Getting the deficit down

I want lower tax rates to boost revenues and encourage enterprise. The best way to cut the deficit is to have more growth which will generate more tax revenues and cut government costs on welfare. There are some in government, however, who want ideas to narrow the deficit. So here are a few that would cut the deficit without damaging UK incomes and jobs.

1. Return to charging every visiting foreign truck a fee for using our roads. Many foreign lorries travel on our roads, competing against UK hauliers who usually pay road tax. They often also fill up with fuel away from the UK, avoiding fuel taxes. The HGV Levy to cover this has been suspended and should be reintroduced. Going up to a maximum of just £10 a day, it should also be increased.
2. Collect payments for using the NHS on all visitors from overseas as current rules require. Encourage them to insure or to travel with sufficient money to pay for any Dr and hospital bills. There are too many stories of visitors not being asked to pay for their treatment despite the rules.
3. Cut the VED rate on new cars to stimulate more new car purchases.
4. Initiate an urgent review of the plan for the railways. The government has nationalised the huge losses the system must now be incurring. It needs to design railway services that will be better used in current circumstances with more fare revenue, and with lower costs from running fewer empty trains. It also needs to look at the large investment programmes and concentrate on new technology solutions to providing the capacity that will be needed in the new conditions. Presumably peak travel will be much reduced as more and more commuters work more of the week from home.
5. Buy more UK government needs from domestic sources, subject to proper competitive tenders. This will capture more of the value added and tax receipts domestically on large procurement programmes.

Winter Economy Plan

I have today received this letter from the Chancellor:

I am writing to set out our Winter Economy Plan, the next phase of our planned economic response to coronavirus, following the Prime Minister’s address to the nation.

There are reasons to be cautiously optimistic: thanks to our comprehensive and generous response in March, we have seen three consecutive month of economic growth, millions of people have moved off the furlough and back to work, and consumer spending is returning. But the resurgence of the virus threatens our recovery. And now it is clear we have to live with coronavirus for months to come, this means the economy cannot return to exactly as it looked in March and the economic rationale for the next phase of support must be different to that which came before.

So today, we are focussing on dealing with the problems businesses face right now – supporting viable jobs through a time of depressed demand.

Job Support Scheme

Now the economy is opening up, we should target support on those businesses that need it most: companies that have been impacted by coronavirus, and helping them to keep staff on reduced hours rather than laying them off, and to protect people's wages. Our aim is to protect viable jobs in businesses who are facing lower demand over the winter months due to coronavirus.

So we are launching a new employment scheme – the Job Support Scheme. The company will continue to pay its employee for time worked, but the burden of hours not worked will be shared equally between the employee, employer and government, a third each way. The Scheme is focused on viable jobs, so employees need to be working at least a 33% of the time, and this % will move up over time. The Scheme will open from 1 November, and run for six months until the end of April 2021.

All businesses, not just those who used the furlough scheme, will be eligible. Larger businesses (not SMEs) will only be eligible if their revenue has declined. Furthermore, there will be an expectation that large companies using the scheme will be constrained in their ability to make dividend payments or capital distributions to shareholders, and employees will not be able to be made redundant or given notice whilst on the scheme. Employers will also be able to use the Job Support Scheme as well as claim the Jobs Retention Bonus.

And to ensure parity between employees and self-employed, we will also provide a further grant for self-employed small businesses who used the existing SEISS scheme. Eligibility criteria will be refined to check whether the self-employed trader is still viable and trading and is suffering lower revenues as a result of coronavirus. The grant will match the average grant of the Job Support Scheme, and represent 20% of three month earnings, for November to January.

Greater support for business' cash flow

We have also acted to minimise the strains on companies' cashflows so they can focus their resources on supporting employment:

• **Greater flexibility for repaying loans through our new 'Pay As You Grow' scheme.** We recognise that many of the one million small businesses who have benefitted from our loan schemes have never borrowed finance before. That is why we want to give them greater flexibility to repay these loans over a longer period and in way which suits their circumstances. All borrowers will now have the option to repay their Bounce Back Loans over a longer time period by extending the term of BBLs to ten years – this will reduce their average monthly repayments by almost half. On an average £30,000 loan, this reduces the monthly payment from £532 to £309.

Businesses will also be able to move to interest-only repayments for periods of up to six months – or to pause repayments entirely for the same period. It will have no impact on a business's credit rating if they take up any of those options. And we will also allow CBILS lenders to extend their loans to ten years as well by extending our Government guarantee, providing more flexibility and support for businesses.

• **More time for businesses to access our range of loan schemes.** Over 1 million businesses across the United Kingdom have already benefitted from over £57 billion through our business loan schemes. But we are giving them even more access to support by extending the deadline for new applications until the end of November for the Coronavirus Business Interruption Loan Scheme, the Coronavirus Large Business Interruption Loan Scheme, and the Future Fund. Along with our Bounce Back Loans, this means all four loan schemes will now expire at the end of November. We will work with businesses and lenders to introduce a new loan guarantee scheme from January 2021.

• **Extending our temporary VAT cut for tourism and hospitality.** To continue supporting the 150,000 businesses and 2.4 million jobs in tourism and hospitality, we are extending the temporary 5 per cent rate of VAT until the end of March 2021. When we announced this in July, this was originally due to end in January 2021, but we recognise that the tourism and hospitality sector has been severely affected by coronavirus.

• **Deferring repayments of VAT to support businesses during this period.** Over half a million businesses have already benefitted from being able to defer Q2 2020 VAT payments until March 2021 – worth over £30 billion to over half a million businesses. But we don't want businesses to face large bills for deferred VAT just as the economy is getting back on its feet – which is why we are launching a new scheme to allow businesses who want extra time to pay back the VAT they owe in smaller equal monthly payments, interest-free, until the end of March 2022. On average, this means turning a one-off £60,000 payment into 11 payments of less than £6,000.

• **More time for self-assessment businesses to pay back.** Around 1.5 million businesses who pay through income tax self-assessment benefitted from our Self-Assessment Tax Deferral, deferring an estimated £6 billion to be paid in July 2020 to the end of January 2021. But to help them further, we are upgrading our Time To Pay service so that all 11 million self-assessment taxpayers will be able to create a 12-month payment arrangement for up to £30,000 each, and extended under the end of January 2022 – that's an 18 month deferral.

These measures build on the enormous amount the government has already done to protect people's livelihoods and support businesses directly, through a package of loans, business grants, business rates relief and wage support already worth £190 billion. Our Plan for Jobs in July set out how we will go further to protect, support and create jobs as we get the UK economy back on its feet.

RT HON RISHI SUNAK MP

An independent defence policy

Some have expressed worries that the UK will not be free to run its own defence policy once out of the EU fully owing to alleged commitments to a Common European Defence and Security Policy.

The Agreements entered in to make clear this is not the case. The UK has the option to participate in CSDP missions on a case by case basis, but only if the EU offers and the UK agrees. The Agreement is express is saying "without prejudice to decision making autonomy of the UK or of the sovereignty of the UK". "The UK will maintain the right to determine how it would respond to any invitation or option to participate in operations or missions"

It will also be important to reinforce these freedoms that the UK organises its defence procurement in a way which allows it freedom to pursue its own policy. There is no binding requirement to go for European weapons systems and supplies. Each procurement can be arranged in a way which protects UK independence. It is important that the UK controls the necessary technologies and intellectual property and has potential capacity to make the weapons it might need.

Letter from Transport Secretary about train tickets

I appreciate you taking the time to share your suggestions about the introduction and benefits of flexible season tickets. The Government recognises the change in modern commuting patterns, the impact of COVID19 and therefore the need to accommodate a more flexible style of working and travelling.

In response, the Department has proactively worked with the rail industry, and is currently considering proposals received from train operators that try to ensure better value and convenience for part-time and flexible commuters and support those returning to the railway.

My Department remains committed to delivering wholesale reform of the rail industry to put the priorities of passengers first. The Williams Rail Review was in the final stages at the outbreak of COVID-19. I view the purpose of the reforms as important as ever, but further work needs to be done now to reflect the impact of COVID-19 on the sector.

We are progressing with this work and are continuing to examine a range of options to reform the railways, including how we can accelerate our modernisation plans in light of a changed post-COVID world.

Questions to the government CV 19 advisers

Monday's slide show was short and not very informative. They did present a worrying increase in hospital admissions. The rest of the numbers were curiously selected.

There was no published figure for R , no comment on how they are now calculating it and no slide to show how they think it has varied over time, yet R drives their models and much of their thinking. Their argument that we could see a doubling of cases every week for four weeks implies they think R is now high. It would be good to hear more on why they think that and how they compute it.

The first two graphs showed upward trends in daily cases and daily deaths in Spain and France. The two graphs were shown side by side. The death rate scale was one hundreth of the case rate scale, to achieve similar looking graphs. There was no graph for Sweden which followed a different approach to the virus, nor for Germany and Italy where there is not the same growth in cases.

They then turned to England, and changed from daily case numbers to weekly case numbers, meaning higher figures. Their speculation over future trends was then revealed with a demonstration of a big surge in cases were they to double every week for four weeks.

It would be good to have a proper presentation on the death rate so far,with improved data to smooth out the different definitions used over the pandemic to date. It would be good to know the results of the sample testing of the population over time.

They showed a series of numbers for the proportion of the population that have antibodies which may strengthen their immunity to a future attack. What was odd was the 16 August latest figure was considerably lower than the figures from May/June/July. It would be good to have an explanation of this.

Based on this the government has decided on some further restrictions on social and business life and said they are likely to last for six months. It is time for a proper Parliamentary debate on these matters, to tease more out from the advice and to look around the world at what has worked best to contain the disease and keep economies turning. I and others are trying to get an opportunity to explore the options in Parliament.