



# COVID-19 Business Fact Sheet

BLAKE   
MORGAN

## CORONAVIRUS PANDEMIC

A year on from the announcement by Rishi Sunak of the first raft of economic measures designed to support the country through the COVID-19 crisis, UK businesses are continuing to feel the impact of the ongoing pandemic. During the past 12 months, the UK Government has updated and extended both the restrictions placed on business and its corresponding financial support multiple times as the coronavirus has persisted for far longer than most of us would have anticipated or any of us would have hoped.

This note summarises the current support available for UK businesses affected by COVID-19. To receive a copy of this factsheet each time it is updated, please [sign up here](#).

A webpage collating more detailed information on Government measures to support businesses can be found [here](#). In addition, the Department for Business, Energy & Industrial Strategy has created a [Coronavirus business support blog](#) which includes case studies, input from UK business and Government, as well as links to additional information and resources.

### **Financial assistance and reliefs available to UK business**

The key measures announced by the Government to date to support UK businesses are summarised below. Unless stated otherwise, they are applicable in both England and Wales and include:

- Bounce Back Loans for small businesses under a scheme announced in April 2020 which remains open for applications until 31 March 2021;
- the Coronavirus Job Retention Scheme, for furloughing of employees, which has recently been extended until 30 September 2021, with levels of grant tapering from July 2021, and the Job Support Scheme announced on 24 September which has been postponed until the extended furlough scheme ends;
- a Statutory Sick Pay relief package for SMEs;
- various grant funding for affected businesses including additional grants for businesses affected by the Tier 2-4 restrictions and national lockdowns at the end of 2020 and early 2021;
- the Coronavirus Business Interruption Loan Scheme offering loans of up to £5 million for SMEs and the Coronavirus Large Business Interruption Loan Scheme offering similar facilities to larger businesses;
- a lending facility from the Bank of England to help support liquidity among larger firms, helping them bridge coronavirus disruption to their cash flows through loans, which has now closed to new applications;

- flexibility for the settlement of outstanding tax liabilities through the HMRC Time To Pay Scheme, deferral of VAT and payment of self-assessment income tax in instalments;
- support for self-employed individuals who, if eligible, may claim a taxable grant worth up to 80% of trading profits. The scheme has been extended and modified several times with the current grant covering the period to the end of April 2021 and a fifth and final grant has now been announced which will extend the period covered to September 2021;
- a £1.25bn fund designed to protect firms driving innovation in the UK, including a £500m Future Fund for high-growth companies and £750m for R&D companies;
- in Wales only, the establishment of an Economic Resilience Fund, providing grants for SMEs and micro-businesses is now in its third phase, although applications are currently suspended due to high demand. The £100m COVID-19 Wales Business Loan Scheme announced by the Welsh Government and the Development Bank of Wales is now fully subscribed;
- a £750m package of support for frontline charities in the UK.

### **Bounce Back Loan Scheme**

A scheme offering fast track loans of between £2,000 and £50,000 to small businesses within 24 hours of approval was [announced](#) by Rishi Sunak in April 2020, following Government consultations with business representatives amid ongoing concern about businesses struggling to access funding. The scheme remains open to applications until 31 March 2021. Businesses established before March 1 2020 can apply for loans representing up to 25% of turnover, which will be 100% Government backed, interest and fee-free for the first 12 months, with no repayments due for the first 12 months. After 12 months the interest rate will be 2.5% a year. The scheme is accessible by completing a short, standardised online application, with funds being made available in most cases within 24 hours of approval. Top ups to existing loans, up to the total maximum amount which can be borrowed, may also be obtained. In addition, loans of up to £50,000 obtained under CBILS, CLBILS or the COVID-19 Corporate Financing Facility (see below for details) can be transferred into the Bounce Back Loan scheme by arrangement with the lender.

### **Coronavirus Job Retention Scheme**

Under the now familiar 'furlough' arrangements, all UK employers which had created and started a PAYE scheme on or before a certain date (originally 19 March 2020, now 30 October 2020, or 2 March 2021 for claims from May 2021) have been eligible to access support to continue paying part of the salary of those employees whose employment activities have been adversely affected by the pandemic crisis. Under the Scheme, HMRC committed to reimburse 80% of the wage bill for furloughed employees (employees who are not working, providing services or generating

revenue) capped at £2,500 per month, although employers have had to pay the associated employer NI contributions and the minimum automatic enrolment employer pension contributions on that wage since 1 August 2020.

The Scheme, which applies to full time and part time employees, those on agency contracts and on flexible or zero hours contracts and foreign nationals on all categories of visa, has now been extended to 30 September 2021. From 1 July 2021 the level of grant available will taper from 80% of wages (capped at £2,500 per month) in June to 70% (capped at £2,187.50) in July and 60% (capped at £1,875) in August and September. From July onwards there will be a requirement for employers to top up the wages of furloughed employees to at least 80% (subject to the same monthly cap of £2,500). Flexible furloughing will continue to be allowed.

Detailed information regarding the [CJRS and what it means for employers can be found here](#). For more detail in relation to flexible furlough, see our [flexible furlough article](#). Both articles are kept up-to-date but with a dynamic situation, please speak to our [employment lawyers](#).

## **Job Support Scheme**

Last September Rishi Sunak announced a new scheme designed to continue to support employment after the end of the CJRS, aimed at protecting viable jobs in businesses facing lower demand due to the coronavirus. The start of the new Job Support Scheme has been postponed until the CJRS furlough scheme ends.

If the scheme is eventually introduced in the same form as originally proposed, businesses using it will continue to pay their employees for hours worked, but the cost of any hours not worked will be borne largely by Government with a smaller contribution from the employer. Provided an employee is working 20% of their usual hours on their usual wage, this will be topped up to a maximum of two thirds of their usual wage in respect of any hours not worked. The Government will pay 61.67% of hours not worked, subject to a cap of £1,541.75 per month, with the employer paying just 5%, capped at £125 per month. When the scheme was first announced Government and employer contributions were expected to be set at 33% each. Using the scheme will not affect the ability of eligible employers to claim the Job Retention Bonus. Further information on the scheme can be found [here](#).

## **Coronavirus Statutory Sick Pay Rebate Scheme**

The Coronavirus Statutory Sick Pay Rebate Scheme (SSPRS) repays statutory sick pay to employers who have paid sick pay to their employees who are absent from work due to COVID-19. The SSPRS is open to UK based SMEs – for this purpose defined as employers with fewer than 250 employees.



Eligibility will be assessed on the number of employees as at 28 February 2020. Connected companies and charities are able to use the scheme if their total combined number of PAYE employees is fewer than 250 on or before 28 February.

Details include:

- eligible companies will be able to reclaim up to two weeks' SSP paid to each eligible employee who has been off work due to COVID-19;
- employers should maintain records of staff absences and of payments of SSP but employees will not be required to provide a GP's note;
- eligibility for the scheme commenced on 13<sup>th</sup> March 2020 (the day new Regulations extending the payment to SSP to those staying at home due to COVID-19 came into force).

Further details are available [here](#).

### **Business Rates Relief**

In England, the Government has extended the business rates retail discount scheme to all ratepayers in the retail, hospitality and leisure sectors.

Initially, the Government announced that a 12 month exemption for occupied retail properties with a rateable value below £51,000 would be granted. However, the impact of the social distancing measures and successive lockdowns announced by the UK Government since March 2020, on businesses such as pubs, restaurants, hotels and theatres prompted the extension of the relief to all properties in the retail, hospitality and leisure sectors irrespective of their rateable value. The relief represents a 100% exemption from rates for the year 2020/21.

In Wales, although the Government initially announced that it would mirror the English scheme, it subsequently announced that this will now only apply to businesses with a rateable value of £500,000 or less.

Properties that benefit from the scheme are:

- shops, restaurants, bars, pubs, cafes, cinemas, live music venues and theatres. "Shops" includes any properties used for the sale of goods to the visiting public (i.e. not online establishments);
- properties used for leisure activities, including theatres, museums, sports clubs and gyms;
- hotels, guest & boarding premises and self-catering accommodation.

The properties eligible for the relief must be in occupation, therefore vacant properties will not be able to benefit. Those properties which have closed due to the outbreak of COVID-19 will be treated as occupied and so will be eligible for the relief.

Properties that are used for the following purposes will not be eligible for the relief:

- financial services (e.g. banks, building societies, cash points, bureaux de change, payday lenders, betting shops, pawn brokers);
- other services (e.g. estate agents, letting agents, employment agencies);
- medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors);
- professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors);
- post office sorting offices;
- casinos and gambling clubs.

Businesses that received the retail discount in the 2019 to 2020 tax year will be rebilled by their local authority as soon as possible. Businesses should contact their local authority with questions relating to eligibility and the application process.

## **Business Grant Funding**

Grant funding made available to businesses during the last year has included:

- grants to businesses already receiving Small Business Rates Relief or Rural Rate Relief - businesses in England (other than start-up businesses) with a rateable value of £15,000 or less (£12,000 or less in Wales) will receive a grant of £10,000, administered by the relevant local authority, to help mitigate the impact of coronavirus and help meet their continuing business costs.. In England, eligible recipients will be entitled to receive one grant per hereditament. In Wales, the multiple property restriction which applies to SBBR also applies to these grants, so that the same ratepayer may only receive the grant for a maximum of two properties in each local authority area;
- the Retail and Hospitality Grant Scheme - cash grants for relevant businesses of up to £25,000 per property: properties with a rateable value of up to £15,000 in England (£12,000 in Wales) may be eligible for a grants of £10,000, while those with a rateable value of over £15,000 in England (£12,000 in Wales) but less than £51,000 may be eligible for a grant of up to £25,000;
- the Local Authority Discretionary Grants Fund - established to support small and micro businesses based in England which are not eligible for other grant schemes. Allocated at the discretion of local councils, who were asked by the Government to prioritise small businesses in shared workspaces, market traders, bed and breakfasts paying council tax not business rates and charity properties getting charity business rates relief which are not eligible for small

business rates relief or rural rate relief. Details are available from local councils' websites.

In addition to the above, various additional grants have been made available to businesses affected by the ongoing regional and national lockdowns including:

## **Grants addressing the impact of local restrictions (Tiers 2-4) on businesses in England**

### **Local Restrictions Support Grant (for closed businesses) – England Only**

Aimed at supporting businesses which were open as usual but were required to close for at least 14 days and were unable to provide their usual in person customer service from their premises due to local Tier 2, 3 or 4 restrictions. This could include pubs and restaurants which operate primarily as in-person venues which have been forced to close those services and operate a takeaway-only service. Eligible businesses are entitled to a cash grant from their local council for each non-domestic property in the restricted area in respect of each 14 day period that they were closed.

Amounts of grants available for each 14 day period the business was closed are:

- properties with rateable value £15,000 or less – grant of £667;
- properties with rateable value over £15,000 and less than £51,000 – grant of £1,000;
- properties with rateable value over £51,000 – grant of £1,500.

The deadline for applications is 31 March 2021. Application is made through your local council's website which can be found using your postcode [here](#).

### **Local Restrictions Support Grant (for open businesses) - England only**

Supports businesses that have not had to close but which have been severely impacted by local Tier 2 or 3 restrictions. The precise eligibility criteria for these grants is determined by local councils who have discretion to award funding but they were expected to be targeted at hospitality, hotel, bed and breakfast and leisure businesses.

Amounts of grants available for each 14 day period are:

- properties with rateable value £15,000 or less – grant of £467;
- properties with rateable value over £15,000 and less than £51,000 – grant of £700;
- properties with rateable value over £51,000 – grant of £1,050.

The deadline for applications is 31 March 2021. Application is made through your local council's website which can be found using your postcode [here](#).

## **Grants addressing the impact of national restrictions on businesses in England**

Once national restrictions are imposed, the above local restrictions grants cease to apply as businesses will receive funding from either of the following:

### **Local Restrictions Support Grant - Addendum**

Grants are available in relation to each non-domestic property occupied by businesses which pay business rates on those properties and have been required to close due to national lockdowns between 5 November and 2 December 2020 and since 5 January 2021. Amounts of grants available are:

- 5 January to 15 February 2021:
  - properties with rateable value £15,000 or less – grant of £2,001;
  - properties with rateable value over £15,000 and less than £51,000 – grant of £3,000;
  - properties with rateable value over £51,000 – grant of £4,500.
- 16 February to 31 March 2021:
  - properties with rateable value £15,000 or less – grant of £2,096;
  - properties with rateable value over £15,000 and less than £51,000 – grant of £3,143;
  - properties with rateable value over £51,000 – grant of £4,714.
- 5 November to 2 December 2020
  - properties with rateable value £15,000 or less – grant of £1,334;
  - properties with rateable value over £15,000 and less than £51,000 – grant of £2,000;
  - properties with rateable value over £51,000 – grant of £3,000.

Eligible businesses could include non-essential retail, leisure, personal care, sports facilities, tourism and hospitality businesses, as well as businesses that operate primarily as an in-person venue, which have been forced to close those services and provide takeaway-only services instead.

Further details are available [here](#).

### **Closed Businesses Lockdown Payment**

An additional one-off payment of up to £9,000 is available in relation to each non-domestic property for businesses required to close during the national lockdown that began on 5 January 2021 and which have been unable to provide their usual in-person customer service from their premises, as follows:



- properties with rateable value £15,000 or less – grant of £4,000;
- properties with rateable value over £15,000 and less than £51,000 – grant of £6,000;
- properties with rateable value over £51,000 – grant of £9,000.

Eligible businesses could include non-essential retail, leisure, personal care, sports facilities, tourism and hospitality businesses, as well as businesses that operate primarily as an in-person venue, which have been forced to close those services and provide takeaway-only services instead.

The deadline for applications is 31 March 2021. Application is made through your local council's website which can be found using your postcode [here](#).

Additional grants are available for nightclubs, dance halls and adult entertainment businesses which have been closed since March 2020 due to national restrictions on these types of businesses. Details can be found [here](#).

### **Wales only – national and local lockdown support**

In Wales, the Restrictions Business Fund has provided grants to businesses in the non-essential retail, hospitality, leisure and tourism sectors (NERHLT) which have been affected by national restrictions. Businesses must have been on the non-domestic rates rating list for their local authority on 1 September 2020. This fund was due to close on Thursday 11 March but has been extended to provide a single top-up payment for affected businesses for the period to the end of March 2021. The Extended Restrictions Business Fund will provide grants to NERHLT businesses impacted by the restrictions in the following amounts:

- businesses in receipt of Small Business Rate Relief with a rateable value of £12,000 or less - £3,000;
- businesses with a rateable value of between £12,001 and £51,000 - £5,000;
- businesses with a rateable value of between £51,001 and £150,000 who registered and received the ERF Restriction Fund Grant will start receiving payments into their bank accounts in February, with no requirement to re-register;
- businesses with a rateable value of between £51,011 and £500,000 will be able to register for a one off payment of £5,000;
- Supply chain businesses may also be eligible if they have a greater than 40% reduction in turnover during the restriction period.

### **Wales only - Local discretionary grant**

To support businesses not on the non-domestic rates register a £2,000 discretionary grant is available on application to the relevant local authority. This will provide

support to sub-VAT sole traders without a property who are materially impacted (having suffered a more than 40% reduction in turnover) as a result of the restrictions. Conditions apply – further details can be found [here](#).

### **Wales only – Economic Resilience Fund Sector Specific Grant**

An additional grant is targeted at businesses in the hospitality, leisure and tourism sectors including supply chain businesses with 10 or more staff which are materially impacted by a greater than 60% impact on turnover as a result of restrictions in place between 25 January 2021 and 31 March 2021. Further details and an eligibility checker can be found [here](#).

### **Coronavirus Business Interruption Loan Scheme and Coronavirus Larger Business Interruption Loan Scheme**

The Government has announced the introduction of a temporary Coronavirus Business Interruption Loan Scheme (CBILS) to support small and medium-sized businesses and also, responding to initial concerns that a large selection of UK firms (those businesses with turnover of more than £45m but which, for a variety of reasons, are not investment grade) were without support, through the subsequently announced Coronavirus Large Business Interruption Loan Scheme (CLBILS).

#### **CBILS**

The CBILS will temporarily replace the Enterprise Finance Guarantee for SME overdrafts.

Following feedback on the initial set up from UK businesses, the Government significantly expanded the scope of CBILS, with effect from 6 April 2020, to facilitate access to emergency funding by a greater number of UK businesses:

- the scheme has now been made accessible to businesses which would not previously have been eligible because they met the requirements for a standard commercial facility; insufficient security is no longer a condition;
- banks are no longer permitted to require personal guarantees for loans of up to £250,000. Although loans of over £250,000 may require a personal guarantee, this cannot include the Principal Private Residence and recovery is capped at 20% of the outstanding CBILS balance after the proceeds of business assets have been applied.

Under CBILS the Government will provide lenders with a guarantee of 80% on each loan (subject to a cap on claims applying to each lender) to give lenders further confidence in continuing to provide finance to SMEs during the COVID-19 pandemic. The Government will not charge businesses or banks for this guarantee and the

Scheme will support facilities from £1,000 up to £5 million in value. Finance terms are from three months up to six years for term loans and asset finance and up to three years for revolving facilities and invoice finance. The Government will make a Business Interruption Payment to cover the first 12 months of interest payments and fees. The borrower will remain fully liable for the debt.

The CBILS covers a variety of types of finance, including:

- term facilities;
- overdrafts;
- invoice finance facilities;
- asset finance facilities.

To be eligible for the CBILS, the small business must meet the following criteria:

- be UK based, with turnover of no more than £45 million per annum;
- operate within an eligible industrial sector (a small number of industrial sectors are not eligible for support, including banks and insurance providers) and generate more than 50% of its turnover from trading activity;
- have a sound borrowing proposal. Demonstration of this is likely to require provision of the following:
  - up to date Statutory Accounts;
  - current Management Accounts;
  - up to date P&L and Balance Sheets and updated forecasts;
- be able to confirm that they have not received other public support of de minimis state aid beyond €200,000 equivalent over the previous three years and that the facility will be used to support primarily trading in the UK.

The revised scheme on the above terms is now operational. Full details can be found [here](#). Any small business which was unsuccessful in securing funding under the original scheme parameters may now consider re-applying by contacting their lender ([40+ accredited lenders](#)).

## **CLBILS**

The Coronavirus Large Business Interruption Loan Scheme has been expanded since its initial announcement to cover all viable UK businesses with turnover of over £45m, through the availability of government-backed loans and other forms of finance of up to £200m. Applicants must have a borrowing proposal which the lender would consider viable if not for the COVID-19 pandemic and which the lender believes will enable the business to trade out of any short to medium-term difficulty. Applicants will be required to self-certify that they have been adversely affected by the coronavirus and must not have received support under the COVID-19 Corporate Financing Facility. Companies borrowing more than £50m will be required to agree

to restrictions on dividends, senior pay and share buybacks. CLBILS applications opened on Monday 20 April 2020. Further details can be found on the [British Business Bank website](#).

## **Support for large firms – COVID-19 Corporate Financing Facility**

To further support larger firms during the current crisis, the Bank of England also created a lending facility to provide a quick and cost-effective way for businesses to raise short term working capital through the purchase of short term debt. This facility was intended to support companies which are fundamentally strong, are investment grade, but have been affected by a short-term funding squeeze, so allowing them to continue funding their short-term liabilities. It was also designed to support the corporate finance market generally and ease the supply of credit to all firms. The scheme closed to new applications on 31 December 2020.

## **Support for businesses paying tax**

**Time to Pay** - Support for businesses and self-employed individuals in financial distress who may have difficulties paying outstanding tax liabilities as a result of issues caused by the coronavirus outbreak can be sought through HMRC's Time To Pay Service. Arrangements are agreed on a case-by-case basis, taking into account individual circumstances and liabilities and may include arranging for outstanding tax to be paid by instalments, suspending debt collection proceedings and cancelling penalties and interest where there are administrative difficulties in contacting or paying HMRC immediately

**Deferral of VAT** – Taxpayers who deferred VAT payments due between 20 March 2020 to 30 June 2020 and who still have payments to make can:

- pay the VAT in full, on or before 31 March 2021;
- join the VAT deferral new payment scheme which enables you to pay your VAT in equal instalments (2 to 11 instalments depending when you join), interest free – the online service is open from 23 February to 21 June 2021;
- contact HMRC by telephone on 0800 024 1222 by 30 June 2021 if you need extra help to pay.

Taxpayers can join the scheme even if they still have a Time to Pay arrangement for other HMRC debts and outstanding tax.

**Income Tax** – Individuals who owe self-assessment tax where the bill is less than £30,000 may be able to pay in monthly instalment by arrangement with HMRC. This can be done [online](#) if you have no other debts or payment plans with HMRC, your tax returns are up to date and it is within 60 days of the payment deadline. Alternatively,

you can call the Self Assessment Payment Helpline on 0300 200 3822 (8am to 6pm Monday to Friday).

**Reducing payments on account** – Payments on account are based on your previous year's tax bill and if your financial situation has been impacted by coronavirus you may have a reduced tax liability for the 2020 to 2021 tax year in which case you may contact HMRC to reduce your 2020-2021 payments on account.

## **Support for the self-employed**

The Self-Employment Income Support Scheme (SEISS) supports self-employed individuals (including members of partnerships) who have lost income due to COVID-19. A series of grants covering three month periods have been made available and are intended to provide broadly the same level of support for the self-employed as is being provided for employees through the Job Support Scheme outlined above.

A first taxable grant, equal to 80% of trading profits, up to a maximum of £2,500 per month for a three-month period was available to be claimed up to 13 July 2020, with a second taxable grant, equal to 70% of the average monthly trading profits of the individual for three months up to a maximum of £6,570 being available up until 19 October 2020. Two further grants were also made available in September 2020 to be paid in two lump sum instalments each covering a three month period, extending the period covered by the scheme up to the end of April 2021. HMRC will provide a taxable grant covering 40% (increased as a result of the English national lockdown during November 2020 from the initially proposed level of 20%) of average monthly trading profits, paid out in a single instalment covering three months' worth of profits, and capped at £3,750 in total.

The fourth grant covers the current three-month period from the start of February until the end of April. It was announced in the recent budget on 3 March that this will be set at 80% of 3 months' average trading profits, paid out in a single instalment, capped at £7,500. The fourth grant will take into account 2019 to 2020 tax returns and will be open to those who became self-employed in tax year 2019 to 2020. The rest of the eligibility criteria remain unchanged. The online claims service for the fourth grant will be available from late April 2021 until 31 May 2021.

The Government has also announced that there will be a fifth and final grant, covering the period from May to September 2021. The amount of the fifth grant will be determined by how much your turnover has been reduced in the year April 2020 to April 2021 and will be worth:

- 80% of three months average trading profits, capped at £7,500 for those with a turnover reduction of 30% or more; and



- 30% of three months average trading profits, capped at £2,850 for those with a turnover reduction of less than 30%.

The grants are subject to Income Tax and National Insurance Contributions. Further details on the fifth grant will be provided in due course.

### **Support for innovative businesses**

An additional support package worth £1.25bn, targeted at innovative UK business operating in sectors including tech and life sciences, was also created, including the Future Fund, which was aimed at supporting innovative UK companies facing financial difficulties as a result of the COVID-19 outbreak, by making £250m of funds available by way of convertible loans of up to £5m, subject to at least equal match funding from private investors. The Future Fund closed to new applicants at the end of January 2021.

### **Support for businesses in Wales**

#### **Wales only – Economic Resilience Fund**

Phases 1 and 2 of the £500m Economic Resilience Fund announced by the Welsh Government to provide grants to micro-businesses and SMEs which have experienced a significant reduction in turnover since the crisis began and to support larger Welsh companies of critical social or economic importance to Wales have now closed. Phase 3, announced by the Welsh Government on 29 September 2020, is currently suspended due to high demand, while applications are processed. Under Phase 3, a further £140m has been made available to Welsh businesses, with £20m of that total being ring-fenced to support tourism and hospitality businesses and a further £80m being targeted at businesses impacted by local lockdown restrictions. The rest of the funding will be used flexibly to provide additional support, for example to increase lending to Welsh businesses through Development Bank of Wales initiatives and to help companies deal with the impact of the UK leaving the European Union.

#### **Business Wales Barriers Grant**

A programme of employment and skills support has been set up to help people in Wales back to work and a discretionary grant will help up to 600 individuals become self-employed or start a business between December 2020 and March 2021. The grant will be open to all unemployed individuals but priority funding will be given to those most affected by COVID-19 including women, disabled people, people from BAME backgrounds and young people not in education or training, who will be able to apply for up to £2,000 to contribute towards the essential costs of starting a business. Further information can be obtained [here](#).

The £100m COVID-19 Wales Business Loan Scheme launched at the end of March by the Welsh Government and DBW is now fully subscribed.

Further advice for Welsh businesses is available via the [Business Wales website](#).

## **Charities**

The Charity Commission has issued [guidance](#) for charities seriously impacted by COVID-19.

On 8 April 2020 the [Government announced](#) a £750m package of support for frontline charities in the UK. £360m of this total will be allocated by Government departments to charities providing vital services and helping vulnerable people during the current crisis and a further £370m will go to small and medium-sized charities carrying out vital work at the heart of communities, including delivering food and essential medicines and providing financial advice, some of which will be distributed by way of a grant to the National Lottery Community Fund. This new funding will be available in addition to the existing business support measures for which charities may be eligible including deferral of VAT bills, business rates relief and furloughing of staff through the Coronavirus Job Retention Scheme. Where charitable services are devolved, the UK Government has applied the Barnett formula in the usual way and expects the devolved administrations to receive £60m through the charities pot and further significant Barnett allocations through the direct grant pot.

In Wales, Third Sector Support Wales has established the Funding Wales platform to provide a funding search portal to assist charities, community groups and social enterprises in finding grants and local finance opportunities. Details are available of various sources of funding available during the coronavirus crisis on their [coronavirus funding page](#).

## **Insurance cover**

### **Government Ordered Closures**

Many businesses and venues required to close during the last year which held business interruption insurance policies may have struggled to successfully claim under them. In some cases this will have been because the policies in question were restricted to losses caused by damage to property and so unfortunately did not cover the circumstances of the pandemic. In many other cases policies provided more extensive cover including:

- losses caused by the occurrence of a notifiable disease within a specified distance of business premises;

- losses due to the prevention or hindrance of access to, or use of, premises as a result of Government or local authority restrictions;
- losses due to the prevention or hindrance of access to, or use of, premises as a result of Government or local authority restrictions relating to a notifiable disease.

However, many insurers initially denied liability even under these more widely-drawn policies, creating widespread uncertainty and dissatisfaction among affected businesses. Fortunately this has now been resolved as a result of a [test case](#) taken to the Supreme Court by the FCA on behalf of policyholders. In its decision given in January 2021, the Supreme Court ruled, among other things, that cover may be available for partial closure of premises (as well as full closure) and for mandatory closure orders that were not legally binding and that valid claims should not be reduced because the loss would have resulted in any event from the pandemic. This will mean that more policyholders will have valid claims and some pay-outs will be higher.

The FCA has created a [policy checker](#) to assist businesses in determining whether their business interruption insurance policy covers coronavirus related losses, as well as [guidance](#) on how to prove the presence of coronavirus where this is required by the policy and a [list of policies](#) which may be affected.

### **Protection from eviction**

Commercial tenants who cannot pay their rent because of COVID-19 will be protected from eviction, meaning no business will be forced out of their premises if they miss a rent payment in the next three months.

### **Other forms of support available to businesses**

In addition to the financial measures introduced by Government, various sources of support and advice are available.

[Be the Business](#), an independent, not-for profit entity aimed at helping UK firms improve performance, has a dedicated [Coronavirus webpage](#) with an excellent [Best of the web summaries](#) feature, which aims to curate the most useful information from across the web, by category, and includes useful practical advice on matters such as such as controlling fixed costs and managing cashflow. Each page has a two minute read '5 things you can do right now' option and a 20 minute read 'resource roundup' option.

Be the Business has also introduced a new 12 week [Rapid Response Mentoring](#) programme to support owner/managers of businesses. SMEs with 6 or more full-time employees and an annual turnover of at least £1m are eligible for the

programme, which pairs businesses with suitable mentors from some of Britain's leading firms and provides weekly support calls or online meetings of 1-2 hours, as well as virtual groups and webinars providing relevant support. Businesses can register as a mentor or a mentee [here](#).

LinkedIn has created a [Coronavirus webpage](#) collating news and perspectives on COVID-19 from trusted sources as well as links to other useful resources including free [online courses](#) covering topics such as Leading at a Distance, Managing Virtual Teams and Microsoft Teams Tips and Tricks, amongst several others which businesses may find useful.

The [Federation of Small Businesses](#) also has a useful webpage with access to free webinars and helpful summary sheets of support available for small businesses based in each of the countries which make up the UK.

Enterprise Nation is an online community of small businesses and business advisors providing startups and growing small businesses with access to trusted business support. To find out more click [here](#).

## **Support for directors**

The Institute of Directors has set up a [Coronavirus Support Hub](#) with links to various resources and information which may be useful to company directors during this pandemic. Amongst other things, the IoD is pressing the Government for clarification on what activities can be carried out by directors who are furloughed and on the issue of whether furloughed pay can be extended to include dividends, since directors of small companies often take a significant portion of their income in this form.

## **Disclosure and reporting obligations**

In addition to the assistance which may be available to businesses, companies need to be aware of additional obligations and responsibilities which may apply during the current crisis.

## **Annual reports and accounts**

Any company producing annual reports and accounts at this time will need to be particularly mindful of requirements to disclose the principal risks facing their business in their annual and interim financial reports. These obligations can be found in:

- the Companies Act 2006, which requires all UK companies (except small companies) to produce a strategic report for each financial year including,

among other things, a fair review of the company's business and a description of the principal risks and uncertainties faced by the company;

- for premium listed companies:
  - the UK Corporate Governance Code (Code) requires the directors to carry out a robust assessment of the company's emerging and principal risks and to confirm that it has done this in its annual report, along with a description of those risks, the procedures that are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
  - the DTRs require the annual and half yearly financial report to include a description of the principal risk and uncertainties facing the issuer.

In addition to reporting obligations, the Code requires boards of premium listed companies to establish procedures to manage risk and oversee the internal control framework.

### **Extra time for filing accounts**

Companies House has [shared guidance](#) for companies that need additional time to file accounts as a result of the coronavirus outbreak. Companies should apply for an extension in advance of the due date for filing to avoid an automatic penalty. Companies House advises that the online form takes up to 15 minutes to complete and will require the company number, email address and information about the reasons for requesting an extension, with an option to attach supporting documentation. Click this link to go direct to the relevant page on the [Companies House website](#).

In addition, the Corporate Insolvency and Governance Act 2020 (CIGA) was passed on 25 June 2020 and provided temporary extensions to the periods for filing reports and accounts, extending the usual period of nine months after the end of the relevant accounting period for private companies to 12 months and the period of six months for public companies to nine months. These extensions apply to filing deadlines falling between 27 June 2020 and 5 April 2021. Companies House has published [guidance](#) clarifying how the CIGA works in practice.

### **Gender pay gap reporting**

Last year the Government [announced](#) that the enforcement of all gender pay gap reporting for companies with over 250 employees is was suspended for the year 2019-20, although employers may continue to report relevant information if they wish. However, there is an obligation to report for the year 2020-21, albeit the deadline to report has been extended to 5 October 2021.



## Meetings

The CIGA included temporary provisions allowing companies which are legally required to hold an AGM or other general meetings to hold it by other means, including electronically, without a quorum in a single location and without members having the right to attend and vote in person or to participate other than to vote, even if this would not usually be allowed under their constitutions.

These provisions have been extended twice but are currently due to expire on 30 March 2021. However, under the plans for lifting lockdown set out by Boris Johnson in his [statement](#) on 22 February 2021, it seems likely that general meetings will continue to be required to be held on a closed basis until at least 17 May and possibly 21 June 2021. In light of this, the Corporate Governance Institute, with the support of BEIS, has issued updated [guidance](#) on how companies might hold meetings during 2021 from April onwards. Key considerations flagged in the guidance include:

- once the temporary CIGA provisions expire, closed meetings will only be possible if legislation and guidelines at the time preclude gatherings of more than a very limited number;
- the situation at the time of the relevant meeting will need to be assessed and Government restrictions on public gatherings observed;
- in the absence of specific legislation, such as national lockdown restrictions, companies will not be able to preclude or limit the number of shareholders attending meetings but will be able to strongly recommend that they do not attend;
- companies can legally organise hybrid meetings (where a physical meeting is convened with the minimum number of members physically present and other shareholders able to participate online) even if their articles do not expressly permit this, provided their articles do not prevent them from doing so.

## Listed companies

### Specific guidance for listed companies

On 18 March 2020 the FCA also issued [disclosure guidance](#) to companies and auditors for the reporting of risks and other consequences of the spread of coronavirus as well as specific [audit guidance](#).

### Going concern statement

Another specific requirement for premium listed companies which will be particularly relevant is the impact the current crisis will have on the 'going concern' statement

they are required to include in their yearly and half-yearly financial statements by both the Code and the Listing Rules. This statement must:

- state whether the board considers it appropriate to adopt the going concern basis of accounting in preparing the financial statements.
- assess the prospects of the company and identify any material uncertainties in relation to the company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements.

### **Longer term viability statement**

Under the Code, premium listed companies must also include in their annual report a statement:

- explaining how the board has assessed the prospects of the company, over what period and why it considers that period to be appropriate (in each case taking into account the company's current financial position and risks);
- as to whether the board has a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the relevant period, drawing attention to any qualifications or assumptions as necessary.

For listed companies, the FCA has also indicated, in Primary Market Bulletin 27, that it expects issuers to put in place contingency plans to mitigate the logistical issues that the pandemic may cause for reporting in future reporting periods eg by considering whether any non-essential parts of their report can be deprioritised. Any issuer who thinks it may not be able to meet its continuing obligations should seek appropriate advice and discuss this with their auditors and the FCA.

### **General disclosure obligation for listed and AIM companies**

For directors of listed and AIM companies, the general disclosure obligation to inform the public as soon as possible of any information which, if made public, would be likely to have a significant effect on the price of the company's securities will take on particular significance during this pandemic. Its impact on the company's financial position, current and anticipated future performance and the likely course of its business going forward will all need to be carefully monitored and announcements made as appropriate. The FCA's [Primary Market Bulletin](#) issued on 17 March made it clear that despite the current challenges, the FCA expects companies to continue to comply with these disclosure obligations in a timely manner.

### **Publication of financial statements**

The FRC has published [guidance](#) for companies preparing financial statements during the coronavirus crisis, highlighting key areas of focus for boards, including the difficulties of making forward-looking statements.

In addition the FRC, FCA and PRC have [announced a series of actions](#) to ensure the continued flow of information to investors and to support the continued functioning of the UK's capital markets. Among the measures announced on 26 March are:

- an FCA statement allowing listed companies an extra two months to publish audited annual financial reports;
- FRC guidance for companies preparing financial statements in the context of current uncertainties;
- guidance from the FRC for audit firms in overcoming challenges in obtaining audit evidence.



#### Offices in:

London  
Cardiff  
Reading  
Oxford  
Southampton

#### Contact us

 @BlakeMorganLLP

 Blake Morgan LLP

 Blake Morgan LLP

 blakemorgan.co.uk



The contents of this publication are for reference purposes only. They do not constitute legal advice and should not be relied upon as such. Specific legal advice about your specific circumstances should always be sought separately before taking any action based on this publication. Authorised and regulated by the Solicitors Regulation Authority of England and Wales SRA number: 613716

March 2021 Public