



**WINTER  
ECONOMY  
PLAN**

*Rishi Sr*  
CHANCELLOR

Key Points of the Chancellor's  
Winter Recovery Plan

September 2020

FACT3™

On 24<sup>th</sup> September 2020, the Chancellor announced his Winter Recovery Plan – a package of measures to support the UK economy over the coming 6 months whilst the COVID-19 pandemic continues to wreak havoc.

These include:

- Job Support Scheme
- VAT Deferral Scheme Extension
- Bounce Back Loan Flexibility
- Government Backed Loan Extension
- Self Employed Grant
- Self Assessment Time to Pay
- Hospitality & Tourism VAT Cut Extension

The Chancellor also confirmed that as previously advised the Coronavirus Job Retention Scheme will close on 31<sup>st</sup> October 2020.





**JOB SUPPORT SCHEME**  
**HELPING BUSINESSES BRING  
BACK THEIR EMPLOYEES**

**WINTER  
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PLAN**

*Rishi Sunak*  
CHANCELLOR

The Replacement for the Flexible Furlough Scheme

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The Coronavirus Job Retention Scheme comes to an end on 31<sup>st</sup> October 2020.

It's replacement is the Job Support Scheme which will run from 1<sup>st</sup> November for 6 months.

Designed to protect viable jobs in businesses who are facing lower demand over the winter months due to COVID-19, to help keep their employees on board.

The company will continue to pay its employee for time worked, with the cost of hours not worked will be split equally by the employer, the government (through wage support) and the employee (through a wage reduction) – similar to the Flexible Furlough Scheme

As expected, there is a cap to the contribution that the government will make (as with the current scheme) and its consistent with a salary level of £37,500

To qualify, the employee must work a minimum of 1/3<sup>rd</sup> of their usual hours. The remaining 2/3rds of their usual hours will be covered 1/3<sup>rd</sup> by the employer, 1/3<sup>rd</sup> by the government and 1/3<sup>rd</sup> unpaid. This means as a minimum, employees will receive 77% of their normal wages

Employers using the new scheme, will also be able to claim the Job Retention Bonus linked to retaining staff previously furloughed.



HM Treasury

#WINTERECONOMYPLAN

# JOB SUPPORT SCHEME

6 month scheme, starting 1 Nov

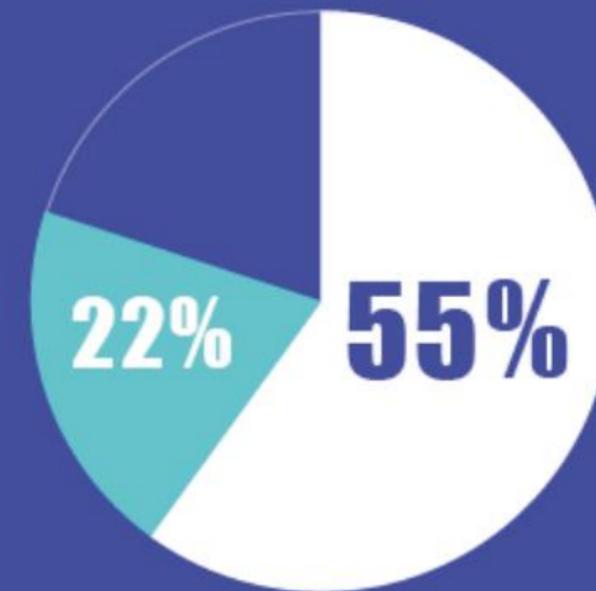
To be eligible employees work a minimum of 33% of their hours

For remaining hours not worked, the government and employer pay 1/3 wages each

So employees working 33% of their hours will receive at least 77% of their pay

■ PAID BY EMPLOYER  
■ PAID BY GOVERNMENT

AN EMPLOYEE WORKING 33% OF THEIR NORMAL HOURS WOULD RECEIVE 77% OF THEIR PAY



## Eligibility Criteria

- Employees must be on an employer's PAYE payroll on or before 23<sup>rd</sup> September 2020. This means an RTI submission notifying payment to that employee must have been made on or before 23<sup>rd</sup> September (for most employers, this effectively means on August month end payroll)
- To ensure that only viable jobs are being supported, for the first 3 months of the scheme (Nov – Jan) employees must work at least 33% of their usual hours. This minimum could be increased for later months.
- Employees will be able to move on and off the scheme and do not have to have the same working pattern each month but each short-time working arrangement must cover a minimum period of 7 days (as with the current scheme)

## The Grant

- For every hour not worked, the employer and employee will pay 1/3<sup>rd</sup> each of the usual hourly wage. The Government grant will be capped at £697.92 per month,
- Grants will be claimed in arrears, reimbursing the employer for the Government's contribution. It will not cover Employer NI or Employer Pension contributions as these remain payable by the employer.
- "Usual Wages" calculations will follow a similar logic to the CJRS. Full details to follow.
- Expectation from the Government is that employers will not "make-up" the remaining 1/3<sup>rd</sup> of unworked hours, with the spirit of the agreement that the employer, government and employee are all sharing the cost.
- Employees cannot be made redundant or put on notice of redundancy during the period within which their employer is claiming a grant for them.

## How to Claim

- The scheme will be open from 1 November 2020 to the end of April 2021. Employers will be able to make a claim online through Gov.uk from December 2020. They will be paid on a monthly basis.
- Grants will be payable in arrears meaning that a claim can only be submitted in respect of a given pay period, after payment to the employee has been made and that payment has been reported to HMRC via an RTI return.
- The current scheme allows a claim to be made up to 14 days in advance of the employer's payday to allow the grant to be received before payday. This will be no more and so could cause serious cash flow issues for some employers.

## HMRC Checks

- HMRC will check claims. Grants can only be used as reimbursement for wage costs actually incurred.
- Employer's must agree the new short-time working arrangements with their staff, make any changes to the employment contract by agreement, and notify the employee in writing. This agreement must be made available to HMRC on request.
- The Government intends to inform employees directly of the claim being made by their employer.

- Beth normally works 5 days a week and earns £350 a week. Her company is suffering reduced sales due to coronavirus. Rather than making Beth redundant, the company puts Beth on the Job Support Scheme, working 2 days a week (40% of her usual hours).
- Her employer pays Beth £140 for the days she works.
- And for the time she is not working (3 days or 60%, worth £210), she will also earn 2/3, or £140, bringing her total earnings to £280, 80% of her normal wage.
- The Government will give a grant worth £70 (1/3 of hours not worked, equivalent to 20% of her normal wages) to Beth's employer to support them in keeping Beth's job.

Hours Employee Worked	33%	40%	50%	60%	70%
Hours Employee Not Working	67%	60%	50%	40%	30%
Employee Earnings (% of normal)	78%	80%	83%	87%	90%
Gov't Grant (% of normal wages)	22%	20%	17%	13%	10%
Employer Cost (% normal wages)	55%	60%	67%	73%	80%

Impact of new scheme on an employee already back on flexible furlough for at least 1/3 <sup>rd</sup> usual hours	Employer Current Cost	Employer New Cost	Difference
Employee Works 40% Usual Hours of a 35 hour week and monthly salary is £2,500	£1,000	£1,000	£0
Employee Furlough Payment	£1,200	£1,000	(£200)
Total Paid to Employee	£2,200	£2,000	(£200)
Support from CJRS/JSS	(£900)	(£500)	(£400)
Total Cost (Excluding E'er NI + E'er Pension)	£1,300	£1,500	(£200)
% Salary Received by Employee	88%	80%	(8%)
% Cost of Salary to Employer	52%	60%	(8%)

Impact of new scheme on an employee who is still fully furloughed	Employer Current Cost	Employer New Cost	Difference
Employee Works 0% Usual Hours of a 35 hour week and monthly salary is £2,500	£0	£825	£825
Employee Furlough Payment	£2,000	£1,117	(£883)
Total Paid to Employee	£2,000	£1,942	(£58)
Support from CJRS/JSS	(£1,500)	(£558)	(£942)
Total Cost (Excluding E'er NI + E'er Pension)	£500	£1,384	(£884)
% Salary Received by Employee	80%	77%	(3%)
% Cost of Salary to Employer	20%	72%	(52%)



VAT payments due in the period 20<sup>th</sup> March – 30<sup>th</sup> June were able to be deferred with HMRC until 31<sup>st</sup> March 2021

Nearly half a million businesses deferred more than £30billion of VAT

Instead of those payments all being due in one lump sum in March 2021 as originally planned, businesses will now be allowed to spread the liability over 11 repayments with no interest to pay.

On average this will turn a one-off catch up payment of £60k in March, into 11 instalments of less than £6k



The VAT cut to 5% for the hospitality and tourism sectors has been extended to 31<sup>st</sup> March 2021

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Bounce Back Loans have given over a million small businesses a £38 billion boost to survive this pandemic.

To give those businesses more time and greater flexibility to repay their loans, the government are introducing Pay As You Grow.

This means:

- ✓ Loans can be extended from six to ten years – nearly halving the average monthly repayment.
- ✓ Businesses who are struggling can now choose to make interest-only payments.
- ✓ Anyone in trouble can apply to suspend repayments altogether for up to six months.

## Coronavirus business loan schemes extended for applications to 30 November

Coronavirus Business Interruption Loan Scheme #CBILS  
Coronavirus Large Business Interruption Loan Scheme #CLBILS  
Bounce Back Loan Scheme #BounceBackLoans

Extra time to apply for the governments loans and matched investment via The Future Fund

There will be a new, successor, loan programme starting in January 2021



The Future Fund is extended for applications to **30 November**

**#FutureFund**

**FACT3™**



To support self-employed traders through the winter they are extending the existing self-employed grant on similar terms and conditions as the new Jobs Support Scheme.



Any of the millions of self-assessed income taxpayers who need extra help, can also now extend their outstanding tax bill over 12 months from January.