

Chancellor's statement to Parliament

Mr Speaker,

Thank you for giving me the opportunity to update the House on our economic response to the coronavirus.

And let me say at the outset that I'm grateful to Members from all sides of this House, including the [RHM], the new Shadow Chancellor, for their contributions to the debate.

Mr Speaker,

We should be in no doubt about the seriousness of the economic situation.

The Office for Budget Responsibility have published a scenario showing that the coronavirus will have very significant impacts both at home, and in the global economy.

More than 1.5 million new claims have been made to Universal Credit.

Over 4 million jobs have now been furloughed.

Survey evidence suggests a quarter of businesses have paused trading.

These are already tough times.

There will be more to come.

And while our interventions have saved millions of jobs and businesses, we can't save every job and every business.

I understand, and I share, people's anxiety.

But right now, the most important thing we can do to protect our economy is to protect the health of our people.

As my RHF the Prime Minister said this morning, we are making progress; we are beginning to turn the tide.

But if we lose control of the virus again, we risk seeing a second spike, which we all want to avoid.

So the goal of our economic strategy is to provide a bridge over what will be a sharp and significant crisis, by:

- keeping as many people as possible in their existing jobs
- supporting viable businesses to stay afloat
- and protecting the incomes of the most vulnerable

In other words, to maintain the productive capacity of the British economy.

So that once we are able to refine the public health restrictions...

...we can, as quickly as possible, get people back to work; businesses reopening; the self-employed trading again.

The OBR have been clear that if we had not taken the actions we have, the situation would be much worse.

The IMF have said our approach has been "aggressive" and "right".

And taken together, I believe our response has been one of the most comprehensive of any country, anywhere in the world.

Working closely with the Bank of England, business groups, Trades Unions, banks, charities, and many others around the country...

...we have developed a plan to protect public services, people, and businesses.

Let me address each of those areas in turn.

Mr Speaker,

Public services like the NHS are on the frontline of the fight against coronavirus, and I repeat today: whatever resources our NHS needs, it will get.

At the Budget in March I announced the Coronavirus Emergency Response Fund, initially allocating £5 billion.

We've now provided over three times that initial amount, with the NHS and other public services receiving £16 billion so far.

We're also providing extensive support for people's jobs and incomes.

Our most important and far-reaching policy is the Coronavirus Jobs Retention Scheme, to keep people in employment.

The scheme launched, on schedule, last week, and I'm pleased to report that the first grants have just been paid.

Around half a million firms have already applied for help to pay the wages of over 4 million furloughed jobs; jobs that might otherwise have been lost.

HMRC are also on track to deliver the Self-employed Income Support Scheme, as promised, in early June, and we will publish detailed guidance this week.

Alongside these new interventions, we've strengthened our existing safety net, with increases to Universal Credit, the Local Housing Allowance, and Statutory Sick Pay.

And we've reinforced our social fabric, too, with £750 million for the charity sector.

Of course, the best way to support people is to protect their jobs – and that

means supporting the businesses that employ them.

Our plan to help businesses means the following:

- almost half of all business properties in England will pay no business rates this year
- almost 1 million business premises can now receive cash grants of up to £10,000 or £25,000
- over 2 million businesses have been offered a VAT deferral, saving an average of £30k
- another 2.7 million people will be able to defer their self-assessment payments
- almost 60,000 people and businesses have put time to pay arrangements in place with HMRC
- up to 2 million employers will be able to access the Statutory Sick Pay rebate, up to £48,000 per firm
- over £14 billion of lending has been issued through the Bank of England's financing facility
- over 20,000 Coronavirus Business Interruption Loans have now been approved
- and, of course, all of this is on top of our furlough scheme, with payments now arriving.

Taken together, our plans are protecting millions of people and businesses across our country, through a set of interventions in the economy on a scale we've never attempted before – and they are working.

But, Mr Speaker,

I know that some small businesses are still struggling to access credit.

They are, in many ways, the most exposed businesses to the impact of the coronavirus; and often find it harder to access credit in the first place.

If we want to benefit from their dynamism and entrepreneurial spirit as we recover our economy, they will need extra support to get through the crisis.

Some businesses will not want to take on more debt; which is why our focus has been on cash grants, tax cuts and tax deferrals. But for others, loans will be part of the answer.

So today, we are announcing a new micro loan scheme, providing a simple, quick, easy solution for those in need of smaller loans.

Businesses will be able to apply for these new Bounce Back Loans for 25% of their turnover, up to a maximum of £50,000, with the government paying the interest for the first twelve months.

My RHF the Economic Secretary and I have been in close talks with the banks, and I'm pleased to say that these loans will be available from 9am next Monday.

There will be no forward-looking tests of business viability; no complex

eligibility criteria; just a simple, quick, standard form for businesses to fill in.

For most firms, loans should arrive within 24 hours of approval.

And I have decided, for this specific scheme, that the government will support lending by guaranteeing, to the lender, 100% of the loan.

Let me address this point directly Mr Speaker:

I've heard some calls for government to underwrite all our loan schemes with 100% guarantees. I remain unconvinced by the case for doing that universally.

We should not ask the ordinary taxpayers of today and tomorrow to bear the entire risk of lending almost unlimited sums...

...to businesses who may, in some cases, have very little prospect of paying those loans back – and not necessarily because of the impact of coronavirus.

So I do not think it is appropriate to provide 100% guarantees on all of our schemes.

Instead, these new Bounce Back Loans carefully target that extraordinary level of state support at those who need it most.

And the £50,000 cap balances the risk to the taxpayer with the need to support our smallest businesses.

Mr Speaker,

Right now, the most important thing for the health of our economy is the health of our people.

We are making progress in our fight against the virus; but we are not there yet.

So our strategy is to protect people and businesses through this crisis, by:

Backing our public services and NHS with increased funding.

Strengthening our safety net to support those most in need.

And supporting people to stay in work and keep their businesses going.

Our response is comprehensive, coherent and coordinated. It is, I believe, the right approach.

And I hope I can continue to rely on the support, and advice, of all H&RHMs, as I commend this statement to the House.