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HM Treasury and Cabinet Office
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The Lord Eatwell
House of Lords
London
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Dear Lord Eatwell

Thank you again for securing a debate on 4 June about economic recovery in the context of the Covid-19 pandemic. Fellow peers contributed many important comments and questions to this wide-ranging debate. As I was unable to address all of these contributions during the debate, I would like to take this opportunity to do so in writing.

Firstly, several contributions to the debate referenced aspects of the Government's immediate response to the crisis. Whilst we are starting on a path to re-opening our economy, it is clear that the UK, along with the rest of the world, is facing significant economic disruption in the wake of the Covid-19 pandemic. We have taken unprecedented steps to keep as many people as possible in their existing jobs, support viable businesses to stay afloat and protect the incomes of the most vulnerable. Not taking these steps would result in the temporary effects of COVID-19 leaving permanent scars in our economy.

I would like to reassure Lord Boateng, who raised concerns about disadvantage faced by BAME applicants in accessing government Covid-19 support schemes, that the Treasury pays due regard to the equality impacts of its policy decisions relating to the Covid-19 outbreak, in line with all legal requirements and the Government's commitment to promoting equality. There are internal procedural requirements and support in place for ensuring that such considerations inform decisions taken by Ministers. Lord Choudrey asked about extension of the Life Assurance scheme. The Secretary of State for Health and Social Care announced the new Life Assurance scheme in April, recognising the increased risks faced by these staff as they carry out essential and lifesaving work during the crisis, working in environments where direct personal care is provided to patients and service users who have or are suspected of having coronavirus. It also recognises the need to encourage retired doctors and nurses to fill staff shortages and boost service capacity. A fully functioning and comprehensive NHS and social care system is essential to saving lives and to beating coronavirus disease. The Government will continue to review the support provided to key workers on the frontline.

Lord Hussain raised concerns about funding for Luton Borough Council. The Government has so far provided a significant package of support which recognises the additional financial pressures councils are facing as a result of the current crisis. It demonstrates the Government's commitment to making sure councils, including upper and lower tier authorities, have the resources they need to support their communities through this challenging time. We have announced over £3.2 billion of new funding for councils in England to help them to respond to pressures across all their services and we have also brought forward over £5 billion of further measures to support councils' cashflow. The Government appreciates that the Coronavirus pandemic has placed significant pressure on Local Authorities' services and created uncertainty in their income streams. If Local Authorities believe that their individual circumstances mean



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that there is a risk to their financial sustainability, and they may need to issue a s114 notice, I would urge them to raise their concerns with MHCLG at the earliest opportunity.

A number of peers commented on matters relating to the reopening of the economy. As I referenced in my closing speech, we must now begin to recover and eventually restore our way of life, and to this end the Government has set out a conditional roadmap for reopening certain economic activities. As infection rates fall, we will take stock of the economy and public finances to make the right decisions for the circumstances in which we find ourselves. The strategy for reopening the country is conditional and subject to the five tests being met.

Baroness Doocey asked specifically about caravan parks. The current guidance sets out that day trips to outdoor open space, in a private vehicle, are permitted – alone or with members of your own household. However, you cannot stay overnight. Campsites and caravan parks therefore remain closed. As soon as it is safe to do so, we will be encouraging everyone to book a British holiday and support our brilliant tourism industry. Baroness Doocey also asked about self-catering holiday businesses. Income from properties that meet the qualifying tests for Furnished Holiday Lettings is treated as income from property rather than from trading. The Self-Employment Income Support Scheme (SEISS) applies to individuals who complete the self-employment pages of the Self Assessment return, or partnership trading pages. These pages exclude income from property, including furnished holiday lettings, which is distinct from trading income. However, those who are not eligible for the SEISS could still be eligible for the other elements of the unprecedented financial support package made available by the Government.

We heard from many participants, including Lord Fox and Lord Haskel about what the shape of the broader economic recovery should be. As we begin to reopen our country and kickstart our economy, we are considering what appropriate action is needed to support the economic recovery. Lord Stevenson asked how we will encourage spending on goods and services. Consumption forms over 60 per cent of our economy and we understand its importance. While consumer sentiment remains subdued, there are some early signs of spending starting to pick up. As the Chancellor has set out, we will develop new measures to grow the economy, to back business, to boost skills, and to help people thrive in the new post-Covid world. With reference to Lord Stevenson's additional comment on the Government's commitments on broadband, I would like to reassure the Lord that the Government wants to ensure the availability of gigabit broadband across the UK as quickly as possible, and has made the largest financial commitment to broadband any UK government has ever made.

Several peers brought up the challenges faced by businesses, and asked about specific support for those sectors hit hardest by this crisis. The Government has introduced unprecedented support for business large and small, including VAT deferral to help businesses with their cash flows, open to all 2.3 million UK VAT registered businesses, access to finance delivered through the numerous Government loan schemes, including the Bounce Back Loan Scheme to help the smallest businesses, and grants for businesses in the Retail, Hospitality and Leisure sectors. In early May the Chancellor announced a new Discretionary Grant Fund of up to £617 million to ensure that Local Authorities can help some of the businesses which are ineligible for the existing grants schemes. Baroness Warwick of Undercliffe asked about investment for housing associations. The Government welcomes Housing Associations' commitment to assist with the recovery and continue to build the homes the country needs. At the Budget in March, the Chancellor announced an additional £9.5 billion to secure the future of the Affordable Homes



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Programme from 2021-22. This programme will support the delivery of affordable homes to rent and buy across England.

Infrastructure is central to our economic strategy, and the Government will publish a National Infrastructure Strategy setting out further details on its long-term ambitions in due course. This is something that Lord Chidgey brought up during the debate, and I would like to reassure peers that the Government will continue to engage with key stakeholders as part of this process.

Questions about employment and skills formed another important part of this debate. Lord Eatwell, you asked about youth employment, and about a job guarantee scheme and catch-up tutoring for children, while Lord Oates and others also asked about the Government's plans for a job-rich recovery. Helping unemployed people go back into work is vital to support the UK's economic recovery from Coronavirus and the increase in living standards. The Government will continue to review what can be done to support that recovery. We are working across Government with the Department for Work and Pensions, and the Department for Education, to ensure our response is appropriate and effective. We have also already made significant progress in implementing recommendations arising from the independent Taylor Review of modern working practices, which was mentioned in this debate by Lord Fox. This includes legislating for stronger protections for vulnerable agency workers and extending the right to a written statement to workers, ensuring all workers have the right to a written record of their core terms of employment. The Employment Bill that the Government will bring forward will protect and enhance workers' rights, promote fairness in the workplace, strengthen workers' ability to get redress for poor treatment, and offer greater protections for workers.

The Government recognises how important it is for children and young people to be in education and childcare, and are working to get them back there as soon as the scientific advice indicates that we can. We have announced a range of support to ensure children from disadvantaged backgrounds are able to continue learning during this period. We are funding support for schools and pupils to access devices and software focused on the most vulnerable and disadvantaged pupils at important stages in their education. With regards to online provision, which was mentioned by Lord Bourne, we are working with the sector to make sure all reasonable efforts are being made to enable students to continue their studies in what is a difficult and uncertain time for them. We have seen some fantastic and innovative examples of high-quality online learning being delivered by providers across the country. The Government expects universities to continue delivering a high-quality academic experience and help students to achieve qualifications that they and employers value.

Lord Goddard asked about the apprenticeship levy. The apprenticeship levy is an important part of our aim to raise apprenticeship quality, supporting employers to make a long-term, sustainable investment in training. Where apprentices are furloughed, they can continue to train for their apprenticeship as long as it does not provide services to or generate revenue for their employer. Only the largest 2% of employers pay the Levy, which requires only those employers with an annual pay bill of £3 million or more to pay 0.5% on the part of their pay bill exceeding this threshold. Employers' levy funds remain available for them to invest in apprentices for 24 months before beginning to expire. As such, we have no current plans to suspend or defer the collection of the apprenticeship levy. Additionally, the Department for Education has published further guidance (including temporary flexibilities) to support the continuation of apprenticeship training during this period. We think apprenticeships will be absolutely key to the recovery – especially for young people. We are looking at ensuring that we support employers, especially



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small businesses, to take in new apprentices this year and will provide further detail in due course.

There were numerous questions about ensuring a green recovery, and I outlined in my closing speech the steps the Government is taking to ensure the UK continues to be a world leader in clean growth. To respond to Baroness Whitaker's specific point about the Aarhus convention; the UK ratified the Aarhus Convention in 2005 and we remain a party in our own right. Our exit from the EU does not change our commitment to respect, protect and fulfil the obligations contained in this important international agreement. Our ratification and ongoing commitment to the Aarhus Convention guarantees public participation in decision-making in matters relating to the environment, including, for example, obligations to consult on infrastructure projects and planning decisions.

This letter is copied to Baroness Doocey, Lord Boateng, Lord Choudrey, Lord Hussain, Lord Fox, Lord Haskel, Lord Stevenson, Lord Chidgey, Lord Oates, Baroness Whitaker, Baroness Warwick of Undercliffe, Lord Bourne, and Lord Goddard. A copy will also be deposited in the Library of the House.

Lord Agnew of Oulton Kt DL