

COVID-19 – Daily News Bulletin

Tuesday 12 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.

Headlines

- Following the Prime Minister's televised address on Sunday night outlining the first tentative relaxations of lockdown measures, the Government published its 48-page COVID-19 recovery strategy. This sets out a three-stage roadmap for revitalising society and the economy, while continuing to keep the rate of virus transmission under control.
- New guidance was also issued for employers on maintaining safety at work.

Government publishes 'Plan to Rebuild'

- As promised during his televised address to the country on Sunday evening, Prime Minister Boris Johnson presented the Government's roadmap for the lifting of lockdown to the House of Commons. The 48-page paper "Our Plan to Rebuild: The UK Government's COVID-19 Recovery Strategy" sets out a three-stage plan for a gradual easing of social and economic restrictions adopted in response to the COVID-19 crisis. The paper considers and prioritises the process of lifting measures, seeking a balance between the often competing aims of public health, economic and social outcomes.

- **Stage One** of the plan will apply from Wednesday 13th May. The most significant immediate changes for individuals are likely to be the lifting of restrictions on exercising outside and the permission to drive to open spaces "irrespective of distance" - provided that social distancing guidelines can still be maintained. The guidance also advises individuals to wear homemade face masks in enclosed public spaces.

For business, guidance relating to the presence of employees in the workplace will also be updated. As is already the case, those able to work from home must continue to do so. However, those who cannot – provided they are not within the vulnerable cohort - will be encouraged to return to the work. The only businesses explicitly compelled to remain shut are those providing public-facing hospitality and/or non-essential retail services.

To reduce the risk of virus transmission in newly reopened workplaces, employers will be expected to follow new "COVID-19 Secure" guidelines. Yet to be published, these measures will include asking employers to take steps to reduce unnecessary contact and ensure good hygiene practice. However, pragmatism will be expected to be applied by both employer and employee, given the ongoing requirement to avoid public transport where possible, and ongoing curtailment in the provision of schooling to most pupils.

- **Stage Two** of the plan will not be implemented before 1st June, with further postponement if the rate of infection does not show enough decline in the intervening period. In what the paper dubs a period of 'smarter controls', this second stage will see the Government attempt to balance increased social contact and business reopening, while implementing new measures to manage risk – potentially on a localised basis. Ministers are expected to provide further detail on which retail businesses will be included in the Stage Two reopening plan in coming weeks. Public transport will also reopen more widely, while schools will be asked to prepare for the return of more pupils.
- **Stage Three** is not expected to be implemented before 4th July, which once again relies on satisfactory progress in terms of infection control. This phase would see the reopening of at least some of the remaining high-risk businesses, including hairdressers,

pubs, hotels, places of worship and cinemas. However, spaces will remain closed if they are unable to operate safely and in line with guidance on disease control. In such cases, a system of pilot re-openings to monitor and assess risk will be implemented.

- Responding to questions on the plan in the House of Commons, the Prime Minister said that the phased strategy will be dependent on the success of a widescale programme of virus transmission control, including tracking, tracing and testing. This will be overseen by Baroness Harding, Chair of NHS Improvement. Progression to Stage Two of the plan and beyond will be conditional and based upon performance assessed independently across the UK's regions and nations. As a result, some parts of country may have to abide by more stringent measures for longer than others.
- Johnson also confirmed that individuals entering the UK by air will be required to self-isolate for fourteen days from arrival at a single place of accommodation. However, persons entering from Ireland or France would be exempt from those measures due to existing agreements.
- Labour Leader Keir Starmer called on the Prime Minister to provide greater clarity and reassurance to both individuals and business on the plans. Starmer pressed for a commitment that nobody would be asked to go to work without it being safe to do so. He highlighted concerns about shortages in protective equipment and concerns about inadequate provision of tests for anyone who requires one. Starmer also pressed Johnson on the publication of specific advice on travelling on public transport and guidance for schools and parents. Both were promised later in the week.

New Government Guidance for Employers

- Following the Prime Minister's statement to the House of Commons, the Government issued complementary guidance for business to help ensure workplaces are as safe as possible.
- Termed "Working Safely During Coronavirus," the guidance applies to businesses currently open and covers eight workplace settings, including offices, shops, factories and construction sites.
- It also includes guidance for shops that may be able to open during Stage Two of the plan set out above.
- Guidance for businesses that will remain closed beyond this has yet to be developed, though is promised ahead of reopening in order to give those businesses time to plan.

For each workplace setting the advice establishes specific that businesses are expected to implement as soon as it is practical. In each case this is based on five common themes;

1. Work from home, if you can;
2. Carry out a COVID-19 risk assessment, in consultation with workers or trade union;
3. Maintain two metres social distancing, wherever possible;
4. Where people cannot be two metres apart, manage transmission risk;
5. Reinforcing cleaning processes.

Government Daily COVID-19 Press Conference - Monday

- Following his statement to the House of Commons, the Prime Minister led the daily Downing Street Press Conference, where he was accompanied by Professor Chris Whitty, Chief Medical Officer and Professor Patrick Vallance, Chief Scientific Adviser.
- Johnson focused primarily on the measures outlined earlier in the day, thanking the public for the resolve shown since March, which has ensured that the virus transmission rate of the disease has been brought under control to a sufficient level to allow for the first stage of easing in lockdown measures.
- Johnson provided more detail on the scientific basis supporting the new guidelines, reiterating that the Government's aim remains centred on decreasing the 'R' number - the figure used to measure the rate of transmission. With that number currently estimated to be between 0.5 and 0.9, the disease is currently declining. However, moving to the next stage of the plan would require 'R' to decrease still further.
- Johnson was questioned heavily by both press and members of the public on the applicability of the new guidance and areas of perceived ambiguity, specifically in relation to individual decisions on returning to work, provision of schooling and the extent to

which familial contact can resume. Johnson was resolute that the guidance was appropriate, though acknowledged that the nature of the crisis meant that the absolute certainty people naturally desire could not always be given.

- Asked about the potential divergence in advice being issued by the devolved administrations in Scotland, Wales and Northern Ireland, Johnson said that it was his hope that there would be consistency across the UK but acknowledged the rights of the devolved governments to follow a different path.
- Questioned on rates of transmission, Vallance said that current scientific thinking was that approximately 10% of the population of London had contracted the disease to date, while around 4% of the population had done so nationally.

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 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.
- **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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