

## COVID-19 – Daily News Bulletin

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### 1 May 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

- Prime Minister Boris Johnson announced that the UK had finally “passed the peak” of the COVID-19 crisis, with statistics showing reduction in hospital admissions, critical care numbers, and deaths.
- However, with only one day left for the Government to hit its target of 100,000 tests per day, Johnson conceded there was a still a long way to go.

### Government Daily COVID-19 Press Conference – Thursday

- Prime Minister Boris Johnson took the podium for the daily Downing Street press conference, his first in over a month. In the turbulent few weeks since then Johnson has both been hospitalised due to COVID-19 complications and welcomed a new baby son.
- He was once more joined by his senior advisers on the crisis, Chief Medical Officer Professor Chris Whitty, and Chief Scientific Adviser Sir Patrick Vallance.
- With anticipation high that the Prime Minister’s first appearance since his illness would be marked by a significant announcement, Johnson confirmed for the first time that the UK was “passed the peak” of the disease, and on the “downward slope” – backed up by the latest statistics showing a decreasing number of infections, and a concurrent reduction in hospital admissions, critical care numbers, and deaths. Johnson promised that, on the back of this news, the Government would next week lay out a “roadmap” towards the easing of lockdown restriction. This will have three focus points; getting the economy moving, opening schools, and making transport to and life in the workplace safer.
- Johnson provided no timescale for when he expected this plan to be put into effect, once again insisting that the Government’s five key tests needed to be passed before easing of restrictions would be allowed to begin. The tests remain; an ability to protect the NHS, a sustained fall in deaths and infection rate, an ability to overcome operational and logistical challenges, and no risk of a second spike in infections.
- Much was made of the importance of the reproductive rate of the disease - or “R” – the measure by which the infection rate is calculated. An R-rate at less than 1 indicated that, on average, each new infection had declining onward transmission rate and the overall number of cases will fall. Currently estimates indicated an R-rate between 0.6 and 0.9. Indicating how important this calculation would be to decisions on easing the lockdown, Johnson repeatedly returned to it when questioned about how the Government will balance the health benefits against the economic impact of keeping the restrictions in place.
- In a precursor of how the Government plans to address the increasing possibility that the UK will become the most affected country in Europe, Johnson responded to a question about the rising death toll by saying that international comparisons were neither valid nor reliable. Johnson insisted that the Government had implemented lockdown at the right time, but the nature of the crisis means that lessons continue to be learned.

- Johnson also attempted to head off any criticism that the Government looks set to miss its self-imposed deadline to conduct 100,000 tests by the end of the month. The daily number this afternoon climbed to 86,611 conducted - with data running 24 hours behind - but Johnson acknowledged that “there is clearly a massive way to go.”
- The panel was questioned on other health issues, including an uptick in mental health issues and the “cancer timebomb” due to lack of diagnosis and treatment. Both Johnson and Whitty urged the public to utilise NHS helplines and to use A&E departments as an when the need arises. Whitty explicitly stated that the NHS were currently working on prioritising the resumption of other services as part of the return to a “new normal.”
- Regarding medical advances on the treatment of Covid-19, both Whitty and Vallance expressed heartfelt thanks to British volunteers taking part in clinical trials to find a vaccine, while expressing cautious optimism on recent developments worldwide.

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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.
- **Future Fund:** The Government will offer a new unsecured convertible loan facility for amounts between £125,000 and £5,000,000 for a maximum 36-month term. The scheme will launch in May and will initially be open until September 2020. To qualify a company must have raised at least £250,000 in equity investment from third party investors in the last 5 years and be based in the UK. The Government loan must be matched by third party investment and be used for working capital.
- **Innovate Loans:** UK businesses driving innovation and development will be helped through the coronavirus outbreak with a £1.25 billion government support package to ensure firms in some of the most dynamic sectors of the UK economy – ranging from tech to life sciences – are protected through the crisis so they can continue to develop innovative new products and help power UK growth. The Innovate Loans scheme will be a £750 million fund for targeted support for small and medium sized businesses focusing on research and development and be made available through Innovate UK's [national innovation agency] grants and loan scheme and will accelerate up to £200 million of grant and loan payments for its 2,500 existing Innovate UK customers on an opt-in basis. An extra £550 million will also 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. The first payments will be made by mid-May.

- **Bounce Back Loans:** From Monday 4 May, small businesses will be eligible for a fast-track finance scheme providing interest free loans with a 100% government-backed guarantee for lenders. The scheme will allow businesses to borrow between £2,000 and £50,000 (up to 25% of turnover) from accredited lenders, and will not need to begin repayments for the first year.

#### 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

- **Business Support Checker Tool:** The UK Government have released a new “support find tool” for businesses and self-employed people across the UK, to allow them to quickly determine what financial support is available to them, to handle the consequences of the pandemic. The new platform asks business owners and the self-employed to fill out an online questionnaire first.
- **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."

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