



Business, Energy and Industrial Strategy Committee

House of Commons, London SW1A 0AA

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Alok Sharma MP

Secretary of State for Business, Energy and Industrial Strategy

Department for Business, Energy and Industrial Strategy

1 Victoria Street

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19 Nov 2020

Dear Alok

On 17 November, the Committee took evidence on the cumulative impacts of the tiered restrictions and nationwide lockdowns on business and workers. Representatives from the retail, hospitality and leisure sectors all expressed a number of serious concerns which require addressing urgently. In particular, I am writing to seek clarification regarding the support and guidance that will be available to businesses and workers at the end of this lockdown period.

Businesses warned that they require urgent clarity on the rules they will have to follow under any new tiered system of restrictions so they can make plans for their staff, sites and suppliers, as well as what support will be provided to businesses affected. We heard that discussions between Government and business about reopening have so far been limited and that communication has weakened considerably over time. Businesses told us that they should be consulted on which restrictions are relevant to each tier to ensure that industry experts identify unintended consequences before they occur.

Witnesses also expressed concern regarding arbitrary decisions on what constitutes essential and non-essential businesses, the lack of resolution to deal with the significant and growing build-up of commercial rent arrears, as well as the targeting of financial support to specific sectors. In addition, we heard concerns that the design of the furlough scheme may result in a second 'redundancy cliff edge' and representations on behalf of freelance workers and company directors whose income is accrued via dividends regarding the inability to access any form of Government financial support.

In response to this letter I would be grateful if you address the following questions:

- Businesses were clear that they require at least a week to prepare for tiered restrictions following the end of the national lockdown. How much advance notice will the Government provide to business on which parts of the country will be in which tiers, and what rules they will have to adhere to within the different tiers? To ensure clarity and transparency, will businesses and trade unions have access to the metrics used to determine these rules, and what tests will be used to determine which regions will be going in and out of restrictions?

- We were told that the application of business rate support was poorly targeted — unnecessarily providing financial assistance to large retailers that have benefited from high demand and the shift to online shopping, whilst limiting the support available to smaller businesses that rely on customers physically accessing their premises. As a result, many businesses have already been forced to close. Is the Government undertaking any work to refine the way support is provided to businesses so that the greatest support is provided to those businesses in most difficulty and will conditionality be applied to ensure that taxpayer support is used for its intended purposes?
- Businesses of all sizes are still expected to meet their commercial rent obligations despite, in some cases, losing virtually all their income as a consequence of the national and local lockdowns. We heard evidence that business support loans are being offered on the contingency that they are not used to deal with rent debt. Multiple witnesses discussed the potential devastation of our high streets if this commercial rent issue is not resolved quickly. How does the Government plan to address the problem of businesses being left unable to meet their rent obligations and landlords experiencing a sharp loss of income? What plans do you have, if any, to set up a Taskforce to find a solution to this with tenants, landlords, banks and Ministers?
- Witnesses from the hospitality industry said that uniform curfews had been implemented with only limited consultation with business and regulators. Once businesses return to a system of local tiered lockdowns, how will learning from previous lockdowns be applied to help modify the system of curfews with a focus on supporting businesses and encouraging safe and responsible trading? Will the Government consult with business leaders and trade unions on the restrictions applied to different sectors prior to their implementation to prevent unintended consequences?
- We heard evidence that many workers that have lost their main source of income as a result of restrictions are still unable to access Government support schemes, for example those employed on a freelance basis or directors of limited companies. To justify exclusions the Government has cited administrative difficulties and the risk of fraud. Eight months on from the introduction of restrictions, why has the Government not adapted its package of support to mitigate these risks and to ensure workers that need support have access to it? Is the Government planning on modifying any of its support schemes to avoid arbitrary exclusions which have exacerbated severe financial hardship?

Please can you provide the answers to these questions no later than 26 November.

A handwritten signature in black ink that reads "Darren Jones". The signature is written in a cursive, flowing style.

DARREN JONES MP
CHAIR, BUSINESS, ENERGY AND INDUSTRIAL STRATEGY COMMITTEE