

From: Brenda Burke

Date: 06/01 2021

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**To: 1. Alastair Ross, Special Adviser
2. Diane Dodds MLA, Minister**

**NEWLY SELF-EMPLOYED SUPPORT SCHEME (NSESS) - PROPOSED
EXTENSION TO CLOSING DATE & CHANGE TO CRITERIA**

Issue: To provide you with proposals to (1.) extend the closing date of the NSESS to 5 February 2021 and (2.) make a slight amendment to the eligibility criteria for NSESS that will allow more newly self-employed to be eligible.

Timing: Desk Immediate

Executive Referral: Not required – Proposed to send a letter to Executive informing them of the changes (Annex 3)

PfG Implications: PfG Outcome 1: We prosper through a strong, competitive, regionally balanced economy. The grant scheme is an immediate response to safeguard jobs and businesses in the current crisis.

Presentational Issues: There has some adverse publicity about the criteria for the scheme; these changes would mitigate some of this criticism.

Freedom of Information: Exempt under Section 35 – Policy under Development

Financial Implications: The budget for the Newly Self-Employed Support Scheme (NSESS) is £10 million. With the proposed change, the scheme will still be affordable within this funding envelope.

Legislative Implications: The scheme is operating under the Industrial Development Order Northern Ireland (1982).

Statutory Equality Implications:

Given the urgency of the situation there has not been time to undertake an assessment.

Recommendation:

I am inviting you to:

- I. note the background briefing set out below
- II. agree the proposal to extend the closing date of the NSESS to Friday 5th February 2021
- III. agree the proposal to make a slight amendment to the scheme criteria (Annex 1)
- IV. agree the proposed press release (Annex 2)
- V. agree to issue a letter informing the Executive of the changes (Annex 3).

BACKGROUND

1. The Newly Self-Employed Support Scheme (NSESS) was introduced to address a specific cohort of individuals who have fallen through the cracks of the national Self-Employment Income Support Scheme (SEISS) because they had not submitted a tax return for 2018-19.
2. The NSESS was approved by the Executive via Urgent Procedures on 2 December 2020. No objections were raised by any of the Executive to the specific scheme criteria that was included within the Executive Paper.

NSESS – UPTAKE

3. The NSESS opened for applications on 3 December 2020 and is currently due to close on 7 January 2021.
4. The current allocated budget of £10 million allows for a £3,500 grant to be paid to 2,857 self-employed individuals. As of 4 January 2021, **1,257** applications have been submitted. Early indications are that approximately 10% of applications will be rejected on the basis that they do not meet the scheme criteria. The underspend for the scheme is, therefore, estimated at £6 million.

PROPOSED EXTENSION TO CLOSING DATE FOR SUBMISSIONS

5. Invest NI has stated that the level of evidence submitted to support applications is extremely poor. One of the reasons for this is that many applicants have not yet submitted their tax return for 2019/20. **It is proposed that the closing date for applications to NSESS is changed from Thursday 07 January 2021 to Friday 05 February 2021.** As the deadline for submission of the 2019/20 tax return is 31 January 2021, the revised closing date will give applicants an

opportunity to submit their 2019/20 tax returns to HMRC before submitting their application to NSESS. This should result in more robust evidence being available to support applications which will lead to increased approvals and quicker processing times

PROPOSED CHANGE IN ELIGIBILITY CRITERIA

6. The purpose of the NSESS is to provide financial support to those who started trading as self-employed during 2019/20 but who were able to access support via the Self-Employed Income Support Scheme (SEISS) because they had not yet submitted a tax return to HMRC.
7. The current criteria that applies to the scheme is consistent with the criteria that was applied by HMRC in the SEISS. It is recognised, however, that by applying this criteria many of those who moved from paid employment (PAYE) to self-employment during 2019/20 will not qualify for a grant on the basis that less than 50% of their income in 2019/20 was from self-employment.
8. In order to address this concern and ensure more self-employed are eligible, it is proposed that the criteria be amended as follows.

Current criteria that states: ***At least 50% of your income in 2019/20 was from self-employment.***

Will be changed to: ***At least 50% of your income in 2019/20 was from self-employment. However, if you can demonstrate that you moved from paid employment (PAYE) to self-employment during 2019/20, income from the previous employment will not be taken into account.***

9. Applicants will be asked to submit a copy of their P45 to demonstrate that they meet this criteria. It is proposed that the rest of the eligibility criteria remains unchanged.
10. It is not possible to quantify with any certainty how many additional self-employed will qualify for support under the revised eligibility criteria. Invest NI have indicated that the proposed change will enable 125 of current applicants who would otherwise be rejected to qualify for support –this will potentially reduce the underspend by around £438k. However, it is not possible to estimate how many new applications will be submitted once the change has been made to the criteria but it is unlikely to exceed 1,600, so the scheme remains affordable within the £10 million funding envelope.
11. The main disadvantage associated with making the proposed change is that it is not consistent with SEISS criteria. Hence, there could be accusations that

2019/20 new starts are being treated more beneficially than 2018/19 new-starts under SEISS. However, it is significant that these differences are between UKG and Executive schemes. The changes to the NSESS represent the Department addressing issues for businesses that are wholly outside of the SEISS; entering into 2018/19 would represent more direct overlap with the UK Government scheme. On this basis it is recommended that, in the first instance, the exclusion of 2018/19 start-ups remains an issue for UK Government to resolve.

MINISTERIAL DIRECTION

12. There is no requirement to amend the current Ministerial direction that exists for the scheme.

COMMUNICATION

13. If you agree to the change in criteria and revised closing date, the proposed press release is attached at Annex 3. As the proposed changes are in line with the policy intent as agreed by the Executive, there is no requirement to get Executive approval. However, if you wish to inform the Executive of the proposed changes, a draft letter to Executive colleagues is attached at annex 4.

14. I am inviting you to:

- I. note the background briefing set out above;
- II. agree the proposal to extend the closing date of the NSESS to Friday 5 February 2021;
- III. agree the proposal to make a slight amendment to the scheme criteria (paragraph 8 of this submission);
- IV. agree the proposed press release (Annex 1);
- V. agree to issue a letter informing the Executive of the changes (Annex 2).

Brenda Burke

cc List

PS/Minister
Alastair Ross
Mike Brennan
CEO Invest NI
Paul Grocott
David Malcolm
Shane Murphy
Keith Forster
Michelle Scott

Colin Woods
Sharon Hetherington

NR

Private Office
Press Office
Departmental Solicitors

Annex 1: Press release

Press release

Minister extends the closing date of the NSESS and amends the scheme to allow more newly self-employed to be supported

Economy Minister Diane Dodds today announced an amendment to the criteria for the Newly Self-Employed Support Scheme (NSESS) and an extension to the closing date.

The NSESS which opened on 3 December was due to close tomorrow. The closing date has now been extended to Friday 5 February to allow applicants the opportunity to include evidence from their 2019/20 HMRC tax return.

The NSESS provides financial support to newly self-employed individuals (sole traders and those in partnerships) whose business has been adversely impacted by Covid and who have not been able to access support from the UK government's Self-Employed Income Support Scheme.

A one-off taxable grant of £3,500 will be provided.

Newly self-employed individuals (sole traders and those in partnerships) are eligible for the NSESS if they commenced trading as self-employed between 6 April 2019 and 5 April 2020 and their business has been adversely impacted by Covid-19.

Their trading profits for 2019/20 must be below £50,000.

Under the previous criteria over 50% of their income in 2019/20 must have been from self-employment. This has been amended to allow those who commenced self-employment later in the financial year to qualify for support. If you can demonstrate that you moved from paid employment (PAYE) to self-employment during 2019/20 your income from the previous employment will not be taken into account.

The rest of the eligibility criteria remains unchanged.

The Minister said: **“It is important that this scheme covers as many self-employed as the budget will allow. These grants will help hundreds of businesses across Northern Ireland and I am confident that the revised closing date and change to the criteria will allow many more newly self-employed to avail of much needed support at this difficult time.”**

Invest Northern Ireland is delivering the scheme on behalf of the Department for the Economy.

Notes to editors:

1. More information on NSESS and application details are available on www.nibusinessinfo.co.uk/nsees
2. For media enquiries, contact the DfE Press Office at pressoffice@economy-ni.gov.uk
3. Follow us on Twitter [@Economy_NI](https://twitter.com/Economy_NI)

4. The Executive Information Service operates an out of hours service for media enquiries between 1800hrs and 0800hrs Monday to Friday and at weekends and public holidays. The duty press officer can be contacted on: Irrelevant & Sensitive

Annex 2

**FROM THE OFFICE OF THE MINISTER
Diane Dodds MLA**



From: Minister for Economy

Netherleigh
Massey Avenue
Belfast BT4 2JP
Tel: Irrelevant & Sensitive
email: private.office@economy-ni.gov.uk

Date: 06/01/2021

To: Executive Colleagues

NEWLY SELF-EMPLOYED SUPPORT SCHEME (NSESS)

I am writing to inform the Executive of my intention to extend the closing date of the NSESS to the 5 February, and also of my intention to make an amendment to the criteria of the scheme that will enable more self-employed to qualify for support.

These changes are consistent with the policy intent of the scheme as agreed by the Executive in early December and will not impact on the scheme affordability.

Extension to Closing Date

The NSESS opened for applications on the 3 December 2020 and is currently due to close on Thursday 7 January 2021. As of 4 January 2021, 1,257 applications have been submitted to NSESS. Invest NI have indicated that the evidence submitted by applicants to date to support their applications has been very poor. One of the reasons for this is that many have not yet submitted their tax return for 2019/20. It is hoped that extending the closing date for NSESS beyond the deadline for HMRC tax returns (31 January) will enable applicants to provide more robust evidence. It is also hoped that extending the closing date will encourage more newly self-employed to apply to the scheme.

Change to Criteria

Based on the current number of applications submitted and the current grant of £3,500, the underspend for the scheme is estimated £6 million. The criteria that currently applies to the scheme is consistent with the criteria applied by HMRC for SEISS and was agreed by the Executive. However, it is recognised that applying this criteria means that many of those who moved from paid employment (PAYE) to self-employment during 2019/20 will not qualify for grant on the basis that less than 50% of their income in 2019/20 was from self-employment. In order to address this concern and ensure more self-employed are eligible, I have instructed officials to amend the criteria to allow those who started trading later in the financial year to qualify for support. The change to the criteria (highlighted in yellow) is outlined in Annex A.

I hope that the change to the criteria along with an extended period for applications will ensure that many more of the newly self-employed will qualify for much needed support at this difficult time.

DIANE DODDS MLA

Minister for the Economy

Annex A: Revised Eligibility Criteria NI Newly Self-Employed Support Scheme (NSESS)

The purpose of the NI Newly Self-Employed Support Scheme (NSESS) is to provide financial support to those self-employed individuals and members of partnerships whose business was adversely impacted by COVID and were not able to access support via the Self-Employment Income Support Scheme (SEISS). Only sole trader and partnership businesses that commenced trading between 6th April 2019 and 5 April 2020 are eligible for this scheme.

Sole traders and partnership businesses that only started trading on or after 6 April 2020 are not eligible.

To be eligible for the NI NSESS you must meet **all** of the following criteria:

- You must be a self-employed individual or a member of a partnership. You are not eligible if you trade through a limited company or a trust.
- You must have commenced trading as self-employed on or after 6 April 2019 - those who submitted a tax return which included income from self-employment for 2018-19 are not eligible.
- You must have been trading in March 2020.
- At least 50% of your income in 2019/20 was from self-employment. However, if you can demonstrate that you moved from paid employment (PAYE) to self-employment during 2019/20, income from the previous employment will not be taken into account.
- Trading profits for 2019-20 must be below £50,000.
- If a tax return for 2019/20 has not been submitted, you must be able to provide evidence of having commenced trading between 6th April 2019 and 5th April 2020 2020
- You must either:
 - Be currently trading but are impacted by reduced demand due to Coronavirus
 - Be previously trading in the period 6th April 2019 to 30 November 2020 but are temporarily unable to trade due to Coronavirus
- You must declare that:
 - You intend to continue to trade
 - You have suffered at least a 40% decline in trading profits between the period 1 March 2020 -30 November 2020, i.e. your trading profits for that period are at least 40% lower than they would have been in the absence of Coronavirus