



## Department for Business, Energy & Industrial Strategy

Rachel Reeves MP  
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House of Commons,  
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16 March 2020

Dear Rachel,

Thank you for your letter dated 6 March regarding Covid-19 and its potential impacts for small businesses, the self-employed and those working on zero-hours contracts.

We recognise businesses in the United Kingdom are facing considerable and varied effects from Covid-19. However, the UK is well-prepared for these types of outbreaks. On 11 March at Budget, Government set out a £12 billion package of measures to support public services, people and businesses. These include:

- A new **Covid-19 Business Interruption Loan Scheme**, delivered by the British Business Bank, will enable businesses with a turnover of no more than £41 million to apply for a loan of up to £1.2 million. Government will provide lenders with a guarantee of 80% on each loan and will not charge businesses a fee. This will unlock up to £1 billion pounds to support long-term viable businesses facing cash-flow pressures;
- The cost of providing 14 days of **statutory sick pay** per employee will be refunded by the Government in full, for businesses with fewer than 250 employees. This will provide 2 million businesses with up to £2 billion to cover the costs of large scale sick leave;
- The Government has already announced the **Business Rates** retail discount will be increased to 50% in 2020-21. To support small businesses affected by Covid-19 the government is increasing it further to 100% for 2020-21. The relief will also be expanded to the leisure and hospitality sectors;
- A dedicated helpline 0800 0159 559 has been set up to help businesses and self-employed individuals in financial distress and with outstanding tax liabilities to receive support with their tax affairs. Through this, businesses may be able to agree a bespoke Time to Pay arrangement. Time to Pay was successfully used in response to flooding and the financial crisis, giving businesses a time-limited deferral period on Her Majesty's Revenue Customs' liabilities owed and a pre-agreed time to pay these back;
- There will be a **£3,000 cash grant** to 700,000 of our smallest businesses, delivered by Local Authorities, and worth a total of £2 billion;
- There will be a **£28 million package** of enhanced local business support, including £10 million additional funding for Growth Hubs and £5 million for Be the Business.

This package complements the comprehensive measures announced by the Bank of England, including a reduction of interest rates from 0.75% to 0.25%; additional funding available for banks to increase lending, especially to small businesses (available via the

Bank's new Term Funding scheme) and the removal by the Bank of the need for lenders to hold additional capital buffers.

In his statement on 12 March the Prime Minister gave updated advice to individuals who are showing symptoms of Covid-19, including staying at home for 7 days. The government is gathering regular feedback from businesses and Business Representative Organisations (BROs) to understand the impacts from these mitigations. The BROs have a vital role in communicating with their members and sharing insights. I am therefore chairing very regular discussions with a wide range of industry leaders, to share Government updates and to gather a detailed understanding of the issues businesses are facing.

The first port of call for businesses should still be [gov.uk](https://www.gov.uk) for information and advice. My Department has also taken prompt action to ensure businesses can raise concerns directly with advisers: we have **increased capacity at our Business Support Helpline** on 0300 456 3565, and our newly refreshed Business Support website [www.businesssupport.gov.uk](https://www.businesssupport.gov.uk) provides a one-stop shop for business advice and support and further signposting. Devolved Administrations have their own helplines which are able to take calls on Covid-19.

Government is clear that we must support people in work to do the right thing during a Covid-19 outbreak. As you note, we have already made plans to temporarily change the rules on Statutory Sick Pay (SSP), ensuring that, for those that are eligible, SSP will be available from day 1 in the event of a severe outbreak of Covid-19. This will be delivered through the Emergency Coronavirus Bill. In addition to this, we will also make sure that people who are eligible for SSP but unable to work because they are following Government advice, for example on self-isolation, are still entitled to SSP.

You asked specifically about the situation for those who are on zero-hours contracts (ZHCs). Many people who are on ZHCs will be entitled to SSP. However, there are some who will not meet the qualifying criteria, which includes an average earnings threshold of £118 per week (measured over an eight-week period). Those who are not eligible to receive sick pay are able to claim Universal Credit (UC) and/or new style Employment and Support Allowance (ESA), where they qualify. This is also the case for the self-employed.

In order to make it easier for those affected by Covid-19 including self-isolators, to access ESA and UC, we are temporarily removing the 7-day waiting period for the new style ESA. We are also temporarily abolishing the UC Minimum Income Floor and are ensuring new UC claims and advances will be available without needing to visit a jobcentre.

Supporting businesses through this period is a top priority and we will keep our response under review as the situation develops. We will make sure we do everything we can to support business through this turbulent time and keep the economy moving.

A handwritten signature in black ink, appearing to read 'Alok Sharma', with a stylized flourish below the name.

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