

**The Rt Hon Rishi Sunak MP**

Chancellor of the Exchequer  
Her Majesty's Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

10 December 2021

Dear Chancellor,

I write today regarding the need for support to be extended to those firms impacted by the return of measures intended to protect the country from the new Covid variant.

The schemes you have put in place throughout the pandemic have saved many firms and jobs as they looked to survive extended periods operating under restrictions. As the economy has reopened, it was right that these schemes tapered to reflect firms returning to operations. Throughout this period, business confidence has remained fragile with concerns around the possibility of covid measures returning.

For several months, we have called on the UK Government to set out what support would be in place for business if Plan B measures were required this winter. Ideally, this would have been established in advance of any announcement to bolster firms' confidence and ability to plan ahead.

Firms across the four nations of the UK are now facing restrictions with differing levels of support being provided. We would hope that HMT will undertake their own assessment of the likely impact of the Plan B measures in England on particular locations and sectors.

Our own assessment is that whilst these restrictions are more moderate in comparison to previous measures and businesses and consumers have proved to be adaptable, their economic impact will place downward pressure on consumer confidence. The new restrictions, and concerns over the Omicron variant, are likely to weigh significantly on the UK economy in Q4 2021 and early 2022 by triggering a significant increase in reluctance among consumers to socialise and spend.

Consumer-focused services firms, such as retail and hospitality and those in their supply chains, are most exposed to the new measures because they come during the critical Christmas trading period when those firms rely on consumers' willingness to interact and spend (and is often vital to sustaining their cashflow ahead of typically quieter months). Those businesses in city centres which rely on the footfall from people working in offices will also be hit hard by the new measures.

The briefing note, enclosed with this letter, sets out policy options the Government should urgently consider for supporting those firms, including reverting the VAT for hospitality and tourism back to its emergency rate of 5%, reinstating 100% business rates relief for retail and hospitality and making additional grant funding


available. We urge you to give these your strongest consideration as firms already tell us of the cancellations and loss of revenue expected in the coming weeks.

To ensure support remains commensurate to restrictions imposed, as has been the case for the majority of the pandemic, if tighter or longer-lasting restrictions are required (a move to Plan C) the government should also remain open to increasing grant funding and reinstating other support measures.

As a champion of the UK economy, we ask you to encourage Cabinet colleagues to set out a plan for the worst-case scenario should further measures be required to manage the pandemic. Providing this will allow firms to plan with greater certainty for the months ahead. This plan should also outline the commensurate support available to firms impacted should more serious measures be required. Without this, confidence to invest and recruit will remain low.

I hope we can meet at your earliest convenience to discuss how we can ensure these firms can manage this uncertainty and look to the future, ensuring they can invest, grow and recruit to grow our economy. My team can work with your office to find a suitable time.

Yours sincerely,



**Shevaun Haviland**  
Director General



**Baroness Ruby McGregor-Smith CBE**  
President