

# Covid-19: Business Survival Guides

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

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



- Job Retention (furlough) Scheme 
- 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

***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 3<sup>rd</sup> 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;



NEW

# 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

NEW

- 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