

NATIONAL RESTRICTIONS: FINANCIAL SUPPORT FOR JOBS AND BUSINESSES

Thursday 5 November

- Throughout this crisis, our priority has been clear: to protect lives and livelihoods. The Prime Minister has announced new national restrictions that will prevent further spread of the virus.
- We know how worried people are – about their health, the health of their loved ones, their jobs, their businesses, and their financial security. And that’s why the Government’s *economic* priority remains the same: protecting jobs.
- Today the Government is announcing that it will:
 - Extend the Coronavirus Job Retention Scheme further, until the end of March
 - Not pay the Job Retention Bonus in February but instead redeploy a retention incentive at the right time
 - Increase the third self-employed grant, covering November to January, from 55% to 80% of trading profits.
 - Increase the upfront guarantee of funding for the devolved administrations from £14bn to £16bn, on top of their Spring Budget 20 funding.
- This comes on top of the extensive support already announced:
 - Cash grants of up to £3,000 *per month* for businesses which are closed in England
 - £1.1 billion for councils in England to further support businesses more broadly over the coming months
 - Extension of existing loan schemes to the end of January and an ability to top-up Bounce Back Loans
 - An extension to the mortgage payment holiday for homeowners
 - Providing councils in England with up to £500 million of funding to support the local healthcare response
 - Over £200 billion on VAT relief, business rate relief, loans, tax deferrals, and support for individuals

Extending the Coronavirus Jobs Retention Scheme (CJRS)

- We recently announced the extension of the CJRS from 1 November until 2 December. As we saw from the first lockdown, the economic effects are much longer lasting for businesses and areas than the duration of any restrictions.
- Today, we are extending the CJRS until the end of March for all parts of the UK. We will review the policy in January to decide whether economic circumstances are improving enough to ask employers to contribute more. The Job Support Scheme is postponed.
- **Eligible employees will receive 80% of their usual salary for hours not worked**, up to a maximum of £2,500 per month.
 - Employer flexibility: Businesses will have flexibility to use the scheme for employees for any amount of time and shift pattern, including furloughing them full-time.
 - Employer contribution: There will be NO employer contribution to wages for hours not worked. Employers will only be asked to cover National Insurance and Employer pension contributions for hours not worked. For an average claim, this accounts for just 5% of total employment costs or £70 per employee per month. We will review the policy in January to decide whether economic circumstances are improving enough to ask employers to contribute more.
 - Payment: The extended CJRS will operate as the previous Scheme did, with businesses being able to claim either shortly before, during or after running payroll. Claims can be made from 8am Wednesday 11 November. Claims made for November must be submitted to HMRC by no-later than 14 December 2020. Claims relating to each subsequent month should be submitted by day 14 of the following month, to ensure prompt claims following the end of the month which is the subject of the claim.

- Employee eligibility: Neither the employer nor the employee needs to have previously claimed or have been claimed for under CJRS to make a claim under the extended CJRS (if other eligibility criteria are met). An employer can claim for employees who were employed and on their PAYE payroll on 30 October 2020. The employer must have made a PAYE Real Time Information (RTI) submission to HMRC between 20 March 2020 and 30 October 2020, notifying a payment of earnings for that employee.
- Employees that are re-employed: Employees that were employed and on the payroll on 23 September 2020 (the day before the Job Support Scheme announcement) who were made redundant or stopped working afterwards can be re-employed and claimed for. The employer must have made an RTI submission to HMRC from 20 March 2020 to 23 September 2020, notifying a payment of earnings for those employees.
- HMRC will publish details of employers who make claims from December onwards under the extended scheme. Full details of this will be within the detailed guidance to be published next week.
- Further details on how to claim are available today on gov.uk and full guidance will be published on Tuesday 10 November.

Job Retention Bonus (JRB)

- **The JRB will not be paid in February and we will redeploy a retention incentive at the appropriate time.** The purpose of the JRB was to encourage employers to keep people in work until the end of January. However, as the CJRS is being extended to the end of March, the policy intent of the JRB falls away.

More help for the self-employed

- **We recently announced** an extension of the Self-Employment Income Support Scheme to support self-employed individuals who are experiencing reduced demand or cannot trade due to the effect of coronavirus. We then doubled the support from 40% to 80% of trading profits for November, which increased the overall level of the grant to 55% of trading profits.
- **Today, the Government is announcing that we are increasing the overall level of the grant to 80% of trading profits covering November to January for all parts of the UK.** This provides equivalent support to the self-employed as we are providing to employees through the government contribution in the CJRS. It is calculated based on 80% of 3 months' average trading profits, paid out in a single instalment and capped at £7,500.
- This is **£7.3 billion of support to the self-employed through November to January** alone, with a further grant to follow covering February to April. This comes on top of £13.7 billion of support for self-employed people so far, one of the most comprehensive and generous support packages for the self-employed anywhere in the world.
- **Timing**: HMRC will pay this more generous grant sooner than planned and in good time for Christmas – the window for claiming a grant will open on 30 November, two weeks earlier than previously announced.
- The Government has already announced that there will be a fourth SEISS grant covering February to April. The Government will set out further details, including the level, of the fourth grant in due course.

Financial support for local businesses in England

- **Businesses in England that are forced to close due to national or local restrictions will receive up to £3,000 per month. This is worth over £1 billion a month with the new restrictions in place, and will benefit over 600,000 business premises.**
 - 90% of small and medium sized business premises in the closed Retail, Hospitality and Leisure sectors should broadly have their monthly rent covered by these grants (based on VOA data on Rateable Values as the best proxy we have for rent).

- **Local Authorities in England will receive one off funding of £1.1 billion to support businesses more broadly over the coming months as a key part of local economies.** They can use this at their discretion. This will be distributed to local authorities on the basis of c.£20/head of population. Some of this funding has already been provided to local areas that entered into Tier 3.
- **Backdated cash grants for businesses in Tier 2/3 areas in England.** Businesses in the hospitality, leisure and accommodation sectors that suffered from reduced demand due to local restrictions introduced between 1 August and 5 November will receive backdated grants at 70% of the value of closed grants up to a maximum of £2,100 per month for this period.
- **Timing:** We will make allocations to Local Authorities later this week, giving them the cover they need to start making distributions and funding will follow next week.

Guarantee loan schemes

- **We have announced that we plan to extend the application deadline for loan schemes** – that is, the Bounce Back Loan Scheme, Coronavirus Business Interruption Loan Scheme, Future Fund, and Coronavirus Large Business Interruption Loan Scheme – to the end of January 2021. This will give businesses two extra months to make loan applications (relative to the current deadline of 30 November).
- **We will also adjust the Bounce Back Loan Scheme rules to allow those businesses who have borrowed less than their maximum (i.e. the lower of £50,000 or less than 25% of their turnover) to top-up their existing loan.** Businesses will be able to take-up this option from next week; they can make use of this option once. We understand that some businesses didn't anticipate the disruption to their business from the pandemic would go on for this long; this will ensure that they are able to benefit from the loan scheme as intended.

More funding for Local Authorities in England to support their local healthcare response

- **Up to £500 million will be provided to local councils in England for local public health initiatives, such as additional contact tracing, testing for hard-to-reach groups and communications**
 - A number of English Local Authorities have already received funding from the **Contain Outbreak Management Fund (COMF)** to support local public health initiatives. All Upper Tier Local Authorities are now entitled to the maximum of £8 per head of population from the COMF, inclusive of what might already have been paid (including to lower-tier and combined authorities in their areas). If you have received less than £8/head you will receive the remainder up to this threshold.
- **We announced that we will provide additional funding to local authorities in England to support Clinically Extremely Vulnerable people.** Over £32 million is being given to local authorities to enable them to provide support to Clinically Extremely Vulnerable people who need it, including helping people to access food and meeting other support needs to enable them to stay at home as much as possible for the 28-day period that the restrictive advice is in force. Funding is weighted by the number of those Clinically Extremely Vulnerable who live within the local authority boundaries.

Mortgage and consumer credit payment holiday extension

- **Mortgage payment holidays will continue to be available for homeowners in the UK.** Borrowers who have been impacted by coronavirus and have not yet had a mortgage payment holiday will be entitled to a 6-month holiday and those that have already started a mortgage payment holiday will be able to top up to 6 months without this being recorded on their credit file. The FCA published draft guidance setting this out on 2 November.

Payment holidays will also continue to be available for consumer credit products such as personal loans and car finance. As with mortgages, borrowers impacted by coronavirus who have not yet taken a payment holiday on that product can ask for one of up to 6 months and those that currently have a payment holiday will be eligible to top up to six months without this being recorded on their credit file. Borrowers with high-cost short-term credit products such as payday loans will continue to be entitled to a maximum month payment holiday. The FCA published draft guidance on this on 4 November.

Support in Scotland, Wales and Northern Ireland

- Extension of CJRS, SEISS grants, loans and mortgage holidays are all UK-wide.
- The UK government has already provided the devolved administrations with unprecedented upfront funding guarantees above their Spring Budget 2020 funding so they have the certainty they need to decide how and when to provide support. Including today's uplift, we are guaranteeing at least 16bn in funding this year on top of their Spring Budget 2020 funding: Scottish Government – £8.2 billion, Welsh Government – £5.0 billion, Northern Ireland Executive – £2.8 billion.

Recap of existing economic support for people and businesses

- Reduced VAT for hospitality, accommodation and attractions until the end of March 2021
- Business rates relief for hospitality, retail, leisure and nurseries until the end of March 2021 in England
- The £20 per week increase to Universal Credit standard allowance, increases to Local Housing Allowance until the end of March 2021 – collectively worth over £7 billion this year
- The £1.57 billion Culture Recovery Fund and £750 million for charities
- £500 payments for those on low incomes in England who are asked to self-isolate for 14 days, and £500 million Hardship Fund for local authorities to use to help the most vulnerable
- Millions of discounted, government backed loans
- Extensive tax deferrals for general tax, VAT and Income Tax Self-Assessment

THIRD PARTY ENDORSEMENTS

- **Kristalina Georgieva, IMF Director:** 'The unprecedented package of fiscal, monetary, and financial sector support measures has helped to sustain incomes, keep unemployment down, and curb corporate insolvencies. It is one of the best examples of coordinated action that we have seen globally. We welcome the continuing efforts the government has made to refine its support measures.'
- **Adam Marshall, BCC Director:** 'Bringing the Self-Employed Income Support Scheme in line with the extended furlough scheme will help many through a period of hardship and closure. New grants, paid faster than previously planned, and extended loan schemes, will also help to ease cashflow concerns.'
- **Mike Cherry, FSB Chairman:** 'This is very welcome action. When the economic toll of coronavirus took effect the Government was right to initiate a hugely ambitious access to finance package for small firms, and it is right to extend that today. More than a million business owners have now been helped through an incredibly challenging period by bounce back or interruption loans and the Future Fund. We've called for an extension to the original deadline for these programmes, and it's great to see that delivered.'
- **Carolyn Fairbairn, previous CBI Director-General:** 'This extension will bring great relief to good businesses facing a cash crisis as they head into the autumn. The loan schemes have been a phenomenal help to businesses of all sizes throughout the pandemic. Many firms have been and remain in desperate need. The size, speed and ambition of the Government's schemes has allowed many to survive. As the challenges continue, so must the Government's bold commitment to support the economy.'
- **Kate Nicholls, UK Hospitality:** 'The extension of the VAT cut was absolutely critical and one that the industry was united in support for, so it is great to see the Government taking note of our major concerns about recovery into 2021. The announcement of longer tax deferrals and the option of longer loan repayments should deliver some much-needed breathing room for employers. Things were looking grim for our sector yesterday and we were desperately hoping for some good news. The Chancellor has given us some reason to be positive again, and we look forward to engaging on specific measures to keep people in work and support our sector.'
- **Stephen Phipson, Make UK:** 'I warmly congratulate the Chancellor for taking decisive action that will help avoid the significant redundancies we were facing had there been a cliff edge end to government support. The priority right

now has to be saving as many jobs as possible and this is a bold and brave move which industry will welcome. In particular, the Chancellor should take great credit for reflecting on the experience of other countries and implementing similar measures here; this will help us be strongly competitive as we return to normal conditions'.

- **OBR:** 'the outlook would have been much worse without the measures the Government has taken. These have provided additional financial support to individuals and businesses through the lockdown. They should also help to limit any long-term economic 'scarring', by keeping workers attached to firms and helping otherwise viable firms stay in business'.