



## UK Policy and Legislative update (September)

### Workplace Guidance

On Thursday, 24 September, the Government updated its guidance to help employers, employees and the self-employed understand how to work safely during the coronavirus pandemic. There is now updated guidance on business obligation to support staff self-isolation. There are 14 guides to cover different types of work environments. The Government advises businesses may need to use more than one of these guides when thinking through what they need to do to keep people safe. The overview can be found [here](#).

### Winter Economy Plan

On Thursday, 24 September, the Government announced a series of economic measures with the aim of providing certainty to businesses and workers as further coronavirus restrictions are imposed.

In his statement to the House of Commons, Chancellor Rishi Sunak acknowledged that the economy is likely to undergo a “permanent adjustment” and said the next phase of economic support must be different from what was announced in March.

He reiterated that the Government’s primary goal - to support people’s jobs - remained unchanged but said those jobs must be “viable”. “As the economy reopens, it is fundamentally wrong to hold people in jobs that only exist inside the furlough,” he added.

In a policy paper published alongside the statement, the Treasury set out further details of the Winter Economy Plan. The package, which applies to the whole of the UK, includes a new Job Support Scheme to replace the Coronavirus Job Retention Scheme, an extension of the Self Employment Income Support Scheme and an extension of the reduction in VAT from 20% to 5% for tourism and hospitality.

### Timeline:

- 28 September 2020: people on lower incomes who are told to self-isolate through the Test & Trace system will receive a £500 payment.
- 1 November 2020 is the start date of the New Job Support Scheme, which will run for six months until May 2021.
- 30 November 2020: Application deadline for all coronavirus loan schemes.
- Early 2021: Opt-in process for the New Payment Scheme will be published by HMRC
- January 2021: Self Employment Income Support Scheme Grant (SEISS).
- February to April 2021: Second Self Employment Grant available.
- 31 March 2021: 5% VAT for the tourism and hospitality sectors.



## Summary of packages

### ***New Job Support Scheme***

- The scheme will run for six months, starting on 1 November 2020.
- Employees using the scheme will receive at least 77% of their pay, where the government contribution has not been capped.
- The government and the employer will each pay one third of their equivalent salary. This means employees who can only go back to work on shorter time will still be paid two thirds of the hours for those hours they can't work.
- The level of grant will be calculated based on the employee's usual salary, capped at £697.92 per month.
- It is open to all employers with a UK bank account and a UK PAYE scheme.

### ***SEISS Grant Extension***

- Extension of the Self Employment Income Support Scheme Grant (SEISS) until January 2021.
- The grant will be limited to self-employed individuals who are currently eligible for the SEISS and are actively continuing to trade but are facing reduced demand due to COVID-19.
- The first grant will cover 20% of average monthly trading profits, paid out in a single instalment covering three months' worth of profits, and capped at £1,875 in total (running between November 2020 and January 2021).
- An additional second grant is available for self-employed individuals to cover the period from February 2021 to the end of April.
- The government will review the level of the second grant and set this in due course.

### ***Pay as You Grow Scheme***

- The scheme will provide flexibility for those repaying a Bounce Back Loan; allowing extension of six to ten years.
- Interest-only payments of up to six months will be available.
- Payment holidays will be available.
- The Chancellor indicated that this would not affect credit ratings.

The scheme would also allow Coronavirus Business Interruption Loan Scheme lenders to extend between six and ten years.

### ***Tax bill support***

New Payment Scheme for VAT which would provide the option for businesses to pay back loans in 11 smaller interest-free payments during the 2021-22 financial year. For this, HMRC will put in place an opt-in process in early 2021. o Self-assessment taxpayers will be able to benefit from a separate additional 12-month extension from HMRC on the "Time to Pay" self-service facility.



### ***Coronavirus loan schemes support***

- The application deadline for all coronavirus loan schemes has been extended to 30 November. For reference, this includes: Bounce Back Loan Scheme (BBLs); Coronavirus Business Interruption Loan Scheme (CBILs); Coronavirus Large Business Interruption Loan Scheme (CLBILs); the Future Fund.
- The COVID-19 Corporate Financing Facility will remain open until 22 March 2021.
- The Government noted: “Where a company has exhausted all other options, and is of strategic importance to the UK, the government may also consider providing bespoke financial support.”

### ***Hospitality and tourism***

- On current plans, VAT rates would have increased from 5% back to the standard rate of 20% on 13 January 2021.
- Now, the 5% VAT for the tourism and hospitality sectors is extended to 31 March 2021.

### ***Public services***

- So far, £68.4bn of additional funding of expenditure has been approved by the Treasury for public services.
- This includes an extra £24.3bn since the Summer Economic Update in July.

According to [Reuters](#), Bank of England Governor Andrew Bailey has told a North East England Chamber of Commerce meeting that he strongly welcomed the new Jobs Recovery Package.

However, Governor Bailey also warned that the fast pattern recovery the economy had seen over the summer most likely would not continue. Even with the winter economy measures announcement, the Treasury and the Bank are preparing the ground for a tough winter ahead.

### **2020 autumn budget update**

On Wednesday, 23 September, the Treasury confirmed that the Government’s Autumn Budget would be cancelled due to the ongoing pandemic. A Comprehensive Spending Review is still expected to go ahead, although there is speculation that it may be for only one year.

### **Economic update**

#### **Economy faces gloomy fourth quarter**

Bank of England governor Andrew Bailey has warned that even without a resurgence in COVID-19 cases, “the harder yards are ahead of us”. Latest indicators for September suggest that the summer surge in activity was ending even before restrictions were tightened. Growth in consumer spending had slowed sharply.



## **British Business Bank - British Business Bank Business support schemes deliver over £57bn of loans to smaller businesses.**

Earlier this month, the government published new statistics that show businesses across the UK have to date benefitted from 1,328,091 government-guaranteed loans worth £57.3bn to support their cashflow during the crisis through schemes delivered by the British Business Bank.

This includes 1,260,940 approved Bounce Back Loans worth £38 billion, 66,585 approved loans worth £15.5 billion through the Coronavirus Business Interruption Loan Scheme and 566 approved loans worth £3.8 billion through the Coronavirus Large Business Interruption Loan Scheme.

In addition, new figures for the Future Fund show that, to date, there has been £720m worth of convertible loans approved for 711 companies since the fund opened for applications on 20 May. This sum has been matched by at least the same amount from third-party investors.

## **Eat out to help out' beats expectations**

Chancellor Rishi Sunak's 'eat out to help out' scheme exceeded the Treasury's estimates. The 'eat out to help out' scheme, which offered half-price food and non-alcoholic drinks up to a limit of £10 per person on Mondays to Wednesdays throughout August, surpassed the Treasury's estimates, with 100m meals eaten at an interim taxpayer cost of £522m by the end of August, £22m more than the £500m set aside in July's summer economic statement.

The scheme grew in popularity steadily throughout August, with the number of meals claimed in the last week standing at over 100m, up from 65m the week before. On the August bank holiday, restaurant reservations, according to the online booking provider Open Table, were 216% up on the same day a year earlier.

## **Eat Out to Help Out reduces August inflation**

ONS data shows that August's inflation rate fell to 0.2%, down from 1% in July, in part down to the Eat Out to Help Out scheme pushing down prices in restaurants, [BBC](#) reports.

The ONS has also said that the cut in VAT to 5% for the hospitality sector also contributed to the big drop in Consumer Prices Index (CPI) inflation.

However, the scheme also contributed to individuals spending £155m less in supermarkets compared to the previous month, [The Guardian](#) reports. Year-on-year growth in sales fell from 14.4 per cent in the 12 weeks to August 9 to 10.8 per cent in the 12 weeks to September 6.

Despite in-store supermarket sales reducing, online grocery sales were up 75% in August compared to 2019, and Nielsen is predicting that the UK's grocery market will grow by 6% in 2020.



## **Biggest increase in redundancies since financial crash**

The UK labour market has lost almost 700,000 jobs since the start of the coronavirus outbreak in March, with more than 5m workers still temporarily away from work, the [Financial Times](#) reports.

Data from the Office for National Statistics highlighted that the number of employees on company payrolls was down by 695,000 in August compared to March, pushing the unemployment rate up to 4.1% in the three months to July.

Meanwhile, [The Telegraph](#) highlights that pay in real terms remains below pre-financial crisis levels, despite having a brief uptick in December 2019. The number of people claiming Universal Credit and Jobseeker's Allowance increased further in August, but some of that rise may be due to more people becoming eligible to claim.

The [BBC](#) reports that young people have been hit particularly hard by the job losses, with those aged 16 to 24 years old suffering the biggest drop in employment compared to other age groups.

## **UK employers urged to 'exhaust all alternatives' before cutting jobs**

Almost half of firms are planning to cut jobs or freeze hiring in the next 12 months as a second wave of coronavirus looms, according to the CBI. The group's latest survey showed companies were setting up to cut hours and restructure companies. In a joint statement, the CBI business group, the Trades Union Congress and Acas, the conciliation service, called on employers to do everything possible to limit job losses. They have urged companies to "exhaust all possible alternatives" before making redundancies and if they became inevitable, to treat workers fairly.

## **Firms offered £1,500 to hire under-24s**

The Government is urging firms to sign up for a Kickstart scheme, which hopes to create work placements for young people at risk of long-term unemployment, the [BBC](#) report.

The scheme runs from September, and will mean that employers can receive £1,500 from the Government to set up support and training to employ out-of-work young people, aged between 16 and 24, claiming Universal Credit. Government figures suggest that there are more than half a million people who fall into this category.

The Government also covers 100% of their pay on their relevant minimum wage - which the employer can top up - and national insurance and pensions contributions for 25 hours a week. Jobcentre staff will identify those who fit the above requirements and are at risk of long-term unemployment and refer them to the scheme. Jobcentre work coaches will then support candidates before and after the placement.

The Treasury has said that this will offer "a future of opportunity and hope".



## Recommended Read

### **Brown: The UK must be able to see beyond itself during crisis**

Former Prime Minister Gordon Brown writes in [The Guardian](#) outlining his view that, during times of crisis, the UK must be able to see beyond itself. Specifically, he calls for an alliance between unions and businesses to help strengthen jobs and the economy post-COVID

## COVID-19

### **New Covid tracing app launched in England and Wales**

A new contact tracing app was launched in England and Wales last week, four months after the technology was promised. In the app, users will be able to trace contacts, check the local level of risk, and record visits to venues such as pubs.

### **'Traffic light' system to govern local coronavirus lockdowns in England**

Local coronavirus lockdowns are reportedly set to be automatically triggered by a three-tier "traffic light" system, with alerts sent directly to people's mobile phones. The planned new approach divides the country into different areas based on local infection rates, which will dictate the severity of local lockdowns and work alongside the new NHS Test and Trace app. The plan has been sent to Prime Minister Boris Johnson by Cabinet ministers for approval, no final decision has been taken.

### **MPs to vote on Coronavirus Act continuation**

Throughout the last few weeks, there has been a groundswell of dissent among Conservative backbenchers about the Government's handling of coronavirus regulations. Most notable among these was 1922 Committee Chair Sir Graham Brady saying ministers were ruling by 'decree' in their response.

A number of these powers in question were taken under the hastily passed but wide-reaching Coronavirus Act, which gave ministers the ability to make regulations where necessary without the need for normal parliamentary scrutiny. However, the Bill is strictly time-limited for two years, unless it is extended, with a clause setting out a six month parliamentary review of the Bill's provisions.

The vote on the amendment will be taken [Wednesday](#) and it should be noted that the Government is expected to win with its majority of 80.



### **PM warns of tougher measures if new rules are not followed**

Last week, tighter restrictions were announced in all four UK nations. In England, people have been told to work from home where possible, rules on face masks have been expanded, the number of permitted wedding attendees has halved, and pubs, restaurants and other hospitality venues must close by 10pm.

In Scotland and Wales hospitality venues also must close early, but as [The Telegraph](#) reports, First Minister Nicola Sturgeon announced that Scotland will also ban indoor visits to other households. A ban on household mixing is already in place in Northern Ireland.

It is understood, according to [The Times](#), that chief medical officer Chris Whitty has warned Mr Johnson that England is likely to follow Scotland on imposing a ban on visits between households as the measures announced will not be sufficient in keeping the virus under control.

However, the Equality and Human Rights Commission (EHRC) has reportedly warned the Prime Minister that he must strike a balance between public health and human rights freedoms. The EHRC called on ministers to ensure new restrictions are subject to review and are open to challenge to protect human rights, per [The Telegraph](#).

### **In other news:**

#### **National Apprenticeship Week 2021 announced**

The Apprenticeships and Skills Minister, **Gillian Keegan** has [announced](#) that the annual National Apprenticeship Week will take place from 8<sup>th</sup> to 14<sup>th</sup> of February 2021.

The annual week-long celebration of apprenticeships will shine a light on the amazing work being done by employers and apprentices across the country. It will also recognise how employers of all sizes have stepped up to the challenge during this unprecedented time and showcase how apprenticeships have helped employers and people of all ages and backgrounds. Employers are encouraged to promote the great work of their apprentices, whilst highlighting the many benefits apprenticeships bring to their business. Apprentices, at all stages of their learning will also be celebrated over the course of National Apprenticeship Week 2021.

Bringing together apprenticeship ambassadors, MPs, training providers, apprentices, parents and employers, National Apprenticeship Week highlights the work being done across the whole apprenticeship community to promote apprenticeships and their impact.



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### **New Foreign, Commonwealth and Development Office opens**

Earlier this month, the new Foreign, Commonwealth and Development Office began work after it was announced that the Government planned to combine the Foreign and Commonwealth Office (FCO) with the Department for International Development (DfID). In a statement announcing the launch of the department, the Government said it had "committed to spending 0.7% of our national income on aid". However, reports in The Times say that Chancellor Rishi Sunak is seeking to divert billions of pounds from foreign aid to pay for upgrades to Britain's intelligence and defence capabilities.

### **UK Government appoints inaugural chair of the UK Accounting Standards Endorsement Board**

The UK Government has [announced](#) Pauline Wallace is to become the inaugural chair of the UK Accounting Standards Endorsement Board (UKEB).

The CEO of the FRC, Sir Jon Thompson, welcomed Wallace to the role and highlighted the upcoming role of the UKEB in "the development and endorsement of international accounting standards".