Treasury Announces Additional Coronavirus Support Measures

The Treasury has announced additional Government support measures for businesses and employees impacted by COVID-19. The support package includes a new Job Support Scheme, assistance for businesses in repaying Government-backed loans, an extension to the 15% VAT cut for hospitality and tourism sectors, and an extension to the Self Employment Income Support Scheme.

Job Support Scheme

The new Job Support Scheme will be introduced from 1 November 2020, designed to protect 'viable' jobs in businesses experiencing reduced demand due to COVID-19 and the winter period. The new scheme aims to prevent mass redundancies and will replace the Coronavirus Job Retention Scheme (CJRS) which concludes on 31 October 2020.

Employers will continue to pay the wages of staff for the hours they work – however, for every hour not worked the employer and the Government will each pay one third of the employee's usual pay.

In order to support only 'viable' jobs, employees must be working at least 33% of their usual hours. The level of grant will be calculated based on the employee's usual salary, capped at £697.92 per month.

The Job Support Scheme will run for six months and operates alongside the Job Retention Bonus - a one-off payment to employers of £1,000 for every employee who they previously claimed for under the CJRS, and who remains continuously employed through to 31 January 2021.

The scheme will be open to businesses across the UK, even if they have not previously used the CJRS, with further guidance being published in due course.

Extension to Government loan schemes

The Chancellor has extended the application deadlines for all Government Coronavirus loan schemes until 30 November 2020. This change aligns application deadlines for the following schemes: the Coronavirus Business Interruption Loan Scheme, the Coronavirus Large Business Interruption Loan Scheme, the Bounce Back Loan Scheme and the Future Fund.

The Treasury also intends to provide Coronavirus Business Interruption Loan Scheme lenders with the ability to extend the maximum loan term from six years to ten years; providing additional flexibility for UK-based SME's who may otherwise be unable to repay their loans.

Businesses that borrowed under the Bounce Back Loan Scheme will be granted greater flexibility via the new 'Pay as you Grow' repayment system, which enables borrowers to extend repayment terms from six years to ten years. Borrowers will also have the option to move temporarily to interest-only payments for periods of up to six months (an option which they can use up to three times), or to pause their repayments entirely for up to six months (an option they can use once and only after having made six payments).

Support also continues via the COVID-19 Corporate Financing Facility which will remain open until 22 March 2021.

Tax cuts and deferrals

The temporary 15% VAT cut for tourism and hospitality sectors will be extended to the end of March 2021.

Up to half a million businesses that deferred VAT bills will be given the option to repay in smaller instalments via the 'New Payment Scheme'. Businesses will be able to make 11 smaller interest-free payments during the 2021-22 financial year, rather than paying a lump sum in full at the end March 2021.

Approximately 11 million self-assessment taxpayers will benefit from a separate, additional 12-month extension from HMRC on the Time to Pay self-service facility; meaning payments deferred from July 2020, and those due in January 2021, will now not need to be paid until January 2022.

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Self Employment Income Support Scheme

The Government is continuing its support for millions of self-employed individuals by extending the Self Employment Income Support Scheme (SEISS).

An initial taxable grant will be provided to those who are currently eligible for SEISS and are continuing to actively trade but have experienced reduced demand due to COVID-19.

The initial lump sum will cover three months' worth of profits for the period from November 2020 to the end of January 2021. The grant will be calculated at 20% of average monthly profits, up to a total of £1,875.

An additional second grant will be available for self-employed individuals to cover the period from February 2021 to the end of April 2021. The Government will review the level of the second grant and set this in due course.

How Gambit can help

The Gambit team is in regular direct contact with the British Business Bank, key industry bodies, mainstream funders and alternative finance providers to understand the latest guidance and financial support available, and more importantly how to access it.

Gambit has been assisting many businesses with their COVID-19 action plans and CBILS/CLBILS applications, stress-testing their forecasts and providing guidance on the funding available and how to approach funders for support.

The firm is proud to have maintained a 100% success rate of applications (against a wider market success rate of c.50%)

The extension to application deadlines for Government-backed loan schemes provides businesses with greater opportunity to access financial support during this challenging period. Demand for CBILS/CLBILS and other funding is extremely high, and businesses are encouraged to act sooner rather than later in assessing funding requirements in order to avoid being at the 'back of the queue'.

If you would like to set up a call to discuss the challenges facing your business, understand the most appropriate funding options available and best practice in presenting your COVID-19 plan and CBILS/CLBILS applications, please contact a member of the team.

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