



Department for  
Business, Energy  
& Industrial Strategy

The Rt Hon Alok Sharma MP  
Secretary of State  
Department for Business,  
Energy & Industrial Strategy  
1 Victoria Street  
London  
SW1H 0ET

Darren Jones MP  
Chair, Business, Energy and Industrial Strategy Committee  
House of Commons  
London  
SW1A 0AA

T +44 (0) 20 7215 5000  
E [enquiries@beis.gov.uk](mailto:enquiries@beis.gov.uk)  
W [www.gov.uk](http://www.gov.uk)

30 November 2020

*Dear Darren,*

**Cumulative impacts of the tiered restrictions and nationwide lockdowns**

Thank you for your letter dated 19 November providing an update on the Business, Energy and Industrial Strategy Committee's inquiry on the Impact of Coronavirus on Business and Workers (the Inquiry).

The Prime Minister addressed the House of Commons on Monday 23 November setting out the Government's COVID-19 Winter Plan. The Government has been providing support to businesses throughout the pandemic, and this plan sets out the Government's approach to ending the national restrictions on 2 December. BEIS has been working with other Government Departments to ensure that businesses across the country can get back on their feet as soon as possible, and in the safest way possible.

As we move out of the national lockdown and return to a tiered system of local restrictions, the Government will continue to provide support to businesses affected by local restrictions.

My officials have provided a short note to answer the questions raised in your letter.

BEIS will continue to work closely with the rest of the Government to regularly review the measures, with a keen focus in ensuring minimal impacts on workers and businesses.

Yours sincerely,

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

## 1. Advanced Notice and Information for Businesses

The Government recognises that it is important to give people as much notice as possible about what measures are needed to keep the virus under control.

The Government announced Tier allocations on Thursday 26<sup>th</sup> November ahead of the measures coming into force on Wednesday 2<sup>nd</sup> December. Tier allocations will be reviewed every 14 days and the first review point for the current tier allocations will take place by Wednesday 16 December.

Decisions on which area goes into which tier are based on five key epidemiological indicators: analysis of cases across all age groups; analysis of cases in the over-60s; the rate at which cases are rising or falling; the number of positive cases detected as a percentage of tests taken; and pressures on the NHS including current and projected occupancy. The decisions are also guided by the Government's key objectives set out in the COVID-19 Winter Plan – to bring the R rate below one and keep it there on a sustained basis, finding new ways to manage the virus and minimise damage to the economy, jobs and livelihoods.

The Government has engaged closely with businesses and trade unions at all stages of the response to Covid-19 and will continue to do so. To ensure clarity and transparency in decision-making, Cabinet Office has also published its evidence with regard to the risks of transmission in hospitality settings.

## 2. Refining support to businesses

Two funds have been available to support businesses throughout the period of National Restrictions (5 November - 2 December) and both are being delivered through Local Authorities. **The Local Restrictions Support Grant (Closed) Addendum** provides grants of up to £3,000 per 28-day period for businesses that are required to close. **The Additional Restrictions Grant (ARG)** provides Local Authorities with discretionary funding to enable them to support those businesses that whilst not mandated to close have been severely impacted by restrictions. The ARG funding available to Local Authorities is equivalent to £20 per head of residential population and has been paid in a single, one-off allocation. Local Authorities will have the discretion to establish business grant schemes or deliver other business support as best fits the economic needs of their area.

All Local Authorities that enter Tier 2 and Tier 3 restrictions on 2 December will receive funding from the **Local Restrictions Grant (Closed)**, to support closed businesses with grants up to £1,500 every 14 days (£3,000 per 28 days), depending on a business's rateable value.

We recognise that many businesses beyond those that must close will be impacted. In recognition of this, funding will be made available via the **Local Restrictions Support Grant (Open)**. This will be paid to Local Authorities in Tiers Two and Three to run discretionary grant schemes to support business severely impacted by localised

restrictions but not mandated to close under the Tiering Arrangements from the 2<sup>nd</sup> December.

Additionally, the **Local Restrictions Support Grant (Sector)** will be allocated to Local Authorities across England to provide grants of up to £3,000 per 28-day period for businesses such as nightclubs, that are required to close on a sector basis.

Through the grant schemes the sectors hardest hit by restrictions have been targeted. Small and larger businesses are both important. The main support provided since the beginning of April 2020 has been directed to those businesses small or large that have had to close and we have chosen not to penalise businesses that adopt different trading modes whilst premises remain open (e.g. on-line trading, click-and-collect).

Under the Pay As You Grow measures announced on 24 September 2020, the Government will give all businesses that borrowed under the **Bounce Back Loan Scheme** the option to repay their loan over a period of up to ten years.

This will reduce their average monthly repayments on the loan by almost half. UK businesses will also have the option to move temporarily to interest-only payments for periods of up to six months (an option which they can use up to three times), or to pause their repayments entirely for up to six months (an option they can use once and only after having made six payments).

These changes will provide greater flexibility to repay these loans over a longer period and in a way that better suits businesses' individual circumstances.

In addition, we also intend to allow CBILS lenders to extend the term of the loan up to ten years when they deem this is necessary, providing additional flexibility for SMEs who may otherwise be unable to repay their loans.

### **Conditionality in support**

The Local Restrictions Support Grant Schemes and Additional Restrictions Grant have a number of conditions, set out in the individual guidance documents, to ensure that the businesses that most need the support are targeted and value for money is maximised.

With regards to funding favouring larger businesses, the schemes that provide grants (LRSG (Closed), (Open) and (Sector)) have allocation thresholds based on rateable value, to ensure that funding is available to businesses of all sizes. The lowest threshold catering to businesses with a rateable value of 15k or below.

The LRSG (Open) scheme is designed to then support those businesses that are adversely impacted by restrictions, but unlike LRSG (Closed), those supported do not have to be rate-paying businesses.

Our assessment is that adding further conditionality to the schemes would create additional administrative complexity for Local Authorities in managing the grant

schemes and the focus has been to ensure that eligible businesses can be supported quickly.

### **3. Commercial rent obligations**

Since March, the Government has implemented a range of measures to support commercial property tenants and landlords. The objective of these measures was to preserve tenants' businesses through the Covid-19 lockdown and to give time and space to landlords and tenants to agree reasonable adjustments to rent and lease terms, including terms for the payment of accumulated rent arrears.

These measures included:

- a moratorium on the landlord's right of forfeiture for non-payment of rent, implemented through the Coronavirus Act 2020;
- restrictions on the service of statutory demands and winding-up petitions, implemented through the Corporate Insolvency and Governance Act 2020;
- extending the period of arrears required before landlords can use the Commercial Rent Arrears Recovery (CRAR) process to recover unpaid rent by instructing an enforcement agent to seize goods owned by the tenant, implemented through secondary legislation;
- publishing a voluntary Code of Practice to encourage constructive dialogue between tenants and landlords; and
- working with the financial regulators to issue a joint statement encouraging investors and lenders to consider the issues arising directly from the COVID-19 pandemic in responding to potential breaches of covenants.

The legislative measures described above were introduced for an initial period of three months but, as businesses continue to recover, have been extended to the end of the year. This applies in England and Wales; Northern Ireland have also extended their moratorium until 31 December 2020 and Scotland has separate measures in place until 31 March 2021.

The extension provides landlords and tenants with a further opportunity to come together to have these discussions and reach agreements on outstanding rent. We encourage the sector to come together to support each other, and protect tenant businesses, and our high streets and town centres that are an essential part of our communities.

To support landlords during this time, an unprecedented package of Government-backed and guaranteed loans was made available to help businesses in this period. This package of support also included the Coronavirus Business Interruption Loan Scheme, the Coronavirus Large Business Interruption Loan Scheme, the Retail, Hospitality and Leisure Grant Fund and the Coronavirus Corporate Financing Facility, which were available to both landlords and tenants.

We will keep these packages under review to ensure they are supporting our economy through the current period.

#### **4. Learning from previous lockdowns – consulting stakeholders & modifying**

We have been working with the our sectors since the beginning of the pandemic to fully understand their requirements for dealing with the crisis and helping them make their premises Covid secure where possible.

The Minister for Small Business, Consumers, and Labour Markets, Paul Scully, meets regularly with a broad range of sector representatives including Chief Executives and representatives from trade associations and trade unions to discuss the current policy on restrictions and understand the pressures businesses are facing, especially those in the retail and hospitality sectors.

The industry-led Retail Sector Council, which is co-chaired by Minister Scully has met three times in 2020, with the next meeting due to take place on Thursday 3rd December 2020. Priority workstreams have been selected and agreed by industry and work is advancing.

Based on learning from previous lockdowns, and in consultation with sector representatives, two significant changes have been made to this new system of local restrictions to support businesses.

Having listened to the concerns of businesses, all of retail is permitted to open across all three tiers of the new system, and we have extended the closing time for premises in the hospitality sector in Tiers 1 and 2 to 23:00, with last orders at 22:00. This will help the hospitality industry, particularly as prevalence of the virus decreases and local areas enter Tier 1. We are hopeful by permitting a longer period to finish drinks, people will be able to ensure that they will leave venues in smaller groups; therefore, reducing pressure on transport and helping maintain social distancing.

As all of retail will remain open across all three tiers of the new system, we are focussing on the challenges that will be faced in the build up to Christmas and the New Year. BEIS and MHCLG have convened a working group of retailers and Local Authorities to work together for a safe and successful reopening. This group has met regularly in November to identify potential pinch points that reopening non-essential retail stores in December might bring (given expected pre-Christmas high retail footfall), agree and operationalise mitigations ahead of reopening, and to develop and disseminate guidance and best practice.

#### **5. Adapting package of support**

The Local Restrictions Support Grants and Additional Restrictions Grant are not wage support schemes. However, the Additional Restrictions Grant provides Local Authorities with funding to enable them to support businesses that do not have to close but which have been severely affected by restrictions. Local Authorities may also

choose to help businesses outside the business rates system, which are effectively forced to close. They will have the discretion to establish business grant schemes or other business support as best fits their area.

The Local Restrictions Grant (Open) will be paid to Local Authorities in Tier 2 and Tier 3, to run discretionary support to those businesses who have had trade severely impacted by Localised Restrictions.

### **Plans to modify support schemes**

Following the conclusion of national restrictions and introduction of the new Tiering system, Local Authorities subject to localised restrictions will be able to access Local Restrictions Grant (Open and Closed). This new tiering payment system will commence on the 2 December and review of the tiers and payment will be on a 14-day cycle.