



Coronavirus update 18.03.20

As the COVID-19 crisis continues to spread uncertainty through the economy it is important for small business owners to remember there are sources of support to help mitigate some of the pressures that they are facing on their cashflow. At the centre of this support are the packages that the government is continuing to release as the situation unfolds. However, there are other support systems that business owners can call on to help them through this unprecedented time. We have outlined some of these below:

Rents & Rates:

One of the largest fixed costs faced by small business owners is the rents and rates bill. Perhaps you can discuss with your landlord a potential rent 'holiday' or reduced rent to help alleviate some of the cost pressures in a time when revenue may be scarce. Given the circumstance, this is likely to be the preferred route if this makes the difference between keeping you as a long-term tenant or having an empty space.

In addition to the above, we have been told by the Exchequer that there will be reduced rates bills during 2020-21, with 100% relief expanded to ALL businesses in the leisure and hospitality industries (not only for those with rateable values of less than £51,000). More information on eligibility and how to apply for the discount will be provided to local authorities by 20th March.

If, however, your business already paid little or no business rates because of the Small Business Rates Relief (SBBR) there is now a one-off grant available of £3,000 to help meet ongoing business costs. This will be distributed by the local authority in due course – there is no need to apply for this grant.

Your Bank:

The government has made it clear that they expect banks to be sympathetic to small business customers during this time. Talk to your bank to discuss the options that are available to you – this might include extended credit facilities at favourable rates (e.g. loans or credit cards) or payment holidays on existing facilities.

As per yesterday evening's announcement there is £330 billion Government backed and guaranteed loans available to support businesses – both large and small.

Specifically, for smaller business owners a Business Interruptions Loan will be available up to £5m with no interest payable for the first 6 months. Furthermore, the previously announced non-refundable, cash grant for the smallest 700,000 businesses has been increased from £3,000 to £10,000.

Insurers:

Although the current government advice is not that helpful in making a claim on your insurance for business interruption and most insurers are refusing to pay out unless the cover specifically includes a policy on closures caused by pandemics, you should speak to your insurer/broker to check these terms and get indefinite advice.

To support business without this certain cover the government has promised direct cash grants of up to £25,000 per business based on their rateable value to meet the demands of their cashflows and continued fixed costs.

In addition to this, perhaps you have key persons insurance that might pay out if the key figure is out of business (should they fall sick). It is also worth checking your liability insurance to ensure you are covered in any scenario where an employee or customer may make a claim related to the virus.

Your Customers:

Your future revenues will materially vary based on the type of business and how badly affected it is by the coronavirus. For example, consumer facing sectors such as retail, leisure and hospitality are the some of the most vulnerable facing collapsing revenues in the weeks and months ahead.

You may have larger customers who you can call on to make faster payment to help cashflow. Have honest conversations with your customers to see if they fall into this bracket and can help support you. In addition, if you have any overdue payments, it is time to chase these, however, be mindful that accounts payable departments may be operating lean teams.

Tax Authorities:

HMRC has launched a dedicated helpline to support businesses who would like to find out more about the Time to Pay initiative (0800 015 9559). This scheme provides businesses with more time to settle their tax liabilities in exceptional circumstances, including those impacted by the COVID-19 outbreak. The team can discuss National Insurance bills and relief for costs associated with sick pay.

The Government:

The government has made it very clear they want to stand behind business – both small and large - to meet their liabilities by providing liquidity as this scenario evolves. They are providing updates each day and we envisage they will continue to release measures to support the economy as the picture becomes clearer. Therefore, it is essential that you keep up to date with the government announcements and claim all that you are eligible for.

We know this is a worrying time for businesses with the impact of coronavirus still unknown. If you have any questions in relation to your personal or business circumstances please [contact us](#) to discuss in more detail or call us on 0118 321 9151

We are here to help