

| |
|--|
| COVID-19 (Coronavirus) Assistance for UK Businesses |
|--|

The UK is in a period of uncertainty in terms of rising cases and additional restrictions on the movements of businesses and workers. As such, the government's schemes have been adapted, extended or replaced.

The substantial financial packages and schemes which were implemented (which has included grants, low-cost guaranteed loans, tax payment holidays and job support schemes) amount to approximately **£172.3bn** as of 2 November 2020 (last data update 18 October 2020).

| SCHEME | NUMBER | APPROVAL RATE | VALUE |
|---|-------------------|---------------|----------|
| Coronavirus Job Retention Scheme (CJRS) | 9.6m jobs | - | £41.4bn |
| Self-Employed Income Support Scheme (SEISS) | 5m grants | - | £13.7bn |
| Coronavirus Business Interruption Loan Scheme (CBILS) | 73,094 loans | 45.9% | £17.16bn |
| Coronavirus Large Business Interruption Loan Scheme (CLBILS) | 1,034 loans | 60.3% | £4.57bn |
| Covid Corporate Finance Facility (CCFF) | - | - | £15.29bn |
| Bounce Back Loan Scheme (BBLs) | 1,336,320 loans | 80.5% | £40.20bn |
| Future Fund | 745 conv. loans | 59.9% | £770.8m |
| VAT Deferral Scheme | 113,500 deferrals | - | £28.2bn |
| Local Authority grants (RHLG and SBG) | 897,590 grants | - | £11.01bn |

As a number of the existing schemes introduced by the government have begun to wind down, **Chancellor Rishi Sunak announced several new initiatives and extensions to others on 24 September 2020**. However, due to the second national (England) lockdown announce on 31 October, a number of schemes have been postponed and/or extended.

More details on these schemes and changes are to follow, but some of the main points are included below and are all subject to daily change.

JOB AND INCOME PROTECTION

Coronavirus Job Retention Scheme

****THE CJRS HAS BEEN EXTENDED (ANNOUNCED 31 OCTOBER 2020) TO LAST UNTIL DECEMBER 2020. This coincides with the national lockdown (England), but the scheme applies across all of the UK****

Employers pay a percentage of the wages and contributions of furloughed staff:

| MONTH | GOVERNMENT | EMPLOYER |
|---------|---|--|
| October | Up to 80% of wages for hours not worked by the employee, up to £2,500 per month for | Pay employee for hours worked, and remaining percentage of hours not worked, as well as national insurance and pension contributions due on those amounts. |

The extension of the furlough scheme was announced as an emergency measure to support sectors and business which would be affected by the snap lockdown announced to last throughout November 2020. This will be based on the "flexible furlough" model, whereby the government will cover 80% of capped wages not worked by the employee.

Employers can top this up to 100% at their discretion, and must continue to pay employees for hours works, as well as NICs and pension contributions as normal.

KEY POINTS

- All employers with UK bank account and UK PAYE scheme can claim;
- **Neither the employer nor the employee needs to have previously used the CJRS;**
- Employees **must be on an employer's PAYE payroll by 23:59 30th October 2020;**
- Employees **can be on any type of contract** (any working arrangements can be agreed with employees);
- There is **no minimum furlough period** (agreed flexible furlough agreements can last any amount of time). Employees **can enter into a flexible furlough agreement more than once**, but **employers will need to report and claim for a minimum period of 7 consecutive calendar days;**
- For hours not worked by the employee, the **government will pay 80% of wages up to a cap of £2,500;**
- Employers are **still able to choose to top up employee wages** above the scheme grant at their own expense;

Information on how to claim under the extended scheme will be announce by the Government in due course.

Job Retention Bonus

- Employers will be **paid £1,000 per each employee that is returned to work** having been on furlough, and keep those workers in their jobs until at least January 2021;
- The requirements for this bonus will include staff returning to 'decent' work – where each worker is working at least 25 hours per week is being paid £520 a month on average from November 2020 to January 2021;
- The bonus will be paid for **all furloughed employees** (this could equate to around £9bn in bonus payments).
- PAYE staff **can be furloughed multiple times**, but **must be furloughed for a minimum of 3 consecutive weeks at a time;**

Job Support Scheme****THIS SCHEME HAS BEEN POSTPONED IN LIGHT OF THE NEW NATIONAL LOCKDOWN (ENGLAND) ANNOUNCED ON 31 OCTOBER 2020****

~~On 24 September, the government announced a new grant scheme designed to support employers in paying their employees in viable jobs. This JSS will lead on directly from the CJRS (furlough) scheme, with the core details as follows (subject to change):~~

- ~~• Scheme open from 1 November to the end of April 2021 — open in December to make applications through the Gov.uk website, with grants paid on a monthly basis;~~
- ~~• Employer continues to pay employee for **time worked** (employee will work reduced hours);~~
- ~~• Remaining salary will be **split between the employer and the government** (the latter up to a cap), outlined below;~~
- ~~• **Neither the employer nor the employee will need to have previously used the CJRS to access JSS.**~~

Eligibility requirements for EMPLOYERS

- ~~• All UK employers **with a UK bank account and UK PAYE schemes**;~~
- ~~• Neither the employer nor the employee will need to have previously used the CJRS;~~
- ~~• If you are a **large business** (those companies which meet two of: (1) 250+ employees; (2) turnover of over £36m+; and (3) balance sheet of £18m+), you will have to **meet a financial assessment test**, and scheme is **only available to those whose turnover is lower now than before experiencing COVID-19 related difficulties**;~~
- ~~• No financial assessment for SMEs;~~
- ~~• Government 'expectation' is that large employers using the JSS **will not be making capital distributions** (e.g. dividend payments or share buybacks) **whilst accessing the grant** (further guidance to follow on this).~~

Eligibility requirements for EMPLOYEES

- ~~• Employees **must be on the employer's PAYE payroll on or before 23 September 2020**;~~
- ~~• Employees **must work at east 33% of their usual hours for the first three months** of the scheme (government will consider the thresholds thereafter, either increasing or decreasing);~~
- ~~• **Flexible scheme** — employees can **cycle on and off the scheme** and do not have to have the same working pattern each month, but each short time working period must be for a **minimum period of 7 days**.~~

What the JSS grant covers

- ~~• Government and employer will pay 1/3 each of the usual hourly wage for the employee (government contribution capped at £697.92 per month);~~
- ~~• Grant payment **made in arrears**;~~
- ~~• **Will not cover Class 1 National Insurance Contributions or pension contributions, but will remain payable by the employer**;~~
- ~~• Employers **must pay employees for their hours worked, and the Government and employer contributions for hours not worked**;~~
- ~~• Unlikely that employers will be allowed to top up above the 2/3 contribution to hours not worked at their own expense.~~

"Reduced Hours" means:

- ~~Employee must be working at least 33% of their usual hours;~~
- ~~For the time worked, employees must be paid their normal contracted wage;~~
- ~~For time not worked, employees will be paid up to two thirds of their usual wage;~~
- ~~Employees cannot be made redundant or put on notice of redundancy during the period for which the employer is claiming the grant.~~

Examples of percentage contributions by Government and employer under JSS:

| | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|
| Hours Employee Worked | 33% | 40% | 50% | 60% | 70% |
| Hours Employee Not Working | 67% | 60% | 50% | 40% | 30% |
| Employee Earnings (% of normal) | 78% | 80% | 83% | 87% | 90% |
| Gov't Grant (% of normal wages) | 22% | 20% | 17% | 13% | 10% |
| Employer Cost (% normal wages) | 55% | 60% | 67% | 73% | 80% |

~~EXPANSION OF SCHEME ANNOUNCED ON 9 OCTOBER TO OFFER ASSISTANCE WHERE BUSINESSES ARE LEGALLY REQUIRED TO CLOSE DUE TO LOCAL LOCKDOWNS**~~**

~~The government will pay two thirds of employees' salaries to protect jobs over the coming months, and is known the "Closed" scheme.~~

~~Cash grants for businesses required to close in local lockdowns have also increased to up to £3,000 per month.~~

~~IRIS has published a [helpful calculator](#) for both the Open and Closed JSS options.~~

Self Employed Income Support Scheme

****THE SCHEME HAS BEEN FURTHER [EXTENDED](#) TO REFLECT THE SUPPORT GIVEN IN APRIL-JUNE 2020, TO COVER 80% OF TRADING PROFITS FOR NOVEMBER 2020****

The claims process for the extended period (November 2020) will open at the end of November rather than the middle of December.

You **do not have to have previously claimed SEISS to be eligible for the additional grants**, but:

- have been **previously eligible** for the Self-Employment Income Support Scheme first and second grant
- declare that they **intend to continue to trade** and either:
 - are **currently actively trading but are impacted by reduced demand** due to coronavirus
 - were **previously trading but are temporarily unable to do so due to coronavirus**

The first of the two new grants will:

- cover **three months' worth of profits** for the period from November to the end of January 2021;
- worth **20% of average monthly profits – THIS WILL BE 80% FOR NOVEMBER 2020**;
- up to a **total of £5,160 (up from £1,875 to reflect extension for November 2020)**.

The scheme is available to the self-employed with:

- **trading profits of less than £50,000 in 2018-19**; or
- **an average trading profit of less than £50,000** from 2016-17, 2017-18 and 2018-19

Other requirements are that it is available to those who are:

- Making **more than half of their income from self-employed work**; and
- **Already in self-employed work with a tax return for 2019**.

Eligible parties will then need to complete an online form to receive the grant, with payments made into the recipient's bank account.

For those workers who don't have three years of tax returns (but more than one):

- will have profits for those periods averaged out to calculate the grant;
- If there is only one year of returns, then it will be assessed on that basis; and
- Those with no filings will be missed; otherwise there is a greater risk of fraud.

Non-UK residents may still be eligible to claim for this scheme if they're self-employed and are either:

- Not resident in the UK; or
- Resident in the UK and have chosen the [remittance basis](#) (i.e. resident but do not live permanently in the UK and have foreign income and gains).

Applicants would have to confirm to HMRC that their **UK trading profits are at least equal to your other worldwide income**.

SEISS is **not available** to those **who pay themselves a salary and dividends through their own company** (covered by the Coronavirus Job Retention Scheme if they are operating PAYE schemes instead), but **is available to members of partnerships**.

| |
|----------------------------|
| LOANS AND FINANCING |
|----------------------------|

****THE DEADLINE FOR APPLYING FOR ALL OF THE LOAN SCHEMES HAS NOW BEEN EXTENDED TO 31 JANUARY 2021 TO REFLECT THE SECOND LOCKDOWN PERIOD****

Bounce Back Loan (BBL)

A key [announcement](#) on 27 April 2020 gave smaller firms hope that easier access to crisis loans and finance offered by the government's partner banks was soon to be arriving.

The [Bounce Back](#) loan scheme launched on 4 May 2020 and will aim to fill the gaps left by unsuccessful applications by SMEs for CBILS. Eligible businesses need to apply through the British Business Bank's [accredited lenders](#), which include a mix of high street banks, specialist business lenders and peer-to-peer lenders.

Key points to note on the Bounce Back scheme

- **100% backed** by government;
 - The government will **provide the lender** with a guarantee the entire loan amount.
- Can borrow **between £2,000 and £50,000 – up to 25% of a business' turnover**;
- Loan terms of **up to six years**;
- **No repayments, interest or fees for first 12 months** – fixed rate of 2.5% thereafter;
- Funds provided **within a few days** of approval (some small loans provided within 24 hours);
- A short-form, seven question **online application**;
- **Cannot apply if already claiming under the CBILS**, but if you've already received a loan of up to £50,000 under CBILS, **you can transfer it** into the Bounce Back Loan scheme. This can be arranged with the lender until 4 November 2020;
- In light of the new lockdown for November, borrowers will be able to borrow a 'top-up' where they have not taken out a maximum loan (25% of turnover/£50k)
- **No early repayment fees.**

You **can apply** if your business:

- Is **UK-based**;
- Has been **negatively affected by coronavirus**; and
- Was **not an 'undertaking in difficulty' on 31 December 2019**.
 - One definition of 'undertaking in difficulty' (in the case of limited companies) is that the business has **losses worth 50% of its subscribed share capital**.

You **CANNOT apply** if your business is a:

- Bank, insurer or reinsurer (insurance brokers can apply);
- Public-sector body;
- Grant-funded further-education establishment; or
- State-funded primary or secondary school.

Coronavirus Business Interruption Loan Scheme (CBILS)

The British Business Bank (BBB) is providing guarantees (up to 80%) on facilities of between £1,000 and £5m per business through the CBILS, which will temporarily replace the Enterprise Finance Guarantee (EFG). This is the existing Government-backed scheme which guarantees lending from banks and other institutions on facilities such as **overdrafts, invoice and asset finance** to business borrowers with little or no security.

The **Government will pay interest on the loans for the first 12 months**, as well **any lender-levied charges**.

The scheme **was launched on 23 March 2020**. Businesses should contact one or more of the BBB's [accredited lenders and partners](#) to find out how to apply. General eligibility and application guidance can be found on the BBB's site, [here](#).

CBILS will be offered by lenders as an option to successful applicants if they cannot provide finance on normal commercial terms.

Key points to note on CBILS

- Facilities of **up to £5m**;
- **Up to 80% guarantee on each loan** (depending on loan size). **Guarantee is to the lender**, *not* the business. **Borrower is liable for 100% of the facility and any interest following the initial 12 month period**;
- Facility must be for **UK-based business activity**;
- Have an **annual turnover of no more than £45 million in the preceding 12 months**;
 - If the applicant is a group company, this limit applies to the entire group combined. **More than one company in a group can apply, but the combined turnover cannot exceed the £45m threshold.**
- Business generates **more than 50% of turnover from trading activity**.
- Offered **primarily to SMEs** (250 employees or fewer);
- **No longer limited to businesses that have been refused loans on commercial terms**;
- **No personal guarantees of any form for facilities below £250,000**;
- For facilities **above £250,000**, personal guarantees may still be required **at a lender's discretion** but:
 - Excludes the Principal Private Residence (PPR), **only business/investment assets**; and
 - **Capped at a maximum of 20% of the outstanding balance of the CBILS facility** after the proceeds of business assets have been applied.
- **Applicants must:**
 - Have a **'sound 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**.
- The following businesses **cannot apply**:
 - Banks, insurers and reinsurers (but not insurance brokers);
 - Public-sector bodies;
 - Further-education establishments (if they are grant-funded); and
 - State-funded primary and secondary schools.
- Repayment terms **up to six years** for term loans and asset finance; **up to three years** for overdrafts and invoice finance;

- **De Minimis state aid has been removed as a restriction** on applying for CBILS;
- As at 3 April, CBILS can now support lending to smaller businesses **even where a lender considers there to be sufficient security**, making more, smaller businesses eligible;
- Where there is sufficient security available, **it is likely that the lender will take such security in support of a CBILS facility**.

Prior to applying, **applicants should ideally have the following information ready** as evidence that the borrower can repay the loan (although these will vary from lender to lender):

- a cash flow statement for the next 3-6 months;
- a 'sound borrowing proposal' or business plan;
- details of assets;
- latest year end accounts; and
- Latest management accounts (profit & loss account and balance sheet).

Coronavirus Large Business Interruption Loan Scheme (CLBILS)

A further expansion to the government-backed loan schemes made available to UK businesses comes in the form of [the CLBILS](#), announced on 3 April (additional details [announced](#) on 16 April) and **launched on 20 April 2020**.

Similarly to CBILS, the government will provide a guarantee of 80% to enable banks to make **loans of up to £50 million** available through the BBB's [accredited lenders](#) to **viable businesses**.

Key points to note on CLBILS

Basic eligibility requirements released so far are that **applicants for CLBILS must:**

- be UK-based in its business activity;
- have an **annual turnover of over £45 million** (upper cap of £500m has now been lifted);
 - Financing of up to £25m available to these firms, but **up to £200m** (increased from £50m, [announced](#) on 19 May) is available for firms **with turnover of over £250m**.
- Finance terms of **three months to three years**;
- Loan size **capped at 25% of turnover**;
- be unable to secure regular commercial financing;
- have a borrowing proposal which the lender:
 - would consider viable, were it not for the COVID-19 pandemic;
 - believes will enable you to trade out of any short-term to medium-term difficulty
- **Have not have received a facility** under the Bank of England's **Covid Corporate Financing Facility** (CCFF);
- **Businesses from any sector can apply**, except for the following: credit institutions, insurers and reinsurers; building societies; public-sector bodies; further-education establishments (if they are grant funded); or state-funded primary and secondary schools.

Borrowers will need to show evidence of their ability to repay the loan, which will likely include management accounts, cash flow forecast, business plan, historic accounts and details of assets.

Future Fund

On 20 April, the government announced support schemes for innovative businesses in the UK tech/R&D sectors, including initiatives that will provide co-investment, loans and grants (totalling £1.25bn).

£500m of this will go into the [Future Fund](#), ([opened for applications](#) on **20 May 2020**) which will offer convertible loans of £125k-£5m to innovative, high growth UK companies. The government will provide £250m of this, with the other half being contributed by third-party investors.

In return for the finance, the Government will [take a share](#) of the company on the next funding round. The full headline terms can be found [here](#) and the standard form Convertible Loan Agreement can be found [here](#).

The target of the scheme is high growth, UK-based early stage companies, and will match investments by private investors.

Key points to note on the Future Fund

- Loans of between **£125k and £5m**;
 - There is **no cap on the amount the matched investor(s) can loan to the company**, therefore no cap on the aggregate bridge funding.
- Funding must only be used for **working capital purposes only**:
 - Must **not** be used to pay off other borrowings, make dividend or bonus payments, or use it pay any advisory or placement fees or bonuses to external advisers.
- Term of a maximum of 36 months;
- An **interest rate of 8% per annum** to be paid on maturity of the loan (unless a higher rate is agreed between the borrower and match investors);
- Scheme **launching on 20 May and is open until the end of January 2021** (to be kept under review and extended if necessary and feasible);
- Main eligibility requirements are that the borrower must:
 - Be a **UK-incorporated (unlisted) company** (if part of a group, only parent co can apply for this scheme);
 - Have **raised at least £250k** in equity investment from **private third party investors** over the **past 5 years**; and
 - Have a substantive economic presence in the UK.
- Funding will **automatically convert into equity on next qualifying funding round** at a minimum conversion discount of 20%;
- If the company is a member of a corporate group, the ultimate parent company (if a UK registered company) will receive the loan.

The remaining £750 million in that pot will provide support to SMEs focusing on research and development through **Innovate UK's grants and loan scheme**:

- Innovate UK will accelerate up to £200m of grant and loan payments for its 2,500 existing Innovate UK customers on an opt-in basis;
- Remaining £550 million will be made available to increase support for existing customers and **£175,000 of support will be offered to around 1,200 firms not currently in receipt of Innovate UK funding**;

Start Up Loan

An additional scheme open to smaller businesses which want to borrow lower amounts (particularly start-ups) is the [Start Up Loan](#).

This is a government-backed personal loan available to individuals looking to start or grow a business in the UK. Successful applicants also receive 12-months of free mentoring and business offers. The support made available to applicants, as well as the flexible amounts and terms available.

Some basic points to note on the loan are:

- **All owners or partners in a business can individually [apply](#)** for up to £25,000 each, with a maximum of £100,000 available per business;
- The loan is **unsecured** - no need to put forward any assets or guarantors;
- Loans of **£500-£25,000**;
- **Fixed interest rate of 6%** per annum;
- Repayment **terms of 1-5 years**; and
- **No application or set-up fees.**
- Applicants must meet **all** of the following requirements:
 - you **live in the UK**;
 - you're **18 or over**; and
 - you **have (or plan to start) a UK-based business that's been fully trading for less than 24 months.**

Covid Corporate Financing Facility (CCFF)

The **CCFF** is a way that larger, non-financial firms - including subsidiaries of overseas companies - affected by a short-term funding squeeze (but were otherwise strong before the crisis) can deal with their short-term liabilities such as wages and paying suppliers. CCFF is open to firms that can **demonstrate they were in sound financial health prior to the shock.**

The CCFF will support corporate finance markets overall and help to free up credit for SMEs from banks. The scheme will be **available from the week commencing 23 March**.

The scheme will run *"for at least 12 months and for as long as steps are needed to relieve cash flow pressures on firms that make a material contribution to the UK economy."*

The Government is working with the Bank of England for a workaround for companies who don't have a credit rating (required for the CCFF) to construct one with their banks, therefore making it easier for those companies to benefit from the scheme.

Some features of the CCFF:

- **Minimum loan sizes of £1m** (*max. TBC*) with offers rounded to the closest £0.1m;
- Financing on "comparable terms to those prevailing in the market pre COVID-19".
- To provide **funding to pay wages, suppliers, or to boost cash flow.**

A list of the banks participating in the CCFF and related information about applying can be found [here](#), but in short the main banks taking part are:

- Barclays, HSBC, Lloyds, Natwest, Bank of America, Citibank, Goldman Sachs, JP Morgan Chase, Morgan Stanley and Standard Chartered.

Quick Eligibility Guide to Government Loan Schemes

Here is a reference guide to the basis eligibility criteria which the government has provided – 'X' denotes a 'Yes' answer/indication:

| Firm Size | Turnover < £45m | Turnover > £45m | Investment grade |
|---|--------------------|--------------------|---------------------|
| Bounce Back Loans (up to £50,000) | X | X | X |
| Coronavirus Business Interruption Loan Scheme (CBILS) | X | | |
| Coronavirus Large Business Interruption Loan Scheme (CLBILS) | | X | X |
| Covid Corporate Financing Facility (CCFF) | | | X |
| Job Retention Scheme | X | X | X |
| Business Grants (dependent on rateable value of the property) | X | X | X |
| VAT deferrals | X | X | X |
| Covering the cost of statutory sick pay | X | X | X |
| Future Fund (only if VC funded) | X | X | |

BUSINESS GRANTS AND RELIEFS (England)

****BUSINESS WHICH HAVE BEEN FORCED TO CLOSE DUE TO LOCAL LOCKDOWN RESTRICTIONS MAY BE ELIGIBLE FOR THE [LOCAL RESTRICTIONS SUPPORT GRANT](#)****

| SCHEME | AMOUNT | ELIBILITY | EXCLUSIONS |
|--|--------------------------------|--|--|
| Local Restrictions Support Grant (LRSB) | £1,000 per period per property | <ul style="list-style-type: none"> • Rateable value of less than £51,000 • occupies property on which it pays business rates • is in a local lockdown area and has been required to close because of the formal publication of local restrictions guidance that resulted in a first full day of closure on or after 9 September. This funding is not retrospective • has been required to close for at least 3 weeks because of the lockdown • has been unable to provide its usual in-person customer service from its premises. • If closed for a period of six week continuously, could mean a grant of £2,000. | Businesses: <ul style="list-style-type: none"> • which are able to continue to operate during the lockdown because they do not depend on providing direct in-person services from their premises • that have chosen to close, but have not been required to close as part of a local lockdown • that are still subject to national closures such as nightclubs • that have reached the state aid limit |
| Local Restrictions Support Grant (LRSB) | £1,500 per period per property | <ul style="list-style-type: none"> • Rateable value of more than £51,000 • occupies property on which it pays business rates • is in a local lockdown area and has been required to close because of the formal publication of local restrictions guidance that resulted in a first full day of closure on or after 9 September. This funding is not retrospective • has been required to close for at least 3 weeks because of the lockdown • has been unable to provide its usual in-person customer service from its premises • If closed for a period of six week continuously, could mean a grant of £2,000. | As above |
| Discretionary local business grant fund | Up to £1,500 | <ul style="list-style-type: none"> • your business is required to close but you do not pay business rates • if your business is not required to close, but has been severely affected, for example as a result of customer businesses being closed | As above |