



HM TREASURY

COVID-19 ECONOMY BRIEF

Week Ending 29 May 2020

Announcements This Week	2
Announcement Last Week	3
The Government Is Supporting Jobs And Businesses	4
Budget 2020: Delivering On Our Promises To The British People	6
SUPPORT FOR BUSINESSES	
Business Grants	8
Business Rates Holiday	9
Bounce Back Loans	10
Coronavirus Business Interruption Loan Scheme	12
Future Fund	14
Statutory Sick Pay Rebate Scheme	16
Time To Pay	16
Insurance	16
Tax Deferrals	17
Tax Cuts	18
Coronavirus Large Business Interruption Loan Scheme	18
Covid-19 Corporate Finance Facility	20
SUPPORT FOR INDIVIDUALS	
Coronavirus Job Retention Scheme	22
Self-Employment Income Support Scheme	29
Welfare Support	32
Hardship Fund	33
Mortgage Holidays	34
IR35 Reforms Delay	35
Support for Consumers	35
Rough Sleepers	36
Utility Bills	36
SUPPORT FOR PUBLIC SERVICES	
Coronavirus Emergency Response Fund	38
Charities	38
Rugby League	40
Transport	40
Research and Development	41
Devolved Administrations	41

ANNOUNCEMENTS THIS WEEK

Week Ending 29 May 2020

The Chancellor announced the next steps of our Jobs Retention Scheme, as we look to re-open the economy.

- We have already announced that our furlough scheme will be extended until the end of October – giving businesses the vital support they need for a full eight months.
- As we now begin to re-open the economy, the scheme will therefore change so that businesses can bring their furloughed staff back to work – and will be asked to play more of a role in supporting them while on furlough.
- For June and July, nothing will change for employers and the government will continue to pay 80 per cent of furloughed employees' salaries.
- From the beginning of July – one month earlier than we originally announced – employers will be able to bring back their furloughed employees part-time, and claim a grant for the hours they are not working.
- And from August, the scheme will be slowly tapered so that, in line with other countries, employers begin to contribute towards these costs and to reflect that people will be returning to work – further details are available online at: <https://www.gov.uk/government/news/chancellor-extends-self-employment-support-scheme-and-confirms-furlough-next-steps>.
- During this period until the end of October, all employees on furlough will continue to receive 80 per cent of their earnings – up to a cap of £2,500 per month – giving them the protection they need at this time.
- This means the scheme remains one of the most comprehensive and generous in the world.
- The scheme has now supported over 8 million jobs which would otherwise have been at risk, benefitting around 1 million businesses.

We extended our generous self-employed support scheme with a second and final grant.

- More than 2.3 million self-employed people have already been supported since our Self-Employment Income Support Scheme launched at the beginning of May – worth nearly £7 billion.
- We have today extended the scheme by a further three months to continue our support.
- Individuals will be able to claim a second and final grant worth 70 per cent of their average monthly trading profits, paid out in a single instalment covering a further three months, and capped at £6,570 – in line with the average taper of the CJRS to ensure fairness.
- This change means the UK continues to have one of the most generous self-employed coronavirus support schemes in the world as our economy re-opens.

Latest statistics revealed that our loan schemes are delivering for businesses up and down the country.

- More than 600,000 companies have now received Bounce Back Loans, worth over £18 billion.
- 43,000 firms have received over £8 billion under the Coronavirus Business Interruption Loan Scheme.
- £820 million of loans have been approved through the Coronavirus Large Business Interruption Loan Scheme.
- The Covid-19 Corporate Finance Facility has provided over £20 billion of liquidity to large firms.

ANNOUNCEMENTS LAST WEEK

Week Ending 22 May 2020

We launched our £500 million Future Fund, helping high-growth businesses access investment.

- UK-based companies can now apply for a convertible loan of between £125,000 and £5 million, to support continued growth and innovation in sectors as diverse as technology, life sciences and the creative industries.
- Private investors – potentially including venture capital funds, angel investors and those backed by regional funds – will at least match the government investment in these companies.
- The government made an initial £250 million available for investment through the scheme – but we were oversubscribed on day 1 with £515 million worth of applications, so we doubled the funding to ensure more businesses could get support.

We extended our large business loan scheme, so that more businesses can access the support they need.

- The maximum loan size available under the Coronavirus Large Business Interruption Scheme (CLBILS) will be increased from £50 million to £200 million to help ensure those large firms which do not qualify for the CCFE have enough finance to meet cashflow needs during the outbreak.
- The expanded loans, which have been introduced following discussions with lenders and business groups, will be available from Tuesday 26 May.
- Changes also mean companies receiving help through CLBILS and the CCFE will be asked to agree to not pay dividends and to exercise restraint on senior pay.

We also extended our mortgage support scheme to help homeowners struggling with the impact of the virus.

- Homeowners struggling to pay their mortgage due to coronavirus will be able to extend their mortgage payment holiday for a further three months, or start making reduced payments.
- The availability of a three month mortgage holiday was first announced in March as part of an unprecedented package of support for individuals, businesses and the economy.
- Over 1.8 million mortgage payment holidays have been taken up so far, and the first of these will be coming to an end in June. So to give people certainty, they will be contacted by their lender to discuss a way forward.

Borrowing and unemployment figures for April made clear the scale of the economic challenges we are facing.

- Government borrowing was £62.1 billion in April – the highest figure for any month in record – while unemployment claims increased to 2.1 million people between March and April.
- The Government's focus is on supporting families and businesses through this difficult period. That's why we announced an extension to the furlough scheme, which has already saved millions of jobs, and our self-employed scheme has already helped 2 million people.
- The Conservatives have always been clear of the importance of sound public finances and careful management of the economy.

THE GOVERNMENT IS SUPPORTING JOBS AND BUSINESSES

Our **CORONAVIRUS JOBS RETENTION SCHEME** means we are now paying the wages of over 8 million people who would otherwise have been laid off – worth £15 billion to 1 million businesses. Employers can claim for 80 per cent of an individual’s monthly wage, up to a maximum of £2,500 per month. We have helped those who recently changed jobs by pushing back the eligibility date to 19 March, the day before the announcement of the scheme. We have extended the scheme by four months to the end of October, with part-time work allowed from July – earlier than expected – and employers asked to contribute some of the costs from August.

To help the self-employed, our **SELF-EMPLOYED INCOME SUPPORT SCHEME** will pay a grant worth 80 per cent of an individual’s average monthly profits, paid out in a single instalment up to £7,500 altogether. 95 per cent of people who earn the majority of their income from self-employment are eligible, making our scheme one of the most generous in the world. Over 2 million people have now been supported, worth nearly £7 billion. This week, we extended the scheme by a further three months, providing a second and final grant worth 70 per cent of an individual’s average monthly profits.

Businesses are also eligible for a variety of **BUSINESS GRANTS**. Businesses in the retail, hospitality and leisure sector are eligible for cash grants of up to £25,000, and smaller businesses can receive up to £10,000. Up to 1 million business premises are eligible for these grants – worth over £12 billion. In England, 90 per cent of all properties and 89 per cent of all retail, hospitality and leisure properties have a rateable value below £51,000.

All retail, hospitality and leisure businesses will enjoy a **BUSINESS RATES HOLIDAY** for 12 months – and we have amended the criteria to include nurseries, estate agents and bingo halls. This is worth an estimated £11 billion for businesses and means an estimated 735,000 properties will now pay no business rates in 2020-21.

To get cash to businesses, our new **BOUNCE BACK LOANS** offer loans of up to £50,000 to small businesses – with the government guaranteeing 100 per cent of the loan, with no interest or fees for the first twelve months. Applying takes just fifteen minutes or seven simple questions. Over 600,000 loans worth more than £18.5 billion have now been approved.

We are also offering larger loans of up to £5 million for bigger businesses through our **CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME**. We have extended the scheme so all businesses with a turnover up to £45 million are eligible, and removed the need for personal guarantees for loans below £250,000. Over £8 billion of loans have already been approved for over 43,000 companies. The Coronavirus Large Business Interruption Loan Scheme and the Covid-19 Finance Facility are also available for larger companies.

We are supporting the UK’s innovative, start-up and high-growth firms of tomorrow through a £1.25 billion package. Our £500 million **FUTURE FUND** – which opened last week – will match private sector funding with government investment, and we are making £750 million of grants and loans available through Innovate UK to support small businesses focus on research and development. On its first day, over £500 million of government funding was applied for through the Future Fund.

Many businesses and people will also benefit from **TAX DEFERRAL** schemes. Businesses won’t have to pay any VAT for three months from March until the end of June – worth over £30 billion or 1.5 per cent of GDP. Some 2.3 million businesses are eligible, with each business expected to benefit by around £30,000. We have also deferred income tax self-assessment payments for the self-employed from July until January 2021, and over 68,000 businesses have benefitted from deferred taxes through our **TIME TO PAY** scheme.

The Treasury has also introduced **TAX CUTS**. We have removed VAT from sales of personal protective equipment related to Covid-19, and have brought forward a zero rate of VAT for sales of e-books from December 2020 to May 2020.

Our brilliant **CHARITIES** are playing a crucial role in fight against coronavirus, which is why we are committing an unprecedented £750 million of extra funding. Government departments will directly allocate £360 million to charities providing key services, £370 million will support small and medium-sized charities – and we will also match the £27 million raised during the Big Night In.

We are also boosting the safety net for the most vulnerable in society with over £8 billion of extra funding for **WELFARE**. We have increased Universal Credit and the Working Tax Credit by £1,000 each for the next twelve months, extended Statutory Sick Pay for those ill, self-isolating or shielding, significantly increased the Local Housing Allowance to help renters, introduced a £500 million Hardship Fund to support nearly 4 million vulnerable people with their council tax bills, and have suspended the minimum income floor for 12 months, helping the self-employed.

For those in difficulty due to coronavirus, we have introduced a **THREE-MONTH MORTGAGE HOLIDAY** to help people get back on their feet, including Buy to Let landlords. We are also preventing landlords from attempting to evict tenants for at least three months. So far, over 1.8 million mortgage holidays have been granted – equivalent to one in six UK mortgages – and last week, we have extended the scheme by a further three months.

And this week we launched our **STATUTORY SICK PAY REBATE SCHEME** – nearly 2 million small and medium-sized businesses will be eligible to claim up to two week's per eligible employee who has been off work due to Covid-19, has had to self-isolate or is shielding. That's worth up to £48,000 per business.

The UK's economic response to Covid-19 includes loans and guarantees worth over £300 billion – equivalent to 15 per cent of GDP – making it one of the most comprehensive and generous economic responses in the world.

- **OBR:** 'The Government's policy response will also have substantial direct budgetary costs, but the measures should help limit the long-term damage to the economy and public finances – the costs of inaction would certainly have been higher'.
- **IMF:** 'The UK has taken a very aggressive approach. They've come in with large, substantial, very carefully targeted measures. They have done all the right things at this point. There is considerable support to firms and households and to the financial system'.
- **Bank of England:** 'I think the Chancellor's policies are working...the furloughing scheme really does enable people to come back into the economy more quickly so it's a much quicker recovery that we've seen in the past'.
- A recent poll showed that **65% of people think the UK Government is giving business the support it needs**, with just 13% disagreeing. That is more than the US (44%), Germany (51%) and Japan (13%) (*Kekst CNC*, 11 May 2020, [link](#)).

BUDGET 2020: DELIVERING ON OUR PROMISES TO THE BRITISH PEOPLE

This Budget delivers our promises to the British people – to get things done. We promised to:

- let hard working families keep more of what they earn – this gets it done.
- back business and innovate, invest and trade – this gets it done.
- invest in science and research – this gets it done.
- deliver green growth and protect our environment – this gets it done.
- level up, with new roads, railways, broadband and homes – this gets it done.
- record funding for our NHS and public services – this gets it done.

We promised to let hard working families keep more of what they earn:

- **Putting more money in peoples' pockets with an over £200 tax cut for the typical family.** We will increase the National Insurance threshold to £9,500 this April, benefiting 31 million people with a typical employee saving over £100 in 2020.
- **Increasing the National Living Wage to boost the wages of the lowest paid.** The National Living Wage will increase by 6.2 per cent to £8.72 from April. The Budget commits to a new ambitious target for the National Living Wage to end low pay and extend this to workers aged 21 and over by 2024.
- **Axing the tampon tax now we have left the EU.** We will reduce the cost of essential sanitary products for women in the UK, abolishing the tampon tax from 1 January 2021.
- **Freezing fuel duty for a tenth year in a row to help with the cost of living.** We will freeze fuel duty for the tenth year in a row saving the average car driver a cumulative £1,200 compared to Labour's plan.
- **Freezing duty rates on beer, spirits, wine and cider helping with the cost of living.** This will be only the second time in almost 20 years a government has frozen all these duties.

We promised to back business and innovate, invest and trade:

- **Increasing the Employment Allowance so businesses can grow and create more well-paid jobs.** We will help businesses to take on extra staff by increasing the Employment Allowance to £4,000 (increasing it by a third) benefitting over 500,000 businesses and taking 65,000 businesses which will be taken out of NICs altogether.
- **Backing entrepreneurs with start-up funding.** We will extend the British Business Bank's Start-Up Loans programme, supporting up to 10,000 additional loans up and down the country.
- **Cutting taxes for businesses to allow them to invest and focus on growing their business.** We will increase the annual rate of Structures and Buildings Allowance to 3 per cent providing over £1 billion in additional relief for businesses by the end of the Parliament.
- **Increasing R&D tax credits to significantly increase private R&D investment helping to reach our 2.4 per cent of GDP by 2027 target.** We will increase the rate of Research and Development Expenditure credit from 12 per cent to 13 per cent and consult on whether to allow additional costs to qualify for both R&D tax reliefs.

We promised to invest in science and research:

- **Increasing public R&D investment to £22 billion per year by 2024-25.** This investment is the largest and fastest ever expansion in support of research and innovation, taking direct support for R&D to 0.8 per cent of GDP and placing the UK ahead of the USA, Japan, France and China.
- **Boosting funding for our world leading universities and research institutions to attract the brightest and best.** We will provide an immediate £400 million from 2020-21 for world-leading research, infrastructure and equipment – a large share going outside the 'Golden Triangle'. We will also provide £300 million for maths research, doubling the funding for new PhDs.

We promised to deliver green growth and protect our environment:

- **Doubling the amount we invest in flood and coastal defence to £5.2 billion over six years.** Flooding has had a devastating impact so we will double the current investment better protecting 336,000 homes, we will also provide £120 million to the Environment Agency to repair assets damaged by recent floods.

- **Boosting recycling and reducing plastic pollution by introducing a new plastic packaging tax.** From April 2022 the plastic packaging tax will incentivise the use of recycled plastic and help reduce the scourge of plastic waste. We will set the rate at £200 per tonne of plastic packaging that contains less than 30 per cent recycled plastic.

We promised to deliver the housing people need:

- **Setting out an ambitious package to build quality homes this country needs.** The Budget announces £9.5 billion for the Affordable Homes Programme helping to prevent homelessness and help people to get on the housing ladder and taking the total funding to £12.2 billion from 2021-22. This will be the largest cash investment in affordable housing in a decade. We will also publish a White Paper on planning in line with our aim to support at least a million more homes.
- **Creating a new £1 billion fund to remove unsafe cladding so residents feel safe and secure.** Having taken expert advice, we will provide this additional funding to remove non-Aluminium Composite Material cladding from residential buildings above 18 meters to ensure people feel safe in their homes.

We promised to level up, with new roads, railways and broadband:

- **Investing record amounts – triple the average over the last 40 years – to build the railways and roads of the future.** A total of £640 billion of capital investment will be invested in roads, railways, communications, schools, hospitals and power networks. Over the Parliament, public sector net investment will be triple the average public sector net investment over the last 40 years.
- **Providing £50 million to improve accessibility for disabled people at train stations, so that our transport network is open to everyone.** As part of our £300 million Access for All Fund, we will improve accessibility at 12 more train stations across the country.
- **Making an unprecedented investment in urban transport.** 12 city regions will share over £1.2 billion through the Transforming Cities Fund to deliver a range of local schemes including in Preston, Plymouth, Tyne and Wear. We will also provide £4.2 billion for longer-term, London-style funding settlements for eight Mayoral Combined Authorities like Tees Valley, Tyne and Wear, and West Yorkshire.
- **Giving the green light to new strategic road schemes helping everyone get around.** The Budget confirms the development of 15 local road upgrades across the country helping to reduce congestion. We are investing over £27 billion to 2025 on the Second Road Investment Strategy. To decarbonise the transport sector, we expect 97 per cent of cars and vans to be zero emission by 2050.
- **Delivering £2.5 billion to fill millions of potholes over the next five years – speeding up journeys, reducing vehicle damage and making our roads safer.** We have set up a new Potholes Fund, which will provide £500 million a year (a 50 per cent increase) fund to fix 10 million potholes a year.
- **Delivering next generation broadband to the most difficult to reach areas of the UK with a record £5 billion of funding.** This funding will support gigabit-capable broadband which is 40 times faster than standard superfast broadband, benefitting 5 million premises and the hardest to reach parts of the country.
- **Improving phone reception in rural places with a £1 billion investment in the Shared Rural Network.** We will ensure rural areas are not left behind and will provide £510 million of funding – which will be more than matched by industry so 95 per cent of the UK will have high quality 4G mobile coverage.
- **Setting up a new economic campus in the North and review the Green Book on government investment.** We will establish a new economic campus in the north of England, with representatives in every nation, and review the Green Book (the manual for investment to ensure we invest across the UK).

We promised to invest in better public services:

- **Delivering on our promises with £5.4 billion more for the NHS and health service – writing the cheque for 50,000 more nurses and 50 million more GP surgery appointments per year.** We will enshrine into law a cash boost of £33.9 billion by 2024. But this Budget goes further by investing £5.4 billion in this Parliament to support the recruitment, retraining and retaining of 50,000 more nurses including a new nursing maintenance grant for all nursing students.
- **Providing nearly £700 million of new funding in 2020-21 to improve hospitals across England.** Alongside our plan to build at least 40 new hospitals – the largest hospital building program in a generation – we will increase DHSC’s capital budget to allow more vital improvements to hospitals.

SUPPORT FOR BUSINESSES

BUSINESS GRANTS

- One million business premises are eligible for cash grants of £10,000 or £25,000 – worth over £12 billion.

Retail, Hospitality and Leisure Grant Fund

- Businesses which occupy **properties in the retail, hospitality and leisure sectors** are eligible for:
 - a grant of **£25,000** per property, for each property with a rateable value between £15,000 and £51,000. Businesses will be able to receive a maximum of €800,000 from the fund as per State Aid limits.
 - a grant of **£10,000** for properties with a rateable value of £15,000 or below. Businesses will be able to receive a maximum of €200,000 from the fund as per State Aid limits.
- Businesses with a rateable value of £51,000 or over are not eligible for these schemes, nor are businesses which do not pay business rates.
- In England, 90% of all properties and 89% of all retail, hospitality and leisure properties have a rateable value below £51,000.

Small Business Grant Fund

- **Small businesses in any sector** with properties which already receive Small Business Rate Relief, Rural Rate Relief and tapered relief, are eligible for a **one-off grant of £10,000 per property**.

Discretionary Grant Fund

- On 1 May, a new **Discretionary Grant Fund of £617 million** was announced for businesses excluded from the existing grants schemes because of how they interact with the current business rates system.
- Eligible businesses must demonstrate a **significant fall of income** due to Covid-19, have **fewer than 50 employees** and were **trading on or before 11 March**.
- Local authorities are responsible for defining precise eligibility, but this fund should primarily be aimed at **small businesses with fixed building-related costs, businesses in shared offices, regular market traders** who do not have their own business rates assessment, **B&Bs** which pay council tax instead of business rates, and **charity properties** in receipt of charitable business rates relief which would otherwise have been eligible for SBRR or RRR.

How to access

- Local authorities will directly contact businesses which are eligible for these grants. If businesses believe they are eligible and have not yet heard from their local authority, they should get in touch with them directly.
- Businesses can find their local authority at: <https://www.gov.uk/contact-your-local-council-about-business-rates>.
- Further information on the grants schemes is available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/881040/business_support_grants-local_authorities_guidance.pdf
- Businesses in England that would have been in receipt of the business rates holiday for Retail, Hospitality and Leisure Properties on 11 March with a rateable value of less than £51,000 are eligible for the Retail, Hospitality and Leisure Grant Fund. Further information on precise eligibility is available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/877758/Expanded_Retail_Discount_Guidance_02.04.20.pdf.
- Further guidance on the Discretionary Grants Fund is available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/885011/local-authority-discretionary-grants-fund-guidance-local-government.pdf.
- The grant schemes are fully devolved. Devolved Administrations have been allocated Barnett consequentials of £2.3 billion relating to the two main grant schemes, and up to an additional £116 million for the Discretionary Grant Fund.

Progress so far

- Some local authorities started making grant payments at the end of March. Most local authorities started making payments on 1 April.
- As of Tuesday 26 May, **over £9.8 billion of grant payments** have been made to **over 804,000 business premises**.

Why are businesses not in the business rates system (such as those in shared offices) not eligible?

- The RHLGF and SBGF have been tied to the business rates system and rating assessments, which together provide a framework for local authorities to make payments as quickly as possible. Businesses in the business rates system are also likely to face particularly high fixed costs, such as fixed rents.
- Businesses which are not in the business rates system and which are facing high fixed building-related costs may be able to apply for a grant under the Discretionary Grant from their local authority.

These rateable value thresholds are unfair – why have they been chosen?

- The two grants schemes have been designed to support the smallest businesses, and small businesses in some of the sectors hit hardest by the measures taken to prevent the spread of Covid-19. In order to ensure that payments can be made quickly and efficiently to businesses which are facing particularly high fixed costs, the scheme is tied to the business rates system. £51,000 is the accepted threshold in the business rates system for a ‘small’ business, as only businesses which occupy properties with a rateable value of less than £51,000 can benefit from the Small Business Multiplier rate. This threshold applies across England, thus providing a straightforward existing basis which Local Authorities can use to issue grants. In England, 90% of all properties and 89% of all retail, hospitality and leisure properties have a rateable value below £51,000.
- The Government continues to review the economic situation and consider what support businesses and other organisations need. However, there are currently no plans to extend the grants scheme beyond these rateable value thresholds.

How should local authorities interpret what is and isn’t discretionary in the Discretionary Grant Fund?

- This fund is aimed at small businesses with ongoing fixed property-related costs. We are asking local authorities to prioritise businesses in shared spaces, regular market traders, small charity properties that would meet the criteria for Small Business Rates Relief, and bed and breakfasts that pay council tax rather than business rates. But local authorities may choose to make payments to other businesses based on local economic need. The allocation of funding will be at the discretion of local authorities.
- As of Thursday 21 May, individuals in receipt of, or eligible for, the SEISS scheme are now eligible for the Discretionary Grant Fund.

Is there a maximum rateable value for properties applying to the Discretionary Grant Fund?

- There is no maximum rateable value for properties applying to the Discretionary Grant Fund. The fund will be primarily aimed at small businesses; full guidance was published on Wednesday 13 May.

BUSINESS RATES HOLIDAY

- All eligible **businesses in the retail, hospitality and leisure** sectors in England will pay no business rates for 12 months, from 1 April 2020 – that’s **worth an estimated £11 billion for businesses**.
- There will be **no rateable value threshold** – meaning businesses of all sizes in these sectors will benefit.
- The Government also acted to include **nurseries, estate agents and bingo halls** in the 12 month holiday.
- An estimated **735,000 properties** will pay no business rates in 2020-21 – half of all business properties.
- And on 6 May, the Government announced it is **postponing the planned business rates revaluation**.

How to access

- If a business is already receiving the retail discount on their business rates bill, they will receive a revised bill from their local authority with 100% relief.
- Some businesses may need to contact their local authority directly to receive the discount. Guidance on locating local authorities is available at: <https://www.gov.uk/contact-your-local-council-about-business-rates>.
- The guidance for local authorities on eligibility is available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/877758/Expanded_Retail_Discount_Guidance_02.04.20.pdf.
- Business rates are devolved and the devolved administrations will receive Barnett consequential funding in the usual way.

Progress so far

- Nearly half of all properties in England will not pay any business rates for the next 12 months.
- As of **Thursday 21 May, 99% of bills for eligible ratepayers have been stopped**.

Third party support

- ‘The business rates holiday, together with the announcement of a loan package, represent a vital shot in the arm for a sector facing enormous uncertainty.’ **British Retail Consortium**.

- ‘Businesses will welcome the scale of the Government’s latest response, as well as the specific support it is offering to some of the worst-affected parts of our economy.’ **British Chambers of Commerce.**
- ‘This unprecedented package of loan guarantees, business rates breaks and cash grants marks a hugely welcome step forward’. **FSB.**

Businesses need support now – I haven’t received a new bill?

- Guidance for local authorities was published by MCHLG on 18 March, and updated on 25 March to include further properties such as estate agents and bingo halls.
- Local authorities will re-bill all eligible businesses as soon as possible. All queries should be directed to the relevant local authority.
- 99% of bills for eligible ratepayers have already been stopped.

Why are you supporting supermarkets when they are making millions?

- The holiday aims to provide support to all eligible businesses in the retail, hospitality and leisure sector at this challenging time. This is a necessary and proportionate response. It builds on the previous one-third business rates relief discount announced at Budget 2018. Food retailers have always been eligible for that relief.

BOUNCE BACK LOANS

- The Chancellor has announced a new Bounce Back Loans Scheme **to ensure that businesses get the financial support they need quickly, to help them survive this crisis.**
- **Loans will be from £2,000 up to £50,000**, capped at 25% of a firms’ turnover, with a maximum repayment term of 6 years.
- The Government will provide lenders with a **100% guarantee on each loan, with no repayments due during the first 12 months.**
- The Government **will cover the first 12 months of interest payments**, and the government has agreed an interest rate of 2.5% for the remaining period of the loan.
- Businesses will be able to complete a **short, simple, online application in just 15 minutes – or 7 questions.**

How to access

- Businesses can apply via the British Business Bank website: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/bounce-back-loans/>.
- A list of accredited lenders through which to apply is available at: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/bounce-back-loans/current-accredited-lenders-and-partners/>.
- Further information is available at: <https://www.gov.uk/guidance/apply-for-a-coronavirus-bounce-back-loan>.

Progress so far

- The scheme was announced on Monday 27 April, and went live at 0900 on Monday 4 May.
- Since its launch, **over 608,000 loans worth almost £18.5 billion have been approved.**
- There are now **18 accredited lenders**, with Tide announced as the latest approved lender on Friday 15 May.
- There are **76 existing accredited lenders for CBILS** – any one of these can be accredited for Bounce Back Loans by signing a simple, easy form.

Third party support

- ‘The Chancellor’s new 100% guaranteed loan scheme for small businesses is transformational. Sole traders, micro-firms and entrepreneurs will now have a simple route to fast finance to stay afloat, without red tape or time-consuming checks. Thousands of businesses could be saved by this lifeline. Banks now need to continue their work in overdrive to get the loans flowing faster. It’s good to see the Chancellor listening to business, proving that where there’s a need to adjust schemes, he will do what it takes. It will be vital to maintain this approach in the months to come. Every job saved today will ensure a faster recovery tomorrow’. **Dame Carolyn Fairbairn, CBI Director-General.**
- ‘The Bounce Back Loans Scheme will help smaller businesses and sole traders rapidly access the finance they need by filling in a simple form online with an accredited lender. This builds upon the broad package of support that lenders are already offering to help SMEs through these tough times, including capital repayment holidays, extended overdrafts and billions of pounds worth of lending. Accredited lenders approved to offer Bounce Back Loans have worked at pace with the Treasury to get this scheme up and running by Monday,

and staff are now focused on processing applications and getting money to businesses as quickly as possible'.
Stephen Jones, CEO, UK Finance.

- 'We know many small firms have struggled to secure small loans speedily. We are pleased that the Chancellor has listened, and swiftly developed this new scheme for small businesses to access finance quickly, interest-free for the first year and at an affordable fixed interest rate for the remainder'. **Mike Cherry, Chair, FSB.**
- 'The government has kept an open ear to businesses, and continues to adapt its coronavirus response, which is very welcome. The business interruption loan scheme has started to reach firms, but small firms were still having difficulty accessing finance. This additional measure should help more of those firms get the cash they need to see them through the weeks and months ahead'. **Tej Parekh, Chief Economist, IOD.**
- 'This is extremely welcome news for small businesses up and down the country who trade online and offline, including the 300,000 who trade on eBay on a daily basis. Many of Britain's SMBs are really struggling financially in the current crisis. Hopefully, this move from government will help our very smallest businesses get the financing they need quickly to manage their cash flow or replenish their stock. While the existing CBIL scheme may be appropriate for some businesses, our smallest businesses told us that they were finding it hard in practice to access this support from banks. By extending the current government guarantee from 80% of each loan to 100%, we hope this will make it more likely that banks will extend finance at a critical time. And by making it simpler to apply, SMBs should be able to get the help they need quickly just when they need it most'. **Rob Hattrell, Vice President, eBay UK.**
- 'The launch of the Bounce Back Loan Scheme is an important milestone in getting credit flowing to small firms who have so far struggled to access the financial support they need. The standardisation of the interest rate that can be charged after the first 12 months is a welcome step in helping firms manage their ongoing costs. We look forward to working with the government, British Business Bank and UK financial institutions to ensure that the new scheme supplies cash to businesses on the ground quickly'. **Dr Adam Marshall, Director General, BCC.**
- 'The Chancellor is standing shoulder-to-shoulder with small businesses to help them through the crisis. A 100% government guarantee on loans and a simple way of applying will be a lifeline to many small businesses and sole traders under pressure. Banks have been operating at full throttle and must stay in overdrive to get more money out of the door faster. Time is of the essence.' **Rain Newton Smith, Chief Economist, CBI.**

Why didn't you introduce a 100% guarantee sooner? This is a u-turn.

- This scheme has been introduced following feedback on CBILS, and is targeted at the smallest businesses in the country. Lenders have seen a large increase in the number of applications received for small loan values – but borrowers often struggle to complete the application forms or find the process unnecessarily burdensome.
- This scheme responds to the feedback the Government has received, and creates a bespoke product that will help the smallest businesses in the country access finance more quickly.

Is it fair that this is 100% of taxpayers' money?

- This is an entirely new scheme to support our smallest businesses that are the backbone of our economy. We said from the start that we would do whatever it takes to support business, and this is us delivering on that promise. This is in addition to the support we offer through business grants, the CJRS and tax deferrals.
- We know small businesses are still struggling to access credit in the timeframe that they need. They are, in many ways, the most exposed businesses to the impact of the coronavirus, and often find it harder to access credit in the first place. If we want to benefit from their dynamism and entrepreneurial spirit as we recover our economy, they will need extra support to get through the crisis.
- As the Chancellor has said, this is a proportionate response. It would not be appropriate to extend 100% guarantee – and expose the taxpayer – on larger loan volumes.

This scheme will face the same problem as CBILS: lenders won't process applications quickly enough.

- The government has also taken steps to remove the requirement for lenders to undertake forward-looking viability assessment tests, such as cash-flow projections, which are particularly challenging in these uncertain times. Typical assessments including affordability have also been removed, speeding up the application process. These features will enable accredited lenders to process loan applications in a matter of days, faster than under CBILS.

Isn't this unfair to medium and larger businesses which only have an 80% guarantee on their loan?

- While the existing Coronavirus Business Interruption Loan Schemes have resulted in significant volumes of financing being provided to medium-sized and larger businesses, small businesses are still struggling to access

small loans, particularly at the pace they need to, in part because lenders often have less information available regarding these businesses.

- For this reason, the Government has decided to provide a 100% guarantee on these loans. This feature of the scheme, along with reduced affordability and viability checks, will enable the smallest businesses, some of which may not have taken on debt before and therefore be less familiar to banks, to access loans which they may have been struggling to do. A 100% guarantee is not a step taken lightly, given the taxpayer stands behind these loans. But small businesses need more help, therefore it is a step we have deemed necessary.
- The 80% guarantee on lending under CBILS to medium and larger businesses is already extremely generous, and no evidence suggests this is acting as a significant barrier for lenders. This in fact remains an important tool to ensure that lenders have sufficient skin in the game, when they are lending much larger sized government-backed loans of up to £5 million to an SME.

Are banks only allowed to give loans to their own customers?

- No, banks can offer loans to their existing customers and new customers. But it is only right and natural that they prioritise their own customers first. There are now over 70 accredited lenders under CBILS and BBL, and customers can access Bounce Back Loans by filling out a form in just 15 minutes.

CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME

- We will do **whatever it takes** to see our businesses through this crisis – which is why we have launched the Coronavirus Business Interruption Loan Scheme to support businesses across our country.
- It is delivered through over 60 commercial lenders, backed by the British Business Bank.
- Businesses with a **turnover of up to £45 million are eligible**, for loans of up to £5 million, up to 6 years.
- The Government will provide lenders with a **guarantee of 80% on each loan**, will not charge businesses for this guarantee, and **will also cover the interest costs and fees for the first 12 months**.
- In response to feedback, on Friday 3 April, the Government extended the scheme so that **all viable businesses – not just those unable to secure regular commercial funding – will now be eligible**.
- We have also **removed the forward-looking viability test** that required an assessment of whether the business can trade out of the crisis. The only test that remains is whether a business was viable before Covid-19, so businesses do not need to be asked for documentation like cashflow forecasts.
- The government **will provide as much capacity as required** for the scheme.
- **No lender can take a personal guarantee for a loan of less than £250,000** that is supported by the scheme. For loans over the value of £250,000, a personal guarantee can only be taken for 20% of the outstanding balance.

How to access

- Businesses can apply via the British Business Bank website: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/>.
- A list of accredited lenders is available at: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/current-accredited-lenders-and-partners/>.
- Further information is available at: <https://www.gov.uk/guidance/apply-for-the-coronavirus-business-interruption-loan-scheme>.
- Loans are available to businesses across the UK.

Progress so far

- The scheme was launched on Monday 23 March.
- As of **Monday 25 May, over 43,000 loans have been approved, worth over £8 billion**.
- There are now **76 accredited lenders**, compared to 39 at the start of the crisis. The Treasury has worked at pace to open up the accreditation process, with 6 new lenders approved on 20 May.

Third party support

- ‘We’re pleased that the Chancellor is listening and responding to the real-world concerns posed by firms across the UK who are urgently trying to access financial support. Improvements to the Coronavirus Business Interruption Loan scheme will help firms get access to cash more quickly, and the announcement of a new loan scheme for mid-sized companies closes a significant gap in existing support. Chambers of Commerce will continue to work with government and the banks to ensure that support reaches businesses at the front line’. **Dr Adam Marshall, Director-General, BCC.**

- ‘The Chancellor’s measures are a big step forward. They will help deliver cash faster to firms battling for survival in the headwinds of the pandemic. By providing more support for mid-tier companies, they are backing our most significant and iconic regional employers. These firms number in the thousands and make a huge contribution to the economy, so it’s good to see them getting the support they deserve. More detail and a clear time frame are still needed, but this plan is hugely welcome. Each week brings unprecedented levels of economic support and it’s encouraging to see the Government stepping in where urgent help is needed. This will need to continue as the challenges of this health and economic crisis unfold’. **Dame Carolyn Fairbairn, Director-General, CBI.**
- ‘The most immediate issue threatening the survival of millions of small businesses and the self-employed is severely depleted cash flow. Time is of the essence and therefore we welcome government action in ensuring that any viable small business that has been negatively impacted by the Coronavirus can now directly access CBILS rather than first being offered a bank’s own standard commercial lending product. Removing personal guarantees for all commercial loans below £250K is also very welcome. Taking on debt at the current time is a daunting prospect for many small businesses and the self-employed. We look forward to continuing our constructive engagement with government to ensure that debt can be repaid in an affordable way that allows small businesses to recover from this crisis and to thrive again’. **Mike Cherry, National Chair, FSB.**

The CBILS loan process has been too slow – what are you doing to speed this up?

- We have been receiving helpful feedback from stakeholders on how the new scheme has been working, including the length of time it can take lenders to process applications.
- The Government has now taken further steps to ensure that lenders have the confidence they need to process finance applications swiftly – by removing the forward-looking viability test that required an assessment of whether the business can trade out of the crisis, and removing the per lender portfolio cap, to give lenders the full 80% guarantee across all CBILS lending.
- The PRA and FCA have also published statements to provide comfort to lenders regarding various regulatory requirements around CBILS lending, to ensure that banks can process applications quickly.
- We continue to work closely with banks – and the British Business Bank – to ensure businesses can access support as quickly as possible.

Why are you only providing an 80% guarantee for CBILS loans, but 100% for Bounce Back Loans?

- While the existing Coronavirus Business Interruption Loan Schemes have resulted in significant volumes of financing being provided to medium-sized and larger businesses, small businesses are still struggling to access small loans, particularly at the pace they need to, in part because lenders often have less information available regarding these businesses. For this reason, the Government has decided to provide a 100% guarantee on these loans.
- The 80% guarantee on lending under CBILS to medium and larger businesses is already extremely generous, and no evidence suggests this is acting as a significant barrier for lenders. This in fact remains an important tool to ensure that lenders have sufficient skin in the game, when they are lending much larger sized government-backed loans of up to £5 million to an SME.

What about personal guarantees?

- No lender can take a personal guarantee for a loan of less than £250,000 that is supported by the Coronavirus Business Interruption Loan Scheme. For loans over the value of £250,000, a personal guarantee can only be taken for 20% of the outstanding balance.
- However, a lender is not allowed to take a personal guarantee against a borrower’s principal residence under the scheme. So even if a personal guarantee is required under the lender’s credit policy for loans over £250,000, it cannot be taken against the borrower’s home.
- It is important that business owners remain accountable for the debt that they take on. Businesses will remain responsible for repaying any facility they may take out.

How does this compare in generosity to Germany, Switzerland and the USA?

- **Germany:** The German KfW loan scheme is available to SMEs with 10 or more employees, and enables them to access loans of up to 3 months turnover up to €800,000. There is a 100% government guarantee, but with a 3% interest rate from the outset, has a subsequently low take-up.
- **Switzerland:** Switzerland do not offer cash grants and tax cuts, while their furlough scheme requires a cash payment. The Swiss loan scheme enables SMEs to access loans of up to 10% of their annual turnover, up to CHF 500,000 with a 100% guarantee. Larger firms can access loans of up to 10% of annual turnover, capped at CHF 20 million, with an 85% government guarantee.
- **USA:** The US offers loan schemes which are aimed at businesses using the funds to keep on staff, therefore no UK-style equivalent furlough scheme for employees.

FUTURE FUND

- Our Future Fund will **unlock investment for innovative, start-up and high-growth firms** affected by the crisis which are unable to access the CBILS and other schemes because they rely on equity investment and are typically either pre-revenue or pre-profit.
- We have committed a **£1.25 billion package to protect high-growth firms driving innovation** in the UK:
 - A **£500 million investment fund (Future Fund)** for high-growth companies, made up of **£250 million funding from government with equal match funding by the private sector**;
 - **£750 million of grants and loans for SMEs focussing on research and development**, available through Innovate UK's grants and loan scheme.
- The Future Fund is **delivered in partnership with the British Business Bank, and Innovate UK** will administer the grants and loans.
- The Government will issue **convertible loans of between £125,000 and £5 million**, which will be matched by private investors and turned from debt into equity at the next round of funding. Firms must have raised a minimum of £250,000 in the last five years.

How to access

- Firms were able to apply from Wednesday 20 May, with the first payments made shortly thereafter.
- Loans are available to businesses across the UK.
- Further information is available at:
 - <https://www.british-business-bank.co.uk/ourpartners/future-fund/>.
 - <https://www.gov.uk/guidance/future-fund>.

Progress so far

- The scheme was announced on Monday 20 April and opened for applications on Wednesday 20 May.
- Companies can check they meet the criteria for funding by going to the British Business Bank website. If they have secured private match funding, one of their investors can register online to start the application process.
- Further details on operation of the Fund is available at: <https://www.uk-futurefund.co.uk>.
- On its first day, the fund received **£515 million worth of applications**.

Third party support

- 'Britain is the start-up capital of Europe and this package is a signal of intent that the Government will make sure it remains so in the future. This support will help early-stage innovators survive the crisis and thrive after it'. **Dom Hallas, Executive Director of the Coalition for a Digital Economy (COADEC)**
- 'We welcome the announcement from the Chancellor regarding support for high-growth FinTechs and start-ups. Financial innovation will play a vital role as we emerge from the crisis, especially in areas of financial inclusion, SME financing and digital transformation of the financial services sector'. **Charlotte Cresswell, CEO, Innovate Finance CEO.**
- 'We welcome today's announcement from the Chancellor as a very positive step in supporting the UK's Innovation Economy. Getting funds into the hands of entrepreneurs to protect the UK's technology and healthcare industry is critical to maintaining our place as one of the most attractive and successful tech hubs globally. UK start-ups and scale-ups are creating technologies and jobs that are critical to the development of life changing breakthroughs and enhancements in the areas of healthcare, finance, communication, education, work and beyond. We believe these actions are a welcome step in the right direction and we look forward to supporting UK innovation companies and their investors through these initiatives and other government programmes'. **Erin Platts, Silicon Valley Bank, Head of EMEA & President of UK Branch.**
- 'The Future Fund will help provide urgently needed support for many of our most innovative and fast-growing businesses around the UK, as we have urged. The fund fills an important gap in existing government support and could make a real difference to entrepreneurial firms navigating challenging circumstances. It's crucial that this enhanced support reaches companies in difficulty as quickly as possible'. **British Chambers of Commerce.**
- 'Tech startups and scaleups are crucial to the UK's future growth, jobs and innovation. The £500m Future Fund and £750m for loans and grants for R&D for startups is a bold intervention, and although the full implementation details are to still be released, it is likely to give the sector a welcome boost in these unprecedented times'. **Gerard Grech, CEO, TechNation.**

- ‘The new Future Fund will be a vital cashflow boost for many smaller businesses at the forefront of tech development and innovation’. **Federation of Small Businesses.**
- ‘Future Fund is a great way for @hmtreasury to support the UK’s series A and B startups, and ensure we still have a vibrant tech ecosystem. I know of several funding rounds that were pulled because of Covid. This should help restart them’. **Tom Blomfield, CEO, Monzo.**
- ‘We very much welcome the Chancellor’s announcement today of a £1 billion rescue package for startups and scaleups, including the £250 million Future Fund. This is a key step to supporting the UK’s most innovative businesses through the Covid-19 crisis’. **Seedrs.**

Isn’t this just special treatment for the tech sector?

- No – these measures will benefit companies across many different sectors. Companies that rely on venture capital and other early stage investment are often pre-profit and as such may be unable to access traditional business loans, including the government’s pre-existing coronavirus business loans for SMEs (CBILS and CLBILS).
- We need to help fund our most innovative companies during this crisis. These companies will be an engine for growth once the outbreak is over.
- The UK tech sector is an important contributor to the wider UK economy; tech sector Gross Value Added (GVA) grew nearly six times as fast as that of the UK economy as a whole last year and the sector employs 1.5 million people.

How will this be funded – is it new money?

- The government will initially provide £250 million for the Future Fund, with at least a further £250m expected to be provided in match-funding from private investors. This is new money.
- Protecting the pipeline of innovative start-ups and scale-ups is vital to achieving our objective of increasing economy-wide investment in R&D to 2.4% of GDP by 2027, and to creating an innovation-intensive and technology-driven economy.

Start-ups won’t be able to raise match-funding to access these loans?

- The scheme takes a market-led approach to protect the taxpayer and ensure funding is provided to the most viable early stage companies. It is not possible to help every business.

Does this mean that only companies supported by big VCs can access the Fund?

- No, a range of investors will be able to provide match funding as part of the scheme. Further detail on the terms of the Future Fund will follow on gov.uk.

Won’t this crowd out private investment/distort the market?

- This is a temporary and targeted programme to address funding challenges arising from the Coronavirus pandemic. Loans will be offered on commercial terms alongside private investors.

These companies are high risk and the failure rate is high in normal times – are you gambling with taxpayer’s money?

- The Future Fund uses convertible loans that turn debt into equity at the next round of funding. Matched funding reduces the risk to government by taking our lead from industry in assessing risks appropriately.
- *If pressed – won’t most of these shares be worthless in a few years?* It is precisely because these firms are riskier that they are the forefront of innovation and will help drive growth once the outbreak is over. But the government is not trying to pick winners here – the funding will be provided alongside with those with deep industry expertise. The eligibility criteria are also intended to target viable companies, minimising the risks to the taxpayer.

Will this debt instrument be eligible for the EIS/SEIS?

- No. EIS/SEIS tax reliefs are only available when investors purchase ordinary equity in qualifying companies. Convertible loan notes and other debt instruments are not eligible for tax relief. However, companies can still use the EIS and SEIS to raise tax-advantaged growth capital. Since the schemes began, around 30,000 companies have received over £20 billion of EIS-advantaged funds and around 13,000 companies have received £1 billion of SEIS-advantaged funds.

Won’t EIS investors be disadvantaged compared with bigger VC fund investors?

- EIS tax reliefs remain available for investors who wish to invest directly in equity in qualifying companies. EIS investors can provide match-funding for the government loans, but tax relief would not apply to this investment.

STATUTORY SICK PAY REBATE SCHEME

- **Small and medium-sized businesses and employers can reclaim Statutory Sick Pay** for staff sickness during coronavirus – that’s nearly 2 million employers who will be eligible, worth up to £48,000 per business.
- The refund will cover up to **two weeks’ sick pay per eligible employee** who has been off work due to Covid-19, has had to self-isolate or is shielding.

How to access

- Businesses can apply online at: <https://www.gov.uk/guidance/claim-back-statutory-sick-pay-paid-to-employees-due-to-coronavirus-covid-19>.
- Further details on eligibility are available at: <https://www.gov.uk/employers-sick-pay/eligibility-and-form-sspl>.

Progress so far

- The scheme launched on Tuesday 26 May.

Third party support

- ‘Expanding access to statutory sick pay for those impacted by coronavirus is the right thing to do, and so too is making that access affordable for small businesses. By announcing an extension of the retail discount and an SSP rebate for small firms, as FSB called for, the Chancellor has shown he’s on their side’. **FSB**.

TIME TO PAY

- Time To Pay is an existing scheme to support businesses and self-employed individuals by **allowing them to defer taxes they owe** to the Government by a short period of time.
- HMRC have set up a new Covid-19 helpline to handle calls and have made an **additional 2,000 experienced call handlers** available to support firms where needed.
- They will also **waive late payment penalties and interest** where a business experiences difficulties making a payment due to Covid-19.
- So far **over 68,000 new deferrals are in place related to Covid-19, accounting for £10.93 billion** of tax liabilities.

How to access

- If a business has missed – or is worried about missing – their next tax payment due to coronavirus, they should contact HMRC on 0800 024 1222.
- More information is available at: <https://www.gov.uk/guidance/find-out-how-to-pay-a-debt-to-hmrc-with-a-time-to-pay-arrangement>.

Progress so far

- As of Tuesday 26 May, there were **over 68,000 new deferrals** in place related to Covid-19, **accounting for £10.93 billion** of tax liabilities.

INSURANCE

- Most commercial insurance policies are unlikely to cover pandemics or unspecified notifiable diseases, such as Covid-19.
- However, those **businesses which have an insurance policy that covers government ordered closure and pandemics or government ordered closure and unspecified notifiable disease should be able to make a claim** (subject to the terms and conditions of their policy). Insurance policies differ significantly, so businesses are encouraged to check the terms and conditions of their specific policy and contact their providers.
- The Government recognises that businesses who do not have appropriate insurance cover will require support from elsewhere. As such, businesses should explore the full package of support.

How to access

- Businesses are encouraged to check the terms and conditions of their specific policy and contact their providers.

Progress so far

- The Government is working closely with the FCA to ensure that the rules are being upheld during this crisis, and fully supports the regulator in its role.
- On 1 May, the FCA announced a consultation and further expectations for insurers on assisting policyholders during the Covid-19 crisis.
- The FCA also outlined its intention to seek a court declaration, on an agreed and urgent basis, to resolve uncertainty for many customers making business interruption claims.
- The FCA expects insurers to assess the value of their insurance products to customers during this period and to consider appropriate action. This might include changing how benefits are delivered, refunding some premiums or suspending monthly payments for a certain period of time.

Third party support

- ‘This is a welcome step from the FCA and insurers will look to work closely with the regulator to make this process a success. Although the vast majority of business interruption policies do not cover pandemics and the Government has confirmed it will not seek to retrospectively amend contracts, we support any process that will provide clarity and certainty for the minority of customers who are disputing whether they should be covered. For valid claims, leading ABI members have agreed a set of claims handling principles to ensure speedy processing, including interim payments’. **Hugh Evans, Association of British Insurers.**

What about cases of unspecified notifiable diseases not paying out?

- Those businesses which have an insurance policy that covers government ordered closure, pandemics and unspecified notifiable disease should be able to make a claim, subject to the terms and conditions of their policy.
- The Financial Conduct Authority has said that, in light of Covid-19, insurers must consider very carefully the needs of their customers and show flexibility in their treatment of them. The Government is working closely with the FCA to ensure that the rules are being upheld during this crisis, and fully supports the FCA in its role.
- The Government has been clear that the sector has a significant role to play in these unprecedented times.

TAX DEFERRALS

- The Government is **deferring VAT payments** so businesses will not need to pay any VAT from 20 March through to the end of June – a **deferral worth over £30 billion or 1.5% of GDP**.
- The option to defer VAT is **open to all 2.3 million UK VAT registered businesses**, with the average benefit expected to be around **£30,000 per business**. Businesses will have until the end of the financial year to pay back any deferred VAT.
- For self-employed people, we have also **deferred income tax self-assessment payments** for July until the end of January 2021.
- And **68,000 new tax deferrals are in place through Time To Pay**, accounting for **£10.93 billion** of tax liabilities.

How to access

- The deferral for businesses is an automatic offer using HMRC’s existing systems, with no applications required. The scheme is already operational. VAT-registered businesses should cancel any relevant direct debits. They will have until the end of the financial year to pay back any deferred VAT payments.
- More information on VAT deferral for businesses is available at: <https://www.gov.uk/guidance/deferral-of-vat-payments-due-to-coronavirus-covid-19> or by calling HMRC on 0800 024 1222.
- More information on Time To Pay is available at: <https://www.gov.uk/guidance/find-out-how-to-pay-a-debt-to-hmrc-with-a-time-to-pay-arrangement>.

Progress so far

- As of Tuesday 26 May, there were **over 68,000 new Time To Pay deferrals** in place related to Covid-19, **accounting for £10.93 billion** of tax liabilities.
- For returns up to 7 May, around **£22 billion of VAT has been deferred**, by around **400,000 businesses**.

- Over 160,000 businesses have already cancelled their direct debits.

Third party support

- ‘This extraordinary economic package from the Chancellor packs a punch. He has not flinched from taking essential action to support jobs and underpin consumer confidence. He has offered urgent action to help firms operate now and in the immediate future. The VAT deferral is a vital lifeline for thousands of firms and millions of jobs in UK retail’. **Helen Dickinson OBE, Chief Executive, British Retail Consortium.**
- ‘The Chancellor has given businesses desperately needed breathing room at this critical moment. The deferral of VAT payments keeps money in the pockets of businesses so that they can pay their people and suppliers’. **British Chambers of Commerce.**

We need a tax holiday, not a deferral – companies will still have to pay this tax back?

- This will help alleviate the immediate, temporary pressures businesses are facing. We are confident the economy and businesses will bounce back from this in time. To help them do that, we will give them the time needed to pay back deferred tax. Businesses will have until the end of the financial year to make these repayments.
- This should be seen as part of a wide package of support for businesses, including our loan schemes, grants for businesses and significant changes to our welfare system.

How is this supporting the self-employed?

- The next self-assessment payments – due in July – will also be deferred until January 2021. This is on top of the Self-Employment Income Support Scheme the Government announced on 26 March.

TAX CUTS

- We have recently brought forward a permanent zero rate of VAT to **e-publications and e-books** from 1 December to 1 May 2020 – **reducing the cost of access to online publications** during these times.
- A zero rate of VAT will also apply to sales of **personal protective equipment (PPE)** for Covid-19 from 1 May 2020 until 31 July 2020, **saving care homes and businesses over £100 million.**

How to access

- More information on zero VAT for PPE is available at: <https://www.gov.uk/government/publications/vat-zero-rating-for-personal-protective-equipment/vat-zero-rating-for-personal-protective-equipment>.
- More information on zero VAT for e-publications is available at: <https://www.gov.uk/guidance/zero-rate-of-vat-for-electronic-publications>.

CORONAVIRUS LARGE BUSINESS INTERRUPTION LOAN SCHEME

- Businesses with a **turnover of over £45 million will be eligible for loans of up to £200 million**, subject to a **limit of 25% of their turnover.**
- To ensure that this support is used in the right way, companies borrowing over £50 million will be **required to agree not to make dividend payments or share buybacks**, and will face **restrictions on executive pay.**
- The Government will provide a **guarantee of 80% on each loan**, at commercial rates of interest.
- The Government **will not cover any interest or fee income.**
- It is delivered through **over 50 commercial lenders**, backed by the Government-owned British Business Bank.
- Businesses cannot also apply for a loan under the Covid-19 Corporate Financing Facility.

How to access

- Businesses should apply via the British Business Bank website: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/clbils/>.
- A list of accredited lenders is available at: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/clbils/current-accredited-lenders-and-partners-2/>.
- Further information is available at: <https://www.gov.uk/guidance/apply-for-the-coronavirus-large-business-interruption-loan-scheme>.
- Loans are available to businesses across the UK.

Progress so far

- The scheme was launched on Monday 20 April.
- As of **Monday 25 May**, there have been **154 loans worth £820 million**.

Third party support

- ‘Once again, it is good to see the Chancellor listening to real-world business concerns, and expanding assistance to good companies facing severe cash constraints as a result of the Coronavirus crisis. These changes fill an important gap in government support, and could make a real difference to medium-sized and larger-firms navigating challenging circumstances. It’s now crucial to ensure that this enhanced support reaches companies in difficulty as quickly as possible’. **British Chambers of Commerce**.
- ‘This is another helpful measure from government to bring cash into businesses, which is a matter of urgency for many medium sized and larger British companies’. **Institute for Chartered Accountants in England and Wales**.
- ‘We are pleased the Government has listened and once again shown it will respond to the needs of the industry in this time of crisis. The expansion of CLBILS will support businesses and jobs by helping prevent retailers slipping through the gaps between the various loan schemes. It is essential that the scheme, along with other Government interruption loans, are easy to apply for and fast to deliver much needed cash to businesses’. **British Retail Consortium**.

Why are you not covering the interest and fees for the first year, like with CBILS?

- CLBILS is intended to help larger firms, who will generally be better placed to meet interest payments. They can also secure significantly larger loans of up to £25 million or £50 million depending on their size.

What about businesses which need more than £50 million?

- Previously, loans under CLBILS were capped at £25m or £50m, depending upon businesses’ annual turnover. To ensure that larger firms are able to receive the funding that they need, we have raised this cap. Businesses will now be able to borrow up to 25% of their turnover, capped at £200 million. As a result, more businesses and more jobs will be able to benefit from government-backed support.

Why are you making these changes?

- The Government has heard from a wide range of stakeholders including firms, banks and industry groups. In response to this feedback, the Government has decided to extend the scheme to ensure that larger firms are able to receive the support that they too need.

Why are you restricting dividend payments?

- These restrictions will ensure that CLBILS financing is being used to support businesses, and not just enrich shareholders. The further restrictions on the larger loans that will be permitted from today are in line with protecting the taxpayer’s interest on these larger loans.

Why did you not put in place dividend restrictions earlier?

- All CLBILS borrowers are already required to agree to a restriction on dividend payments which means they are only allowed to make dividends which were a) declared before the CLBILS loan was taken out, b) is in keeping with similar dividends made in the preceding 12 months, and c) does not have a material negative impact on the borrower’s ability to repay the loan.

Can businesses get this loan and other forms of support?

- Yes, with the exception of the Bank of England’s Covid Corporate Financing Facility. The eligibility criteria for the scheme does not require lenders to take into account the other forms of government support that firms may be benefiting from, i.e. reliefs or grants unrelated to the Coronavirus Large Business Interruption Loan Scheme.

What interest rate will lenders charge? Won’t these be more expensive than a normal commercial loan?

- The interest rate charged on finance facilities will be set at the discretion of each lender. However, the Government expects that these rates will be competitive, and fairly priced, taking into account the unprecedented situation businesses may currently face. All lenders must clearly explain the interest and fees that they will charge over the duration of the facility.

COVID-19 CORPORATE FINANCE FACILITY

- For larger firms with an investment-grade credit, the Government has **guaranteed a funding scheme from the Bank of England** to buy short-term debt from larger companies which are fundamentally strong, but have been affected by a short-term funding squeeze.
- This is a scheme for **firms with an investment-grade credit**.
- It will be **funded by central bank reserves**, in line with other Bank of England market operations.
- It will **operate for at least 12 months**, and for as long as steps are needed to relieve cash flow pressures on firms that make a material contribution to the UK economy.

How to access

- Businesses should contact their bank to see if they are eligible.
- Further information is available at the Bank of England website: <https://www.bankofengland.co.uk/news/2020/march/the-covid-corporate-financing-facility>.
- UK Finance also provides a list of banks able to assist: <https://www.ukfinance.org.uk/covid-19-corporate-financing-facilities>.
- Loans are available to businesses across the UK.

Progress so far

- The scheme was launched on Monday 23 March, with the first loans being paid on Wednesday 25 March.
- As of **Tuesday 26 May, a total of £22.94 billion issuance** has been provided into the scheme.
- This is providing finance to a wide range of businesses (the Bank of England estimates that 400-450 firms are eligible for the scheme), encompassing both services and consumer industries and support for key sectors such as transport and energy.
- On 19 May, the Treasury and the Bank of England announced that all businesses wishing to draw from the CCFE will be expected to provide commitments to show restraint on the payment of dividends and other capital distributions and on senior pay during the period in which their commercial paper is outstanding.
- The Treasury and the Bank have also decided to publish the names of businesses that have drawings under the CCFE, as well as the amounts borrowed. These details will be published by the Bank every Thursday, beginning on 4 June. Businesses that have drawn under the CCFE are now able to repay their drawings early if they choose to do so.

Third party support

- ‘Luckily for us and for many others the government reacted quickly ... we need[ed] to borrow money ... to sustain our operations over the longer term and once again the government stepped in and we were successful in applying for a Bank of England loan’. **Roger Whiteside, CEO Greggs**.

How much money will be available? Doesn't it impact the national debt?

- The guarantees on offer to support the facility are without limit. It is expected that this facility will have no significant impact on national debt.

Is this scheme compatible with state aid rules?

- This scheme has been classified as monetary policy and is therefore exempt from state aid rules.

Why are you helping large firms?

- The Covid-19 Corporate Financing Facility is designed to support companies which are fundamentally strong, but have been affected by a short-term funding squeeze. This will act as a vehicle to support corporates who would ordinarily seek market-based finance to strengthen working capital, but find themselves struggling to access financial markets in this uncertain operating environment.
- This will primarily provide bridging support for a period of time to see through the temporary nature of Covid-19 related disruption, by catalyzing the market for short term corporate funding.

How much money will this be?

- The guarantees on offer to support the facility are without limit. Purchases will be funded by the issuance of additional central bank reserves. The Monetary Policy Committee welcomes the new Facility. The Committee will continue to decide on the overall amount of asset purchases that are financed by central bank reserves. It will therefore take the size of the CCFE into account when it takes its decisions on the target stock of government and corporate bonds financed by reserves.

- As of 27th April, £16 billion of funding to businesses (in the form of commercial paper) has been provided by the CCFF.

What support have you considered support for large firms that are not investment grade?

- This is important question and one a number of companies have contacted us about.
- CLBILS supports loans of up to £50 million to firms of any size, and that includes large sub-investment grade firms.
- We are conscious that for some firms, a £50 million loan may be insufficient given their finance needs. Throughout this crisis we have constantly looked at the evidence and adjusted our offer, and we are considering what could be done for companies in this situation.
- Even if a firm does not have a public investment grade rating, we have created a mechanism to use internal bank ratings to impute a rating and allow those firms to access the scheme.

Why do you not have the same conditions on companies accessing the CCFF as you do on CLBILS, such as for dividend payments?

- The CCFF is only open to the most creditworthy firms, those which were investment grade as of 1 March 2020. Given the historically low default risk from these set of firms; the short maturity of lending from the CCFF – a maximum of 12 months as opposed to up to 3 years on CLBILS; and the need for rapid provision of short-term liquidity to this part of the market, HM Treasury and the Bank of England chose not to impose stringent conditions for CCFF financing. As you would expect, we are keeping this position under review.
- For firms seeking to borrow through the scheme beyond their published limits, HM Treasury and the Bank of England will undertake further risk assessments and detailed discussions with said firm, including discussions around conditions for that lending, before making a decision on whether to approve.

Why are you giving so much money to big companies, many of which aren't UK domiciled?

- All firms which receive a CCFF loan must make a material contribution to the UK economy. Analysis shows that the 123 firms that are approved for CCFF issuance contribute approximately 1.20 million jobs in the UK (~4% of UK employment).

Why didn't you put these conditions (announced 19 May) in place at the beginning?

- The scheme was launched to provide finance for corporates which were in financial good health before the Covid crisis began, and to provide liquidity in the investment grade debt market. As we move further away from the initial shock, it is right that we keep our policies under review, and we are making these changes to help make sure government support is being directed effectively.

Why aren't these conditions in place for all new CCFF borrowing?

- As a point of fairness, we are treating all companies equally. Just because firms apply later to the scheme, does not mean that they should be treated differently. Of course, we expect firms to behave responsibly whilst they are receiving government support.

Are these conditions legally binding?

- No. These are commitments that companies are making to the government, and by extension the UK taxpayer, and we fully expect they will respect this commitment. We reserve the right to make their commitments public should we deem it necessary.
- We think it is very unlikely that any companies will break their commitments. If they were to do so this would clearly have an impact on their reputation and the government may factor this into any future requests for support.

Company [X] has complained they can't access the scheme. What are you doing about this?

- We are not amending the eligibility criteria for the scheme. For firms which have a material UK presence, but are not investment grade the Government is offering other forms of support, such as the CLBILs or Jobs Retention Schemes.

SUPPORT FOR INDIVIDUALS

CORONAVIRUS JOB RETENTION SCHEME

- Workers across the UK are eligible to be “furloughed” by their employer, and paid a **grant that covers 80% of their monthly wage, up to a maximum of £2,500 per month** – above the median income. The government will also cover the business’ Employer National Insurance contributions and auto-enrolment pension contributions.
- The scheme is available for **any employee paid via PAYE** across the UK – that’s **over 29 million people**.
- It is a **temporary scheme in place for 4 months**, starting from 1 March 2020, and has been extended from the initial period of 3 months until the end of October.
- The scheme was announced on Friday 20 March, and opened for applications on Monday 20 April. **Claims will be paid 6 working days after they have been submitted**, so employers making their first claim on 20 April received payment by 28 April.
- **Furloughed employees must have been on their employers’ PAYE payroll on or before 19 March 2020** and HMRC must have received an RTI submission notifying payment in respect of that employee on or before the 19 March 2020 (the day before the announcement was made).

- On Tuesday 12 May, we **extended the scheme for a further four months – until the end of October** – that’s a **total of eight months of support**.
- **From July** – one month earlier than we had previously announced – furloughed workers can return to work **part-time**. There will be no minimum furlough period (previously three weeks), and the scheme will be **closed to new entrants**.
- **From August**, employers will be asked to start contributing towards some of the costs of their salaries.
- During this period, **workers will continue to receive 80 per cent of their wages, up to £2,500 a month**.

The updates mean that the following will apply to furloughed workers during this period:

- For **June and July**, **nothing will change** for employers and the government will continue to pay 80 per cent of people’s salaries.
- **August:** Employers will be asked to pay just Employer NICs and pension contributions – 5 per cent of average gross employment costs. The government will continue to pay 80 per cent of wages, up to a cap of £2,500.
- **September:** Employers will pay Employer NICs and pension contributions, and 10 per cent of wages to make up 80 per cent total, up to a cap of £2,500. The government will pay 70 per cent of wages up to a cap of £2,190 for the hours the employee does not work.
- **October:** Employers will pay Employer NICs and pension contributions, and 20 per cent of wages to make up 80 per cent total, up to a cap of £2,500. The government will pay 60 per cent of wages up to a cap of £1,875 for the hours the employee does not work.
- Almost **40 per cent** of employers have not made a claim for employer NICs or pension contributions and so will likely be **unaffected by the change in August**.
- If an average claim lasted eight months, the total cost of employer contributions would represent around **5 per cent** of the gross average employment costs an employer would have incurred had the employee not been furloughed.
- This means the scheme **remains one of the most generous in the world** – more than other European countries such as **Switzerland** (Government contributes 80%, firms top up 20% and pay social security contributions), **Denmark** (Government contributes 75%, firms top up remaining 25%) and **France** (Government contributes 85%, firms top up remaining 15%).
- Further information on these changes, including next steps, is available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/88876/4/Factsheet_for_SEISS_and_CJRS_schemes.pdf.
- Detailed guidance will be published on Friday 12 June.

How to access

- Employers can claim grants online for furloughed employees from HMRC at: <https://www.gov.uk/guidance/claim-for-wages-through-the-coronavirus-job-retention-scheme>.
- Further information on specific eligibility for employees is available at: <https://www.gov.uk/guidance/check-if-you-could-be-covered-by-the-coronavirus-job-retention-scheme>.

- Pay calculation guidance is available at: <https://www.gov.uk/guidance/work-out-80-of-your-employees-wages-to-claim-through-the-coronavirus-job-retention-scheme>.
- HMRC can also be contacted directly on 0800 024 1222.

Progress so far

- As of midnight on **Tuesday 26 May, 8.5 million people have been furloughed – worth £15.5 billion to over 1 million businesses.**

Third party support

- ‘The Chancellor has shown real leadership. We’re glad he has listened to unions and taken vital steps to support working families. Employers can now be confident they’ll be able to pay their wage bills. They must urgently reassure staff that their jobs are safe’. **Frances O’Grady, General Secretary, TUC.**
- ‘The CJRS has been a vital support to firms, and particularly those that have had to cease or pause trading. The importance of the scheme for the accommodation and food industry (which accounts for over 1.7 million workers) could not be clearer, whether they’ve continued to trade or had to pause’. **Trade Union Congress, 24 April 2020.**
- ‘The Chancellor has already shown a willingness to do whatever it takes and act at speed during unprecedented times. Rolling out the job retention scheme will make a huge difference to tens of thousands of firms and millions of people, protecting jobs and living standards throughout the UK. Ensuring support gets to where it’s needed most – fast – is of the utmost importance. We’ll continue working closely across government departments as thoughts turn to restarting and reviving our economy’. **Rain Newton-Smith, Chief Economist, CBI.**
- ‘We have very much welcomed the ground-breaking job retention scheme that has to date saved millions of jobs’. **Federation of Small Business.**
- ‘Today’s government announcement will be a great relief for millions of people worrying about how they will pay rent, keep the lights on, keep food in the fridge, and avoid losing their home’. **Shelter.**
- ‘Cash payments to companies to make sure they can keep staff on their books will minimise both current and future damage to communities and to our economy. While Government and the Bank of England have been clear they want to support companies and have put a package of measures in place, businesses are already facing difficult decisions affecting their workforces. Companies facing temporary substantial falls in revenue should be offered direct salary support to make sure they do not need to make any workforce reductions. This will provide vital protection for jobs and enable businesses to quickly restore normal operations at an appropriate time’. **ADS Group.**
- ‘The government’s unprecedented action to protect workers is extremely welcome. The measures announced today will protect millions of low-income families worried about making ends meet during this crisis’. **Citizens Advice.**
- ‘The Chancellor’s announcement is a major and extraordinary intervention. He has clearly taken on board the scale of the crisis, and the imminent need that businesses, their staff and the self-employed face. We applaud him’. **London Chambers of Commerce and Industry.**
- ‘You cannot fault the Chancellor’s efforts. The scale of the package today would have been unthinkable even a week ago. The wage subsidies are the most eye catching -- he has essentially written a blank check in an attempt to support employment. It’s no silver bullet -- jobs will still be lost and the economy will experience a recession in the first half -- but along with all the other support announced, it increases the chance of a rebound once the pandemic has passed’. **Dan Hanson, Senior Economist, Bloomberg.**
- ‘This is the package of measures that trade unions like Unite have been pressing for as the most effective way to stave off mass hardship and the conditions for a depression. We recognise that these are huge decisions for any government, and especially for a Conservative government, but they have listened to the calls for action and have acted appropriately. Rishi Sunak’s wage support measures are a historic first for this country, but are bold and very much necessary...This will definitely be some relief amid all the fear in households across the UK this evening. Never before has the country faced a crisis of this nature. People who were only days ago in secure work are now worried sick about putting food on the table in light of the coronavirus pandemic’. **Len McCluskey, Unite.**
- ‘The Chancellor has given businesses desperately needed breathing room at this critical moment. The deferral of VAT payments keeps money in the pockets of businesses so that they can pay their people and suppliers,

and the commitment to cover wages of those unable to work will allow firms to retain many jobs if they are forced to reduce their operations. The government now needs to go foot-to-floor to ensure that details of the job retention scheme and loan guarantees reach firms on the ground as soon as possible. Given that this situation continues to evolve, ministers must also keep the door open to additional measures to support business cash flow'. **British Chambers of Commerce.**

- 'We're not natural bedfellows with a Conservative Chancellor, but in a time of unprecedented national crisis it's important we work together for the good of workers and the economy. This package of support will help. Securing jobs through government underwriting of wages is hugely welcome, and that's what we've been calling for action on. We will be pushing hard for all those employers that can afford it, to pay an extra 20% to secure the incomes of their employees. This gives business and workers enhanced security and will help us recover in the long term'. **GMB.**
- 'These unprecedented times call for unprecedented measures, and that is what the Chancellor has committed to today – with a £4.2 billion retention pay scheme to keep firms' wage bills down and family incomes up. This will help stem the rise in unemployment, but it will not prevent it. So, the £7 billion increase in the generosity of the safety net, including for those losing their jobs and renters is also very welcome. While this scheme will take time to put in place, employers have now had the commitment from the Chancellor that wages will be paid and should do their bit by holding off laying off staff. Help is on its way, and it is everyone's interests to keep workers paid, and on the payroll. It is welcome to see the government using the Resolution Foundation's proposed Statutory Retention Pay scheme to underwrite workers' wages. The priority now is to get up-and-running as soon as possible, while exploring other ways of supporting the self-employed who remain very exposed to falls in their incomes'. **Resolution Foundation.**

International Comparisons

The CJRS is one of the generous schemes in the world in terms of coverage (all employers, not just small businesses) and payment (the government is paying 80% of an employee's monthly wage, with only modest requirements for company contributions).

- **Germany:** The Federal Employment Agency will pay the worker 60% of their missing net wage (or 67% if the worker is a parent). Support increases to 70% after 3 months, and 80% after 6 months – for workers whose wages have been reduced by at least 50%. It should last up to 12 months (but could be extended to 24 months).
- **France:** Employees' salaries are replaced with an indemnity equivalent to 84% of net remuneration, with a cap for high earners and minimum wage guarantee for low earners.
- **Australia:** The JobKeeper Payment (\$91bn) will provide eligible workers with a fortnightly payment of A\$1,500 (before tax) (\$1050.5) through their employer, regardless of whether in work or furloughed. It is due to last for six months and will make payments in arrears.
- **New Zealand:** The New Zealand wage subsidy scheme supports businesses facing at least a 30% drop in revenue due to Covid-19 by providing a wage subsidy conditional on workers being paid at least 80% if retained / furloughed and full pay for any work done.
- **Ireland:** The wage subsidy scheme offers up to €410 per week to employees of businesses in sectors losing 25% turnover due to Covid-19. The current level of subsidy is for up to 70% (85% as of 4 May) of wages and depends on the worker's earnings, and whether they are still working reduced hours.
- **Singapore:** The scheme initially covered a 25% subsidy for most sectors, 50% subsidy for the food industry with only aviation and tourism receiving a 75% subsidy. This was increased to a 75% wage subsidy on the first £2600 of gross monthly wages for all local employees in the month of May. Employers continue to pay the usual salary, using the subsidy to cover 25, 50 or 75% of the total.
- **Spain:** ERTE (temporary employment adjustment schemes) provides for up to 70% of wages, with a cap of 1,412 euros for 6 months for furloughed workers, and 50% from the 6th month onwards.
- **Denmark:** The government covers 75% of annual salaries, and 90% of hourly wages, maximum of 30,000 Danish kroner (£3,596). Companies pay remaining 25% / 10%. Companies must not dismiss any employee for financial reasons. Employees are obliged to take 5 days of mandatory annual leave to qualify.
- **Switzerland:** The Swiss Wage Subsidy Programme includes workers working reduced hours due to school closures, quarantine, or the forced closure of businesses. It also covers the self-employed, temporary workers,

apprentices and those on call. The government will pay CHF 196 (£157) per day or 80% of income if that is a lower figure. Companies are required to pay the remaining 20% of salary.

You said you wouldn't change the scheme in July?

- I initially said that the flexibility to bring furloughed employees back to work part-time was going to be introduced in August, but this will now be introduced in July, giving businesses more flexibility to respond to demand as the economy reopens and we take careful steps to build the country back up.
- Employees who are furloughed will continue to receive the same level of support.

It is unfair to close the scheme to new entrants?

- Closing the scheme to new entrants is necessary for a gradual closure of the scheme. The focus is now on bringing those currently furloughed back into productive employment.
- It will ensure that the government support goes to those employers who are transitioning off the scheme, enabling employees to return to work if they can.
- In addition, it will help to prevent widespread abuse of the scheme when greater flexibility is allowed.

What about those who started new jobs after 19 March?

- By changing the eligibility cut-off date to 19 March, the government expects over 200,000 employees who started a job in March to benefit as result of this change.
- This allows as many people as possible to be included by going right up to the day before the announcement, and balances the risk of fraud that exists as soon as the scheme became public.
- Fundamentally, if HMRC have no record of employment before the scheme was launched, there are limited ways to check genuine claims and limit widespread fraud.

Is there a minimum furlough period? What does the minimum reporting period mean?

- From 1 July, there will be no minimum furlough period. That is, there is no minimum amount of time that an employee can be on temporary leave. This is a change from the previous version of the scheme, when the minimum period for which an employee could be furloughed was three weeks.
- However, any furlough arrangement agreed between employer and employee and reported to HMRC must still cover a minimum period of one week. Previously, this reporting period had to cover a minimum of three weeks – we have reduced this as far as is possible to enable more flexibility, while still managing the potential for opportunistic fraud in the system.
- So, for an example, an employee could be furloughed for 50% of their time over two weeks, and work alternate days. The agreement could then be changed, allowing the employee to be furloughed for 20% of their time (i.e., working four days a week) for a second three week period.
- By contrast, a furlough agreement could not allow an employee to be furloughed for 50% of their time over only six days, as this would violate the minimum reporting period.
- Employers claiming the grant in advance must do so in accordance with agreements made with their employees, and abide by these in practice. Those claiming in arrears can adjust the agreement mid-period, and reflect this in their final reporting to HMRC.

Can employees whose furlough overlaps the point at which enhanced flexibility is introduced access the new features for the period of that claim that falls after 1 July?

- All employers will be required to break existing claims at 30 June, and make a new claim as required from 1 July. They will then be able to access enhanced flexibility on the new claim.

Do these changes not risk creating another cliff edge?

- The CJRS was always intended to be a temporary scheme, and we must now take steps to adjust support in a way that ensures people can get back to work, protecting both the UK economy and the livelihoods of the British people.
- The plans announced today will give employers clarity through till the end of October, allowing increased flexibility as people start to be able to get back to work.
- After eight months of the CJRS, the scheme will then close.

Why are NICs and pensions being used first as employer contributions?

- This is a fair way to ask employers to begin to contribute because it will help protect lower paid workers, by limiting the cost to employers of lower paid workers (for whom employer NICs and automatic enrolment contribution costs will be lower). Additionally, the smallest employers will be partly or fully protected from ER NICs costs through the Employment Allowance.
- Additionally, this will simplify the grant application process for employers.
- Almost 40 per cent of employers have not made a claim for employer NICs or pension contributions and so will likely be unaffected by the change in August.

Can employers opt out of paying their pension contributions?

- No. Where an employee is saving into an automatic enrolment pension their employer is legally bound to pay employer contributions on qualifying earnings above £520 per month, which includes wages paid to furloughed employees.
- Helping people save for their futures remains a key priority for Government, and the rules of automatic enrolment will continue to apply.

Won't this lead to employers not paying their contributions, and pension providers going bust?

- Employers have a duty to pay their pension contributions, which they will continue to be bound by.

Won't this place a large burden on firms?

- We have extended the scheme significantly to support firms through the transition out of lockdown. We are doing right by them and expect firms to do right by their staff. As the economy reopens, it is fair that firms begin to pick up some of the costs of their workers' salaries.
- The changes made ensure we are doing this in a measured way to support both firms and employees through the transition.
- This is in line with other countries such as Denmark (Government contributes 75%, firms top up remaining 25%); Switzerland (Government contributes 80%, firms top up 20% and pay social security contributions); France (Government contributes 85%, firms top up remaining 15%); and Spain (companies with more than 50 workers cover 25% of social security contributions), and now the UK, this involves asking for employer contributions as people return to work.

Do you accept that by forcing employers to pay some of the amount there will be lots of redundancies as they will choose to let people go?

- Now is the right time to ask employers to contribute to the cost of furloughing employees.
- We understand that different employers and sectors will face different challenges in getting up and running again. However, it is not feasible to vary the approach on contributions for individual employers.
- CJRS is just one form of support on offer to employers during this difficult period. It is the case that some firms will be affected by coronavirus for longer than others, and the Government will seek to support these firms appropriately.
- Where firms make the decision that they cannot retain all of their staff over the longer run, we are ensuring that those looking for work are supported through a significant package of temporary welfare measures.

What about all the people who will be made redundant?

- The government has a broad set of policies in place to support businesses and individuals during Covid-19.
- We have designed the next stage of the CJRS by balancing the need to protect jobs against the need to restart the economy as the Covid-19 backdrop improves.
- The CJRS scheme must be temporary and we must ensure people can get back to work when it is safe to do so and get the UK economy up and running again.
- Where firms make the decision that they cannot retain all of their staff over the longer run, we are ensuring that those looking for work are supported through a significant package of temporary welfare measures.

The changes you have made mean that some people still won't be eligible for the scheme/will lose out?

- The aim of this next phase of the CJRS is to protect firms who would otherwise have made redundancies, and gradually enable them to bring staff back to work as NPIs begin to be lifted, to help restart the economy.
- We have prioritised helping the greatest number of people as quickly as possible. The scheme is available to all employers with a PAYE system and all employees on PAYE regardless of their employment contract. This scheme will enable millions of people to remain employed.
- Some people won't be eligible for receiving this grant, but they might be able to access the other support government is providing.

How many people will lose out/be impacted?

- We know not all claims will be affected by removing the employer's National Insurance grant as, for example, some employers have employees with earnings below the secondary threshold.
- Around two fifths of employers have not made a claim for employer NICs costs or auto-enrolment costs and so will be unaffected by the change in August.
- Around a quarter of CJRS monthly claims are below the threshold where employer NICs and autoenrolment contributions are due, and so no employer contribution is expected for these furloughed employees in August.
- In September and October, employers will be required to contribute to the wage grant of all employees so they receive at least 80% of their current salary up to £2,500, for the hours they are not working.

What does this mean for people that have been asked to shield?

- We have set out an unprecedented package of financial support to help the country through the coronavirus pandemic, and shielders are able to access these, including the Job Retention Scheme, the Self Employed Income Support package and Statutory Sick Pay.
- This support continues to be provided, with the CJRS running until the end of October and we are continuing to work hard across Government to ensure shielders get the financial assistance they need.

How will you enforce employers to pay 80%, rather than just give their employees 70%/60%?

- HMRC compliance powers allow the recovery of unpaid grant amounts under the scheme.

Are you putting this in law?

- Yes, an updated Direction will be published in due course, which will give legal standing to the changes.

Do HMRC have powers to check this?

- HMRC compliance powers allow the recovery of unpaid grant amounts under the scheme. HMRC is securing the appropriate compliance powers to administer the new scheme. Under the scheme HMRC has the ability to check records to ensure compliance with the scheme rules.

Is this scheme still one of the most generous in the world?

- The CJRS remains one of the most generous schemes in the world. We are supporting 1 million firms and have paid out over £15billion to support workers.
- One thing that will not change is that employees will continue to receive the same overall level of support – 80% of their current salary up to £2,500.
- As the economy reopens, it is fair that firms begin to pick up some of the costs of their workers' salaries. We have a comprehensive package of support from Government in place which will enable firms to get up and running again.
- Other countries will take the approach that works best for their economy. For some, such as Denmark (Government contributes 75%, firms top up remaining 25%); Switzerland (Government contributes 80%, firms top up 20% and pay social security contributions); Spain (companies with more than 50 workers cover 25% of social security contributions); France; and now the UK, this involves asking for employer contributions as people return to work.

How long can you afford to keep this scheme open?

- Our commitment to responsible management of the public finances remains as strong as ever. The work of the last ten years in bringing borrowing and debt back under control has ensured the public finances are well placed to deal with the challenges posed by Covid-19.
- We expect this spike in borrowing to be temporary. Under the OBR's reference scenario borrowing is expected to fall back quickly in 2021-22 as temporary policy costs end and the economy recovers.
- The plans announced today will give employers clarity through till the end of October, allowing increased flexibility as people start to be able to get back to work. After eight months of the CJRS, the scheme will then close.

Can employees request/be forced to be put on furlough?

- Furloughing continues to be a decision for employers, requiring the consent of the employee.

Can furloughed employees be made redundant?

- Employees can still be made redundant while on furlough or immediately after and there is no requirement to bring the employee back to work after the period of furlough. If an employee is made redundant during the period of furlough then grant payments will cease. However, in both cases normal redundancy rules and protections will apply, including the minimum consultation period for collective redundancies.

How can the Government ensure firms use the grant to pay furloughed workers' wages?

- If workers are concerned they are not receiving this, they should report them to HMRC via our online fraud reporting tool available at: <https://www.gov.uk/government/organisations/hm-revenue-customs/contact/customs-excite-and-vat-fraud-reporting>.
- This could include employers claiming on their employees' behalf and not paying employees what they're entitled to, being asked to work whilst on furlough, or making a backdated claim that includes times when the employee was working.

Does this cover those on zero-hours contracts or agency workers?

- This scheme aims to support all those employed through the PAYE system regardless of their employment contract, including those on zero-hour contracts.
- Zero-hour and flexible contracts can cover a whole range of working arrangements. To take account of the variability of income for these workers, we are allowing employers to use your average earnings since you

started work to calculate amounts due. Guidance for employers on how to calculate their claim can be found on [gov.uk](https://www.gov.uk). A calculator is also available to assist employers in calculating how much they can claim.

Can employees take annual leave while furloughed?

- Existing legislation means that furloughed employees continue to accrue leave as per their employment contract. The employer and employee can agree to vary holiday entitlement as part of the furlough agreement, however almost all workers are entitled to 5.6 weeks of statutory paid annual leave each year which they cannot go below.

Can charity workers access the CJRS?

- Yes, any employer using a PAYE scheme can access the CJRS.

Can the public sector access this scheme?

- The government expects that the scheme will primarily not be used by many public sector organisations, as most public sector employees are continuing to provide essential public services or contribute to the response to the coronavirus outbreak.
- Where employers receive public funding for staff costs, and that funding is continuing, we expect employers to use that money to continue to pay staff in the usual fashion – and correspondingly not furlough them. This also applies to non-public sector employers who receive public funding for staff costs.

Can a new employer with recent employee transfers under TUPE use the scheme?

- A new employer may be eligible to claim under the CJRS in respect of the employees of a previous business transferred after 19 March 2020 if either the TUPE or PAYE business succession rules apply to the change in ownership.

Can individuals get a new job with a different employer while on furlough?

- Yes, provided this is allowed within the terms of your existing employment contract. You should check with your employer. If you are on a zero hour contract, your employer cannot prevent you from working for another employer. Similarly, if you're an agency worker, your employment business cannot prevent you registering with another employment business.

Where a company is being taken under the management of an administrator, can the administrator access the scheme?

- Where a company is being taken under the management of an administrator, the administrator will be able to access the Job Retention Scheme.

Can an employer furlough employees subject to social shielding?

- If you are shielding in line with public health guidance or required to stay home due to an individual in your household shielding and are unable to work from home, then you should speak to your employer about whether they plan to place staff on furlough.

Can the employer get the two weeks of SSP from the government for employees that are furloughed?

- No. Employers cannot claim for the Coronavirus Job Retention Scheme payments and SSP payments for the same individual.

SELF-EMPLOYMENT INCOME SUPPORT SCHEME

- The Government said **we would do whatever it takes to protect people's jobs and incomes** – and we meant it. We know many self-employed people are deeply anxious about the support available for them.
- That is why the Chancellor has announced a new **Self-Employment Income Support Scheme** – helping many of our country's self-employed workers adversely affected by Covid-19.
- Through this scheme, **the Government will pay self-employed people a grant worth 80 per cent of their average monthly trading profits** over the last three years, **up to £2,500 a month** – that's unlike almost any other country and makes our scheme **one of the most generous in the world**.
- The grant will be paid out in a **single instalment covering 3 months** (March, April and May) and is capped at £7,500 altogether. The value of the grant is based on a **3-year average of trading/partnership trading profits**, from the tax years 2016-17 to 2018-19.
- The scheme will only be open for those with **average trading profits up to £50,000, who make the majority of their income from self-employment**, and, to minimise fraud, who are already in self-employment, and who have a tax return for 2018-19.
- This means around **95% of individuals** who are mainly self-employed could benefit from this scheme – **around 3.4 million individuals** – making our scheme **one of the most generous in the world**.
- This week, we **extended the scheme by a further three months**, meaning individuals will be able to claim for a **second and final grant worth 70 per cent** of average monthly trading profits, **capped at a single instalment of £6,570**.
- The eligibility criteria remain the same for the second grant, but an individual does not need to have claimed the first grant in order to receive the second.
- Applications for the **first grant are still open until 13 July**; applications for this **second and final grant will open in August**.
- Further information on these changes, including next steps, is available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/888764/Factsheet_for_SEISS_and_CJRS_schemes.pdf.
- Detailed guidance will be published on Friday 12 June.

*For self-employed people, we have also **deferred income tax self-assessment payments for July until the end of January 2021**, and we have **suspended the minimum income floor for twelve months**, meaning self-employed people can now access Universal Credit at a rate that is equivalent to Statutory Sick Pay for employees.*

How to access

- The online service opened for the first grant on **Wednesday 13 May**, ahead of schedule, and those eligible will have the money paid within six working days of completing a claim.
- Applications for the second grant will open in August, with payments made by the end of August.
- Individuals can now use an online tool to determine if they could be eligible: <https://www.gov.uk/guidance/how-different-circumstances-affect-the-self-employment-income-support-scheme>.
- Pay calculation guidance is available at: <https://www.gov.uk/guidance/how-hmrc-works-out-total-income-and-trading-profits-for-the-self-employment-income-support-scheme#3years>.
- Further information is available at: <https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>.

Progress so far

- The online service opened on **Wednesday 13 May**, ahead of schedule, and those eligible will have the money paid within six working days of completing a claim.
- By midnight on **Sunday 24 May**, **2.3 million people worth nearly £7 billion have been approved**.

Third party support

- 'For the self-employed, Coronavirus is not only a health crisis, but also a pressing income crisis. It is therefore very welcome that the Government has managed to get this new scheme in place ahead of schedule, and that a section of the freelance community can now get the help they need early. We are delighted that the government has heeded much of IPSE's advice by setting up the Self-Employment Income Support Scheme,

which extends a much-needed lifeline to those self-employed people who are eligible for it'. **Derek Cribb, IPSE.**

- 'I would encourage all those who think they are eligible to use the online checker if they've not done so yet, and to apply on the date allocated. We are particularly pleased to see the scheme opening earlier than scheduled, with a simple fast-track application and a promise for speedy payment. Getting the system designed and built ahead of schedule is impressive. Just like the Job Retention Scheme portal we hope it will cope with the high expected demand. I would like to pay tribute to the staff of HMRC for the behind the scenes work to get this scheme off the ground'. **Mike Cherry, FSB.**
- 'The self-employed account for 40% of the construction workforce so the Government's decision to bring forward the payment to the end May will be very welcome news for the many independent tradespeople who operate in construction. The Government's support package to date has been targeted at businesses so the self-employed will be welcoming this cash boost at a time when they need it most'. **Brian Berry, Federation of Master Builders.**
- 'With so many of the self-employed facing a collapse in their earnings the Chancellor is right to act. This is a welcome step forward'. **Frances O'Grady, General Secretary, TUC.**
- 'The equally important self-employment income support scheme – has proven to many of the self-employed that they have not been forgotten. We are delighted that the scheme seems to be running ahead of schedule – a great achievement. This support package from the Government will give much-needed support to vast numbers of self-employed workers'. **Mike Cherry, FSB.**
- 'Construction workers across the country will now be taking a collective sigh of relief knowing they will now be protected in the same way that employees will be if they lose work due to COVID-19. I am delighted that the Chancellor has heeded our calls to be generous with his offer to the self-employed, who make up almost 40% of those working in the construction industry'. **Federation of Master Builders.**
- 'Many self-employed people across the UK will be hugely relieved tonight. These new measures will provide essential support to those facing significant uncertainty and loss of income. Given the complexity of the task, it's understandable this will take time to deliver. Fast clarity on how and when money will reach their bank accounts will help individuals to plan. The self-employed make an immense contribution to our society and across many industries. They will play a critical role in the UK's recovery once we overcome the worst of the virus'. **CBI.**
- 'Millions of self-employed workers will sleep easier tonight. Food, rent, utilities aren't cheaper if you're self-employed and for many work has dried up, so it's right and welcome that support will now be put in place. When this is all over we will need to ask how many workers classed as 'self-employed' genuinely fall into that category – the explosion of fake self-employment has undoubtedly made this much more difficult. The next step for the Government is to take action where businesses are not providing essential services but refuse to do the responsible thing and use Government support to close their doors – or provide adequate protections to keep their workers safe'. **GMB.**

Why are you closing the first scheme? / Hard case means I won't be able to apply by the deadline.

- Applications for the first grant opened on 13th May, ahead of schedule, and new claims will not be able to be made after 13 July.
- Individuals will have had two months to apply for the grant, the process of which is quick and simple.

What period does the first grant cover and what period does the second grant cover?

- The SEISS opened for applications on 13 May, ahead of schedule, and it remains open for applications for the first grant until 13 July.
- The second grant will open for applications in August. More detailed guidance on the second SEISS grant will be published on 12 June.

Can I receive both grants?

- Yes. You don't need to have applied for the first grant in order to apply for the second grant if you are eligible for the second.

Why has the value of the grant reduced, both proportion of earnings and capped amount?

- As we begin to re-open the economy and as the economy begins to ramp up, the furlough scheme is evolving, it is right that the SEISS will also change to ensure fairness between the two schemes.
- *[if asked on numbers specifically:]* The 70% grant is aligned to the grant provided to employers through the CJRS in September, [the mid-point of the tapering]. The reduction in the cap to £6,570 from £7,500 is equivalent to the reduction from 80% to 70% of average monthly profits.

Why is it fair that employees will still get 80% of their salary, whereas the self-employed will get 70%?

- The SEISS is one of the most generous self-employed support schemes in the world.
- It is different from the CJRS. The CJRS is designed to prevent employers making staff redundant and partially replaces the regular income employees would have received. The SEISS provides full support to the self-employed who have been adversely affected by COVID-19, regardless of how much their business has been impacted, and individuals who receive the grant can continue to work.
- *[if asked on numbers specifically:]* The 70% grant is aligned to the grant provided to employers through the CJRS in September, [the mid-point of the tapering]. The reduction in the cap to £6,570 from £7,500 is equivalent to the reduction from 80% to 70% of average monthly profits.

Why is CJRS open for 7 months, and SEISS for 6 months/why are you only covering six months?

- The SEISS is one of the most generous self-employed support schemes in the world.
- It is different from the CJRS. The CJRS is designed to prevent employers making staff redundant and partially replaces the regular income employees would have received. The SEISS provides full support to the self-employed who have been adversely affected by COVID-19, regardless of how much their business has been impacted, and individuals who receive the grant can continue to work.
- The SEISS is not a monthly scheme. It provides a lump sum payment to support eligible self-employed individuals' businesses that have been adversely affected by Coronavirus.

How does the UK scheme compare to those in other countries?

- The UK has one of the most generous self-employed COVID-19 support schemes in the world.
- The SEISS now offers support covering a longer period of time than similar schemes in countries such as in Denmark (4 months) and Germany (3 months).
- The grant payments are more generous than in countries such as France (€1,500 (£1,310) per month) or Canada (CA\$2,000 (£1,160) every 4 weeks).

Will you extend this scheme further than an additional three months?

- The Chancellor has today extended the SEISS by a further three months, in order to provide self-employed individuals with the support they need.
- As the Chancellor has always said, it is important to remember the schemes are different in their objectives. The CJRS is designed to prevent employers making staff redundant and we have also provided clarity today for the coming months to avoid redundancies.
- The SEISS is different in part because there is not the same ongoing relationship with employers which requires taking decisions significantly in advance. The SEISS is designed to support the incomes of those adversely affected by Covid-19 with a lump sum payment based on past trading profits, but it has also allowed individuals to claim the grant and continue to work, start a new trade or take on other employment.

Why is the £50,000 threshold fair – what if I earned £50,001?

- The design of the SEISS, including the £50,000 threshold, means it is targeted at those who need it the most, and who are most reliant on their self-employment income.
- Some 95% of people who receive the majority of their income from self-employment will be eligible for this scheme, based on 2017-18 data. Those who had more than £50,000 from self-employment profits in 2017-18 had an average total income of more than £200,000. Those with average profits above £50,000 could still benefit from other support.
- It is necessary to design the system simply so that we can get the money to the 95% of people as swiftly as possible.

What about individuals who became self-employed after 2018/19 and so did not submit a tax return for that year?

- This was a very difficult decision and it was taken for practical reasons. The newly self-employed can file returns for 2019-20, but this creates an opportunity for fraudulent activity through returns when no trading activity has taken place, or through inflated profits. For example, an individual or an organised criminal gang could file fake or misleading returns to claim the grant. The Government cannot expose the tax system to these risks.

Why doesn't this cover self-employed people who are incorporated/pay themselves in dividends?

- Income from dividends is a return on investment in the company, rather than wages. Under current reporting mechanisms it is not possible for HMRC to distinguish between dividends derived from an individual's own

company and dividends from other sources, and between dividends in lieu of employment income and as returns from other corporate activity.

- However, it is worth noting that the Coronavirus Job Retention Scheme is available to employers, so individuals paying themselves a salary through a PAYE scheme may instead be eligible for this scheme. Where furloughed directors need to carry out particular duties to fulfil the statutory obligations they owe to their company, they may do so provided they do no more than would reasonably be judged necessary for that purpose. This means they should not do work of a kind they would carry out in normal circumstances to generate commercial revenue or provides services to or on behalf of their company. This also applies to companies with a sole director.
- Incorporated directors also benefit from our comprehensive package of support, including grants, VAT deferral, business loans and increased welfare support.

Does it cover company directors who pay themselves through dividends?

- HMRC are not able to distinguish between dividends derived from an individual's own company and dividends from other sources, so do not have a clear mechanism through which to support dividend income from an individual's own company, without also supporting dividend income from other investments.
- Individuals paying themselves a salary through a PAYE scheme, including any salaried company directors, are able to apply for CJRS support, subject to their abiding by the requirements of the scheme.
- Company directors paid annually are eligible to claim, as long as they meet the relevant conditions.

WELFARE SUPPORT

- We are also acting so that, if the worst happens, there is a **stronger safety net to fall back on**, with an **£8 billion boost to the welfare system**.
- That is why we have **increased the Universal Credit standard allowance by £1,000** for the next 12 months, and **boosted Working Tax Credit** by the same amount for the next 12 months. These measures will benefit existing and new claimants, which include the 2.5 million existing UC claimants, 1.5 million Working Tax Credit claimants, and 2.6 million new UC claimants.
- We have temporarily **suspended the Universal Credit minimum income floor for 12 months** – meaning self-employed people can now access, in full, Universal Credit at a rate that is equivalent to Statutory Sick Pay for employees.
- We have **increased the Local Housing Allowance rates** for Universal Credit and housing benefit claimants, so it covers the cheapest third of local rents – that's over 1.3 million people.
- We have **extended Statutory Sick Pay** for those ill, self-isolating or social shielding due to Covid-19 – and made it payable from day 1, not day 4. A doctor's note can be obtained via NHS 111.
- Those on **contributory Employment and Support Allowance** can now claim from day 1, not day 8.
- And we have **relaxed the requirement for anyone to physically attend a jobcentre** – meaning everything can be done by phone or online.

How to access

- More information on the different benefits available, including eligibility criteria and information on how to claim, can be found at www.understandinguniversalcredit.gov.uk/employment-and-benefits-support. The majority of benefits can be claimed online.
- Individuals with additional questions should contact DWP or HMRC directly, and contact details for the different benefits are available through the link above.
- These welfare measures apply across Great Britain. Welfare is devolved in Northern Ireland but they will be fully funded to deliver these measures and we understand they will replicate GB policy.

Progress so far

- All welfare measures have been introduced.
- There were 2.6 million new Universal Credit claims from 16 March to the end of 12 May. Payment timelines have been maintained and look to remain around the mid-90%.

Third party support

- 'Such broad-based income boosts for both those in and out of work will help reduce the scale of the coming recession by reducing falls in consumption that would otherwise amplify the scale of the economic shock'. **Resolution Foundation**.

- ‘The LGA has long-called for a lifting of Local Housing Allowance rates to address the growing gap between income and rents. It is great the Chancellor has acted today. Restoring LHA rates to cover at least the lowest third of market rents will deliver more of the security that tenants need during this coronavirus crisis and support households who need help to meet their housing costs. Alongside the additional resources that have been announced for Universal Credit and the welfare benefits system, this will play an important role in relieving pressure on local services and hardship support at this crucial time’. **Local Government Association.**
- ‘Good to hear positive measures supporting the self-employed dealing with the fallout from #coronavirus, including easier access to benefits, removal of the income floor for Universal Credit and access to hardship fund. We look forward to seeing more details’. **Creative Industries Federation.**

How long will these welfare measures be in effect for?

- The government is committed to helping families get through this crisis.
- Changes to the generosity of UC, WTC and LHA rates will be in place for the 2020/21 financial year.

Why aren't you removing the five week wait in UC? People need support now!

- No one who loses their job or sees their income fall will have to wait five weeks for financial support. Advance payments are available from day one to ensure that families have money to support them through this period.
- We have made advances available online/over the phone, ensuring claimants do not need to attend the job centre.

Will DWP be able to handle such a large number of claims?

- There are unprecedented numbers of claims and the system is under enormous pressure. Despite this, the system is working. In March 2020, the department received nearly 1.1 million UC claims, almost four times the number of claims received in the same month last year
- *If needed* – DWP have received additional funding to increase capacity to deliver frontline services and are reprioritising c.10,000 staff from non-core elements of the Department's work to the frontline, to assist with the processing of claims.

Is the government admitting UC is not generous enough currently?

- It is right that we look to do everything we can to support people during this difficult time – with the state acting as a safety net for those who need it.
- UC to date has been successful at getting people into work, but it is sensible that we look at the support available during this extreme and unprecedented period of economic uncertainty.

Why aren't you replacing UC advances with grants?

- We have announced measures that can be quickly and effectively operationalised, and that benefit as many disadvantaged families as possible. DWP are experiencing significant increased demand and the government has to prioritise the safety and stability of the benefits system overall.
- Advance repayments are made gradually over 12 months, and deductions are capped at 30% of claimants' standard allowance. For claimants who find themselves in unexpected hardship, advance repayments can be deferred for up to three months in certain cases.

A Universal Basic Income would be the best way to get support to everyone. Why aren't you doing this?

- There are fundamental problems with the realities of a UBI. A flat rate UBI would not take into account people's circumstances, and the additional needs and costs faced by some individuals. Therefore, it would not target support where it is most needed.
- The government has therefore announced alternative measures to support people's jobs and incomes, which can be delivered relatively quickly and effectively through existing benefits. At a time when DWP and HMRC are experiencing unprecedented demand, the government has to prioritise the safety and stability of the existing benefit and tax systems.

HARDSHIP FUND

- The Government understands that it is critical that additional financial support is provided to affected people and their families at this difficult time.
- That is why we are **giving local councils in England an additional £500 million** to support the most vulnerable people in society **meet their council tax payments** over the coming year.
- We have requested that local authorities use the funding to provide all recipients of working age local council tax support (LCTS) a **further reduction in their annual council tax bill of £150.**
- This funding is in **addition to the £3.4 billion** which local authorities already spend on LCTS schemes each year, **benefitting around 3.8 million people.**

How to access

- Eligibility criteria differs between local authority schemes, but most schemes are aligned to other existing benefits, such as Universal Credit.

Progress so far

- The Hardship Fund grant has been distributed among local authorities in England, so we expect bills to be reduced as soon as possible.

Third party support

- ‘We are pleased that councils will now be able to provide much-needed support to many households on the lowest incomes by quickly reducing or removing the need for them to pay council tax’. **Local Government Association.**
- ‘The Chancellor is right when he says that coronavirus represents an unprecedented challenge for the UK, and to introduce measures to strengthen the safety net for the most vulnerable people. We welcome the extra financial support announced, particularly the £500m hardship fund for local councils, which can play a key role in anchoring us all from poverty’. **Trussell Trust.**
- ‘We are pleased the Chancellor has announced funding for councils to help working people suffering hardship as a result of the coronavirus. The District Councils’ Network had a significant say in the design of the fund and we are delighted to see this announced today. It is a time to focus on working quickly to solve problems, which is what district councils do best. We are perfectly placed in the local community to deliver the support where it is needed most, creatively helping hard working families in whatever way they need. To make this investment really count it will be important for it to be channelled directly to district councils, and with full flexibilities and no ring fences so that we can rapidly respond to the range of issues this will throw up across our communities. There will be challenging weeks ahead for communities across the country. As ever, councils stand ready to deliver the vital services for families and businesses’. **District Council’s Network.**

What about vulnerable people who don’t pay council tax or don’t qualify for LCTS?

- Eligibility for LCTS is set by Local Authorities, but it is generally based on income thresholds that mean recipients are among the most economically vulnerable
- To support those on low incomes through the outbreak we have made significant changes to the operation of statutory sick pay, universal credit, employment and support allowance to ensure that people have quicker and more generous access to support.

MORTGAGE HOLIDAYS

- For those in difficulty due to coronavirus, we have introduced a **three-month mortgage holiday** – so that people will not have to pay a penny towards their mortgage while they get back on their feet.
- We have also **extended the mortgage holiday to Buy to Let landlords** struggling because of tenants being unable to meet their rental repayments.
- The Coronavirus Act also **prevents landlords from attempting to evict tenants** for at least a three-month period – this **applies to both private and social renters.**
- On Friday 22 May, we extended the scheme so homeowners are able to extend their mortgage payment holiday for **a further three months, or start making reduced payments.**

How to access

- Lenders across the industry have agreed to introduce a simpler notification process for customers to apply – they should get in touch with their lender at the earliest opportunity to discuss if this is a suitable option for them.
- The FCA has also issued guidance which ensures that all regulated mortgage lenders should offer customers a 3-month mortgage holiday for those who are financially struggling due to Covid-19 – this is available at: <https://www.fca.org.uk/firms/mortgages-coronavirus-guidance-firms>.

Progress so far

- As of Friday 22 May, **over 1.8 million mortgage payment holidays** have been granted – equivalent to one in six UK mortgages.

Third party support

- ‘This follows help in the Budget and since, that was aimed squarely at small businesses such as a cut in the jobs tax, cover for small employers that cannot pay their employees, business rates holidays, cash grants, mortgage holidays, rent protections, and interest-free, fee-free loans. We hope the raft of support will keep as many small businesses as possible afloat’. **Mike Cherry, Chairman, FSB.**

What about those struggling to pay their rent?

- Where tenants struggle with their payments, they must contact their landlord and seek other assistance (for example through welfare payments). At the end of this period, landlords and tenants will be expected to work together to establish an affordable repayment plan, taking into account tenants’ individual circumstances.

What support is available to renters if the current situation lasts longer than 6 months?

- The new provision is only intended to be for a limited period after which the position will revert to the previous legislative provisions. Initially the period will be up to 30 September 2020. The legislation includes a power to extend the period, should the circumstances change.

What about commercial tenants who cannot pay their rent?

- Commercial tenants who cannot pay their rent because of coronavirus will also be protected from eviction. These measures, included in the emergency Coronavirus Act, will mean that no business will be forced out of their premises in the next 3 months for not paying rent.

IR35 REFORMS DELAY

- The government recognises that people will be concerned about the effect Covid-19 may have on their lives, and some businesses will be concerned about increased costs and disruption to their cash flow.
- That is why **we have delayed reforms** intended to ensure that people working like employees, but through their own limited company, pay broadly the same tax as individuals who are employed directly.
- We recognise the reform is a significant change for both businesses and contractors, so **it is right to delay introduction until April 2021** to allow businesses to adjust to these changes in good time.

Will you be cancelling the reforms completely?

- The government has announced it is delaying the reforms to the off-payroll working rules (IR35) from April 2020 to April 2021 and the reforms will be legislated for in the 2020 Finance Bill. We are clear that this is a deferral of the introduction of the reforms, not a cancellation. The government reviewed the policy in early 2020 and confirmed that it is right that the reforms go ahead to address the underlying unfairness.

Our business has already made the changes?

- We are clear that this is a deferral of the introduction of the reforms, not a cancellation. Any preparations that businesses have made will still be required from 6 April 2021.

Will you be making retrospective inquiries?

- HMRC has previously committed that they will not use information resulting from the changes to the rules to open a new compliance check into Personal Service Companies for previous tax years, unless there is reason to suspect fraud or criminal behaviour. This commitment still stands. This commitment is intended to encourage compliance with the existing rules, and to make sure those affected pay the right tax from April 2021 onwards.

SUPPORT FOR CONSUMERS

- On 9 April, the FCA announced a **series of measures intended to provide emergency support** to consumers who are facing temporary cash flow problems.
- We are providing consumers with **0% interest on the first £500 of an arranged overdraft for three months** – consumers without arranged overdrafts may request this facility.
- We will allow consumers either a **3-month payment holiday** or to make nominal payments towards credit cards, store cards, catalogue credit and certain personal loan agreements.

How to access

- Customers should contact their lender if they are experiencing short-term cash flow problems.

- Further information is available at: <https://www.fca.org.uk/consumers/coronavirus-information-personal-loans-credit-cards-overdrafts>.

ROUGH SLEEPERS

- We are determined to help those who are most vulnerable during this crisis.
- That is why we have committed an **additional £3.2 million for local authorities to tackle rough sleepers**, ensuring that we minimise the risk to those unable to self-isolate.
- This is on top of the **£492 million already committed to address homelessness** and rough sleeping in 2020/21, and the £3.2 billion support for councils during Covid-19.

How to access

- Local authorities in England will be able to claim back funding in arrears based on the number of rough sleepers recorded at the last annual snapshot.
- This funding can be used to accommodate any rough sleeper or person at imminent risk of sleeping rough who is unable to self-isolate. It can be used to reimburse costs that have been incurred accommodating rough sleepers. It can be spent on the net cost of accommodation, or any other services required to allow a rough sleeper to self-isolate for the required period.

Progress so far

- As of 1 May 2020, **over 90% (more than 5,400) of those on the streets at the beginning of the crisis and known to local authorities have been offered safe accommodation.**

Third party support

- ‘We understand how critical it is for people to be able to self-isolate, and how incredibly difficult this would be for anyone sleeping rough. So this emergency funding for councils to make extra accommodation available is extremely helpful and welcome. It is the right thing to do when people sleeping rough already face very serious health risks and trauma’. **Shelter.**
- ‘Council staff continue to work day-and-night to support national efforts to minimise the spread of the coronavirus and protect and support communities, including our most vulnerable. We are pleased that the Government has announced that councils will receive emergency funding to support rough sleepers to self-isolate, as part of a wider package of support, and we look forward to working with the Government on the detail to ensure councils costs are fully covered. Public health, housing and social care teams will continue to work together to identify local solutions for rough sleepers most at risk, but homelessness services remain under huge pressure as a result of rising demand driven by a historic shortage of social housing’. **Local Government Association.**

UTILITY BILLS

- The Government has agreed measures with the energy industry to help people and businesses.
- Suppliers have **frozen energy disconnections** for those on regular credit meters.
- For those with prepaid meters who are unable to top up due to self-isolation, **suppliers may offer postal delivery of top-up credit or automated addition to accounts.**
- Energy firms are also offering **forbearance to vulnerable customers** on a voluntary basis.
- We have also agreed measures with the **UK’s major telecommunications** providers to support vulnerable consumers.
- Ofwat is working with the water industry to **support households struggling to pay water bills.**

How to access

- Consumers are encouraged to contact their providers as soon as possible.

Progress so far

- Various energy suppliers have taken steps to help their customers financially and practically through this period. Examples include (but not limited to):

- 36,000 of British Gas's most vulnerable customers have received over £6 million (the equivalent of three months' usage) on pre-loaded prepayment meter cards (including medically vulnerable and other PPM customers) and 14,000 customers struggling with their payment plans have been helped with deferred payments or extra help (4 week deferral). British Gas has also redeployed staff and resources to support food banks.
- OVO energy has set up a Coronavirus Hardship Scheme and allocated £50 million worth of measures to existing OVO customers that have been financially impacted by the Covid-19 outbreak. Customers most in need of financial support can contact OVO customer services directly to either top-up credit or agree to temporary payment reductions to monthly payments. Successful applicants will have support available for up to three months.

SUPPORT FOR PUBLIC SERVICES

CORONAVIRUS EMERGENCY RESPONSE FUND

- We are clear that we will do **everything in our power** to help Britain defeat coronavirus.
- That is why at Budget in March the Chancellor initially set aside **£5 billion for the Coronavirus Emergency Response Fund**, in order to provide our NHS and public services the resources they need.
- As of 27 April, we have now **committed a total of £16.4 billion** which has gone towards public services, including the NHS and local authorities involved in the fight against coronavirus.
- This funding **builds on our existing NHS settlement**, which provides an additional £34 billion per year by 2023-24, as well as an additional £139 billion for health budgets in 2020-21.
- It also includes a total of **£3.2 billion of additional funding for local authorities**, helping to house rough sleepers, support new shielding programmes for the vulnerable, and continue to provide vital services such as adult and children’s social care.
- The Chancellor also gave **GPs and community pharmacies in England £32 million** to remain open on this Friday’s early May bank holiday, building on £56 million to remain open over the Easter bank holiday.

Has a lot of this money been spent procuring PPE and ventilators from overseas because we weren’t prepared?

- A substantial portion of this funding will be the procurement of urgent priorities such as ventilators, diagnostic tests and protective equipment for NHS staff across the UK. This expenditure is making sure that we can fight and beat the Coronavirus by increasing our capacity and capability for some time.

Doesn’t this show that the government underestimated the crisis?

- The Chancellor has always been clear that we stood ready to go further than £5 billion if required – and we will go further if needed.

Doesn’t this prove that public services were underfunded going into the crisis?

- This funding is for temporary, targeted and timely funding that specifically addresses unavoidable needs directly associated with Covid-19.
- The 2019 Spending Round delivered the fastest increase in day-to-day departmental spending in 15 years.
- The NHS settlement, confirmed in January 2019, provided the largest cash increase in public services since the Second World War – an additional £34 billion per year by 2023-24.

Does this impact the spending plans announced at March Budget?

- The Government has taken steps to ensure that HM Treasury and departments can remain focused on responding to the immediate public health emergency – this is the right focus for now. Further details of spending plans, including the Spending Review later this year, will be set out in due course.

How is this all being paid for?

- This funding is drawn from a combination of the ordinary Reserve that the Treasury keeps for unexpected and unavoidable costs, underspends from activity that is not able to take place, and further borrowing.

CHARITIES

- Our brilliant **charities are playing a crucial role** in the national effort to fight coronavirus, backed up by an army of volunteers to support those who are most in need.
- That is why we will do everything we can to help the sector during this difficult time, with an unprecedented **£750 million of extra funding**.
- Government **departments will directly allocate £360 million** to charities providing key services during the crisis – **including up to £200 million for hospices** – while **£370 million will support small and medium-sized charities** – including through a grant to the National Lottery Community Fund.
- The Government has pledged to **match whatever the public decides to donate to the BBC Big Night In** fundraising campaign with the same amount to further support charities. £20m of this match-funding will go to the National Emergencies Trust appeal, and the rest will be split between Comic Relief and Children in Need.
- **This package will benefit tens of thousands of charities**, ensuring they can continue to reach people who need help, support our communities and take pressure of the NHS.

How to access

- £360 million will be allocated by the Government directly to charities in England providing essential services and supporting vulnerable people. Up to £200 million will be allocated to hospices across the next quarter, and £76 million has been allocated for victims of domestic and sexual abuse and vulnerable children. Further allocations will follow in due course.
- £310 million will be allocated in England through the National Lottery Community Fund. The application process will be open to charities in the coming weeks. Further guidance is available online at: <https://www.gov.uk/guidance/coronavirus-covid-19-guidance-for-the-charity-sector>.
- The Barnett breakdown of the £370 million fund for small charities will mean £30 million for Scotland, £20 million for Wales, and £10 million for Northern Ireland.

Third party support

- ‘The Charities Aid Foundation knows only too well that charities on the front line are facing incredible demands for their services just as income is squeezed. This set of measures from the Treasury will offer important and welcome support for civil society at this very difficult time for us all’. **Sir John Low, Chief Executive, Charities Aid Foundation.**
- ‘Hospice UK is delighted that the Government is providing up to £200 million of funding per quarter to hospices to help support the NHS and respond to the Covid-19 emergency. Hospices are on the frontline of providing care and support to almost a quarter of a million vulnerable people every year at the end of their lives. This unprecedented funding recognises the vital role that hospices play in supporting the NHS in its fight against Covid-19, and means hospices across the country can keep providing beds, specialist clinical care and staffing to relieve pressure on the NHS at this critical moment’. **Tracey Bleakley, Hospice UK.**
- ‘I am delighted to hear today’s announcement from the Chancellor giving the outline of funding for charities, which I hope will be the lifeline that we need. We’ve been engaging constructively with the Government on this funding, which could not come at a more critical time. It should enable us to continue providing vital support during this crisis, standing together with our brave NHS colleagues to fight this terrible disease. We’re looking forward to receiving further details over the coming days of how the funding will be rolled out’. **Martin Houghton-Brown, Chief Executive, St John Ambulance’s.**
- ‘The Chancellor’s rescue package for frontline charities providing key services is absolutely vital, but it’s not the whole answer. It has to be the start and not the end of the government’s efforts to protect the sector from collapse. As well as supporting some of those worst affected by the crisis right now, charities of all shapes and sizes play a crucial role in supporting millions of people with diverse needs, and will be critical in supporting the country’s recovery from coronavirus too. People won’t stop needing help, and we need a charity sector that can survive this crisis and thrive. The financial help offered to businesses has been broad, and it’s important the government quickly replicates this approach for charities now too’. **Shelter.**
- ‘I was delighted to hear the chancellor speak so passionately about the role we play. Overjoyed that he didn’t just acknowledge the work in response to COVID19 but the importance of charitable activities for struggles being fought irrespective of this pandemic’. **Caron Bradshaw, CEO, Charity Finance Group.**

Will you step in if a large charity is going bust?

- This package provides substantial support for the charity sector. Charities also have access to cross-cutting support already announced including the Coronavirus Job Retention Scheme which enables them to furlough staff with the government paying 80% of wages, and VAT deferral.

This isn’t enough money – stakeholders have been asking for billions?

- This is a substantial package of targeted support for providing key services and supporting vulnerable people during the Covid-19 crisis. Charities also have access to wider government support schemes like the CJRS.

Why can’t furloughed charity employees volunteer for their own employer?

- The purpose of the Coronavirus Job Retention Scheme is to support people who would otherwise have been made redundant. To prevent fraudulent claims, we made clear that individuals cannot work or volunteer for their organisation. DCMS is working with other government departments and the sector to identify areas where volunteers can contribute to the Covid-19 response.

What support is there for charities which are not eligible for this fund?

- This is a substantial package of targeted support for providing key services and supporting vulnerable people during the Covid-19 crisis. In addition, all charities can defer their VAT bills and pay no business rates for their shops next year. Charities are eligible for the Job Retention Scheme, CBILS, CLBILS and the Bounce

Back Loans Scheme. Registered charities are now exempt from the requirement on these loans schemes that 50 per cent of the applicant's income must be derived from its Trading Activity.

RUGBY LEAGUE

- Rugby League is **the lifeblood of many of the communities it serves** – it doesn't just provide entertainment across the country, but inspires a new generation to take up sport and provides jobs.
- We recognise that many RFL clubs operate on very tight financial margins. Without their ability to stage matches with spectators and despite the Government's extensive economic package, **the professional game has come very close to collapsing**.
- That is why the RFL has received a **£16 million cash injection from the Government** to safeguard the immediate future of the sport in England.
- The **emergency loan will help the sport deal with the extreme financial impact of the coronavirus outbreak** while the season remains suspended, due to social distancing measures.
- It comes ahead of **England hosting the Rugby League World Cup next year**, which will see the men's, women's and wheelchair games come together for the first time on the sport's biggest stage.

How to access

- The funding will be administered by the RFL, Sport England and DCMS. All RFL Super League, Championship and League 1 clubs based in England are eligible to apply. Further details on when the fund will open and how clubs can apply will be announced by the RFL in due course.

Progress so far

- DCMS are working with Sport England to set up the scheme with the intention of having funding available for clubs as quickly as possible.

Third party support

- 'This support enables the sport to survive, to reshape and to be ready to restart in our 125th year'. **Ralph Rimmer, Chief Executive, RFL.**

TRANSPORT

- The Government has announced a **package of measures to keep vital routes for supplies and people running** smoothly during the pandemic.
- This package will help make sure **goods and services flow freely in and out of the UK**, and support the frontline response to coronavirus by making sure they have the resources they need.
- This includes: **£17 million to protect freight routes** between Great Britain and Northern Ireland, and up to **£10.5 million to maintain ferry and freight services** to the Isle of Wight and Scilly Isles.
- We have also fast-tracked the launch of a **drone delivery trial** to transport medical supplies.
- We have committed to **support light rail systems** in Sheffield, Manchester, West Midlands, Nottingham, and Tyne and Wear.
- We are **supporting train operators** on franchises through temporarily transition onto Emergency Measures Agreements to make sure our railways stay open for key workers during the coronavirus outbreak.
- And we have made a **£5.7 million investment to protect air passenger flights** for important routes between Great Britain and Northern Ireland.

RESEARCH AND DEVELOPMENT

- The Government will provide **£30 million of new funding for the National Institute of Health Research** to enable rapid research into Covid-19.
- We have also increased Public Health England's ability to test people and monitor the virus by providing an additional **£10 million of new funding for the Department of Health and Social Care**.
- This funding will enable important research into the novel virus which will enable the government and the NHS to respond as effectively as possible.

DEVOLVED ADMINISTRATIONS

- The Government is committed to helping the **whole of the United Kingdom** overcome this crisis – and leave no part of our union behind.
- That is why we have so far provided **£6.8 billion of funding to the devolved administrations**.
- That means **£3.5 billion for Scotland, £2.1 billion for Wales, and £1.2 billion for Northern Ireland**.
- This is in addition to the various UK-wide measures that people and businesses in Scotland, Wales and Northern Ireland will benefit from.