



Ministry of Housing,
Communities &
Local Government

Rt Hon Robert Jenrick MP

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**Ministry of Housing, Communities and Local
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Dear Colleague,

Local authorities are already playing a vital role in supporting our communities and local economies during the Covid-19 Pandemic. The Prime Minister, my Cabinet colleagues and I are extremely grateful for this. I am writing to you to set out further detail on the Covid-19 emergency local government funding package announced today, and to confirm that my Department has now published guidance to local authorities on the implementation of the Expanded Business Rates Retail Discount 2020-21.

COVID-19 EMERGENCY FUNDING FOR LOCAL GOVERNMENT

You will have seen the announcement of £1.6bn of additional funding to support local authorities in responding to the Covid-19 pandemic. This funding is intended to help you address the pressures you are facing in response to the Covid-19 pandemic across all the services you deliver.

In particular, this funding should enable you to do the following:

Meet the increased demand for adult social care and enable councils to provide additional support to social care providers. From what you have told us, we expect that the majority of this funding will need to be spent on providing the Adult Social Care services required to respond to the Coronavirus crisis.

CCGs will separately be funding additional costs of discharging and keeping people out of hospital, including social care costs - commissioned by the local authority unless existing local arrangements suggest otherwise. It is essential that 'boundary issues' do not cause delays. Therefore, we would expect the local authority to place an appropriate portion of the funding they choose to dedicate to adult social care from the £1.6bn into a pooled budget with the local CCG, to ensure that there is no risk of debates about which fund should pay.

Meet the cost of extra demand and higher business-as-usual costs of providing children's social care, including as a result of school closures and the need for increased accommodation to address the need for isolation, including for

unaccompanied asylum-seeking children. We recognise the existing funding pressures on children's social care, and the additional pressures Covid-19 will make, and are in close contact with the Association of Directors of Children's Services. Furthermore, the Government is continuing to pay funding to local authorities for the free early years entitlements during any periods of nursery, preschool or childminder closures, or where children cannot attend due to Covid-19.

Provide additional support for the homeless and rough sleepers, including where self-isolation is needed. This is on top of the £3.2m emergency fund announced on 17 March to help rough sleepers, or those at risk of rough sleeping, to self-isolate.

Support those at higher risk of severe illness from COVID-19, who may soon be asked to self-isolate in their homes for the duration of the pandemic. This funding is available to support initial costs incurred by LAs in their critical role in supporting those within the most clinically high-risk cohort who also have no reliable social network (i.e. who are both at high risk clinically and socially). The model for this support and the role local authorities will play in it has been discussed closely with the LGA and the 9 regional chief executives. We will keep costs closely under review.

Meet pressures across other services, as a result of reduced income, rising costs or increased demand.

We will pay the grant in full upfront, in line with the allocations set out in annex to this letter. I expect payments to be made on Friday 3 April. The grant will not be ringfenced. I will look to bring forward some other grant payments where possible to support cashflow.

I expect that this grant will cover all costs incurred in the first phase of the response, but we will keep this under review. To support this, we will be asking you to provide a high-level breakdown of how you intend to allocate this grant and we will send you further information on this in due course. This is purely for planning purposes, and to support our ongoing assessment of costs.

We will continue to monitor the costs of other schemes local government is being asked to deliver as part of the Covid-19 response. However, we must recognise that these are not normal times, and your support stepping up to deliver these vital services is both recognised and greatly appreciated.

THE EXPANDED BUSINESS RATES RETAIL DISCOUNT 2020-21

At the Budget the Chancellor announced that the business rates retail discount would be increased to 100% and expanded to cover the leisure and hospitality sectors, as part of the Government's response to the economic impact of the Covid-19 pandemic.

On the 17 March the Chancellor confirmed that the Government would also be removing the £51,000 rateable value threshold for the expanded retail discount. I am writing to confirm that my Department has now published guidance to local authorities on the implementation of the expanded relief. The guidance has been shared directly with your officials and can be found at: www.gov.uk/government/publications/business-rates-retail-discount-guidance

Given the importance of this additional support for local businesses, I would encourage you to do all you can to ensure that revised bills are issued as quickly as possible to qualifying ratepayers, to confirm that they will not need to pay any rates for this year.

Local authorities will be fully compensated for the loss of income associated with granting the expanded relief. My Department will be taking forward arrangements for payment of that

compensation, and for the provision of appropriate new burdens funding to cover the administrative costs of implementation.

State aid

I understand there have been questions from local authorities about the applicability of state aid limits to the provision of this relief. As set out in the guidance, the Government has notified the European Union of its intention to bring forward an immediate change to the UK's tax treatment of non-domestic property, in response to the ongoing Covid-19 emergency, and to seek clearance under Article 107(3)(b) of the Treaty on the Functioning of the European Union. Subject to this approval, the expanded retail discount scheme will become a notified state aid, which would allow authorities to award the discount ignoring de minimis state aid limits. My Department will communicate the outcome of the notification to local authorities as soon as it is known.

Nurseries

You may have separately seen that the Department for Education has also announced that to support nurseries, the Chancellor has decided that they will also now be eligible for a business rates holiday for one year. That means non-local authority providers of childcare will pay no business rates in 2020-21, from 1 April. Local authorities will also be fully compensated for the cost of this measure, and guidance for local authorities on the application of the holiday will be published by MHCLG shortly.

We will continue to monitor the impact of Covid-19 on local government, and would ask that any local authority contact MHCLG officials if faced with immediate unmanageable financial pressures.

Finally, I want to extend my personal thanks to you and all the staff working so tirelessly in local government during these difficult times. We must keep working together to protect and support the local communities we serve. We can get through this together.

A handwritten signature in black ink that reads "Robert Jenrick." The signature is written in a cursive style with a horizontal line underneath the name.

RT HON ROBERT JENRICK MP

