



HOUSE OF COMMONS

LONDON SW1A 0AA

The Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
The Correspondence & Enquiry unit
1 Horse Guards Road
London
SW1A 2HQ

1 May 2020

Dear Chancellor,

First of all please accept my thanks for your continued work to support businesses and individuals during this difficult time. Many of the residents and businesses in Scunthorpe are staying afloat due to the package of support made available by the Treasury, and I express my gratitude on their behalf.

However, having worked with businesses in Scunthorpe there are unfortunately some that have fallen through the cracks of the Treasury's support packages. I am writing to bring your attention to the issues facing those businesses with hope that you and your team may look to addressing them:

Small Business Grant for Multiple Businesses under one Ratepayer

The £10,000 grant for small businesses has provided a lifeline for firms whose cashflow has stalled, but due to strict Government guidance, North Lincs Council was only able to give the grant out to ratepayers. This has excluded sharing commercial tenants in Scunthorpe who are now unsure whether they have to split the grant, or are entitled to their own. From my experience, this also puts some businesses at the mercy of their landlords who may choose not to pass on their grant entitlements.

Despite their best intentions and efforts, North Lincs Council's business team were unable to help. Therefore I would appreciate if the Government could give local councils the discretionary powers to decide if certain businesses within shared premises can qualify for the Small Business Grant.

The taxability of Covid-19 grants

Although feedback has been mostly positive, multiple business owners in Scunthorpe have been frustrated to learn that they may have to return a sizable portion of the Small Business

Grant/ Retail, Hospitality and Leisure Grant (RHLG) as they are classed as 'taxable income'.

I have pointed them towards the Local Authority Guidance which states 'Only businesses which make an overall profit once grant income is included will be subject to tax'. I would appreciate further clarification on this matter, and I share my constituents' concern that the taxability of the grant was not been made clear when it was released.

Retail, Hospitality and Leisure Grant ineligible for companies with a rateable value over £51,000

I have been able to direct hotels and restaurants towards the RHLG to keep them afloat whilst they are forced to close. However, those over the rateable value have expressed their frustration at the "arbitrary" nature of the upper threshold. Hotels, restaurants and leisure facilities employ a lot of staff and contribute heavily to tax revenues in my area, so it is sad to see local businesses struggling to pay running costs because they didn't qualify for the £25,000 grant.

Please could the Government consider tapering grant funding for businesses that have exceeded the upper threshold, or consider giving local councils more discretion on the RHLG threshold so that businesses with a rateable value of £51,001 or higher could access this much-needed provision?

I would also add that constituents with single rate accounts have been denied the grant because unique entities within their businesses, such as hotels with restaurants or leisure facilities, had to be combined into a valuation over the threshold. I do not believe that business owners should be deterred from expansion and innovation. To act on this, can the Government consider working with the Valuation Office Agency in order to respond to the barriers that have prevented businesses with multiple entities from benefiting the grant?

The Responsibility of Insurers

There is a consensus among businesses in my community that insurers are not doing enough to help struggling individuals and businesses in this crisis. I understand that many have accepted that the cost of insurer pay-outs during a global pandemic would be great, and would be open to considering a "partial" payout. However, despite their significant contribution to business insurance over the years many businesses from my constituency have yet to receive a payout of any sort.

My constituents, and indeed myself struggle to find an explanation for the use of business interruption insurance when it has failed to serve its very purpose. I understand that the Government has worked closely with the ABI and has made some progress - unfortunately that does not cover most businesses in Scunthorpe that I have worked with. Surely more can be done to restore the lost faith in the insurance industry?

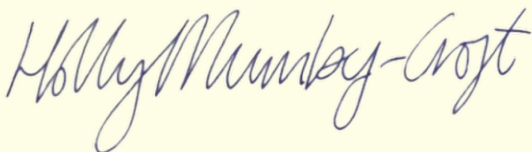
I believe that the Government has done the sensible thing by focusing on its current message - this is the right approach that will prevent a second peak which could mean further economic devastation.

However, as the Government continues to (rightfully) follow the step-by-step scientific advice the economic damage to these businesses that have fallen through the cracks will be sure to continue. I would once again like to ask for you to consider the points raised above to help our businesses in Scunthorpe that have been excluded by the Government's support package so far.

These businesses have been most diligent for all the time they have been in operation and have now been affected by something beyond their control. With recourse to their usual channel (insurance) denied they seek the Government's support so that they will be able to "bounce back", as I am sure we all would, after this crisis is over.

I would like to thank you again for the continued support that you continue to provide to businesses in my area. I wish you and your family good health and look forward to a response from you or a member of your team.

Yours sincerely,



Holly Mumby-Croft
Member of Parliament for Scunthorpe