

# WINTER ECONOMY PLAN



## What are the key changes to help protect jobs?

A new **Job Support Scheme** will be introduced from 1 November and will run for 6 months. The aim of the scheme is to support employers to keep employees in viable jobs, but who are facing lower than normal demand over the winter months due to ongoing impact of covid-19.

## How will it work?

The government will contribute towards the salaries of employees who are working less hours than normal due to decreased demand. Employers must continue to pay the wages of staff for the hours they work. For the hours they don't work, the government and the employer will each pay one third of the equivalent remaining salary.

This means employees who can only go back to work on reduced hours will still be paid two thirds of those hours they can't work but there are rules to follow. In order to support only genuinely viable jobs, **employees must be working at least 33% of their normal hours**. The level of grant will be calculated on the employee's usual salary and will be capped at £697.92 per month.

This scheme will be open to businesses right across the UK, even to those that have not previously used the furlough scheme. Further guidance will be available in due course once the legislation is drafted.

This will sit alongside the **Jobs Retention Bonus** so businesses can benefit from both schemes to help secure jobs. It could be worth over 60% of average wages of workers who have been furloughed – and are kept on until the start of February 2021.

## What about the Self Employment Income Support Scheme?

Good news for the self-employed as **The Self Employment Income Support Scheme Grant (SEISS) is extended**. An initial taxable grant will be available to those currently eligible for SEISS who continue to trade but face reduced demand due to covid-19. There will be an initial lump sum aimed at covering three months' worth of profits for the period from November 2020 to the end of January 2021. This is worth 20% of average monthly profits, up to a maximum value of £1,875.

Additionally, a second, flexible grant will be available for self-employed individuals to cover the period from February 2021 to the end of April 2021. This can be adjusted to respond to changing individual circumstances.

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## Tourism and hospitality

The temporary 15% VAT cut for the tourism and hospitality sectors announced in the summer will be extended to the end of March 2021 as part of the package. These sectors have been particularly severely hit by the pandemic and it is hoped this measure will help businesses to retain their staff as they navigate the ever-changing landscape of rules and restrictions.

## Loan repayment deferrals

The **New Payment Scheme** will support the hundreds of thousands of businesses who deferred their VAT bills giving them an option to pay back the VAT in smaller instalments. Instead of paying a lump sum in full at the end March 2021, they can make 11 smaller interest-free payments during the 2021-22 financial year.

Approximately 11 million self-assessment taxpayers will be able to benefit from an additional 12-month extension from HMRC on the **“Time to Pay” self-service facility**. This means payments deferred from July 2020, and those due in January 2021, **will not need to be paid until January 2022**.

There will also be more repayment flexibility for those businesses who took out a **Bounce Back loan**. A new **‘Pay as You Grow’** flexible repayment system will allow the length of the loan to be extended from six years to ten, effectively cutting monthly repayments by almost 50%. Payment holidays and interest-only periods will also be available. **Coronavirus Business Interruption Loan Scheme** lenders will be given the ability to extend the length of loans from a maximum of six years to ten years if it will help businesses to repay their loan.

Applications for the government’s **coronavirus loan schemes will be extended until the end of November 2020** to allow more businesses to benefit from the **Coronavirus Business Interruption Loan Scheme**, the **Coronavirus Large Business Interruption Loan Scheme**, the **Bounce Back Loan Scheme** and the **Future Fund**. This change aligns all the end dates of these schemes.

It is hoped that these measures will improve cash-flow for businesses, with the extended re-payment terms making loan schemes look particularly attractive.

Stay safe and well.