



Plan B – A Blueprint for Business Support

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Foreword



Henrietta Brealey
Chief Executive Officer
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The Plan B measures introduced by Government are being implemented at very short notice during a critical trading period for our non-essential retail, hospitality, live events and travel industries, and their supply chains. These sectors are still recovering from past restrictions and will be among those most impacted by Plan B and any associated falls in footfall or consumer confidence.

It is critical that the Government steps up to support impacted businesses. This lobbying document outlines a robust action plan that would offer a short-term, proportionate and practical lifeline to those anxious about what the future may hold for their business.

We will continue to keep our members informed while also standing up for their interests. We have been engaging with local MPs and other regional stakeholders to share our members' perspectives on these latest developments. I would encourage Chamber members to continue to reach out to us and share what Plan B means for them so that we can best represent the local business community.

If the last 21 months have taught us anything, it is that the Covid-19 situation can change rapidly – sometimes for better and sometimes for worse. Regardless of what happens, it is crucial that everyone helps to keep business moving by supporting local businesses this winter.



Raj Kandola
Head of Policy
Greater Birmingham Chambers of Commerce

The continued uncertainty generated by the spread of the Omicron variant, coupled with mixed messaging from Government on tightening restrictions, has put many businesses in an incredibly difficult position.

In light of this, it is essential that the Government uses existing measures within its armoury to target those businesses that are most in need of support across a range of sectors. In particular, speeding up the rollout of the Business Rates Relief Fund and maintaining a long-term reduction in VAT will offer a welcome boost to those operating in hospitality and retail – particularly as many are struggling with massive overheads. These cost pressures will be further magnified over the coming months when Covid loan repayments are due.

Wary of facing another 'pingdemic', it seems that the Government will place their faith on further testing to avoid lengthy isolation periods. Businesses have an important part to play in this process and thus bringing back free test kits for businesses would play a huge role in fulfilling this key objective. As data from our latest Quarterly Business Report reveals, confidence has been steadily building across the business community and time is of the essence if we are to ensure that this positive momentum is preserved.

What is Plan B?

Covid-19 continues to remain a serious public health risk and, in the face of the new Omicron variant, the Government announced on 8th December that England would move to Plan B to tackle the spread of the virus.

The new measures introduced by the Government as part of its Plan B announcements include:

Face coverings

From 10th December, face coverings will be required by law in most indoor public places and on public transport, following their earlier introduction in shops and public transport on 30th November. Face coverings are not required in hospitality venues where food and drink are consumed – such as in pubs, cafes and restaurants – or during exercise, including gyms and nightclubs. Staff are required to wear face coverings in public facing roles. The Government continues to advise that face coverings are worn in indoor places which are crowded and enclosed, and where you may come into contact with people you do not normally meet.

Work from home

From 13th December, office workers who can work from home are advised to do so. Anyone who cannot work from home should continue to go into work but should consider taking regular lateral flow tests. Employers should also consider whether home working is appropriate for employees facing mental or physical health difficulties, or those with a particularly challenging home working environment.

NHS COVID Pass or negative test

From 15th December, certain venues and events will be required by law to check that all visitors aged 18 years or over are fully vaccinated, have proof of a negative test in the last 48 hours, or have an exemption. The use of the NHS COVID Pass is required as a condition of entry into nightclubs, dancehalls and discotheques, or other late night dance venues that are open between 1am and 5am, serve alcohol, have a dancefloor and provide music. The NHS COVID Pass will also be required at indoor events with 500 or more unseated attendees, outdoor events with 4,000 or more unseated attendees, and any events with 10,000 or more attendees both indoor and outdoor. Individuals who have had two doses of a Covid-19 vaccine can still use this method of entry, though the Government will keep this under review following the recent booster announcements.

The Government has also announced its intention to replace self-isolation with daily testing for some contacts of people who have tested positive for Covid-19. Until further details are provided, current self-isolation rules will continue to apply. Those who have come into contact with an individual who may have been infected with the Omicron variant will need to self-isolate regardless of vaccination status or age, and will be contacted by NHS Test and Trace.

“Public confidence has been damaged by these latest announcements, with customers already cancelling their bookings due to the uncertainty and mixed messaging. We are incredibly worried by this and the resulting lost revenue, and are not sure how we will survive if this continues to happen into next year. Without a doubt, we need Government to introduce financial support and the furlough scheme if things return to how they previously were.”

Marija Erzen, Director & Co-Founder, Solutions 2

Case studies

The Greater Birmingham Chambers of Commerce has been meeting with members across Greater Birmingham to understand their initial thoughts and concerns regarding the Plan B announcements, as well as what action they would like to see taken by Government.

Hospitality business based in Sutton Coldfield

“Mixed messaging regarding the severity of Omicron, the effectiveness of the vaccine, and the continued changes to restrictions has severely impacted public confidence and consequently constrained economic activity. This lack of confidence makes it difficult for us to plan and deliver consistent business, and will be felt most acutely by those in towns and cities who will suffer from reduced footfall and decreasing economic activity.”

Hotel based in Birmingham

“The announcement was very vague and unclear. It has not left us in a great position and without support as well.”

Hospitality business based in Meriden

“The timing of these measures could not be worse given the huge cost pressures we are facing. All of our costs have increased and so current measures – and the prospect of additional measures in the near future – have put our business in a really difficult place.”

Hotel based in Birmingham

“It would be really helpful if Government could outline what support it would provide if the situation continues to deteriorate in order to help us plan our 2022 budget. We want to invest in our business, but we lack the confidence to go ahead because we don’t know how much cash we need to set aside should trade continue to be impacted in the new year.”

What is the Greater Birmingham Chambers of Commerce calling for?

- (i) Consistently review the need for additional financial support for businesses that are likely to suffer a drop in demand as a result of the latest measures
- (ii) Offer clear and practical advice for businesses that are expected to implement NHS COVID Pass entry into indoor and outdoor gatherings in less than a week
- (iii) Roll out the Business Rates Relief Fund before Christmas so local authorities can help impacted businesses as soon as possible
- (iv) Maintain a longer-term reduction of VAT in place beyond March to help those hospitality and non-essential retailers likely to suffer due to lower footfall in city centres
- (v) Reduce the cost of PCR testing for international travellers in a bid to maintain demand in the aviation and travel industry
- (vi) Reintroduce free testing kits for businesses as more individuals are expected to take daily tests
- (vii) Explore options for utilising existing resources for supporting the most impacted businesses in the short-term
- (viii) Provide flexibility of the repayment of CBILs to those businesses suffering significant financial hardship but not classed as in distress

(i) Consistently review the need for additional financial support for businesses that are likely to suffer a drop in demand as a result of the latest measures

Businesses have already reported experiencing cancellations and a loss of revenue following the Government's Plan B announcements, with further reductions in consumer demand likely to have a major impact in the coming weeks as we approach the busiest time of the year for many businesses.

Given that formal closures for businesses have not been implemented, the Government is not technically obligated to introduce financial support for businesses at this stage. The GBCC recognises the unprecedented level of financial support provided throughout the pandemic and the need to comply with fiscal targets; however, this option must be kept on the table given the effect on public confidence that the announcements have already started to have on planned bookings, and the subsequent impact this could have on economic activity and job losses. Local firms have suggested that if further restrictions are introduced, additional support could be in the form of the re-introduction of the furlough scheme (including flexible furlough) for businesses operating in the most impacted sectors.

(ii) Offer clear and practical advice for businesses that are expected to implement NHS COVID Pass entry into indoor and outdoor gatherings in less than a week

With some businesses expected to implement NHS COVID Pass requirements with less than a week's notice, the Government must issue clear and practical advice as soon as possible. Businesses will need to plan logistically how they will enforce and monitor such measures, as well as whether they will require additional staffing and financial resources at a time when 87% of venues are still looking to fill currently advertised roles.

We would encourage the Government to run an emergency helpline in which businesses can access the technical support they require and share best practice from businesses based in the devolved nations that have experience in using similar systems.

(iii) Roll out the Business Rates Relief Fund before Christmas so local authorities can help impacted businesses as soon as possible

In total, £16bn worth of support has been provided via the business rates system during the pandemic, with a £1.5bn Business Rates Relief Fund announced by the Government as part of this process. The Fund was designed to support businesses in the retail, hospitality and leisure sectors that missed out on business rates relief; however, as of December 2021, the funds have still not been made available for impacted businesses.

We would urge the Government to expediate the rollout of the Fund to ensure that money is provided to local authorities before Christmas so that businesses can experience the benefits of the relief as soon as possible. Given that footfall in Birmingham city centre dropped by 46% in the 12 months preceding June 2021, and is expected to fall again following the Plan B announcements, it is vital that the Government acts quickly in a bid to assist those businesses still suffering from huge overheads.

(iv) Maintain a longer-term reduction of VAT in place beyond March to help those hospitality and non-essential retailers likely to suffer due to lower footfall in city centres

Despite an upturn in economic activity since national Covid-19 restrictions were lifted over the summer, cost pressures for businesses are steadily rising. The Q3 Quarterly Business Report revealed that over a quarter of respondents saw their cash flow position weaken over the previous three months. In addition, 22% of local businesses expressed concern over the impact of inflation on their output, which is perhaps no surprise given that the Consumer Price Index reached a ten year high of 4.2% in October.

With businesses attempting to recover from reduced operations and the effects of Brexit, alleviating such cost pressures by extending the reduction of VAT beyond March will undoubtedly help those hospitality and non-essential retailers likely to suffer as a result of reduced consumer spending and lower footfall in city centres. The emergency rate of 5% – which was introduced at the start of the crisis – has helped many businesses stay afloat. Restoring VAT to its previous levels may result in numerous businesses having to forward on the cost to their customers which will subsequently have a negative impact on consumer demand.

Maintaining a reduction in VAT levels at the current reduced rate will help to provide a short-term reduction in overheads for impacted businesses to enable them to better manage cashflow and/or repayment of Covid-19 loans. The money which many hospitality businesses will save with the continuation of this policy could be used to stimulate investment in training and technology, and ultimately create a raft of jobs as we look to avoid long-term scarring of our regional and national economy. The reduction in VAT has been particularly important for businesses in the hospitality sector, especially as research from the West Midlands Growth Company revealed that Birmingham lost 8.5% of its bars, pubs and licensed restaurants or hotels by the end of 2020.

(v) Reduce the cost of PCR testing for international travellers in a bid to maintain demand in the aviation and travel industry

As a result of the pandemic, the aviation and travel industry has suffered a series of crippling losses over the last two years. As travel restrictions began to ease over the last three months, customer demand for international travel has started to pick up, especially in the run up to Christmas. However, the emergence of the Omicron variant has led to additional travel restrictions being introduced which will likely slow down the pace of recovery in these industries. Such restrictions include pre-departure testing for passengers travelling to England, the guidance for which has lacked clarity and is confusing for travellers who are now nervous about getting stuck abroad and are cancelling flights.

Extending the red list to include countries where case rates are rapidly rising is a sensible step and in line with other European countries that are also tightening rules. However, the re-introduction of PCR testing is likely to have wide-ranging consequences for the travel industry, particularly if the additional cost and administrative burden have a negative impact on consumer demand levels.

The aviation industry is a vital part of the UK's economy, generating £1bn per week towards UK GDP and supporting half a million jobs in all corners of the country. As such, we urge the Government to work with providers of PCR testing to reduce the cost associated with taking tests to drive customer activity and provide a much-needed boost to this crucial sector.

(vi) Reintroduce free testing kits for businesses as more individuals are expected to take daily tests

Between March 2020 and February 2021, more than 2.5 million tests were distributed to businesses across the public and private sectors to help control the spread of the virus. Given the high case rate across the UK – which surpassed 335,000 during the week the Plan B measures were announced – and the intention to introduce daily testing for contacts, the Government must re-introduce free testing kits for businesses. This will help to both control the virus and give businesses the confidence needed to continue operating as normal.

(vii) Explore options for utilising existing resources for supporting the most impacted businesses in the short-term

Local authorities across the country received Additional Restrictions Grant funding to support those businesses unable to directly access the main Covid-19 support schemes or in need of additional funding. Many of these programmes have limited funds remaining but, based on early engagement, not all authorities believe that they could be utilised to support businesses that have previously received funding under this scheme.

We would welcome an opportunity to explore with local authorities and government stakeholders what funding remains and whether there could be scope to utilise elements to support the most impacted businesses in retaining jobs and contributing to local economic development aims.

(viii) Provide flexibility of the repayment of CBILs to those businesses suffering significant financial hardship but not classed as in distress

The Coronavirus Business Interruption Loan Scheme (CBILs) offered a crucial financial lifeline to businesses struggling to survive the pandemic. The government-guaranteed loan was made available to eligible businesses with an interest-free period of 12 months applied.

Given the extensive cost pressures many businesses are currently facing, we would urge loan providers to offer a degree of flexibility around the forbearance agreements to give more firms the breathing space they need to repay their debts whilst also investing in their business. A number of viable businesses face the prospect of being declared as a company in distress if they wish to extend the length of their repayment terms, which further adds unnecessary complications in already challenging times.

Further Support

For more information about the current measures and guidance in place, please visit our [Covid-19 Hub](#), which is updated regularly. More detailed information about the support available for businesses can be found on our [Covid-19 Support Grid](#), which sets out the various support mechanisms that businesses can still access during this time.

To get in touch with us about any issues you are facing or queries you have – or to provide us with a case study – please email our [Keep Business Moving inbox](#).

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