



The Rt Hon Alok Sharma MP  
Secretary of State  
Department for Business, Energy & Industrial Strategy

09 June 2020

Dear Secretary of State,

The Institute of Directors has welcomed the measures the Government has introduced to support the economy through this most challenging time. For our members, who mostly run small or medium-sized enterprises, Bounce Back Loans and the Job Retention Scheme have been particularly widely used.

While the economy has been kept on life support through the government's support package, it is now vital that we stimulate it back into life. In order to amplify our recovery from the pandemic we must take as many enterprises as possible with us and provide additional support as businesses restart operations. This means prioritising those who have missed out so far and providing a cash injection to bolster firms operating under ongoing restrictions.

A number of gaps have emerged in the government's existing set of measures. Just under 1 in 5 of our members say they have not received any government support due to ineligibility (and unsuitability in some cases). These include small businesses that are: unable to obtain loans, do not own their own premises (and so do not qualify for business rates reliefs or the previous grant scheme), company owner directors who primarily receive their income through company dividends, and the self-employed who fall outside of existing eligibility criteria.

Support for these firms in particular is urgently needed, to assist the swift reopening of the economy. Businesses more broadly will also face significant challenges in operating as the lockdown lifts. Around 1 in 4 of our members expect to operate at less than half pre-pandemic activity levels under social distancing. Indeed, demand will remain low in many areas and cashflow will be an ongoing concern. Over half also expect the debt their organisation had incurred during the crisis to negatively impact their recovery and investment plans. Deferred tax will come due, and interest will start to apply on government-backed loans, and adjusting workplaces and business models will be costly too.

The Treasury has raised practical barriers to setting up schemes that specifically target these groups. As such, to promote simplicity, the IoD would urge the government to significantly expand the £617m discretionary grant fund announced on 2nd May. Firstly, a significant number of businesses across the country, including our members, who rent their workspaces and those outside the retail, hospitality, and leisure sector have been unable to access grants through the original scheme, so the initial amount of the fund is likely to be insufficient.



Secondly, an enlarged fund could be seen as a 'Recovery Grant', serving the dual purpose of providing support for those who have so far found themselves ineligible, while also helping firms that need to cover ongoing fixed property costs, low turnover, and expenses needed to support their return to work. This approach could prove relatively quick and simple to implement, in line with Wales' Economic Resilience Fund and Northern Ireland's Micro-business Hardship Fund.

We welcome your thoughts on our proposal and would be very happy to arrange a meeting to discuss the grant in further detail. It's imperative that we continue our efforts to support businesses through this difficult period.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jonathan Geldart', written over a light grey rectangular background.

Jonathan Geldart

Director General