



The British Constructional Steelwork Association Limited

4 Whitehall Court, Westminster, London SW1A 2ES
Telephone: 020 7747 8129 Mobile: 07718 479531
Email: deborah.harrison@steelconstruction.org
Website: www.steelconstruction.org

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25th September 2020

ALL MEMBERS MEMORANDUM No 242-20

CHANCELLOR'S ANNOUNCEMENT: NEW JOB SUPPORT SCHEME, LOANS AND VAT DEFERRAL IN UK

Yesterday the Chancellor Rishi Sunak MP announced a number of schemes to support UK businesses affected by the Covid 19 epidemic.

JOB SUPPORT SCHEME (JSS)

This is intended to safeguard viable jobs in businesses who are facing lower demand over the winter due to the impact of COVID-19. The scheme will run for six months from 1st November 2020. In outline, it will apply as follows:

- An employee will need to work and be paid for at least one-third of their normal hours (33%). For the employee's remaining hours (67%), one-third (22%) is paid by the employer and one-third (22%) is paid by government. The level of the government grant will be calculated based on the employee's usual salary, **capped at £697.92 per month**. This means an employee will receive at least 77% of their pay (where the government grant has not been capped). The employer will be reimbursed in arrears for the government contribution. It appears that the JSS will not be available for employees who have been given notice of redundancy.
- All small and medium sized businesses will be eligible. Larger businesses will only be eligible if their turnover has fallen during the pandemic and the government expects that they will not be making capital distributions (such as dividends) while using the JSS (we don't yet know what the turnover limits/parameters will be and will update members further when we do).
- The JSS will be open to employers throughout the UK with a UK bank account and a UK PAYE scheme regardless of whether they have used the furlough scheme. Employers who retain furloughed staff on shorter hours will be able to claim under both the JSS and the Jobs Retention Bonus.
- The existing Self-Employment Grant is to be extended on similar terms to the JSS

LOAN SCHEMES

- All of the current loan schemes have been extended, with new applications to lenders open until **30 November** and approvals closing on **31 December**
- The Bounce Back Loan scheme (BBLs) is to be converted to “Pay As You Grow”
- Business may extend the length of their BBLs loans from six to ten years, cutting monthly repayments in half.
- Businesses will also be able to pay interest-only repayments for up to six months and struggling businesses will have the option to apply for BBLs payment holidays, suspending repayments altogether for up to six months.
- Coronavirus Business Interruption Loan Scheme (CBILS) and the Coronavirus Large Business Interruption Loan Scheme (CLBILS) have been similarly extended.
- A new loan scheme is to be introduced from January 2021.

VAT DEFERRAL

- VAT payments falling due in March 2021 may be spread over eleven instalments, with no interest to pay.
- The 5% VAT rate for hospitality and tourism will be extended until 31st March 2021
- We have no further news yet on Reverse VAT

All memos and information from the BCSA regarding COVID-19 can be viewed at <https://www.steelconstruction.org/covid-19/>

DEBORAH HARRISON
Legal Manager and Company Secretary