

### What is needed?

The support schemes put in place, including the Job Retention Scheme, have saved many firms and jobs. However, with the UK in a third lockdown many businesses were disappointed by the fact that the current support package is simply not enough to compensate for the severe, on-going, economic impact of the pandemic. It is by no means only retail, leisure and hospitality businesses that are in trouble, with the impact increasingly felt away from the sectors which have been most obviously hit by restrictions. Support must be in place for firms throughout the supply chain and across the economy.

While they understand that the nature of the pandemic means that things can change quickly, the current drip-feed approach to business support measures is too short term and leaves businesses unable to plan. Furthermore, with little chance a full reopening of the economy in the near term, this current approach risks damaging cliff edges for jobs and livelihoods with crucial support measures - including the furlough scheme, Business Rates relief and VAT deferral - currently scheduled to expire in the coming months.

Billions have already been spent helping good firms to survive this unprecedented crisis and to save jobs. These businesses must not be allowed to fail now, when the vaccine rollout provides light at the end of this long tunnel. The support for businesses needs to be stepped up in line with the devastating restrictions being placed on them. Otherwise, many of these firms may simply not be there to power our recovery when we emerge once again.

**The BCC therefore calls on the Government to set out a clear plan for 2021 – working closely with the devolved administrations - and introduce measures to support business cashflow and protect jobs and livelihoods. Although these proposals form part of our 2021 budget submission, many businesses cannot afford to wait until March.**

### How could this be delivered?

#### 1. Protecting jobs and livelihoods

- a. **By extending the job retention scheme** until at least the end of July 2021
- b. **Expanding income protection support for directors of limited companies** by extending the self-employment Income Support Scheme (SEISS) to cover company dividends as well as PAYE salary

#### 2. Supporting business cashflow

- a. **By extending and expanding business rates relief** for businesses in the retail, hospitality and leisure sectors and make available to businesses in more sectors for another 12 months
- b. **Offering immediate and more significant cash grant support** at least equivalent to levels of around £25,000 available in the first national lockdown
- c. **By extending deferral on VAT** until at least the end of 2021
- d. **Enhancing the Government lending schemes**
  - i. Ensure all eligible businesses can access the government lending schemes
  - ii. Further support for businesses who have used government lending schemes

- 
- iii. Replacement scheme for CBILS must be able to sustainably support businesses over a longer period
  - iv. An exit strategy to deal with high debt burdens and support the recapitalisation of the UK's SMEs

**3. Keeping the economy moving**

- a. **Build on vaccination rollout** by working closely with companies across the UK to accelerate the rollout of vaccines, using their space, capacity and people as much as possible
- b. **Improving the Test, Trace and Isolate system** to keep the economy moving and avoid further damaging lockdowns

In addition to these measures, the BCC will soon set out a suite of proposals in advance of the Budget that would provide a boost to the economy and result in the eventual outlay for Government being significantly less.

**Why this is important for firms?**

Our Quarterly Economic Survey for Q4 2020 - which received 6,203 responses from firms across the UK between 2 and 26 November 2020 - found that:

- Almost half of firms reported decreased sales and cashflow.
- Following the sharpest decline in the history of the QES in Q2 2020, all the key indicators in Q4 remained substantially worse than pre-pandemic levels.
- 79% of hotels and catering firms reported a decrease in domestic sales in Q4, a rise from 66% in Q3.
- Cash flow, a key indicator of business health, continued to deteriorate for 43% of firms overall. For hotels and catering firms, 77% reported a decrease.

**For more information**

Our Policy team would be pleased to discuss these proposals in more detail. Please contact [policy@britishchambers.org.uk](mailto:policy@britishchambers.org.uk) in the first instance.