



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

13 August 2020

Mel Stride MP  
Chair  
Treasury Committee  
House of Commons  
London  
SW1A 0AA

Dear Mel,

Thank you for your letter dated 22 July, following the evidence that I gave to the Committee on 15 July. I will address your specific questions in this letter and have asked my officials to follow up on the points made in the annex to your interim report on the economic impact of the coronavirus.

Firstly, I would reemphasize the Government's commitment to keeping people in work, supporting incomes and backing businesses through the delivery of one of the most generous and comprehensive packages of support globally. This has totalled up to £190 billion so far, a fiscal response unmatched by any British Government in recent history.

Following the evidence session, I promised to see if we were able to provide the median level of self-employment income of those not eligible for the Self-Employment Income Support Scheme (SEISS) because their trading profits were above the £50,000 threshold. Following consultation with HMRC, I can confirm that those who had more than £50,000 from trading profits in 2017-18 had a median average total income of around £100,000.

In addition, I am happy to say that to date £15 billion has been provided to supply the NHS and social care sector with PPE until at least December, with inventory expected to arrive regularly in the UK over the coming months. Over 2.4 billion items of PPE have been delivered to the frontline from this budget so far.

I have provided in the annex a breakdown of the £49 billion of additional support to public services that I referred to in Parliament on 8 July.

You asked about the small business grant schemes. We have been working at pace to design schemes to support businesses and protect jobs throughout this period. Unfortunately, due to human error, an early version of a factsheet outlining business support measures incorrectly stated that the rateable value cut-off for the £25,000 Retail, Hospitality and Leisure Grant was £14,999. This was corrected on 9 April. I apologise for

any confusion this may have caused, and to businesses which read this information and initially believed they would be receiving the higher grant amount. I recognise this must have been frustrating for those businesses.

However, there were several other sources available to the public which contained the correct information, namely that the rateable value cut-off for the larger Retail, Hospitality and Leisure Grant Fund (RHLGF) grant is £15,000. These sources include the official summary of my speech on 17 March, and the business grant scheme guidance for Local Authorities published on 24 March by the Department for Business, Energy and Industrial Strategy. Since the eligibility criteria for the larger RHLGF grant of £25,000 were never changed, and there was always correct information available to the public, we will not be changing the rateable value cut-off from over £15,000 to over £14,999.

I first announced grant support for small businesses in the Budget on 11 March, therefore this was chosen as the cut-off date for eligibility for the grant schemes. This makes the schemes simpler and quicker for Local Authorities to administer, as well as reducing the potential for fraud due to businesses being set up purely in order to claim the grants. If businesses were trading on 11 March but did not have a ratings assessment on that date, then Local Authorities could grant those businesses a Discretionary Grant.

With regards to hauliers, as the Retail, Hospitality, and Leisure Grant scheme was primarily designed to help with property rental costs for small businesses affected by the sharp decline in customer footfall, they did not cover car parks or parking spaces. However, again Local Authorities could choose to pay Discretionary Grants to haulier businesses if they feel there is a local economic need. Small businesses which are not eligible for business grants should still be able to benefit from other elements of the Government's unprecedented package of support for businesses.

The Coronavirus Job Retention Scheme (CJRS) has been a major component of this Government's response to the economic disruption of COVID-19. The requirement for there to be a payment of earnings in the 19/20 tax year applies for any employee being claimed for under the scheme, irrespective of how frequently they are paid (e.g. weekly, fortnightly or monthly). Those who are paid annually are eligible to claim, as long as they meet the relevant conditions. This includes being notified to HMRC on a Real-Time Information (RTI) submission on or before 19 March 2020, which relates to a payment of earnings in the 19/20 tax year.

The CJRS was set up to operate at significant scale and with limited manual intervention. The 19 March 2020 cut-off (the day before the CJRS was announced) includes as many people as possible by going right up to the day before the announcement, while limiting

the risk of fraud that existed as soon as the scheme became public. Those unable to access the CJRS could look for support from the many other measures we launched as part of our comprehensive economic response to this crisis.

A top priority of the Treasury in its support of the economy is to protect the incomes of the most vulnerable. This includes those Clinically Extremely Vulnerable (CEV) who have been told to shield at home.

On 22 June, the Prime Minister announced that the Government will relax this guidance. This means from 1 August they will be able to return to work if they are unable to work from home, provided their workplace is COVID-19 safe.

It is important that this group continue to take careful precautions, and employers should do all they can to enable them to work from home where this is possible, including moving them to another role if required. Where this is not possible, the CEV should be provided with the safest onsite roles that enable them to maintain social distancing from others.

On your specific point about income support, the CJRS guidance is explicit that employers can furlough employees who are from this CEV group. Nonetheless, the CJRS is only one element of an unprecedented package of financial support which this group has been able to access. Other elements have included the introduction of the Self-Employment Income Support Scheme and an increase in the generosity of welfare payments worth a further £9.3 billion according to Office for Budget Responsibility estimates. This includes a £20 per week increase to the Universal Credit standard allowance and Working Tax Credit basic element, as well as an increase in the Local Housing Allowance rates.

There is an existing legal framework in place to support those who have taken temporary leave to care for elderly parents or very young children. Employees are by law entitled to a reasonable amount of unpaid time off to deal with an emergency involving a dependant, but there is no set amount of time, as it depends on the situation. In addition, employees are entitled to statutory annual leave. As such, employers and employees should discuss what may be appropriate. Specifically, for carers, employers may also choose to enhance these entitlements or offer special leave, and carers may be eligible for Carer's Allowance if the person they care for is in receipt of certain benefits.

For those who work for themselves, Universal Credit (UC) provides support for low earning self-employed people. However unlike for employed claimants, UC assumes a level of earnings for self-employed claimants regardless of their actual earnings – known as Minimum Income Floor (MIF). The Government has relaxed the MIF for the duration of

the crisis, so if a self-employed claimant's earnings have significantly reduced, their UC award will now increase to reflect their lower earnings.

The COVID-19 outbreak has demonstrated new risks and challenges across the economy, with notable challenges arising in the insurance industry. Conduct and solvency issues in the insurance sector are the responsibility of the FCA and the PRA, and the Government fully supports the financial sector regulators in their respective roles. The Government continues to work closely with the PRA to monitor the solvency of UK insurers and will take all necessary steps to maintain financial stability.

HM Treasury is working closely with insurers, trade bodies and the regulators to understand what more the sector can do to help businesses and support the immediate economic recovery, as well as to learn lessons for potential future pandemics.

As laid out in my previous letter, this Government has acted on a scale unmatched in recent history to support the country's economy. As we carefully reopen our economy, we are entering the second phase of our economic plan. Policies like the CJRS and SEISS were the right policies for the first phases of the crisis but now, in this new phase, we need to look forward and evolve our approach.

Through our Plan for Jobs, we will do all we can to guarantee people and businesses the tools and opportunity to get through this and become stronger, making available up to £30 billion as the next step towards economic recovery ahead of the upcoming Budget and Spending Review.

I am grateful for your letter and for having the opportunity to appear at the Committee. I look forward to continuing to work collaboratively with you as we work towards recovery.

Best wishes,

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

RISHI SUNAK

Annex a: breakdown of additional support to public services response to COVID-19, as of 8 July

Additional support to public services, £billions*	19/20	20/21	21/22	Total	Description of what this has funded
Health Services	0.0	31.7	0.2	31.9	<p>Support for health services: HM Treasury has approved £31.9 billion of support for health services, including:</p> <p>over £15 billion for PPE procurement to protect frontline staff;</p> <p>£10 billion for the Government’s Test, Trace, Contain and Enable programme to support the unlocking of the economy;</p> <p>over £1 billion to procure additional ventilators to support the NHS;</p> <p>and a further £5.5 billion of spending on health services, including the use of Independent Sector Health facilities; enhancing the NHS discharge process so patients who were medically fit to do so can leave hospital quickly and safely; delivering medicines to those who are vulnerable and shielding; keeping our pharmacies and GP practices open during bank holidays so healthcare facilities can stay available to those that need them; and funding for domestic vaccines R&amp;D and manufacturing.</p>
Local Government	1.6	3.1	0.0	4.7	<p>Support for local government: HM Treasury has approved £4.7 billion funding to local government. This includes £3.7 billion to support pressure on social care in local government, deliver additional support to vulnerable people and continue to respond to the coronavirus pandemic; £600 million additional funding to support infection control in care homes; and £221 million to support rough sleepers through the pandemic.</p>
Support to schools	0.0	0.9	0.3	1.2	<p>Support for schools: the Government has announced £1.2 billion of additional funding for schools. This includes support for pupils to catch up on lost learning, and a national voucher scheme to provide free school meals for children whilst at home.</p>
Targeted support for public transport	0.6	4.7	0.0	5.3	<p>Support for public transport: HM Treasury has approved £5.3 billion of targeted support for essential public transport services, in addition to the economy-wide schemes, including £3.5 billion for rail</p>

					services, over £1 billion for services in London, and support for bus and light rail services across the rest of England.
Further public service support	0.0	1.2	0.0	1.2	Support for other public services: HM Treasury has approved £1.2 billion for other public services including provision of food packages for the most vulnerable shielders; bolstering the public services provided by departments including DWP, HMRC and Ministry of Justice; repatriation support from the Foreign and Commonwealth Office for UK travellers stranded overseas; and the Government's public information campaign.
Funding to the DAs via the Barnett Formula	0.0	4.1	0.0	4.1	Support to the devolved administrations – In addition to funding certain health services on a UK-wide basis, HM Treasury is providing the devolved administrations with a further £4.1 billion through the application of the Barnett formula to the above public services spending. This comprises £2.1 billion for the Scottish Government, £1.3 billion for the Welsh Government, and £0.7 billion for the Northern Ireland Executive.
<b>Total</b>	<b>2.2</b>	<b>45.8</b>	<b>0.5</b>	<b>48.5</b>	

\* final changes to 20-21 budgets will be confirmed at Supplementary Estimates, and budgets for future years will be set at the Spending Review