

**Protect  
Care and Invest  
to create a  
better borough**



The Rt Hon Rishi Sunak  
Chancellor of the Exchequer  
House of Commons  
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Date: 21 April 2020

Our Ref: SD/nw

Your Ref:

Dear Chancellor

While we welcome the Government's interventions to support business through this incredibly difficult time we are writing to express our concerns at the number of local businesses who are finding they are unable to access the support that they need through the existing Government business interventions.

Since the outset of this crisis we have engaged with over 3,000 local businesses with more continuing to contact our hotline daily. We are providing phone and on line access 7 days a week to a team of business support officers to advise and proactively support businesses to access the options on offer. To date we have received over 2,400 applications for business grants and have processed 94% of these. We have approved around 90% of the applications processed and have already distributed over £23m. Where we have tenants in crisis we are working on tailored arrangements to sustain them and engaging with our major commercial landlords as well as working with our housing, community and voluntary sector in our commitment to support our communities.

However from the feedback we are hearing from businesses of all sizes and across sectors there are significant gaps in the current support offer and this is meaning real hardship for many. This will ultimately mean not only businesses that will fail and consequent unemployment and damage to the economy but is already leaving local people across our communities struggling to support their families, vulnerable and reliant on public support.

We ask that the Government consider what further measures can be taken to address the gaps in support outlined below and to do so quickly:

- i) Cashflow – this is the critical issue for businesses now and we need all interventions to be in place as quickly as possible and recognise that for many businesses who are already eating into their savings they cannot wait 2-3 months for money to flow.



- ii) Loan finance – this is not the answer for the majority of businesses – many already have loans in place and with the impact of Covid-19 and uncertainty of how long restrictions will be in place simply cannot afford to take on more debt. Those that are approaching the banks are finding the process slow and while recent rule changes are welcome, it is not a solution for the small and medium sized companies that make up the majority of the business base.
  
- iii) Business Grants –
  - a. While we have approved 90% of applications we still have many who are being denied grants predominantly because the rateable value of their premises are above the governments' defined limit (which is very restrictive). Some of these businesses are just above the limit. Businesses are being proactive and contacting the Valuation Office but the appeals process is extremely slow and many are struggling to make contact with the Valuation Office. We ask that Government review the very restrictive rateable value limit and offer greater flexibility to Local Authorities for businesses close to the limit with a tapered cut off rather than an absolute cut off limit. We also ask that investment is put immediately into the Valuation Office to ensure that businesses receive the swift response that they need to appeals and that this response reflects the impact of the current situation
  - b. Business rate concessions are needed for larger businesses across sectors including the manufacturing supply chain. These companies are the lifeblood of our economy and are already struggling as the major automotive companies continue their shutdowns
  - c. Many small businesses which fall within the business grant guidance are operating from a space shared with other businesses and where they are not the ratepayer. In these instances businesses are unable to benefit. As a landlord we have already acted providing rent free periods if our tenants have been affected in this way effectively mirroring the benefit they would have otherwise received. Where we can we are lobbying for other landlords locally to respond in the same way, but ask that Government review the rules to ensure that landlords pass on the benefit to their tenants and that these businesses may also benefit from the business grant system. Hairdressers that rent a chair in a salon also fall in to this category.
  - d. Small Business Grant is awarded to properties that qualify for Small Business Rates Relief; the relief can only be awarded in respect of one business property. There are businesses, and in particular small scale manufacturers, with two or more properties (such as adjacent workshops) that are unfairly losing out on the opportunity to receive Small Business Grant even though the aggregated rateable value of both premises does not exceed the £15,000 limit.

- iv) Homeworkers fall outside the Government interventions on offer and we are seeing this across sectors from business and professional workers such as accountants to painters and decorators.
- v) Some Business directors paid through dividends are not eligible for HMRC job retention funds like their staff and this anomaly needs to be addressed
- vi) The hospitality industry supply chain is struggling but is again falling outside the current guidelines for grant support. These businesses do not supply direct to the consumer and rely on sales to the hospitality and leisure sector.
- vii) Coach operators which rely on day trip business are not able to operate and don't fall within the guidance.
- viii) A critical issue is availability and ability to access PPE across the primary and health care sector. However while the NHS are exempt from paying VAT on PPE this benefit is not available to Care Homes and we ask that a change is made to ensure that all who need to buy PPE to protect their staff and volunteers, are exempted from VAT on PPE.
- ix) Looking forward into the recovery phase it will be key to ensure that ERDF/ESF programmes are able to respond to the issues that businesses will be facing. We ask that Government work with lead authorities for business support programmes to ensure the flexibility is in place around outputs to ensure funds are channelled to support recovery.

We are in unprecedented times and we want to work with Government and our local MPs to ensure that the economy – locally and nationally – remains as resilient as possible and that we do all we can to protect our business base now to aid recovery. We ask that the issues raised above are addressed swiftly to provide the necessary tools to achieve this.

Yours sincerely



Cllr Shaun Davies  
Leader, Telford & Wrekin Council

c.c. Rt Hon Keir Starmer MP  
Rt Hon Edward Miliband MP  
Rt Hon Robert Jenrick  
Anneliese Dodds MP  
Steve Reed MP  
Lucy Allan MP  
Mark Pritchard MP

## CASE STUDIES

### **J&PR, Glebe Centre, Wellington Telford – employ 8 staff and are not eligible for grant as they occupy shared premises:**

Kirsty Smallman and Rhea Alton launched J&PR Ltd in a mixed use building in Wellington, Telford 10 years ago.

Kirsty said: "We lost more than £20,000 of business in 48 hours as we manage several events which were all due to take place in the next three months. Because we are in a multi-use office block we do not qualify for the £10,000 Government grant. We also cannot furlough ourselves as directors as we need to work on the business and ensure it is still standing when this is all over.

"Despite our office being closed we still have to pay our rent, our phone line and IT bills and are fighting so our business is here for the future. We feel we have been ignored by all aspects of the Government support.

"We have heard how businesses can claim the £10,000 even though they are still working and earning and self-employed can claim and also carry on working. Employers of small businesses like ours are desperate for help. The Government need to take another look at those who have so far fallen through the gaps."

### **Jungle-land operate a soft play warehouse business employing 10 permanent and 20 part time staff. They operate from a large premises because of the nature of the business, but their overheads are high. They have problems with cash flow and are not in a position to take up a government backed loan.**

"We are an independent business operating in a large premises (rateable value over 51,000) and therefore do not fit the criteria for a grant and my successful award winning business, running for 12 years with 30 staff is in need of financial support and we have slipped through the net" Belinda Griffiths, Director.

### **Corbetts is a long-established engineering company, closely connected to the construction sector and employing some 65 staff. They have problems with cash flow and the time frame for repayment through the furlough scheme.**

Statement below;

I think we were all pleased to see efforts to address the immediate concerns of certain sectors but the same level of level of attention should have been paid towards the SME market including the manufacturing sector from the offset.

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The message from Government clearly outlining the rules for the manufacturing sector came too late which has had a severe knock on effect to the supply chain within the market in which we operate in.

Whilst we welcome the support on deferred VAT and PAYE payments, the delay in receiving financial assistance in terms of repayments via the Furlough Scheme is not acceptable when revenue lines are being squeezed week on week.

There is a real disconnect between packages available for small enterprises like business rate holidays that have not been extended to SME level which would have greatly assisted with short term cash flows especially when grants to bridge the gap short term are also not available.

**Sophie Williams (nee Boothroyd)**  
Finance Director & General Manager

1860-2020

**Aroma is a small chain of 3 cafe's. Overall the business employs 45 with 12 employed in the Telford branch. The Director/owner of the company has given the following statement, summarising the issues they face:**

As an independent business, Aroma Café Bar trades in a Telford shopping centre with a rateable value of £81,000.

When the Corona virus crisis became apparent, the footfall in the centre fell down sharply and our sales dropped by almost 90% by mid-March and then to nothing from 20 March after Government closure.

We don't qualify for a business grant as our rateable value is over £51,000.

Our 12 staff are furloughed but since we are directors, our salary is made up of dividends on profits which are not covered by the self-employed scheme so our staff are being paid 80% of their salary and we as the owners are not covered.

Our rent and service charge is payable 3 months in advance amounting to £22,000 which was due on 1<sup>st</sup> April but we are not trading.

Our cashflow will cover this month's liabilities only.

It's a desperate situation as with all commercial leases, they require a personal guarantee which if this situation continues, we risk not only losing our livelihood, but our home as well. Many thanks for thinking of us  
Kind regards

David



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**Liquor Lab is a restaurant/bar located in Telford's Southwater development. It employs 12 people and is a small business in a large premises with no access to grants. The business owner has said:**

'Whilst the Coronavirus Job Retention Scheme has provided a lifeline in helping to cover payroll costs, businesses still have many ongoing overheads to pay. Despite the Retail and Hospitality Grant Scheme being specifically designed to aid SME's with this, The LiquorLab is not currently entitled to any relief due to the unit's rateable value exceeding the £51,000 threshold. Arguably, businesses above this threshold require more support as their primary fixed costs such as rental and service charges are likely to be higher.

The business P&L naturally just cannot cope with such large fixed costs when we have been forced to close and therefore have no ingoings. As a result, the business is losing £2,000 every week. We are a small business in every sense: we are a true independent, we employ a small number of people from the local community and our turnover is <£1 million. We do not have the cash reserves that larger companies have to survive this. Therefore, we require the threshold for the Retail and Hospitality Grant Scheme to be lifted, or another form of tailored support to be implemented so that SME's with a rateable value above £51,000 receive financial support currently available to other small businesses'.

Regards,  
Matt

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Matt Taylor  
*Managing Director*

