



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

14 December 2020

Rt. Hon. Mel Stride MP
Chair, Treasury Committee
House of Commons
London
SW1A 0AA

Dear Mel,

Thank you for your letter dated 23 November raising concerns about the support for those not eligible for the Coronavirus Job Retention Scheme (CJRS) and the Self-Employment Income Support Scheme (SEISS). I would to begin by taking the opportunity to highlight once again the unprecedented level of support the UK government has provided throughout this crisis to protect people's jobs and livelihoods, and support businesses and public services across the UK, spending over £280 billion to do so this year. The CJRS has helped to pay the wages of people in 9.6 million jobs across the country and the SEISS has received claims from 2.7 million self-employed workers.

I recognise we cannot support everyone through CJRS and SEISS for reasons that I have already set out in previous correspondence. However, as part of the CJRS extension to March 2021, those who are employed and on payroll on 30 October 2020 will now be eligible to claim. This means the population eligible for support has increased in scope, because the former cut-off date for CJRS (which was 19 March) no longer applies for claim periods from November and CJRS will now include all new employees that have been hired since 19 March.

On SEISS, the Government believes it is right to target the support at those who are majority self-employed. 1.4 million of the 5 million people who file self-employed tax returns are *not* majority self-employed. In fact, the average income these people receive from self-employment is between £1,800 and £3,500 a year. Therefore, the majority of their income comes from *other* sources. This could include income from employment, which means that individuals may be able to access support via the CJRS. The principle of our decision to target the scheme in this way was supported by the organisations with which the Government engaged when designing the scheme. It's right that we continue to target the scheme at those who are most dependent on self-employed income.

Alongside CJRS and SEISS, we have also provided significant funding to local authorities that can already be used to provide tailored support in their local area. The Local Restrictions Support Grant (Closed) provided over 600,000 businesses with over £1 billion of grants administered by local authorities during November. This scheme, along with the Local Restrictions Support Grant (Open) for 'open but affected' businesses, will continue to support businesses now that we have moved into the revised tiering system. The Additional Restrictions Grant, a one-off payment made through local authorities worth £1.1 billion, provided further support to local economies. Local authorities have also been provided with funding to enable them to make one-off grants of £1,000 to all wet-led

pubs in their areas over the Christmas period. Local authorities have been supported in their public health response activities through the Contain Outbreak Management Fund, which has already provided £800 million spread across all areas in England and will provide further funding for tier 2 and 3 areas potentially worth over £200 million per month. Finally, we have provided £500 million of additional funding this year through the Hardship Fund, which local authorities can use to provide a reduction in annual council tax bills of £150 to those least able to afford council tax. A further £670 million next year (2021-22) will ensure local authorities can provide council tax support to more than 4 million households.

As the NAO's report in October acknowledged, both SEISS and CJRS have been successful in supporting millions of people and protecting large scale job losses. They, in addition to the support provided through local authorities, continue to be just three elements of a comprehensive package of support for businesses and individuals. Businesses have received billions in loans, tax deferrals, Business Rate reliefs, and general and sector-specific grants. And individuals and families have benefited from increased welfare payments, enhanced statutory sick pay, a stay on repossession proceedings and mortgage holidays. Whilst much of our response to Covid-19 has been UK wide, the government has provided the Devolved Administrations with an upfront funding guarantee of £16 billion for the full year, on top of their Spring Budget 20 funding, giving them certainty to decide how and when to provide support.

You have separately raised the question of economic analysis undertaken by the Treasury. On 30 November, the Government published an *Analysis of the health, economic and social effects of Covid-19 and the approach to tiering*. As it set out, COVID-19 and the restrictions needed to contain it have had a significant impact on the economy. However, due to the range of factors that need to be considered, any attempt to estimate the specific economic impacts of precise changes to individual restrictions for a defined period of time would be subject to such wide uncertainty as to not be meaningful. The factors that determine the economic impacts include: the path of the virus and the effectiveness and compliance with restrictions; the proportion of the country under certain restrictions; behavioural effects; the global picture; and effectiveness of other measures, such as community testing and vaccines. For the economy, this document sets out the impact Covid-19 has had to date and the main conclusions from most recent OBR forecast and scenarios. It also set out details on the types of sources and analysis the government regularly uses to monitor the economy, as well as the data that is relevant to considering the local impact of measures.

The measures the Government has put in place over the last few months are designed to complement each other and provide certainty and support to people and businesses across the UK to respond to the current public health restrictions. We continue to take a flexible approach and keep all impacts and policies under review.

Best wishes,



RT HON RISHI SUNAK MP