Department for Business, Energy & Industrial Strategy

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Darren Jones MP
Chair of the Business, Energy and Industrial Strategy Committee
House of Commons
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Our ref:
Your ref:

22 December 2021

Dear Darren,

Thank you for the letter dated 16 December from the Business, Energy and Industrial Strategy Committee regarding financial support for businesses and workers.

We recognise that the spread of the Omicron variant means businesses in the hospitality and leisure sectors are facing huge uncertainty, at a crucial time. The Chancellor of the Exchequer announced on 21 December that an additional £1 billion will be made available for those businesses that have been most impacted by the Omicron variant.

Businesses in the hospitality and leisure sectors in England will be eligible for one-off grants of up to £6,000 per premises, plus more than £100 million discretionary funding will be made available for Local Authorities to support other businesses, which is on top of the £250 million of previously allocated funding that remains with local authorities. Around 200,000 businesses will be eligible for business grants which will be administered by Local Authorities and will be available in the coming weeks.

To support other businesses impacted by Omicron – such as those who supply the hospitality and leisure sectors – the Government is also providing a more than £100 million boost to the £2billion Additional Restrictions Grant (ARG) fund for local authorities in England. Through the ARG, local authorities in England will have discretion to allocate this funding to those businesses most in need.

As increasing numbers of COVID-19 cases mean more workers taking time off work, the Government is also reintroducing the Statutory Sick Pay Rebate Scheme (SSPRS). The SSPRS will help small and medium-sized employers – those with fewer than 250 employees – by reimbursing them for the cost of Statutory Sick Pay for COVID-related absences, for up to 2 weeks per employee. Firms will be eligible for the scheme from 21 December 2021 and will be able to make claims retrospectively from mid-January.

The additional measures announced on 21 December will reinforce the existing package of support which is available to businesses, including:

- **An extension of the Recovery Loan Scheme (RLS) to 30 June 2022.** This provides a 70% guarantee to lenders so they can continue to support small and medium sized businesses as they recover and grow following the pandemic;
- **Temporary business rates relief worth almost £1.7 billion** next year for eligible retail, hospitality, and leisure businesses in England. This is available until the end of March 2023;
- the **£1.5 billion COVID Additional Relief Fund** for businesses that have not previously had business rates support;
- A **12.5% reduced rate of VAT for hospitality and tourism** to support the cash flow and viability of around 150,000 businesses and protect over 2.4 million jobs, until the end of March 2022;
- The **commercial rents moratorium has been extended to end of March 2022**. This will protect businesses from eviction if they are behind on rent on their premises;
- Access to finance for small and medium enterprises (SMEs) through the **Recovery Loan Scheme**, which is available to June 2022;
- **Bounce Back Loan repayment flexibility** is available, with borrowers having the option to take a 6 month repayment holiday, three 6 month interest only periods or extend their loan to 10 years, which almost halves the monthly payment; and
- BEIS also supports businesses through the **Working Safely guidance**, which aims to reduce the risk of COVID-19 spreading in the workplace.

Further to this, HM Revenue and Customs stand ready to support any business impacted by the coronavirus pandemic through its Time to Pay arrangement, and the Chancellor has asked them to offer businesses in the hospitality and leisure sectors in particular the option of a short delay, and payment in instalments, on a case by case basis, as part of this.

The UK Government is working closely with the Devolved Administrations and businesses across all parts of the UK. The Devolved Administrations will receive around £150 million of funding through the Barnett formula, comprising around £80 million for the Scottish Government, £50 million for the Welsh Government and £25 million for the Northern Ireland Executive.

Throughout this pandemic, BEIS has engaged closely with businesses, business representative organisations and the Trade Unions to understand the impact of COVID-19 on businesses and workers, and how we can work together to address the challenges the pandemic has presented. BEIS will continue this engagement, in order to better understand the challenges which the Omicron outbreak is presented to businesses, especially over the winter period.

Yours sincerely,

Kwasi Kwarteng

RT HON KWASI KWARTENG MP
Secretary of State for Business, Energy and Industrial Strategy