

## **CORONAVIRUS –**

### **SUPPORT AND MEASURES AVAILABLE FOR BUSINESSES**

With the effects of the Coronavirus spreading daily, we are seeing a shock to the global economy and a pronounced effect on the ability for people to work. A sharp contraction in activity for business is now a *certainty*, resulting in a cloud of *uncertainty* over the future of business. We are mindful that many of our clients and other businesses in the UK and internationally will be experiencing the impact that COVID-19 has on its business and will be gravely concerned for their viability in the coming months.

Here we set out a number of potential measures to help support your business financially, whilst also taking some time to consider ways in which your business can look to adapt during this uncertain climate and looking forward at innovative ways to accelerate the recovery of your business, should this become a necessity.

#### **FINANCIAL HELP**

##### **CORONAVIRUS JOB RETENTION SCHEME**

The Government have provided the unprecedented step to help businesses retain staff, by providing payroll support to all enterprises in the UK.

The job retention scheme covers up to 80% of salary costs of any employee (up to a maximum of £2,500 per month) who would otherwise be laid off because of the Covid-19 outbreak. These payments will be in the form of grants (i.e. not repayable by the employer) provided by HMRC. HMRC are working urgently to set up a specific system for reimbursement under the scheme.

It covers the wages of all employees who were employed at 28 February 2020, and will cover wages paid from 1 March 2020. The scheme is in place for an initial period of 3 months, but this will be extended if necessary.

The Government's ambition is for first grants to be "paid within weeks" with a scheme "in place" by the end of April 2020.

##### **CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME (CBILS)**

On Tuesday 17 March 2020 the Chancellor announced a package of help for businesses totaling more than £330bn.

Amongst the package of measures is the Coronavirus Business Interruption Loan Scheme (**CBILS**) which will offer loans of up to £5million for small and medium-sized enterprises (**SMEs**) through the British Business Bank.

The CBILS is set to become available on the week commencing 23 March 2020.

The scheme will primarily support SMEs to access bank finance including term loans, asset finance, invoice finance and overdraft facilities. The scheme will have the following key features:

- The Government will provide the lenders with an 80% guarantee of each loan, which has the benefit of instilling confidence in lenders to continue to provide finance to these businesses.

- The Government will not charge business or banks for providing these guarantees.
- The first 12 months of the interest on the finance will be covered by the Government, which means you will benefit from lower repayment amounts for the finance.
- The maximum amount allowed for each business under the scheme will be £5 million.
- Finance terms are from three months up to ten years for term loans and asset finance and up to three years for revolving facilities and invoice finance.
- The decision making on eligibility falls with one of the 40+ accredited lenders under the scheme.

To be eligible for the CBIS, your business must fall under the following criteria:

- Be based in the UK and have an annual turnover of no more than £41 million.
- Has not received *de minimis* state aid beyond €200,000 in the past 2 fiscal years.
- Have a sound borrowing proposal, but insufficient security to meet the lender's requirements. If your business is in a position where the lender can offer such finance on normal commercial terms, it will do so.

These are just outline conditions for the time being and more information is being released as the effects of the outbreak continue to unravel.

### **SUPPORT FOR BUSINESSES PAYING TAX**

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. Whether you are eligible for this is decided on a case-by-case basis and the support will be tailored to your business's individual situation.

### **BUSINESS RATES RELIEF AND SMALL BUSINESS GRANT**

The Government has introduced a business rates holiday for business operating in retail, hospitality and leisure industries for the 2020-2021 tax year. Enquiries that you may have on eligibility for these reliefs should be made to your local authority and we are happy to assist you in making these enquiries.

If your business qualifies for small business rate relief (SBBR), you will be eligible for a one-off grant of £10,000 to help meet your ongoing business costs.

### **INSURANCE**

Most business interruption policies only cover physical damage at a property which disrupts the continuation trade of the business covered. This therefore would not cover disruption caused by pandemics such as the coronavirus.

However, you may have taken out an extension to your business interruption policy covering disruption caused by ‘notifiable diseases’, which the coronavirus was made one officially by the Government in England and Wales at the beginning of March.

You should therefore check the wording of your policy to find out whether you have this extension in place, but even then some insurers have already revealed that they won’t provide cover for Covid-19 as it isn’t a disease specifically listed on their policies. Of course, this is just a general summary, so if you have any concerns, please get in touch – we can review your policy wordings or put you in touch with a broker to see whether you’re likely to be covered.

### **LOOKING FORWARD**

It is important during this time to think outside of the box and to look at new, innovative and creative ways to keep your business thriving. We have seen from history that pandemics catalyze innovation and accelerate change – creating an environment for businesses to test new and creative ideas.

As we know, COVID-19 is causing immeasurable suffering on the world-economy and has steadily impacted our daily rituals of “going to the office”. COVID-19, much like 9/11 and the 2008 financial crisis has a global impact and as a result, businesses worldwide are seeing the effects of these changes in behaviours already. We are already seeing that “working from home” is now the new norm and this is likely to lead to an impact on teamwork and collaboration. This is a time for innovation to mitigate the threat of COVID-19 to your business and to work with your colleagues and customers alike to build a resilient network around you.

Consider the following:-

#### **Stay loyal**

For small and large businesses alike, it is paramount to **maintain customer loyalty and trust** when times are uncertain. Let customers know they are important by keeping their interests at the forefront. This is key to ensure business bounce-back and to accelerate recovery when the cloud has lifted.

Stay connected. Maintains lines of communication with stakeholders and strengthen your relationships.

#### **Reflect and review**

Use this challenging time to reflect, implement cost-saving measures, review your business model and identify new business opportunities.

#### **Team up**

This is a worldwide pandemic and we are all in this together. Team up with competitors and put your resources to good use in your local communities.

#### **Build a resilient workforce**

Communicate to your employees and provide authoritative and clear messages to them during these coming months. Your customers/consumers will be reassured by an uninterrupted service so make sure the message to your employees is clear so they can provide a sound service to your customers going forward.

Communication maintains confidence.

### WHAT CAN WE DO TO HELP?

We can help you. Please get in touch with us if you need any support for your business in dealing with the COVID-19 pandemic. We have a team of experts who can advise you during this time of uncertainty – including providing ongoing employment support, restructuring/insolvency expertise and undertaking commercial contract reviews. We are also on hand to offer assistance in contacting the relevant organisations in order to get the ball rolling on your business receiving the support that may be available to it.

Stay tuned for a further update from our **Corporate team** on guidance on practical steps to access funding.