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Coronavirus: Support for businesses

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Summary

This is a very fast-moving issue and information should be read as correct at the date of publication (18 December 2020). We would nevertheless recommend checking information with primary sources to ensure that it's up to date.

In a worst-case scenario, it was feared that up to one fifth of UK employees might have been absent from work during the initial coronavirus outbreak. This would have had major economic impacts for the UK. This briefing provides information on the various sources of support for businesses affected.

Pre-existing Government support schemes for businesses may be of help to firms. More information about these is available in our briefing Access to support for small firms.

Advice and information for affected businesses is provided in a number of different places. The Government has created a website with detailed guidance on the different support measures available to businesses. It has also set up a dedicated team, led by the Department for International Trade (DIT) and UK Export Finance (UKEF), to offer supply chain support and help for businesses with cashflow problems.

Early in the pandemic the Government announced plans for a **£330+ billion package of support for businesses**, including:

- A **Coronavirus Job Retention Scheme** that will see HMRC pay 80% of "furloughed" workers' wages, up to a £2,500 per month cap for at least three months.
- A **Self-Employment Income Support Scheme** that will pay self-employed individuals up to 80% of their profits for three months, up to a £2,500 per month cap.
- A new **Coronavirus Business Interruption Loan Scheme** that will see banks offer loans of up to £5m to support SMEs. The Government will cover the costs of interest on these loans for the first six months. The scheme was extended to larger businesses from 20 April. A simplified scheme, **Bounce Back Loans**, launched on 4 May.
- **Scaling up HMRC Time To Pay service**, allowing businesses and the self-employed to defer tax payments over an agreed period of time.
- **Tax deferments** on both self-assessment tax returns and the quarterly tax return for 20 March-30 June.
- **Statutory Sick Pay (SSP)** costs for businesses with fewer than 250 employees will be met by the Government in full for up to 14 days per employee.
- **Business Rate Relief** for all businesses in the retail, hospitality or leisure sector in England, for one year in 2020-21. Eligible pubs will also be entitled to a business rate discount of £5,000.
- **Cash grants** worth:
  - £25,000 to the smallest businesses in the retail, hospitality or leisure sector.
  - £10,000 for all business in receipt of Small Business Rates Relief (SBRR) and Rural Rates Relief.
- The **Covid 19 Corporate Financing Facility (CCFF)** for large businesses.
- Provisions **to prohibit forfeiture of a lease for non-payment of rent** initially for 3 months to 30 June 2020 but since extended to 31 December and then to the end of March 2021.

The Bank of England reduced the base rate to 0.1%, enabled an expansion of low-cost credit to businesses through the CCFF, reduced the UK countercyclical capital buffer rate (which the Bank estimates will allow banks to lend up to £190 billion more to businesses), and advised banks not to increase dividends or bonuses in response to the other actions announced.

Insurance arrangements for businesses are complex and cover a number of areas. The Association of British Insurers advises businesses to check their cover and to discuss concerns with brokers. Few companies are likely to have pandemic business interruption coverage (whether related to Government orders to close down or notifiable illnesses), although the level of those who do is still uncertain and policy wording may be open to challenge. The Government advises those not eligible to claim to take up the other support measures on offer.

Several months into the pandemic, the Government made changes to corporate insolvency and governance arrangements to help businesses to focus on operation and survival.

Later still the Chancellor announced the **Eat Out to Help Out** scheme to help support eat-in dining.

The Government made further announcements on 24 September through the Winter Economy Plan. These included a new Job Support Scheme, continuation of the Self Employment Income Support Scheme and various tax arrangements, and measures to extend the term of business loans schemes.

But the return of more severe restrictions later in the year led to further policy updates – including the retention of the Coronavirus Job Retention Scheme and extension of arrangements for business loans and for the self-employed. The Government also introduced new schemes that provide funding to local authorities in England to support businesses.

All our briefings on coronavirus are listed on the Commons Library coronavirus page. This briefing also signposts relevant Library publications and other sources throughout.

Information about spending on many of the main schemes appears in Coronavirus business support schemes: statistics.

1. Impacts on business and the economy

The Government warned that up to one-fifth of employees may be absent from work during peak weeks of the pandemic.[1] This may vary for individual businesses but could have significant economic impacts on individual businesses as well as the wider economy. In Budget 2020, HM Treasury stated:

> The impact of the outbreak of Covid-19 on the UK economy is highly uncertain, and while the effect could prove significant, it is expected to be temporary.[2]

1.1 Original closure of business premises

For further information, see our briefings Coronavirus: the lockdown laws and Coronavirus: returning to work.

The *Health Protection (Coronavirus, Restrictions) (England) Regulations 2020 (SI 2020/350)* ('lockdown regulations') require businesses in a range of sectors **in England** to close their premises, except for carrying out certain permitted activities. The regulations came into effect on 26 March 2020. The Government published a list of the business premises that were required to close.

Public health is devolved to **Scotland, Wales** and **Northern Ireland**. The three nations introduced their own lockdown regulations that were broadly similar to those in England.[3]

1.2 Re-opening businesses

On 10 May 2020, the Prime Minister addressed the nation to announce the Government's roadmap for lifting the coronavirus lockdown in England. On 11 May the Government published its Covid-19 recovery plan, setting out a three-step plan for lifting restrictions. The Scottish Government, Welsh Government and Northern Ireland Executive issued their own guidance to businesses and workers

1.3 New restrictions from autumn

Increases in infection rates led to wider restrictions from the autumn. These have led to differing and changing rules about which businesses may open in which country or area. The latest information is available as follows:

- **England** – New National Restrictions from 5 November (section 4)
- **Northern Ireland** – Coronavirus (COVID-19) regulations guidance: what the restrictions mean for you
- **Scotland** – Coronavirus (COVID-19): local protection levels
- **Wales** – Closure of businesses and premises: coronavirus (COVID 19)

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1 Department of Health & Social Care, Coronavirus action plan: a guide to what you can expect across the UK, 3 March 2020
2 HM Treasury, Budget 2020, 11 March 2020, para 18
3 See SSI 2020/103 (Scot); WSI 2020/353 (W.80) (Wales); NISR 2020/55 (NI).

2. Where can businesses get information and advice?

The Government has consolidated information and resources for businesses affected by the Coronavirus outbreak on its business support webpage. This is likely to be the most comprehensive source of up-to-date information available about support and eligibility.

Please note that some aspects of business support are devolved to individual countries of the UK. The main webpage gives a brief summary of which schemes are available where, but there are also links to overall support available in Scotland, Wales and Northern Ireland.

Government business support advice

On the 9 March 2020 the Government set up a dedicated team, led by the Department for International Trade and UK Export Finance (UKEF) to support businesses facing challenges caused by the coronavirus:

- **Supply chain support:** DIT has a global network of relationships with businesses across the world and, where possible, it says it will seek to provide advice on alternative suppliers. DIT can also direct queries to professional service and advisory firms who can assist UK companies to seek alternative suppliers.
- UKEF is also **helping businesses with cash flow problems** by guaranteeing bank loans through its Export Working Capital Scheme. It also offers an export insurance policy to help recover the costs of fulfilling an order that is terminated by events outside the control of the business.

UKEF also supports finance for overseas buyers through the Direct Lending Facility scheme.

The Departmental Operations Centre can be contacted on COVID19@trade.gov.uk.

Industry support and advice

The Confederation of British Industry (CBI) has created an online hub to assist businesses in dealing with the impacts of coronavirus, with ACAS producing similar advice. The Federation of Small Businesses (FSB) has published their own advice, which includes information about the help members of the FSB can call on during the outbreak.

The **Business Support Helpline** provides help and advice to firms.

Regionally, Growth Hubs run by Local Enterprise Partnerships provide support and information to local businesses.

Covid-19 scams

HMRC has seen an increase in coronavirus-related scams and has published guidance on spotting them.

3. What support for businesses was announced?

3.1 Spring 2020 announcements

In Budget 2020, the Chancellor set out plans for a £12 billion package of "temporary, timely and targeted measures" to support public services, individuals and businesses through the economic disruption caused by coronavirus.[4]

On 17 March, the Chancellor set out a package of additional financial measures worth £330 billion ("equivalent to 15% of GDP") and "promised to do whatever it takes to support our economy through this crisis." The Chancellor went on to say "if demand is greater than the initial £330 billion [for loans] I'm making available today, I will go further and provide as much capacity as required. I said whatever it takes – and I meant it."[5] To this end the Chancellor said it there would be new legal powers in the Coronavirus Bill enabling the Government to "offer whatever further financial support we think necessary to businesses."[6]

On 19 March an Urgent Question on coronavirus employment support was debated in the House. During this debate several Members raised concerns that the package of support measures announced fell short of what was required.[7] The Economic Secretary to the Treasury John Glen responded to the question, and ended by highlighting: "The Chancellor has said that he will look at further steps to help protect jobs and incomes, and he will announce further details in due course."[8]

A day later, on 20 March, the Chancellor provided an updated statement on coronavirus. This provided both new measures and updated information on those measures already announced.[9]

Taken together, the combined support measures announced for businesses and the self-employed affected by Coronavirus, included:

- The Coronavirus Job Retention Scheme through which HMRC will reimburse 80% of "furloughed" workers' wage costs, up to a cap of £2,500 a month.
- A direct grant scheme for the self-employed, which will pay self-employed individuals up to 80% of their profits, up to a £2,500 per month cap.
- The Coronavirus Business Interruption Loan Scheme to support long-term viable businesses to respond to cash-flow pressures

4 HM Treasury, Budget 2020, 11 March 2020, para 1.83
5 HM Treasury, Chancellor of the Exchequer, Rishi Sunak on COVID19 response, 17 March 2020
6 HM Treasury, Chancellor announces additional support to protect businesses, 17 March 2020
7 HC Deb 19 Mar 2020 cc1137-1153
8 HC Deb 19 Mar 2020 c1137
9 HM Treasury, The Chancellor Rishi Sunak provides an updated statement on coronavirus, 20 Mar 2020

- Scaling up the HMRC Time To Pay Scheme
- Tax deferments
- Statutory sick pay relief for SMEs.
- Business Rate Relief for businesses in the retail, hospitality or leisure sector.
- A £25,000 cash grant to businesses in the retail, hospitality or leisure sector with a rateable value of less than £51,000
- Small business grant funding of £10,000 for all business in receipt of Small Business Rates Relief (SBRR) and Rural Rates Relief.
- Launching the Bank of England Covid-19 Corporate Financing Facility (CCFF), which aims to provide liquidity for large firms to help them bridge Coronavirus disruption to their cash flows through loans. [10] [11]
- prohibiting forfeiture of a lease for non-payment of rent for 3 months to 30 June 2020 (in England, Wales and Northern Ireland).

(Further refinements and new initiatives are discussed in relevant sections of this briefing.)

The Bank of England

On **Budget Day**, the Bank of England announced four specific measures to help support the economy against the threat posed by coronavirus:

1. Reduction of the base rate from 0.75% to 0.25% [and subsequently to 0.1%].[12]
2. Introduction of a new "Term Funding scheme with additional incentives for Small and Medium-sized Enterprises (TFSME), financed by the issuance of central bank reserves", which is intended to support and encourage banks to maintain low-cost lending to SMEs over the next four years.
3. Reduction of the UK countercyclical capital buffer rate, which the Bank estimates will allow banks to lend up to £190 billion more to businesses.
4. Announcement – via the Prudential Regulation Authority (PRA) – that banks should not increase dividends or bonuses in response to the other actions announced. [13]

The Guardian described the Bank's actions as "perfectly timed" to coordinate with the Budget. It further reported that the announcement appeared to have led to a (temporary) 2% rise in the FTSE100 index.

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[10] HM Treasury, Budget 2020: Support for those affected by COVID-19, 11 March 2020

[11] HM Treasury, Chancellor announces additional support to protect businesses, 17 March 2020

[12] Bank of England, Monetary Policy Summary for the special Monetary Policy Committee meeting on 19 March 2020, 19 March 2020

[13] Bank of England, "Bank of England measures to respond to the economic shock from Covid-19", 11 March 2020.

3.2 Responses to the measures

There was cross-party support for the emergency coronavirus measures announced in the Budget. Leader of the Opposition, Jeremy Corbyn, said that the "steps the Government have announced today to head off the economic impact of the coronavirus are obviously welcome."[14] However, he criticised the Government's prior handling of the economy and said some of the key challenges of dealing with the business and economic impact of coronavirus outbreak stemmed from this.

Business response

Businesses and business leaders welcomed the suite of budget measures. The National Chairman of the Federation of Small Businesses (FSB) said:

> Covering the cost of Statutory Sick Pay and emergency measures for the self-employed are particularly welcome. Removing the minimum income floor for those on Universal Credit will bring help to those working hard to keep their businesses going. These are vital contingencies for the UK's 5.8 million-strong small business and self-employed community. There may need to be further steps in the weeks and months ahead. The Bank of England funding package means that there are no excuses for banks not to help, when a small business customer is in distress.[15]

Treasury Committee

The Treasury Select Committee Chair, Mel Stride, said the support for small and medium-sized enterprises would be "absolutely vital" in coping with the coronavirus outbreak. He welcomed these measures and said the Committee would want to ensure these support measures are working well, and would look to examine:

- **how quickly support is mobilised**, in particular "whether HMRC is spring-loaded to ensure that businesses are aware of what is available and how to take advantage of it as quickly as possible."
- **whether the support is enough**; and
- **how well targeted the support is**, because "Businesses in particular sectors are hurting more than others. We need to make sure that additional help is provided for them, just as we did in similar circumstances in the 2001 foot and mouth crisis."[16]

As part of its post-budget scrutiny inquiry, the Treasury Committee heard from Robert Chote, the chairman of the Office for Budget Responsibility (OBR) on 17 March 2020. He told the Committee the UK is facing a "wartime situation" that requires a mass expansion in government spending to support businesses through the worst of the coronavirus outbreak.[17]

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14 HC Deb 11 Mar 2020 c294
15 FSB, Chancellor delivers business contingencies and election commitments, 11 March 2020
16 HC Deb 11 Mar 2020 c300-301
17 Steven Swinford & Gurpreet Narwan, It's just like the war, says budget watchdog, *The Times*, 17 March 2020

The Treasury Committee has since established a separate inquiry into the economic impact of coronavirus, which focuses on "whether the Government's response to the coronavirus is sufficient, and to suggest areas where more support is needed".

Responses to the additional measures

Responding to the Chancellor's statement setting out these measures, the then Shadow Chancellor, John McDonnell said "People are worried, and I am disappointed that today's package of measures does not really appreciate the urgency or the gravity of the situation for those individuals and their families." [18] These concerns include:

- whether businesses would want to take on the **extra debt on the Government-backed loans**
- Whether businesses would be able to **access the emergency government backed loans**
- The **scale of the support measures compared with other countries**
- How **companies without requisite insurance policies** would continue to be able to operate.

3.3 The Winter Economy Plan (September 2020)

On 24 September, the Government announced further (or extended) support measures as part of its Winter Economy Plan. The main announcements were:

- A new Job Support Scheme "to protect viable jobs in businesses who are facing lower demand over the winter months due to coronavirus". The Scheme will begin on 1 November
- Continuation of the Self Employment Income Support Scheme to the end of the 2020/21 financial year
- Continuation of the temporary 15% VAT cut for the tourism and hospitality sectors until the end of March 2021
- A New Payment Scheme that allows businesses that have deferred their VAT payments to repay what they owe over 11 interest-free payments in 2021/22
- A 12-month extension of the of the "Time to Pay" scheme for self-asssessment taxpayers
- Extending the length of Coronavirus Business Interruption loans[19] and Bounce Back loans to 10 years, with additional opportunities for payment holidays and interest-only payment holidays for the latter. All loan schemes would remain open to new applications until 30 November.

[18] HC Deb 17 Mar 2020 c933

[19] The extension to Coronavirus Business Interruption loans has not yet been implemented.

3.4 November 2020 announcements

In line with the announcement of a forthcoming second lockdown in England, the Government made a number of further adjustments to arrangements. On 2 November, it confirmed extensions to the Self-Employed Income Support Scheme, as well as to the deadlines for the business loans schemes. It was also announced that the Coronavirus Job Retention Scheme (CJRS) would be extended. The Treasury published a summary of these and other changes, including support to businesses in England via local authorities.

On 5 November, the Chancellor, Rishi Sunak, made a further statement, confirming that the CJRS would be extended to the end of March 2021.

3.5 Continuing updates

The spike in infections and the re-imposition of restrictions towards the end of 2020 has led to continuing revision and extension of business support arrangements, often at short notice and beyond the dates outlined above. More detail is available in relevant sections of this briefing paper and in the sources they refer to.

4. Coronavirus Job Retention Scheme

How can businesses apply to the scheme?

- **The CJRS initially covered a period from 1 March to 31 October 2020. It has been extended to cover 1 November to 30 April 2021.**
- Under the extended CJRS, employers can designate as furloughed any employee on a payroll notified to HMRC on or before 30 October. Employees who stopped working 23 September can be re-employed and furloughed.
- Rates of support have varied over time. From 1 November until at least 30 April 2021, HMRC will cover 80% of wages for usual hours not worked. Employers only cover NICs and pension contributions.
- The Government has published basic guidance for employers on the extended scheme. Full guidance and a new Treasury Direction have yet to be published.
- We provide more detailed information in our briefing FAQs: Coronavirus Job Retention Scheme.

The Coronavirus Job Retention Scheme (CJRS) was announced on 25 March. The scheme initially ran from 1 March to 30 June. Under the initial CJRS HMRC provided a grant to cover 80% of "furloughed employees'" wages, up to a cap of £2,500 per month. HMRC provided an additional grant to cover the cost of employer National Insurance and auto-enrolment pension contributions.

From 1 July to 31 October the rules of the scheme changed to allow 'flexible furloughing'. Employers could bring workers back on reduced hours and claim under the CJRS for any usual hours not worked.

From 1 August the rate of support and employer contributions changed:

- From 1 August the grant no longer covered employers National Insurance and pension auto-enrolment contributions;
- From 1 September the grant only covered 70% of the employee's wages and employers were required to top it up to 80%;
- From 1 October the grant has only covered 60% of the employee's wages and employers must top it up to 80%.

On 5 November the Chancellor announced the CJRS would be extended again to cover the period from 1 November until 31 March 2021.

On 17 December the Chancellor announced the CJRS would be extended for a further month until 30 April 2021 in order to give businesses certainty. He also announced that the rate of support will remain at 80% with no employer contributions required.

The rules of the extended CJRS are set out in a Treasury Direction, a type of legislation. The Treasury has also updated its guidance on the CJRS to reflect the rules that apply from 1 November.

Extended CJRS: Eligibility

All UK businesses are eligible for the scheme, as long as they have a PAYE payroll that was notified to HMRC on a real-time information (RTI) submission by 30 October 2020. There is no requirement for an employer to have previously used the CJRS.

The CJRS covers any employee who was employed on 30 October on a payroll notified to HMRC on a real time information (RTI) submission on or before that date. Employees who were employed on 23 September on a payroll notified to HMRC before that date but who subsequently stopped working or were made redundant can be re-employed and furloughed. This is at the discretion of the employer.

In order to furlough an employee, an employer must enter into a 'furlough agreement'. This will say whether the employee is fully furloughed or flexibly furloughed. It will also set out the terms and conditions that apply during furlough, including rate of pay. Employers must pay employees at least 80% of their reference salary but may also agree to top it up.

The timescales for making claims under the extended CJRS are quite tight. Claims must be made within 14 days of the end of the calendar month to which they relate (e.g. the deadline for making claims for December 2020 is 14 January 2021). Further detail can be found in the Government's guidance on submitting claims.

Extended CJRS: rate of support

From 1 November until 31 January 2021, HMRC will cover 80% of an employee's 'reference salary' for any 'usual hours' not worked. The rate of support and employee contributions will be reviewed in January.

The rules on calculating 'reference salary' under the extended CJRS will be the same as the rules under the original CJRS. There is a difference for employees who are eligible under the extended CJRS but were not eligible under the original CJRS (see section 4.2 of the guidance).

Further information can be found in the Commons Library Briefing, FAQs: Coronavirus Job Retention Scheme (CBP-8880).

4.1 Job Support Scheme

The extension of the CJRS means that its proposed replacement, the Job Support Scheme, has now been postponed.

The Government announced a new Job Support Scheme as part of the Winter Economic Plan. The rules of the JSS were changed a number of times between its announcement and the proposed commencement date of 1 November 2020. Ultimately the Government created two schemes: Job Support Scheme (Open) for all businesses and Job Support Scheme (Closed) for businesses required to close under lockdown laws.

The Treasury published detailed guidance for the JSS.

5. The Self-Employment Income Support Scheme (SEISS)

The Commons Library Briefing: Coronavirus: Self-Employment Income Support Scheme (CBP8879) provides further information on eligibility and other frequently asked questions.

Following the announcement of the Government's Coronavirus Job Retention Scheme (CJRS), there were calls for similar support to be provided to the self-employed.[20] On 26 March, the Chancellor announced the Self-Employment Income Support Scheme (SEISS) – which would pay taxable grants worth 80% of someone's average monthly trading profit, over a three month period, worth up to £7,500. On 30 April, the Government published the Treasury Direction to HM Revenue & Customs, the statutory provisions underpinning the SEISS. The Scheme opened for applications on 13 May and closed on 13 July.[21]

The Office for National Statistics estimates that just over 5 million people (15% of the UK workforce) are self-employed.[22] The Government has stated that the SEISS covers 95% of people who get the majority of their earnings from self-employment,[23] although the Institute for Fiscal Studies estimates that just 62% of all self-employed individuals are covered.[24]

On 29 May the Government announced a second round of the SEISS, with those eligible able to claim a second and (then) final grant, worth 70% of their average monthly trading profit, for a further three months, capped at £6,570. On 2 July a second Treasury Direction was published to this effect. Applications for the second grant opened on 17 August and were closed on 19 October.[25]

On 24 September the Government announced an extension to the SEISS to be introduced in November, to cover the six months up to the end of April 2021. The SEISS Grant Extension would be in the form of two taxable grants – first to cover November 2020 to January 2021, second to cover February 2021 to April 2021.

Initially it was proposed that the first of these grants would cover 20% of average monthly trading profits, capped at £1,875, but this figure has been revised three times. On 22 October the Chancellor announced the first grant would cover 40% of average monthly trading profits, capped at £3,750. On 2 November the Chancellor announced that the payment for the first month (November) of the first grant would be set at 80% - increasing the total level of this grant to 55% of trading profits, capped at £5,160. Subsequently on 5 November the Chancellor announced that all three months of the first grant would be calculated

20 For example, "Coronavirus: Self-employed need financial help, unions warn", *BBC News*, 21 March 2020
21 For details on the take-up and cost of the Scheme see, HMRC, *SEISS statistics: November 2020*, 25 November 2020
22 ONS, Labour market economic commentary: March 2020, 17 March 2020
23 HM Treasury, *Chancellor gives support to millions of self-employed individuals*, 26 March 2020
24 Stuart Adam, Helen Miller, Tom Waters, *Income protection for the self-employed and employees during the coronavirus crisis*, Institute for Fiscal Studies, 2 April 2020
25 For an overview of the Scheme see, Low Incomes Tax Reform Group, *Coronavirus: Self-Employment Income Support Scheme*, 27 November 2020

on the basis of 80% of average trading profits, up to a maximum of £7,500.[26]

On 24 November the Government published a further Treasury Direction underpinning the scheme. Applications for the third SEISS grant opened on 29 November and are to close on 29 January 2021.

HMRC has published detailed guidance of the SEISS Grant Extension, an extract from which is reproduced below:

> **Who can claim**
>
> To be eligible for the third grant you must be a self-employed individual or a member of a partnership. You cannot claim the grant if you trade through a limited company or a trust.
>
> If you claim Maternity Allowance this will not affect your eligibility for the grant.
>
> You must have traded in both tax years:
>
> - 2018 to 2019 and submitted your Self Assessment tax return on or before 23 April 2020 for that year
> - 2019 to 2020
>
> You must either:
>
> - be currently trading but are impacted by reduced demand due to coronavirus
> - have been trading but are temporarily unable to do so due to coronavirus
>
> You must also declare that:
>
> - you intend to continue to trade
> - you reasonably believe there will be a significant reduction in your trading profits
>
> **Reasonable belief**
>
> In order to claim, you must reasonably believe that you will suffer a significant reduction in trading profits due to reduced business activity, capacity or demand or inability to trade due to coronavirus during the period 1 November to 29 January 2021. You must keep evidence that shows how your business has been impacted by coronavirus resulting in less business activity than otherwise expected.
>
> **Significant reduction**
>
> Before you make a claim, you must decide if the impact on your business will cause a significant reduction in your trading profits for the tax year you report them in. HMRC cannot make this decision for you because your individual and wider business circumstances will need to be considered when deciding whether the reduction is significant. You should wait until you have a reasonable belief that your trading profits are going to be significantly reduced, before you make your claim.[27]

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26 HM Treasury press notice, *Government extends Furlough to March and increases self-employed support*, 5 November 2020

27 HM Revenue & Customs, *Check if you can claim a grant through the Self-Employment Income Support Scheme*, 29 November 2020

6. Statutory Sick Pay (SSP)

Eligibility for SSP

SSP is the minimum that employers have to pay out to qualifying sick employees. It is currently paid at £95.85 and can be paid for up to 28 weeks. To qualify, for SSP employee's average weekly earnings must be above £120. Some employers may pay enhanced sick pay over and above the SSP rate. This would be detailed in an employment contract. The self-employed are not eligible for SSP.

SSP is payable to an employee who is incapable for work or deemed to be incapable. The *Statutory Sick Pay (General) Regulations 1982* ('SSP Regulations') set out the circumstances in which a person can be deemed to be incapable for work.[28]

The SSP Regulations, as amended by SI 2020/374, SI 2020/427 and SI 2020/681, now provide that a person who is self-isolating or shielding in line with official public health guidelines is eligible for SSP. Pregnant women will generally not be eligible for SSP unless they are classed as extremely clinically vulnerable and have been advised to shield.[29]

SI 2020/681 (and NISR 2020/134 in Northern Ireland) provide that a person who is shielding is only entitled to SSP for so long as they are in a 'shielding period', which is specified in the notice that was sent to them. All four governments in the UK paused shielding arrangements in August 2020. The UK Government reintroduced shielding guidance as part of the new temporary national lockdown from 5 November. The Scottish, Welsh and Northern Ireland governments have not reintroduced strict shielding rules.

SSP is normally paid from the fourth 'qualifying day' (usually the fourth day of absence from work).[30] However, by virtue of SI 2020/374, where a person's incapacity for work relates to coronavirus, SSP is paid from the first qualifying day.

SSP and NHS Test and Trace

On 28 May 2020 the NHS Test and Trace scheme launched in England. Similar schemes have launched in Scotland, Wales and Northern Ireland. On 27 May the Government laid before Parliament the *Statutory Sick Pay (General) (Coronavirus Amendment) (No. 4) Regulations 2020*. These extend the right to SSP to anyone who self-isolates for 14 days after receiving a "relevant notification" from public health bodies.

Coronavirus Statutory Sick Pay Rebate Scheme

On 26 May the Government launched the Coronavirus Statutory Sick Pay Rebate Scheme. Detailed rules are set out in the *Statutory Sick Pay*

28 Reg. 2, SI 1982/894.
29 Michael Ford QC and Karon Monaghan QC, Statutory Sick Pay, the Coronavirus Job Retention Scheme and Pregnant Workers, UK Labour Law Blog, 28 April 2020.
30 Section 155, *Social Security Contributions and Benefits Act 1992*.

(Coronavirus) (Funding of Employers' Liabilities) Regulations 2020. The Government has also published guidance for employers.

The Rebate Scheme is available to employers who had fewer than 250 employees on its PAYE scheme(s) as of 28 February 2020. Eligible employers can reclaim up to two weeks of SSP payments made to employees who were incapable of work because they:

- had symptoms of Covid-19 on or after 13 March 2020;
- had to self-isolate in accordance with public health guidelines on or after 13 March 2020;
- had to shield in accordance with public health guidelines on or after 16 April 2020; or
- self-isolated on or after 28 May after receiving a notification from a public health body that they had been in contact with someone with coronavirus.

Employers can reclaim the payments at the statutory rate of £95.85 per week (£94.25 for payments made before 6 April 2020).

Claims can be made through an online portal which lists the various pieces of information an employer will need to make a claim.

Background information can be found in the Commons Library briefing, Coronavirus Bill: Statutory Sick Pay & National Insurance Contributions (CBP-8864).

7. Business loans

How do businesses apply for this support?

- The schemes are overseen by the British Business Bank and funds are made available through banks and other accredited lenders.
- **The schemes were originally due to close between September and November 2020. The closure date has since been extended on several occasions. On 17 December the Chancellor announced that the three main schemes would remain open until 31 March 2021.**
- The original Coronavirus Business Interruption Loans scheme (CBILS) was modified several times to widen access. A scheme for larger businesses (CLBILS) opened on 15 April, and a simpler scheme for all businesses – the Bounce Back Loans scheme (BBLS) – opened on 4 May.
- Businesses should first contact their financial provider, although they may also approach others for the support they need. There is information for businesses and lenders as part of the British Business Bank's overall online guidance.
- There have however been delays in assessing applications. See our constituency caseworker article Coronavirus: problems with Bounce Back Loans.
- More information about the policy behind the schemes is available in our briefing paper Coronavirus: Business loans schemes. Information about spending on and take-up of the schemes appears in Coronavirus business support schemes: statistics.

The Government has established three main schemes to provide loans to businesses of different sizes affected by coronavirus:

1 All businesses – **Bounce Back Loans** (BBLS) of up to £50,000 or 25% of turnover. The scheme offers streamlined application procedures and loans will be 100% backed by the Government.

2 Small and medium businesses – the **Coronavirus Business Interruption Loan Scheme** (CBILS) offers loans of up to £5m for businesses with a turnover under £45 million. The loans are 80% backed by the Government.

3 Large businesses **- Coronavirus Larger Business Interruption Loan Scheme** (CLBILS) extends the standard CBILS approach to larger businesses.

CBILS was the original loan scheme. The other schemes were developed after concerns about accessibility of funding and slow spending. This section outlines the features of the schemes before discussing the background to the schemes, revisions, and continuing policy issues.

There are two further general loans schemes. The **Coronavirus Future Fund** is available to businesses such as start-ups that are ineligible for the three schemes that have developed from CBILS. The **Covid Corporate Financing Facility** is available to very large firms.

7.1 Coronavirus Business Interruption Loan Scheme (CBILS)

As part of Budget 2020, the Government announced a new Coronavirus Business Interruption Loan Scheme (CBILS).[31]

CBILS offers loans and similar facilities of up to £5 million to businesses with a turnover of up to £45 million. Loans are interest-free for the first 12 months.

The scheme went live on 23 March 2020 and was updated on 2 April 2020, with further widening of the scheme on 16 April 2020 to offer similar support to larger businesses through CLBILS. A simpler scheme for small businesses, Bounce Back Loans, was announced on 17 April.

Who can apply?

Smaller businesses from all sectors[32] can apply for the full amount of the loan. To be eligible for a facility under **CBILS**, an SME must:

- Be UK-based in its business activity, with annual turnover of no more than £45m
- Have a borrowing proposal which, were it not for the current pandemic, would be considered viable by the lender.
- Be UK-based in its business activity
- Have an annual turnover of no more than £45 million
- Have a borrowing proposal which the lender would consider viable, were it not for the current pandemic
- Self-certify that it has been adversely impacted by the coronavirus (COVID-19)
- Not have been classed as a "business in difficulty"[33] on 31 December 2019, if applying to borrow £30,000 or more.[34]

More information about the scheme is available from the BBB.

The scheme provides facilities of up to £5m for smaller businesses across the UK who are experiencing lost or deferred revenues, leading to disruptions to their cashflow.

CBILS supports a wide range of business finance products, including **term loans, overdrafts, invoice finance and asset finance**. The scheme provides the lender with a government-backed guarantee.

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31 HM Treasury, Budget 2020: Support for those affected by COVID-19, 11 March 2020

32 The following trades and organisations are not eligible to apply: Banks, Building Societies, Insurers and Reinsurers (but not insurance brokers); The public sector including state funded primary and secondary schools; Employer, professional, religious or political membership organisation or trade unions.

33 This is a potentially complex idea. There are similar constraints relating to insolvency and voluntary agreements in other support schemes, but approaches and limits vary. For CBILS, see British Business Bank, "FAQs for SMEs: Coronavirus Business Interruption Loans Scheme".

34 The BBB updated guidance relating to this matter in July, easing conditions for businesses with fewer than 50 employees and an annual turnover below £9 million.

The maximum value of a facility provided under the scheme is **£5m, initially available on repayment terms of up to six years** for loans and asset finance. On 24 September the Chancellor announced that the Government intended to increase the term to ten years, but that has not yet been agreed.

The scheme provides the lender with **a government-backed, partial guarantee (80%)** against the outstanding facility balance.

There will be **no fee for smaller businesses**. Lenders will pay a fee to access the scheme. For overdrafts and invoice finance facilities, terms will be up to three years.

The Government will make **a Business Interruption Payment to cover the first 12 months of interest payments and any lender fees**.

The borrower always remains 100% liable for the debt.

Smaller businesses will benefit from no upfront costs and lower initial repayments. Fishery, aquaculture and agriculture businesses may not qualify for the full interest and fee payment.

At the discretion of the lender, the scheme may be used for unsecured lending for facilities of £250,000 and under.

Initially, the scheme required security for facilities above £250,000. It also limited support to businesses that could not be offered support on normal commercial terms. These requirements were changed as the scheme progressed, as discussed in our briefing paper, Coronavirus: Business loans schemes.

In addition, businesses that have received a Bounce Back Loan and require more credit may apply for a CBILS loan, part of which will refinance the Bounce Back Loan (and therefore likely to be subject to higher interest rates).

How to apply

CBILS is available through the British Business Bank's accredited lenders. These include high-street banks, challenger banks, asset-based lenders and smaller specialist local lenders. Different lenders may offer different facilities.

Businesses should normally apply to their own provider first – ideally via the lender's website. They may also approach other lenders for the type of support they need, although they should only have one live application at any time.

The British Business Bank oversees CBILS and accredits lenders. It publishes overall guidance and more detailed information for businesses and lenders.

Decision-making on applications is fully delegated to the accredited lenders. On 25 March, the Chancellor, Governor of the Bank of England, and CEO of the Financial Conduct Authority together wrote to Britain's banking sector with a warning not to allow fundamentally viable companies to collapse because of the coronavirus crisis.

> The priority for all of us - banks, building societies, government and the financial authorities - should now be to take all action necessary to ensure that the benefits of the measures outlined above are passed through to businesses and consumers. This will require a willingness to maintain and extend lending despite the uncertain economic conditions. We must ensure that firms whose business models were viable before this crisis remain viable once it is over.[35]

7.2 Coronavirus Larger Business Interruption Loan Scheme (CLBILS)

The Coronavirus Larger Business Interruption Loan Scheme (CLBILS) was announced on 16 April in an attempt to offer more help to businesses with a larger turnover.

Who can apply?

CLBILS eligibility is generally similar to the original CBILS scheme, but intended for larger businesses. The British Business Bank advises that it is open to businesses that:

- are based in the UK and have an annual turnover of more than £45 million
- "have a borrowing proposal which, were it not for the current pandemic, would be considered viable by the lender, and for which the lender believes the provision of finance will enable the business to trade out of any short-to-medium term difficulty"
- have not received support under the Bank of England's Covid Corporate Financing Facility (CCFF).

Although the scheme is open to "businesses from all sectors", it excludes "credit institutions (falling within the remit of the Bank Recovery and Resolution Directive), building societies, insurers and reinsurers (but not insurance brokers), public-sector bodies, further-education establishments, if they are grant-funded, state-funded primary and secondary schools".

What's on offer?

The British Business Bank has published an outline of the scheme. It differs from CBILS most importantly in being targeted at larger firms and limiting loan terms to three years:

> The new CLBILS scheme will support term loans, revolving credit facilities (including overdrafts), invoice finance and asset finance facilities. It is designed to give lenders greater confidence to provide funding by providing a partial guarantee of 80% of the outstanding facility balance.
>
> - **Up to £50m facilities**: up to £50m for those with a turnover of over £250m, and of up to £25m for businesses with turnover from £45m up to £250m.

35 HM Treasury, Letter from Chancellor, Governor of Bank of England, CEO of FCA: COVID and Bank lending, 25 March 2020

- **80% guarantee**: The scheme provides the lender with a government-backed, partial guarantee (80%) against the outstanding facility balance.
- **Finance terms**: Finance terms are from three months to three years.
- **Economic benefits go to the borrower**: Borrowers will benefit from a proportionate reduction in pricing in return for lenders receiving capital and risk benefits.
- **Personal guarantees:** No personal guarantees are permitted for facilities under £250,000. For facilities of £250,000 and over, claims on personal guarantees cannot exceed 20% of losses after all other recoveries have been applied.
- **The borrower always remains 100% liable for the debt.**

The announcement of the scheme noted that borrowers and lenders "are still free to enter into loan agreements outside of CLBILS e.g. where there is no economic benefit to the borrower of taking out a CLBILS loan over normal commercial lending".

How to apply

Businesses should apply to accredited lenders. The British Business Bank is developing accreditation from those accredited to offer the existing CBILS scheme:

> CLBILS will be available through a range of British Business Bank accredited lenders and partners, which will be listed on the British Business Bank website. Existing CBILS lenders can seek expedited accreditations to become Lenders under the CLBILS scheme. The Bank expects to accredit a number of existing CBILS lenders shortly and is publishing a request for proposals documents making the scheme available to new lenders.

7.3 Bounce Back Loans (BBLS)

The Chancellor announced a new, simplified loan scheme on 17 April. The Bounce Back Loans Scheme (BBLS) opened on 4 May. It responds to concerns about access to rapid loan support. The simplified process and the 100% guarantee were intended to ensure that funds reached businesses "within days", but many businesses report continuing delays. Although BBLS had been presented as particularly helpful to small businesses, it is open to firms of any size.

See our constituency casework article Problems with Bounce Back loans for more about some of the challenges that have arisen and how they might be resolved.

Who can apply?

The British Business Bank's guidance for the scheme sets out the following conditions for eligibility:

> Your business must be able to self-declare to the lender that it:
>
> - has been impacted by the coronavirus (COVID-19) pandemic
> - was **not** a business in difficulty at 31 December 2019 (if it was, you must confirm your business complies with additional state aid restrictions under de minimis state aid rules)

- is engaged in trading or commercial activity in the UK and was established by 1 March 2020
- is **not** using the Coronavirus Business Interruption Loan Scheme (CBILS), the Coronavirus Large Business Interruption Loan Scheme (CLBILS) or the Bank of England's Covid Corporate Financing Facility Scheme (CCFF), unless the Bounce Back Loan will refinance the whole of the CBILS, CLBILS or CCFF facility
- is **not** in bankruptcy or liquidation or undergoing debt restructuring at the time it submits its application for finance
- derives more than 50% of its income from its trading activity (this requirement does not apply to charities or further-education colleges)
- is **not** in a restricted sector.[36]

What's on offer?

BBLS offers:

- Loans for up to ten years of £2,000 to £50,000, up to 25% of the business's turnover
- A 100% government-backed guarantee to the lender for the full outstanding balance of the loan (although the borrower remains 100% liable for the debt
- A Government Business Interruption payment to cover the first 12 months' interest on the loan
- No repayment requirement for the first 12 months
- An annual interest rate of 2.5% for all loans.

As part of the "Pay as you grow" scheme announced on 24 September 2020, BBLS loan terms were increased from six to ten years. Payment holidays and interest-only repayments of up to six months would be available. On 2 November, the Chancellor announced that borrowers would be permitted to top up existing Bounce Back loans once (within the existing financial limits).

Businesses that have already received support under CBILS are also excluded, although there are provisions for them to transfer CBILS loans of up to £50,000 to the new scheme.

How to apply

As in the other schemes, businesses should apply to an accredited lender. They should normally approach their own provider first, but may apply to others if they can't get the support they want.

One of the main attractions of the scheme is its comparatively simple application process. It is based on seven questions on an online form.

36 The guidance notes that these are credit institutions falling within the remit of the Bank Recovery and Resolution Directive, insurance companies, public-sector organisations and state-funded primary and secondary schools

Lenders will decide on applications. Successful loans "will be subject to appropriate customer fraud, Anti-Money Laundering (AML) and Know Your Customer (KYC) checks. Some state aid restrictions may apply to your application."

There has been very heavy demand for the scheme. Before it was launched, there were reports that lenders were concerned about promises of quick turnaround times and potential conflict with the Consumer Credit Act. The Government removed that conflict retrospectively via the Section 12 of the *Business and Planning Act 2020*. Since launch, lenders have adopted different strategies to managing demand. Some of these have led to applicants being rejected. In other cases, applicants face long waiting times. More information about how businesses might respond is available in our constituency caseworker article Coronavirus: Problems with Bounce Back Loans.

7.4 Development, closure and extension of the schemes

As noted, the original CBILS has been modified and supplemented by the launch of CLBILS and BBLS. This has led to various changes of policy and focus – so many rejected earlier applications could be reconsidered if questioned again.

Originally, CBILS was due to close to new applicants on 30 September, CLBILS on 20 October, and BBLS on 4 November 2020. On 24 September, as part of his Winter Economy Plan, the Chancellor announced that the closure dates for all schemes would be extended to 30 November. On 2 November, he extended the deadline for all three schemes to 31 January 2021. He also announced that holders of Bounce Back loans could top up their original loan (subject to wider scheme restrictions). On 17 December, the closing date was extended again, to 31 March 2021.

More information about policy issues relating to the schemes is available in our briefing Coronavirus: Business loans schemes. Information about funds disbursed is available in Coronavirus business support schemes: statistics.

7.5 Future Fund

The range of loans available businesses did however exclude some businesses, notably "unprofitable" start-ups.

As a result, BEIS and HM Treasury launched the Future Fund, which "provides government loans to UK-based companies ranging from £125,000 to £5 million, subject to at least equal match funding from private investors":

> These convertible loans may be an option for businesses that rely on equity investment and are unable to access other government business support programmes because they are either pre-revenue or pre-profit.

The scheme is delivered by the British Business Bank, which in turn notes that "the Government has made £250 million available for the Future Fund, and will keep this amount under review".

Who can apply?

The Government states that a business is eligible to apply if:

- it is UK-incorporated - if your business is part of a corporate group, only the parent company is eligible
- it has raised at least £250,000 in equity investment from third-party investors in the last 5 years
- none of its shares are traded on a regulated market, multilateral trading facility or other listing venue
- it was incorporated on or before 31 December 2019
- at least one of the following is true:
  - half or more employees are UK-based
  - half or more revenues are from UK sales

There is an online eligibility checker.

Very importantly, though, applications must be made jointly by the business and one or more investors, as set out below.

What's available?

The British Business Bank outlines what the Future Fund offers as follows:

> The Future Fund loan amount provided to the company ranges from £125,000 to £5 million.
>
> Amounts of Future Fund loans must be at least matched by co-investment from investors.
>
> Funding must not be used to (a) repay any borrowings;(b) pay any dividends; (c) pay any bonuses; (d) pay any advisory fees.
>
> The loans will have a minimum of 8% per annum (non-compounding) interest charge applied. This interest will be higher if the company and the investor(s) agree between themselves. Unlike a typical bank loan, the interest is not payable on a monthly basis and instead will accrue until the loan converts. At this point, the interest will either be repaid or convert in equity.
>
> The loan will mature after 36 months.
>
> The loan cannot be repaid early by the company other than with the agreement of all of the investors.
>
> The loans will convert into shares in the company in certain circumstances, including an exit or a new funding round.
>
> Investors and the Future Fund both invest using a convertible loan agreement, which is predefined and cannot be negotiated.

How to apply

The initial application must be made by an investor (or group) of investors via the British Business Bank website. There are strict criteria that all investors must meet. The scheme is open until 31 January 2021.

The investor must provide "key investment details". These are then confirmed by the business, which also submits a full application.

All parties to successful applications will execute an agreement and meet certain conditions before funds are released.

8. Covid Corporate Financing Facility

As part of the further measures announced on 17 March, the Bank and the Treasury launched a Covid Corporate Financing Facility (CCFF). This:

> …will help businesses across a range of sectors to pay wages and suppliers, even while experiencing severe disruption to cashflows.
>
> The facility will offer financing on terms comparable to those prevailing in markets in the period before the Covid-19 economic shock, and will be open to firms that can demonstrate they were in sound financial health prior to the shock. The facility will look through temporary impacts on firms' balance sheets and cash flows by basing eligibility on firms' credit ratings prior to the Covid-19 shock.[37]

The scheme is open to **larger firms** whether or not they have previously sought credit in this way. It will operate for at least 12 months. The Bank has set out overall guidance about eligibility and notes that the scheme is "normally" intended for:

> UK incorporated companies, including those with foreign-incorporated parents and with a genuine business in the UK; companies with significant employment in the UK; firms with their headquarters in the UK. We will also consider whether the company generates significant revenues in the UK, serves a large number of customers in the UK or has a number of operating sites in the UK.[38]

UK Finance provides further coordination of the scheme and lists main contacts.

This scheme complements the original Coronavirus Business Interruption Loans Scheme (CBILS), which is intended for small and medium firms. Larger businesses that have not received support under CCFF are eligible to apply for the Coronavirus Larger Business Interruption Loans Scheme.

The Telegraph reported on 25 April that CCFF appeared to be operating successfully, particularly in comparison with CBILS. But it criticised the lack of detail about the recipients of support:

> The Bank of England revealed on Thursday that it had bought £10.7bn of commercial paper issued by 35 companies. A further 40 big businesses have won approval to draw a further £28.4bn. Another 101 companies have been approved in principle to borrow sums yet to be determined.
>
> It seems the scheme is performing its intended task well, which is to ensure important employers have access to enough cash to stay afloat through the crisis. Yet for some reason, the taxpayer is not allowed to know which companies have benefited from up to £1bn of public support.

37 Bank of England, "HM Treasury and the Bank of England launch a Covid Corporate Financing Facility (CCFF)", 18 March 2020.
38 Bank of England, "Covid Corporate Financing Facility (CCFF): information for those seeking to participate in the scheme", 20 March 2020.

> The Bank of England says "the names of issuers and securities purchased or eligible will not be made public". It even requires applicants to sign a confidentiality agreement. To their credit, easyJet and the baker Greggs have told the world they have used CCFF. Housebuilders such as Redrow revealed they have the scheme. Have they breached a confidentiality agreement to do so? We don't even know that.

That situation has since changed and total figures (and recipients) are now published weekly and collated in our briefing paper Coronavirus business support schemes: statistics.

On 22 September 2020, the Bank of England confirmed that the CCFF will make no purchases of commercial paper after 22 March 2021. It will also close to new applications from counterparties and issuers looking to become eligible on 31 December 2020.

9. HMRC arrangements

9.1 Time to Pay

HMRC's 'Time To Pay' was introduced in response to the 2008 economic crisis.[39] HMRC may grant a business an additional amount of time to pay their bill without charging statutory penalties on the late payment. To be eligible businesses need to demonstrate that they are in genuine difficulty, unable to pay their tax on time, and are likely to be able to pay if HMRC allowed them more time. Detailed guidance is in HMRC's Debt Management and Banking Manual – from para 800000; there is a useful overview at para 800040.[40]

In the 2020 Budget the Government announced a dedicated Covid-19 helpline, to provide help and advice, including the possibility of agreeing Time to Pay arrangements. The helpline number is 0800 024 1222. Opening hours are Monday to Friday 8am to 8pm, and Saturday 8am to 4pm.[41] Any Time to Pay arrangement would be agreed "on a case-by-case basis and are tailored to individual circumstances and liabilities."[42] The Budget confirmed that HMRC would "waive late payment penalties and interest where a business experiences administrative difficulties contacting HMRC or paying taxes due to Covid-19."[43]

9.2 Tax deferrals

VAT

Generally, businesses are required to submit a VAT return and pay the VAT they owe on a quarterly basis.[44] Following the 2020 Budget the Chancellor announced a number of further support measures including a deferral of the next quarter of VAT payments: "That means no business will pay any from now until the end of June; and you will have until the end of the financial year to repay those bills. That is a direct injection of £30bn of cash to employers, equivalent to 1.5% of GDP."[45]

Initially the deferral applied from 20 March to 30 June 2020 and was offered automatically so that businesses were not been required to make an application.[46]

As part of his *Winter Economic Plan*, the Chancellor announced a VAT New Payment Scheme. Businesses will be able to choose to spread the VAT they would normally pay in full at the end of March 2021 in 11 equal instalments over 2030-21. Businesses will need to opt in to the

39 HMRC, *Business Payment Support Service - additional information for tax agents and advisers*, November 2008
40 See also, HMRC, *Find out how to pay a debt to HMRC with a time to pay arrangement*, 20 January 2020
41 HMRC press notice, *Tax helpline to support businesses affected by coronavirus (COVID-19),* 26 March 2020
42 HM Treasury, *Support for those affected by Covid-19*, 11 March 2020
43 *Budget 2020*, HC 121, March 2020 para 1.102
44 HMRC, *VAT returns*, retrieved November 2020
45 HM Treasury, *The Chancellor Rishi Sunak provides an updated statement on coronavirus,* 20 March 2020
46 Figures on take-up are collated at, HMRC, *Covid-19 statistics*, 22 October 2020

Scheme, though all are eligible.[47] HMRC is to publish more guidance on the Scheme 'in the coming months'.[48]

Self-Assessment July 2020 Payment on Account

Generally individuals, including the self-employed, who file an annual tax return under self-assessment are required to make two 'payments of account' during the year, which are advance payments on their tax bill: by 31 January and by 31 July.[49] In his statement on 20 March the Chancellor announced that the next self-assessment payments would be deferred until January 2021.[50]

HMRC published detailed guidance for taxpayers.[51] The self-assessment payment on account that is ordinarily due to be paid to HMRC by 31 July 2020 may be deferred until January 2021. This is an automatic offer with no applications required. No penalties or interest for late payment will be charged if someone defers payment of their July 2020 payment on account until January 2021.[52]

As part of his *Winter Economic Plan*, the Chancellor announced that self assessment taxpayers would have additional time to pay taxes due in January 2021. Taxpayers with up to £30,000 of self assessment liabilities due will be able to use HMRC's Time to Pay facility to secure a plan to pay over an additional 12 months. Self-assessment taxpayers who are not able to pay their tax bill on time, including those who cannot use the online service, can continue to use HMRC's Time to Pay Self-Assessment helpline to agree a payment plan.[53]

Further to this the Low Income Tax Reform Group has detailed guidance on the tax and benefit implications of Covid-19.

47 HM Treasury, *Winter Economic Plan*, CP297, September 2020 para 2.12
48 HMRC, *Deferral of VAT payments due to COVID-19*, updated 25 September 2020
49 HMRC, *Understand your Self Assessment tax bill*, retrieved November 2020
50 HM Treasury, The Chancellor Rishi Sunak provides an updated statement on coronavirus, 20 March 2020
51 HMRC, *Defer your Self Assessment payment on account due to coronavirus (COVID-19)*, updated 15 October 2020
52 See also, HMRC press notice, *£11 billion boost for taxpayers facing difficulty due to coronavirus (COVID-19)*, 14 July 2020
53 HM Treasury, *Winter Economic Plan*, CP297, September 2020 para 2.13. see also, HMRC press notice, *Self Assessment customers to benefit from enhanced payment plans*, 1 October 2020.

10. Rates relief and national and local grants

- Each country of the UK has run schemes to support businesses. Schemes may be related to the business rates system, business sector or wider business closure requirements.
- The changing wider context means that arrangements may change quickly, so **we recommend checking with national and local authorities for the most up-to-date information.**

10.1 England

The UK Government announced four grant schemes for businesses in England in November 2020. They comprise three versions of the Local Restrictions Support Grant and one of the Additional Restrictions Grant.

Like the earlier business support grants available between March and August 2020, local authorities operate these grant schemes, so **individual businesses should contact their local authority if they want to apply.**

Local Restrictions Support Grant (LRSG)

As was the case in earlier schemes, eligibility is related to the rateable value of the property a business occupies. One grant is available for each occupied property. The type of grant available also relates closely to the tier system in operation in England.

There are three basic variations of the LRSG – open, sector and closed. The last of these also features an "addendum" – a further arrangement that applies to businesses throughout England during the second lockdown (5 November to 2 December 2020). This scheme supersedes the others during that period.

The Open scheme applies to businesses **in Tier 2 and 3 areas** that have been affected by local restrictions but **have not been required to close.**

While local authorities have discretion about how to distribute the grants, the guidance asks them to prioritise the "hospitality, hotel, bed & breakfast and leisure" sectors, although there will be no penalty for those whose local circumstances choose to operate differently.

The Government allocates funding for this grant on the basis of the rateable properties in these sectors in the local authority area, plus a 5% top-up.

- **The Sector scheme** applies to businesses **in sectors that have to close due to national regulations**. The guidance (para 20) notes that other types of businesses may have to close across England. If they do, they will become eligible for the scheme after being closed for 14 days.
- **The Closed scheme** applies to businesses **in Tier 3 areas that have been required to close**. The guidance excludes businesses

that do not depend on supply direct in-person services from their premises (such as solicitors and accountants) (para 33). But pubs and bars that operate click-and-collect services are eligible (para 45).

Funding is allocated according to the number of properties subject to closure in each local authority area. The guidance does not say that local authorities can use their discretion to allocate grants in the way set out for the Open scheme.

- **The Closed Addendum scheme** is essentially an extension of the Closed scheme that applies across all of England during the lockdown from 5 November to 2 December. After that time, the other schemes apply as described above.

Grants for the three basic schemes are payable to businesses in 14- or 28-day periods. Businesses only become eligible once a new 14-day payment cycle has begun, not in the middle of one. The Closed Addendum scheme operates on a 28-day cycle.

Local authorities determine eligibility for the schemes and must take account of State Aid restrictions.

The three basic schemes will run until 31 March 2021.

The table below summarises the key features of the schemes.

Additional Restrictions Grant (ARG)

This is a one-off grant of £20 per head to each district or unitary council. The ARG emerged from the deals negotiated with individual areas during September and October when they were required to move into Tier 3. The funding can be used in financial years 2020-21 and 2021-22. It can be used for general “business support activities”, so eligibility is at the discretion of local authorities.

The ARG became available to all local authority areas of England on 4 November.

Main features of the Local Restrictions Support Grant schemes (2020)				
Feature	**Open**	**Sector**	**Closed**	**Closed Addendum**
Start date	1 August	1 November	9 September	5 November
Eligible businesses	Businesses in tier 2 and 3 areas in the hospitality, hotel, bed & breakfast and leisure sectors	Nightclubs, dance halls, hostess bars, discotheques, sexual entertainment venues in all areas	Any businesses in Tier 3 areas providing services in person from their premises that are required to close for 14 days or more	All businesses providing services in person from their premises that are required to close for 14 days or more during the England-wide lockdown
Frequency of payments to councils	14-day payment cycles from 2 December (was previously 28 days from 1 August)	14-day payment cycles starting 1 Nov	14-day payment cycles	28-day payment cycle
Amount per business available to councils: rateable value up to £15k	£467 per 14 days	£667 per 14 days	£667 per 14 days	£1,334 per 28 days
Amount per business available to councils: rateable value up to £15,001 to £50,999	£700 per 14 days	£1,000 per 14 days	£1,000 per 14 days	£2,000 per 28 days
Amount per business available to councils: rateable value £51k and over	£1,050 per 14 days	£1,500 per 14 days	£1,500 per 14 days	£3,000 per 28 days
End date	31 March 2021	31 March 2021	31 March 2021	2 December 2020

Earlier initiatives

Earlier in the pandemic, the UK Government instituted extensive relief from business rates for particular classes of businesses. A series of extended reliefs had already been announced in a Written Statement on 27 January 2020.[54] Some of these reliefs were extended further in the Budget speech on 11 March 2020.[55] Yet more extensions were announced in a speech on 17 March 2020.[56] These reliefs apply for the whole of the 2020-21 financial year.

Funds for rate relief provided for England by the UK Government engage the Barnett formula, meaning that new reliefs in England resulted in additional funds for the devolved governments in Scotland, Wales and Northern Ireland.

Retail, leisure and hospitality relief

On 17 March 2020, the Government announced that it was "giving all retail, hospitality and leisure businesses in England a 100% business rates holiday for the next 12 months".[57] **It's important to note that this support was only available to businesses that are directly liable for business rates – so sub-tenants and others that don't receive a rates bill weren't eligible.**

This built upon the 2020 Budget statement on 11 March, in which the Chancellor provided 100% relief for all retail properties with a rateable value of £51,000 and under. This relief was also made available to the "hospitality and leisure sectors".[58]

The Government originally published guidance on the definition of retail properties and music venues in January 2020.[59] This was updated on 25 March 2020 to include definitions of the "hospitality and leisure" sectors. A further publication on 25 March 2020 extended the retail relief scheme to estate agents, letting agents and bingo halls.[60] The guidance included a number of examples of types of property that would and would not be eligible for relief. Properties of any rateable value that had to close as a result of the pandemic were eligible for the relief, but only if they were occupied.

The Government will compensate local authorities fully for any forgone revenue arising from this relief scheme.[61]

Small business grant funding

To support businesses affected by coronavirus, the Chancellor's 17 March statement provided that all businesses currently eligible for Small

54 HCWS 64 2019-21, 27 January 2020
55 HM Treasury, *Budget 2020*, p. 40
56 HM Treasury, *Chancellor announces additional support to protect businesses*, 17 March 2020
57 HM Treasury, *Chancellor announces additional support to protect businesses*, 17 March 2020
58 HM Treasury, *Budget 2020*, p. 40
59 MHCLG, *Business rate retail relief: guidance*, 27 Jan 2020. See also an earlier guidance document from November 2018 at the same link.
60 HM Treasury, *Covid-19: Estate agents, lettings agencies and bingo halls to pay no business rates this coming financial year*, 25 March 2020
61 See HM Treasury, *Chancellor of the Exchequer Rishi Sunak on Covid-19 response*, 17 Mar 2020

Business Rate Relief or Rural Rate Relief would be eligible for a grant of £10,000 in 2020-21. This was an increase from a £3,000 grant made available in the 11 March Budget statement.

Separately, businesses in the retail, leisure and hospitality sectors that were eligible for full business rate relief, and that occupied properties with a rateable value of £51,000 or under, were entitled to a grant of £25,000 for **each qualifying** property occupied in 2020-21.[62]

Guidance on eligibility was published on 24 March 2020.[63] Businesses must have been eligible for Small Business Rate Relief on 11 March 2020 in order to qualify for the £10,000 grant scheme. To qualify for the larger £25,000 grant, a business would have to have been eligible for the retail/leisure/hospitality relief scheme on 11 March 2020.

A Parliamentary Question answered on 11 September indicated that local authorities were required to make final payments by 30 September.

Local Authority Discretionary Grants Fund

On 2 May the Government announced an additional £617 million in funding alongside the schemes discussed above: the Local Authority Discretionary Grants Fund. The eligibility criteria were different from those for the original grant schemes, covering some additional categories of business.

Guidance for the fund was published on 13 May. It stated that the Government wished to see four categories of business prioritised:

- Small businesses in shared offices or other flexible workspaces. Examples could include units in industrial parks, science parks and incubators which do not have their own business rates assessment;
- Regular market traders with fixed building costs, such as rent, who do not have their own business rates assessment;
- Bed & Breakfasts which pay Council Tax instead of business rates; and
- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.[64]

However, the guidance also stated:

The list set out above is not intended to be exhaustive but is intended to guide local authorities as to the types of business that the government considers should be a priority for the scheme. Authorities should determine for themselves whether particular situations not listed are broadly similar in nature to those above and, if so, whether they should be eligible for grants from this discretionary fund.[65]

The guidance included a number of additional stipulations:

62 See HM Treasury, *Chancellor of the Exchequer Rishi Sunak on Covid-19 response*, 17 Mar 2020

63 HM Treasury, *Coronavirus (COVID-19): business support grant funding - guidance for local authorities*, 24 Mar 2020

64 BEIS, *Local Authority Discretionary Grants Fund – guidance for local authorities*, May 2020, p6

65 Ibid.

- Grant recipients must be small or micro-businesses, as defined in the *Companies Act 2006*;
- A business's annual rateable value or rent must be under £51,000;[66]
- Businesses were not eligible if they had received grants from any other central government funding scheme;[67]
- The maximum grant available was £25,000;
- Local authorities would not receive an allocation from this fund if they had a projected underspend of 5% or more on the original grant schemes.

Other reliefs

In 2020-21, a discount of £5,000 is available on the rates bill of all pubs in England with a rateable value of under £100,000, in order to provide business support during the pandemic.[68]

The Government also announced that all childcare nurseries in England would be exempt from business rates. Nurseries are defined as properties "occupied by providers on Ofsted's Early Years Register and wholly or mainly used for the provision of the Early Years Foundation Stage and which are subject to business rates in the year 2020/21".[69] There is no rateable value limit on eligibility.

10.2 Northern Ireland

The Northern Ireland Executive has published the following summary of arrangements:

> Financial support is available for businesses that have been required to close, or have had business activities at their premises directly curtailed by current health protection regulations.
>
> **Localised Restrictions Support Scheme**
>
> Eligible businesses will receive the following amounts for every week these restrictions apply:
>
> - Small businesses (up to £15,000 Net Annual Value) – £800
> - Medium businesses (£15,001 - £51,000 Net Annual Value) – £1,200
> - Large businesses (over £51,000 Net Annual Value) – £1,600
>
> Full details on eligibility and how to apply be found on the nibusinessinfo website.
>
> **Covid Restrictions Business Support Scheme**
>
> The Covid Restrictions Business Support Scheme will support businesses which meet the following criteria:
>
> The business is:
>
> - restricted within the Health Protection (Coronavirus, Restrictions) (No.2) Regulations (Northern Ireland) 2020) but is not eligible for the Localised Restrictions Support Scheme (LRSS) or the business meets all of the following:

66 *Local Authority Discretionary Grants Fund – guidance for local authorities*,p6
67 Ibid., p7
68 HM Treasury, *Budget 2020*, p. 40
69 MHCLG, *Business rates: nursery (childcare) discount 2020 to 2021: coronavirus response – local authority guidance*, 2 April 2020, p3.

- is within the supply chain of businesses restricted by the Regulations and as a result has been significantly impacted
- is operating in Northern Ireland and was trading immediately prior to 16 October 2020
- is not included in the scope of funding already allocated to Executive Departments to respond to COVID restrictions

Full details on the amount of support available, an eligibility checker and application form can be found on the nibusinessinfo website.

10.3 Scotland

The Scottish Government has set out a range of support initiatives in the "Business and employers" section of its webpage Coronavirus (COVID-19): guidance.

10.4 Wales

Overall arrangements for business support are available from Business Wales. The Senedd also published a blog post, Coronavirus: Business support autumn 2020, on 2 November.

11. Protection from forfeiture for non-payment of rent

Where a tenant under a commercial/business lease fails to pay the rent, their landlord will usually have a contractual right to early determination of the lease agreement. This is referred to as forfeiture.

In recognition that commercial tenants are likely to experience interruptions in their income streams, with consequences for their ability to meet their rent commitments, section 82 of the *Coronavirus Act 2020* provided that a landlord's right to treat a lease as forfeited for non-payment of rent could not be exercised for three months up to 30 June 2020. Since this initial announcement the moratorium on evictions has been extended three times:

- On 19 June the moratorium was extended to 30 September 2020.[70]
- On 29 September there was a further extension to 31 December 2020.[71]
- Most recently, **on 9 December the Government said the moratorium would be extended to the end of March 2021**.[72]

All business tenancies within the meaning of the *Landlord and Tenant Act 1954* are covered in England and Wales.

The Government acted to prevent landlords using Commercial Rent Arrears Recovery against commercial tenants unless they had 90 days' unpaid rent between 25 April and 30 June.[73] This measure was extended to 30 September 2020 and will be extended again to the end of March 2021 in line with the moratorium's expiry date. The Government has said "This allows businesses sufficient breathing space to pay rent owed."[74]

The Government also published a voluntary Code of Practice for commercial property relationships during the COVID-19 pandemic. It aims to "provide clarity for businesses when discussing rental payments and to encourage best practice so that all parties are supported."[75] There is an intention to publish additional guidance "shortly" which will "support negotiations between landlords and tenants".[76] There is reference to further guidance in 2021:

70 MHCLG, *Government provides further halt to business evictions and more support for high street firms*, 19 June 2020

71 *The Business Tenancies (Protection from Forfeiture: Relevant Period) (Coronavirus) (England) (No. 2) Regulations 2020*

72 MHCLG, *Business evictions ban extended until March*, 9 December 2020

73 ***Taking Control of Goods and Certification of Enforcement Agents (Amendment) (Coronavirus) Regulations 2020***

74 MHCLG, *Business evictions ban extended until March*, 9 December 2020

75 MHCLG, *Government provides further halt to business evictions and more support for high street firms*, 19 June 2020

76 MHCLG, *Business evictions ban extended until March*, 9 December 2020

> Additional guidance published early next year will sit alongside the government's Code of Practice, published in June, to encourage all parties to work together to protect viable businesses and ensure a swift economic recovery.[77]

Section 83 of the *Coronavirus Act 2020* provides the same protection for business tenants in Northern Ireland. It applies to those within the meaning of the *Business Tenancies (Northern Ireland) Order 1996.* The 1996 Order allows a landlord in Northern Ireland to oppose renewal of a tenancy where there has been a 'persistent delay in paying rent'. In recognition that this could present problems for tenants who rely on the moratorium against forfeiture if their leases were due for renewal during the period of the moratorium, section 83 provides that the "relevant period" will be ignored for the purposes of Article 12(1)(b) of the 1996 Order. The "relevant period" has been extended and currently ends on 31 December 2020[78] but it seems likely that this will be further extended to the end of March 2021.

The moratorium on non-collection of rent for the purpose of forfeiture during the specified period does **not** amount to a waiver of the landlord's right to pursue rent due.

77 MHCLG, *Business evictions ban extended until March*, 9 December 2020
78 *Business Tenancies (Coronavirus) (Restriction on Forfeiture: Relevant Period) (Northern Ireland) (No 2) Regulations 2020/209*

12. Insolvency and corporate reporting

The pandemic and the consequent lockdown have provided major trading challenges to many otherwise economically viable businesses – whether dramatic falls in demand, difficulties with supply chains, or requirements to stop trading altogether.

On 28 March 2020, the Business Secretary, Alok Sharma, announced that the Government would introduce measures at the earliest opportunity to help companies to avoid the risk of insolvency and to ease some of the requirements of corporate reporting. On 23 April, the Government announced further measures to protect businesses from "aggressive rent collection and closure".

The *Corporate Insolvency and Governance Act 2020* received Royal Assent on 25 June 2020. Almost all its provisions came into force on 26 June 2020, but most of the temporary business protection measures it enacts have retrospective effect. The Act introduces permanent measures to update the UK insolvency regime, and temporary measures to give struggling businesses a lifeline during the current crisis.

The Act's temporary insolvency measures consisted of the following (although as set out below, **some of the dates have been extended**):

- **Temporary suspension of the wrongful trading rules**. The Act removes the threat of personal liability for wrongful trading from directors who try to keep their companies afloat through the emergency. However, all the other checks and balances on directors would remain in place. The measure orginally applied from 1 March 2020 to 30 September 2020. New measures were introduced in November 2020, as discussed below.
- **The Act temporarily removes the threat of statutory demands and winding-up petitions where unpaid debt is due to Covid-19**. Statutory demands will be void if served on a company during the relevant period (between 1 March 2020 and 30 September 2020). Winding-up petitions presented during the relevant period (1 March 2020 to 30 September 2020) that claim that a company is unable to pay its debts will be reviewed by the court to determine the cause of non-payment. If a company cannot pay its debts because of Covid-19, no winding-up order will be made.

The Act also contains temporary corporate governance measures intended to relieve the burden on companies and other types of business registered at Companies House and allow them to focus all their efforts on continuing to trade. Specifically, the Act contains measures that:

- **Temporarily give companies and other bodies greater flexibility to hold Annual General Meetings** (AGMs) and other meetings in a safe and practicable manner in response to the pandemic. This measure applies retrospectively from 26 March 2020 to 30 September 2020. Additionally, the Act allows companies and other bodies to postpone their AGMs. Directors are not be exposed to liability for failing to hold an AGM in accordance with a company's constitution or acting without shareholder endorsement.

- **Temporarily extend filing deadlines at Companies House**. The Act provides for a temporary extension to the period allowed for the directors of a public company to comply with their obligation under section 441 of the *Companies Act 2006* to deliver accounts and reports for a financial year to the Registrar at Companies House. In addition, the Act empowers the Secretary of State to make regulations to extend the deadline for certain other filings at Companies House.

Extension of deadlines

On 24 September, BEIS announced extensions of deadlines as follows:

- companies and other qualifying bodies with obligations to hold AGMs will continue to have the flexibility to hold these meetings virtually until 30 December 2020. This means that shareholders can continue to examine company papers and vote on important issues remotely (since extended to 31 March 2021)
- statutory demands and winding-up petitions will continue to be restricted until 31 December 2020 to protect companies from aggressive creditor enforcement action as a result of coronavirus related debts
- termination clauses are still prohibited, stopping suppliers from ceasing their supply or asking for additional payments while a company is going through a rescue process. However, small suppliers will remain exempted from the obligation to supply until 30 March 2021 so that they can to protect their business if necessary
- the modifications to the new moratorium procedure, which relax the entry requirements to it, will also be extended until 30 March 2021. A company may enter into a moratorium if they have been subject to an insolvency procedure in the previous 12 months. Measures will also ease access for companies subject to a winding up petition. The temporary moratorium rules will also be extended to 30 March 2021.

In November 2020, the Government introduced new regulations that re-introduced temporary suspension of the wrongful trading rules from 26 November 2020 to 30 April 2021.

It also extended the provisions to allow virtual AGMs until 31 March 2021.

Further information is available in our briefing paper New business support measures: Corporate Insolvency and Governance Act 2020.

13. Insurance

The Association of British Insurers (ABI) publishes and regularly updates general guidance about insurance and coronavirus. However, insurance arrangements vary and businesses should check their cover and discuss concerns with their brokers.

There have been increasing disputes about business interruption insurance coverage. Although most policies are unlikely to cover closure resulting from the pandemic, some wording may be open to interpretation. See our briefing paper Coronavirus: Business interruption insurance for further details.

Insurance arrangements for businesses are complex and cover a number of areas, including business continuity/interruption, event cancellation and contingency, and professional liability.[79] The ABI emphasises that insurance arrangements vary and advises businesses to check their cover and to discuss concerns with brokers.

The Financial Conduct Authority (FCA), which regulates insurance in the UK, has published general guidance and expectations about insurance cover and management during the pandemic. It notes:

> We expect firms to consider very carefully the needs of their customers and show flexibility in their treatment of them. We are likely to see customers' behaviours change because of the pandemic. For example, this could mean that customers may need to work from home or commute by car. We would not expect to see their ability to claim impacted by circumstances over which they have little control.
>
> We expect firms to clearly communicate any policy exclusions that may impact the cover and use of individual policies. This applies both to new sales or changes to existing policies (either mid-term or at renewal) – they must clearly meet consumers' demands and needs.

Treasury Committee

The Treasury Select Committee is conducting an inquiry into the economic impact of coronavirus. As part of this, the Chair, Mel Stride MP, wrote to the ABI on 26 March 2020 with a set of questions about the scale of the industry's response and changes to what is on offer and the terms of insurance contracts.

In its response, the ABI emphasised its commitment to supporting customers, but also the scale of demands that the industry faces:

> ABI members estimate they will pay £1.2 billion in claims to policyholders as a result of Covid-19 covering losses by customers for business interruption, travel, events, weddings and school trips. Working estimates of the breakdown of the £1.2 billion are £900m for business interruption, £275m for travel insurance and £25m for events, weddings and school trips. If the period of business closures and travel restrictions continue well into the summer it is reasonable to expect this number would rise further.

79 See, for instance, Simmons & Simmons, "Coronavirus (COVID-19) - the insurance issues", 5 March 2020, for a general overview.

The response also set out a range of more "flexible" responses to general policy terms, such as relaxed approaches to MOTs and home working.

13.1 Business interruption insurance

It is likely that few businesses have relevant cover under standard wording. But this is not always straightforward. Our briefing paper Coronavirus: Business interruption insurance discusses the issue further.

There have been wide concerns about the coverage of business interruption insurance. **Most businesses are unlikely to have cover for pandemics.**

A full discussion appears in our briefing paper Coronavirus: Business interruption insurance.

Many businesses had expected that when Governments declared Covid-19 a notifiable disease and ordered them to shut down they would be able to make claims under interruption policies.

But few have been able to do so successfully. Most insurers had revised the standard wording of their policies over the last decade or so to remove cover relating to new diseases.

Affected businesses should read their policies, discuss the matter with their insurer or broker and ask for written advice.

But many policy-holders argue that policy wording isn't clear or seems to allow them to claim, even when insurers have told them that they can't.

What can businesses do?

Small businesses who dispute decisions may follow the standard complaints procedure for complaints about financial services. It is however likely that reviews of such claims will take some time.

As a result of the level of concern, though, the Financial Conduct Authority has published information for holders of business interruption policies. They also sought review of examples of contentious wording by the High Court. The judgment, released on 15 September 2020, largely found in favour of the policy-holders, although the decision is open to appeal. Further information about the case and the consequences is available in our briefing paper Coronavirus: Business interruption insurance.

Businesses may also consider the other support options discussed in this briefing.

14. Eat Out to Help Out

Under the Eat Out to Help Out Scheme (the EOHO Scheme) the Government provided 50% off the cost of food and/or non-alcoholic drinks eaten-in at participating businesses UK-wide. It applied all day Monday to Wednesday from 3 to 31 August 2020. The discount was capped at a maximum of £10 per head.[80] There was no minimum spend requirement and no limit on the number of times customers could use the offer. Participating establishments provided the discount to customers and claimed the discount back from HMRC.

The scheme was intended to restore consumer confidence and boost customer demand to help restaurants build back business following the coronavirus lock down period. It formed part of the Chancellor's *Plan for Jobs* announced on 8 July 2020, under the heading "protecting jobs".

As of 27 August 2020, 84,700 restaurants were registered to participate in the Scheme, £522.0 million had been claimed under the scheme spread across 100 million individual meal claims.[81]

For further discussion and updates, see the Library briefing paper on the Eat Out to Help Out Scheme.

Further information for businesses is available in the Government's guidance on the conditions for the scheme and making claims under the scheme.[82]

80 Inclusive of VAT but does not include service charge. Examples are provided in the Government's guidance: Get more information about the Eat Out to Help Out Scheme, 9 July 2020. The legal conditions for the Scheme are set out in a Treasury Direction made under Sections 71 and 76 of the Coronavirus Act 2020: Eat Out to Help Out Scheme, published 9 July 2020.

81 HMRC, HMRC coronavirus (COVID-19) statistics accessed 23 September 2020.

82 HMRC, Get more information about the Eat Out to Help Out Scheme, (9 July 2020) and Claim money back through the Eat Out to Help Out Scheme (27 July 2020)

15. Kickstart

As detailed in the library briefing Coronavirus: Impact on the labour market, youth unemployment in May-July 2020 was at its highest level since 2016, and the fall in employment in this quarter was the largest since March 2010.

The Kickstart scheme intends to create "hundreds of thousands" of 6-month work placements. It is aimed at 16-24 year olds in Great Britain who are on Universal Credit and are deemed at risk of long-term unemployment. It was initially announced as part of the Plan for Jobs. There is guidance about how employers can apply for the scheme.

The scheme

The scheme will pay employers to create new jobs for these young people, and funding will be conditional on the employer proving that these jobs are new, and are not replacing jobs held by staff who have recently been made redundant. The jobs created must provide a minimum of 25 hours per week, for 6 months.

Guidance for the scheme notes:

> Funding will cover for each job placement:
>
> - 100% of the relevant National Minimum Wage for 25 hours a week
> - the associated employer National Insurance contributions
> - employer minimum automatic enrolment contributions
>
> There will also be extra funding to support young people to build their experience and help them move into sustained employment after they have completed their Kickstart Scheme funded job.

The employers will also be expected to provide training and support to the *Kickstarter* to find a permanent job, although they should not need to undertake extensive training before they can begin the work placement.

The Government will provide up to £1,500 per job placement to cover setup costs, support and training.

Jobcentre Plus work coaches will support Universal Credit claimants "who are ready for an opportunity" to enrol in the scheme. Employers will then interview applicants and select the best candidate for their role.

Applications for Kickstart grants must be for a minimum of 30 job placements. If an organisation is not able to offer this many placements, then they would need to partner with another organisation to reach this number. Where this is the case, a representative needs to be put in place to submit the application. Support for employers with fewer than 30 placements is also available from *Kickstart gateways*. There is a list of organisations that have put themselves forward to be gateways.

Once a job placement is created, a different person can take over the role at the end of the six-month period.

An initial £2 billion has been provided for this scheme, and there will not be a cap on the number of places available. The Government has reported that, for a 24-year-old, the grant will be worth around £6,500. This is based on the National Minimum Wage for those aged 21 to 24. The grant would be worth less for those aged below 21 as the minimum wage is less for these workers.

16. Other initiatives

This is a fast-moving issue and should be read as correct at the time of publication. This list is not meant to be exhaustive.

The Chancellor announced that the Government would do "whatever it takes". Further actions include the following:

- **Relaxed planning rules** to allow pubs and restaurants to operate as hot food takeaways during the coronavirus outbreak. Through secondary legislation, the Government said it would allow the temporary change of use of a pub (A4 – drinking establishment) and a restaurant (A3 – restaurants and cafés) to a hot-food take away for a period up to 23 March 2021. [83] Aspects of the temporary change relate to permitted development rights and permitted development rights for change of use.

- The *Business and Planning Act 2019-21* became law on 22 July 2020. The purpose of the Bill is to help businesses recover from the disruption caused by Covid-19 and to support them in implementing safer ways of working, in particular the need for social distancing. It sets out to:
  - make it easier for **restaurants and pubs in England and Wales to seat and serve customers outdoors** through temporary changes to licensing law and outdoor seating;
  - make changes to planning law in England to ensure that **the planning system can support the planning and safe construction of new development** following the impact of Covid-19;
  - facilitate Bounce Back Loans by **disapplying 'unfair relationships' provisions** in the *Consumer Credit Act 1974* for lending made under the Scheme;
  - make **changes to HGV and PCV licensing in Great Britain and Northern Ireland and roadworthiness testing for heavy vehicles in Great Britain** to prevent a backlog of checks and tests from disrupting services, whilst respecting safety considerations.

- In July 2020, the DCMS and Treasury announced a £1.57 billion funding package for cultural, arts and heritage institutions: the **Culture Recovery Fund**. A DCMS written statement of 13 October gave details of the first round of awards.

For further information, see our briefing papers Commons Library analysis of the Business and Planning Bill 2019-21 and Planning for the Future: Planning policy changes in England in 2020 and future reforms, as well as MHCLG's planning guidance to accompany the *Business and Planning Act 2020.*

[83] Ministry of Housing, Communities & Local Government, Government to grant permission for pubs and restaurants to operate as takeaways as part of coronavirus response, 17 March 2020

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