



Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
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Dear Chancellor,

Supporting London businesses during the COVID-19 emergency

Firstly, we wanted to express our warm welcome for the package of measures that you introduced to help mitigate the huge disruption caused to businesses as a result of this pandemic. We can confirm that Ealing Council has been working tirelessly in applying businesses rate reliefs to all relevant accounts and paying grants to all eligible businesses. We have now delivered 82% of the £68.2m that was awarded as part of your aid package to support small businesses, and Ealing is ranked first in London and sixth nationally in issuing business rate grants. We have also gone a step further by introducing measures that allow businesses with rateable values above £51,000 capped at £100,000 to benefit from deferred business rate payments, which is particularly important in a London context where rates are higher than the rest of the UK.

However, you will be the first to acknowledge that acute challenges remain, particularly for those businesses who are unable to access any of the support you have currently made available and are consequently at high risk of being forced to close permanently. Like most other London borough's Ealing is blessed with hundreds of micro and small and medium (SME) sized businesses and sole traders. As local employers, these businesses are part of Ealing's social and economic fabric. In Ealing your current measures are failing to benefit thousands of these workers, and they are therefore falling through the net with dire consequences economically and socially.

To reach these businesses the council has undertaken a COVID-19 Business Survey, and the vast majority of respondents are concerned by their lack of access to your financial support measures, and the very real threat to their businesses and livelihoods being irreversibly damaged or lost as a result. In Ealing the impact is more acute as hundreds of our micro and small business are part of well-established supply chain networks that support Heathrow Airport and the larger businesses operating in Park Royal Industrial Estate. Now with Heathrow closing most of its operations and many larger businesses' productivity severely reduced, the rich diversity of our micro and small businesses is under great threat.



Our analysis shows that your Small Business Grant Fund will only reach 3,205 businesses and your Retail Hospitality and Leisure Grant Fund will only reach 964 businesses. In Ealing this leaves almost 6,500 business ratepayers but will not be able to access this direct support yet have been severely impacted by the current situation. There is also concern for almost 1,800 self-employed within limited company structures who are not eligible for the Self-employment Income Support Scheme and 440 businesses in the creative, arts and cultural sectors whose use classes does not allow any benefit. Many of the self-employed and creative sectors bring innovation and diversity to the UK's economic growth and productivity. We must act now to save these businesses.

London is also home to 58 Business Improvement Districts (BIDs) of which three are in Ealing. BIDs play a critical role in supporting our smallest businesses, keeping our local economies strong and delivering innovative projects that maintain town centres as clean and safe places in which to dwell, spend and invest. With so many BID levy payers now struggling to survive, we need to act now in providing further guidance and support to our BIDs to help them build resilience during the pandemic. BIDs will be central to the recovery phase, so there is an obvious economic incentive to provide greater support.

The Business Secretary has stated the Coronavirus emergency represents “a *challenge to businesses unlike any other they have faced before*” and threatens the survival of many valued local businesses. This statement is reinforced by what Ealing's local businesses are experiencing, with data from circa 900 business respondents confirming that:

- 47% of businesses have temporarily closed, with only 1% operating as normal.
- 13% have already made redundancies and further 6.5% in the process of doing so.
- 42% are suffering significant supply chain disruption, with 24% not confident of managing as a result.
- 56% are very or extremely concerned that they won't survive in the short term (less than 6 months).
- 50% are very or extremely concerned that they won't survive in the longer term (more than 6 months).
- 44% require immediate emergency assistance, evidenced by the fact that 40% of respondents were not eligible for any support in terms of rate relief or grant.

This data acts as a strong evidence base and mandate for Ealing to respectfully suggest seven areas where your comprehensive package of support measures could be improved further.

1. Raise the rateable value thresholds for the Small Businesses Grant Fund (£15,000 currently) and the Retail, Hospitality and Leisure Grant Fund (£51,000 currently) for businesses in London boroughs so that small businesses and

those in impacted sectors in London where property values and rateable values are higher have access to grants.

2. Expand the provision of business rates relief and grants to businesses who are currently not eligible but are suffering as their income and turnover is directly linked to the Retail, Hospitality, Arts and Cultural, Recreation and Entertainment sectors.
3. Extend the Self-employment Income Support Scheme by increasing the qualifying thresholds for self-employed individuals and including individuals operating in a limited company structure.
4. Extend business rates relief to include all workspace providers and stipulate that workspace providers pass on this saving to their tenants. Allow tenants of workspaces who do not currently qualify for Small Business Rate Relief to apply for the £10,000 grant that other micro businesses and SMEs are able to access.
5. Bring greater levels of consistency and regulation into the commercial landlord sector to provide certainty to businesses who cannot afford to pay commercial rents during this time.
6. Extend the Coronavirus Business Interruption Loan Scheme by raising the 80% Government underwriting to 100%, which could be capped at £50,000 and decide on a universal interest cap so lenders do not negotiate loans on commercial terms.
7. Amend the Business Improvement Districts (BIDs) Regulations 2004 to allow BIDs to lower levy rates during 2020/21. Develop a system to subsidise and reduce BID levy payments, which could include paying the levies of businesses that are eligible for business rates relief and/or create a Coronavirus BID Grant Scheme so BIDS in most dire need can apply for funds to maintain basic operations during 2020/21.

We welcome your recent pledge to do “*whatever it takes*” to keep companies and businesses solvent, consequently we trust that you will give these additional suggestions for support your urgent and careful consideration. We also take great confidence that you are willing to make the right call in implementing positive and practical changes as evidenced by your earlier improvements to the Coronavirus Business Interruption Loan Scheme. At a local level we speak with hundreds of businesses on a weekly basis and I can assure you that the measures suggested in this letter would make a difference to Ealing in ensuring our most precious businesses can survive and are ready to drive through the economic recovery phase that London’s and wider UK economy will need.

We would welcome urgent written confirmation of the further support that HM Treasury will be putting in place. We would also welcome the opportunity to have a video conference with you and your officials, alongside members of Ealing’s business

community, to discuss how we can protect our local businesses and advise them on how they can help take charge of driving the economic recovery.

We look forward to hearing from you. Please be reassured that we are here to support your work and we wish both you and the Prime Minister well at this time.

Yours sincerely,



Cllr Julian Bell
Leader, London Borough of Ealing



Cllr Jasbir Anand
Cabinet Member for Business & Community
Services

Cc Rupa Huq MP, Ealing Central & Acton
James Murray MP, Ealing North
Virendra Sharma MP, Ealing Southall
Anneliese Dodds MP, Shadow Chancellor
Dr Onkar Sahota, London Assembly member for Ealing & Hillingdon
Mike Cherry OBE, National Chairman, Federation of Small Business
Matthew Jaffa, Senior External Affairs Manager (London), FSB
Sadiq Khan, Mayor of London
Rajesh Agrawal, Deputy Mayor for Business
Dame Carolyn Fairburn, Director General, CBI
Cllr Clare Coghill, Executive member for Business, Europe and Good Growth, London
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Acton BID