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Finance Bill Debate

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FINANCE BILL DEBATE 27/04/20

Early on in this crisis, when spending on supporting business, employees, public services and the country's infrastructure were first being discussed, I argued in the House of Commons that money spent now will ultimately be money saved in the future.

Spending on securing the future prosperity of this nation should not be viewed as a "cost", but as an "investment." This is an important distinction. Costs are things that must be reduced to the minimum, driven down, eradicated if possible. They are the negative side of the equation. Investment, on the other hand, is about planning for the future, about growth and meeting needs. It requires vision, commitment and skill. I believe this approach is exactly what our country needs in the face of this crisis.

The Government has spent the last ten years in a mindset of cost-cutting and budget reduction. It now needs to shift its focus to one of support and investment. I would urge it to embrace this much needed new direction. An attitude of salami-slicing and penny-pinching will not win the future for us. After making headline announcements of monies available to business and employees it should strain every sinew to ensure that all this money is taken up, and not give way to those who might be secretly relieved to see the bulk of it remain unclaimed. There are currently blockages in the business loan schemes which must be removed so that every business can access the support they need. I am glad the Government is now offering to underwrite 100% of the loans to smaller businesses but this should be extended to all business. It must also create a simpler, standardised application form, so that applications are processed faster.

The time to protect businesses from bankruptcy is now. The time to protect jobs and incomes is now. Heaping debt upon business will not help them to recover in the future and I urge Government to prioritise grants ahead of loans. The Small Business Rates Relief scheme has been a great help to some however this is not reaching all the businesses it was intended for.

I will illustrate this with an example from the many constituents who have contacted me. This constituent runs his own motor vehicle repair business and rents his business unit – along with two other small businesses who do the same - from another company which utilises the office space above the units. Because the site only has one electricity and water meter they are provided with an

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'all inclusive' rent which includes electricity, water and business rates in a single monthly charge. All of the utility bills including the business rates are in the company occupying the offices' name.

The site as a whole has a rateable value of £10,000 as of April 2017 which means the company using the offices qualify for Small Business Rates Relief Grant as their name is on the rates bill, and they are indeed claiming it. Meanwhile the three other businesses on the site, who contribute to the rates bill, cannot.

I have also been contacted by several other small businesses who rent managed commercial premises where the rates are paid by the landlord and not the business tenant. Of course, the landlord is free to include 100% of the cost of rates in the rental charged so it is unfair and untrue to suggest these businesses are not paying business rates. They are, they simply do not have their name on the actual rate bill itself.

This situation is being repeated across the country. The scale of the problem needs urgent investigation and a remedy found to get the grant to these businesses who meet the criteria in every other way.

Nor will heaping debt upon individuals speed a future recovery. Almost 2 million people have recently made a claim for Universal Credit, up five times on this period last year. All of them will have to wait five weeks to receive payment unless they opt for a bridging loan. These loans are recouped as a reduction in their forthcoming universal credit payments. Much has been made, quite rightly, of the inadequacy of Statutory Sickness Payments (SSP) to keep workers and their families afloat and I support the calls for SSP to be increased. However, Universal Credit (UC) payments are well below even the current level of SSP, yet claimants are given a choice between five weeks with nothing or a reduction in an already inadequate payment. This is unacceptable. The Government must, immediately, change the bridging loan into a grant. The levels of UC payment must then be revised upwards to levels which can genuinely support those in receipt. UC is in dire need of reform and this must happen as soon as is possible.

The furlough scheme has thankfully prevented many workers from discovering first-hand the inadequacies of UC. I welcomed the Government decision in recognising the unfairness of its original cut-off for eligibility by extending it to March 19th. However, I have been contacted by constituents who are still being denied access to the scheme not because they weren't employed before March 19th – they were – but because they were not registered on the RTI PAYE scheme with HMRC by their employer before this date. This may not be affecting a great number of people, but I know from those who have contacted me that the consequences have been devastating for those that have.

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The decisions taken now will have long lasting consequences and will determine how well and how quickly we can get back on our feet. If interest rates stay at their current record lows the cost of servicing the debt accrued will be low in the medium term. The Government must commit wholeheartedly to investing in our nation's future and do so with courage and vision. It must not make the mistake of "spoiling the ship for a ha'p'orth of tar".

ENDS

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