

## NATIONAL RESTRICTIONS: FINANCIAL SUPPORT FOR JOBS AND BUSINESSES

### Monday 2 November

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- 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: protect jobs.
- To support this, we are announcing:
  - An extension to the Coronavirus Job Retention Scheme until 2 December
  - More generous support to the self-employed and paying that support more quickly
  - Cash grants of up to £3,000 *per month* for businesses which are closed
  - £1.1 billion for councils to enable them to support businesses more broadly over the coming months, as a key part of the local economy
  - Plans to extend existing Loan Schemes and Future Fund 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 with up to £500m of funding to support the local healthcare response
- These announcements will give businesses, whether they are open or required to close, the flexibility to adjust and plan over the coming months – and comes on top of the £200 billion package of support we have committed since the beginning of the crisis.

### Extending the Coronavirus Jobs Retention Scheme (CJRS)

- **The CJRS will be extended until 2 December 2020.** In March, we announced the Coronavirus Jobs Retention Scheme to help firms keep millions of people in employment. In light of the new national restrictions, and to make life easier for employers rather than transitioning to the new Job Support Scheme as planned, we are extending the CJRS to provide necessary support to the wage costs of employers. 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. As in August, employers will only be asked to cover National Insurance and employer pension contributions. The vast majority businesses who used the CJRS pay NO NICs or pension contributions (accounting for around 50% of job). For an average claim, this accounts for just 5% of total employment costs or £70 per employee per month.
  - Payment: The extended Coronavirus Job Retention Scheme 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 next week (exact day TBC) and as previously, paid within 6 working days.
  - 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). Employees notified by RTI submission to HMRC on or before 30<sup>th</sup> October will be eligible. Employees employed as of 23 September (day of Job Support Scheme Announcement) and notified to HMRC by RTI on or before that date, who have since been made redundant can be rehired and placed on the Scheme.

## 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 COVID-19 and announced an increase in the support offered to the self-employed, by doubling the SEISS grant extension from 20 per cent to 40 per cent of trading profits.
- **Today**, the Government is announcing that we will provide even more generous support to the self-employed, and we are increasing the support to the self-employed from 40 per cent of trading profits to 80 per cent for November.
- **As SEISS grants are calculated over 3 months, this increases the total level of the grant to 55 per cent of trading profits for November to January and the maximum grant will increase to £5,160.**
  - This provides broadly equivalent support to the self-employed as we are providing to employees through the government contribution in the Coronavirus Job Retention Scheme in November and then the Job Support Scheme in the two subsequent months.
- This is **£4.5bn 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 billion of support provided to 2.6m self-employed people so far, one of the most comprehensive and generous support packages for self-employed people 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.

## Financial support for local businesses

- **Businesses that are forced to close due to national or local restrictions will receive up to £3,000 per four weeks. This is worth over £1bn per four weeks 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 also 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**: businesses in hospitality, leisure and accommodation sectors that have been suffering from reduced demand for a while will receive backdated grants at 70% of the value of closed grants up to a maximum of £2,100 per four weeks 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

- **Today, we are announcing that we plan to extend the application deadline for loan guarantee schemes** – that is, the Bounce Back Loan Scheme, Coronavirus Business Interruption Loan Scheme, 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. 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 to support their local healthcare response

- **Up to £500m will be provided to local councils for local public health initiatives e.g. 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** 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.
- **Today, we announced that we will provide additional funding to local authorities 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.** Borrowers who have been impacted by Covid-19 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 will announce further information on this shortly.
- **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 Covid-19 who have not yet taken a payment holiday on that product will be able to top up to 6 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 will announce further information on this shortly.

## Support in Scotland, Wales and Northern Ireland

- Extension of CJRS Scheme, Self Employment Scheme, Loans and Mortgage Holidays are all UK wide.
- Funding to local authorities and businesses are England-only so will attract Barnett consequentials.
- The UK government has already provided the devolved administrations with unprecedented upfront funding guarantees so they have the certainty they need to decide how and when to provide support.

- We review these amounts regularly and will provide an update in the coming days. Currently, we have provided funding guarantees as follows: Scottish Government - £7.2 billion, Welsh Government - £4.4 billion, Northern Ireland Executive - £2.4 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.
- 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 who are asked to self-isolate by Test and Trace. £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.