



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

20 April 2020

Rt Hon. Mel Stride MP
Chair, Treasury Select Committee
House of Commons
London, SW1A 0AA

Dear Mel,

Thank you for your letter of 8 April and the summaries of the 16,000 responses you received to the inquiry into the economic impact of coronavirus. You will find in the annex to this letter a response on each of the points made.

Since the onset of the Covid-19 crisis, the government has set out an unprecedented package of support for families, businesses and our vital public services. I have outlined the key measures below. As I stated at the press conference on 14 April, unfortunately we can't guarantee to protect every business and every household. However, our planned economic response aims to be as comprehensive as possible whilst delivering support as quickly as we can to those who need it.

Support for businesses

I announced £330 billion of guaranteed loans (equivalent to 15% of GDP) for supporting businesses to access finance. This support will be delivered through three main schemes: the Coronavirus Business Interruption Loan Scheme (CBILS), Coronavirus Large Business Interruption Loan Scheme (CLBILS) and the Coronavirus Corporate Financing Facility (CCFF). These schemes will help to support long-term viable businesses who may need to respond to cash-flow pressures as a result of the impact of coronavirus by seeking additional finance. Together the CBILS, CLBILS and CCFF deliver access to finance initiatives covering over 80% of corporate UK turnover and employment.

I have also announced grants for those businesses hardest hit by the crisis. Small businesses as well as businesses in the retail, hospitality and leisure sectors are eligible for grants. Moreover, all eligible businesses in the retail, hospitality and leisure sectors will pay no business rates in England for 12 months from 1 April 2020.

This government is also supporting businesses with their tax affairs. The government is deferring Value Added Tax (VAT) payments so UK VAT registered businesses will not need to pay any VAT due alongside their normal VAT return 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.

I appreciate the pressures of staff absences on small businesses in particular, so the government has also introduced a rebate scheme to allow small and medium-sized businesses and employers to reclaim Statutory Sick Pay (SSP) paid for staff sickness absence due to coronavirus. This refund will cover up to 2 weeks' SSP per eligible employee who has been off work because they have been ill with Covid-19 or have had to self-isolate because of it.

Support for specific sectors

On 8 April, I announced a £750 million support package for charities providing key services and supporting vulnerable people during the Covid-19 crisis. £360 million will be allocated by central government to charities in England based on evidence of service need. This will include up to £200 million support for hospices, with the rest going to organisations like St Johns' Ambulance and the Citizens Advice as well as charities supporting vulnerable children, victims of domestic abuse, or disabled people. £370 million will support smaller, local charities working with vulnerable people.

I have also announced support for the transport sector, including support for buses, ferries and railways, including: up to £167 million to deliver essential bus services for three months; £1.5 million grant funding to maintain lifeline ferry services connecting the mainland to the Isle of Wight and to the Isles of Scilly for April,; and putting in place Emergency Measures Agreements (EMAs) to assume full revenue and cost risk for running essential railway services for the next 6 months costing around £2.9 billion.

Support for jobs and the self-employed

The government is not only supporting businesses with their finances but also with helping keep people in employment and supporting the self-employed.

On Friday 20 March, I announced the Coronavirus Job Retention Scheme (CJRS) to help firms continue to keep people in employment. All UK employers can apply for a grant, which will help them to continue paying part of their employees' wages if they would otherwise have been laid off during this crisis.

On Thursday 26 March I announced a new Self-Employment Income Support Scheme (SEISS) to support self-employed individuals affected by the coronavirus outbreak. Some 95% of people who are mainly self-employed could benefit from this scheme. The government is also supporting the self-employed and others by deferring self-assessment payments due in July 2020 to January 2021.

Support for people's incomes

The Government will make sure it protects, as far as possible, people's jobs and incomes. To support those on low incomes through the outbreak we have announced a package of temporary welfare measures.

On 20 March, I announced:

- A £20 per week increase to the Universal Credit standard allowance and Working Tax Credit basic element. This means that for a single UC claimant (25 or over), the standard allowance will increase from £317.82 to £409.89 per month.
- An increase in the Local Housing Allowance rates for Universal Credit and Housing Benefit claimants so that it covers the cheapest third of local rents.
- A relaxation of the UC minimum income floor for all self-employed Universal Credit claimants affected by the economic impacts of Covid-19.

This builds on the initial package for individuals and families announced at Budget, which includes an Extension of Statutory Sick Pay to self-isolators and those in the same household caring for self-isolators – payable from day 1, not day 4 – as well as changes to Contributory Employment and Support Allowance and a relaxation of the Universal Credit minimum income floor.

I am also providing £1.6 billion of additional funding to local authorities to enable them to respond to other Covid-19 pressures across all the services they deliver. This includes stepping up support for the adult social care workforce and for services helping the most vulnerable, including rough sleepers.

Support for public services

We are also ensuring the public sector has the funds it needs. The Coronavirus emergency response fund will provide more than £14 billion to public services, including the NHS and Local Authorities. This builds on the £5 billion fund announced at Budget and includes nearly £2 billion for the devolved administrations.

We have announced these measures at unprecedented speed and are working intensively with employers, delivery partners, and industry groups to ensure funding reaches those who need it most. We have shown that we will take action quickly to iron out problems – as per announcements on the CBILS which we extended to ensure that more firms are able to benefit from government-backed support during this difficult time. We will continue to monitor the impact measures are having with regard to supporting public services, businesses, and individuals, and we are keeping all policies under review.

I hope that this letter is helpful in setting out how the government's response to Covid-19 is supporting people, businesses, sectors and public services. I will endeavour to keep the Treasury Select Committee and Parliament updated during these unprecedented times.



ANNEX

Summary 1: Evidence submitted between 20 and 26 March

Support for self-employed Many applaud the steps taken to cover 80% of PAYE salaries but cannot understand why there is not the same support for freelancers and the self-employed. Many call for an extension of wage protections to self-employed workers on the same basis as other workers; perhaps via a temporary Income Protection Fund to provide all self-employed with a monthly income.

The Chancellor of the Exchequer announced further additional assistance for the self-employed on 26 March 2020. The new Self-Employment Income Support Scheme (SEISS) will help those with lost trading profits due to Covid-19. It means the UK will have one of the most generous self-employed Covid-19 support schemes in the world.

The new scheme will allow eligible individuals to claim a taxable grant worth 80% of their trading profits up to a maximum of £2,500 per month for 3 months. This may be extended if needed. Self-employed individuals, including members of partnerships, are eligible if they have submitted their Income Tax Self Assessment tax return for the tax year 2018-19, continued to trade and have lost trading/partnership trading profits due to Covid-19. To qualify, their self-employed trading profits must be less than £50,000, with more than half of their income coming from self-employment. Some 95% of people who are mainly self-employed could benefit from this scheme.

Guidance on eligibility for support: Not having an income stream is a new situation for a lot of people and they are unsure where to turn or what to apply for. Clearer guidance is needed as people need to know what support is available to them. Simplify the application processes and ensure that relevant information has been cascaded to business-facing staff. Communicate clearly to business on what support they are entitled to and how they can access it.

The government is updating guidance online and cascading relevant information to relevant delivery organisations as quickly as possible. Online guidance can be found at:

- <https://www.gov.uk/coronavirus>
- <https://www.gov.uk/coronavirus/business-support>

Entitlement to Universal Credit (UC): Calls for the elimination of the 5-week wait for UC, and requests that people are not forced to empty their savings pots; a level playing field with the abolition of the £16k savings figure, so everyone is entitled to the same level of benefit. Some submissions received from individuals who are not eligible for UC because their partner is working.

Five Week Wait

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.

Capital limits

A working age household will be ineligible for UC if they have savings over £16,000. In such cases, it is likely that they have alternative means of financial support. This limit ensures welfare is paid to those most in need who do not have access to additional financial assistance.

Not eligible due to partner income

Universal Credit is a household benefit which assesses the total household income to ensure welfare supports those most in need who do not have access to additional financial assistance. Individuals who have been employed in the last 2 to 3 years and paid Class 1 National Insurance Contributions may be eligible to claim 'New Style Jobseekers Allowance'. Unlike Universal Credit, 'New Style JSA' does not take into account a partner's income or savings.

Entitlement to Statutory Sick Pay (SSP): *The self-employed are still not entitled to SSP and have no other wider income protections. Calls for an increase in the level of Statutory Sick Pay and broader access to it. SSP is a very low rate and many have raised concerns that this will not be sufficient to cover their regular household expenses, e.g. mortgage and bills.*

The Government is committed to supporting individuals through this difficult period. That is why it has extended Statutory Sick Pay to self-isolators and those caring for self-isolators and made it payable from day 1 rather than day 4.

Employees who earn over £118 per week from a single employer are eligible. They will get £95.85 a week.

Employers may only require a fit note (sometimes called a sick note) if you're off sick for more than seven days in a row (including non-working days). People who are advised to self-isolate can now obtain a notification via NHS 111 that they can use as evidence for absence from work, beyond the initial seven days, where necessary. This is a web-based form and replaces the need for a GP fit note.

Entitlement to business rates relief: *Extend business rates relief to all businesses. Some businesses will not qualify for rate relief under current measures; self-employed like hairdressers and therapists do not pay business rates anyway.*

The Government is mindful of the severe impact felt by the retail, hospitality and leisure sectors from recent events, and it is right to offer them exceptional assistance to meet the crisis.

On 18 March, the Ministry for Housing, Communities and Local Government (MHCLG) published guidance for local authorities on the implementation of the business rates holiday for the retail, hospitality and leisure sectors. On 25 March, some of the exclusions for this relief were removed, so that more retail, leisure and hospitality properties that will have to close as a result of the Covid-19 restriction measures will now be eligible for the relief.

A range of further measures to support all businesses, including those not eligible for business rates relief, have also been made available.

Access to finance (lending): Government needs to remove the statutory impediments which prevent lenders offering quick and simple support to struggling customers. But loan finance is not a panacea and will not be advisable/available for many. There are concerns about potential adverse effects on future credit ratings if bills cannot be paid on time.

The Government recognises that the current context has presented new challenges for firms and is aware that some firms have expressed concern that the regulatory requirements for consumer credit agreements may complicate their ability to offer forbearance to consumers.

The FCA conducted a brief consultation on their measures to support consumers and received a large number of responses. In their feedback statement, the FCA highlighted that many firms have already been able to offer such forbearance measures, while operating the requirements of the CCA.

In their guidance for firms, the FCA set out their expectation that the payment deferrals described here should not worsen the arrears status of a consumer's credit file during the payment deferral period. However, where additional forbearance is required, for example in the form of waived interest and charges, the FCA expect this to be reflected in the usual manner.

The FCA have also set out that where consumers have been unable to reach timely agreement with firms for a payment deferral because of firms' operational difficulties and subsequently miss a payment which is reported on their credit file, they would expect that firms work with consumers and credit reference agencies to ensure any necessary rectifications are made.

Cash flow assistance: Introduce assistance to help businesses to meet fixed and variable costs (e.g. rent and utility bills plus sector-specific overheads)

The government has set up a number of schemes to help businesses. The government announced £330 billion of guaranteed loans (equivalent to 15% of GDP) for supporting businesses to access finance. This support will be delivered through two main schemes: the Coronavirus Business Interruption Loan Scheme (CBILS), and the Coronavirus Corporate Financing Facility (CCFF), which were opened with effect from Monday 23 March. Responding to concerns from businesses that are not eligible for the existing Government-backed loans, I took action by announcing the Coronavirus Large Business Interruption Loan Scheme (CLBILS). This will ensure that more firms are able to benefit from government-backed support during this difficult time.

These schemes will help to support long-term viable businesses who may need to respond to cash-flow pressures as a result of the impact of coronavirus by seeking additional finance. Together the CBILS, CLBILS and CCFF deliver access to finance initiatives covering over 80% of corporate UK turnover and employment.

Relaxation of tax rules and compliance activity: Calls for suspension of tax payments, introduction of VAT holidays and freeze of other VAT commitments. Consider an Employers National Insurance holiday, a deferral of tax and NI payments until 2021 and the removal of business rates.

The government is deferring Value Added Tax (VAT) payments so UK VAT registered businesses will not need to pay any VAT due alongside their normal VAT return from 20 March through to the end of June – a deferral worth over £30 billion or 1.5% of GDP.

Businesses will have until the end of the financial year (March 31st 2021) to pay back any deferred taxes. This is to help support businesses with their cash flows, and support individuals' employment.

Over a million businesses of different sizes and sectors are expected to benefit. The option to defer VAT is open to all £2.3 million UK VAT registered businesses.

The government is also supporting the self-employed and others by deferring self-assessment payments due in July 2020 to January 2021. This is on top of the additional support for the self-employed that the government announced on 26 March.

Debt management: Establish a moratorium on debt payments and mortgage payments

The government recognises that the outbreak of Covid-19 may lead to consumers facing financial difficulty and uncertainty.

We have acted to support customers who may find it challenging to make mortgage payments by working with the sector to offer a three-month mortgage holiday for borrowers struggling with their finances and are unable to make their repayments as a result of Covid-19. This forbearance measure will enable affected borrowers to defer their mortgage payments for up to 3 months while they get back on their feet. This measure has also been extended to Buy to Let landlords struggling as a result of their tenants being unable to meet their rental repayments.

Lenders have also agreed a 3-month moratorium on residential and Buy-to-Let possession action to provide customers with reassurance that they will not have their homes repossessed at this difficult time.

The major banks and building societies have pledged to provide relief to customers impacted by Covid-19, including deferring mortgage and other loan repayments, waiving fees on savings accounts and increasing overdraft or credit card limits.

The FCA announced a series of measures intended to provide emergency support to consumers who are facing temporary cash flow problems as a result of the coronavirus outbreak. These measures came into force on 14 April.

These measures include:

- On overdrafts, the proposals would require firms to provide up to £500 interest-free buffer for customers for up to 3 months. This would apply to customers who have been impacted financially by Covid-19 and already have an arranged overdraft on their main personal current account.
- Allowing consumers either a 3-month payment holiday or to make nominal payments towards credit cards, store cards, catalogue credit and certain personal loan agreements.

Unless a consumer's financial situation requires interest to be waived, firms may charge interest during the payment holiday.

Seasonal work considerations: Many submissions mention that their work is seasonal (e.g. weddings) and, as such, should they not be able to work now, they will not be able to make the money in the summer which typically gets them through the winter.

Some seasonal workers may be able to access the Self-Employment Income Support Scheme (SEISS) if they meet the eligibility criteria. The SEISS will provide grants to those who are self-employed, or members of partnerships, worth 80% of their trading profits/partnership trading profits, up to a maximum of £2,500 per month.

To support those on low incomes through the outbreak we have announced a package of temporary welfare measures. These include:

- A £20 per week increase to the Universal Credit standard allowance and Working Tax Credit basic element. This means that for a single UC claimant (25 or over), the standard allowance will increase from £317.82 to £409.89 per month.
- An increase in the Local Housing Allowance rates for Universal Credit and Housing Benefit claimants so that it covers the cheapest third of local rents.
- A relaxation of the UC minimum income floor for all self-employed Universal Credit claimants affected by the economic impacts of Covid-19.

The Coronavirus Job Retention Scheme is only open to individuals who were on an employer's PAYE payroll on 19 March 2020. The rationale for this cut-off date is to reduce the substantial risk of fraud associated in delivering such a large-scale program at pace. Processing claims beyond 20th March while managing the significant fraud risks would require much greater manual handling by HMRC which would substantially slow down the system and therefore delay the delivery of grants that many businesses desperately need.

Impacts of coronavirus is exacerbating existing issues: Individuals who are 'Mortgage Prisoners' or 'WASPI women' are seeing the issues they face made more difficult.

During this difficult time for the country, we recognise the extreme disruption the necessary actions are having on people's lives, their businesses, their jobs and the nation's economy. That is why the Government has announced unprecedented support for public services, workers and businesses to protect against the current economic emergency.

Insurance: Government should demand clarity from insurers and brokers regarding Business Interruption Insurance and the grounds for pay-outs, and further support measures.

Most commercial insurance policies are unlikely to offer cover for unspecified notifiable diseases, such as Covid-19. However, those businesses which have an insurance policy that covers both pandemics and government ordered closure, 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.

I encourage any business encountering financial difficulty as a result of this unprecedented situation to review the initiatives in the Government's support package, such as the Coronavirus Business Interruption Loan Scheme and businesses rates holidays.

Charities: *Calls for emergency funding for frontline charities, voluntary organisations and social enterprises who are supporting the response, especially where these are alleviating pressure on the health service or providing support to people suffering from the economic and social impact of Covid 19. Calls to establish a 'Stabilisation Fund' to enable charities to stay afloat and continue operating during the course of the pandemic. Charities should be eligible to benefit from the measures announced by the Chancellor for businesses.*

On 8 April, the Chancellor announced a £750 million support package for charities providing key services and supporting vulnerable people during the Covid-19 crisis.

£360 million will be allocated by central government to charities in England based on evidence of service need. This will include up to £200 million support for hospices, with the rest going to organisations like St Johns' Ambulance and the Citizens Advice as well as charities supporting vulnerable children, victims of domestic abuse, or disabled people.

£370 million will support smaller, local charities working with vulnerable people. In England, this support will be provided through organisations like the National Lottery Community Fund. We will allocate £60 million of this funding through the Barnett formula so the devolved administrations are funded to provide similar support in Scotland, Wales and Northern Ireland. This will provide support for thousands of charities on the frontline of helping vulnerable people affected by Covid-19.

The Government will match whatever the public decides to donate to the BBC Big Night In fundraising event on 23rd April with the same amount to further support charities. A minimum of £20 million of this match-funding will go to the National Emergencies Trust appeal, with the rest to be decided in due course.

Renters: *Whilst mortgage payers can get a 'mortgage payment holiday', renters are concerned that there is no similar scheme for them. They are also concerned that landlords who take a 'payment holiday' may not pass this saving on to renters, or would not take a 'payment holiday' if the renters requested they did.*

The Coronavirus Act required that landlords will not be able to start proceedings to evict tenants for at least a 3 month period. This applies to both private and social renters.

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.

Payment of bills for individuals: *Given the reduced salary many employed people are facing, as well as the lack of income faced by self-employed people, there are calls for the Government to suspend the need to pay utility and council tax bills, and make medicines free.*

Utility bills

The government has agreed measures with the energy industry to protect the domestic energy supply of those most in need during the disruption caused by Covid-19. There has been a freeze on 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.

The Government has agreed measures with the UK's major telecommunications to support and protect vulnerable consumers and those who may become vulnerable due to circumstances arising from Covid-19.

Within the water sector the regulator Ofwat is working with the industry to step up support to vulnerable households struggling to pay their water bills because of Covid-19.

Free medicines for individuals

There are already a generous and wide-ranging set of exemptions from prescription charges, to support people who are medically vulnerable or those with low incomes. The NAO estimates that 89% of items are exempt from charges.

Covid-19 related schemes to support individuals (such as the Coronavirus Job Retention Scheme) are designed to provide support to meet personal costs including these types of charges. Individuals who are not exempt from prescription charges can limit their ongoing costs by purchasing a prescription prepayment certificate covering all items prescribed for them over a three or twelve month period, the latter of which can be paid for via direct debit.

Summary 2: Evidence submitted between 27 March and 2 April

Eligibility gaps: Submissions highlighted that many people are not covered by the support measures for the self-employed introduced by the Chancellor. These include:

- *Many people fall the wrong side of the £50,000 threshold in the Self-employment Income Support Scheme (SEISS). These people should not suffer such a huge economic hit. Their savings are their pensions.*

Not all those in self-employment will need extra support. In order to target support at those most in need, the government has chosen to cap this scheme. The criteria for the scheme means 95% of people who receive more than half of their total income from self-employment are eligible.

The average income of those who earned more than £50,000 in 18/19 was more than £200,000. It is not right for the government to be giving money to individuals with higher average incomes who are more likely to have access to savings and other resources.

Those unable to access the SEISS, such as those with recent profits in excess of £50,000, can still benefit from the series of measures announced by the Chancellor to boost household incomes

and support businesses, such as income tax and VAT deferrals, support for renters and access to three-month mortgage holiday. They may also still be able to access support through the temporary Coronavirus Business Interruption Loan Scheme.

- *People who work via Personal Service Companies (PSCs) These people draw down some of their income in dividends. They may balance freelance work with PAYE employment and currently have no support under either scheme. They make up a large portion of the creative workforce because employers have often insisted that workers are set up in this manner, normally to avoid workers accruing employment rights and to simplify payments. Calls for combined salary and dividends to be counted as income for the purpose of calculating entitlement.*
- *People who are newly self-employed are not eligible for support. Widen eligibility by allowing a tax return for year-end 2020 to be filed and included in the calculations of income.*
- *Graduates: Without a tax return graduates are not covered -they need temporary income protection in the same way as established freelancers in anticipation of future earnings.*

The design of the Self-Employed Income Support Scheme (SEISS) means it is targeted at those who need it the most, and who are most reliant on their self-employment income. The Government recognises that PSCs and those who started trading more recently, including graduates, may not be eligible for the scheme. Unfortunately, HMRC would not be able to distinguish genuine self-employed individuals who started trading in 2019-20 from fake applications by fraudsters and organised criminal gangs seeking to exploit the SEISS. Those who are not eligible for the SEISS may still be eligible for other support. For example, PSCs may be eligible for the Coronavirus Job Retention Scheme if they pay themselves a salary through their own company and the self-employed can benefit from the Government's relaxation of the earnings rules (known as the Minimum Income Floor) in Universal Credit. Individuals may also have access to a range of grants and loans depending on their circumstances, because the SEISS supplements the significant support already announced for UK businesses, including the Coronavirus Business Interruption Loan Scheme and the deferral of tax payments.

- *Workers who have taken time off for maternity/paternity or due to sickness in the last three years are adversely affected as they will have lower average incomes. Asks that workers are allowed to choose the highest of the last three years rather than the average over three years.*

Claiming Maternity Allowance or taking maternity/paternity leave does not mean that the trade has ceased and therefore should not affect a person's eligibility for SEISS as long as the individual intends to return to the trade after maternity/paternity leave. There is no way for HMRC to know the reasons why an individual's profits may have dropped in earlier years from income tax self-assessment returns. However, to help those with volatile income in 2018/19, you can determine your eligibility on either your profits in 2018/19, or on an average between 2016/17 to 2018/19.

- *People who started work, or were due to start work, after the 28th February cut-off date. Business and employees are left in a position where these staff will receive no funds and we believe there should be some flexibility here.*

Following a review of the delivery system and to ensure the scheme helps as many people as possible, new guidance published 15 April has confirmed the eligibility date has been extended to March 19 2020 – the day before the scheme was announced.

Entitlement to Universal Credit (UC):

- *Telling self-employed people to access UC is not enough – especially given the issues with the five-week wait. Many people – self-employed or not – are having issues with claiming UC and contacting the DWP.*

On 9 April 2020, DWP announced that people making new claims to Universal Credit no longer need to call. Instead, a frontline team will proactively call claimants if they need to check any of the information provided as part of the claim, as well as messaging them on their online journal to confirm details. The move is designed to take some of the worry and frustration out of submitting a claim, while speeding it up by putting an end to long call wait times. The change is a response to the huge volume of calls to Universal Credit phone lines, which meant some people were faced with an engaged tone when calling or were left waiting.

- *UC penalises people for having larger savings. Many self-employed people will have savings because these are effectively their pensions or because they have put money aside for the tax deadline. It is perverse to punish these workers for saving for these reasons or expect them to use up these savings and incur financial problems in the future.*

A working age household will be ineligible for UC if they have savings over £16,000. In such cases, it is likely that they have alternative means of financial support. If someone has money in their account that is to be used for business purposes, it will not be counted towards their capital, but they may be asked to prove that the money is for businesses purposes. People should make clear in their Universal Credit application the savings that are business assets and note it in their online journal.

Impact of payments delay: *Significant concerns about how self-employed people are expected to cope until June when the scheme is expected to come into place. People are worried now about how they will pay their mortgage, rent or other essential bills. Any action that could be taken to enable an earlier payment would be beneficial. For example, some form of interim payment or temporary income protection for self-employed people.*

To support those on low incomes through the outbreak we have announced a package of temporary welfare measures. These include:

- A £20 per week increase to the Universal Credit standard allowance and Working Tax Credit basic element. This means that for a single UC claimant (25 or over), the standard allowance will increase from £317.82 to £409.89 per month.
- An increase in the Local Housing Allowance rates for Universal Credit and Housing Benefit claimants so that it covers the cheapest third of local rents.
- A relaxation of UC minimum income floor for all self-employed Universal Credit claimants affected by the economic impacts of Covid-19.

Support with ongoing costs: Support measures do not take into account any fixed or variable cost but are calculated purely on profits. The self-employed often have significant overheads. The SEISS scheme should be based on sole trader turnover rather than net profit.

This scheme is intended to support individuals who rely primarily on their trading profits from self-employment and whose income has been negatively impacted by Covid-19.

Basing this on total income rather than profits would be unfair, as it would give an advantages to the self-employed who have a high turnover and high costs, compared to those who have same amount of turnover and low costs.

Coronavirus Business Interruption Loan Scheme (CBILS) funding is not yet reaching small businesses. The 10x increase in volume of applications appears to be overwhelming the reduced operational capacity of banks that have closed branches and have much reduced call centre capacity. As a result, a blockage is building up: small businesses are not able to submit applications as call centres are swamped, those that have submitted funding requests are unable to get a credit decision.

We know that ability to access finance is a key concern for many smaller businesses, and we are grateful for the efforts lenders are making to ensure queries and applications are processed smoothly. UK Finance announced on 15 April that CBILS has backed over 6,000 loans worth over £1.1 billion. To help increase capacity, the British Business Bank is working hard to accredit new lenders – as of last week, 47 lenders are able to offer CBILS loans. An up to date list of lenders can be found at <<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/>>.

Need for clarification of entitlement: the range of measures potentially available is so complex and requires clarification. Asks that the Treasury work closely with the DCMS and BEIS to provide industry specific guidance to the schemes.

HM Treasury is working closely with other government departments to communicate the schemes effectively. Online guidance can be found at:

- <https://www.gov.uk/coronavirus>
- <https://www.gov.uk/coronavirus/business-support>