

## COVID-19 – Daily News Bulletin

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### 23 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.

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### Headlines

- On Wednesday, Members of Parliament participated in the first ever virtual Prime Minister's Question Time, following which the Secretary of State for Health and Social Care delivered a statement on coronavirus to the House of Commons.

### Government Daily Covid-19 Press Conference – Wednesday

- The Downing Street press briefing was delivered by the First Secretary of State, Dominic Raab. He was joined by Professor Chris Witty, the Government's Chief Medical Adviser, and General Nick Carter, Chief of the Defence Staff.
- Raab began by outlining the work being conducted across government in response to the outbreak, highlighting the significant scaling of testing capacity and the delivery of over one billion items of personal protective equipment.
- Regarding social distancing, Raab emphasised that despite the UK continuing to make progress, the current lockdown measures must remain in place. He added that the greatest risk to the UK, both medically and economically, is a second spike in the virus once restrictions begin to be lifted. He referenced the Governor of the Bank of England, Andrew Bailey, who warned of the economic implications of exiting lockdown too early.
- Elaborating on this, Professor Witty stated that it is essential the UK does not allow the R value, the reproductive number of the virus, to exceed one. The Government is therefore assessing what package of options will result in the best outcomes, while ensuring that the R value remains within this parameter.
- Professor Witty called on the public to be realistic about what an easing of restrictions will look like, warning that the UK "will have to do a lot of things for a really long period of time".
- Speaking to the work of the Armed Forces, General Carter referred to the "single greatest logistics challenge" of his career, which has seen distribution networks across the UK scaled dramatically. He added that the Armed Forces will continue to support the country's frontline response, while also guaranteeing the UK's security throughout the crisis.
- Providing a statistical update, Professor Witty stated that transport use has remained stable. He added that in recent days, there has been a slight downward trend in new cases, and that hospitalization figures are either improving or remaining the same across all areas of the UK. The steep upward trend in hospital deaths witnessed in early April has flattened out, though Professor Witty cautioned that the downward slope in this regard will be a gradual one.
- Responding to questions, Professor Witty said that the UK does not currently have access to an adequate antibody test, though he remains hopeful that one will be made available shortly. On the subject of a vaccine, Professor Witty warned that despite recent progress, the likelihood of one being made available within the next calendar year is "incredibly small". Until then, he added, social measures will remain the country's only recourse.

## Virtual Prime Minister's Question Time

- Sir Keir Starmer, the newly elected leader of the Labour Party, took to the despatch box on Wednesday for his first Prime Minister's Question Time.
- In keeping with the new Parliamentary guidelines, a maximum of 50 MPs were permitted entry to the chamber, with an additional 120 participating remotely.
- In the absence of the Prime Minister Boris Johnson, the First Secretary Dominic Raab responded on behalf of the Government. Starmer challenged the Secretary of State on the UK's approach to testing, highlighting the disparity between the recent increase in capacity and the actual quantity being conducted per day.
- Starmer also drew attention to the Government's apparent failure to adequately supply front line staff with personal protective equipment, suggesting that Ministers should increase their engagement with UK manufacturers in order to meet demand.

## House of Commons Coronavirus Statement

- Following Prime Minister's Question Time, Matt Hancock, the Secretary of State for Health and Social Care, delivered a statement to the House of Commons.
- Outlining the current capacity of the NHS, Hancock stated that there are over 3,000 spare critical care beds, before considering those contained within the new Nightingale units.
- He added that, for those suffering from non-coronavirus related illnesses, the NHS remains open. The Secretary of State also reiterated the Government's commitment to increasing the distribution of PPE to frontline workers.
- Regarding testing, Hancock stated that the expansion of capacity is ahead of plan, though demand has thus far been lower than expected.
- He announced that the Government intends to introduce large scale contact tracing, which will be ready "in a matter of weeks". To aid with this, an NHS contact tracing app is being developed, which he confirmed is in the beta testing stage.
- Hancock confirmed that the Government will continue to provide funding for the development of a vaccine, following progress in the studies being conducted by the University of Oxford and Imperial College London.
- He added that the Government will invest in the UK's manufacturing capabilities to support with eventual mass production.
- Hancock stated that he is "confident" the UK is currently at the peak of the virus, before outlining the five conditions that "have to be met" before social distancing rules are relaxed, which the First Secretary Dominic Raab set out last week.

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## 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 (with hyperlinks)

### 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. This scheme has been extended to the end of June to account for extended social distancing measures.
- **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.
- **Temporary Changes to the Statutory Residence Test:** HM Treasury has proposed a series of changes to UK Tax legislation and the Statutory Residence Test to ensure that for "any period(s) between 1 March and 1 June 2020 spent in the UK by individuals working on COVID-19 related activities will not count towards residence tests that potentially bring global earnings within the purview of UK taxation. These changes are time limited and will only support those people whose skillsets are currently required." These changes are designed to allow skilled individuals to come to the UK and help respond to the pandemic.

- **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 31<sup>st</sup> July 2020 will be deferred until 31<sup>st</sup> 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 1<sup>st</sup> 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.
- **Support Package for Charities:** Charities across the UK will receive a £750 million package of support to ensure they can continue their work during the coronavirus outbreak. This will include hospices.
- **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.
- **Coronavirus Business Support Hub:** Businesses can now access a new online portal which aims to compile "key information for businesses including on funding and support, business closures, your responsibilities as an employer and managing your business during coronavirus. The hub also includes information for self-employed people and sole traders."
- **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."

Contact [matt.arnold@heartoflondonbid.co.uk](mailto:matt.arnold@heartoflondonbid.co.uk) should you have any queries.