

## The twin crises

The government have many difficult decisions to make. They are mainly seeking to manage the virus. The science tells them it does not have medicines to prevent the virus nor to treat it. Understandably with a new virus there are many limits on what scientists can tell us about it. The science Ministers draw on is epidemiology. It comprises a series of guesses or forecasts of how the infection may spread around the population, and how many people may die as a result of it. They usually die by compounding other health problems.

These graphs rest on the figures from China, Italy and elsewhere where it is a bit more advanced than here. None of the figures can be that reliable. No country has been able to test enough people to know how many at one time in a country actually have the virus. There is an element of chance as to whether a death is ascribed to the virus because the person was tested, or ascribed to the other health conditions because they were not. There is still a lack of clarity over whether you can catch it twice.

The epidemiologists agree that if a country cuts the rate of increase and the total number of cases by enforcing segregation of people, the virus may spread again once the restrictive measures are removed. They also think people will become better able to fend it off after they have had it once, so as more people have experienced it so there are fewer hosts in the population for a new virus attack.

At the same time the government has to manage the economic crisis which the heavily restrictive measures to deal with the virus creates. As an economic commentator I can give the government a much clearer view of the economic damage the measures will inflict, and can explain how their economic response needs to be much bigger given the extent of the damage.

The short term hit to the economy is going to be a much bigger decline in output and incomes than is normal in the first quarter of a nasty recession like 2008-9. More than a fifth of the economy will face little or no custom as hotels, bars, restaurants, pubs, clubs, leisure and pleasure events close down. There will not be many discretionary purchases either, as people put on hold any plans for new cars, new homes, or larger household items. High Streets will be largely deserted or locked down.

If the state does not come up with ways to sustain employment many people will lose their jobs. Many businesses will go onto care and maintenance or will go into wind up, bereft of revenue and purpose.

The epidemiologists cannot give us a date by which the controls can be removed and the all clear sounded. The thought that this may drag on for many months, with some seeming to say we can only relax the controls when people have been successfully vaccinated with a vaccine still to be developed and approved, will ensure many more people lose their jobs and their businesses.

Government needs to weigh very carefully the balance between the health

crisis and the economic crisis. Measures that damage the economy are only worth taking where there is considerable certainty they will save a material number of lives. The case for a major cash injection to offset the damage to companies and people is overwhelming if the close down has to endure more than a couple of weeks.

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## [The daily shop](#)

This week there have been too many empty shelves in supermarkets. There is no problem with the food supply. Some people have decided to buy large stocks for no particularly good reason, leaving little or no choice of product for those who arrive later.

Today when I visited in Wokingham it was more orderly, thanks to supermarket decisions to limit purchases to 2 or 3 only of each item. This simple piece of rationing has helped, and could always be toughened further if people still persist with excess purchases.

There will be overall some additional food buying through shops, as many of those meals previously eaten in works canteens, restaurants and fast food outlets will now need to be replaced with meals at home. This does not of itself stress the food supply, but it does require reorientation of the deliveries from the suppliers to restaurants to the supermarkets.

I would ask people to behave responsibly, with thought for others who also need to buy their daily food. Those who did buy too much for stock can make amends. They should now spend the next week or two living off the stocks they bought up instead of going back for more. It would be unforgiveable if they let the food in stock go to waste as it went out of date, or because they on reflection decide they don't like rice or pasta or whatever that much after all.

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## [How to access government financial support if you or your business has been affected by COVID-19](#)

I have received this update from the Government:

On 17 March, the Chancellor announced an unprecedented package of government-backed and guaranteed loans to support businesses, making available an

initial £330bn of guarantees – equivalent to 15% of GDP.

This was on top of a series of measures announced at Budget 2020, the government announced £30 billion of additional support for public services, individuals and businesses experiencing financial difficulties because of COVID-19, including a new £5 billion COVID-19 Response Fund, to provide any extra resources needed by the NHS and other public services to tackle the virus.

The government will take new legal powers in the COVID-19 Bill, enabling it to offer whatever further financial support it thinks necessary to support businesses.

This document sets out further information on how you or your business can access if you are experiencing financial difficulties because of COVID-19.

If you want the latest information on the government's COVID-19 Action Plan you can go here: [gov.uk/government/publications/coronavirus-action-plan](https://www.gov.uk/government/publications/coronavirus-action-plan).

If you want more information about the situation in the UK, along with guidance for what to do if you think you're at risk:

- o Visit [nhs.uk/conditions/coronavirus-covid-19/](https://www.nhs.uk/conditions/coronavirus-covid-19/) for information about the virus and how to protect yourself

- o Use the NHS 111 online coronavirus service to check if you need medical help

- o Visit [gov.uk/guidance/coronavirus-covid-19-information-for-the-public](https://www.gov.uk/guidance/coronavirus-covid-19-information-for-the-public) for more information

## **INFORMATION FOR INDIVIDUALS**

If you think you are entitled to Statutory Sick Pay (SSP), please read the following information:

You can get £94.25 per week Statutory Sick Pay (SSP) if you're too ill to work. It's paid by your employer for up to 28 weeks.

If you are self-isolating because of COVID-19: From 13 March, you can now claim SSP. This includes individuals who are caring for people self-isolating in the same household and therefore have been advised to do a household quarantine. To check your sick pay entitlement, you should talk to your employer, and visit <https://www.gov.uk/statutory-sick-pay> for more information.

- **When does SSP apply?** The government is legislating for SSP to be paid from day 1, rather than day 4, of your absence from work if you are absent from work due to sickness or need to self-isolate caused by COVID-19. Once the legislation has been passed, this will apply retrospectively from 13 March. You should talk to your employer if you are eligible for SSP and need to claim.

- **Do I need a sick note?** From Friday 20 March onwards, those who have COVID-19 or are advised to self-isolate will be able to obtain an “isolation note” by visiting NHS 111 online and completing an online form, rather than visiting a doctor. For COVID-19 cases this replaces the usual need to provide a “fit note” after seven days of sickness absence. Isolation notes will also be accepted by Jobcentre Plus as evidence of your inability to attend.

- **What if I am self-employed or not eligible for SSP?** If you are not eligible for SSP – for example if you are self-employed or earning below the Lower Earnings Limit of £118 per week – and you have COVID-19 or are advised to self-isolate, you can now more easily make a claim for Universal Credit (UC) or new style Employment and Support Allowance. For more information on how to claim, please visit <https://www.gov.uk/universal-credit> and <https://www.gov.uk/guidance/new-style-employment-and-support-allowance>.

- **What if I am self-employed and receiving Universal Credit?** If you are self-employed and receiving Universal Credit and you have COVID-19 or are advised to self-isolate, the requirements of the Minimum Income Floor will be temporarily relaxed. This change took effect on 13 March and will last for the duration of the outbreak, to ensure that self-employed UC claimants will receive support.

If you need to claim Universal Credit but have COVID-19 or are self-isolating, you will now be able to claim and to access advance payments upfront without needing to attend a Jobcentre Plus. Please visit <https://www.gov.uk/universal-credit> for more information.

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If you are eligible for new style Employment and Support Allowance, it will now be payable from day 1 of sickness, rather than day 8, if you have COVID-19 or are advised to self-isolate.

**If you think you may need financial support from your Local Authority in England, you may be entitled to support from the £500 million Hardship Fund:**

- Most of this funding will be used to provide more Council Tax relief, either through existing Local Council Tax Support schemes, or through similar measures.

- The Ministry for Housing, Communities and Local Government (MHCLG) will set out more detail on this funding, including allocations, shortly.
- If you have any questions, please contact your Local Authority.

**If you are experiencing financial difficulties meeting your mortgage repayments because of COVID-19, you may be entitled to a mortgage or rental holiday for 3 months. This includes if you are a landlord whose tenants are experiencing financial difficulties because of COVID-19. If you are a tenant experiencing financial difficulties because of COVID-19, the government will**

**ensure you do not face the threat of eviction for at least 3 months:**

- The government has agreed with mortgage lenders that they will offer repayment holidays of 3 months to households in financial difficulty due to COVID-19.
- This will also apply to landlords whose tenants are experiencing financial difficulties because of COVID-19.
- The offer of a payment holiday can be made available to customers who are up to date with payments and not already in arrears.
- Customers who are concerned about their current financial situation should contact their lender at the earliest possible opportunity to discuss if this is a suitable option for them.
- Emergency legislation will be taken forward so that landlords will not be able to start proceedings to evict tenants for at least a 3 month period. This applies to private and social renters.
- At the end of this period, landlords and tenants will be expected to work together to establish an affordable repayment plan, taking into account tenants' individual circumstances.

**If you are experiencing difficulties paying back personal loans or credit card bills as a result of COVID-19, you should read the following information:**

- The Financial Conduct Authority (FCA) called on lenders to use flexibility built into their rules to support consumers, taking into account customers' individual circumstances. Many major lenders have already made statements to this effect.
- If you are experiencing difficulties paying back loans or credit card bills because of COVID-19, you should talk to your lender.
- If you agree a payment holiday with your lender, they should record these in such a way that will not impact on your credit score.

**INFORMATION FOR BUSINESSES**

**If you are a small- or medium-sized business, you may be entitled to reclaim the costs of Statutory Sick Pay (SSP) for sickness absence due to COVID-19:**

- This refund will cover up to two weeks' SSP per eligible employee who are either ill or been told to self-isolate because of COVID-19. This is in line with the recommended isolation period. Guidance on self-isolation can be found here: [www.nhs.uk/conditions/coronavirus-covid-19](http://www.nhs.uk/conditions/coronavirus-covid-19).
- Employers with fewer than 250 employees will be eligible. The size of an employer will be determined by the number of people they employed as of 28 February 2020.

- Employers will be able to reclaim expenditure for any employee who has claimed SSP (according to the new eligibility criteria) as a result of COVID-19.
- Employers should maintain records of staff absences, but employees will not need to provide a GP fit note.
- The eligible period for the scheme began on 13 March.
- The government will work with employers over the coming months to set up the repayment mechanism for employers as soon as possible. Existing systems are not designed to facilitate employer refunds for SSP.

**Some businesses, including nurseries, in England will be eligible for a Business Rates holiday for 1 year from 1 April 2020:**

- If you are currently receiving the retail discount for your Business Rates bill, you will receive a revised bill with 100% relief shortly.
- If your business occupies a property in the retail sector with a rateable value of £51,000 or more, or if your business occupies a property in the leisure or hospitality sectors you may also be eligible for the 100% discount on your business rates bill.
- You will shortly hear from your Local Authority. If you have any questions, you should contact your Local Authority.
- If you are a nursery, you will be entitled to the 100% relief for the next year. You should contact your Local Authority for more information.
- Guidance for Local Authorities will be published by MHCLG by 20 March.

**If your business is eligible for small business rate relief or rural rate relief in England, you are entitled to a one-off cash grant of £10,000:**

- If your business is in the retail, hospitality or leisure sector in England, then you may also be entitled to a cash grant. If you have a property with a rateable value of less than £15,000 then you will be entitled to a grant of £10,000, whether or not you are entitled to small business rate relief or rural rate relief. If you have a property with a rateable value of between £14,999 and £51,000 then you will be entitled to a cash grant of £25,000.
- The Department for Business, Energy and Industrial Strategy (BEIS) will provide guidance for Local Authorities on how to administer these grants shortly.
- If you are an eligible business, your Local Authority will then be in touch in the coming weeks to provide details of how to claim this money.

**If your small-or medium-sized business in England is facing cash flow issues as a result of COVID-19, please read the following information:**

- A new temporary Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank, will launch at the start of next week to support businesses to access bank lending and overdrafts.
- The government will provide lenders with a partial guarantee of 80% on each loan to give lenders further confidence in continuing to provide finance to SMEs.
- The government will not charge businesses or banks for this guarantee, and the Scheme will support loans of up to £5 million in value. The first 6 months of these loans will be interest-free, as the Government will cover these payments.
- Businesses will be able to get finance under the scheme from a large number of providers, including the main high street banks, as of next week.
- Businesses will remain responsible for repaying any facility they take out.
- For further information, please visit:  
<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/>.

**If you are a large business facing cash flow issues as a result of COVID-19, you may want to read the following information:**

- Companies commonly sell short term debt ('commercial paper') to the market. This is a quick and cost effective to raise working capital.
- The new COVID-19 Corporate Financing Facility means that the Bank of England will buy short term debt from companies.
- This will support companies which are fundamentally strong, but have been affected by a short-term funding squeeze, enabling them to continue financing their short-term liabilities. It will also support corporate finance markets overall and ease the supply of credit to all firms.
- Further details can be found here in the exchange of letters between the Governor of the Bank of England and the Chancellor, found here:  
<https://www.gov.uk/government/publications/launch-of-covid-19-corporate-financing-facility-ccff>.

**If you are self-employed or own a business and you are concerned about not being able to pay your tax bills because of COVID-19, you may be eligible for support through Her Majesty's Revenue and Customs' (HMRC) Time to Pay service:**

- If you think you or your business is eligible for support through Time to Pay, you can call the following helpline number to get practical help and advice: 0800 0159 559.
- These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities.

- For more information, please check the HMRC site here:

<https://www.gov.uk/government/news/tax-helpline-to-support-businesses-affected-by-coronavirus-covid-19>.

**If you own a pub that serves food or a restaurant in England, you will be able to operate a hot food takeaway to serve people staying at home, without going through the usual planning process:**

- The Ministry for Housing, Communities and Local Government (MHCLG) will shortly legislate to bring forward a temporary Permitted Development Right to allow for change of use from A3 (Restaurant) and A4 (Pub) to A5 (Hot Food Takeaway).
- The intention is that once the legislation has come into force a pub or restaurant will be able to notify their Local Authority that they are now operating as a takeaway without any prior approval.

**If you contract your services to large- or medium-sized organisations outside of the public sector you should read the following information:**

- The government announced on 17 March that the reform to the off-payroll working rules (commonly known as IR35) – that would have applied for people contracting their services to large or medium-sized organisations outside the public sector – will be delayed for one year from 6 April 2020 until 6 April 2021.
- Business and individuals do not need to take any action.

**If the only barrier to your business making an insurance claim was a lack of clarity on whether the government advising people to stay away from businesses, rather than ordering businesses to shut down, was sufficient to make a claim on business interruption insurance:**

- The government's medical advice of 16 March is sufficient to enable those businesses which have an insurance policy that covers both pandemics and government ordered closure to make a claim – provided all other terms and conditions in their policy are met. Businesses should check the terms and conditions of their specific policy and contact their providers if in doubt.
- However, most businesses have not purchased insurance that covers pandemic related losses. As such, any affected businesses should note the government's full package of support, including the Coronavirus Business Interruption Loan Scheme and business rates holiday.

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## **The markets are badly rattled**

The last couple of weeks have been the most extreme in post war advanced



country Stock market history. Never before has there been such a plunge into recession so quickly, and never before has there been such a large and uninterrupted fall.

What are they telling us? Why have so many investors decided to sell out at ever lower prices?

The rational part of the story is the sudden coming of the virus and the combined decision of governments on World Health Organisation advice to close down big parts of their economies to slow the spread of the disease.

Normally in a bad recession the parts of the economy serving the discretionary purchases people make when they are feeling reasonably confident and well off like holidays, higher end retail, restaurant meals get hit more. The businesses involved may see a 20-25% fall in turnover, often taking them into loss and maybe threatening the dividend. In this recession, created to fight the virus, many of these businesses will lose most of their revenue for a time or may be forced to close.

Some running a hotel or B and B or pub or restaurant or travel business will be asking themselves today whether they should sack their staff now to cut their outgoings, and negotiate soon with landlords and suppliers to get their other bills down. As more do this so there will be a further contraction in demand as their staff lose their jobs and experience a sharp fall in income and consumer confidence. It is vital governments do more to avoid staff losses and to help companies through what should be a temporary problem. I have put my proposal again to government to offer substantial cash support for paybills for companies with a large virus created drop in turnover in return for those companies keeping the staff on for the recovery.

The happiest outcome we can now look forward to is an early decline in new cases of the disease in the major countries followed by an early removal of controls. Then the economies can bounce back. If this is prolonged more businesses will go bankrupt, more jobs will be lost and the misery compounds.

In the markets there has been a big shortage of dollars. 5 leading Central Banks were aware of this and made more dollars available, but it has not proved enough so far. There has been a rush into cash, especially dollar cash. Even so called safe haven assets like gold have sold off recently.

Nothing on this site is investment advice. This is commentary on what has happened.

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**[Government announces suspension of](#)**

## IR35 changes

The Chief Secretary to the Treasury announced yesterday (see below) that the proposed reforms to IR35 are being suspended until 6 April 2021 in view of the current situation following the spread of the coronavirus:

### **The Chief Secretary to the Treasury (Steve Barclay):**

As my right hon. Friend has said, we will do whatever it takes to give the British people the tools to get through this challenge.

I can also announce that the Government are postponing the reforms to the off-payroll working rules IR35 from April 2020 to 6 April 2021. The Government will therefore not move the original resolution tonight, but will shortly table an additional resolution confirming that we will reintroduce the off-payroll working rules provisions by amending the Bill, with a commencement date of the 6 April 2021.

This is a deferral in response to the ongoing spread of covid-19 to help businesses and individuals. This is a deferral, not a cancellation, and the Government remain committed to reintroducing this policy to ensure that people who are working like employees, but through their own limited company, pay broadly the same tax as those employed directly.

Source: [https://hansard.parliament.uk/Commons/2020-03-17/debates/9038AB35-B474-48EC-83EC-A1CA7347043A/IncomeTax\(Charge\)](https://hansard.parliament.uk/Commons/2020-03-17/debates/9038AB35-B474-48EC-83EC-A1CA7347043A/IncomeTax(Charge))

I am pleased with this outcome and will continue to encourage the Government to look again at the proposed changes.