



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

18 March 2020

Dear Colleague,

I am writing to set out further details of the announcements I made at Budget and on 17 March to provide immediate economic support in response to COVID-19.

The UK is extremely well prepared for the global threat of COVID-19. However, the threat of a global pandemic is not just a public health emergency: it is an economic one. At Budget I set out the first stage of government's economic plan, with a £30 billion package of support. I announced a three-point plan to provide support for public services, individuals and businesses whose finances are affected by COVID-19. The measures are timely, targeted and temporary to deliver support when and where it is needed.

On 17 March I went even further, extending the support available to individuals and businesses, including an unprecedented package of government-backed and guaranteed loans, which make available an initial £330 billion of guarantees – equivalent to 15% of GDP. The actions I have taken represent one of the most comprehensive economic responses of any government anywhere in the world, to date.

I would like to thank my Cabinet colleagues, together with their Departments, for their tireless support in developing these policies, and in now delivering them.

### **COVID-19 Response Fund**

To support our NHS and public services, I announced at Budget a COVID-19 Response fund, initially set at £5 billion. This is available immediately. Departments should raise their emerging costs and pressures with HM Treasury through the usual process. As we have repeatedly said, we will ensure funding is available so public services are prepared and protected.

### **Statutory Sick Pay, Universal Credit and Employment and Support Allowance**

To support individuals affected by COVID-19, I announced a range of measures. Statutory Sick Pay (SSP) will now be available directly from employers for eligible individuals either diagnosed with COVID-19 or who are unable to work because they are self-isolating in line with government advice. This is in addition to the change announced by the Prime Minister that SSP will be payable from day 1 instead of day 4 for affected individuals.

From this Friday onwards, those who are advised to self-isolate will be able to obtain an "isolation note" by contacting NHS 111 online, rather than visiting a doctor. This can be

used by employees where their employers require evidence. Where individuals need to check their eligibility for sick pay, they should speak to their employer about their entitlements, and can visit [www.gov.uk/statutory-sick-pay](http://www.gov.uk/statutory-sick-pay) for further information.

Those who are not eligible for SSP, for example the self-employed or people earning below the Lower Earnings Limit of £118 per week, can now more easily make a claim for Universal Credit or Contributory Employment and Support Allowance:

- For the duration of the outbreak, the requirements of the Universal Credit Minimum Income Floor will be temporarily relaxed for those who have COVID-19 or are self-isolating according to government advice, ensuring self-employed claimants will receive support;
- People will be able to claim Universal Credit and access advance payments upfront without the current requirement to attend a jobcentre if they are advised to self-isolate;
- Contributory Employment and Support Allowance will be payable for eligible people affected by COVID-19 or self-isolating in line with advice from Day 1 of sickness, rather than Day 8.

These benefits are available now. Taken together, measures already announced through the Budget on ESA and Universal Credit will provide a boost of almost £0.5 billion to our welfare system. As the Prime Minister has said, nobody will be penalised for doing the right thing and following the medical advice.

### **Local Authority Hardship Fund**

At Budget, I announced a £500 million Hardship Fund which will help local authorities to support economically vulnerable people and households. I expect most of this funding to be used to provide more council tax relief, either through existing Local Council Tax Support schemes, or through similar measures. MHCLG will set out more detail on this funding, including allocations, shortly. Any questions on implementation of this Fund should be directed to MHCLG.

### **Forbearance for consumers and impact on consumer's credit files**

On 17 March the Financial Conduct Authority called on firms to use the flexibility built into their rules to support consumers, taking into account customers' individual circumstances. Many major lenders have already made statements to this effect. It is very important that anyone having difficulty paying back personal loans or credit as a result of COVID-19 talks to their lender. Where payment holidays as a result of COVID-19 are agreed with a lender, they are expected to record these in such a way that will not impact on people's credit score.

### **Statutory Sick Pay Refund for Businesses**

To support businesses experiencing increases in costs or financial disruptions, small and medium-sized businesses and employers will be able to reclaim up to two weeks' SSP paid for sickness absence due to COVID-19. That could provide over £2 billion for up to 2 million employers. The eligibility criteria for the scheme will be as follows:

- Employers will be able to reclaim up to two weeks for any employee who has claimed SSP (according to the new eligibility criteria) as a result of COVID-19;
- Employers with fewer than 250 employees will be eligible. The size of an employer will be determined by the number of people they employed as of 28 February 2020;
- Employers should maintain records of staff absences, but employees will not need to provide a GP fit note.

The eligible period for the scheme commenced on 13 March. We are working rapidly with employers to set up the repayment mechanism as soon as possible, given existing systems are not designed to provide refunds. In the interim, if you have any questions on the implementation and operation of the rebate please contact HMRC.

### **Business Rates Relief**

At Budget I announced that the government will increase the business rates retail discount to 100% for one year for businesses with a rateable value of less than £51,000, while expanding it to the leisure and hospitality sectors. This tax cut is worth over £1 billion, saving each business up to £25,000.

On 17 March, I announced an extension to this relief by removing the £51,000 rateable value threshold. This means all eligible businesses, large and small, in the retail, hospitality and leisure sectors will now pay no business rates in England for 12 months, from 1 April 2020. I am also now providing this business rates holiday to nurseries.

Businesses that received the retail discount in 2019-20 will be rebilled by their local authority as soon as possible. Those businesses eligible for the newly expanded retail discount may need to apply to their local authority to receive the discount. Any enquiries on eligibility for, or provision of, the reliefs should be directed to the relevant local authority. Guidance for local authorities on the application of the expanded retail discount will be published by MHCLG by 20 March.

### **Small Business Grant Funding**

At Budget, I announced that all businesses currently eligible for small business rate relief or rural rates relief will receive a one-off grant of £3,000 each. On 17 March, I confirmed that I would increase the value of this to £10,000 per business, benefitting around 700,000 businesses in England. For a property with a rateable value of £12,000, this is over 80% of their rateable value, or comparable to 10 months of rent. All active businesses currently in receipt of these reliefs will be eligible for this grant.

I also confirmed that all eligible small businesses in the retail, hospitality, and leisure sectors will receive a cash grant – not just those in receipt of SBRR. Businesses in these sectors with a property with a rateable value below £15,000 will receive a grant of £10,000, while businesses in these sectors with a property with a rateable value of between £14,999 and £51,000, will receive a flat grant of £25,000.

We are working with local authorities to deliver these grants as quickly as possible. Local authorities will need to contact these businesses to collect their bank details in order to make the payment, as they do not already hold these. The Business Secretary will write to all local authorities this week to set out the outlines of these grant schemes. Constituents should be directed to their local authority for more information.

## **Pubs and Restaurants**

All pubs, restaurants and cafes will be able to offer takeaway and delivery services if they wish. The Communities Secretary will introduce a temporary Permitted Development Right shortly to allow pubs, restaurants and cafes to act as hot food takeaways without going through the usual planning process.

## **Coronavirus Business Interruption Loan Scheme**

At Budget, I announced that a new temporary Business Interruption Loan Scheme, delivered by the British Business Bank, will launch by the start of next week to support businesses to access bank lending, overdrafts, asset finance and invoice finance up to a value of £1.2 million. On 17 March, I went further by increasing the value of these loans to £5 million. The government will provide lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs. The government will not charge businesses or banks for this guarantee, and will also cover the first 6 months of interest payments and fees.

In practice, businesses will be able to get finance under the scheme from a large number of providers, including the main high street banks, as of next week. More information on the scheme, including the list of lenders who will be offering finance under it, can be found on the British Business Bank website: [www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/](http://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/).

## **COVID-19 Corporate Financing facility and new legal power in the COVID-19 Bill**

On 17 March I announced a new COVID-19 Corporate Financing Facility 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 catalysing the market for short term corporate funding. I am asking the Bank of England to operate this facility on behalf of HM Treasury, as our operating agent in lending markets. The Bank of England will set out further details about the scheme in a market notice today.

I also announced that, through the COVID-19 Bill, the government will have the legal power to offer whatever further financial support we consider necessary, be that through loans, guarantees, grants or other tools.

## **Time To Pay**

All businesses and self-employed people in financial distress, and with outstanding tax liabilities, may be eligible to receive support with their tax affairs through HMRC's Time To Pay service. These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities. These businesses can contact HMRC's new dedicated COVID-19 helpline, which went live on 11 March 2020, with over 2,000 expert staff ready to help. HMRC will discuss specific circumstances with businesses and individuals, including cancelling penalties and interest where they have had administrative difficulties contacting or paying HMRC. The number to call is 0800 0159 559.

## **Insurance**

If the only barrier to a business making an insurance claim was a lack of clarity on whether the government ordered businesses to shut down, my announcement will enable those businesses, which have an insurance policy that covers both pandemics and government ordered closure, to make a claim – subject to the terms and conditions of their policy. Businesses should contact their insurers if in doubt.

## **Mortgage & Rental relief**

Following discussions with industry, I have agreed with mortgage lenders that they will offer repayment holidays of 3 months to households in financial difficulty due to coronavirus while they get back on their feet.

Monthly mortgage payments tend to be the largest outgoing for the vast majority of households and I am pleased that lenders are keen to reassure homeowners that the industry is working hard to put measures in place to support them during these uncertain times. Customers who are concerned about their current financial situation should get in touch with their lender at the earliest possible opportunity to discuss if this is a suitable option for them.

Recognising the additional pressures the virus may put on landlords, this three month mortgage payment holiday has also been extended to buy-to-let landlords whose tenants are experiencing difficulty due to coronavirus. This will alleviate the pressure on landlords, who will be concerned about meeting mortgage payments themselves, and will mean no unnecessary pressure is put on their tenants as a result.

On 18 March the Communities Secretary announced a package of measures to protect renters and landlords affected by coronavirus. Emergency legislation will be taken forward so that landlords will not be able to start proceedings to evict tenants for at least a three-month period. As a result, no renters in private or social accommodation needs to be concerned about the threat of eviction. 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.

## **Delaying reform to off-payroll working rules**

On 17 March the Chief Secretary to the Treasury announced that the reform to the off-payroll working rules (commonly known as IR35), that would have applied for people contracting their services to large or medium-sized organisations outside the public sector, will be delayed for one year from 6 April 2020 until 6 April 2021. Delaying this reform will support these businesses and individuals, who will not need to implement and adjust to these changes until next year.

### **Support for the devolved administrations**

The devolved administrations will receive over £5.2 billion from the UK Government to make sure they have the resources they need to support people, businesses and public services through COVID-19. To date this comprises £2.7 billion for the Scottish Government, £1.6 billion for the Welsh Government and £900 million for the Northern Ireland Executive.

This funding is in addition to the UK-wide support that people in all four corners of the country will receive from the UK Government. This includes extending Statutory Sick Pay, making it easier and quicker to access benefits, and providing a Business Interruption Loan Scheme, among other measures.

The UK Government will continue to work closely with the devolved administrations as the situation develops to ensure they have the funding needed to tackle the impacts of COVID-19.

### **Bank of England support**

My response is closely coordinated with that of the Bank of England. Last week the Governor set out actions that the Bank will take to help UK businesses and households during the likely economic disruption. This included a 50 basis point reduction to interest rates to support business and consumer confidence; the introduction of an SME Term Funding Scheme to help reinforce the transmission of the reduction in Bank Rate to the real economy and to provide additional incentives for banks to support lending to SMEs; and a reduction in the counter-cyclical capital buffer, to further support the ability of banks to supply credit.

### **Further information**

Attached to this letter is a more detailed factsheet with additional information regarding yesterday's announcement for individuals and businesses impacted by the coronavirus. In the coming days, this factsheet will be updated with further information to ensure the public can access the support they need. This will be available at [www.gov.uk/government/publications/support-for-those-affected-by-COVID-19](http://www.gov.uk/government/publications/support-for-those-affected-by-COVID-19).

If constituents require further information, the government's COVID-19 Action Plan can be found at:

[www.gov.uk/government/publications/coronavirus-action-plan](http://www.gov.uk/government/publications/coronavirus-action-plan)

[www.gov.uk/guidance/coronavirus-COVID-19-information-for-the-public](http://www.gov.uk/guidance/coronavirus-COVID-19-information-for-the-public)

Coronavirus will have a significant impact on our economy – but it will be temporary. The multi-billion-pound commitment I made at the Budget and on 17 March represents bold, comprehensive action. As the wider economic picture becomes clearer, I will do whatever it takes to get our country through the impacts of COVID-19 and stand ready to announce further action wherever necessary.

A handwritten signature in blue ink, appearing to read 'Rishi Sunak', with a stylized flourish at the end.

RISHI SUNAK