

COVID-19 – Daily News Bulletin

14 April 2020

Heart of London Business Alliance is committed to ensuring our members receive the support they need while the situation in relation to COVID-19 is fast-changing. Our Daily Bulletin provides you with an update on the important announcements and guidance from the Government. In addition, it is recommended that our members monitor the [GOV.UK](https://www.gov.uk) website for guidance regarding COVID-19.

Together with our local Member of Parliament, Nickie Aiken, Heart of London will continue to lobby Government for support for our members and your employees during this difficult time.

Headlines

- With new figures indicating that the UK's COVID-19 death rate may be far higher than suggested and that the economy may experience a fall of 35% in output in the second quarter of 2020, Chancellor of the Exchequer Rishi Sunak claimed on Tuesday that he anticipates the economy will be able to bounce back quickly from the crisis.

ONS Statistics: UK COVID-19 death rate likely higher than reported

- New figures from the UK's Office for National Statistics (ONS) have found that the actual death rate for COVID-19 cases in the UK is approximately "50% higher" than the total numbers announced on a daily basis by the Government.
- Due to the Government's statistics only showing deaths in hospitals and not in the wider community, the ONS has shown that by 03 April there had been 6,253 deaths in England and Wales as opposed to the 04 April death toll of 4,093 announced by the Government.

OBR Statistics: UK economy faces 35% quarterly drop if lockdown persists

- Forecasts released on Tuesday by the Office for Budget Responsibility (OBR) indicate that the UK economy could face a fall of 35% in output in the second quarter of 2020 if the Government persists in holding the nationwide COVID-19 lockdown.
- Forecasts by the OBR also show that the economy has already entered a deep recession with the likely result of a £218 billion gap in public finances when compared to March forecasts.

Government Daily Covid-19 Press Conference – Tuesday

- Tuesday's press conference was led by the Chancellor of the Exchequer Rishi Sunak, who confirmed that over 12,000 people in the UK who have tested positive for COVID-19 have now died.
- He was joined by Professor Yvonne Doyle, the Director for Health Protection and a Medical Director for Public Health England, and Professor Stephen Powis, the National Medical Director for NHS England.
- Sunak directly addressed the findings of the OBR report, claiming that the UK entered the crisis with a "fundamentally sound economy" and that whilst serious in outlook, the new report also shows the UK has the capacity to deliver a dramatic "bounce back" once the crisis has eased.
- Sunak emphasised that the report shows that without the Government's emergency measures, the impact of the crisis would have been far worse, confirming that "our plan is the right plan."
- Sunak conceded that he is "troubled" by reports that up to two million people could become unemployed due to the crisis, however asserted that the OBR's report only presents one potential outcome and that the Government will not "stand by" as various consequences emerge.

- Sunak was also repeatedly questioned about how the Government intends to fund its pledged, dramatic increases in spending. In response, the Chancellor admitted that following the crisis, the Government will need to “take stock of public finances” but refused to provide further clarity in his answers.
- Sunak emphasised that despite the potential consequences, the Conservative Party’s pre-crisis commitments to “level up and to spread opportunity” will still be a priority and that these policies will be more vital than ever, as the “best way to get out of this crisis and to grow the economy.”
- Regarding separate figures released by the ONS that suggest that the total for UK deaths may be far higher when statistics for care homes and other community fatalities are included, the panel stressed that “care homes have not been forgotten” and that the ONS is working quickly to attempt to speed up the collation of statistics from communities.
- Both Sunak and Professor Powis explained that the reason for why the Government’s daily statistics only currently include hospital fatalities are due to the need for accurate, consistent and daily statistics.
- Sunak responded to questioning regarding the timeline for the Government to begin paying the various funding packages it has pledged to tackle the crisis, for example funding through the new furloughing scheme. With journalists suggesting that many UK businesses “will not survive” if this money is not delivered by 25 March, Sunak claimed that approximately £3 – 4 billion of grants to small businesses have already been distributed by Central Government, with the Treasury having also made “enormous improvements in the issuing of loans over the weekend. On the matter of the new furlough scheme, Sunak stated that despite delays caused by the logistical challenge of establishing the system, the Government is “on track” to begin accepting applications from 20 April, with payments to be made several days later.

UK Government planning to extend lockdown period

- The Government will announce on Thursday its intention to extend the current lockdown period for an additional three weeks, meaning that the UK will not see restrictions begin to be lifted until 7th May at the earliest.
- Deputising for the Prime Minister, Boris Johnson, who is currently recovering from the virus, Dominic Raab is expected to make the announcement and is anticipated this week to invite the leaders of the UK’s devolved administrations to attend a Government COBRA meeting to ensure a coherent cross-UK approach to setting the new deadline.

Summary of UK COVID-19 Business support schemes

The UK Government has announced a series of economic interventions aimed at supporting employees, employers and businesses through the uncertainty and potential loss of income resulting from the Covid-19 crisis and the restrictions on business activity as a result.

The Government has established a business support [web portal](#) with details on eligibility and how businesses can apply for support. A summary of those measures is listed below.

Please see overleaf.

Summary of UK COVID-19 Business Support Schemes

Employment Retention Measures

- **COVID-19 Job Retention Scheme:** Employers can claim 80% of their usual monthly wage costs for furloughed employees, limited to £2,500 per individual, plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on that wage. The temporary scheme will be open to all UK employers for at least three months, backdated to 1st March 2020. The scheme is expected to be operational by the end of April. Statutory
- **Statutory Sick Pay Rebate:** The Government will refund eligible SSP costs to all employers with fewer than 250 employees. This applies to a claim as a result of COVID-19 self-isolation and is limited to two weeks per employee. While existing systems are not designed to facilitate such employer refunds for SSP, the Government will work with employers to set up a repayment mechanism as soon as possible.
- **Self-employed Income Support Scheme:** Most self-employed workers will be able to apply for a grant of up to 80% of average monthly profits from the last three years, capped at a maximum of £2,500 per month. The scheme will cover three months' earnings with the first lump sum payments anticipated in June. The scheme will be open to those with trading profits of up to £50,000 in 2018-2019 or an average annual trading profit of up to £50,000 from 2016-17, 2017-18 and 2018-19. At least half of a claimants' income must come from self-employment.

Bridging Loans to Mitigate Business Disruption

- **COVID-19 Commercial Financing Facility:** The Bank of England's Covid-19 Commercial Financing Facility is intended to support large companies of investment grade standing. Loans, through the purchase of commercial paper of up to one-year maturity, will be provided to support short term liquidity, mitigating against cashflow disruption. The scheme has been extended to include those businesses that are too large to qualify for the Coronavirus Business Interruption Loan Scheme (see below) but do not have an investment-grade rating. This will be achieved by constructing a credit rating from information about firms' relationships with their banks.
- **Coronavirus Business Interruption Loan Scheme:** To support small business access to bank lending and overdrafts, the Government is guaranteeing 80% on loans provided through the scheme, up to an individual value of £5m (subject to a per lender cap on claims). Most UK businesses with turnover of under £41 million will be eligible. The scheme is being facilitated by the British Business Bank through participating partners (which includes most high street banks). For borrowers, no interest will be charged for the first twelve months of the loan, which will be paid by the Government. The Government will not charge businesses or banks for this guarantee. As of April 3, the Government has extended the scheme so that all viable small businesses affected by COVID-19, and not just those unable to secure regular commercial financing, will now be eligible should they need finance to remain operational.
- **Coronavirus Large Business Interruption Loan Scheme:** The Large Business Interruption Loan Scheme will provide a government guarantee of 80% to enable banks to offer loans of up to £25 million to firms with an annual turnover of between £45 million and £500 million. This is intended to give banks the confidence to lend to more businesses which are impacted by coronavirus. Loans backed by a guarantee under CLBILS will be offered at commercial rates of interest and further details of the scheme will be announced later this month.
- **Bank of England Term Funding Scheme:** The Bank of England has introduced a new Term Funding Scheme with additional incentives for Small businesses financed by the issuance of central bank reserves. Over the next 12 months, the scheme will offer four-year funding of at least 5% of participants' stock at interest rates at, or very close to, Bank Rate.

Grant Funding measures

- **Grant Funding for Businesses who qualify for SBRR:** Individual grants of £10,000 will be made available through local authorities to businesses eligible for Small Business Rate Relief (SBRR) that already pay little or no business rates.

Tax Relief Measures

- **VAT Deferral:** The Government will defer VAT payment demands for the next quarter, meaning that no business will pay any VAT until the end of June. Businesses will have until the end of the year to reconcile any accumulated tax debts.
- **Support for Businesses Paying Tax:** HMRC have established a dedicated COVID-19 helpline to support businesses and self-employed individuals unable to meet tax demands due to Coronavirus related disruption. Bespoke Time to Pay arrangements will be offered to those businesses with a legitimate need and support their recovery while operating through any temporary financial challenges. HMRC will also waive late payment penalties and interest where a business experiences administrative difficulty due to COVID-19.

- **Deferral of Self-Assessment Payment:** Income tax payments on account due under Self-Assessment on 31st July 2020 will be deferred until 31st January 2021. All self-employed individuals will be eligible.

Sector-Specific Support Measures

- **Retail and Hospitality Grant Scheme:** A cash grant of up to £25,000 will be made available to businesses in England operating in the retail, hospitality and leisure sectors with a rateable value of between £15,000 and £51,000. For businesses in these sectors with a rateable value of under £15,000, they will receive a grant of £10,000.
- **Business Rate Relief for Retail/Hospitality/Leisure venues:** A 100% business rates holiday will be applied from 1st April for a period of one year to all retail, hospitality and leisure venue, including shops, pubs, restaurants and theatres. There is no limit to rateable values.
- **Business Rate Holiday for Nurseries:** Nurseries in England will not have to pay business rates for the 2020-21 tax year. This will apply to properties that are occupied by providers on the Government's Early Years Register and are wholly or mainly used for the provision of nursery education.
- **Supermarket Competition Law:** To address a spike in public demand, the Government has waived a selection of competition laws to allow supermarkets and food retailers to coordinate operations such as opening times, product resources and the pooling of staff.

Other

- **Extension Period on Filing Accounts:** Businesses can apply for an additional three months to file accounts with Companies House to help avoid penalties as they deal with the impact of Covid-19. Applications can be made through a fast-track online system.
- **Business Interruption Insurance:** The Government has confirmed that the business impact of government advice restricting individuals' movements – and the knock-on impact on their financial activity – provides sufficient grounds for businesses to claim on their insurance where they have appropriate business interruption cover in place.
- **Protection for Commercial Tenants:** The Government has guaranteed that commercial tenants who are unable to pay their rent because of the COVID-19 outbreak will be protected from eviction. The measure applies for the next three months and is intended to support ongoing conversations between landlords and tenants about their arrangements.
- **Flexible Insolvency Rules:** Changes will include allowing businesses undergoing restructuring to continue trading and receive supplies. There will also be a temporary suspension of wrongful trading provisions for company directors to remove the threat of personal liability, which will apply retrospectively from 1st March.
- **Gender Pay Gap Reporting Suspension:** The UK Government has now also suspended enforcement of gender pay gap reporting deadlines for this reporting year (2019/20). "This decision means there will be no expectation on employers to report their data."

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