

Caroline Pidgeon MBE AM

City Hall
The Queen's Walk
London SE1 2AA
Tel: 020 7983 4362

Sadiq Khan
Mayor of London
[By Email]

1st May 2020

Dear Sadiq,

Re: Support for Small and Medium-Sized Businesses During the COVID-19 Pandemic and Beyond

I am writing to you on the crisis facing many small and medium-sized businesses (SMEs) across London. Serious concerns have been raised with me about support for SMEs in London in recent weeks.

There is a real worry from SMEs that when the Government furlough scheme ends they face a cliff edge which will result in countless more SMEs ceasing operations and making staff redundant. This could have a devastating impact on London's economy. We are already seeing many of our SMEs in London having to permanently close and make staff redundant and I believe more must be done to mitigate against further permanent closures going forward.

The Government's Retail, Hospitality and Leisure Grant (RHLG) has been largely welcomed and it does indeed provide critical support for SMEs. However, it is very clear that businesses in London are at a significant disadvantage due to the scope of the scheme. You will have seen the letter from London Councils to the Government¹ just a few days ago asking for the Government to increase the rateable value for eligible business to at least £100,000 in London, although ideally this would be £150,000.

It should also be pointed out that businesses in the supply chain for the retail, hospitality and leisure sectors are also facing crisis, as they are not eligible for the RHLG, yet many have lost 100% of their business and face permanent closure which will have a huge impact on the sector, jobs and the wider London economy.

I welcome your Pay it Forward initiative as an innovative way to inject some money into London's SMEs. However, this is only going to offer a very limited amount of relief to a small number of London businesses. After all, with the threat of permanent closure facing many small businesses, members of the public may be reluctant to pay for services in advance. The scheme serves as a type of advanced loan in my view, which although may help to spread the income SMEs are receiving is unlikely to offer them much in the way of additional income in the long-term.

The final concern I wanted to raise was the preparedness and capacity of economic development teams in boroughs to deal with this crisis, and perhaps even more importantly in the immediate aftermath of the health crisis when we see an end to many Government initiatives including the furlough scheme. After years of underfunding many boroughs have minimal

¹ <https://www.londoncouncils.gov.uk/press-release/29-april-2020/boroughs-warn-coronavirus-threat-'cherished-london-businesses'-unless>

resources dedicated to economic development, which will be stretched beyond belief in the next few months and years. This is why organisations such as the London Economic Action Partnership (LEAP) are so important. The work they do helps to compliment the work of boroughs and further investment and work between City Hall and the LEAP could help to ensure any resources and funding available to SMEs in London can be used in the most effective and efficient way to ensure as many businesses and jobs are retained as possible.

Now that I have presented my concerns, there are several key questions I would be grateful if you could address to help me further understand your plans for supporting SMEs in London:

- Do you support the campaign from London Councils to have the rateable value threshold for the RHLG increased for London businesses, ideally to £150,000?
- Will you be pushing the Government to allow flexibility in the RHLG for local authorities to make certain SMEs in the supply chain for retail, hospitality and leisure as eligible for the RHLG?
- In addition to your Pay it Forward initiative, what else will you be doing to support London's SMEs, particularly looking at the medium to long-term support once support from Government decreases?
- Will you provide additional funding and support to the LEAP, or activities and initiatives being supported and operated by the LEAP?

I look forward to receiving a reply at your earliest convenience.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Caroline Pidgeon', with a stylized flourish at the end.

Caroline Pidgeon AM
Liberal Democrat Assembly Member