

Rt Hon Elizabeth Truss

The Prime Minister
10 Downing Street
London SW1A 2AA

21st September 2022

Cc.

Rt Hon Kwasi Kwarteng, Chancellor of the Exchequer

Rt Hon Mr Jacob Rees-Mogg, Secretary of State for Business, Energy and Industrial Strategy

Rt Hon Simon Clarke MP, Secretary of State for Levelling Up, Housing and Communities

Re: Winter Business Support Package

Dear Prime Minister,

On behalf of all our organisations we would like to extend our condolences following the passing of HM Queen Elizabeth II and commend you on the way you have navigated the difficult challenges presented in your first few weeks in office.

It is great to see that you have placed such a high priority on the issue of energy. Outlining forthcoming support just two days into your premiership was a critical first step to resolving the cost-of-living crisis. The statement today is a further sign of this government's intention to support businesses. However, we believe that we will need to go further still.

We write to you as a collective of organisations representing a diverse group of high street interests across the private, public and voluntary sectors. Through our respective networks, we can see first-hand the corrosive effect a toxic mix of challenges is having on investment and jobs in our town centres. This is not just about energy but also other spiralling operating costs compounded by weak consumer confidence. The early promising shoots of growth as high street activity returned after the disruption of COVID lockdowns were hard won. It would be tragic for that growth to come to an abrupt halt with the closure of many businesses.

This is not exaggerating the seriousness of the situation. The #BusinessSOS Campaign has collected case studies from across the country which underline the plight of the high street.

Take W J French & Son Ltd in Southampton which sell and repair ladies, men's and children's shoes. Two of its twenty workforce are immediately at risk of redundancy. Electricity bills are going from £8,000 a year to £42,000 a year. With increased supply chain costs and low consumer confidence, it will not be long before all jobs are at risk. At 220 years old, it is one of the oldest shoe shops in the UK, the last remaining independent business on its street and would represent a loss of £43,000 every year to HM Treasury in business rates contribution.

Alternatively, consider the challenges for the owner of the Stanley Arms and Market Tavern, two Preston based businesses which are fundamental to their community. The Market Tavern for example, won the Central Lancashire Campaign for Real Ale Cider Pub of the Year 2019. Both businesses are much loved and well regarded. With electricity bills that have more than quadrupled and supplier costs going up while trade is going down, the owner has to undertake the difficult task of deciding which lease should be surrendered to the brewery. Like W J French & Son Ltd, some jobs are likely to be lost now, but all jobs will be at risk in the future.

It's the same story everywhere. Energy costs alone are enough to shut businesses down, but this is just one part of a wider crisis which brings together the cost of living and the cost of operating, eroding income while costs spiral out of control. In parallel to support on business energy we also need a package of measures that recognises the other short-term pressures to help businesses through the winter.

We propose the following:

Business Rates Relief: 100% business rates relief between the 1st October 2022 to the 31st March 2023 to help high street businesses cope with significant and immediate cost pressures they face.

VAT: Reduce headline VAT for retail, leisure and hospitality sectors to provide a double boost by bringing down costs for low-income households through the winter and driving spend for struggling businesses. Also bring the VAT rate on business energy bills in line with VAT rate on domestic energy bills.

This package of measures would not only be vital for high street business survival, but it would also protect vital jobs at a time when people cannot afford to be made redundant. It would also limit inflation for hard pressed households.

Finally, this would provide us with the time to develop a long-term framework that would create the conditions for a thriving mix of commercial and community uses on the nation's high streets, including how investment zones may accelerate this growth. We stand ready to support you during your premiership to create a bright future for town centres everywhere.

Yours sincerely,

Ojay McDonald

CEO, The Association of Town and City Management

Dr Leyla Hannbeck

Chief Executive, Association of Independent Multiple Pharmacies

Emma McClarkin OBE

Chief Executive, British Beer and Pub Association

Professor Chris Turner

Chief Executive, British BIDs

Andrew Goodacre

Chief Executive, British Independent Retail Association

Melanie Leech

Chief Executive, British Property Federation

Ian Harvey

Executive Director, Civic Voice

Professor Cathy Parker

Chair, Institute of Place Management

David Preston

Chief Executive, The National Association of British Market Authorities

Joe Harrison

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CEO, Night Time Industries Association

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