

Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London, SW1A 2HQ

23rd December 2021

Dear Chancellor,

Following your announcement on Tuesday 21st December regarding extra financial support for businesses hardest hit by Covid-19, we are writing to seek further clarity on these measures and to outline additional action that needs to be taken to ensure that local businesses survive the coming months. Collectively, our organisations represent 4,248 businesses in the Greater Birmingham area.

The support package you announced is a welcome first step, providing much needed assistance to businesses significantly impacted by the Omicron variant. However, fundamental concerns for businesses persist:

Scale of support: Impacted businesses are entering the latest phase of the pandemic with severely diminished reserves, or are reliant on government-backed loans, as well as facing rising costs of energy and supplies, fixed overheads and difficulties recruiting into their sector. Businesses that are more reliant on Christmas trade and situated in higher cost areas have made clear that the latest support package is a mere drop in the ocean in comparison to the significant cost pressures that they are facing, and will continue to face, due to lost trade, severely damaged public confidence and decreased footfall in towns and city centres (see case studies in appendix for examples).

Speed of support: Due to the unexpected nature of the collapse in customer demand during what was set to be an exceptionally busy trading period, impacted businesses are facing critical cashflow issues now and need support to reach them urgently. Past announcements on Covid-19 support have often been followed by significant delays and many of these businesses cannot afford for this to be repeated.

Duration of support: Businesses lack clarity on the period for which this support is intended to cover and whether additional financial assistance will be issued if current measures and conditions persist into next year. This is hampering their ability to plan effectively.

Breadth of support: While the additional ARG support is welcome, due to the narrow scope of the sector grants and potential need for additional support for businesses with higher overheads, we are concerned that it will not extend far enough. The latest available data suggests that there are 34,000 businesses in the most immediately impacted sectors across the West Midlands that employ nearly 300,000 individuals and generate over £15 billion for the regional economy¹. There are many more impacted businesses in their supply chains (see appendix for examples).

What happens next: Without clarity from Government regarding potential additional measures, many businesses are facing a winter of uncertainty with difficult decisions to make in the coming days and weeks. Businesses need to understand what scenarios they may be facing in the new year, the

¹ Most impacted sectors: hospitality, the visitor economy, tourism, live events, leisure, non-essential retail.
Source: [Business Population Estimates for the UK and Regions 2021](#), Department for Business, Energy and Industrial Strategy

minimum notice they will have on new restrictions, and whether additional support would be made available – and how quickly – in these scenarios.

The support provided by Government thus far – from the Coronavirus Job Retention Scheme to COVID grants and loan support – has been unprecedented and undoubtedly saved many businesses and livelihoods over the past two years. As such, we urge the Government not to allow this past investment to go to waste by leaving impacted businesses out in the cold at this critical juncture, and are calling on you to take the following action:

Businesses are seeking a comprehensive package of support including:

- I. Realistic notice of new Covid-19 measures and that all interventions are backed by scientific evidence
- II. Enhanced financial support for businesses, which remains proportionate to the impact of ongoing or enhanced measures
- III. Immediate introduction of the Business Rates Relief Fund, which was first announced in March 2021, to ensure relief gets to eligible businesses as soon as possible
- IV. Introduction of a sector specific furlough scheme
- V. Maintaining VAT reduction beyond March 2022 to help hospitality and non-essential retailers, which are suffering as a result of lower footfall in city centres
- VI. Reducing the cost of PCR testing for international travellers to support consumer demand in the aviation and travel industry
- VII. Reintroducing free testing kits for businesses as more individuals are expected to take daily tests
- VIII. Giving businesses confidence and clarity by outlining potential Covid-19 scenarios and associated measures under consideration and the support that would be provided to businesses in each case.

Businesses want to play their part in curbing the exponential spread of Covid-19, and it is essential for our country that they emerge from this latest phase of the pandemic in a position to return to trade and, in time, grow to support the UK's economic stability.

We recognise that the decisions being made at this time will be difficult, involve many trade-offs and create challenges of their own. Although the Omicron variant is unpredictable and the Covid-19 pandemic is fast changing, the impact on businesses already is clear. We urge you to keep business moving by supporting those hit hardest by the latest developments and to work with the business community by implementing this blueprint for business support.

Yours sincerely,



Henrietta Brealey
Chief Executive
Greater Birmingham Chambers of Commerce



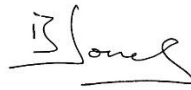
Michele Wilby
Chief Executive, Colmore Business District
On behalf of Birmingham's city centre BIDs



Supported by:



Councillor Ian Ward
Leader of Birmingham City Council



Councillor Brigid Jones
Deputy Leader of Birmingham City Council



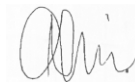
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Tony Elvin
President
Solihull Chamber of Commerce



Jacey Datta
President
Future Faces Chamber of Commerce



Melanie Palmer
BID Director
Solihull BID



Appendix: Case Studies

Andreas Antona, Simpsons Restaurant

“Public confidence has been badly hit, resulting in 1,000 cancellations in the last fortnight for us during what is typically our busiest time of year. We are in a dire situation with lost revenue and rapidly increasing cost pressures, compounded by a total absence of clarity from the Government over what is coming next. We cannot do business without a plan and have no idea whether any potential incoming measures will be accompanied by financial support such as extended VAT rate, extension of business rates relief, and the re-introduction of the furlough scheme.”

Hamza Waris, Pak Travel

“The whole travel industry desperately needs support following two years of mixed messaging and badly damaged consumer confidence. We have seen an increase in cancellations already since the introduction of Plan B and would urge the Government to stop changing travel policies to prevent confusion for both customers and businesses in the industry. The Government must urgently share their long-term plan and provide our industry with tailored support to ensure we survive the latest phase of the pandemic.”

Andrew Goodacre, British Independent Retailers Association

“Independent retail, and retail in general, will feel very disappointed with this announcement. Retail seems to be the forgotten part of the high street. Shops do not have cancelled bookings to shout about. However, we do have lower footfall, cancelled trips to the hops and cancelled purchases – just as much damage but just not as ‘visible’. The Chancellor claims to respond proportionately but he has done nothing for independent retail – a key part of any good high street that will also fail if nothing is done.”

Deborah Leary OBE D.Univ, FRSA, Forensic Pathways Ltd

“The manufacture of one of our core products has been directly and significantly effected as a result of Covid. We are currently experiencing lead times of 35+ weeks for the supply of raw material. In addition the price per kg of the material has gone from £2.20 per kg to £7.31 per kg. The delay in raw material plus the rising cost is having an impact. We are now having to attempt to source an alternative material, which needs to be put through trials in order to ensure that it is fit for purpose. The manufacturing sector is being hit hard both in terms of lead times, increased costs of materials and freight along with staffing issues as a result of employees and their supply chains suffering from absences due to infection. It is critical that the support being offered is applied across all industries suffering as a result of the pandemic.”

Sam Morgan, Craft, Divide, 8 and Divide by 8

“At face value, £1 billion sounds like a large amount of money; however, when you consider £6,000 is equivalent to 7.4 per cent of business we have lost, you realise it really isn’t. Previous grants were also woefully inadequate as only covered 13.9 per cent of the loss we incurred. This simply shows a repeat of the previous lack of support which meant businesses needed to take out substantial debt to survive.”

Events business in Sutton Coldfield

“Since the Government made its Plan B announcements, 90% of our January projects have already been postponed and we are expecting the remaining ones to go in the next few days. The blow to public confidence and the lack of clear messaging has caused cancellations and postponements to sharply rise, resulting in a loss of income for January of over £1.5 million.”

Hospitality business in Meriden

"Cancellations and no shows have skyrocketed since the emergence of Omicron and the introduction of Plan B measures. During our most critical trading period, we have already received hundreds of cancellations, totalling over 1,350 since 1st December, and anticipate this will continue to rise further."

Events business in Coventry

"We are concerned by the lack of support for the exhibition and event sector and want to see furlough reintroduced to ensure we can keep our staff employed, having had to furlough many of them during the past two years. The one-off payment of £6,000 does not come close to replacing the £1 million worth of sales we have already lost for January and February."

Venue in Birmingham

"We have lost over £100,000 of business and potential business already, and thus the £6,000 compensation is a completely inappropriate and incomprehensible response to our business needs. The current guidelines are so ambiguous that our clients are finding it hard to interpret whether they should attend events and, if the current restrictions continue beyond January, we will find ourselves with an unsustainable level of debt that will burden the business very heavily over a prolonged situation. This situation will not be survivable for many small businesses."

Small restaurant chain in Birmingham

"The support package presented by the Government does not reflect the nature of the problem. There is no support for employees who are not getting their hours. The impact on cash flow for businesses is far higher than £6k, and linking the grant value to rateable values will hit small, independent operators even harder. The Government needs to look at the impact that December and very likely January are going to have mid-term not just short-term. Whilst the announcement might sound good to those outside of the industry, it doesn't provide the real practical support needed. Businesses like us will survive this, one way or another, but smaller businesses and their employees will pay a very big price."

Independent restaurant in Birmingham

"Since the announcement of Plan B, we are down by more than 50% in bookings and revenue. With mixed messages from Government, the majority of our client base who are over 40s are unwilling to take the risk of getting Covid and spoiling their Christmas. This lack of clarity has also led to a slew of Corporate cancellations - all of this with no Government support. We will unfortunately see a lot of hospitality businesses fold after December. We heavily rely on December trade to carry us forward for the next quieter months. Stakeholders such as Landlords are now not able to continue to be lenient with fixed costs such as rent causing a perfect storm. No one can help the emergence of the new Covid variant; however, ministers need to realise the sheer numbers of jobs at stake here (not just businesses) without appropriate support and clarity."

Hospitality business in Birmingham

"We are very concerned currently given the drop in footfall we had at our on-site taproom over the weekend, which was supposed to be the one of the busiest trading periods of the year. Additionally, all of our trade customers which provide over 50% of our revenue are also down massively. As such, we are very concerned as to how we'll financially last through January which already is one of the worst months of the year as a brewery. We are a small business that has managed to diversify through Covid to survive, which means we've had to grow to support these new avenues and product lines, this growth makes us even more vulnerable due to our increased overheads. We now employ a total of 26 staff whose jobs will be at risk if we cannot find a way through."