

The Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
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Philip Glanville, Mayor of Hackney
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Dear Rishi,

Supporting local businesses during the COVID-19 emergency

We are writing on behalf of Hackney Council to highlight the acute challenges facing our business community during the Covid-19 emergency particularly those who are unable to access any of the support you have currently made available and are consequently at high risk of being forced to close and cease trading.

We welcome your response to the severity of the disruption caused to businesses in this pandemic with the unprecedented range of initiatives to support businesses you have already brought forward. We can confirm that Hackney Council has been processing the relevant initiatives, applying businesses rates relief to all relevant accounts and paying grants to eligible businesses. We have also ensured that the Council is making its contribution to supporting local businesses in its role as a commercial landlord.

This timely package of measures that you have announced to support local businesses, the Coronavirus Business Interruption Loan Scheme, the provision of grant funding and the Coronavirus Job Retention Scheme, rescheduling HMRC deadlines and the like. We also welcomed the further refinements to some of the measures announced last Friday (3 April). However, we are concerned by the large numbers of small and medium sized businesses and sole traders in Hackney in various sectors who are not being reached by these initiatives and are falling through the net, where little, if any, support is available.

From the start we have shown local leadership through our Hackney Business Network, which has over 5000 members, capturing through a web portal the challenges Hackney businesses



have faced. Through this portal and direct contact the Council has received hundreds of enquiries and case studies from small and medium sized business owners as well as from self employed individuals and sole traders concerned by their lack of access to the financial support measures, and the very real threat to their businesses and livelihoods being irreversibly damaged or lost as a result.

As you will be aware, Hackney is known for its thriving and dynamic creative, technology and cultural sectors as well as its small and medium sized business community, it is home to Tech City, home to start ups and businesses scaling up trading alongside established large companies. In 2018, there were 21,000 businesses in Hackney, of which around 19,000 were classed as micro businesses with less than 10 members of staff.

Our analysis shows that your initiatives will only reach 2,350 businesses in Hackney who will receive 100% business rate relief, and 4,500 will be eligible for the business grants. However, this leaves almost 7,000 businesses who are in premises and pay business rates but will not be able to access this direct support and have been impacted negatively by the current situation.

Businesses falling into this category include: those whose rateable value is above £51,000 who are unable to access the business grant; workspace providers and their tenants who are receiving no rate relief or grant; businesses in the creative, arts and cultural sectors whose business sector and use class does not allow them to benefit from rate reliefs or grant; and self-employed limited company owners who are not eligible for the Self-employment Income Support Scheme. This list is already long and growing, and those damaged are at the heart of our economy, a business ecosystem it is worth remembering, which has been one of the most dynamic in London. The impact in Hackney is also felt deeper because of the inequities already built into the business rates system, that are compounded by the thresholds built into the system of reliefs and grants..

As the Business Secretary has stated the Coronavirus emergency represents “a challenge to businesses unlike any other they have faced before” and threatens the survival of many, valued local businesses. It is very clear that Hackney’s local businesses are struggling at this time and our recent COVID-19 Business Survey of over 200 businesses has found that in Hackney:

- 95 % of businesses reported that their business had lost income
- 25% of businesses reported that staff were self isolating and unable to work
- 15% of businesses reported that they had either made staff redundant or cut staff hours
- 7.5% of businesses reported that they had staff were scared to work because of infection risk
- 4% of businesses reported that they had furloughed staff.

We have provided a number of Hackney business case studies, which illustrate the sectors of our local business community facing particular concerns:

- 1. Businesses based in areas of high property value/rateable value will not receive grants like their counterparts elsewhere of a similar size and sector, this is particularly pertinent in London and in Hackney. The £51,000 level creates a hard cliff edge with small and micro businesses caught on the wrong side with no support:**

Shoreditch Pubwatch, Shoreditch: “The high rateable value of properties will mean that many businesses in Shoreditch will not be entitled to the small business grant fund and retail, hospitality and leisure grant fund. Although retail, hospitality and leisure businesses will get rate relief, if businesses are closed long term this will not be enough to ensure survival as other large overheads such as rent start to pile up.”

2. **Businesses who supply or service the Retail, Hospitality, Arts, Recreation and Entertainment sectors that have lost significant proportions of their income, but are not eligible for any reliefs or grants because most if not all of their income and operations don't come from fixed premises:**

Boulevard Events, Hackney Wick: “We are massively impacted by this outbreak – events that we cater for cannot be held at the moment. We are absolutely a business in the hospitality industry and have effectively been forced to close whilst measures to combat the spread of Covid 19 are in place, but we will not be eligible for government initiatives because we don't host clients at our premises”.

3. **Self-employed limited company directors are not eligible for the Self-employment Income Support Scheme. Furthermore, many of these businesses are run from home or workspaces, and not eligible for rate relief or grants:**

BBE Interpreting and Translation Services Ltd: “I have absolutely no work whatsoever. Unfortunately, because I am essentially a freelancer but under a Ltd Company structure I majorly lose out on the support packages available because I am not eligible for the Self Employment package, and if I furlough myself as an employee of my company I can only receive 80% of my minimum salary and I would not be able to accept work should any come in over those three months”.

4. **Businesses that are operating in a co-working space/shared workspace where the rates have not been split down to unit level; these businesses are unlikely to qualify for relief or grants, furthermore there is a clear subsequent risk that workspace providers/operators will lose these businesses as tenants.**

Mantra Brand House, Hackney Downs: “I currently rent 3 seats at a coworking space in Hackney Downs. As I do not pay business rates directly (although they're of course coming out of my premises rent) I have learned that I will not be considered eligible for a grant of up to £10,000. I am committed to paying for my desk space for three months, which although it has been discounted to £420 per month, is still a significant overhead given all of my clients are closed for business (holiday/travel company, gym, etc.)”.

V22, Dalston: “V22 have two buildings in Hackney. We have not subdivided them with the VOA so our tenants cannot benefit from SBRR grants. Unfortunately the restrictions on use/sector exclude us from the other benefits available such as rates holidays and grants. All our tenants have been impacted in one way or another by Covid-19, they cannot pay their rent or can only afford a portion of it, and without that income, we in turn cannot continue to trade for much longer.”

At present, it is clear that there are significant gaps in support for certain sectors and our experience in Hackney demonstrates that there are certain types of businesses that are struggling and in real trouble due to the fact that they trade and do business with other affected

business sectors and industries. We would urge HM Treasury to make additional provisions for the businesses who are struggling as a direct result of the pandemic but are not currently eligible for Government support, in particular we would encourage you to make additional provisions in the following areas:

- Review/re-evaluate the rateable value thresholds for the Small Businesses Grant Fund (£15,000 currently) and the Retail, Hospitality and Leisure Grant Fund (£51,000 currently) for businesses in London so that small business and those in impacted sectors in London where property values and rateable values are higher have access to grants.
- Provide a package of support in the form of business rates relief and grants to businesses who are currently not eligible for support via rate relief or grants but who are suffering as their income and turnover is directly related to the Retail, Hospitality, Arts and Cultural, Recreation and Entertainment sectors.
- Extend the Self-employment Income Support Scheme for increasing the qualifying thresholds for self employed individuals and including individuals operating in a limited company structure.
- Extend business rates relief to include all workspace providers and stipulate that workspace providers pass on this saving to their tenants. Allow tenants of workspaces who do not currently qualify for Small Business Rate Relief to apply for the £10,000 grant that other micro businesses and SMEs are able to access.
- Bring consistency and regulation into the commercial landlord sector to provide certainty to businesses who cannot afford to pay commercial rents during this time.
- Extend the Coronavirus Business Interruption Loan Scheme, enabling lenders by raising the 80% underwriting to 100% or turning the initiative into an Equity scheme or as an HMG grant scheme for businesses.

It is essential that the pressing issues faced by our local business community in Hackney, who are currently unable to access existing Government support are acted on urgently to ensure that more micro businesses, small and medium sized enterprises and the self-employed are supported and able to stay afloat. We welcome your recent pledge to do “whatever it takes” to keep companies and businesses solvent and we would urge you to take these actions urgently. Businesses require this support now.

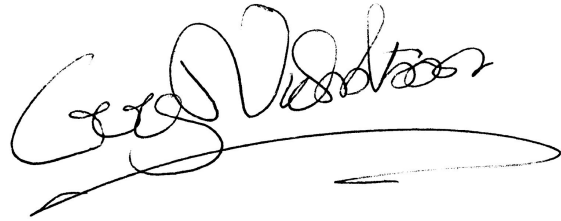
We would welcome urgent written confirmation of the support that HM Treasury will be putting in place. We would also welcome the opportunity to have a video conference with you and your officials, alongside members of Hackney's business community, to discuss how we can protect our local businesses and ensure that our local economy is fit and ready for when we

We look forward to hearing from you, please be reassured that we are here to work alongside you and we wish both you and the Prime Minister well at this time.

Regards,



Philip Glanville
Mayor of Hackney



Cllr Guy Nicholson
Cabinet Member for Planning, Culture & Inclusive Economy

CC: Meg Hillier MP, Member of Parliament for Hackney South and Shoreditch
Rt Hon Diane Abbott MP, Member of Parliament for Hackney North and Stoke Newington
Mike Cherry OBE, National Chairman, Federation of Small Business
Matthew Jaffa, Senior External Affairs Manager (London), Federation of Small Businesses
Sadiq Khan, Mayor of London
Krissie Nicholson, EETG
Rajash Agrawal, Deputy Mayor for Business, GLA
Dame Carolyn Fairburn, Director-General, CBI
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BBE Interpreting and Translation Services Ltd
Mantra Brand House
V22
Hackney Business Network

