

COVID-19: BUSINESS SUPPORT

Briefing – 18 March 2020

Chancellor's announcement – 17 March

Less than a week after delivering his first Budget Statement, Chancellor of the Exchequer, Rishi Sunak MP, made a further economic update in light of the rapid escalation of the Government's and UK's efforts to tackle the coronavirus, COVID-19. Please find below a summary of his update. The Chancellor made a further statement in the House of Commons later that evening.

- **£330bn extra in government backed guarantees** – equivalent to 15% of GDP
- New **lending to be made available for large businesses** from Bank of England
- **Business interruption loan scheme for SMEs** now increased to **up to £5m per loan**, with no interest payable in first 6 months
- A package of measures for airlines and airports will be introduced in coming days
- The hospitality, retail and leisure sector received additional support:
 - Cash grants per business, up to £25k (for those with rateable value of <£51k) and whose insurance does not cover them for closure under a pandemic
 - Business rates holiday (12 months) for any business in these sectors, regardless of rateable value
- For individuals:
 - Agreed with all lenders a 3-month mortgage holiday for homeowners impacted by the coronavirus
- Will develop a new package of support measures in collaboration with businesses and unions, including looking at potential short-working time measures and where regulatory relaxation can be used to help businesses

N.B. SMMT has sought clarification from HMT and BEIS on whether a dealership is covered under the Government's working definition of retail or not. Further advice will be provided in due course.

Business support announced in/alongside the Budget – 11 March

On 11 March, the Bank of England reduced the base rate to 0.25% (from 0.75%). Furthermore, a number of private lenders are also making funds available to small businesses impacted by COVID-19, including £2 billion from Lloyds Banking Group and £5 billion from NatWest.

In the Budget:

A COVID-19 Response fund, initially set at £5 billion, has been created for:

- The NHS to treat Coronavirus patients, including maintaining staffing levels
- Local Authority actions to support social care services and vulnerable people
- Ensuring funding is available so other public services are prepared and protected

To support businesses experiencing increases in costs or financial disruptions:

- The government will bring forward legislation to allow SMEs and employers to **reclaim Statutory Sick Pay (SSP)** paid for sickness absence due to COVID-19. The eligibility criteria for the scheme will be as follows:
 - This refund will cover up to two weeks' SSP per eligible employee who has been off work because of COVID-19
 - Employers with fewer than 250 employees will be eligible
 - The size of an employer will be determined by the number of people they employed as of 28 February 2020
 - Employers will be able to reclaim expenditure for any employee who has claimed SSP (according to the new eligibility criteria) as a result of COVID-19
 - Employers should maintain records of staff absences, but employees will not need to provide a GP fit note
 - The eligible period for the scheme will commence the day after the regulations on the extension of Statutory Sick Pay to self-isolators comes into force
 - The government will work with employers over the coming months to set up the repayment mechanism for employers as soon as possible.

- A new **temporary Coronavirus Business Interruption Loan Scheme**, delivered by the British Business Bank, will launch in a matter of weeks to support businesses to access bank lending and overdrafts.
 - The Scheme will support loans of up to £1.2 million in value (turnover cap of £41 million)
 - The government will provide lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs.
 - The government will not charge businesses or banks for this guarantee.
- All businesses and self-employed people in financial distress, and with outstanding tax liabilities, may be eligible to receive support with their tax affairs through **HMRC's Time To Pay service**.
 - A dedicated helpline has been set up to help businesses and self-employed individuals in financial distress and with outstanding tax liabilities receive support with their tax affairs. Through this, businesses may be able to agree a bespoke Time to Pay arrangement. If you are concerned about being able to pay your tax due to COVID-19, call HMRC's dedicated helpline on 0800 0159 559.
 - All businesses, including large businesses can access Time to Pay.
- The government is temporarily increasing the **business rates retail discount** in England to 100% for 2020-21 for properties below £51,000 rateable value. Nearly half of all business properties will not pay a penny of business rates.

To support individuals affected by COVID-19:

- **Statutory Sick Pay (SSP)** will now be available for eligible individuals diagnosed with COVID-19 or those who are unable to work because they are self-isolating in line with Government advice. This is in addition to the change announced by the Prime Minister that SSP will be payable from day 1 instead of day 4 for affected individuals.
- People who are advised to self-isolate for COVID-19 will soon be able to obtain an alternative to the fit note to cover this by contacting NHS 111, rather than visiting a doctor. This can be used by employees where their employers require evidence.
- Those who are not eligible for SSP, for example the self-employed or people earning below the Lower Earnings Limit of £118 per week, can now more easily make a claim for Universal Credit or Contributory Employment and Support Allowance.

Resources & guidance

- <https://www.gov.uk/government/news/coronavirus-covid-19-guidance-for-employees-employers-and-businesses>
- The [government's coronavirus action](#) plan provides detailed information about the government's response
- [ACAS](#) has published information for employees and employers, including simple steps to help protect the health and safety of staff

Ventilator manufacturing request

The [Government is seeking manufacturing industries](#) to support the foreseen demand for extra ventilators through utilising spare capacity or other facilities and skills.

- <https://ventilator.herokuapp.com/>
- Any businesses who can help with the call for ventilator production please contact @businessgov helpline on 0300 456 3565 or email ventilator.support@beis.gov.uk. The helpline is live and experts fielding the calls will be able to assess capability and capacity requirements.
- A Specification is being developed by Innovate UK and Department of Health, SMMT has a draft spec which it can share on request.

