



House of Commons

Business, Energy and Industrial
Strategy Committee

**The impact of
Coronavirus on
businesses and
workers: interim
pre-Budget report:
Government Response
to the Committee's
Second Report of
Session 2019–21**

**First Special Report of Session
2021–22**

*Ordered by the House of Commons
to be printed 13 May 2021*

HC 119
Published on 19 May 2021
by authority of the House of Commons

Business, Energy and Industrial Strategy Committee

The Business, Energy and Industrial Strategy Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department for Business, Energy and Industrial Strategy.

Current membership

[Darren Jones MP](#) (*Labour, Bristol North West*) (Chair)

[Alan Brown MP](#) (*Scottish National Party, Kilmarnock and Loudoun*)

[Judith Cummins MP](#) (*Labour, Bradford South*)

[Richard Fuller MP](#) (*Conservative, North East Bedfordshire*)

[Ms Nusrat Ghani MP](#) (*Conservative, Wealden*)

[Paul Howell MP](#) (*Conservative, Sedgefield*)

[Mark Jenkinson MP](#) (*Conservative, Workington*)

[Charlotte Nichols MP](#) (*Labour, Warrington North*)

[Sarah Owen MP](#) (*Labour, Luton North*)

[Mark Pawsey MP](#) (*Conservative, Rugby*)

[Alexander Stafford MP](#) (*Conservative, Rother Valley*)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via www.parliament.uk.

Publication

© Parliamentary Copyright House of Commons 2021. This publication may be reproduced under the terms of the Open Parliament Licence, which is published at www.parliament.uk/site-information/copyright-parliament/.

Committee reports are published on the Committee's website at www.parliament.uk/beis and in print by Order of the House.

Committee staff

The current staff of the Committee are Bradley Albrow (Second Clerk), Zereena Arshad (Committee Specialist), Dawn Amey (Committee Operations Manager), Gary Calder (Media Officer), Dr Rebecca Davies (Clerk), Beth Dingley (POST Fellow), John Hitchcock (Committee Specialist), Catherine Kisanji (Inquiry Manager Intern), Dr Matthew Lecznar (Committee Operations Officer), Becky Mawhood (Senior Committee Specialist), and Louise Whitley (Senior Committee Specialist).

Contacts

All correspondence should be addressed to the Clerk of the Business, Energy and Industrial Strategy Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 4494; the Committee's email address is beiscom@parliament.uk

You can follow the Committee on Twitter using [@CommonsBEIS](https://twitter.com/CommonsBEIS)

First Special Report

On 26 February 2021, the Business, Energy and Industrial Strategy Committee published its Second Report of Session 2019–21, [The impact of Coronavirus on businesses and workers: interim pre-Budget report](#) (HC 1264). The Government's response was received via correspondence on 23 April 2021. The Government's response is appended below. The Committee's recommendations are in bold type, the Government response is in plain type.

Government Response

Letter from the Minister for Small Business, Consumers & Labour Markets, 23 April 2021

1. Thank you for advanced sight of the interim report linked to the Business, Energy and Industrial Strategy Committee's inquiry on the Impact of Coronavirus on Business and Workers (the Inquiry).
2. We recognise the coronavirus pandemic has created extremely challenging circumstances for businesses and workers. Throughout this pandemic, my Department has worked in close collaboration with the rest of Government in the creation and maintenance of an unprecedented package of support measures for business. The Coronavirus Business Interruption Loan Scheme (CBILS), Coronavirus Large Business Interruption Loan Scheme (CLBILS), and Bounce Back Loan Scheme (BBLs) have provided vital support to businesses throughout the pandemic. As of 21 March, over 1.6 million facilities have been approved, totalling over £75 billion in loans.
3. We also recognise the continued and sustained impact felt by industries facing prolonged business closures and restrictions, and we have listened to calls for clarity. On 22 February, the Government published its roadmap, setting out a step-by-step plan to ease restrictions in England. Across four steps, the roadmap sets out the sequencing and indicative timings for easing restrictions. The roadmap offers a sustainable exit from lockdown restrictions, with clear tests and data-driven indicators to guide decisions at every stage. This phased approach, combined with our commitment to giving businesses a seven-day notice period, will provide the necessary clarity for businesses and enable them to plan ahead with certainty.
4. Since the publication of this report, the Chancellor of the Exchequer has presented the Spring Budget 2021 to Parliament on 3 March. The Budget sets out the next phase of the Government's response, providing an additional £65 billion of support in 2020–21 and 2021–22 for people, public services, and businesses most affected by the pandemic. Taking into account previous support provided, this brings the total government support for the economy during the pandemic to £352bn (or around 17% of 2020 GDP).
5. The Chancellor also announced that from 1 April, one-off Restart Grants of up to £6,000 for non-essential retail and up to £18,000 for hospitality, leisure, personal care and accommodation businesses would be available to help them to reopen as Covid-19 restrictions are relaxed. With the new Restart Grant scheme, the Government will have provided a total of £25bn on business grants.

6. Businesses that were required by law to close during the national lockdown, such as hospitality, personal care and non-essential retail, had access to grants of up to the equivalent of £4,500 per 6 week period of closure via the Local Restrictions Support Grant (Closed) which was available until 31 March 2021. Businesses that were required to close at the beginning of national restrictions on 5 January were also eligible for a one-off payment of up to £9,000 under the Closed Businesses Lockdown Payment.

7. The Additional Restrictions Grant (ARG) continues to enable local authorities to put in place discretionary business support, including businesses in supply chains impacted by restrictions but ineligible for other measures, and those businesses that fall outside the business rates system such as market traders. £425m will be made available via ARG, meaning that more than £2bn has been made available to local authorities to be distributed to businesses across England since November 2020.

8. On 12 April, significant parts of the indoor economy and further outdoor settings were able to reopen under Step 2 of the Government's four-step roadmap following their closure under national lockdown. This included outdoor hospitality, outdoor attractions, non-essential retail, indoor leisure facilities and personal care premises. The reopening was based on an assessment of the four tests that were set out in the Roadmap:

- i) The vaccine deployment continues successfully.
- ii) Evidence shows vaccines are sufficiently effective in reducing hospitalisations and deaths in those vaccinated.
- iii) Infection rates do not risk a surge in hospitalisations which would put unsustainable pressure on the NHS.
- iv) Assessment of the risks is not fundamentally changed by new Variants of Concern.

9. Ahead of Step 3, we are working closely with the rest of the Government and continually monitoring the results of the four tests to ensure we can cautiously reopen more of the economy as soon as is safe to do so. As part of Step 3, most businesses will be able to reopen, including indoor hospitality and certain indoor venues, provided they adhere to Covid-Secure guidance.

10. Prior to Step 4, the Government will also complete a review of social distancing and other long-term measures that have been put in place to reduce transmission. This will inform decisions on the timing and circumstances under which the rules on 2 meter social distancing (or 1 metre plus mitigations where this is not possible), the wearing of face coverings and other protective measures may be lifted. This will also inform guidance on working from home, which should continue wherever possible until this review is complete.

11. The Government will continue to support individuals and businesses during the pandemic, and we are keen to build on our short-term recovery to support longer term economic growth. To this end, the Government will be transitioning to a new, more focused and ambitious plan for growth, drawing on the lessons learned from the 2017 Industrial Strategy, to build back better as we recover from the coronavirus pandemic.

12. The Prime Minister will also be chairing the new National Economy and Recovery Taskforce which will be a key vehicle to shape the Government's approach to long-term economic recovery; focussing on catalysing growth, levelling-up across the UK and driving public service performance and delivery.

13. My Department will continue to work closely with the rest of the Government to review current measures, as we continue to support businesses and safely reopen the entire economy as soon as possible.

14. Please find attached a full response from Officials responding to specific points raised in the report.

Paul Scully MP

Appendix: Government Response

Current support measures and addressing gaps in support

15. *We recommend that the Government reviews the coverage of current support to make sure that the greatest support is provided to those individuals facing most hardship, and that any gaps in provision are addressed. We expect the Chancellor to announce measures to this effect in his Budget statement next week.* (Paragraph 22)

Spring Budget 2021

16. Since the publication of your report, the Chancellor of the Exchequer has set out the Spring Budget 2021, announcing the next phase of economic support. The Budget seeks to protect the jobs and livelihoods of the British people by providing security and certainty for the hardest hit sectors and workers across the UK, and boosting investment and growth as the economy recovers.

17. Considering the significant support confirmed at the Spending Review 2020 and the Spring Budget 2021, total support for the economy is £352bn across 2020/21 and 2021/22 (or around 17% of 2020 GDP). Once also accounting for support provided at Spring Budget 2020, which includes a step change in capital investment, total fiscal stimulus comes to £407 billion. The 2021 Budget lays the foundations for a strong recovery and greener economy, levelling-up the country and spreading prosperity across every part of the UK.

Coronavirus Job Retention Scheme and Self-Employment Income Support Scheme

18. The Coronavirus Job Retention Scheme (CJRS) has already helped to pay the wages of people in 11.4 million jobs across the country, with more than £53 billion paid out in grants across the UK, protecting jobs that might otherwise have been lost. The Self-Employment Income Support Scheme (SEISS) has paid out almost £20 billion in grants to 2.7 million self-employed individuals whose businesses have been adversely affected by Covid-19.

19. To support businesses and employees through the next stage of the pandemic, the Chancellor of the Exchequer announced the extension of the CJRS and SEISS until September. As part of this announcement, the Government has extended the Real Time Information (RTI) cut-off date for the CJRS from 30 October 2020 to 2 March 2021, so that those employed on 2 March 2021 are eligible for claims starting on 1 May 2021. Based on early estimates, this means around 2.4 million more employees, are potentially eligible for CJRS. In addition, SEISS will continue until September with a fourth and fifth grant, and around 600,000 more self-employed individuals may be able to qualify for the new SEISS grants based on their 2019–20 tax returns. This includes many new to self-employment in 2019–20 and brings the total who are potentially eligible to 3.7 million. The fifth and final grant opens for claims in July and will include a turnover test, known as a Financial Impact Declaration (FID), to ensure that the most generous support is targeted at those who need it most.

Restart Grants

20. The Government has also announced a new Restart Grant of up to £18,000 to over 680,000 business premises, giving small business owners the cash certainty they need to plan ahead and relaunch trading safely and effectively over the coming months. An additional £425 million of discretionary business grant funding on top of the £1.6 billion already allocated is being provided to English local authorities. This comes in addition to the extension of the previous VAT reductions and business rates reliefs for sectors heavily impacted by the pandemic, and the temporary £20 per week increase to the Universal Credit Standard allowance for a further 6 months. The Government has recently further announced a £500 one-off payment to provide support to eligible Working Tax Credit claimants.

Business support inclusivity and eligibility

21. The Government has acted to upgrade existing programmes where it can to make them more inclusive. Throughout the duration of the pandemic, the Government has continuously reviewed Real Time Information cut-off dates to include as many employees as possible into the scope of the CJRS. When the CJRS was extended in October 2020, the Real Time Information cut-off date was moved from 19 March to 30 October 2020, resulting in 4.8 million being brought into scope of the scheme, and in April 2020 the cut-off was extended from 28 February to 19 March, bringing over 200,000 employees into scope of the scheme.

22. For the SEISS, the Government amended the terms to allow claims from self-employed parents who did not submit a tax return for 2018–19, or whose trading profits in 2018–19 were less than their other income because they were pregnant or taking time out of their trade to care for their new-born or newly adopted child. The Government also opened the SEISS to self-employed army, navy and air force reservists who were previously ineligible as a result of their service.

23. We recognise that some of the eligibility criteria and conditions that are vital to ensuring that these specific schemes worked for the vast majority meant that, in some hard cases, some people did not qualify for the CJRS or SEISS. The schemes were designed with two principles in mind:

- i) First, the need to target support at those who need it most. To achieve that, the Government had to set clear rules. That is why the CJRS was capped at £2,500 per month, and that is why the Government said that those eligible to claim from the SEISS must have made profits of no more than £50,000 from self-employed activity.
- ii) Second, the need to protect public money against error, fraud, and abuse, whilst reaching as many people as possible. That meant using data already held on HMRC systems to enable processing claims quickly and easily and ensuring that the Government balances its duty to support individuals with its responsibility to protect taxpayer money from fraud and abuse.

24. We have engaged with various proposals put forward by stakeholder groups aimed at providing support to groups, such as Company Owner Directors (COMS), that are not

currently eligible in order to see if any are viable. COMS are a diverse population and HMRC do not have data—as it is not needed for administering the tax system—to identify which Directors should receive financial support. The 3.3 million population of people who receive income from dividends includes working Directors but also inactive Directors (such as the spouses or children of working Directors who are jointly listed as Directors of companies) and general investors. Given that some external estimates suggest an active Director population varies from 710,000 to 1.8 million, providing financial support to the entire 3.3 million population could result in more than 3 out of 4 grants going to people to whom support is not intended. This would be neither a fair nor responsible use of taxpayer money.

25. The proposals we have considered primarily rely on self-certification to determine eligibility and they do not overcome the fundamental issues of protecting public money and safeguarding against fraud, error and abuse. Self-certification is feasible in instances where the Government can reasonably verify the declaration. Otherwise, it is far too susceptible to fraud which is why we have not been able to take forward many of the proposals presented by different stakeholder groups.

26. On freelancers, the CJRS has been available to all employers with a PAYE system and all employees on PAYE regardless of their employment contract. As such, freelancers and those on short term contracts could be eligible for the CJRS if they are on PAYE and meet the eligibility criteria.

Support for creative industries

27. Regarding concerns raised around gaps in support for the creative industry, we recognise the significant challenges posed by the pandemic to our arts and creative sectors. The Government is committed to supporting our world-leading cultural and creative industries, which is why creative professionals have been able to access a range of pan-economy schemes and business support grants, with details on further support for the sector announced as part of the 2021 Spring Budget Statement.

28. This includes pan-economy schemes such as the Self-Employment Income Support Scheme (SEISS) mentioned above. To increase specific support, £300 million of additional funding has also been awarded for 2021/22 as part of the Culture Recovery Fund (CRF), to continue to support key cultural organisations and ensure a vibrant future for the sector as the nation recovers from the pandemic. This funding is an extension of the £1.57 billion Culture Recovery Fund announced in 2020/21, which has to date awarded over £1.2 billion to over 5,000 individual organisations and sites, including theatres, museums, heritage sites, festivals and music venues.

29. Additionally, the Film and TV Production Restart Scheme which so far has supported more than 300 productions across the UK, protecting around 30,000 jobs and £1 billion of production spend, has also been extended for an additional six months until December 2021. This will ensure that we can support the continued recovery of this high-growth sector. The Government has also provided £300 million to continue to support sports clubs and governing bodies through the Sport Recovery Package.

30. Outside of the Culture Recovery Fund, the Arts Council England has also provided over £51 million of awards to individuals through other funds in the financial year 2020/21

alone. This includes: £17.1 million distributed through the Emergency Response Fund for individuals, £21.1 million awarded directly to individuals through Arts Council's Project Grants fund, over £6 million provided to benevolent funds to offer direct awards to individuals, and over £7 million which has been distributed through the 'Developing Your Creative Practice' fund, aiding individuals with their creative development.

Longer-term recovery from unemployment

31. *We recommend the Government urgently produces an economic assessment which sets out the opportunities and risks posed by structural long-term changes to the economy from the combined impacts of COVID-19, Brexit, and the net zero transition. We welcome the publication of the Skills for Jobs White Paper, and the Government should continue to build a comprehensive, long-term cross-departmental plan on education, skills and jobs to create good quality employment opportunities for the future.* (Paragraph 31)

32. *This plan should form part of the Industrial Strategy to ensure our educational institutions, key business sectors, the workforce and broader economy are strategically geared towards achieving long-term goals such as the net zero transition, our aging society and the technological modernisation of our economy. We recommend that the Government provide a detailed outline of their approach in its response to this report.* (Paragraph 32)

Longer-term strategies to support recovery

33. The Government has published 'Build Back Better: our plan for growth', which looks to the future, providing a framework to guide our longer term growth strategy. Through this we will take forward the best elements of the Industrial Strategy within a new approach that responds to the challenges and opportunities we now face. We will focus on investing in infrastructure, skills and innovation as the foundation of our economic recovery and growth, ensuring we pursue growth that levels up every part of the UK, supports our vision for a truly Global Britain and enables our transition to Net Zero.

34. BEIS will lead on an Innovation Strategy, to be published in the summer. Through this, we will evolve the Grand Challenges and Missions programme to ensure they meet the needs of our technology innovation landscape. We are working to review the programme, and will engage across Government and with external partners to identify options for how we might build on the progress made and embed missions-based policy thinking to support current priorities.

35. The Government is, and will continue to be, a champion of the needs of business and industry as we build back better from the pandemic. That is why the Prime Minister and Chancellor of the Exchequer have convened the Build Back Better Business Council, which will support the Government in delivering our plan for growth. The Build Back Better Business Council brings together a range of business leaders from across the British economy to work in partnership with the Government, looking at how to recover from COVID-19, unlock investment, boost job creation, level up the whole of the UK and promote Global Britain.

36. Finally, in our continual commitment to support longer term economic recovery, the Cabinet Committee, the National Economic and Recovery Taskforce (NERT), has

been established to act as a vehicle to secure collective agreement on policies with cross-Government interests. It is chaired by the Prime Minister with a focus on catalysing growth, levelling up across the UK and driving public service performance and delivery.

Increasing employability and jobs

37. The ‘Skills for Jobs’ White Paper, published on 21 January 2021, sets out the Government’s blueprint to reform post-16 education and training. The reforms will transform technical education and training, boosting UK productivity, building back better from the coronavirus pandemic, and creating a more prosperous country.

38. As part of the Lifetime Skills Guarantee, employer-led digital bootcamps are a flexible way to gain high-quality skills that are relevant to employers. DfE have launched ‘Skills Bootcamps’ to enable adults to access high-quality flexible provision, supporting local regions and employers to fill in-demand vacancies.

39. Furthermore, delivering his Summer Economic Update in July 2020, the Chancellor of the Exchequer announced a plan to support jobs focussing on skills and young people. This included over £500 million of support to ensure young people have the skills and training to go onto high quality, secure and fulfilling employment.

Plan for Jobs

40. The Plan for Jobs initiative placed the Department for Work and Pensions at the heart of providing significantly expanded employment support both for newly unemployed people and those falling into long-term unemployment. Government has invested £33 billion in measures to create, support and protect jobs. This includes £2 billion for the Kickstart scheme, £2.9 billion for the Restart programme, funding to increase the number of Jobcentre Plus Work Coaches by 13,500, and a range of other measures focused on boosting job searches and skills.

41. The extensive support offered through A Plan for Jobs enhances DWP’s employment support offer and is part of a cross-Government response to prioritise, protect, support and create jobs.

42. The Government is also doubling payments for apprentices to £3,000 for all new hires and providing £126 million to triple the number of traineeships next year. We will continue to work across departments on jobs, skills and education, enabling business to access the skilled people they need to flourish.

Targeted support for businesses

43. *We recommend that if the Government returns to any form of tiered system or localised lockdowns, that financial support for business should reflect that.* (Paragraph 41)

44. *We expect the Government to respond to the pandemic with more nuanced and targeted policies in future, and recommend that the Government uses the Budget to review the support it has offered to businesses and announce more targeted support aimed at the sectors most in need.* (Paragraph 42)

Government grant schemes

45. The Government has flexed business grant support throughout the pandemic to reflect the changing landscape of local and national restrictions. £20bn has already been allocated directly to businesses through the grants programme since it was launched in March 2020.

46. As the national lockdown is eased in England, further support, totalling an additional £5bn, is being made available to businesses. The Restart Grants announced in the Spring Budget 2021 will be available to hospitality, leisure, personal care and accommodation business premises to support them to reopen as Covid-19 restrictions are relaxed. It is expected that 230,000 hospitality, accommodation, leisure, personal care and gym business premises and 450,000 non-essential retail premises will benefit from the Restart Grants.

47. The Additional Restrictions Grant (ARG) continues to enable local authorities to put in place discretionary business support. Local authorities are free to provide support that suits their local area, including to support those businesses not required to close but which have had their trade severely affected by the restrictions, and those businesses that fall outside the business rates system such as market traders. The Chancellor of the Exchequer has announced an additional £425m will be made available via ARG meaning that more than £2bn of discretionary funding has been made available to local authorities since November 2020.

Government loan schemes

48. Over £75 billion has been provided to UK businesses through the Government-guaranteed loan schemes since March 2020. The Government flexed its system of loan guarantees to respond to the needs of the economy, such as introducing the Bounce Back Loans scheme to meet the needs of the smallest businesses who were struggling to access financial assistance during the pandemic.

49. The new Recovery Loan Scheme which launched on 6 April 2021, will ensure that viable businesses will continue to have access to Government-backed financial support beyond the end of the previous schemes. The launch of this scheme means that businesses, notably SMEs which are the backbone of the UK economy, will continue to be supported in their ability to access the finance they need throughout 2021.

50. The Recovery Loan Scheme will maintain the generous 80% guarantee to ensure lenders continue to have the confidence to lend, while not extending the 100% guarantee for longer than needed. This will ensure support is more targeted going forwards, as recommended by the Committee.

Conditionality and corporate behaviour

51. *We have previously called on the Government to attach conditions to the use of taxpayer-funded support and are disappointed that, on each occasion measures have been extended, the Government has failed to do this. We recommend that the Government reviews what enforcement powers it has to 'claw back' support where*

appropriate, and what additional checks or conditions could be applied to support for businesses in order to reduce instances of fraud, and to sanction businesses which have accessed public funds in bad faith. (Paragraph 45)

52. To support the individuals and businesses most indeed during the pandemic, the Government has set out an expansive multi-billion pound package to support. The Government acted fast to support the labour market, while ensuring fraud risks were mitigated where possible. However, a minority of claimants are abusing the schemes and costing the taxpayer, and so the Government will protect taxpayers by tackling fraud and abuse within Covid-19 support packages.

Protection and enforcement against fraud

53. The Government will invest over £100 million in a Taxpayer Protection Taskforce of 1,265 HMRC staff to combat fraud on the HMRC Covid-19 schemes, which is one of the largest and quickest responses to a fraud risk by HMRC. In addition, the Government will raise awareness of enforcement action in order to deter fraud and will significantly strengthen law enforcement for Bounce Back Loans.

54. My Department continues to work with other Government Departments, lenders, and law enforcement agencies to tackle fraudulent abuse of the Covid debt schemes and to recover funds where possible.

55. The Government does not intend to make public the detail of its approach to recovery and prosecution in different fraud cases, given this could inadvertently undermine the effectiveness of counter-fraud measures by tipping off criminals. Decisions on individual prosecutions are taken independently of Government by the Crown Prosecution Service.

Commercial rent obligations

56. ***The Government should use the time afforded by current time-limited support measures wisely to identify long-term solutions. The Government should consider active measures to address the issue of growing commercial rent arrears, and proactively work with businesses, landlords, banks and other stakeholders to identify an appropriate long-term solution.*** (Paragraph 51)

57. The tenant protection measures introduced by the Coronavirus Act 2020 and the Corporate Insolvency & Governance Act 2020 are designed to give tenant businesses protection from the threat of eviction, and aggressive debt recovery practices at a time when many have been unable to trade normally. The Government has stressed throughout the pandemic the need for landlords and tenants to work together to resolve issues of accumulated rent arrears and ongoing lease terms. To aid these discussions, the Government published the voluntary Code of Practice in June 2020 to guide landlords and tenants in how to conduct such negotiations. This was recently supplemented with additional guidance on how tenant businesses should frame negotiations with their landlords. The Code of Practice and additional guidance can be seen here www.gov.uk/government/publications/code-of-practice-for-the-commercial-property-sector.

58. These measures are temporary and are due to expire on 30 June 2021. The Government has always been clear that the best solution to the issues of accumulated rent

arrears and ongoing lease terms is for there to be market led negotiations and agreement between landlords and tenants that reflect the individual and unique circumstances of both. However, if this does not happen, the Government is ready to intervene further as necessary and has therefore launched a Call for Evidence to gather first-hand information on how negotiations have progressed and the extent of accumulated rent arrears.

59. Stakeholders' views will also be sought on a long-term solution including a range of options for ending the tenant protection measures, including options for their gradual withdrawal, measures targeted towards the hardest hit sectors, and the encouragement or requirement to engage in the mediation or adjudication, be it binding or non-binding, of rent disputes. The Call for Evidence can be seen here consult.communities.gov.uk/urban-policy/commercial-rents-and-covid-19-call-for-evidence/.

60. There is no one-size-fits-all solution to these issues. The Government's world leading package of direct financial and other support for businesses during the pandemic has enabled businesses to remain in their premises, retain their staff, and be ready for the recovery. Many landlords and tenants have used this time to agree new lease terms which address accumulated rent arrears and sustainable rents going forward. The extension of these measures to 30 June provides a further period of stability and certainty during which those that have so far failed to engage or to reach agreement should make every effort to do so.

Moving forward

61. *As more of the population is vaccinated, the Government must shift its policy-making approach from reacting to rapidly changing circumstances towards long-term considerations. In his Budget, the Chancellor must give businesses and workers the security and certainty they need by extending the existing package of measures and committing to phasing them out only when the easing of health restrictions allows. To address the issue of debt affordability for businesses, the Government should also consider whether converting certain existing businesses' COVID loan debt into grants, could provide an appropriate long-term solution. We also recommend that the Government sets out a clear strategy for business recovery, which addresses the challenges faced by many sectors which will not be able to re-open as early as others.* (Paragraph 64)

62. As the Prime Minister and the Chancellor of the Exchequer have said previously, the Government is committed to do whatever it takes to support our country through the Covid-19 pandemic. The Government's package of support in response to coronavirus has evolved with the path of the virus, and will continue to do so.

63. However, to ensure that people and businesses have time to plan as the economy reopens in line with the easing of restrictions, schemes such as CJRS and SEISS, support for businesses through grants and loans, business rates and VAT relief are continuing beyond the end of the Roadmap.

Vaccination progress

64. The UK's vaccination programme has been incredibly successful to date. The UK was the first country in the world to procure, authorise and start a vaccination programme using the Pfizer/BioNTech vaccine, and shortly followed with the Oxford/AstraZeneca

vaccine. Due to our swift and decisive action, there has been a regular and steady supply of vaccine doses arriving into the UK since early December, which has allowed us to successfully meet our target of offering a first vaccine dose to every person within priority groups 1–9, 3 days before our 15 April target. The continued vaccination of the most vulnerable groups will allow for life and work to start returning to normal.

Covid loan debt

65. The Government has always been clear that the Covid loans are to be repaid, and that debt would not be the right answer for all businesses. That is why our varied package of support also includes grants, furlough and job support schemes, deferring tax bills and business rates holiday. We have already taken substantial action to provide businesses in receipt of a Bounce Back Loan more time and greater flexibility for their repayments through “Pay As You Grow”, giving them the option to:

- Extend the length of the loan from six years to ten—reducing their monthly repayments by almost half.
- Make interest-only payments for six months, with the option to use this up to three times throughout the loan.
- Enjoy a further six-month repayment holiday—businesses who take up this option will therefore not make any repayments for 18 months after they took out the loan.

66. For the Coronavirus Business Interruption Loan Scheme (CBILS), we have amended the rules to allow lenders to extend loan terms from six to a maximum of ten years at their discretion and where they judge that this will help borrowers repay their loan, helping businesses to reduce monthly repayments. Extensions will be limited to those borrowers that lenders assess are in difficulty and will benefit from the extension, and only for the duration required, meaning that lenders may offer an extension to 7 years, for example, rather than the maximum 10 years allowed.

67. For any business looking to refinance or restructure their debt, the Government’s position remains that the private sector should be the first port of call. Furthermore, accredited lenders, not the Government, are best placed to support borrowers to repay government-guaranteed loans, utilising the wide range of tools at their disposal described above. Any businesses that are concerned about their ability to repay their loans should discuss their options with their lender.

68. Given the current climate, it is right that we focus on supporting individuals and businesses through the pandemic and ensure we deliver our ambitious vaccination programme. However, alongside our focus on the immediate Covid-19 challenge, we must also consider how we build on our short-term recovery work to support businesses in the longer-term.

Plan for Growth

69. The coming decade poses new challenges for us as a country. We have committed to the transition to net zero, left the European Union, and redoubled our commitment to levelling up—all against a backdrop of the Covid-19 pandemic, which has caused the

biggest economic decline in our history. It is therefore right that we think about how we address these challenges as we build back better towards an even more prosperous future. That is why Government published ‘Build Back Better: our plan for growth’ alongside the Spring Budget 2021 to detail our plan for longer term economic recovery.

70. ‘Build Back Better: our plan for growth’ sets out the Government’s plans to drive growth and build on our competitive advantage through significant investment in infrastructure, skills and innovation, and to pursue growth that levels up every part of the UK, enables the transition to net zero, and supports our vision for a truly Global Britain. The supporting strategies will take forward the best elements of the Industrial Strategy within a new approach that reflects the changed context since 2017.

71. BEIS is already leading work to produce strategies on Net Zero, Hydrogen, and Space. Over the next twelve months, we will be setting out sectoral visions for priority future sectors and technologies. The expertise of relevant Departments will be leveraged to ensure that each strategy has maximum impact.

72. By working across Government to create this longer-term strategy, we will build back better to unlock investment, enable our entrepreneurs to scale their businesses, support job creation, drive innovation across the economy and level up across the UK, all whilst transitioning to net zero. This will boost business recovery from the Covid-19 pandemic.

Communication with the business sectors

73. We welcome the strong level of engagement between the Government and business in the early months of the pandemic. The Government must be as open with the business sector as possible, particularly by providing reasonable notice and detail of impending changes to health and business restrictions, and working as constructively as it did in spring and summer 2020 to develop comprehensive and practical guidance on how businesses should adapt to changing health measures. We recommend that the Government proactively engages with businesses and trade union leaders on an ongoing basis, to ensure feedback is built into Government policy making as we recover from the economic consequences of the pandemic. (Paragraph 69)

74. We thank the Committee for their recognition of the strong level of engagement carried out by Government in spring/summer 2020. During 2020, BEIS Ministers carried out roughly three times as many engagements with businesses than the same period in 2019. This engagement transitioned away from immediate support measures required early on in the pandemic, towards more targeted engagement on the developing and refining the safer working guidance for different working environments.

75. We are proactively engaging with Business Representative Organisations (BROs), Trade Associations, Trades Union Congress (TUC), Local Authorities, Local Enterprise Partnerships, sector councils and via one-to-one bilaterals with business on Covid-19 response. These ongoing engagements are used to collect direct intelligence on the impact of Covid-19 on industries and sectors that informs the response from BEIS and other Government Departments and ensures the effectiveness of the Government’s response to the Covid-19 pandemic and economic recovery.

76. We plan to continue with our engagement as we recover from the economic consequences of the Covid-19 pandemic, such as maintaining engagement with business on Covid-Secure guidance to protect their staff and customers, communicating any changes to restrictions clearly to businesses with sufficient notice, and continuing to listen to feedback on the roadmap and its implementation as we move forward over the next few months. BEIS' Secretary of State has also publicly committed to relentless business engagement going forward.

Closing statement

77. As a result of the coronavirus pandemic, the UK has suffered significant challenges and economic impacts. The restrictions that were imposed were necessary to ensure we could control and manage the virus, and whilst the impacts have clearly been substantial, it was crucial these steps were taken for the protection of jobs and livelihood. Throughout, the Government has supported businesses and boost public services across the UK as much as possible to mitigate lasting impacts.

78. The success of the UK's vaccine programme means the UK can now chart a clear course out of restrictions aligned to the Prime Minister's reopening roadmap as we cautiously reopen the economy. Our unprecedented package of support for businesses impacted by Covid-19, as well as the additional measures in the Spring Budget 2021, will strengthen economic recovery and promote long term growth, as we recover from this pandemic and build back better and stronger.