailed BEIS but yet to hear back; we'll push on that today. I'll also put our draft advice to the legal team for views.

I'd be grateful if you would take a look at the attached draft advice I've put together and give your views and comments. This is not final, and has not gone to Ministers yet, but captures where I think the collective thinking among HMT officials is coalescing. It's certainly subject to change as others comment. But your views on the proposal as outlined here would be really useful.

Please protect, and let me know if there is anyone else you think it would be important to get views from.

Many thanks!

Peter

Peter Lilford | Senior Policy Advisor | Local Government & Reform | Public Services Group
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From: Katy Baldwin <Katy.Baldwin@communities.gov.uk>

Sent: 07 March 2020 16:07

To: Lilford, Peter - HMT <Peter.Lilford@hmtreasury.gov.uk>; NR @communities.gov.uk>;

Alex Skinner <Alex.Skinner@communities.gov.uk>

Cc: NR @hmtreasury.gov.uk>; NR - HMT

NR Garton, Will - HMT <Will.Garton@hmtreasury.gov.uk>; NR

NR @communities.gov.uk>; Rachel Fisher <Rachel.Fisher@communities.gov.uk>; Chris Megainey <Chris.Megainey@communities.gov.uk>; Frazer_Bradley <Frazer_Bradley@communities.gov.uk>

Subject: Re: SME grants [official - market sensitive]

Sorry - just to reinforce, I do think it is worth you talking to BEIS - I don't think the support for businesses in the case of flooding comes from MHCLG DEL - I'm pretty sure it's BEIS DEL - so even if LAs had a role, this would be a BEIS DEL issue.

Katy Baldwin

Local Government Finance

I&S

From: Katy Baldwin <Katy.Baldwin@communities.gov.uk>

Sent: Saturday, March 7, 2020 3:59:04 PM

To: Lilford, Peter - HMT <Peter.Lilford@hmtreasury.gov.uk>; NR @communities.gov.uk>;

Alex Skinner <Alex.Skinner@communities.gov.uk>

Cc: NR @hmtreasury.gov.uk>; NR - HMT

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NR @communities.gov.uk>; Rachel Fisher <Rachel.Fisher@communities.gov.uk>; Chris Megainey <Chris.Megainey@communities.gov.uk>; Frazer_Bradley <Frazer_Bradley@communities.gov.uk>

Subject: Re: SME grants [official - market sensitive]

BEIS do give out money under the flood recovery framework to support businesses. I think it's routed through councils

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/846854/Flood-recovery-framework-guidance-for-local-authorities-in-England.pdf

Tony Bray is I think the main person

tony.bray@beis.gov.uk

I think it's hard to call how they would react. I think the more cumbersome you make it and the more pressure you put on LAs to do it quickly the harder it will be. new burdens funding might grease the wheels.

I've copied to Fraser -Bradley, who are talking to LAs about CV-19 and might have a better sense of where concerns likely to lie

Katy Baldwin
Local Government Finance

I&S

From: Lilford, Peter - HMT <Peter.Lilford@hmtreasury.gov.uk>

Sent: Saturday, March 7, 2020 3:51:33 PM

To: Katy Baldwin <Katy.Baldwin@communities.gov.uk>; [redacted] <[\[redacted\]@communities.gov.uk](mailto:[redacted]@communities.gov.uk)>; Alex Skinner <Alex.Skinner@communities.gov.uk>

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[redacted] <[\[redacted\]@hmtreasury.gov.uk](mailto:[redacted]@hmtreasury.gov.uk)>; Garton, Will - HMT <Will.Garton@hmtreasury.gov.uk>; [redacted] <[\[redacted\]@communities.gov.uk](mailto:[redacted]@communities.gov.uk)>; Rachel Fisher <Rachel.Fisher@communities.gov.uk>; Chris Megainey <Chris.Megainey@communities.gov.uk>

Subject: RE: SME grants [official - market sensitive]

Katy,

Thanks for this. Very helpful.

We don't have a specific proposal yet. PO email suggested CX is thinking of a scale c.£1bn, but don't know where that number came from. Apart from that, the commission is very unspecific.

My initial thinking was also that this would be easier if we gave LAs more discretion. But perhaps with some guidelines about what kind of criteria we think they should use.

Any thoughts about how we could be more specific about what we think LAs might be able to do / achieve? Whether they would welcome the funding, or criticise us for expecting them to do the impossible? Do you know if we did anything like this in the past (at a large / national scale, rather than flooding type scale)? Anything around 2008 financial crisis?

Very grateful for any insights from Chris.

Do you have any suggestions about who to talk to at BEIS about alternative mechanisms?

Peter

Peter Lilford | Senior Policy Advisor | Local Government & Reform | Public Services Group
HM Treasury, 2 Yellow, 1 Horse Guards Road, SW1A 2HQ

I&S

peter.lilford@hmtreasury.gov.uk | www.gov.uk/hm-treasury

From: Katy Baldwin <Katy.Baldwin@communities.gov.uk>

Sent: 07 March 2020 15:37

To: Lilford, Peter - HMT <Peter.Lilford@hmtreasury.gov.uk>; [redacted] <[redacted]@communities.gov.uk>; Alex Skinner <Alex.Skinner@communities.gov.uk>

Cc: [redacted] <[redacted]@hmtreasury.gov.uk>; [redacted] <[redacted]@communities.gov.uk>; HMT

[redacted] <[redacted]@hmtreasury.gov.uk>; [redacted] <[redacted]@communities.gov.uk>; Rachel Fisher <Rachel.Fisher@communities.gov.uk>; Chris Megainey <Chris.Megainey@communities.gov.uk>

Subject: Re: SME grants [official - market sensitive]

Hi Peter

I think key considerations are:

Capacity. Should manage expectations about LAs capacity to do this quickly / at all. They'll be managing a whole range of CV-19 issue in relation to workforce / ASC / public health. Loading this on them and expecting them to be able to react quickly is likely to end badly and it won't be helpful if ministers are criticising them for this on top of everything else they're managing. Are we sure there's no better central infrastructure - I'd be **very** keen we looked at what HMRC / BEIS could do centrally using existing infrastructure

Powers - we can use s31 to pay LAs for expenditure incurred in relation to their areas / responsibilities. What I think is tricky is to use LAs as agents to passport funding through to SMEs. So I think it rather depends what you're thinking - is this money that LAs can use to spend as they see fit in relation to supporting local business or are you asking them to administer a grant fund? I am not a lawyer and this isn't legal advice but it has been an issue in the past (for example we did not think LAs could be used to distribute money to Thomas Cooke employees.) I think this is different to s31 for business rates reliefs, where I think we're compensating the LA for lost income

Some more detail on what you're envisaging would be helpful - but you will need legal advice, and it might be helpful to get Hmt legal looking at it. You may want to ask them, if s31 is not appropriate, whether you think HMT could rely on other powers - are you talking to BEIS about the powers they use to provide business support?

New burdens - costs associated with administering the fund.

How (assuming we have the powers to pass the money on) you intend to pay LAs - upfront on a formula / in arrears etc). I'd argue that you should keep it as simple as possible. In the case of the flood recovery funding we left it to LAs to determine exactly how much to pay individual households - the more you guarantee centrally how much an individual business will get the more administratively difficult it is likely to be - the more flex LAs have the easier it is to pay upfront and let them sort it out

I've copied to Chris M in case there are any administrative insights from a business rates point of view - eg what info LAs will hold on small businesses.

Katy Baldwin

Local Government Finance

[redacted] I&S

From: Lilford, Peter - HMT <Peter.Lilford@hmtreasury.gov.uk>

Sent: Saturday, March 7, 2020 3:16 pm

To: Katy Baldwin; Michael Oliver; Alex Skinner

Cc: [redacted] <[redacted]@hmtreasury.gov.uk>; [redacted] <[redacted]@communities.gov.uk>; HMT

Subject: SME grants [official - market sensitive]

Hi all,

Not really sure where to direct this; hoping you can help.

CX has asked us for options for providing grants to support SMEs (part of a potential CV-19 budget package), administered by LAs. We're trying to think through what criteria and amounts could be. But will also need to think through how practicable it is for LAs to administer something like this; and what would make it easier / harder.

Grateful for a quick chat (I'm on I&S) or initial thoughts by email on what you would see as important considerations, constraints and potential options.

Regards,

Peter

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