

Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
Her Majesty's Treasury
1 Horse Guards Road
London
SW1A 2HQ

9th December 2020

Dear Chancellor,

Further to the Greater Birmingham Chambers of Commerce's letter dated 3rd December 2020 with an appeal to ring-fence the funds returned by major retailers for use as additional business support (click [here](#)), I am writing to share with you the wider support this proposal has gained among the local business and civic community:

We, the undersigned, believe that the Government should commit now to ring-fencing the significant funds due to be returned to the Treasury and **#BackOurBusinesses** through these unprecedented times.

- Ring-fence the funds from returned business rates relief, Coronavirus Job Retention Scheme grants, other relevant government COVID-19 support and unspent Small Business and Retail, Leisure & Hospitality COVID-19 grant allocations and commit to using it to support businesses
- Utilise this funding to enhance support for the businesses most in need with a focus on providing cash to cover overheads of businesses required to close, the discretionary funds available for local authorities to target based on local need and delivering support for those excluded from current schemes

We appreciate that resources are limited and that the Government has already delivered a record package of support for impacted businesses. But these unprecedented times are not over yet.

We believe that these unexpected funds - which had already been allocated to supporting businesses – should be ring-fenced and used to support those businesses, (and their suppliers), most impacted by the current economic climate and COVID-19 measures and those excluded from current support schemes.

This is just one piece of the puzzle in terms of supporting businesses through to economic recovery and a number of wider measures are also urgently needed, such as:

- Targeted extensions to businesses rates relief for 2021/22
- Removing the requirement to pay NI contributions of staff furloughed with the Coronavirus Job Retention Scheme among businesses required to close under tier 2 or 3 restrictions
- Extension of VAT reductions through to the end of 2021/22
- A further round of optional VAT deferral
- Greater transparency on the evidence base for targeting restrictions at certain sectors, the economic impact of key measures and the criteria by which tiers will be reduced to allow businesses time to plan effectively

As the Prime Minister said himself recently; “a stitch in time saves nine” and saving previously viable businesses and jobs through this short term dramatic disruption will result in a stronger economic and social outlook (and associated higher tax returns and lower defaults on Government backed loans) for many years to come.

A vaccine is on its way, the end at last appears in sight - let's not let more businesses fall at this final hurdle. We urge you to use these unexpected funds to **#BackOurBusinesses**.



Paul Faulkner
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Louise Bennett OBE DL
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Coventry & Warwickshire Chamber of Commerce

Corin Crane
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Black Country Chamber of Commerce

Sara Williams
CEO

Staffordshire Chambers of Commerce

Rt Hon Liam Byrne MP

Steve McCabe MP

Cllr Brigid Jones, Deputy Leader, Birmingham City Council

Cllr Jayne Francis, Cabinet member for education skills and culture, Birmingham City Council

Fred Grindrod, Councillor for Bournville and Cotteridge Ward, Birmingham City Council

Rich Bishop, Regional Chair, FSB West Midlands

Michele Wilby, Chief Executive Officer, Colmore Business District

Luke Crane, Executive Director, Jewellery Quarter BID

Julia Robinson, Bid Manager, Southside BID

Melanie Palmer, CEO, Solihull BID Co Ltd

David Alexander, Chairman, Alexander Accountancy

Chris Wheeler, Director, Auditel

Keith Stokes-Smith, Chairman of BCA, Birmingham Commonwealth Association Ltd and Hon Chair, Greater Birmingham Commonwealth Chamber of Commerce

Tony Lear, Director, Business Assist Ltd

Elaine Powis, Director, CLEANAVATOR LTD

Tom Mongan, President, Coventry & Warwickshire Chamber of Commerce

Lyndsey Watson, Director, Crescent Motoring Services Ltd
Steve Rogers, Partner, Dains LLP
Beverly Lindsay OBE. OD, DL, CEO, Diamond Travel
Deborah Leary OBE, CEO, Forensic Pathways Ltd
Jacalyn Datta, Chamber President, Future Faces Chamber of Commerce
Shaun Gray, European Managing Director, Ginho Europe
June Glackin, Creator of Utter Loveliness, Junie Poonie Events
Jason Challoner, President, Lichfield & Tamworth Chamber of Commerce
Prof Martin Levermore, Chief Executive Officer, Medical Devices Technology International Ltd
Pam Sheemar, Entrepreneur Development Manager: Entrepreneurship Team, NatWest
Irene Allan, Director, Opus Restaurant
Ben Ternent, Chef Director, Opus Restaurant Ltd
Ann Tonks, Managing Director, Opus Restaurant Ltd
John Pincombe, Director, Pink Print Solutions
Namrita Sharma, Business Owner, Pink Spaghetti PA Services Solihull
Kevin Johns, Managing Director, Prime Accountants Group
Gill Durkin, Business Development Director, PTP Training Ltd t/a Performance Through People
Victoria Miles, Owner, Redbeer'd Bar
Robert Elliot, Director, RisE 2020
Roberto Ross, Owner, Roberto's Bar and Tasting Club
John Callaghan, Principal & Chief Executive, Solihull College & University Centre
Mani Hayre, Business Investment, Solihull Council
Marija Erzen, Owner, Solutions2 UK Ltd
Jo Ciriani, Director, Spaghetti Agency Ltd
Tracey Stephenson, Managing Director, Staying Cool at Rotunda
Phil Arkinstall, President, Sutton Coldfield Chamber of Commerce
David Mitchell, Managing Director, the marketing people
David Green, Director, The Mighty Shed
Amy Seton, Owner, The Whisky Clubs Group
Martin Clarke, Owner, TMC
Tony Elvin, General Manager, Touchwood Solihull
Neelam Afzal, Director/Solicitor, Wildings Solicitors

Appendix A: Further Detail & Evidence from the GBCC

Issue	Evidence	Proposal	Intended Outcome
<p>Previously viable businesses are experiencing critical, short-term cash flow issues. This has arisen from a combination of plummeting customer demand, investing in COVID-secure premises and restricted capacity due to Government policy aimed at stopping the spread of COVID-19. Loans alone are not viable due to high levels of debt already accruing in the business community. Action must be taken to get cash to businesses in need to prevent a wave of business failures in the most impacted sectors and, by consequence, yet further increases in unemployment.</p> <p>The current COVID-19 grants of up to £3,000 a month for closed businesses are welcome but cannot cover the overheads of businesses with larger premises/in higher rent areas/paying NI for significant numbers of staff on furlough or otherwise have significant fixed overheads.</p>	<p>47% of Greater Birmingham businesses reported that their cash flow position had worsened between Q2 and Q3 2020 (GBCC QBR)</p> <p>42% of respondents took on debt during the crisis, with more than 1 in 4 businesses saying they may need to scale down operations to repay and 1 in 10 saying they might have to cease trading (British Chambers of Commerce & TSB national survey of businesses, August 2020)</p> <p>Redundancies increased in June to August 2020 by 113,000 on the year, and a record 114,000 on the quarter, to 227,000 (ONS)</p> <p>There was a 70% increase in the number of company dissolutions in March 2020 compared to March 2019 (Enterprise Research Centre)</p> <p>As of 18th October, £61.93bn in Government backed Bounce Back, Coronavirus Business Interruption & Coronavirus Large Business Interruption loans had been issued (HMT)</p>	<p>Remove the requirement to pay NI on staff furloughed through the CJRS for businesses required to close under the tiers 2 and 3</p> <p>Ring-fence the c.£2bn in expected funds from returned business rates relief, Coronavirus Job Retention Scheme grants, other relevant government COVID-19 support and unspent Small Business and Retail, Leisure & Hospitality COVID-19 grant allocations and commit to using it to support businesses</p> <p>Utilise this funding to enhance support for the businesses most in need with a focus on providing cash to cover overheads of businesses required to close, the discretionary funds available for local authorities to target based on local need and delivering support for those excluded from current schemes</p> <p>Deliver urgent clarity and detail on the funding streams that will replace ERDF for business support after the end of the Brexit transition period</p>	<p>Lower rates of business failures and lower levels of unsustainable debt leading to a quicker economic recovery, fewer unemployed requiring government support and lower defaults on Government backed loans</p>

Issue	Evidence	Proposal	Intended Outcome
<p>Businesses and individuals are falling through the gaps between existing Government support schemes, such as:</p> <ul style="list-style-type: none"> Newly self-employed Those earning less than 50% income from self-employment Self-employed with +£50k trading profits PAYE freelancers New starters Directors paid PAYE Annually Directors paid in Dividends Directors of Companies not in Profit New Businesses 	<p>To be eligible for the Self-Employment Income Support Scheme, individuals must have traded in both the tax year 2018 to 2019 and 2019 to 2020. The same criteria apply to the Self-Employment Income Support Scheme Grant Extension, excluding those who became self-employed more recently.</p> <p>The Self-Employment Income support scheme does not cover the 1.8m who are owner-managers of their companies, paying themselves mostly through dividends. Owner-directors typically structure their accounts so they receive around £800 per month via pay-as-you-earn (PAYE) but take the majority of their income as taxable dividends (FSB)</p>	<p>Utilise a portion of the ring-fenced funding proposed above to provide equivalent support for individuals and organisations significantly impacted by COVID-19 but unable to access other existing support schemes.</p>	<p>Significantly reducing hardship, and, as such, demand for public services, among these groups and ensuring they are positioned to capitalise on and contribute to economic recovery after measures are lifted</p>

Issue	Evidence	Proposal	Intended Outcome
<p>Businesses are being detrimentally impacted by frequent, short term changes to COVID-19 regulations and support. They are deeply concerned that they are being implemented without a clear “exit strategy” for how and when they’ll be lifted and how the period they are enforced will be used to reduce the risk of future measures</p>	<p>On the 18th October CEOs of 52 accredited Chambers of Commerce representing 75,000 firms of all sizes and sectors across the UK employing nearly six million people joined the British Chambers of Commerce in writing to the Government to call for the application of 5 simple business tests when deciding COVID-19 measures</p>	<p>Apply the British Chambers of Commerce “5 Business Tests” to proposals for further COVID-19 measures and retrospectively on existing measures – such as the 10pm curfew. The tests are:</p> <ul style="list-style-type: none"> • Are the restrictions evidence-based and targeted effectively? • Are the restrictions clear and do businesses have time to prepare? • Is support for businesses commensurate with the impact on them? • Will the time that the restrictions are in place be used to significantly improve the Test, Trace and Isolate system? • Is there a clear process for increasing and decreasing restrictions? 	<p>Improved targeting of, understanding of and compliance with COVID-19 regulations</p>

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<p>Businesses expect to be feeling the impact of COVID-19 well in to 2021/22 and need a framework within which to plan for the longer term while managing short-term cash flow pressures</p>	<p>At the 7th June, 113,500 VAT payments worth £28.2bn had been deferred under the VAT Payments Deferral Scheme – 32% of all payments eligible for deferral (HMRC)</p> <p>40% of Greater Birmingham based businesses expect their turnover and profitability to worsen over the next 12 months as of Q3 2020</p>	<p>Bring forward further interest free deferral of VAT payments</p> <p>Extend existing VAT relief measures for the hospitality sector through to at least the end of Q3 2021</p> <p>Expand VAT reliefs to include cold food consumed onsite and alcoholic beverages</p> <p>Extend business rates relief measures for the most impacted sectors through to 2021/22</p>	<p>Achieve lower rates of business failures and lower levels of unsustainable debt leading to a quicker economic recovery, fewer unemployed requiring government support and lower defaults on Government backed loans.</p>

For more information please contact:

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