

Tories say big chains are being 'short-changed' on Covid funds in Wales

Tories in Wales and the Welsh Government have clashed over a cap in support that impacts big retail and hospitality chains.

The European Union State Aid controls were applied by the UK Government in March 2020 to any support provided to businesses – meaning there is a cap to the funding that can be allocated.

But Welsh Tories say in England that cap is just over £12m while in Wales the lowest cap of £335,000 is being applied.

It does not impact many businesses but will affect large chains who could go past that cap due to the high number of sites that they have.

Conservatives say businesses are missing out but the Government said its focus has been on supporting SMEs in Wales.

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They did though add that action has been taken to ensure a small number of these larger businesses, who need further support, can receive the money they are eligible for.

Welsh Conservative Shadow Minister for the Economy, Paul Davies MS, said: “The fact that businesses in Wales are being short changed because Labour ministers have been keeping vital details under-wraps is utterly despicable.



Welsh Conservative Shadow Minister for the Economy, Paul Davies MS

(Image: Welsh Conservatives)

“Businesses have been struggling to make ends meet as a result of the pandemic and restrictions, and to learn now that they are being deprived of cash help is a major insult.

“Money has been set aside by Labour ministers in Cardiff Bay to help businesses, but many traders have warned it simply isn’t enough and the First Minister this week refused to heed our calls for more cash aid.

“It is not like Labour ministers don’t have enough money in their coffers to do so, and only recently the UK Government increased the amount of emergency coronavirus funding for Wales from £135 million to £270 million.

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“It is imperative that Labour’s economy minister urgently clarifies the situation and takes action to make sure businesses get the money they are rightly entitled to before they suffer any more damage.”

A UkJHospitality spokesman said: “Welsh hospitality businesses have hit been particularly hard by the devastating effects of Omicron on our Christmas trade – with harsher restrictions than in England.

“Businesses are running on empty and it’s crucial that these grants are paid out to businesses to ensure survival and

revival in our communities.

“Welsh Government should make clear that businesses are entitled to their full grants and not withhold payment based on an incorrect interpretation of competition rules. It would be clearer for everyone if Welsh Government published the rules that everyone was working towards, giving much needed transparency and clarity for businesses and local authorities.”

A Welsh Government spokesperson said: “These claims are misleading.

“Since the start of the Covid pandemic, our focus has been on supporting the tens of thousands of SMEs in Wales who most need our support. Under the latest phase of our Economic Resilience Fund, £13m has already reached 5,000 businesses across Wales – with even more businesses due to receive further support in the coming days.

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“The businesses that would benefit from us increasing the State Aid ceiling to £12.5m would be a small number of large businesses with multiple sites operating in Wales.

“Action has been taken to ensure a small number of these larger businesses who need further support, can receive the support they are eligible for.”

They said they are working to provide guidance to Local Authorities for alternative state aid routes for the small numbers of impacted businesses who have breached the level of funding so they can access the support as soon as possible in the coming days.

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