

Ref: 154SOS20

T: 0292 092 4216
E: Correspondence@ukgovwales.gov.uk

Llyr Gruffydd AM

Chair of the Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

9 April 2020

Dear Llyr,

Covid-19: Support for Wales

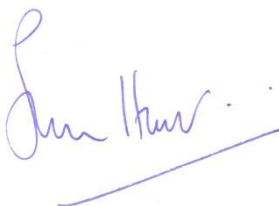
I am writing in response to your letter of 23 March, requesting an update on the UK Government's response to the COVID-19 outbreak.

We have a plan to deal with the impact of the coronavirus pandemic, based on the expertise of world-leading scientists. Our primary goal is to protect life from this virus, especially protecting the most vulnerable and the NHS through the Contain, Delay, Research, and Mitigate stages.

Annexed to this letter are details of the UK Government's Covid-19 response, including the support available to businesses in Wales. Full information on the Barnett consequentials available to the Welsh Government in 2020/21 will be announced through the Main Estimates process, with Block Grant Transparency data published later in the Spring.

I would ask that we revisit your request for oral evidence at a later date, and I look forward to cooperating with your Committee in the future.

Best wishes,



Rt Hon Simon Hart MP
Secretary of State for Wales
Ysgrifennydd Gwladol Cymru

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The UK Government has acted promptly to put in place an unprecedented package of support to help businesses and individuals in Wales, and across the UK, through the Covid-19 pandemic.

The Prime Minister has said that the UK Government will do whatever it takes to win the fight against the pandemic. We are determined to protect lives and to protect livelihoods. During this turbulent time, the Prime Minister has said we will take every step that we can to ensure that businesses are protected, that the economy remains strong, and that no-one, whether employed or self-employed, is penalised for doing the right thing.

Most of the UK Government's measures to support business are UK-wide, including providing £330 billion in business loans and guarantees, paying 80% of the wages of furloughed workers for three months, VAT and tax deferrals, support for the self-employed, and covering the cost of statutory sick pay.

We have made significant changes to the operation of statutory sick pay, universal credit, and employment and support allowance to ensure that people have quicker and more generous access to a support system, and we have taken further immediate steps to give businesses access to cash to pay rents, salaries, or suppliers.

The Prime Minister has given important instructions to enforce social distancing to reduce the chance of transmission. To help this vital effort, the UK Government announced the closure of all shops selling non-essential goods, including clothing and electronic stores. Comprehensive guidance has been published on staying at home and away from others, including advice for those whose work cannot be done from home.

Commercial tenants who cannot pay their rent because of coronavirus will be protected from eviction. Measures, included in the emergency Coronavirus Act, will mean no business will be forced out of their premises if they miss a payment in the next three months.

Companies House is offering firms a three-month extension for filing their accounts to businesses hit by coronavirus.

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The Chancellor of the Exchequer has announced unprecedented support for business and workers to protect them against the current economic emergency including:

- A Coronavirus Job Retention Scheme, where small and large employers will be eligible to apply for a government grant of 80% of workers' salaries up to £2,500 a month. The scheme will be backdated to March 1 and available for at least three months, with first grants to be paid within weeks.
- Deferral of the next quarter of VAT payments for firms, until the end of June, representing a £30bn injection into the economy.
- £330bn worth of government-backed and guaranteed loans to support businesses.
- A Self-Employed Income Support Scheme will help eligible freelance workers receive up to £2,500 per month in grants for at least three months.

We are seeing fantastic levels of cooperation between all political parties and between all four governments in the UK as we work together to tackle this crisis. This is the biggest challenge the UK has faced in our lifetimes, and the UK Government, the Welsh Government, and indeed all the Devolved Administrations are working together seamlessly to provide the leadership this country needs and expects. We have acted at unprecedented speed because we know that businesses, communities, and individuals all need help urgently.

The UK Government announced several programmes that were England-only in the 2020 Budget to respond to the COVID-19 outbreak. These included:

- A local authority hardship fund;
- Business rates reliefs;
- £3,000 small business grants; and
- A £5 billion response fund to support public services.

The response fund to support public services included funding of:

- Enhanced NHS discharge/suspension of means test;
- A local authority COVID support package;
- Purchasing private sector healthcare capacity; and
- Shielding, including food packages and DHSC elements.

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Subsequent to the Budget, several further programmes and extensions to the above have been announced. These include:

- Extended business support grants (£10,000); and
- Extended business rates reliefs, including for nurseries and non-essential retail.

Consequential, to the above the UK Government has provided over £5.3 billion to the devolved administrations through Barnett in relation to COVID-19, including £2.73 billion for the Scottish Government, £1.65 billion for the Welsh Government, and £0.92 billion for the Northern Ireland Executive.

Further information on the Barnett consequentials provided to the Welsh Government in 2020/21 will be announced through the Main Estimates process and with the publication of Block Grant Transparency later in the Spring.