



CHARLOTTE STREET
PARTNERS

ACCESSING GOVERNMENT
SUPPORT AND ADVICE

March/April 2020

FROM A DIFFERENT PLACE

FOREWORD

The UK and devolved governments have announced a wide-ranging package of measures designed to support businesses through the Covid-19 pandemic. This includes £330bn in loans, £20bn in other aid, a business rates holiday, and grants for retailers and pubs.

Subsequently, the chancellor of the exchequer announced what is the most significant government intervention in the economy, ever. The UK government will now pay 80% of wages for employees not working, up to £2,500 a month. VAT payments for businesses will be deferred until the end of June. This has now been augmented with support for self-employed people.

It is a colossal and open-ended short-term intervention. More could follow, not least on direct support for major business failures at a firm or even sector level. However, this escalation was very substantial and we expect others like it in all major economies.

There does remain some uncertainty among organisations around how to access this support at a time when answers – and support – are needed quickly, in order to pay employees and suppliers and meet the other costs of running a business.

We expect details to emerge over time, but any public support now is likely to have long lasting implications for your business, your licence to operate and your public standing.

Careful consideration will have to be given to how you engage with the government and what you say about any support you receive. You will need a strategy for what happens when we emerge from this crisis and how you position the support you received.

If you need help for your business directly or for your sector overall, we can advise on how best to communicate the ask and why it matters, and – crucially – the benefits to the broader economy and society that will result.

BANK OF ENGLAND

The Bank of England has put together a list of places where business can check what support is available to them and how it will be delivered. More information was made available on Monday, 23 March on lending schemes.

On Thursday, 19 March, the Monetary Policy Committee held a special meeting and voted to cut the base rate to 0.1% and increase its holding of UK government and corporate bonds by £200bn. This is the Bank doing almost as much as it can with monetary policy to inject cash into the economy.

UK Government

The announcement on the gov.uk website lists the various measures available and who is administering them: [UK Government - guidance to employers and businesses about Covid-19 support](#) – it is comprehensive and updated, as they add additional measures.

RELEVANT TO ALL BUSINESSES

Banks and building societies can participate in the Bank of England's **Term Funding Scheme** announced on 11 March with additional incentives for SMEs ([TFESME](#)). Companies can ask their funders about the implications for business lending.

There will also be a three-month VAT deferral applicable from 20 March until 30 June 2020. This is automatic and applications are not required.

IF YOU ARE EITHER A SMALL OR MEDIUM-SIZED BUSINESS

The **Coronavirus Business Interruption Loan Scheme** will operate from 23 March and be delivered through the British Business Bank via participating providers. If you are UK-based and have a turnover of no more than £45m per year (previously £41m), you can apply for up to £5m of funding. Larger firms with turnover of between £45m and £500m will be eligible for state-backed loans of up to £25m.

The scheme will offer more attractive terms for both businesses applying for new facilities and lenders, with the aim of supporting the continued provision of finance to UK businesses during the Covid-19 outbreak.

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The government will also cover the first six months of interest payments, so businesses will benefit from lower initial repayments. The business remains liable for repayments of the capital.

Initially, applications were limited to businesses that had been refused a loan on commercial terms, however, as of 3 April, this is no longer the case. In addition, banks have now been banned from asking company owners for personal guarantees for loans of up to £250,000.

To be eligible for the scheme, the small business must:

- Be UK based, with turnover of no more than £45m per annum (the figure was previously £41m). Larger firms with turnover of between £45m and £500m will be eligible for state-backed loans of up to £25m.
- Operate within an eligible industrial sector (a small number of industrial sectors are not eligible for support – [see here](#)).
- Have a borrowing proposal which would be considered viable had it not been for Covid-19.

More detailed eligibility criteria can be found [here](#).

The list of accredited lenders is being added to on an ongoing basis. Those currently approved are:

- ABN Amro Commercial Finance
- Aldermore
- Arkle Finance Limited
- ART Business Loans
- Askif Inclusive Finance
- Bank of Ireland
- Bank of Scotland
- Barclays
- BCRS Business Loans
- Business Enterprise Fund
- Calverton Finance
- Chamber Acorn Fund
- Close Brothers
- CYBG
- Compass Business Finance
- Country Finance Group
- Coutts
- CWRT
- Cynergy Bank
- Danske Bank
- DSL Business Finance
- Enterprise Answers Finance for Enterprise
- First Enterprise Business Finance
- Genesis Asset Finance
- Haydock Finance
- Hitachi Capital
- HSBC
- Let'sDoBusiness Group
- Lloyds Bank
- MSIF
- Metro Bank
- NatWest
- Newable
- Oak North Bank
- Robert Owen Community Banking
- Santander
- Secure Trust Bank Commercial Finance
- Skipton Business Finance
- SWIG Finance
- Starling Bank

- The Co-operative Bank
- RBS
- TSB
- UKSE
- Ulster Bank

Employers with fewer than 250 employees will also be able to reclaim up to two weeks Statutory Sick Pay (SSP) per eligible employee who has been off work because of Covid-19. Employers should maintain records of staff absences and SSP payments but employees will not need to provide a doctor's note.

IF YOU ARE A LARGE BUSINESS

If your business has an annual turnover of between £45 million and £500 million, you can apply for funding through the **Coronavirus Large Business Interruption Loan Scheme**. Similar to the Coronavirus Business Interruption Loan Scheme, it will provide lenders with an 80% guarantee on individual loans for businesses that would otherwise be unable to access the finance they need.

This scheme is not yet available but the government hopes to launch it before the end of April.

To be eligible for the scheme, the business must:

- Be UK based with turnover between £45m and £500m per annum.
- Be unable to secure regular commercial financing.
- Have a borrowing proposal which the lender would consider viable had it not been for Covid-19 and will enable you to trade out of any short to medium term difficulty.

The **Covid Corporate Financing Facility** ([CCFF](#)) is a scheme for larger firms via the Bank of England.

It will provide funding to businesses by using central bank reserves to purchase commercial paper of up to one-year maturity, issued by firms making a material contribution to the UK economy, helping businesses across a range of sectors to pay wages and suppliers, even while experiencing severe disruption to cashflows.

A [market notice](#) explains some of the detail of how the facility will work. Information on how to apply can be found [here](#).

IF YOU ARE A SMALL BUSINESS BASED IN SCOTLAND

You can access grants and business rate relief measures administered by local authorities.

A. SMALL BUSINESS BONUS AND RURAL RELIEF SCHEMES – ADDITIONAL GRANT FUNDING

- If you are based in Scotland and have a total rateable value (the value used to assess the amount of business rates the property owner or leaseholder must pay) up to £35,000, you may be able to access rates relief via the [Small Business Bonus Scheme](#), which

includes a link to local authority websites.

- If your property is in a designated rural area, with a population below 3,000, you may be eligible for 100% relief from your business rates via [Rural Relief](#).
- If you are eligible for either scheme, you may also be eligible for an additional £10,000 grant from the Scottish Government from 1 April 2020.

B. GRANT FUNDING FOR HOSPITALITY, TOURISM AND RETAIL SECTOR

- If you are based in Scotland and have a total rateable value (the value used to assess the amount of business rates the property owner or leaseholder must pay) up to £35,000, you may be able to access rates relief via the [Small Business Bonus Scheme](#), which includes a link to local authority websites.
- If your property has a rateable value between £18,000 and £51,000, you may be eligible for a £25,000 hospitality, leisure and retail property grant. This was previously one grant per business, however, it is now allocated per property. Businesses can claim a 100% grant on the first property and a further 75% grant on all subsequent properties.
- You may also be eligible for one year's 100% non-domestic rates relief for retail, hospitality and tourism.

Information on how to apply for this support can be found [here](#).

WAGES FOR FURLOUGHED WORKERS

The Coronavirus Job Retention Scheme will allow all UK-wide employers with a PAYE scheme – including the public sector, local authorities and charities – to access support to continue paying at least part of their employees' salary.

This applies to employees who have been asked to stop working, but who are being kept on the pay roll, otherwise described as “furloughed workers”. HMRC will reimburse 80% of their wages, up to £2,500 per month, to safeguard workers from being made redundant. The Coronavirus Job Retention Scheme will cover the cost of wages backdated to 1 March and is initially open for three months, but will be extended if necessary.

To access it, employers will need to:

- designate affected employees as “furloughed workers” and notify them of this change (NB: this remains subject to existing employment law and, depending on the employment contract, may be subject to negotiation)

- submit information to HMRC about the employees that have been furloughed and their earnings once the online portal is live

HMRC expects the system to be up and running by the end of April. If your business requires short-term cash flow support, you can apply for a Coronavirus Business Interruption Loan.

SUPPORT FOR THE SELF-EMPLOYED

Self-employed people or members of a partnership who are in financial difficulty can apply to have 80% of their trading profits covered by the government. This will be calculated using average monthly profits over the last three financial years and capped at £2,500 per month.

To work out the average, HMRC will add together the total trading profits for the 2016-17, 2017-18 and 2018-19 tax years (where applicable) then divide by three and use this to calculate a monthly amount. It will be paid directly to bank accounts in one instalment.

The following criteria apply:

- you have submitted your income tax self-assessment return for the 2018-19 tax year
- you traded in the 2019-20 tax year
- you are trading when you apply, or would be if not for Covid-19
- you intend to continue to trade in the 2020-21 tax year
- you have lost trading/partnership trading profits due to Covid-19
- your self-employed trading profits are less than £50,000 and more than half your income comes from self-employment

The scheme is not available yet. HMRC says it will contact those who are eligible and invite them to apply online.

OTHER INFORMATION

- The Association of British Insurers has issued a statement on business insurance cover and has a [Covid-19 Q&A](#), which includes business insurance, trade credit, income protection, and pensions and investments.
- Visit Britain has a dedicated Covid-19 [webpage](#) for the latest updates and key links for businesses and industry.
- For anyone involved in the charitable/third sector, more information can be found on the [SCVO](#) and [NCVO](#) websites.

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We hope this information is useful to you.
Please do get in touch for a more personal response to your specific situation.

MALCOLM ROBERTSON

Founding Partner
+ 44 7788 567 680
[Contact email](#)

ANDREW WILSON

Founding Partner
+44 7810 636 995
[Contact email](#)

HARRIET MOLL

Creative Director
+44 7717 501 626
[Contact email](#)

LAURA HAMILTON

Managing Partner
+44 7584 708 291
[Contact email](#)

KEVIN PRINGLE

Partner
+44 7880 204 256
[Contact email](#)

DAVID GAFFNEY

Partner
+44 7854 609 998
[Contact email](#)

SARAH BUCHANAN-SMITH

Partner
+44 7887 645 226
[Contact email](#)

IAIN GIBSON

Associate Partner
+44 7984 494 587
[Contact email](#)

SABINA KADIĆ-MACKENZIE

Associate Partner
+44 7827 887 916
[Contact email](#)

ADAM SHAW

Associate Partner
+44 7824 096 155
[Contact email](#)

TOM GILLINGHAM

Associate Partner
+44 7741 659 021
[Contact email](#)

SCOTT REID

Associate Partner
+44 7912 483 423
[Contact email](#)

www.charlottestpartners.co.uk