

COVID-19 – Daily News Bulletin

Thursday 28 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 confirmation that the Government intends to pursue a policy of “local lockdowns”, Wednesday’s press briefing saw the Secretary of State for Health formally launch the NHS Test and Trace programme.
- The Prime Minister Boris Johnson appeared before the House of Commons Liaison Committee to answer questions on the Government’s response to coronavirus.

Government Daily COVID-19 Press Conference - Wednesday

- Responsibility for the daily Downing Street press conference fell to Matt Hancock, Secretary of State for Health and Social Care, who was joined by Professor Jonathan Van-Tam, the Deputy Chief Medical Officer, and Baroness Harding, the Chair of NHS Improvement with responsibility for the Government’s contact tracing programme.
- During the briefing, the Secretary of State formally launched the NHS Test and Trace programme, which will be operational from 9am on Thursday.
- Following its introduction, Hancock confirmed that the Government will begin to replace the national lockdown with individual isolation and local action where necessary.
- Setting out the programme in greater detail, Baroness Harding stated that if an individual has one or more symptoms of COVID-19, the individual must isolate immediately. This individual must then book a test through the NHS website and, if positive, should provide the NHS with information regarding anyone they have been in close contact with. If an individual is alerted that they have encountered someone who has tested positive, this individual must subsequently isolate for 14 days. This period of isolation must be undertaken even if the individual tests negative.
- Baroness Harding confirmed that the project will be “locally led and nationally supported”, with local action relied upon to “stamp out the spread of infection”. At a national level, the programme will be coordinated by the Joint Biosecurity Centre, in collaboration with Public Health England.
- Hancock reiterated that the public has a “civic duty” to cooperate with the programme, as Baroness Harding stressed that its success will be entirely dependent on the public’s support.
- Hancock stated that to begin the public will be expected to participate voluntarily, though warned that enforcement mechanisms will be explored if individuals fail to isolate when instructed to.
- On the introduction of the contact tracing app, Hancock stated that the Government’s trial had shown the system to be more effective when initially conducted by human tracers.
- Once the new principles are embedded, the app will be introduced.
- Responding to questions, Baroness Harding expressed her confidence in the capacity of the NHS Test and Trace system, adding that it will be scaled as contact increases when the lockdown is relaxed. She stated that 84% of drive-through testing had been returned within 24-hours, with 95% returned within 48-hours.

Prime Minister Questioned by MPs

- The Prime Minister Boris Johnson appeared before the House of Commons Liaison Committee to answer questions from senior Members of Parliament on the Government's response to the outbreak of COVID-19.
- During the session, the Prime Minister ruled out the possibility of a formal Cabinet Office inquiry into the conduct of his Special Adviser Dominic Cummings, suggesting that it would not be a "very good use of official time".
- Responding to further questions on the matter, Johnson emphasised the need to focus on delivering a clear message to the public as the UK transitions into the next stage of its response to coronavirus.
- On the UK's testing capabilities, the Prime Minister confirmed that the Government has set a target of achieving a 24-hour turnaround for all tests that are carried out, though refused to provide details on when it is hoped that this will be achieved. Johnson added that the delays so far have been caused by difficulties in laboratories, but that the Government is working to overcome these.
- Asked about the UK's commitment to a social distancing policy of two metres, compared to the international norm of one, Johnson stated that he had already requested that Sage conduct a review of the matter. He acknowledged the importance of a potential change for the ability of businesses to reopen safely.
- With respect to the economy, Johnson stated that the Chancellor will present plans, either in late June or early July, on how the Government intends to reinvigorate economic activity in the UK.
- The Prime Minister recognised that Government support may be required to tackle rising unemployment, with particular regard to young people.
- When questioned on the likelihood of tax increases, Johnson stated that while his instinct is to keep taxes as low as possible, this must be balanced against the Government's desire to invest in public services.
- On the implementation of a quarantine for people travelling to the UK from abroad, the Prime Minister stated that the policy will be reviewed periodically to ensure that it remains "sensible". He confirmed that the Government is exploring the possibility of "air bridges", adding that these would have to be agreed with international counterparts and can only be introduced if the UK continues to make progress domestically.

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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