

COVID-19 – Daily News Bulletin

Friday 15 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

- As the UK starts to return to work, the Transport Secretary announced a new £2 billion package to upgrade road infrastructure.
- Shapps said that it is a “civic duty” to avoid public transport if you can travel to work by car, bicycle or on foot.
- The UK carried out a record number of tests as Professor Van-Tam confirmed that the new Roche antibody test has been approved by Public Health England.
- The Government has published new [guidance](#) on how holiday entitlement and pay will operate during the coronavirus pandemic.

Government Daily COVID-19 Press Conference – Thursday

- The Secretary of State for Transport, Grant Shapps, led the press conference supported by the Deputy Chief Medical Officer, Professor Jonathan Van-Tam.
- Shapps began by going over the Government’s road map out of lockdown before moving on to describe the new investments in road and rail infrastructure. The Secretary of State emphasised that transport has a critical role to play in re-starting the economy.
- Shapps asked people to avoid public transport unless it is completely necessary. Even when services are operating at maximum frequency it will only be safe to transport 10% of normal passenger numbers whilst observing social distancing.
- Individuals should ideally walk or cycle to work but if this is not possible then they should travel by car.
- This week the Government issued a new £2 billion [scheme](#) to support a sustainable return to work.
- Alongside this there are separate pieces of guidance for the [transport sector](#) and [passengers](#). Network Rail and Highways England have been upgrading the rail and road networks whilst demand is low. Network Rail undertook 1,000 upgrades over the May Bank Holiday alone and Highways England has been able to open the A14 upgrade seven months ahead of schedule.
- To ensure that these upgrades continue the Transport Secretary announced a new £2 billion package. £1.7 billion will be dedicated to fixing the road damage caused by the flooding earlier in the year alongside other repair and upgrade work.
- To build on the air quality benefits gained during lockdown, the Government will build rapid electric charging points with a focus on motorway service stations.
- This funding and the ongoing investment in broadband will be used to pursue the Government’s objective of levelling up the country and reinvigorating struggling British towns.
- Professor Jonathan Van-Tam outlined the latest coronavirus figures. New social distancing data from between 24th April and 3rd May demonstrates that 80% of adults only left the house for permitted reasons and 91% avoided contact with vulnerable people.
- The Office for National Statistics (ONS) infection data from 27th April to the 10th May showed that approximately 148,000 people had the virus during this time, amounting to 0.27% of the population.

- The Transport Secretary confirmed that Public Health England has approved a coronavirus antibody test produced by the Swiss company Roche which has proven to be 100 per cent accurate. Van-Tam stated that the tests will be rolled out as soon as practically possible with the focus on the NHS and carers. While the tests prove whether or not an individual has had COVID-19, Van-Tam said that we still do not know if recovering from the virus guarantees immunity or how long this would last.

Holiday entitlement and pay during coronavirus

- The Government has published new [guidance](#) on how holiday entitlement and pay will operate during the coronavirus pandemic.
- Generally, where holiday rights exist, they remain unchanged when workers are on furlough.

Statutory holiday: Under current UK law almost all workers are entitled to 28 days paid holiday a year. Furloughed workers are entitled to the same statutory holiday. As under normal circumstances, employers can require workers to take holiday when they are furloughed but “employers should consider whether any restrictions the worker is under ... would prevent the worker from resting, relaxing and enjoying leisure time, which is the fundamental purpose of holiday”.

Bank Holidays: There is no statutory right to time off for bank holidays – employers can choose to include them as part of an employee’s annual leave allowance. Therefore, if there is a Bank Holiday while the worker is furloughed and they normally take Bank Holidays as annual leave then employers can log the bank holiday as leave during furlough or defer the leave to be taken later.

Holiday pay: employers should pay workers in accordance with current legislation. Where the calculated rate is above the pay the worker receives while on furlough, the employer must pay the difference. When an employee is on furlough employers can continue to claim the 80% grant from the Government to cover most of the cost of holiday pay.

Carrying annual leave into future leave years: The Working Time (Coronavirus) (Amendment) Regulations 2020 enable workers to carry holiday forward where the impact of coronavirus means that it has not been “reasonably practicable” to take leave this year. Employees can carry over up to 4 weeks into the following 2 years. Employers should do everything they can to make sure workers can take their leave in the allocated year.

Payment in lieu for carried leave: An employer must facilitate the worker taking their annual leave and not replace it with a financial payment. If a worker leaves a company they must be paid for any untaken leave - including the carried leave under the coronavirus exemption.

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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