



HOUSE OF COMMONS  
LONDON SW1A 0AA

Rt Hon Rishi Sunak MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horseguards Road  
LONDON  
SW1A

21 March 2020

Dear Rishi,

**Financial support for businesses, individuals and families in response to the Covid-19 pandemic**

Thank you for all that you're doing in this unprecedented crisis.

I broadly welcome the financial measures that you announced as part of the Budget last week, and the additional fiscal response on Tuesday and again yesterday.

You rightly said that you will 'do whatever it takes', and, on this point, I am writing to you about the gaps in support that still exist. These include:

- The financial measures for businesses, particularly micro and small businesses
- The lack of support for the self-employed, freelancers and other workers in insecure work
- Protections for people on social security, including people in low paid work, the sick and disabled people

**Financial support to businesses**

Several local businesses have contacted me about the measures announced in the Budget. They are rightly wary of racking up further debts. I was pleased to see that the Government's business loans announced in the Budget have now been made interest free. However, I would like to propose that the Government convert these loans to Government grants; any additional debt on business now should be avoided.

The Business Rate holidays are broadly welcome but this needs to be extended to all industrial sectors identified as vulnerable, for example, the creative industries. Given that this is a further loss of revenue to Councils after 10 years of cuts (in my Oldham East & Saddleworth Constituency, the Council has lost nearly half of its budget since 2010) what compensation will the Government give Councils?

Small businesses, especially micros and sole traders are particularly vulnerable, as demand for their products and services significantly reduces or stops altogether, and incomes dries up. As you know small businesses don't have the reserves that larger businesses may have; cash flow is essential for their survival.

What contacts have there been with small business organisations and those who represent the self-employed, such as the FSB and IPSE, to ensure that we understand and support their specific needs during this crisis?

What is the Government doing to ensure that all Government departments have paid their suppliers any outstanding payments and that in turn Tier 1 suppliers are also paying their outstanding debts in their supply chain?

Are local authorities and other public sector agencies being encouraged to do the same?

What are the delivery mechanisms for providing business support locally?

Are you confident that given the significantly diminished capacity in local authorities that this can be delivered **in the next 2 weeks**? If not, what support will you give local authorities for its swift implementation?

What discussions have there been with those unions representing vulnerable sectors such as the retail, hospitality, leisure and creative industries, such as USDAW, Directors UK and BECTU?

What specific measures are proposed for those sectors who have been affected by enforced closures and social distancing measures?

### **Financial support to workers**

I recognise the huge financial undertaking that you announced yesterday in the so-called *Coronavirus Job Retention Scheme* and the commitment to pay 80% of employee wages, but this is more about shoring up businesses than protecting all workers. The Government is effectively underwriting businesses' staffing costs. But this does not benefit all workers.

It must be recognised that successive Governments have supported, and even driven, the development of 'flexible' labour markets, with the demise of secure, permanent employment contracts and the protection for employees that this afforded, while increases of precarious, insecure work, including temporary, fixed term contracts, freelancing and self-employment, have soared. The shift in risk from economic downturns to force majeure, such as this pandemic, has moved from businesses and business owners to workers. But when the economy businesses thrive these same workers rarely reap the rewards.

How is the Government going to ensure that the funding available through the *Coronavirus Job Retention Scheme* goes to employees, and is not hoarded by businesses?

What is/are the delivery mechanism/s?

The adequacy, immediacy and deliverability of financial packages are key. The social security measures announced yesterday for those workers not covered by the *Coronavirus Job Retention Scheme* were completely inadequate. Given the current fragile state of the social security system and the many reviews reporting its inability to cope with current levels of demand, it is highly improbable (I'd go as far as saying it's impossible) that it will be able to deliver timely funding to tens of thousands, potentially millions of additional applicants over the next 12 weeks.

**At the beginning of next week at the latest**, the Government must announce measures for the self-employed, freelancers and any other status of worker not covered by the *Coronavirus Job Retention Scheme* which is equivalent to those being offered to employees. I am already being contacted by constituents who are self-employed, freelance or are in insecure work. Many have either already been laid off or have had contracts dry up from next week. Many rely totally on the income from this; they don't have savings and have no money coming in after next week. As we have heard on the news, some in the hospitality sector are also being made homeless.

For those people currently in-work, but whom become unwell or may need to self-isolate, Statutory Sick Pay needs to enable them to stay at home without risking ratcheting up their

personal debt. The current level of £94.25 per week means many people who should stay at home, won't because they can't afford to. In order to control the spread of the virus, SSP must immediately increase to at least 80% of income underwritten by the Government.

As more people are required to self-isolate and social distancing requirements are inevitably extended, it is clear that hundreds of thousands if not millions more workers will not be in work.

As such a range of other measures may also need to be considered. These include:

- rental payment 'holidays' for both private rented sector and social tenants underwritten by the Government
- utility payment 'holidays' compensated by the Government (technical solutions for pre-paid meters may be needed)
- Council tax 'holidays' underwritten by the Government

### **Protections for people currently on social security**

For those people currently on social security, I repeat the concerns that I raised in my letter to you before the Budget. The current levels of social security support for millions of people, particularly those of working age, is inadequate. Working age support has been parred to the bone with cuts of £37bn since 2010 driving increases in poverty for those in and out of work and their children. You will also be aware of peer-reviewed research identifying the detrimental health impacts of, for example, Universal Credit.

People on social security were already suffering before the Coronavirus pandemic. They were at increased risk of infection and illness by virtue of their poverty. The threat of infection from Covid-19 is no exception, and people with an existing illness, and living in poverty, are at most risk. But I have not seen this recognised by the Government either in terms of the defined 'at risk' groups or the measures the Government has announced to reduce their infection risk.

On this basis I hope that you and the Work and Pensions Secretary will agree to proposals put forward by the Child Poverty Action Group, Joseph Rowntree Foundation, the Children's Society and other charities to help protect them, including:

1. make Universal Credit loans non-repayable;
2. stop migration from legacy benefits to Universal Credit by virtue of a change in circumstances;
3. provide emergency support for children in the form of a £10 per week per child increase in child benefit;
4. suspend all work-search requirements and work preparation;
5. provide a temporary uplift in the Universal Credit standard allowance, jobseeker's allowance, employment support allowance and income support;
6. postpone the earnings disregard on tax credits;
7. suspend all sanctions and deductions and ensure automatic immediate access to a hardship payment;
8. suspend all repeat Work Capability and Personal Independence Payment assessments;
9. suspend the requirements for all new ESA and PIP applicants to undertake an assessment;
10. provide all appellants appealing the outcomes of a WCA or PIP assessment with full support;
11. increase Local Housing Allowance support to cover local median costs;
12. provide clear written guidance for jobcentre staff, including work coaches and decision-makers, and all contractors providing assessments and work related activity, on these arrangements.

Although I welcome the hardship fund announced in the Budget, please can you clarify how this £500,000 will be allocated to local authorities and what the delivery mechanisms are? And please can you commit to increasing this as and when it becomes necessary.

Once again, I thank you for all you're doing. We are at war against this virus, and our response needs to reflect this.

Given the anxiety of so many people, I would be grateful for a response from you or your team before the House rises next week.

Many thanks and best wishes,

Yours sincerely

A handwritten signature in black ink that reads "Debbie Abrahams". The signature is written in a cursive, slightly slanted style.

Debbie Abrahams MP  
Oldham East and Saddleworth