House of Commons Library

By Steve Browning,
Mark Sandford,
Ali Shalchi,
Andy Powell,
Patrick Brione
1 July 2022

Coronavirus: Support for businesses

Summary
1 Impacts on business and the economy
2 Where could businesses get information and advice?
3 What support for businesses was announced?
4 Coronavirus Job Retention Scheme
5 The Self-Employment Income Support Scheme (SEISS)
6 Statutory Sick Pay (SSP)
7 Business loans
8 Covid Corporate Financing Facility
9 HMRC arrangements
10 Rates relief and national and local grants
11 Protecting businesses from eviction
12 Insolvency and corporate reporting
13 Insurance
14 Eat Out to Help Out
15 Kickstart

Image Credits

Disclaimer

Feedback

Contents

Summary **5**

1 Impacts on business and the economy **7**

1.1 Coronavirus restrictions and businesses 7

2 Where could businesses get information and advice? **8**

3 What support for businesses was announced? **9**

3.1 Spring 2020 announcements 9

3.2 Responses to the measures 11

3.3 The Winter Economy Plan (September 2020) 13

3.4 November 2020 announcements 14

3.5 Interim announcements 14

3.6 Spring Budget 2021 14

3.7 Autumn Budget 2021 16

3.8 December 2021 announcement 17

4 Coronavirus Job Retention Scheme **18**

4.1 Job Retention Bonus 20

5 The Self-Employment Income Support Scheme (SEISS) **21**

6 Statutory Sick Pay (SSP) **23**

7 Business loans **26**

7.1 Coronavirus Business Interruption Loan Scheme (CBILS) 27

7.2 Coronavirus Larger Business Interruption Loan Scheme (CLBILS) 29

7.3 Bounce Back Loans (BBLS) 31

7.4 Development, closure and extension of the schemes 33

7.5 Recovery Loan Scheme 33

7.6 Future Fund 35

8 Covid Corporate Financing Facility **37**

9	**HMRC arrangements**	**39**
9.1	Time to Pay	39
9.2	Tax deferrals	39
10	**Rates relief and national and local grants**	**42**
10.1	England	42
	Restart Grants	47
	Omicron Hospitality and Leisure Grants	47
	Additional Restrictions Grant (ARG)	48
10.2	Northern Ireland	49
10.3	Scotland	49
10.4	Wales	49
11	**Protecting businesses from eviction**	**50**
12	**Insolvency and corporate reporting**	**52**
13	**Insurance**	**54**
13.1	Business interruption insurance	55
14	**Eat Out to Help Out**	**56**
15	**Kickstart**	**57**

Summary

NOTE: This briefing is no longer being updated.

It provides information on the main UK Government and some wider support schemes for businesses affected by the pandemic. Please note that there were further support schemes for specific sectors – and in Northern Ireland, Scotland and Wales – that are not covered in this briefing.

The main areas of UK Government support

Early in the pandemic the Government announced plans for a package of support worth more than £330 billion for businesses, including (but subject to some limitation):

- A **Coronavirus Job Retention Scheme** that would see HMRC subsidise 80% of furloughed workers' wages
- A **Self-Employment Income Support Scheme** that would pay self-employed individuals up to 80% of their profits
- A **Coronavirus Business Interruption Loan Scheme** that would offer businesses cheap credit backed by government guarantee, with later expansion to the **Coronavirus Larger Business Interruption Loands Scheme** and **Bounce Back loans** (and later the **Recovery Loan Scheme**)
- A **Covid 19 Corporate Financing Facility** (CCFF) for large businesses
- **Scaling up the HMRC Time To Pay service**, allowing businesses and the self-employed to defer tax payments, as well as t**ax deferments** on both self-assessment tax returns and quarterly tax returns
- Government coverage of **Statutory Sick Pay (SSP)** costs for businesses with fewer than 250 employees
- **Business rate relief** for all businesses in the retail, hospitality or leisure sector in England
- Provisions **to prohibit forfeiture of a lease for non-payment of rent**

The Bank of England reduced the base rate to 0.1% and advised banks not to increase dividends or bonuses in response to the other actions announced.

Wider and later support and developments

Many of the support schemes had been based on assumptions that the pandemic would end comparatively quickly. When this didn't happen, many of the schemes were extended or redesigned.

Further schemes, such as **Eat Out to Help Out** and **Kickstart**, sought to alleviate some of the most pronounced economic effects of the pandemic.

More widely, the **insurance** industry had to respond flexibly to the pandemic. The response of **business interruption insurance** policies to the challenges became a particular area of contention.

The continuing situation meant that dealing with the consequences of the pandemic was still the main focus of the Spring 2021 Budget.

The Government announced limited further provision in December 2021.

Our wider resources

All our briefings and other resources relating to the pandemic were listed on the Commons Library coronavirus page**.** This briefing also signposts relevant Library publications and other sources throughout.

Information about spending on many of the main schemes appears in Coronavirus business support schemes: statistics.

1 Impacts on business and the economy

The Government warned that up to one fifth of employees might be absent from work during peak weeks of the pandemic.[1] This might vary for individual businesses but could have significant economic impacts on individual businesses as well as the wider economy. In Budget 2020, HM Treasury stated that the impact was “highly uncertain, and while the effect could prove significant, it is expected to be temporary.”[2]

1.1 Coronavirus restrictions and businesses

There were coronavirus restrictions in place for businesses from March 2020. Many businesses were required to close, and there were a range of requirements placed on those allowed to open.

The list of businesses required to close differed between the four nations throughout the pandemic.[3]

Businesses were also subject to health and safety law and some to additional restrictions, such as the requirement to collect staff and customer data for NHS Test & Trace. The Government provided guidance on working safely during Covid-19 which provides more information.

Different coronavirus restrictions applied in each UK nations, as follows:

- England: (COVID-19) Coronavirus restrictions: how to stay safe and help prevent the spread
- Scotland: Coronavirus in Scotland
- Wales: COVID-19 alert levels
- Northern Ireland: Coronavirus (COVID-19) regulations guidance: what the restrictions mean for you.

1 Department of Health & Social Care, Coronavirus action plan: a guide to what you can expect across the UK, 3 March 2020
2 HM Treasury, Budget 2020, 11 March 2020, para 18
3 Information on business restrictions are provided on the websites for England, Scotland, Wales and Northern Ireland.

2 Where could businesses get information and advice?

The Government consolidated information and resources for businesses affected by the pandemic on its business support webpage. This included links to overall support available in Scotland, Wales and Northern Ireland.

The Business Support Helpline also provided help and advice.

Regional Growth Hubs run by Local Enterprise Partnerships in England provided local support and information.

HMRC published guidance on spotting scams.

Government business support advice

On 9 March 2020 the Government set up a dedicated team, led by the Department for International Trade (DIT) and UK Export Finance (UKEF) to support businesses facing challenges caused by the coronavirus:

- **Supply chain support:** DIT sought to provide advice on alternative suppliers.
- UKEF **helped businesses with cash flow problems** by guaranteeing bank loans through its Export Working Capital Scheme, as well as through an export insurance policy to help recover the costs of fulfilling orders terminated by events outside the control of the business.
- UKEF also supported finance for overseas buyers through the Direct Lending Facility scheme.

The Departmental Operations Centre dealt with enquiries.

Support and advice from industry

The Confederation of British Industry (CBI) created an online hub to assist businesses in dealing with the impacts of coronavirus, as did ACAS and the Federation of Small Businesses (FSB).

3 What support for businesses was announced?

This section outlines the general series of Government announcements about support measures.

By April 2022, the only continuing arrangement was the Recovery Loan Scheme.

3.1 Spring 2020 announcements

In Budget 2020, the Chancellor set out plans for a £12 billion package of "temporary, timely and targeted measures" to support public services, individuals and businesses through the economic disruption caused by coronavirus.[4]

On 17 March, the Chancellor set out a package of additional financial measures worth £330 billion ("equivalent to 15% of GDP") and "promised to do whatever it takes to support our economy through this crisis." The Chancellor went on to say "if demand is greater than the initial £330 billion [for loans] I'm making available today, I will go further and provide as much capacity as required. I said whatever it takes – and I meant it."[5] To this end the Chancellor said it there would be new legal powers in the Coronavirus Bill enabling the Government to "offer whatever further financial support we think necessary to businesses."[6]

On 19 March 2020 an Urgent Question on coronavirus employment support was debated in the House. During this debate several Members raised concerns that the package of support measures announced fell short of what was required.[7] The Economic Secretary to the Treasury John Glen responded to the question, and ended by highlighting: "The Chancellor has said that he will look at further steps to help protect jobs and incomes, and he will announce further details in due course."[8]

4 HM Treasury, Budget 2020, 11 March 2020, para 1.83
5 HM Treasury, Chancellor of the Exchequer, Rishi Sunak on COVID19 response, 17 March 2020
6 HM Treasury, Chancellor announces additional support to protect businesses, 17 March 2020
7 HC Deb 19 Mar 2020 cc1137-1153
8 HC Deb 19 Mar 2020 c1137

A day later, on 20 March, the Chancellor provided an updated statement on coronavirus. This provided both new measures and updated information on those measures already announced.[9]

Taken together, the combined support measures announced for businesses and the self-employed affected by Coronavirus, included:

- The Coronavirus Job Retention Scheme through which HMRC will reimburse 80% of "furloughed" workers' wage costs, up to a cap of £2,500 a month.
- A direct grant scheme for the self-employed, which will pay self-employed individuals up to 80% of their profits, up to a £2,500 per month cap.
- The Coronavirus Business Interruption Loan Scheme to support long-term viable businesses to respond to cash-flow pressures
- Scaling up the HMRC Time To Pay Scheme
- Tax deferments
- Statutory sick pay relief for SMEs.
- Business Rate Relief for businesses in the retail, hospitality or leisure sector.
- A £25,000 cash grant to businesses in the retail, hospitality or leisure sector with a rateable value of less than £51,000
- Small business grant funding of £10,000 for all business in receipt of Small Business Rates Relief (SBRR) and Rural Rates Relief.
- Launching the Bank of England Covid-19 Corporate Financing Facility (CCFF), which aims to provide liquidity for large firms to help them bridge Coronavirus disruption to their cash flows through loans. [10] [11]
- prohibiting forfeiture of a lease for non-payment of rent for 3 months to 30 June 2020 (in England, Wales and Northern Ireland).

Further refinements and new initiatives are discussed in relevant sections of this briefing.

---

9 HM Treasury, The Chancellor Rishi Sunak provides an updated statement on coronavirus, 20 Mar 2020

10 HM Treasury, Budget 2020: Support for those affected by COVID-19, 11 March 2020

11 HM Treasury, Chancellor announces additional support to protect businesses, 17 March 2020

The Bank of England

On **Budget Day**, the Bank of England announced four specific measures to help support the economy against the threat posed by coronavirus:

1. Reduction of the base rate from 0.75% to 0.25% [and subsequently to 0.1%].[12]

2. Introduction of a new "Term Funding scheme with additional incentives for Small and Medium-sized Enterprises (TFSME), financed by the issuance of central bank reserves", which is intended to support and encourage banks to maintain low-cost lending to SMEs over the next four years.

3. Reduction of the UK countercyclical capital buffer rate, which the Bank estimates will allow banks to lend up to £190 billion more to businesses.

4. Announcement – via the Prudential Regulation Authority (PRA) – that banks should not increase dividends or bonuses in response to the other actions announced. [13]

The Guardian described the Bank's actions as "perfectly timed" to coordinate with the Budget. It further reported that the announcement appeared to have led to a (temporary) 2% rise in the FTSE100 index.

3.2 Responses to the measures

There was cross-party support for the emergency coronavirus measures announced in the Budget. Leader of the Opposition, Jeremy Corbyn, said that the "steps the Government have announced today to head off the economic impact of the coronavirus are obviously welcome."[14] However, he criticised the Government's prior handling of the economy and said some of the key challenges of dealing with the business and economic impact of coronavirus outbreak stemmed from this.

Business response

Businesses and business leaders welcomed the suite of budget measures. The National Chairman of the Federation of Small Businesses (FSB) said:

> Covering the cost of Statutory Sick Pay and emergency measures for the self-employed are particularly welcome. Removing the minimum income floor for

[12] Bank of England, Monetary Policy Summary for the special Monetary Policy Committee meeting on 19 March 2020, 19 March 2020

[13] Bank of England, "Bank of England measures to respond to the economic shock from Covid-19", 11 March 2020.

[14] HC Deb 11 Mar 2020 c294

> those on Universal Credit will bring help to those working hard to keep their businesses going. These are vital contingencies for the UK's 5.8 million-strong small business and self-employed community. There may need to be further steps in the weeks and months ahead. The Bank of England funding package means that there are no excuses for banks not to help, when a small business customer is in distress.[15]

Treasury Committee

The Treasury Select Committee Chair, Mel Stride, said the support for small and medium-sized enterprises would be "absolutely vital" in coping with the coronavirus outbreak. He welcomed these measures and said the Committee would want to ensure these support measures are working well, and would look to examine:

- **how quickly support is mobilised**, in particular "whether HMRC is spring-loaded to ensure that businesses are aware of what is available and how to take advantage of it as quickly as possible."
- whether the support is enough; and
- **how well targeted the support is**, because "Businesses in particular sectors are hurting more than others. We need to make sure that additional help is provided for them, just as we did in similar circumstances in the 2001 foot and mouth crisis."[16]

As part of its post-budget scrutiny inquiry, the Treasury Committee heard from Robert Chote, the chairman of the Office for Budget Responsibility (OBR) on 17 March 2020. He told the Committee the UK is facing a "wartime situation" that requires a mass expansion in government spending to support businesses through the worst of the coronavirus outbreak.[17]

The Treasury Committee has since established a separate inquiry into the economic impact of coronavirus, which focuses on "whether the Government's response to the coronavirus is sufficient, and to suggest areas where more support is needed".

Responses to the additional measures

Responding to the Chancellor's statement setting out these measures, the then Shadow Chancellor, John McDonnell said "People are worried, and I am disappointed that today's package of measures does not really appreciate

15 FSB, Chancellor delivers business contingencies and election commitments, 11 March 2020
16 HC Deb 11 Mar 2020 c300-301
17 Steven Swinford & Gurpreet Narwan, It's just like the war, says budget watchdog, *The Times*, 17 March 2020

the urgency or the gravity of the situation for those individuals and their families."[18] These concerns include:

- whether businesses would want to take on the **extra debt on the Government-backed loans**
- whether businesses would be able to access the emergency **government backed loans**
- the scale of the support measures compared with other countries
- how **companies without requisite insurance policies** would continue to be able to operate.

3.3 The Winter Economy Plan (September 2020)

On 24 September 2020, the Government announced further (or extended) support measures as part of its Winter Economy Plan. The main announcements were:

- A new Job Support Scheme "to protect viable jobs in businesses who are facing lower demand over the winter months due to coronavirus". The Scheme will begin on 1 November
- Continuation of the Self Employment Income Support Scheme to the end of the 2020/21 financial year
- Continuation of the temporary 15% VAT cut for the tourism and hospitality sectors until the end of March 2021
- A New Payment Scheme that allows businesses that have deferred their VAT payments to repay what they owe over 11 interest-free payments in 2021/22
- A 12-month extension of the of the "Time to Pay" scheme for self-assessment taxpayers
- Extending the length of Coronavirus Business Interruption loans and Bounce Back loans to 10 years, with additional opportunities for payment holidays and interest-only payment holidays for the latter. All loan schemes would remain open to new applications until 30 November.

18 HC Deb 17 Mar 2020 c933

3.4 November 2020 announcements

In line with the announcement of a forthcoming second lockdown in England, the Government made further adjustments to arrangements. On 2 November, it confirmed extensions to the Self-Employed Income Support Scheme, as well as to the deadlines for the business loans schemes. It was also announced that the Coronavirus Job Retention Scheme (CJRS) would be extended. The Treasury published a summary of these and other changes, including support to businesses in England via local authorities.

On 5 November, the Chancellor, Rishi Sunak, made a further statement, confirming that the CJRS would be extended to the end of March 2021.

3.5 Interim announcements

The spike in infections and the re-imposition of restrictions towards the end of 2020 led to continuing revision and extension of business support arrangements, often at short notice and beyond the dates outlined above. More detail is available in relevant sections of this briefing paper and in the sources they refer to.

3.6 Spring Budget 2021

On 3 March 2021, the Chancellor presented the Budget, of which "setting the path for recovery" was the main theme.[19]

HM Treasury summed up the main aspects intended to protect jobs and livelihoods as follows. Please note though that not all of these measures are included in this briefing paper, and not all of them cover all of the UK.

- An extension of the Coronavirus Job Support Scheme to September 2021 across the UK.
- An extension of the UK-wide Self Employment Income Support scheme to September 2021, with 600,000 more people who filed a tax return in 2019-20 now able to claim for the first time.
- £5 billion for new Restart Grants – a one off cash grant of up to £18,000 for hospitality, accommodation, leisure, personal care and gym businesses in England.

[19] HM Treasury, Budget 2021: Protecting the jobs and livelihoods of the British people, HC 1226, 3 March 2021

- A new UK-wide Recovery Loan Scheme to make available loans between £25,001 and £10 million, and asset and invoice finance between £1,000 and £10 million, to help businesses of all sizes through the next stage of recovery.
- Extension of the Film & TV Production Restart scheme in the UK, with an additional £300 million to support theatres, museums and other cultural organisations in England through the Culture Recovery Fund.

[…]

- Extension to the VAT cut to 5% for hospitality, accommodation and attractions across the UK until the end of September, followed by a 12.5% rate for a further six months until 31 March 2022.
- 750,000 eligible businesses in the retail, hospitality and leisure sectors in England will benefit from business rates relief.
- Extension of the apprenticeship hiring incentive in England to September 2021 and an increase of payment to £3,000.
- £7 million for a new "flexi-job" apprenticeship programme in England, that will enable apprentices to work with a number of employers in one sector.
- Additional £126 million for 40,000 more traineeships in England, funding high quality work placements and training for 16-24 year olds in 2021/22 academic year.
- More than doubling the legal limit for single contactless payments, from £45 to £100

[…]

- £90 million funding to support our government-sponsored national museums in England due to the financial impact of Covid-19.
- £300 million for major spectator sports, supporting clubs and governing bodies in England as fans begin to return to stadia.
- Small and medium-sized employers in the UK will continue to be able to reclaim up to two weeks of eligible Statutory Sick Pay (SSP) costs per employee from the Government.
- To further support the cashflow of businesses, the government is extending the loss carry back rules worth up to £760,000 per company.
- £100 million for a new Taxpayer Protection Taskforce to crack-down on COVID fraudsters who have exploited UK Government support schemes.

3.7 Autumn Budget 2021

The tone of the Autumn 2021 Budget focused more on wider recovery than pandemic-specific support:

> Through the Budget and [Spending Review], the government is building on the unprecedented support for business over the pandemic by taking further action to help them to recover, invest, grow, and create jobs.[20]

It did however highlight some continuing general support for businesses:

> The Recovery Loan Scheme will also be extended until 30 June 2022 to ensure that lenders continue to have the confidence to lend to small and medium-sized businesses. Finance will be available up to a maximum of £2 million per business, supporting them to recover from the impact of the pandemic and to grow. The government guarantee will be reduced from 80% to 70% to encourage the lending market to move towards normality as the economy continues to recover.
>
> To help businesses across the UK access the finance they need to invest and grow, as set out in section 2.2 Investing in growth, the government is:
>
> - confirming over £1.6 billion for the British Business Bank's Regional Funds to provide debt and equity finance to SMEs, and to expand the Regional Angels programme
> - providing funding for Start Up Loans to deliver 33,000 loans to entrepreneurs across the UK looking to start or grow their business
>
> In addition, the Help to Grow scheme will provide further productivity support to over 100,000 SMEs around the UK through world class management training and support for digital adoption.[21]

The Budget also outlined targeted support for some "hard-hit sectors":

> ...including by extending the Airport and Ground Operations Support Scheme (AGOSS) in England for a further six months, funding the Film & TV Production Restart Scheme and through the Live Events Reinsurance Scheme.
>
> The UK's cultural sectors will benefit from temporary rate uplifts to the Theatre, Orchestra and Museums & Galleries Exhibition tax reliefs. SR21 also provides £42 million to support the UK's world-leading creative industries, including supporting SMEs to scale up and providing bespoke support for the UK's independent film and video game industries.
>
> The government is also supporting the haulage sector by continuing to freeze Vehicle Excise Duty (VED) for heavy goods vehicles (HGVs) in 2022-23 and suspending the HGV Road User Levy for another 12 months from August 2022.

[20] HM Treasury, Autumn Budget and Spending Review 2021: a stronger economy for the British people, HC822, October 2021, p65

[21] HM Treasury, Autumn Budget and Spending Review 2021: a stronger economy for the British people, HC822, October 2021, p65

This is in addition to steps being taken to resolve HGV driver shortages, including 5,000 time-limited visas, additional HGV driver testing capacity and £32.5 million to improve roadside HGV facilities.[22]

3.8 December 2021 announcement

The UK Government made a further announcement about support for businesses most affected by the omicron variant on 21 December 2021. These were:

- Reintroduction of the Statutory Sick Pay Rebate scheme (SSPRS) across the UK for businesses with up to 250 employees
- New grants for hospitality and leisure businesses in England, as well as more money for the Additional Restrictions Grant, which local authorities in England can use to support businesses according to local need
- There was also further support for the Culture Recovery Fund in England

Funds were to be made available for Scotland, Wales and Northern Ireland to provide new support schemes or to extend existing ones.

22 HM Treasury, Autumn Budget and Spending Review 2021: a stronger economy for the British people, HC822, October 2021, p65

4 Coronavirus Job Retention Scheme

Further information about and detail of the scheme is available in our briefing paper FAQs: Coronavirus Job Retention Scheme (CBP-8880). Our Insight Examining the end of the furlough scheme considers how successful the scheme was.

The Coronavirus Job Retention Scheme (CJRS) was announced on 25 March 2020. The scheme was initially intended to run from 1 March to 30 June, but it was extended on four occasions and did not close until 30 September 2021.

Under the initial CJRS, HMRC provided a grant to cover 80% of furloughed employees' wages, up to a cap of £2,500 per month. HMRC provided an additional grant to cover the cost of employer National Insurance and auto-enrolment pension contributions.

From 1 July 2020, the rules of the scheme changed to allow 'flexible furloughing'. Employers could bring workers back on reduced hours and claim under the CJRS for any usual hours not worked.

Between August and October 2020, the rate of support and employer contributions changed:

- From 1 August the grant no longer covered employers' National Insurance and pension auto-enrolment contributions;
- From 1 September the grant only covered 70% of the employee's wages and employers were required to top it up to 80%;
- From 1 October the grant only covered 60% of the employee's wages and employers had to top it up to 80%.

Extension from 1 November 2020 to 30 April 2021

On 5 November 2020 the Chancellor announced the CJRS would be extended again to cover the period from 1 November until 31 March 2021.

On 17 December the Chancellor announced the CJRS would be extended for a further month until 30 April 2021 in order to give businesses certainty. He also announced that the rate of support would remain at 80% with no employer contribution to wages required.

The rules were set out in the Fifth Treasury Direction, later amended by the Sixth Treasury Direction.

Eligibility

All UK businesses were eligible for the scheme, as long as they had a PAYE payroll that was notified to HMRC on a real-time information (RTI) submission by 30 October 2020. There was no requirement for an employer to have previously used the CJRS.

The CJRS covered any employee who was employed on 30 October on a payroll notified to HMRC on a real time information (RTI) submission on or before that date. Employees who were employed on 23 September on a payroll notified to HMRC before that date but who subsequently stopped working or were made redundant can be re-employed and furloughed. This was at the discretion of the employer.

In order to furlough an employee, an employer had to enter into a 'furlough agreement'. This would state whether the employee was fully or flexibly furloughed. It also set out the terms and conditions that applied during furlough, including rate of pay. Employers had to pay employees at least 80% of their reference salary but could also agree to top it up.

The timescales for making claims under the extended CJRS were quite tight. Claims had to be made within 14 days of the end of the calendar month to which they related (so, for instance, the deadline for making claims for March 2021 was 14 April 2021). Further detail appears in the Government's guidance on submitting claims.

Rates of support

From 1 November 2020 until 30 April 2021, HMRC covered 80% of an employee's 'reference salary' for any 'usual hours' not worked.

The rules for calculating 'reference salary' under the extended CJRS were broadly similar to those for the original CJRS. The method of calculation varied depending on: a) whether an employee had fixed or variable pay; and b) when the employee was employed.

Importantly, for claims from March 2021 onwards, if an employee was employed on 19 March 2020 and their pay varied, their reference salary was based on the higher of:

- their average earnings in the 2019-20 tax year; or
- their earnings in the same period **in 2019** (not in 2020).

This rule was introduced because the CJRS was in place for over a year. If an employee's reference salary was based on their earnings in March 2020, it might be based on a period when the employee was already on furlough and so only receiving 80% of pay.

Extension from 1 May 2021 to 30 September 2021

In the Spring Budget 2021 the Chancellor announced that the CJRS would be extended again from 1 May 2021 to 30 September 2021.

The rules for this period are set out in the seventh Treasury Direction and the updated HMRC guidance on the CJRS.

The changes included the following:

- The deadline for the CJRS was extended to 30 September 2021;
- Until 30 April 2021, employees could be furloughed if they were employed on 30 October 2020 on a payroll notified to HMRC on or before that date. Those who were employed on 23 September but who stopped working could be re-employed and furloughed;
- From 1 May 2021, employees could be furloughed if they were employed on 2 March 2021 on a payroll notified to HMRC on or before that date;
- HMRC would continue to cover 80% of an employee's reference salary (up to £2,500 per month) until 30 June 2021;
- From 1 July 2021, HMRC would cover 70% of an employee's reference salary and the employer wouild be required to top up 10%;
- From 1 August 2021, HMRC would cover 60% of an employee's reference salary and the employer would be required to top up 20%.

HMRC published an overview of the changes to the CJRS.

4.1 Job Retention Bonus

In the Plan for Jobs, published in July 2020, the Government announced a Job Retention Bonus. Under this scheme, once the CJRS had ended on 31 October 2020 (as originally planned), an employer that retained any formerly furloughed employee until January 2021 would have received a bonus of £1,000 per worker.

When the Chancellor announced that the CJRS would be extended on 5 November 2020, he said the policy intent for the Job Retention Bonus "falls away" and that the Government would "redeploy a retention initiative at the appropriate time".[23]

No further information on the Job Retention Bonus was provided in Spring Budget 2021. On 19 June 2021 the Government confirmed that it would not deploy the Job Retention Bonus, partly because of what it saw as the relative health of the economy and the labour market.

[23] HC Deb 5 November 2020 c503

5 The Self-Employment Income Support Scheme (SEISS)

The Commons Library Briefing: Coronavirus: Self-Employment Income Support Scheme (CBP8879) provides further information on eligibility and other frequently asked questions.

Following the announcement of the Government's Coronavirus Job Retention Scheme (CJRS), there were calls for similar support to be provided to the self-employed.[24] On 26 March 2020, the Chancellor announced the Self-Employment Income Support Scheme (SEISS).[25]

The Scheme has paid taxable grants worth 80% of someone's average monthly trading profit, for a three-month period, worth up to £7,500 in total. On 30 April 2020 the Government published the Treasury Direction to HM Revenue & Customs, the statutory guidelines for HMRC to administer the SEISS. The Scheme was opened for applications on 13 May, and closed on 13 July.

On 29 May 2020 the Government announced a second round of the SEISS, with those eligible able to claim a second grant, worth 70% of their average monthly trading profit, for a further three months, capped at £6,570 in total.[26] Applications for the second grant were opened on 17 August, and were closed on 19 October.

On 24 September 2020 the Government announced an extension to the SEISS to be introduced in November, to cover the six months up to the end of April 2021.[27] The SEISS Grant Extension would be made in two taxable grants – first to cover November to January, second to cover February to April.

Initially it was proposed that the first of these grants would cover 20% of average monthly trading profits, capped at £1,875, but this figure has been revised three times. On 22 October the Chancellor announced the first grant would cover 40% of average monthly trading profits, capped at £3,750. On 2 November the Chancellor announced that the payment for the first month (November) of the first grant would be set at 80% - increasing the total level of this grant to 55% of trading profits, capped at £5,160. Subsequently on 5 November the Chancellor announced that all three months of the first grant would be calculated on the basis of 80% of average trading profits, up to a

24 For example, Coronavirus: Self-employed need financial help, unions warn, BBC News, 21 March 2020

25 HMT, Chancellor gives support to millions of self-employed individuals, 26 March 2020

26 HMT, Chancellor extends Self-Employment Support Scheme and confirms furlough next steps, 29 May 2020. See also, Update on the CJRS and SEISS: Written statement HCWS267, 3 June 2020. On 2 July a second Treasury Direction was published to this effect.

27 HMT, Chancellor outlines Winter Economy Plan, 24 September 2020

maximum of £7,500.[28] Applications for the third SEISS grant opened on 29 November and closed on 29 January 2021.

On 3 March 2021 the Chancellor presented the 2021 Budget, and as part of this announced the SEISS would be extended until the end of September 2021.[29]

A fourth grant would be set at 80% of 3 months' average trading profits, paid out in a single instalment, capped at £7,500. Unlike earlier SEISS grants, the grant would take into account 2019 to 2020 tax returns and be open to those who became self-employed in tax year 2019 to 2020. Applications for the fourth SEISS grant opened on 21 April and closed on 1 June 2021.[30]

A fifth and final grant covered May to September. The size of the grant was determined, in part, by the amount a claimant's turnover has reduced in the year April 2020 to April 2021. The grant was worth:

- 80% of three months' average trading profits, capped at £7,500, for those with a turnover reduction of 30% or more
- 30% of three months' average trading profits, capped at £2,850, for those with a turnover reduction of less than 30%.

On 6 July the Government published a Treasury Direction for the fifth grant. Applications opened on 29 July and closed on 30 September. HMRC published guidance on the eligibility, supplemented by guidance on how someone's circumstances may affect eligibilty and how their trading profits and non-trading income will determine their grant:

- Check if you can claim a grant through the SEISS, 28 July 2021
- How your circumstances affect eligibility for the SEISS, 6 July 2021
- How HMRC works out trading profits and non-trading income for the SEISS, 6 July 2021

With the closure of the SEISS, this guidance has been withdrawn.

28 HM Treasury News Story, Government extends Furlough to March and increases self-employed support, 5 November 2020. On 24 November the Government published a further Treasury Direction underpinning the scheme.

29 Budget 2021, HC 1226, March 2021 para 2.15-6. On 12 April 2021 the Government published a Treasury Direction to underpin the fourth SEISS grant.

30 Details of the eligibility criteria for the fourth grant are set out in, HMRC, Check if you can claim a grant through the Self-Employment Income Support Scheme, 21 April 2021 [withdrawn 2 June 2021]

6 Statutory Sick Pay (SSP)

Eligibility for SSP

SSP is the minimum that employers have to pay out to qualifying sick employees. It is currently paid at £99.35 and can be paid for up to 28 weeks. To qualify, for SSP employee's average weekly earnings must be above £123. Some employers may pay enhanced sick pay over and above the SSP rate. This would be detailed in an employment contract. The self-employed are not eligible for SSP.

SSP is payable to an employee who is incapable for work or deemed to be incapable. The Statutory Sick Pay (General) Regulations 1982 ('SSP Regulations') set out the circumstances in which a person can be deemed to be incapable for work.[31]

The Government made special arrangements relating for SSP to take account of coronavirus, but these have now all ended.

The SSP Regulations were amended so that employees are deemed to be incapable for work in certain coronavirus-related cases, including:

- Employees who have symptoms of COVID-19;
- Employees who live with someone who has symptoms;
- Employees who began isolating because they live with someone who has symptoms who then have to extend their isolation because they develop symptoms themselves;
- Employees who have been notified that they are a close contact of a person who has tested positive for COVID-19;
- Employees who have been notified that they have tested positive for COVID-19;
- Employees who live with someone who has been notified that they have tested positive for COVID-19; and
- Employees who have received a pre-surgery notification asking them to self-isolate.[32]

31 Reg. 2, Statutory Sick Pay (General) Regulations 1982 (SI 1982/894)
32 Schedule 1, Statutory Sick Pay (General) Regulations 1982 (SI 1982/894)

- People who are clinically extremely vulnerable to COVID-19 were also entitled to SSP during the period specified in their shielding letter.[33] The UK Government's shielding guidance was withdrawn on 1 April 2022.

Pregnant employees who could not attend work because of COVID-19 were not usually be entitled to SSP unless they were in the shielding category.[34] However, they may have been eligible to be furloughed (see above).

SSP is normally paid from the fourth 'qualifying day' (usually the fourth day of absence from work).[35] However, the Statutory Sick Pay (Coronavirus) (Suspension of Waiting Days and General Amendment) Regulations 2020 (SI 2020/384) provided that if a person's incapacity for work relates to coronavirus, SSP was paid from the first qualifying day. These regulations expired on 25 March 2022.

Coronavirus Statutory Sick Pay Rebate Scheme

The government introduced a rebate scheme for Statutory Sick Pay but this has now ended.

On 26 May the Government launched the Coronavirus Statutory Sick Pay Rebate Scheme. Detailed rules are set out in the Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) Regulations 2020. The Government also published guidance for employers.

The Rebate Scheme was available to employers who had fewer than 250 employees on its PAYE scheme(s) as of 28 February 2020. Eligible employers could reclaim up to two weeks of SSP payments made to employees who were incapable of work because they:

- had symptoms of Covid-19 on or after 13 March 2020;
- had to self-isolate in accordance with public health guidelines on or after 13 March 2020;
- had to shield in accordance with public health guidelines on or after 16 April 2020; or
- self-isolated on or after 28 May after receiving a notification from a public health body that they had been in contact with someone with coronavirus.
- Employers could reclaim the payments at the statutory rate of £96.35 per week (£95.85 for payments made before 6 April 2021).

33 Schedule 2, Statutory Sick Pay (General) Regulations 1982 (SI 1982/894)
34 Michael Ford QC and Karon Monaghan QC, Statutory Sick Pay, the Coronavirus Job Retention Scheme and Pregnant Workers, UK Labour Law Blog, 28 April 2020
35 Section 155, Social Security Contributions and Benefits Act 1992

Claims could be made through an online portal which lists the various pieces of information an employer would need to make a claim.

That iteration of the scheme stipulated that employers could only claim for employees who were off work on or before 30 September 2021.

But the scheme reopened as part of the Government’s further announcement in December 2021. Employers could claim for employees’ Covid-related absences from 21 December 2021.

The scheme ended when the regulations expired on 25 March 2022 and guidance with withdrawn.

Background information can be found in the Commons Library briefing, Coronavirus Bill: Statutory Sick Pay & National Insurance Contributions (CBP-8864).

Test and Trace Support Payments

The Government introduced Support Payments for Test and Trace but these have now ended.

On 20 September 2020 the Government announced a new £500 lump sum ‘Test and Trace Support Payment’ for people on low incomes required to self-isolate, who could not work during their self-isolation period.

To qualify for a Test and Trace Support Payment, a person had to be employed or self-employed, and must normally have been receiving certain benefits or tax credits.

The scheme applied in England only, although both the Scottish and Welsh Governments announced similar schemes. In Northern Ireland, people could apply for a non-repayable Discretionary Support self-isolation grant if they were on a low income and are experiencing financial difficulties as a result of being told to self-isolate.

This scheme ended on 24 February 2022 and guidance was withdrawn on 7 April 2022.

For further information on support payments see the Library Briefing, Coronavirus: Test and Trace Support Payments (CBP-9015).

7 Business loans

- The original Coronavirus Business Interruption Loans scheme (CBILS) was modified several times to widen access. A scheme for larger businesses (CLBILS) opened on 15 April 2020, and a simpler scheme for all businesses – the Bounce Back Loans scheme (BBLS) – opened on 4 May 2020.
- The schemes were originally due to close between September and November 2020. The closure date was extended on several occasions. The three original schemes closed on 31 March 2021.
- A successor scheme – the Recovery Loan Scheme – was launched on 6 April 2021 and closed on 30 June 2022.

The Government established three main schemes to provide loans to businesses of different sizes affected by coronavirus:

1. All businesses – **Bounce Back Loans** (BBLS) of up to £50,000 or 25% of turnover. The scheme offers streamlined application procedures and loans will be 100% backed by the Government.

2. Small and medium businesses – the **Coronavirus Business Interruption Loan Scheme** (CBILS) offers loans of up to £5m for businesses with a turnover under £45 million. The loans are 80% backed by the Government.

3. Large businesses - **Coronavirus Larger Business Interruption Loan Scheme** (CLBILS) extends the standard CBILS approach to larger businesses.

The schemes closed on 31 March 2021 and were replaced by the Recovery Loan Scheme, which closed on 30 June 2022.

There were two further general loans schemes. The Coronavirus Future Fund was available to businesses such as start-ups ineligible for the schemes that developed from CBILS. The Covid Corporate Financing Facility was available to very large firms.

7.1 Coronavirus Business Interruption Loan Scheme (CBILS)

As part of Budget 2020, the Government announced a new Coronavirus Business Interruption Loan Scheme (CBILS).[36]

CBILS offered loans and similar facilities of up to £5 million to businesses with a turnover of up to £45 million. Loans were interest-free for the first 12 months.

The scheme went live on 23 March 2020 and was updated on 2 April 2020, with further widening of the scheme on 16 April 2020 to offer similar support to larger businesses through CLBILS. A simpler scheme for small businesses, Bounce Back Loans, was announced on 17 April.

Who could apply?

Smaller businesses from all sectors[37] could apply for the full amount of the loan. To be eligible for a facility under **CBILS**, an SME must:

- Be UK-based in its business activity, with annual turnover of no more than £45m
- Be UK-based in its business activity
- Have an annual turnover of no more than £45 million
- Have a borrowing proposal which the lender would consider viable, were it not for the current pandemic
- Self-certify that it has been adversely impacted by the coronavirus (COVID-19)
- Not have been classed as a "business in difficulty"[38] on 31 December 2019, if applying to borrow £30,000 or more.[39]

More information about the scheme is available from the BBB.

36 HM Treasury, Budget 2020: Support for those affected by COVID-19, 11 March 2020

37 The following trades and organisations are not eligible to apply: Banks, Building Societies, Insurers and Reinsurers (but not insurance brokers); The public sector including state funded primary and secondary schools; Employer, professional, religious or political membership organisation or trade unions.

38 This is a potentially complex idea. There are similar constraints relating to insolvency and voluntary agreements in other support schemes, but approaches and limits vary. For CBILS, see British Business Bank, FAQs for SMEs: Coronavirus Business Interruption Loans Scheme.

39 The BBB updated guidance relating to this matter in July, easing conditions for businesses with fewer than 50 employees and an annual turnover below £9 million.

The scheme provided facilities of up to £5m for smaller businesses across the UK that were experiencing lost or deferred revenues, leading to disruptions to their cashflow.

CBILS supported a wide range of business finance products, including **term loans, overdrafts, invoice finance and asset finance**. The scheme provided the lender with a government-backed guarantee.

The maximum value of a facility provided under the scheme was **£5m, initially available on repayment terms of up to six years** for loans and asset finance. On 24 September the Chancellor announced that the Government intended to increase the term to ten years in some circumstances. That change came into effect on 23 December 2020 but such extensions were likely to be limited to situations where not extending would "compromise" the borrower's business. And such extensions should not increase the risk to the Government.[40]

The scheme provided the lender with **a government-backed, partial guarantee (80%)** against the outstanding facility balance.

There was **no fee for smaller businesses**. Lenders would pay a fee to access the scheme. For overdrafts and invoice finance facilities, terms would be up to three years.

The Government would make **a Business Interruption Payment to cover the first 12 months of interest payments and any lender fees**.

The borrower always remains 100% liable for the debt.

Smaller businesses would benefit from no upfront costs and lower initial repayments. Fishery, aquaculture and agriculture businesses might not qualify for the full interest and fee payment.

At the discretion of the lender, the scheme could be used for unsecured lending for facilities of £250,000 and under.

Initially, the scheme required security for facilities above £250,000. It also limited support to businesses that could not be offered support on normal commercial terms. These requirements were changed as the scheme progressed, as discussed in our briefing paper, Coronavirus: Business loans schemes.

In addition, businesses that had received a Bounce Back Loan and require more credit could apply for a CBILS loan, part of which would refinance the Bounce Back Loan (and therefore likely to be subject to higher interest rates).

[40] British Business Bank, "Coronavirus Business Interruption Loans Scheme (CBILS): Final Recoveries Guidance", 23 December 2020

How businesses could apply

CBILS was available through the British Business Bank's accredited lenders. These included high-street banks, challenger banks, asset-based lenders and smaller specialist local lenders. Different lenders offered different facilities.

Businesses should normally have applied to their own provider first. They could also approach other lenders for the type of support they need, although they could only have one live application at any time.

The British Business Bank oversaw CBILS and accredited lenders. It publishes overall guidance and more detailed information for businesses and lenders.

Decision-making on applications was fully delegated to the accredited lenders. On 25 March 2020, the Chancellor, Governor of the Bank of England, and CEO of the Financial Conduct Authority together wrote to Britain's banking sector with a warning not to allow fundamentally viable companies to collapse because of the coronavirus crisis.

> The priority for all of us - banks, building societies, government and the financial authorities - should now be to take all action necessary to ensure that the benefits of the measures outlined above are passed through to businesses and consumers. This will require a willingness to maintain and extend lending despite the uncertain economic conditions. We must ensure that firms whose business models were viable before this crisis remain viable once it is over. [41]

7.2 Coronavirus Larger Business Interruption Loan Scheme (CLBILS)

The Coronavirus Larger Business Interruption Loan Scheme (CLBILS) was announced on 16 April 2020 in an attempt to offer more help to businesses with a larger turnover. **It closed on 31 March 2021.**

Who could apply?

CLBILS eligibility was generally similar to the original CBILS scheme, but intended for larger businesses. The British Business Bank advises that it was open to businesses that:

- are based in the UK and have an annual turnover of more than £45 million

[41] HM Treasury, Letter from Chancellor, Governor of Bank of England, CEO of FCA: COVID and Bank lending, 25 March 2020

- "have a borrowing proposal which, were it not for the current pandemic, would be considered viable by the lender, and for which the lender believes the provision of finance will enable the business to trade out of any short-to-medium term difficulty"
- have not received support under the Bank of England's Covid Corporate Financing Facility (CCFF)

Although the scheme was open to "businesses from all sectors", it excluded "credit institutions (falling within the remit of the Bank Recovery and Resolution Directive), building societies, insurers and reinsurers (but not insurance brokers), public-sector bodies, further-education establishments, if they are grant-funded, state-funded primary and secondary schools".

What was on offer?

The British Business Bank published an outline of the scheme. It targeted larger businesses and limited loan terms to three years:

> The new CLBILS scheme will support term loans, revolving credit facilities (including overdrafts), invoice finance and asset finance facilities. It is designed to give lenders greater confidence to provide funding by providing a partial guarantee of 80% of the outstanding facility balance.
>
> - **Up to £50m facilities**: up to £50m for those with a turnover of over £250m, and of up to £25m for businesses with turnover from £45m up to £250m.
> - **80% guarantee**: The scheme provides the lender with a government-backed, partial guarantee (80%) against the outstanding facility balance.
> - **Finance terms**: Finance terms are from three months to three years.
> - **Economic benefits go to the borrower**: Borrowers will benefit from a proportionate reduction in pricing in return for lenders receiving capital and risk benefits.
> - **Personal guarantees:** No personal guarantees are permitted for facilities under £250,000. For facilities of £250,000 and over, claims on personal guarantees cannot exceed 20% of losses after all other recoveries have been applied.
> - **The borrower always remains 100% liable for the debt**.

The announcement of the scheme noted that borrowers and lenders "are still free to enter into loan agreements outside of CLBILS e.g. where there is no economic benefit to the borrower of taking out a CLBILS loan over normal commercial lending".

7.3 Bounce Back Loans (BBLS)

See our constituency casework article Problems with Bounce Back loans for more about some of the challenges that have arisen and how they might be resolved.

The Chancellor announced a new, simplified loan scheme on 17 April 2020. The Bounce Back Loans Scheme (BBLS) opened on 4 May. It responded to concerns about access to rapid loan support. The simplified process and the 100% guarantee were intended to ensure that funds reached businesses "within days", but many businesses reported continuing delays. Although BBLS had been presented as particularly helpful to small businesses, it was open to firms of any size. **The scheme closed on 31 March 2021.**

Who could apply?

The British Business Bank's guidance set out the following requirements:

> Your business must be able to self-declare to the lender that it:
>
> - has been impacted by the coronavirus (COVID-19) pandemic
> - was **not** a business in difficulty at 31 December 2019 (if it was, you must confirm your business complies with additional state aid restrictions under de minimis state aid rules)
> - is engaged in trading or commercial activity in the UK and was established by 1 March 2020
> - is **not** using the Coronavirus Business Interruption Loan Scheme (CBILS), the Coronavirus Large Business Interruption Loan Scheme (CLBILS) or the Bank of England's Covid Corporate Financing Facility Scheme (CCFF), unless the Bounce Back Loan will refinance the whole of the CBILS, CLBILS or CCFF facility
> - is **not** in bankruptcy or liquidation or undergoing debt restructuring at the time it submits its application for finance
> - derives more than 50% of its income from its trading activity (this requirement does not apply to charities or further-education colleges)
> - is **not** in a restricted sector.[42]

What was on offer?

BBLS offered:

- loans for up to ten years of £2,000 to £50,000, up to 25% of the business's turnover

[42] The guidance notes that these are credit institutions falling within the remit of the Bank Recovery and Resolution Directive, insurance companies, public-sector organisations and state-funded primary and secondary schools.

- a 100% government-backed guarantee to the lender for the full outstanding balance of the loan (although the borrower remains 100% liable for the debt)
- a Government Business Interruption payment to cover the first 12 months' interest on the loan
- no repayment requirement for the first 12 months
- an annual interest rate of 2.5% for all loans.

As part of the "Pay as you grow" scheme announced on 24 September 2020, BBLS loan terms were increased from six to ten years. Payment holidays and interest-only repayments of up to six months would be available. On 2 November, the Chancellor announced that borrowers would be permitted to top up existing Bounce Back loans once (within the existing financial limits).

Businesses that had already received support under CBILS were also excluded, although there were provisions for them to transfer CBILS loans of up to £50,000 to the new scheme.

How businesses could apply

As in the other schemes, businesses applied to an accredited lender.

One of the main attractions of the scheme was its comparatively simple application process. It is based on seven questions on an online form.

Lenders decided on applications. Successful loans "will be subject to appropriate customer fraud, Anti-Money Laundering (AML) and Know Your Customer (KYC) checks. Some state aid restrictions may apply to your application."

There was very heavy demand for the scheme. Before it was launched, there were reports that lenders were concerned about promises of quick turnaround times and potential conflict with the Consumer Credit Act. The Government removed that conflict retrospectively via the Section 12 of the Business and Planning Act 2020. After launch, lenders adopted different strategies to managing demand. Some of these led to applicants being rejected. In other cases, applicants faced long waiting times. More information about how businesses might respond is available in our constituency caseworker article Coronavirus: problems with bounce back loans.

7.4 Development, closure and extension of the schemes

For more background, see our briefings Coronavirus: Business loans schemes and Coronavirus business support schemes: statistics.

The original CBILS was modified and supplemented by the launch of CLBILS and BBLS. This led to various changes of policy and focus – so many rejected earlier applications could be reconsidered.

Originally, CBILS was due to close to new applicants on 30 September, CLBILS on 20 October, and BBLS on 4 November 2020. On 24 September, as part of his Winter Economy Plan, the Chancellor announced that the closure dates for all schemes would be extended to 30 November. On 2 November, he extended the deadline for all three schemes to 31 January 2021. He also announced that holders of Bounce Back loans could top up their original loan (subject to wider scheme restrictions). **On 17 December,** the closing date was extended again, to 31 March 2021.

7.5 Recovery Loan Scheme

On 3 March 2021, the Chancellor announced that a new Recovery Loan Scheme would be launched on 6 April 2021 and run until the end of the year ("subject to review"). It aimed to "provide support as businesses recover and grow following the disruption of the pandemic and the end of the transition period". The funds "could be used for any legitimate business purpose, including growth and investment". The Government would offer an 80% guarantee, as in CBILS.

In the Autumn 2021 Budget, the Chancellor announced some changes to the scheme. In brief, it would be **extended to 30 June 2022** and – from 1 January 2022 – would:

- be limited to small and medium enterprises
- offer a maximum of £2 million per business
- offer a reduced government guarantee of 70%[43]

The British Business Bank runs the scheme. As in the earlier schemes, businesses should approach an accredited lender to apply.

43 HM Treasury, Autumn Budget and Spending Review 2021: a stronger economy for the British people, HC822, October 2021, p65

Who can apply?

HM Treasury and BEIS set out eligibility as follows:

> You can apply for a loan if your business:
>
> - is trading in the UK
>
> You need to show that your business:
>
> - would be viable were it not for the pandemic
> - has been adversely impacted by the pandemic
> - is not in collective insolvency proceedings (unless your business is in scope of the Northern Ireland Protocol in which case different eligibility rules may apply)
>
> Business that received support under the earlier COVID-19 guaranteed loan schemes are still eligible to access finance under this scheme if they meet all other eligibility criteria.

The scheme is not open to:

> - banks, building societies, insurers and reinsurers (but not insurance brokers)
> - public-sector bodies
> - state-funded primary and secondary schools.

Changes from 1 January 2022

The guidance notes that from 1 January 2022, loan offers will only be made to small and medium enterprises.

> - The maximum amount of finance available will be £2 million per business
> - The guarantee coverage that the government will provide to lenders will be reduced to 70%
>
> These changes will apply to all offers made from 1 January 2022.

What's on offer?

Until 31 December 2021, HM Treasury and BEIS guidance notes that businesses may apply for:

> - term loans or overdrafts of between £25,001 and £10 million per business
> - invoice or asset finance of between £1,000 and £10 million per business
>
> No personal guarantees will be taken on facilities up to £250,000, and a borrower's principal private residence cannot be taken as security.

> …
>
> The maximum length of the facility depends on the type of finance you apply for and will be:
>
> - up to 3 years for overdrafts and invoice finance facilities
> - up to 6 years for loans and asset finance facilities

Changes from 1 January 2022

But for all offers made from 1 January 2022, the guidance notes that:

- The maximum amount of finance available will be £2 million per business
- The guarantee coverage that the government will provide to lenders will be reduced to 70%

7.6 Future Fund

The range of loans available businesses did however exclude some businesses, notably “unprofitable” start-ups.

As a result, BEIS and HM Treasury launched the Future Fund, which “provides government loans to UK-based companies ranging from £125,000 to £5 million, subject to at least equal match funding from private investors”:

> These convertible loans may be an option for businesses that rely on equity investment and are unable to access other government business support programmes because they are either pre-revenue or pre-profit.

The scheme was delivered by the British Business Bank, which in turn notes that “the Government has made £250 million available for the Future Fund, and will keep this amount under review”. **The scheme closed on 31 January 2021.**

Who could apply?

A business was eligible to apply if:

- it is UK-incorporated - if your business is part of a corporate group, only the parent company is eligible
- it has raised at least £250,000 in equity investment from third-party investors in the last 5 years
- none of its shares are traded on a regulated market, multilateral trading facility or other listing venue
- it was incorporated on or before 31 December 2019

- at least one of the following is true:
  - half or more employees are UK-based
  - half or more revenues are from UK sales

Very importantly, though, **applications had to be made jointly by the business and one or more investors**.

What was available?

The British Business Bank outlined what the Future Fund offered as follows:

> The Future Fund loan amount provided to the company ranges from £125,000 to £5 million.
>
> Amounts of Future Fund loans must be at least matched by co-investment from investors.
>
> Funding must not be used to (a) repay any borrowings;(b) pay any dividends; (c) pay any bonuses; (d) pay any advisory fees.
>
> The loans will have a minimum of 8% per annum (non-compounding) interest charge applied. This interest will be higher if the company and the investor(s) agree between themselves. Unlike a typical bank loan, the interest is not payable on a monthly basis and instead will accrue until the loan converts. At this point, the interest will either be repaid or convert in equity.
>
> The loan will mature after 36 months.
>
> The loan cannot be repaid early by the company other than with the agreement of all of the investors.
>
> The loans will convert into shares in the company in certain circumstances, including an exit or a new funding round.
>
> Investors and the Future Fund both invest using a convertible loan agreement, which is predefined and cannot be negotiated.[44]

In the 2021 Budget, the Government announced a successor programme, Future Fund: Breakthrough, that launched in summer 2021.

[44] British Business Bank, Future Fund (accessed 15 January 2021)

8 Covid Corporate Financing Facility

As part of the further measures announced on 17 March, the Bank and the Treasury launched a Covid Corporate Financing Facility (CCFF). This:

> ...will help businesses across a range of sectors to pay wages and suppliers, even while experiencing severe disruption to cashflows.
>
> The facility will offer financing on terms comparable to those prevailing in markets in the period before the Covid-19 economic shock, and will be open to firms that can demonstrate they were in sound financial health prior to the shock. The facility will look through temporary impacts on firms' balance sheets and cash flows by basing eligibility on firms' credit ratings prior to the Covid-19 shock.[45]

The scheme was open to **larger firms** whether or not they have previously sought credit in this way. It closed to new applicants at the end of 2020. The Bank set out overall guidance about eligibility and notes that the scheme was "normally" intended for:

> UK incorporated companies, including those with foreign-incorporated parents and with a genuine business in the UK; companies with significant employment in the UK; firms with their headquarters in the UK. We will also consider whether the company generates significant revenues in the UK, serves a large number of customers in the UK or has a number of operating sites in the UK.[46]

UK Finance provided further coordination of the scheme and lists main contacts.

This scheme complemented the original Coronavirus Business Interruption Loans Scheme (CBILS), intended for small and medium firms. Larger businesses that had not received support under CCFF were eligible to apply for the Coronavirus Larger Business Interruption Loans Scheme.

The Sunday Telegraph reported on 26 April 2020 that CCFF appeared to be operating successfully, particularly in comparison with CBILS. But it criticised the lack of detail about the recipients of support:

> The Bank of England revealed on Thursday that it had bought £10.7bn of commercial paper issued by 35 companies. A further 40 big businesses have

45 Bank of England News Release, HM Treasury and the Bank of England launch a Covid Corporate Financing Facility (CCFF), 18 March 2020

46 Bank of England, Covid Corporate Financing Facility (CCFF): information for those seeking to participate in the scheme, 20 March 2020

> won approval to draw a further £28.4bn. Another 101 companies have been approved in principle to borrow sums yet to be determined.
>
> It seems the scheme is performing its intended task well, which is to ensure important employers have access to enough cash to stay afloat through the crisis. Yet for some reason, the taxpayer is not allowed to know which companies have benefited from up to £1bn of public support.
>
> The Bank of England says "the names of issuers and securities purchased or eligible will not be made public". It even requires applicants to sign a confidentiality agreement. To their credit, easyJet and the baker Greggs have told the world they have used CCFF. Housebuilders such as Redrow revealed they have the scheme. Have they breached a confidentiality agreement to do so? We don't even know that.[47]

That situation later changed and total figures (and recipients) are now published weekly and collated in our briefing paper Coronavirus business support schemes: statistics.

On 22 September 2020, the Bank of England confirmed that the CCFF would make no purchases of commercial paper after 22 March 2021. **It closed to new applications from counterparties and issuers looking to become eligible on 31 December 2020.**

47 *Sunday Telegraph*, Sunlight (not bleach) is the best business disinfectant, 26 April 2020 (accessed 11 November 2021)

9 HMRC arrangements

9.1 Time to Pay

HMRC's 'Time To Pay' was introduced in response to the 2008 economic crisis.[48] HMRC may grant a business an additional amount of time to pay their bill without charging statutory penalties on the late payment. To be eligible businesses need to demonstrate that they are in genuine difficulty, unable to pay their tax on time, and are likely to be able to pay if HMRC allowed them more time. Detailed guidance is in HMRC's Debt Management and Banking Manual – from para 800000.[49]

In the Spring 2020 Budget the Government announced a dedicated Covid-19 helpline, to provide help and advice, including the possibility of agreeing Time to Pay arrangements. The helpline number is 0800 024 1222.[50] At the time HMRC stated that any Time to Pay arrangement would be agreed "on a case-by-case basis and are tailored to individual circumstances and liabilities."[51] The Spring 2020 Budget report confirmed that HMRC would "waive late payment penalties and interest where a business experiences administrative difficulties contacting HMRC or paying taxes due to Covid-19."[52]

9.2 Tax deferrals

VAT

Generally, businesses are required to submit a VAT return and pay the VAT they owe on a quarterly basis.[53] Following the 2020 Budget the Chancellor announced a number of further support measures including a deferral of the next quarter of VAT payments: "That means no business will pay any from now until the end of June; and you will have until the end of the financial year to repay those bills. That is a direct injection of £30bn of cash to employers,

48 HMRC, Business Payment Support Service - additional information for tax agents and advisers, November 2008

49 There is a useful overview at para 800040. See also, HMRC, Find out how to pay a debt to HMRC with a time to pay arrangement, 4 November 2021

50 HMRC News Story, Tax helpline to support businesses affected by coronavirus (COVID-19), 26 March 2020

51 HM Treasury, Support for those affected by Covid-19, updated 9 April 2020 [now withdrawn]

52 Budget 2020, HC 121, March 2020 para 1.102

53 HMRC, VAT returns [accessed November 2021]

equivalent to 1.5% of GDP."[54] Initially the deferral applied from 20 March to 30 June 2020 and was offered automatically so that businesses were not been required to make an application.[55]

As part of his *Winter Economic Plan* in September 2020, the Chancellor announced a new VAT deferral scheme.[56] Businesses would be able to choose to spread the VAT they would normally pay in full at the end of March 2021 in 11 equal instalments over 2021-22. The new scheme was opened on 23 February 2021 and closed on 21 June 2021.[57]

Self-Assessment July 2020 Payment on Account

Generally individuals, including the self-employed, who file an annual tax return under self-assessment are required to make two 'payments of account' during the year, which are advance payments on their tax bill: by 31 January and by 31 July.[58] In his statement on 20 March 2020 the Chancellor announced that the next self-assessment payments, due by 31 July 2020, would be deferred until January 2021.[59] This was an automatic offer with no applications required. No penalties or interest for late payment would be charged if someone deferred payment of their July 2020 payment on account until January 2021.[60]

As part of his Winter Economic Plan, the Chancellor announced that self assessment taxpayers would have additional time to pay taxes due in January 2021. Taxpayers with up to £30,000 of self assessment liabilities due would be able to use HMRC's Time to Pay facility to secure a plan to pay over an additional 12 months. Self-assessment taxpayers who were not able to pay their tax bill on time, including those who could not use the online service, could continue to use HMRC's Time to Pay Self-Assessment helpline to agree a payment plan.[61] There is also provision, as part of the normal self assessment process, for those making Payment on Accounts, to reduce the amount they would pay during the year, to reflect a decline in one's profits.[62]

---

54 Rishi Sunak, The Chancellor Rishi Sunak provides an updated statement on coronavirus: speech, HM Treasury, 20 March 2020

55 Figures on take-up are collated at, HMRC, Covid-19 statistics, 4 November 2021

56 HM Treasury, Winter Economic Plan, CP297, September 2020 para 2.12

57 HMRC, Pay VAT deferred due to coronavirus (COVID-19), upated 27 July 2021. See also PQ145814, 4 February 2021.

58 HMRC, Understand your Self Assessment tax bill [accessed November 2021]

59 Rishi Sunak, The Chancellor Rishi Sunak provides an updated statement on coronavirus: speech, HM Treasury, 20 March 2020

60 HMRC, Making your Self Assessment payments including Class 2 National Insurance contributions, updated 2 March 2021 [now withdrawn]. See also, HMRC Press Release, £11 billion boost for taxpayers facing difficulty due to coronavirus (COVID-19), 14 July 2020

61 HM Treasury, Winter Economic Plan, CP297, September 2020 para 2.13. See also, HMRC Press Release, Self Assessment customers to benefit from enhanced payment plans, 1 October 2020.

62 PQ 136524, 18 January 2021

It is worth noting that instalment payments of Self Assessment made under a Time to Pay arrangement are liable to interest.[63] This point is made in updated guidance published by the Low Incomes Tax Reform Group:

> "It is important to note that arranging an instalment plan with HMRC to settle the amount due on 31 January 2021 does not avoid incurring interest charges. Interest (currently at a rate of 2.6% per annum) will still be charged from 1 February 2021 on amounts unpaid by 31 January 2021 until payment is received.
>
> "However, late payment penalties should be avoided if an instalment plan is in place prior to the penalty becoming due. HMRC has announced that the 30-day late payment penalty which would usually have applied for any 2019/20 tax which was still outstanding on 3 March 2021 will be waived provided that the tax was paid, or a payment plan arranged for the full amount, on or before 1 April 2021."[64]

63 Details of the interest rate which applies to late payments are set out here: Interest rates for late and early payments, 14 May 2020

64 LITRG, Coronavirus – self employment and paying tax, 4 October 2021

10 Rates relief and national and local grants

10.1 England

Extensive grant support schemes were made available for businesses in England in 2020, with eligibility based on their location in the business rate system. These can be divided into three periods:

- March 2020 – August 2020: Retail, Hospitality and Leisure grants and small business grants
- September 2020 – March 2021: Local Restrictions Support Grants and Additional Restrictions Grant, plus the Close Businesses Lockdown Payment
- April 2021: Restart Grants, plus ongoing Additional Restrictions Grants
- January 2022: Omicron Hospitality and Leisure Grants

This section provides brief details of the funding available through each of these schemes. 'Barnett consequential' funding was made available to the devolved administrations in Scotland, Wales and Northern Ireland, where similar schemes were established.

Business rate reliefs

In its statement on 17 March 2020, the Government announced that retail, hospitality and leisure businesses in England would pay no business rates in 2020-21.[65] This relief was extended to childcare nurseries on 18 March,[66] and to estate agents, letting agencies and bingo halls on 25 March 2020.[67] The Government published guidance on the definitions of the retail, hospitality and leisure sectors in March 2020.[68]

65 HM Treasury, Chancellor announces additional support to protect businesses, 17 March 2020

66 MHCLG, Business rates: nursery (childcare) discount 2020 to 2021: coronavirus response – local authority guidance, 18 Mar 2020, p.2

67 MHCLG, Covid-19: Estate agents, lettings agencies and bingo halls to pay no business rates this coming financial year, 25 Mar 2020

68 MHCLG, Business rate retail relief: guidance, 25 Mar 2020.

To be eligible, properties had to be on the rating list on 11 March 2020. Empty properties were not eligible for this relief.

The March 2021 Budget extended 100% relief for the retail, hospitality and leisure sectors, and for childcare nurseries, for the first three months of the 2021-22 financial year. These sectors were then entitled to a 66% reduction in rate bills for the remaining nine months of 2021-22. Retail, hospitality and leisure properties were then eligible for a 50% discount in 2022-23, up to a maximum of £110,000 relief per business.[69]

The Government published guidance on the application of the 2021-22 relief on 4 March 2021. The lists of eligible and ineligible property types are identical to those in the guidance for the 2020-21 financial year.

On 25 March 2021 the Government announced a further £1.5 billion fund for additional local discretionary relief. This funding was intended to support businesses that might otherwise seek a reduction in their rateable value – and thus their rate bill - on the grounds of a 'material change of circumstances' (MCC), due to Government restrictions in response to Covid-19. The Government introduced the Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Bill 2021-22 to prohibit MCC claims related to coronavirus: see the Library briefing paper on the Bill for further details.

Business support grants: March-August 2020

The Chancellor's 17 March 2020 statement provided that all businesses eligible for Small Business Rate Relief or Rural Rate Relief on 11 March 2020 would be eligible for a grant of £10,000 in 2020-21. **It's important to note that this support was** only available to businesses directly liable for business rates **– so sub-tenants and others that don't receive a rates bill weren't eligible.**

In addition, businesses in the retail, leisure and hospitality sectors with properties with a rateable value of £51,000 or under were entitled to a £25,000 grant per business for 2020-21.[70] In the latter case, businesses were entitled to a grant for each qualifying property.

Guidance on eligibility was published on 24 March 2020.[71] Businesses had to have been eligible for Small Business Rate Relief on 11 March 2020 in order to qualify for the £10,000 grant scheme. To qualify for the larger £25,000 grant, a business had to be eligible for the 2020-21 retail, hospitality and leisure

---

69 HM Treasury, Autumn 2021 Budget, p143

70 See HM Treasury, Chancellor of the Exchequer Rishi Sunak on Covid-19 response, 17 Mar 2020. This increased a £3,000 grant announced in the 2020 Budget, provided to "help meet their ongoing business costs".

71 HM Treasury, Coronavirus (COVID-19): business support grant funding - guidance for local authorities, 24 Mar 2020

relief scheme on 11 March 2020. Businesses that had ceased trading or had not yet begun trading on that date would not be eligible.

The Local Government Chronicle reported that 28 August 2020 was the deadline for local authorities to distribute funding from the two grants, and that any unspent funding from those schemes was to be returned to the Treasury.[72]

Local Authority Discretionary Grant Fund

On 2 May 2020 the Government announced an additional £617 million Local Authority Discretionary Grant Fund alongside the schemes discussed above. Guidance published on 13 May 2020 stated that the Government wished to see four categories of business prioritised with this funding:

- Small businesses in shared offices or other flexible workspaces. Examples could include units in industrial parks, science parks and incubators which do not have their own business rates assessment;
- Regular market traders with fixed building costs, such as rent, who do not have their own business rates assessment;
- Bed & Breakfasts which pay Council Tax instead of business rates; and
- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.[73]

This fund was thus explicitly intended to plug gaps in eligibility for the business support grant and retail, hospitality and leisure grant.

Local Restrictions Support Grant: Sep – Dec 2020

The LRSG comprised four grant schemes that ran from September 2020 to March 2021:

- Local Restrictions Support Grant (Open)
- Local Restrictions Support Grant (Sector)
- Local Restrictions Support Grant (Closed), which also featured an ‘addendum’ following the reimposition of England-wide restrictions between 5 November and 2 December 2020
- Additional Restrictions Grant

72 Sarah Calkin, “Government set to claw back more than £1bn in business grants”, Local Government Chronicle, 3 Aug 2020

73 BEIS, Local Authority Discretionary Grants Fund – guidance for local authorities, May 2020, p6

The exact terms of the Local Restrictions Support Grant schemes were altered several times between September 2020 and April 2021, in line with changes to Government restrictions relating to Covid-19.

The LRSG 'Open' scheme applied to businesses in Tier 2 and 3 areas which have been impacted by local restrictions but were not required to close. The 'Sector' scheme applied to businesses in sectors that were required to close due to national regulations. The 'Closed' scheme applied to businesses in Tier 3 areas that were required to close.

The 'Open' scheme explicitly permitted local authorities discretion to decide how to distribute the grants. The guidance requested them to prioritise the "hospitality, hotel, bed & breakfast and leisure" sectors, but there was "no penalty" for those that deviated according to local circumstances. There was no such explicit provision in the guidance for the 'Closed' scheme.

During the 5 November to 2 December 2020 lockdown, the 'Closed Addendum' arrangements applied throughout England, superseding the other elements. After 2 December 2020, all parts of England returned to the tier of restrictions that they were in on 4 November (see paragraph 12 of the Addendum guidance).

Local Restrictions Support Grant: Jan – Mar 2021

A further national lockdown began on 5 January 2021. The following grants were made available from that point to the end of the 2020-21 financial year:

- The Local Restrictions Support Grant (Closed) scheme was accessible by all businesses required by law to close. It was available in two payment cycles: 5 January – 15 February and 16 February – 31 March. The amount available was the same as that available in 2020 under the 'Closed' scheme;[74]
- A 'Closed Businesses Lockdown Payment' was available to all businesses trading on 5 January 2021 that were required to close. It was an additional one-off support grant for businesses, totalling £4.6 billion.

Guidance for both these schemes was published on 13 January 2021 and updated on 8 March 2021. The eligibility criteria for these two schemes were the same. Businesses had to apply by 31 March 2021 for the first LRSG payment cycle, and 31 May 2021 for the second; and by 31 March for the Closed Businesses Lockdown Payment. The following table summarises the key features of LRSG.

[74] See the updated guidance published on 8 March 2021.

Main features of the Local Restrictions Support Grant schemes (2020)				
Feature	**Open**	**Sector**	**Closed**	**Closed Addendum**
Start date	1 August	1 November	9 September	5 November
Eligible businesses	Businesses in tier 2 and 3 areas in the hospitality, hotel, bed & breakfast and leisure sectors	Nightclubs, dance halls, hostess bars, discotheques, sexual entertainment venues in all areas	Any businesses in Tier 3 areas providing services in person from their premises that are required to close for 14 days or more	All businesses providing services in person from their premises that are required to close for 14 days or more during the England-wide lockdown
Frequency of payments to councils	14-day payment cycles from 2 December (was previously 28 days from 1 August)	14-day payment cycles starting 1 Nov	14-day payment cycles	28-day payment cycle
Amount per business available to councils: rateable value up to £15k	£467 per 14 days	£667 per 14 days	£667 per 14 days	£1,334 per 28 days
Amount per business available to councils: rateable value £15,001 to £50,999	£700 per 14 days	£1,000 per 14 days	£1,000 per 14 days	£2,000 per 28 days
Amount per business available to councils: rateable value £51k and over	£1,050 per 14 days	£1,500 per 14 days	£1,500 per 14 days	£3,000 per 28 days
End date	31 March 2021	31 March 2021	31 March 2021	2 December 2020

Restart Grants

Read more about the changes in our Insight Budget 2021: Additional business rate reliefs in England.

The 2021 Budget announced a new programme of Restart Grants to support businesses in the 2021-22 financial year. Grants were available to retail businesses (Strand One), and to businesses in the hospitality and leisure sectors, together with gyms, accommodation premises, and personal care premises (Strand Two).

As with the LRSG, grants were made available foir each property occupied by a business. Amounts depended on each property's rateable value, as follows:

Restart Grants	Non-essential retail (Strand One)	Hospitality, leisure etc (Strand Two)
Amount per property available to councils: £15,000 RV or under	£2,667	£8,000
Amount per property available to councils: £15,001-£50,999 RV	£4,000	£12,000
Amount per property available to councils: £51,000 + RV	£6,000	£18,000

The grants available to retail properties were two-thirds of the Closed Businesses Lockdown Payment, and those available to the hospitality, leisure and related sectors were double the Closed Businesses Lockdown Payment.

The Government guidance provided a definition of 'non-essential retail', and of hospitality, leisure, gym services, accommodation, and personal care businesses, including exclusions. Businesses not within the business rates system were not eligible for the Restart Grant.

Omicron Hospitality and Leisure Grants

The Government announced a one-off Omicron Hospitality and Leisure Grant on 31 December 2021. This was targeted towards businesses in the hospitality, leisure and accommodation sectors that offer in-person services; where the main service and activity takes place in a fixed rate-paying premises.[75]

As with the Restart Grants, one grant is available per eligible property. The grant is £2,667 for properties with a rateable value of £15,000 and under; £4,000 for a rateable value of above £15,000 and under £51,000; and £6,000

[75] BEIS, Check if you're eligible for the Omicron Hospitality and Leisure Grant, 31 December 2021

for a rateable value of £51,000 or above. The property must have been occupied, and the business trading, on 30 December 2021.

The Government guidance provides lists of types of property that are eligible for the Omicron grants. The eligible properties in the hospitality and accommodation sectors are the same as for the Restart Grants, but the range of eligible properties in the leisure sector is more limited: for instance, bingo halls, ice rinks and wildlife centres, amongst others, are not eligible for Omicron grants.[76] Paragraphs 31, 34 and 37 of the guidance also provide examples of types of property that are not eligible for grants under this scheme.

All payments under this grant scheme must have been made by 31 March 2022. The last date on which applications could be made was 18 March 2022.[77]

Additional Restrictions Grant (ARG)

The Additional Restrictions Grant (ARG) consisted of a one-off grant of £20 per head to each district or unitary council. The ARG emerged from a series of deals negotiated with individual areas during September and October when they moved into Tier 3.[78] The funding could be used in financial years 2020-21 and 2021-22, as well as for general "business support activities".

From 4 November 2020, the ARG was made available to the whole of England. It received additional funding of £500 million in January 2021, a further £425 million in April 2021, and an additional £102 million on 21 December 2021.[79]

Eligibility for the ARG was broader than eligibility for the LRSG schemes. It was similar to the earlier Local Authority Discretionary Grant Fund. In particular, businesses that were not registered for business rates – because they did not occupy any business properties, or they used property classified as occupied by another business – were not eligible for the LRSG. Local authorities were encouraged to provide grants for businesses as they saw fit:

> There is no restriction on the number of grants a business may receive. This may include but is not limited to the travel and tourism sector, including group travel, travel agents and tour operators, wedding industries, nightclubs, theatres, events industries, wholesalers, English language schools, breweries, freelance and mobile businesses (including caterers, events, hair, beauty and wedding related businesses), and other businesses that may have not received other grant funding. This list is not directive nor exhaustive, and Local

76 See BEIS, Omicron Hospitality and Leisure Grant: guidance for local authorities, 12 Jan 2022
77 As above, p4
78 For details of the system of Tiers 1, 2 and 3, and subsequently Tier 4, used in the Government's response to the Covid-19 pandemic in autumn 2020, see Department of Health and Social Care, Full list of local restriction tiers by area, 4 Jan 2021
79 HM Treasury / BEIS, £1 billion in support for businesses most impacted by Omicron across the UK, 21 December 2021

> Authorities should continue to issue grants at their discretion, based on local economic needs.[80]

As with the Omicron grants, all Additional Restrictions Grant payments by local authorities had to have been made by 31 March 2022. Local authorities will have to return any funds held after this date to the Government.[81]

10.2 Northern Ireland

The Northern Ireland Executive publishes information about relevant support schemes on nibusinessinfo.co.uk.

10.3 Scotland

The Scottish Government has set out a range of support initiatives in the "Business and employers" section of its webpage Coronavirus (COVID-19): guidance.

10.4 Wales

Overall arrangements for business support are available from Business Wales.

---

80 BEIS, Additional Restrictions Grant: guidance for local authorities, June 2021, p6

81 As above

11 Protecting businesses from eviction

Where a tenant under a commercial or business lease fails to pay the rent, their landlord will usually have a right to end the lease early. This is called forfeiture.

The COVID-19 pandemic disrupted many commercial tenants' income streams and so their ability to pay their rent.

England and Wales

In recognition of this section 82 of the Coronavirus Act 2020 provided that a landlord's right to treat a lease as forfeited for non-payment of rent could not be exercised for three months up to 30 June 2020. All business tenancies within the meaning of the Landlord and Tenant Act 1954 are covered by these provisions. Since the initial announcement this moratorium was extended several times, and finally expired on 25 March 2022.[82]

The Government published a voluntary Code of Practice for commercial property relationships during the COVID-19 pandemic to "provide clarity for businesses when discussing rental payments and to encourage best practice so that all parties are supported."[83] The code was replaced by a new Code of practice for commercial property relationships **following** the COVID-19 pandemic on 9 November 2021 (emphasis added).

Alongside the new November 2021 Code of Practice, the Government passed the Commercial Rent (Coronavirus) Act 2022. The Act introduced a binding arbitration process for when business landlords and tenants can't agree how to deal with outstanding rent arrears built up during periods of coronavirus restrictions. Most of it was brought into force on 24 March 2022, before restrictions on forfeiture ended.

The Act extends certain existing restrictions on enforcement of rent arrears, to avoid undermining the arbitration process. Our Library briefing Commercial Rent (Coronavirus) Act 2022 discusses the Act in more detail.[84] A new "Commercial rent code of practice following the COVID-19 pandemic" was published on 7 April 2022 to reflect the Act's provisions.

82 MHCLG Press Release, Eviction protection extended for businesses most in need, 16 June 2021
83 MHCLG Press Release, Government provides further halt to business evictions and more support for high street firms, 19 June 2020
84 House of Commons Library, Commercial Rent (Coronavirus) Act 2022

Northern Ireland

Section 83 of the Coronavirus Act 2020 provided the same protection for business tenants in Northern Ireland. It applied to those within the meaning of the Business Tenancies (Northern Ireland) Order 1996*.* The protection was due to expire on 30 September 2020 but was extended multiple times and eventually expired on 25 March 2022.[85]

When introduced to Parliament, the Commercial Rent (Coronavirus) Bill Act 2022 originally had a clause that would empower the Northern Ireland Government to introduce a similar scheme, but this was removed at Commons Report stage at the request of the Northern Ireland Government (section 2.4 (clause 28) and 4.3 of our briefing).

Scotland

Schedule 7 to the Coronavirus (Scotland) Act 2020 extended the notice period before a commercial lease can be terminated for non-payment of rent from 14 days to 14 weeks.[86] This measure was extended multiple times and eventually expired on 30 March 2022.[87]

The UK Government's 7 April 2022 Commercial rent code of practice following the COVID-19 pandemic note that the Code doesn't apply in Scotland or Northern Ireland but "landlords and tenants are expected to follow the spirit of the Code when negotiating any changes to the terms and conditions contained in their leases."[88]

85 Northern Ireland Department of Finance, Murphy extends protection for business tenants until March 2022, 7 September 2021
86 Scottish Government News, New measures to protect business tenants, 10 April 2020
87 See The Coronavirus (Scotland) Acts (Early Expiry of Provisions) Regulations 2022
88 Departments for BEIS and LUHC, Commercial rent code of practice following the COVID-19 pandemic, 7 April 2022, para 3

12 Insolvency and corporate reporting

The pandemic challenged many otherwise economically viable businesses – whether through dramatic falls in demand, difficulties with supply chains, or requirements to close altogether.

On 28 March 2020, the then Business Secretary, Alok Sharma, announced that the Government would introduce measures at the earliest opportunity to help companies to avoid the risk of insolvency and to ease some of the requirements of corporate reporting. On 23 April, the Government announced further measures to protect businesses from "aggressive rent collection and closure".

The Corporate Insolvency and Governance Act 2020 received Royal Assent on 25 June 2020. Almost all its provisions came into force on 26 June 2020, but most of the temporary business protection measures it enacted had retrospective effect. The Act introduced permanent measures to update the UK insolvency regime, and temporary measures to help struggling businesses during the pandemic.

The Act's temporary measures consisted of the following (which have all now expired):

- **Suspension of the wrongful trading rules**. The Act removed the threat of personal liability for wrongful trading from directors who try to keep their companies afloat through the emergency. The measure initially expired on 30 September 2020 but was then revived from 26 November 2020 to 30 June 2021.
- **Removed the threat of statutory demands and winding-up petitions where unpaid debt is due to Covid-19**. Statutory demands were void if served on a company between 1 March 2020 and 30 September 2021.

  No winding-up petition could be made where unpaid debt was due to Covid-19 until 30 September 2021. Modified rules applied from 1 October until 31 March 2022 intended to promote a gradual return to the normal regime.
- **Gave companies and other bodies greater flexibility to hold Annual General Meetings** (AGMs) and other meetings in a safe and practicable manner in response to the pandemic. Additionally, the Act allowed companies and other bodies to postpone their AGMs. Directors were not exposed to liability for failing to hold an AGM in accordance with a company's constitution or acting without shareholder endorsement.

- **Extended filing deadlines at Companies House**. The Act provided for a temporary extension to the period allowed for the directors of a public company to comply with their obligation under section 441 of the Companies Act 2006 to deliver accounts and reports for a financial year to the Registrar at Companies House. In addition, the Act empowered the Secretary of State to make regulations to extend the deadline for certain other filings at Companies House. This measure expired on 5 April 2021.

For full details on the measures and their expiry dates see our briefing paper New business support measures: Corporate Insolvency and Governance Act 2020.

13 Insurance

Insurance arrangements for businesses are complex and cover a number of areas, including business continuity/interruption, event cancellation and contingency, and professional liability.[89] The ABI emphasised that insurance arrangements varied and advised businesses to check their cover and to discuss concerns with brokers.

The Financial Conduct Authority (FCA), which regulates insurance in the UK, published general guidance and expectations about insurance cover and management during the pandemic. It noted:

> We expect firms to clearly communicate any policy exclusions that may impact the cover and use of individual policies. This applies both to new sales or changes to existing policies (either mid-term or at renewal) – they must clearly meet consumers' demands and needs.[90]

Treasury Committee

The Treasury Select Committee conducted an inquiry into the economic impact of coronavirus. As part of this, the Chair, Mel Stride MP, wrote to the ABI on 26 March 2020 with a set of questions about the scale of the industry's response and changes to what is on offer and the terms of insurance contracts.

In its response, the ABI emphasised its commitment to supporting customers, but also the scale of demands that the industry faced:

> ABI members estimate they will pay £1.2 billion in claims to policyholders as a result of Covid-19 covering losses by customers for business interruption, travel, events, weddings and school trips. Working estimates of the breakdown of the £1.2 billion are £900m for business interruption, £275m for travel insurance and £25m for events, weddings and school trips. If the period of business closures and travel restrictions continue well into the summer it is reasonable to expect this number would rise further.

The response also set out a range of more "flexible" responses to general policy terms, such as relaxed approaches to MOTs and home working.

89 See, for instance, for a general overview, Simmons and Simmons, Coronavirus (COVID-19) - the insurance issues, 5 March 2020

90 Financial Conduct Authority, Insurance and coronavirus (Covid-19): our expectations of insurance firms, 17 March 2020

13.1 Business interruption insurance

It is likely that few businesses have relevant cover under standard wording. But this is not always straightforward. Our briefing paper Coronavirus: business interruption insurance discusses the issue further.

There have been wide concerns about the coverage of business interruption insurance. **Most businesses were unlikely to have cover for pandemics.**

A full discussion appears in our briefing paper Coronavirus: Business interruption insurance.

- Many businesses had expected that when Governments declared Covid-19 a notifiable disease and ordered them to shut down they would be able to make claims under interruption policies.
- But few were able to do so successfully. Most insurers had revised the standard wording of their policies over the last decade or so to remove cover relating to new diseases.
- Affected businesses were advised to read their policies, discuss the matter with their insurer or broker and ask for written advice.
- But many policy-holders argued that policy wording wasn't clear or seemed to allow them to claim, even when insurers had told them that they couldn't.

What could businesses do?

Small businesses that disputed decisions could follow the standard complaints procedure for complaints about financial services. They could also consider the other support options discussed in this briefing.

As a result of the level of concern, though, the Financial Conduct Authority published information for holders of business interruption policies. They also sought legal review of examples of contentious wording, as discussed in our briefing paper Coronavirus: business interruption insurance.

14 Eat Out to Help Out

Under the Eat Out to Help Out Scheme (the EOHO Scheme) the Government provided 50% off the cost of food and/or non-alcoholic drinks eaten-in at participating businesses UK-wide. It applied all day Monday to Wednesday from 3 to 31 August 2020. The discount was capped at a maximum of £10 per head.[91] There was no minimum spend requirement and no limit on the number of times customers could use the offer. Participating establishments provided the discount to customers and claimed the discount back from HMRC.

The scheme was intended to restore consumer confidence and boost customer demand to help restaurants build back business following the coronavirus lock down period. It formed part of the Chancellor's Plan for Jobs announced on 8 July 2020, under the heading "protecting jobs".

For further discussion, see the Library briefing papers on the Eat Out to Help Out Scheme and on the Hospitality industry and Covid-19.

Data on claims made under the scheme including by Parliamentary constituency is available in the briefing: Coronavirus business support schemes: Statistics.

91 Inclusive of VAT but does not include service charge. Examples are provided in the Government's guidance: Get more information about the Eat Out to Help Out Scheme, 9 July 2020. The legal conditions for the Scheme are set out in a Treasury Direction made under Sections 71 and 76 of the Coronavirus Act 2020: Eat Out to Help Out Scheme, published 9 July 2020.

15 Kickstart

As detailed in the library briefing Youth unemployment statistics, the number of young people in employment remains below pre-pandemic levels.

The Kickstart scheme intends to create “hundreds of thousands” of 6-month work placements. It is aimed at 16-24 year olds in Great Britain who are on Universal Credit and are deemed at risk of long-term unemployment. It was initially announced as part of the Plan for Jobs. There is guidance about how employers can apply for the scheme.

Kickstart jobs originally needed to be started by the end of 2021, but the scheme was extended as part of the Plan for Jobs Expansion. Employers are now able to apply for funding until 17 December 2021, and Kickstart jobs need to be started by 31 March 2022. [92]

Further information on this scheme, and the other schemes introduced as part of the Plan for Jobs, is provided in the Library briefing, Coronavirus: Getting people back into work.

The scheme

The scheme will pay employers to create new jobs for these young people, and funding will be conditional on the employer proving that these jobs are new, and are not replacing jobs held by staff who have recently been made redundant. The jobs created must provide a minimum of 25 hours per week, for 6 months.

Guidance for the scheme notes:

> Funding will cover for each job placement:
>
> - 100% of the relevant National Minimum Wage for 25 hours a week
> - the associated employer National Insurance contributions
> - employer minimum automatic enrolment contributions
>
> There will also be extra funding to support young people to build their experience and help them move into sustained employment after they have completed their Kickstart Scheme funded job.

92 DWP, Kickstart Scheme, 5 October 2021

The employers will also be expected to provide training and support to the Kickstarter to find a permanent job, although they should not need to undertake extensive training before they can begin the work placement.

The Government will provide up to £1,500 per job placement to cover setup costs, support and training. Once a job placement is created, a different person can take over the role at the end of the six-month period.

Jobcentre Plus work coaches will support Universal Credit claimants "who are ready for an opportunity" to enrol in the scheme. Employers will then interview applicants and select the best candidate for their role.

When the scheme was first announced, applications for Kickstart grants had to be for a minimum of 30 job placements. This was amended in February 2021, with the removal of the minimum number of placements. All employers are now able to apply directly for a grant.

Previously employers were expected to partner with other employers until they were collectively able to offer 30 job placements. Kickstart gateways were put in place to help them partner together. Employers are still able to apply through a kickstart gateway if they wish to do so.

Kickstart gateways

Kickstart gateways can help employers with the process of getting a kickstart grant, and also offer employability support to the young person on the scheme. To do so they will need to have a grant agreement with the DWP.[93]

Any organisation could apply to become a kickstart gateway, but applications closed on 27 January 2021. Existing gateways can, however, add more employers and job placements to their grant agreements.[94]

Kickstart gateways do not have to offer employability support to jobholders, but may choose to do so. They could provide this support directly to the jobholder, or by sharing their expertise with employers. They are also able to offer employability support to employers outside of their grant agreements.

Gateways are paid £300 for the admin costs of each placement. They may also receive a share of the £1,500 paid to employers if they agree to provide employability support.

Funding for the scheme

An initial £2 billion was provided for this scheme, and there will not be a cap on the number of places available. The Government has reported that, for a 24-year-old, the grant will be worth around £6,500. This is based on the

93 DWP, Help employers with the Kickstart Scheme (Kickstart gateway), 3 February 2021
94 GOV.UK, Apply for a Kickstart Scheme Grant for Employers

National Minimum Wage for those aged 21 to 24. The grant would be worth less for those aged below 21 as the minimum wage is less for these workers.

The £2 billion is intended to provide funding for over 250,000 Kickstart jobs.[95]

95 HM Treasury, Spending Review 2020, CP 330, November 2020

The House of Commons Library is a research and information service based in the UK Parliament. Our impartial analysis, statistical research and resources help MPs and their staff scrutinise legislation, develop policy, and support constituents.

Our published material is available to everyone on commonslibrary.parliament.uk.

Get our latest research delivered straight to your inbox. Subscribe at commonslibrary.parliament.uk/subscribe or scan the code below:

commonslibrary.parliament.uk

@commonslibrary