

The Right Honourable Rishi Sunak MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HA

6<sup>th</sup> April 2020

Dear Chancellor

### **Covid-19 Support for Business – A View from Newcastle**

NE1 Ltd is Newcastle's BID delivery company, responsible for supporting 1,400 city-centre based businesses. Around 55% are retail, leisure and hospitality operations with the balance made up of professional services, two universities, a leading hospitals trust plus many other cultural and public sector organisations.

The Government's excellent support for businesses has gone beyond the expectations of many. Your promise to do 'whatever it takes' has resonated and, in Newcastle, many small and medium-sized businesses are now in receipt of vital lifeline grants, linked to rating arrangements for their business properties.

My purpose in writing is to highlight two important areas where your support lifeline is still needed. These are:

- **Rates within Service Charge.** Many smaller businesses pay a building service charge that includes an element of business rates – so don't receive a rates invoice. Instead this is paid by their landlord or agent. These businesses have, so far, been unable to access grant support linked to business rates.
- **Steady-State Hibernation.** With few exceptions all types of businesses are seeing cashflow dry up. Normal commercial activity has stopped but bills are still coming in – utilities, rates, rent, insurance and minimum staffing overheads. Hibernation still comes with associated costs. Many businesses are reluctant to borrow and – as the BID company – we'd rather see them able to invest in the bounce back than paying off debts accrued in the lockdown.

More needs to be done to support mothballed businesses. Without the ability to generate income, the risk is that businesses will be unable to withstand unavoidable overhead cost pressures and forced to fold.

In Newcastle, the City Council, supported by business and other partners including NE1, has been working around the clock to help organisations access the support they're eligible for, with £25m already paid out to 2000 businesses, with more being helped on a daily basis. This is excellent – yet there is much more still to be done.

Once the lockdown eases it is essential that Newcastle still has businesses, across all sectors, that have ridden out the crisis and survived for furloughed and other staff to return to. It is for this reason we urge you to consider supporting those businesses with a service charge and rates wrap arrangement and, more generally, offer support to mothballed businesses during the lockdown without income to help meet their unavoidable financial obligations.

Newcastle, already a resilient city, can then hope to continue to lead the way in protecting our NHS, saving lives and having a strong, sustained bounce back when that times comes.

Thank you for your consideration.

Yours sincerely



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