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Thursday 23 July 2020

The Rt Hon Rishi Sunak MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
Westminster  
London  
SW1A 2HQ

Dear Chancellor,

**RE: Extension to Corporate Insolvency and Governance Act to assist businesses on the brink**

Further to my colleague Paul Newman's previous letter dated Thursday 2 July regarding our proposal of Cash Tax Credits for cash-stretched businesses, I wanted to bring to your attention what we believe to be a far graver concern, and a proposal around how it could be addressed.

As head of Travel and Tourism at RSM, I have been working closely with my clients to help secure Government funding and advise on other Coronavirus-related measures, alongside my colleagues. Both personally and professionally I am passionate about the sector, and I have been encouraged and heartened by the unprecedented and commendable measures put in place by Government to assist the businesses I advise.

The Government's support over the past few months has been critical in saving many businesses. However, there remain many challenges ahead, and that support could all be for nothing if measures are withdrawn at pace in the coming months. As my colleague highlighted in his letter to you previously, reopening is not just a question of flipping the sign on the door to 'open'. Operators will be at the mercy of consumer confidence in the UK and globally, which could take months or even years to fully return.

It is for this reason that we call on you today to urgently consider extending the Corporate Insolvency and Governance Act to three months beyond the date on which it is currently set to end. This will allow consumer-facing businesses more time to bolster their debt positions and operating models, ahead of an anticipated uptick in trading in the crucial lead up to Christmas.

The 30 September will see other measures end, such as the rent moratorium, Coronavirus Business Interruption Loan Scheme and the Coronavirus Job Retention Scheme. But it is the Corporate Insolvency and Governance Act, ending on the same day, and which brings the spectre of directors becoming personally liable for debts if they are found to be trading whilst insolvent from 1 October, that presents the gravest of concerns for our clients.

In no uncertain terms, if this regulatory relief is not extended, it will spell the death knell for vast swathes of UK consumer-facing businesses. If these companies can be given a chance to take advantage of an economic upturn, and importantly the Christmas period, the government needs to extend the Corporate Insolvency and

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Governance Act easement. By doing so, it will back these businesses and give them a chance to extend their recovery period. Without it, most simply will not survive.

A three-month extension may also allow them the time to find more permanent restructuring of their debt positions once their new operating models are better known. Failure to do so will expose all the government's generosity of the Summer months and render it worthless.

No industry has been more affected by the Coronavirus pandemic than the consumer facing sectors. The measures you have put in place have given the industry much need breathing space and the opportunity to be able emerge in a Covid-secure way as lockdown relaxes. The UK's high street retailers, casual dining outlets and travel businesses are the front line of our economy, with industry and financial markets reliant on consumer spending.

A three-month extension could be the lifeblood that businesses need to allow them to survive and contribute to the UK's wider economic recovery.

I hope you will consider this proposal for the sector and I welcome any feedback and discussion with the Treasury.

Yours sincerely,

**Ian Bell**

Partner and Head of Travel and Tourism  
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