

Rt Hon Boris Johnson MP
Prime Minister
10 Downing St
London
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21 December 2020

Dear Prime Minister,

At Saturday's press conference, you said that your Government would do 'everything it could' to support businesses impacted by the coronavirus pandemic. I am writing to you today to set out concrete steps you can take to deliver this commitment.

Businesses feel let down by the Government. From the start, they have responded at pace to your asks of them throughout this crisis, but firms cannot be expected to keep up with constantly shifting goalposts.

The schemes you have put in place, in particular the Job Retention Scheme, have saved many firms and jobs so far. However, the current package is simply not enough to compensate for the severe, on-going economic impact of the pandemic. Businesses across the country, and across sectors, are on their knees and many will be spending Christmas making serious decisions about their future.

Firms urgently need greater clarity, certainty and stability. While they understand that the nature of the pandemic means that things can change quickly, they need a much clearer view of the road ahead, rather than handbrake turn after handbrake turn.

Although the start of the vaccine roll-out is a very positive step, this crisis is far from over.

Based on the responses of over 6,200 businesses, the BCC's latest Quarterly Economic Survey - the largest independent business survey in the UK - shows that recovery is not taking place for most firms, and that business conditions are continuing to worsen for almost half of firms surveyed.

Crucially, the impact is increasingly felt away from the sectors which have been most obviously hit by restrictions. It is by no means only leisure and hospitality businesses that are in trouble. Support must be in place for firms throughout their supply chains and across the economy.

Businesses cannot afford to wait until the Chancellor's budget in March and the Government must therefore immediately set out a clear plan for 2021 – working closely with the devolved administrations - and introduce the following long-term measures to support business cashflow:

- **Extend and expand business rates relief** – First, the 100% business rates discount for businesses in the retail, hospitality and leisure sectors in England for 2020-21 should be extended to all businesses whose ability to generate revenues are severely impaired, whether they are mandated to be closed or not. Revenue tests could be used to ensure these are appropriately targeted. Second, the relief must be extended beyond March for the duration of 2021/22 financial year.
- **Increase small business rate relief threshold** – to ensure that all small businesses have access to the grant support and relief on business rates no matter where they are located.

- **Offer immediate and more significant cash grant support** – the LRGS grant scheme is wholly inadequate for the level of fixed costs many wholly viable businesses face. We have been shown many examples of businesses who are receiving £3,000 per month but are contractually obliged to pay £250k of costs per month, which they will very soon not be able to meet. Offering immediate, upfront cash grant support – at least equivalent to levels available in the first national lockdown - with sufficient funds to provide for all businesses that need it, would help to ease the cash crisis that many businesses are facing.
- **Extend deferral on VAT** – nearly half a million businesses together deferred around £30 billion of VAT up to the Chancellor’s September statement. This has, undoubtedly, been extremely helpful, as has the creation of an interest free repayment plan. But more stability and certainty, and more support, is required. Most importantly the VAT deferral must be extended to at least the end of 2021. Further, the Chancellor should look very carefully at whether the repayment plan can also be extended even further.
- **Improve access to government lending schemes** - While the extension to the government-backed loan schemes is a welcome step, most firms who bank with non-accredited lenders remain effectively locked out of these vital financial lifelines. Government must work with regulators and banks on solutions to ensure that all eligible firms can access this support to help them weather this challenging period.
- **Support for the businesses and individuals excluded from help** – Even at this late stage you have a chance to remedy a huge hole in the support offered, to owner-directors of limited companies, freelancers and others who have fallen through the cracks. Take it.

At the same time, Government must redouble efforts to fix the test, trace and isolate system, providing greater incentives for people to do the right thing and isolate when necessary and enabling consumers and workers to safely return to workplaces and high streets. The success of this system, and the speedy roll out of further mass testing, such as we saw in Liverpool, is fundamental to a functioning economy.

Long-term, comprehensive support for businesses who will be the backbone of the economic recovery is not an optional extra. Failure to act now will lead to many more businesses shutting up shop for good and will be a waste of the investment Government has already made to keep firms afloat. We need businesses to survive and to be ready to power the recovery when the time comes. In short, supporting them now, will pay dividends in the future.

I would welcome a conversation with you to discuss this further at your earliest convenience.

Yours sincerely,



Baroness Ruby McGregor-Smith CBE
President

CC: Rt Hon Rishi Sunak MP, Chancellor of the Exchequer
Rt Hon Alok Sharma MP, Secretary of State for Business, Energy and Industrial Strategy
Rt Hon Matt Hancock MP, Secretary of State for Health and Social Care