

Covid-19: Business Survival Guides

6: Update on UK Government financial support for businesses (c.f. Guide #2)

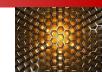
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V1: 20 May 2020

20 May 2020: Update on UK Government financial assistance for business



• Job Retention (furlough) Scheme

UPDATE

- Large Business Interruption Loan scheme (LBILS)
- Bounce Back Fund (new)
- The Future Fund (new)
- Local Authority Discretionary Grants (new)



Job Retention Scheme (CJRS)



- As at 20 May 2020:
- 7.5m workers 'furloughed'; over £10.1m reclaimed by 935,000 employers;
- Reminders:
 - employers can claim up to 80% wages to max. £2400 pcm plus employers' NI and employers' 'automatic enrolment' pensions contributions;
 - No limit on top up above £2400 pcm;
 - Minimum 3 weeks furlough period;
 - Decisions person by person requires each employee's consent;
 - Normal employment law applies
- Updates and clarifications as at 20 May 2020:
 - Scheme end date was extended from 31 May to 30 June and now to 31 October 2020;
 - Employees eligible as long as they were on RTI on or before 19 March 2020;
 - Furloughed employees can only undertake training 'directly relevant' to their job;
 - Written agreement with employee must be in place can be via email;
 - Scheme includes 'Directors' but no 'gainful' work other than completion of statutory duties;
 - Furloughed employees can take on another job (e.g. charity work);
 - Discussion but no decision or date for a shift down from the 80% contribution level;
 - Discussion but no decision on possibility of m August



Job Retention Scheme (CJRS)



- HMRC Portal became available on 20 April 2020;
- Payroll agents allowed to process claims on behalf of employer;
- Employee UK NI number and UK Bank details are a requirement set up to support UK based workers and not non-UK employees of UK business;
- If less than 100 employees on furlough, each is entered manually have details to hand as system 'times out' after 15 minutes inactivity;
- Records must be kept for 5 years;
- Claims have generally been paid within 6 working days;
- Recommend that claim is validated using the Portal calculator tool allows for instant corrections of mistakes rather than re-processing post notification;
- HMRC have no mechanism for 'reversing' a claim do not apply for CJRS unless employer and employee have agreed and are sure of the rules;
- HMRC will making "random checks" on validity of claims extent and approach to the checks is unknown at time of writing

Coronavirus Large Business Interruption Loan Scheme (CLBILS)



Update as at 20 May 2020: turnover above £500m now eligible

- Portal launched 20 April 2020;
- Repayment terms: minimum 3 months, maximum 36 months;
- Eligible businesses with annual turnover:
 - Above £45m can apply for up to £25m finance;
 - Above £250m can apply for up to £50m finance;
 - Above £500m can now apply for finance
- Not eligible if using 'Covid Corporate Financing Facility (CCFF);
- Personal Guarantees: up to £250k none; over £250k max 20%;
- Open to all except: Credit Institutions, Insurers and Re-insurers, Building Societies, Public Sector Bodies, Grant-funded further education and state-funded primary & secondary schools



'Bounce Back' Loan Scheme



- 100% Government backed loans for SMEs;
- Launched on 4 May, open until 4 November 2020;
- 100,000 applications in first week;
- Up to £50,000 as 'vital cash injection';
- Fees plus first-year interest covered;
- No repayments for first year;
- Straight-forward, on-line application to lenders;
- Immediate support should be with applicant within 7 days



'Bounce Back' Loan Scheme



• Eligibility:

- Engaged in trading or commercial activity within UK at time of application for loan;
- Had to be trading on 1 March 2020 and adversely affected by Covid-19;
- Not eligible if already using CBILS or CLBILS;
- UK registered limited company, partnership or tax resident;
- Not in bankruptcy, liquidation, or debt re-structuring;
- More than 50% of income derived from trading activity



The 'Future Fund' part of a £1.25 bn package



- £500m to support high-growth innovative companies:
 - launched 20 May 2020
 - Open until 4 September 2020
 - Available to those ineligible for CBILS e.g. who may be 'angel' funded and are not yet trading;
 - Convertible loans between £125k £5m;
 - Administered by British Business Bank;
 - Match funded with private equity



The 'Future Fund'



Eligibility:

- UK registered company not listed on any stock exchange;
- Have raised £250k in 3rd party equity investment over last 5 years;
- Able to attract match-funding to any Future Fund grant;
- Half, or more, employees are UK based or half, or more, revenues from UK sales;
- 8% interest;
- Applications via investors and not the business itself;
- Final payment on maturation of loan 36 months;
- Restrictions on use include: payments to consultants, dividends, bonus payments,



'Innovate UK' Grants part of a £1.25 bn package



- £750m to support R&D intensive companies:
 - launched 15 May 2020;
 - Applications for grants close on 29 May 2020;
 - Continuity grants up to £90m available immediately;
 - Longer term loans up to £210m available until
 December 2020 for long-term R&D businesses;



Local Authority Discretionary Grants Fund



- £617m new funding:
 - £10k-£25k discretionary grants to local business rates payers;
 - Aimed at:
 - small businesses not presently eligible for 'Small Business Grant Fund' (SBGF) or 'Retail, Hospitality, Leisure Grant Fund (RHLGF);
 - Businesses that are 'key' to an area;
 - Eligible businesses can be:
 - in shared offices, or flexible working spaces;
 - Regular market traders;
 - Small charities that qualify for small business rate relief;
 - Bed & Breakfasts that pay council Tax
 - Grants can be £25k, £10k, or any amount up to £10k;

Note: As at 10 May 2020 'Small Business Grant Fund' (SBGF), and 'Retail, Hospitality, Leisure Grant Fund (RHLGF) have paid a total of over £9.1 Bn across 742,000 business properties



Local Authority Discretionary Grants Fund



- Eligibility:
 - Remain eligible if applied for CJR (furlough) Scheme;
 - However, business must not be eligible for any other Covid GRANT scheme including:
 - Self employment Income support scheme;
 - Small Business Grant Fund;
 - Retail, hospitality and Leisure Grant Fund;
 - The Fisheries Response Fund;
 - Domestic Seafood Supply Scheme;
 - The Zoos Support & Dairy Hardship Funds
 - Business was trading as at 11 March 2020;
 - Not: insolvent, in administration, or struck off;
- Application for Grant: individual to each Local Authority as at 20 May 2020, waiting publication and timing of process
- Tax: all grants treated as income, including this LADGF