

# Busnes Cymdeithasol Cymru

## Social Business Wales

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## SBW Guidance Note: Lockdown Finances

5.11.20

As local lockdowns are superseded by a national fire break to cover all of Wales, many social businesses will soon be facing a repeat of the disruption experienced in March. This guidance note has been developed to signpost you to sources of financial assistance during this challenging stage of the pandemic.

We have also recorded a finance update webinar which will support this guidance note and can be viewed here:

<https://www.youtube.com/watch?v=TYO4uWk78ZA&feature=youtu.be>

And our lockdown guide, Navigating Future Lockdowns is also a good and practical tool to help you plan and prepare for the stop start and disruptive nature of lockdowns: <https://wales.coop/wp-content/uploads/2020/10/Navigating-Future-Lockdowns-Eng.pdf>

With so many changes since the first outbreak, this guidance note will direct you to support schemes and initiatives which you can access at this time.

### **Welsh Government Support:**

The First Minister recently announced a £300m package of measures to support businesses in Wales during the firebreak and lockdown periods. The measures all fall under the 3<sup>rd</sup> phase of the **Economic Resilience Fund (ERF)**. Details can be found here: <https://gov.wales/national-coronavirus-fire-break-to-be-introduced-in-wales-on-friday>

The support is split into two distinct areas:

**Lockdown Business Fund:** Businesses who are forced to close as part of the firebreak and fit the following eligibility will receive an automatic one-off payment into their bank accounts.



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- Small businesses with rateable value of 12,000 or less will be eligible for £1,000 grant

£1,000



- Retail, leisure, tourism & hospitality businesses with rateable value 12,001- 51,000 or less will be eligible for £5,000 grant

£5,000



- A **discretionary** £2,000 top-up grant will be made available **on an application basis** for those businesses with a rateable value of £12,000 or less who are forced to close by the firebreak lockdown.
- A **further discretionary** £1,000 grant will be made available to businesses on the same basis where they are materially affected by local lockdown measures **for 21 days** or more prior to the start of the firebreak lockdown period.

Local authorities will be administering this element of the financial support, very much like the initial business rate relief support and payments are expected to be automatic into the bank accounts of rate payers.

The scheme is currently open. The initial application is made through the Business Wales site before applicants are directed to their own local authority. Please check your eligibility with your local authority and chase up any delays or queries directly with them via their own websites. <https://businesswales.gov.wales/coronavirus-advice/>

**Business Development Grant:** To support Welsh businesses to 'thrive in the future', the second part of the support available under the Economic Resilience Fund (ERF) phase 3 has a clear focus around building the capacity and resources in the business to transition to their future business model. This fund is intended to support businesses in Wales with development projects to assist with recovery from the effects of the Covid-19 pandemic and future sustainability.

**This fund is currently paused.**

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It aims to support projects that improve the business operation from current circumstances and there is a spotlight on supporting projects that will help sustain and create jobs for young people (25 and under), people with disabilities and people from BAME communities and such projects might be eligible for a higher award.

The business development grants will be open to businesses of all sizes.

<ul style="list-style-type: none"><li>• 1 to 9 employees</li><li>• Max grant £10k</li><li>• 10% match of own funds</li></ul>	<ul style="list-style-type: none"><li>• 10-249 employees</li><li>• Max grant £150k</li><li>• 10-20% match of own funds</li></ul>	<ul style="list-style-type: none"><li>• 250+ employees</li><li>• Max grant £200K</li><li>• 50% match of own funds</li></ul>	<ul style="list-style-type: none"><li>• £20m ringfenced for tourism &amp; hospitality businesses</li><li>• Discretion for higher levels of support</li></ul>
Micro 	SME 	Large 	Tourism & Hospitality 

For Tourism and Hospitality businesses there will be discretion for grant awards of up to 100%. Full details on the scheme can be found here, including the eligibility checker:

<https://fundchecker.businesswales.gov.wales/erfphase3>

Key criterion includes being incorporated, having a turnover over £50k, being VAT registered or Vat exempt and operating a PAYE scheme with at least 1 full time employee. Applicants will need to have the following prepared for their full online application:

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### Evidence



- VAT registration Number (if applicable)
- Company or Charity Registration Number: (if applicable)
- Annual Turnover
- Bank account details – Bank, Sort code and Account number
- Number of Employees (Full Time)

### Prepare



- A description of the planned development
- Quotes for any required purchases
- A high level plan to deliver the development
- For applications over £50k a 12 month cashflow forecast
- Evidence of match funding (such as bank statements, confirmation of funding letter etc.)

There are also useful examples of what the scheme can fund:

<https://businesswales.gov.wales/erf-phase-3-investment-examples>

Successful applicants will have to sign up to the economic contract:

<https://businesswales.gov.wales/economic-contract>

The funding is to cover the period from October 2020 to 31st March 2021. Demand was expected to be high for this scheme as it was open to the private sector too. The fund were allocated very quickly, so keep up to date with Welsh Government announcements for any additional funds.

**Third Sector Resilience Fund phase 2:** The fund is part of the £24m of support announced by Welsh Government and will involve a blend of 75% grant and 25% initially interest free loan to be available to voluntary sector organisations towards the costs of ongoing revenue expenditure, including salaries. Organisations can apply for up to £100,000.

Our webinar with Alun Jones of Social Investment Cymru discusses the details of the fund: [https://www.youtube.com/watch?v=82NX7IFy\\_64](https://www.youtube.com/watch?v=82NX7IFy_64)



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Billed as a fund of last resort, there is an expectation that organisations will have tried to source mainstream grants in the first instance. It has not been designed to duplicate other provision. The fund has set criteria for eligibility which can be accessed here: <https://wcva.cymru/funding/social-investment-cymru/resilience-fund-eligibility/>

An expression of interest will be required initially, outlining your plans, their impact and identifying a budget for them. Once this has been agreed, in the second stage, applications will be assessed in three sections – governance, historic finances and proposal for spend.

The scheme will be allocated on a first come first served basis, so we recommend you contact the team at SIC before submitting your expression of interest to check suitability and availability. They can be contacted on [sic@wcva.cymru](mailto:sic@wcva.cymru).

Further details on the fund can be accessed here: <https://wcva.cymru/funding/social-investment-cymru/third-sector-resilience-fund-for-wales/>

### **UK Government Support:**

In addition to Welsh centric support, social businesses will also be able to utilise the support initiatives announced in the Winter Economy Plan :

<https://www.gov.uk/government/news/chancellor-outlines-winter-economy-plan>

**Tax Cuts:** extension of temporary tax cut for hospitality and tourism sector, so the 15% cut means they will only pay 5% tax rate until the end of March 2021.

**New Payment Scheme:** for deferred VAT bills will allow companies to make 11 smaller interest free payments during the 2021-22 financial year rather than one lump sum payment in March 2021.

**Statutory Sick Pay Claim Back:** Eligible employers will be able to claim up to 2 weeks of SSP if you are claiming for an employee who's eligible for sick pay due to corona virus and you have a PAYE scheme in place on or before 28 February 2020. Further details can be found here: <https://www.gov.uk/guidance/claim-back-statutory-sick-pay-paid-to-employees-due-to-coronavirus-covid-19>



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**Loan Repayment Terms:** to be extended from 6 years to 10 years for all Corona Virus Business Interruption Loans (CBIL) and Bounce Back Loans taken out. Extended loan applications for both schemes until the end of November.

**Corona Virus Business Interruption Loan Scheme (CBILs)** is still open for applications, the scheme offers loans up to £5 million. Full details of the scheme and government guarantee can be found here: <https://www.gov.uk/guidance/apply-for-the-coronavirus-business-interruption-loan-scheme>

**Bounce Back Loan Scheme (BBLs)** also remain open and are more suitable for smaller organisations looking to borrow between £2,000 or 25% of turnover up to a maximum of £50,000. The government offer a 100% guarantee against the loans and there are no fees or interest payable during the first 12 months.

<https://www.gov.uk/guidance/apply-for-a-coronavirus-bounce-back-loan>

There is a useful diagnostic tool on UK Governments website to enable you to identify what schemes you could access based on your location, sector and size:

To find out what schemes you may be eligible for use the support checker tool on the UK governments website: <https://www.gov.uk/business-coronavirus-support-finder>

**Job Retention Scheme (Furlough):** The Prime Minister announced an extension to the furlough scheme. It was initially due to end on 31<sup>st</sup> October but has now been extended until for all of the UK until December

<https://www.gov.uk/government/news/furlough-scheme-extended-and-further-economic-support-announced>

This means that Welsh social businesses who have previously utilised the scheme at any point since its introduction will be able to use the scheme again to claim up to 80% of wage costs. It will also be open to employers who have not previously used the scheme. In order to qualify under this round they need to have a paye scheme in place and meet the following conditions:

- To be eligible to be claimed for under this extension, employees must be on an employer's PAYE payroll by 23:59 30th October 2020. This means a Real Time Information (RTI) submission notifying payment for that employee to



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HMRC must have been made on or before 30th October 2020.

\*As under the current CJRS rules:

- Employees can be on any type of contract. Employers will be able to agree any working arrangements with employees.
- Employers can claim the grant for the hours their employees are not working, calculated by reference to their usual hours worked in a claim period. Such calculations will broadly follow the same methodology as currently under the CJRS.
- When claiming the CJRS grant for furloughed hours, employers will need to report and claim for a minimum period of 7 consecutive calendar days.
- Employers will need to report hours worked and the usual hours an employee would be expected to work in a claim period.
- For worked hours, employees will be paid by their employer subject to their employment contract and employers will be responsible for paying the tax and NICs due on those amounts.

Full details on who is eligible and how to make a claim can be found here:

<https://www.gov.uk/guidance/claim-for-wages-through-the-coronavirus-job-retention-scheme>

**Job Support Scheme (JSS):** The new successor to the furlough scheme was due to start on 1<sup>st</sup> November but has now been paused due to the extension of the furlough scheme. It is not clear when it will come into force, we recommend you keep up to date with regular announcements and check the UK Governments website often.

The scheme is very different to the furlough scheme and relies on employers choosing what roles within their organisation are 'viable' and therefore eligible for support and is less generous, so when it is due to come into force we recommend you review the criteria and suitability for your organisation. Full details can be found here: <https://www.gov.uk/government/publications/job-support-scheme>

Social Business Wales held a HR update webinar recently which looked at the job support scheme and other options open to businesses, the webinar can be viewed here: <https://www.youtube.com/watch?v=KBTfVLuHyy0>

And for the slides and resources click here:

<https://padlet.com/SocialBusinessWales/ffj6onpoy5r17gga>



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### **Useful links & Resources:**

**Social Business Wales** have developed a series of guidance notes, webinars and tools to support social businesses through the pandemic, they can all be accessed through the covid hub here: <https://wales.coop/covid-19-hub/>

**Welsh Government** have lots of useful links and resources for individuals and businesses to navigate through the pandemic: <https://gov.wales/coronavirus>

**FAQ on fire break from WG** <https://gov.wales/coronavirus-circuit-break-frequently-asked-questions>

**Business Wales** have a central hub of information including the latest funding available: <https://businesswales.gov.wales/coronavirus-advice/>

### **Need further help & support?**

Social Business Wales is here to help social businesses from the early development stages through to expansion, diversification and growth. We have a team of specialist business advisers and consultants who can offer bespoke one to one support to your organisation. If your Social Business needs help, please contact a member of our team to find out how we can support you:

**Telephone: 0300 111 5050**

**Email: [sbwenquiries@wales.coop](mailto:sbwenquiries@wales.coop)**

<https://wales.coop/get-our-help/support-available/>

***All of the information and links we provide in this guidance note are shared in good faith and current at the time of publishing this guidance, but we do recommend that you keep up to date with announcements and changes to schemes, so please check the links regularly.***

