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Shadow Chancellor to the Exchequer

House of Commons, London SW1A 0AA

Rt Hon Rishi Sunak MP
Chancellor to the Exchequer
1 Horse Guards Road
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9th April 2020

Dear Chancellor,

I am writing to you following my appointment as Labour's Shadow Chancellor of the Exchequer and our first meeting this afternoon. Given the turbulent times we find ourselves in I am keen to work with your team to provide the public and businesses with the support they need.

It is now becoming clear that problems with the design and performance of many of the existing programmes are reducing their take-up. The efficacy of these programmes will be essential to the impact of the crisis on jobs and incomes.

I am deeply concerned that many employers are not adopting the Job Retention Scheme and are instead terminating workers' employment. This is not helped by a lack of fulsome guidance and the delay in implementing the scheme, particularly in comparison with other European countries. An immediate priority for Government must be to increase uptake by making it clear to employers not just that the Scheme is available to them but that they must make use of it wherever feasible.

There are also significant issues with the Business Interruption Loan Scheme, even after adjustments were made last week. It is imperative that take-up of the scheme amongst small businesses is increased. This requires more Government direction and intervention than has occurred heretofore.

There are also of course issues with the coverage of the SEISS scheme for the self-employed, and with the scope, level and delivery of Universal Credit. I have set out detailed questions on both, as well as on the Job Retention and Business Interruption Loan Schemes, in the annexe to this letter.

Finally, international coordination needs to be rapidly increased with your Department leading on extensive coordination with the IMF and with EU policy-makers – on measures to promote liquidity, prevent widespread bankruptcies and potential international contagion, coordinate demand-promoting fiscal measures (where feasible), and prevent damaging barriers to trade.

I look forward to continuing to work with you to address these issues to try to prevent further damage to jobs and incomes in the short and medium term as well as discussing our exit strategy from the current lockdown. I hope we can meet again, ideally within the next fortnight so before the next pay day, which is a natural watershed for many businesses.

Yours sincerely,

Anneliese Dodds MP

Shadow Chancellor of the Exchequer



Annex

A. Job Retention Scheme

- A1. More clarity is required around readiness and process for application- when will this be forthcoming?
- A2. What process will HMT be adopting to promote the scheme further?
- A3. Will HMRC consider extending the scheme to people with an offer of work starting after 28th February, where this offer can be robustly proven?
- A4. Colleagues have raised concerns about lack of short-working within the scheme; we're aware the three-week system is a compromise on this but would be helpful to know whether any further changes can be made to promote flexibility?
- A5. Can it be clarified whether workers in key sectors who need to shield at home can be furloughed as opposed to going onto unpaid leave?
- A6. Re agency and zero hours workers, contractors etc – please can we have a clear direction from Government on Umbrella agencies' responsibility to furlough staff? The Government has clarified that they're eligible in theory, but in practice firms will be able to keep them on the books but just offer no work for the duration of the outbreak, meaning they're not legally 'furloughed' and hence ineligible. Have been specific issues at e.g. Superdrug which has said to agencies supplying it workers that they should be furloughed, but agencies not doing this.
- A7. Seasonal workers – many won't have been on payrolls by Feb 28th, can support be provided?
- A8. Can the issues of tips for hospitality workers and commission for sales staff be looked at again?
- A9. Can clearer guidance be provided to liquidators around the need to furlough staff?

B. Self-employed income support scheme

- B1. Obviously we are receiving major representations from those groups not covered by the scheme: those with under half of their income from self-employment, who may also have been using short-term PAYE contracts or received income from rent etc so not covered by furlough either (a particular issue in the creative industries, hairdressing etc); those who have self-incorporated and trade via a limited company; and people who are recently self-employed and therefore haven't submitted a tax return for 2019. Can HMT look again at these categories?
- B2. Can we have more clarity around the treatment of those who have spent time on maternity/paternity leave and therefore seen reductions in their income over the last three years?
- B3. Can there also be more guidance provided about the interaction with social security?

C. Coronavirus business interruption loan scheme

- C1. Is HMT actively considering further, more fundamental, changes to the scheme if take up doesn't accelerate? Germany for instance has recently introduced bridging loans with a 100% guarantee to speed up delivery.
- C2. Banks still appear to be asking for personal guarantees and other stipulations before loans can be accessed; what monitoring and enforcement being undertaken, and has more direct intervention been considered?
- C3. Is HMT monitoring how long it is taking to process loans?
- C4. Is there a plan for releasing data about the provision of the loans?



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C5. Given reports of providers offering interest rates in double figures, is HMT considering more active measures to reduce interest rates offered on loans? E.g setting a cap on all or part of the loan as has been done in other European countries such as Switzerland. %?

D. Support delivered through the business rates system

D1. What monitoring is being undertaken about the speed of delivery?- there are some indications that some local authorities are finding it difficult to contact all those eligible due to owners not picking up post etc.

D2. Will changes be undertaken for microbusinesses which are not covered by rates? And for those businesses that do not qualify e.g. vets, those firms that are part of hospitality (etc) supply chain but not within scope?

D3. What is being undertaken to ensure that those businesses in rented premises with complex arrangements for business rates, still receive the support? E.g. renting from office companies like Regus, science parks etc?

D4. Is HMT aware of those retail and hospitality business ratepayers in London and other high-cost areas who are beyond the 51k threshold, and will action be undertaken to support them?

D5. Can action be undertaken to support stallholders who are not rateable?

E. Funding of public services

E1. Will the support for local authorities' costs cover reductions in income as a result of the crisis, as well as immediate costs?

F. Sectoral support

F1. Will additional packages be forthcoming concerning sectors including UK steel, tech start-ups etc?

G. Universal Credit

G1. How many additional staff have been provided to aid with the processing of new UC claims?

G2. What work is being undertaken to switch the initial loan into a grant, given that other clawbacks have been suspended within the system?

G3. Is the DWP considering additional enhancements to UC to support incomes?