



Once again, from all the team at Butler & Co, we hope everyone is staying safe, keeping well and that business is able to continue in some form, despite the challenging trading conditions at the current time.

COVID-19 BUSINESS SUPPORT: NEW SUPPORT MEASURES UPDATE

On Thursday 22 October 2020, Rishi Sunak announced updates to the financial support on offer to businesses across the country – with additional support for those in Alert Level Tiers Two and Three - in order to counteract the reduction in demand caused by increased restrictions. The key points are as follows:

1. Changes to the **Job Support Scheme [JSS]** and the subsequent **Extension** – N.B. this programme replaces the Job Retention Scheme for Furloughed workers
2. An update to the **Self-Employed Income Support Scheme [SEISS]**
3. An extension to the **Business Grants** programme

1. CHANGES TO THE JOB SUPPORT SCHEME [JSS]

This is the new scheme that commences from 1 November 2020 (i.e. one week's time) to 30 April 2021 that will replace the Job Retention Scheme [JRS] for furloughed workers.

There are some key changes to this support scheme, in order for more businesses to qualify and take advantage of this programme.

Key Points

- The government will contribute towards the wages of employees who are working fewer than normal hours due to decreased demand.
- Employers will continue to pay the wages of staff for the hours they work; but for the hours not worked, the employer will each **pay 5% - down from 33%** - of their equivalent salary not paid, with the **government grant covering 61.67%** of the remaining hours not worked - **up from 33%**, up to a **maximum of £1,541.75 – up from £697.92**.
- Employees must **now** work at least **20% of their normal hours – a reduction from 33%** - in order to qualify
- The Job Support Scheme will be open to all Small and Medium sized businesses across the UK, even if they have not previously used the furlough scheme, **regardless of which Covid Tier the business is currently in**
- Joining this scheme does not impact on the eligibility for the Job Retention Bonus for workers that have come off furlough and returned to employment

Claims will be made retrospectively, with the portal for processing not opening until December per latest HMRC communications. Full details of the workings are yet to be made completely clear, but below is an approximate example:

Approximate Example: A worker, prior to the Covid-19 pandemic, receives a salary of £1,100 a month. When they return off furlough, the employee works 20% of their usual hours. They would be entitled to receive £220 normal pay plus £44 extra from their employer (5% of remaining unworked hours - £880 x 0.05), and £542.70 from the government (61.67% of hours not worked = £880 x 0.6167). Their take home pay would therefore be **£806.70**, while the cost to the business would be **£264 + EMP NIC + Pension Contributions**.

1A. CHANGES TO THE EXTENSION TO THE JOB SUPPORT SCHEME

Alongside the Job Support Scheme, there have been changes to the Extension for those businesses whose premises have been legally required to close as a direct result of coronavirus restrictions, i.e. those in Tier Three areas.

Key Points

- Businesses will receive grants towards the wages of employees who have been instructed to, and subsequently cease work and operations. Voluntarily closures are **not** covered.
- The government will pay two thirds of employees' usual wages (67%), up to a **maximum of £2,100 per month**.
- Businesses will **now no longer** need to cover (1) Employer National Insurance and (2) Pension contributions – *this will now be met as part of the Government Grant*.
- The Extension to the Job Support Scheme will be open to all small and medium sized businesses across the UK, including those that have not previously used the furlough scheme
- The scheme will run from 1 November 2020 to 30 April 2021 but will be reviewed in January 2021.
- Joining this scheme does not impact on the eligibility for the Job Retention Bonus for workers that have come off furlough and returned to employment

NOTES: Full details of how to apply will follow in due course – the government is still to publish these at the present time. It is understood a portal will be available for claims in the same way as the furlough scheme operated, and this will begin processing claims in early December 2020. HMRC will be adding extra checks to this support scheme, so employers need to make sure they comply with the eligibility criteria before making JSS claims.

2. CHANGES TO THE SELF EMPLOYMENT INCOME SUPPORT SCHEME [SEISS]

The Self Employment Income Support Scheme had been extended for a third time, for those who met the qualification criteria and received payments in May and/or in August. A further taxable grant will be provided to those who are continuing to actively trade but are now facing reduced demand. The initial lump sum will cover three months' worth of average profits for the period from 1 November to the end of 31 January next year. This is worth **40% - an increase from 20%** - of average monthly profits [previously 80% and 70%], up to a total capped amount of **£3,750 – up from £1,875**. This increase is regardless of which Tier an individual business is in at the time of the claim. The application date will be announced in due course.

An additional final grant – the fourth in total, which may be adjusted to respond to changing circumstances - will be available for self-employed individuals to cover the period from February to 30 April 2021, but the government will announce the full terms and conditions in relation to this payment closer to the time; and it is expected that this will remain at 20%.

3. EXTENSION OF BUSINESS GRANTS

The government is providing additional funding to allow Local Authorities (LAs) to support businesses in high-alert level areas – **Tiers Two** – those that are not legally required to close, but which are severely impacted by the restrictions on socialising – e.g. the hospitality and tourist industries particularly. The funding Local Authorities will receive will be based on the number of registered hospitality, hotel, B&B, and leisure businesses in their area. All such business must be registered for business rates to qualify for the additional funding.

LAs will receive a funding amount that will be the equivalent of:

- For properties with a rateable value of £15,000 or under, grants of £934 per month.
- For properties with a rateable value of between £15,000 - £51,000, grants of £1,400 per month.
- For properties with a rateable value of £51,000, grants of £2,100 per month.

***NB:** It will be up to Local Authorities to determine which businesses are eligible for grant funding in their local areas, and what precise funding to allocate to each business – so keep checking directly with your local authority if you move into tier two restrictions*

Local Authorities will also receive a 5% top up amount to cover other businesses that might be affected by the local restrictions, but which do not fit directly into these categories – i.e. an extension of the local authority discretionary grants – for businesses such as B&Bs that do not pay business rates.

Businesses in Very High alert level areas – **Tier Three** - will qualify for greater support, whether they are closed; where grants can be up to £3,000 per month; or open. In the latter case, support is being provided through business support packages provided to Local Authorities as they move into the alert level. There is currently no support available to medium risk level areas – **Tier One** – other than those already announced and described in previous communications.

As ever, please do not hesitate to contact us if you have any questions regarding any of the points mentioned above. The Covid-19 Business Support Co-ordinator, Russell Nash [russell@butler-co.co.uk] remains available, alongside your regular primary contact(s), across the working week to answer anything arising.

Best regards