



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Tim Farron MP
House of Commons
London
SW1A 0AA

Your ref: TF122052
30 November 2020

Dear Tim,

Thank you for your email of 18 September to the Chancellor of the Exchequer enclosing correspondence from your constituent, Adrian Faulkner, about COVID-19 financial assistance. I am replying as the minister responsible for this policy area. Please accept my apologies for the delay in responding to you.

The Government recognises the extreme disruption that the pandemic has had on businesses, employment and the nation's economy. Our goal remains to protect people's jobs and livelihoods. That is why we have provided one of the most comprehensive and generous packages of support globally. This support has included billions of pounds for businesses through loans and grants, support for millions of jobs through the Coronavirus Job Retention Scheme (CJRS) and Self-Employment Income Support Scheme (SEISS), deferred VAT payments, and a lease forfeitures moratorium for commercial tenants.

You will by now be aware that, following the Prime Minister's announcement of further national restrictions to prevent the spread of the virus for the month of November, we confirmed that we would provide significant extra support for businesses. This is because we know the economic effects are much longer lasting for businesses and areas than the duration of any restrictions. These new measures, on top of the existing £200 billion package of support we have committed since the beginning of the crisis, will continue to ensure that individuals and businesses who temporarily cannot trade or

have suffered reduced demand due to the pandemic are supported over the coming months.

To protect jobs and businesses, including those in the hospitality sector, we have extended the Coronavirus Job Retention Scheme (CJRS) for all parts of the UK until the end of March 2021. This will allow eligible employees to receive 80% of their usual salary for hours not worked, up to a maximum of £2,500 per month. Businesses will have flexibility to use the scheme for employees for any amount of time and shift pattern, including furloughing them full-time. Employers will only be asked to cover National Insurance and employer pension contributions; there are no employer contributions for hours not worked. We will review the policy in January to decide whether economic circumstances are improving enough to ask employers to contribute more.

Hospitality businesses are being supported by the Local Restrictions Support Grant – Closed scheme, under which businesses in England forced to close due to national or local restrictions receive up to £3,000 per month. This is worth over £1 billion a month with the current restrictions in place to the benefit of over 600,000 business premises. 90% of small and medium sized business premises in the closed Retail, Hospitality and Leisure sectors should broadly have their monthly rent covered by these grants. Hospitality businesses also benefit from the reduction in VAT to 5% from 20% and business rates relief until the end of March 2021.

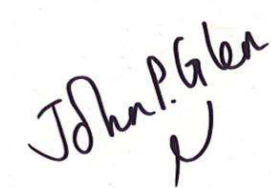
Furthermore, all local authorities in England will receive additional funding in the form of a one-off payment worth £20 per head of population – a total of £1.1 billion across England. This funding is designed to support local businesses by complementing the Local Restrictions Support Grant schemes. We encourage Local Authorities to set up a discretionary grant scheme using this funding e.g. for those businesses who are affected by closures, but which are not legally closed themselves. However, local authorities can also use it to support businesses indirectly including by providing additional guidance and support for businesses in their areas.

During this difficult time the Treasury is working intensively with employers, delivery partners, industry groups and other government departments to understand the long-term effects of COVID-19 and specific challenges in the economy. We will continue to monitor the impact of government support with

regards to supporting businesses and individuals and will take swift action where necessary.

Please pass on my thanks to Adrian Faulkner for taking the trouble to make me aware of these concerns.

Yours sincerely,

A handwritten signature in black ink that reads "John P. Glen" with a stylized flourish underneath.

JOHN GLEN