



PENNINGTONS
MANCHES
COOPER

ROADMAP TO REOPENING

UK GOVERNMENT SUPPORT TO BUSINESSES



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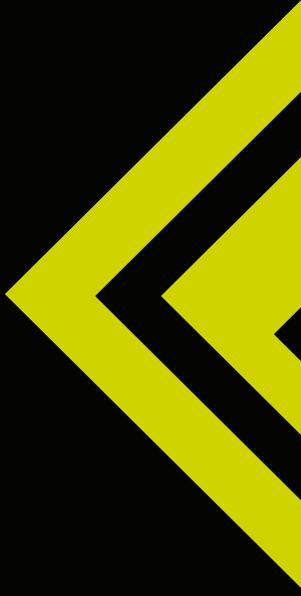
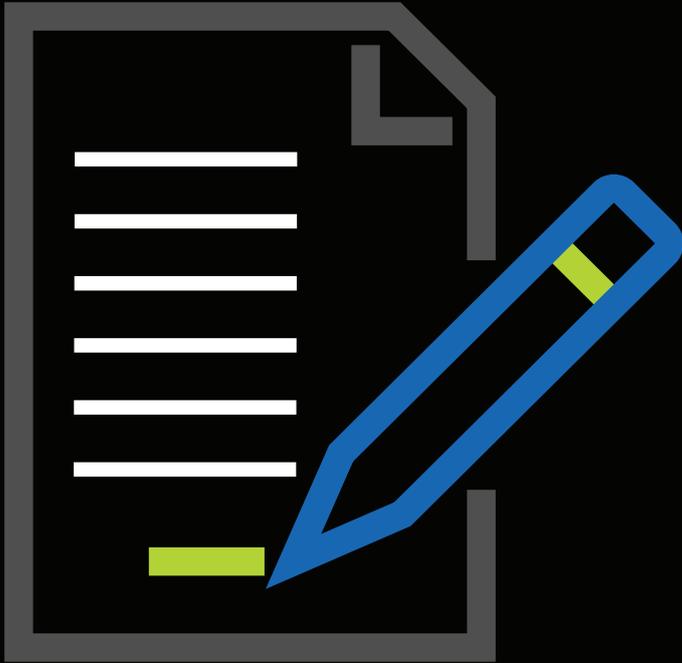
This guide forms part of our [coronavirus resource hub](#) and is current as at 10 June 2020. It is not intended to constitute legal advice.

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SUMMARY OF BUSINESS SUPPORT MEASURES

GOVERNMENT SUPPORT	VALUE OF SUPPORT	WHEN DOES THE SUPPORT END?	ELIGIBILITY: ANNUAL TURNOVER		
			£0 - £45 MILLION	£45 MILLION+	'MATERIAL CONTRIBUTION TO UK ECONOMY'
Covid Corporate Financing Facility (CCFF)	£300 million - £1 billion	March 2021			✓
Coronavirus Large Business Interruption Loan Scheme (CLBILS)	Up to £200 million	20 October 2020		✓	
Coronavirus Business Interruption Loan Scheme (CBILS)	Up to £5 million	September 2020	✓		
Bounce Back Loan Scheme (BBLS)	£2,000 - £50,000	4 November 2020	✓	✓	✓
Innovate UK	£100,000 - £1 million	Case by case basis	✓		
The Future Fund	£125,000 - £5 million	September 2020	✓	✓	✓
Small Business Grants (SBGF & RHLG)	£10,000 - £25,000 per property	2020/21 financial year	✓	✓	✓
Coronavirus Job Retention Scheme (Furlough)	80%-60% of employees' wages, up to £2,500	31 October 2020	✓	✓	✓
Coronavirus Statutory Sick Pay Rebate Scheme	Reclaim two weeks of SSP (available to employers with fewer than 250 employees)	Please see below	✓		
VAT deferrals	Deferring VAT payments to 31 March 2021	30 June 2020	✓	✓	✓
Business rates relief for retail, hospitality and leisure businesses	No business rates due for 2020/21 tax year	End of 2020/21 tax year	✓	✓	

**BUSINESS LOAN
FACILITIES**



COVID CORPORATE FINANCING FACILITY (CCFF)

KEY FEATURES

What is available?

- The facilities involve the Bank of England purchasing commercial paper (an unsecured, short-term debt-instrument) from companies.
- Each facility will:
 - be sterling-denominated;
 - have a maturity of one to 52 weeks;
 - allow drawings to be repayable early if the company chooses;
 - have a credit rating of A-3 / P-3 / F-3 / R3 (where available);
 - be issued directly into Euroclear and/or Clearstream; and
 - be governed by English law.
- Businesses may need to provide a guarantee if the company is not rated as investment grade or the commercial paper is not issued by the primary entity in the group.
- The minimum size for an individual loan will be £1 million nominal, with minimum increments of £0.1 million.
- For primary market purchases, the Bank of England will purchase commercial paper subject to individual company limits. The amount will reflect a range of factors, including the company's credit rating. As an approximate guide (and subject to constant review):
 - for credit ratings of A1/P1/F1/R1, the company's initial drawing limit is up to £1 billion;
 - for credit ratings of A2/P2/F2/R2 the company's initial drawing limit is up to £600 million; and
 - for credit ratings of A3/P3/F3/R3, the company's initial drawing limit is up to £300 million.
- Companies which enter a facility that extends beyond 19 May 2021 must provide a letter of restraint to the Bank of England, showing a suspension on capital distributions and limits on senior pay during the period.
- For further information, [see here](#).

ELIGIBILITY REQUIREMENTS

A business must:

- make a 'material contribution to the UK economy';
- not be a financial company or public body; and
- be in sound financial health prior to Covid-19, with a short or long-term rating of investment grade, by at least one of the major credit ratings agencies (S&P, Moody's, Fitch or DBRS Morningstar), as at 1 March 2020.

It is expected that this will include businesses which:

- are incorporated in the UK;
- have significant employees in the UK;
- have headquarters in the UK; and
- serve a large number of customers in the UK or have a number of UK operating sites.

APPLICATION PROCESS

If your business does not have a public investment grade rating, you should contact the Bank of England ahead of applying.

Speak with your financial provider in respect of issuing commercial paper. Following this, you will need to prepare an Issuer Eligibility Form and Issuer Undertaking and Confidentiality Agreement. For these and other steps, [see here](#).

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CORONAVIRUS LARGE BUSINESS INTERRUPTION LOAN SCHEME (CLBILS)

KEY FEATURES

What is available?

- Finance facilities from £50,000 up to £200 million for businesses with a turnover of over £45 million.
- The amount borrowed should **not** be greater than:
 - double the company's annual wage bill for the most recent year available; or
 - 25% of the company's total turnover for the most recent year available.
- Depending on whether the facility exceeds £50 million, some additional eligibility criteria apply.

What types of finance are available?

- Business loans, revolving credit facilities (including overdrafts), up to £200 million.
- Invoice finance and asset finance facilities up to £50 million.

What are the repayment terms?

- Three months to three years.

Security and guarantees

- The CLBILS provides lenders with a government-backed guarantee of 80% against the outstanding balance.
- The borrower remains 100% liable for the debt.
- No personal guarantees are permitted for facilities under £250,000.
- For facilities over £250,000, claims on personal guarantees cannot exceed 20% of the losses after all recoveries have been applied.
- Current guidelines do not prohibit the use of a principal private residence to support a personal guarantee.
- For further information, see [here](#) and [here](#).

ELIGIBILITY REQUIREMENTS

A business must:

- have an annual turnover of more than **£45 million**;
- generate more than 50% of its turnover from trading activity;
- not be an excluded business (see below);
- be UK-based in its business activity;
- self-certify that it has been adversely impacted by Covid-19;
- have a borrowing proposal which the lender would consider viable, were it not for the current pandemic, and for which the lender believes the provision of finance will enable the business to trade out of any short-term to medium-term difficulty; and
- not have received a facility under the Bank of England's Covid Corporate Financing Facility (CCFF), or funding under either the BBLS or CBILS.

For facilities over £50 million, additional requirements apply. Until the loan has been fully repaid, businesses (and companies within their group) must:

- not pay cash bonuses or award pay rises to senior management (unless in specified circumstances);
- not declare, make or pay any dividend, charge, fee or other distribution, pay a management advisory or other fee to a shareholder, or redeem or repurchase any share capital (unless in specified circumstances);
- secure their facility from a lender with additional accreditation which has also notified the British Business Bank in advance of approving the facility.

An excluded business includes:

- banks, building societies, insurers and reinsurers (but not insurance brokers);
- public-sector bodies;
- further-education establishments, if they are grant-funded; and
- state-funded primary and secondary schools.

APPLICATION PROCESS

This scheme is provided by the British Business Bank (BBB). To apply, a business should approach an [accredited lender](#) (preferably through its website) to discuss a facility. Businesses should prepare in advance details of the loan, including the amount, purpose and period of repayment. The lender may require the following types of information:

- management accounts;
- cash flow forecast;
- business plan;
- historic accounts; and
- details of assets.

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CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME (CBILS)

KEY FEATURES

What types of finance are available?

- Finance facilities of up to £5 million which include business loans, overdrafts, invoice finance and asset finance are available.

What are the repayment terms?

- The Government will pay interest and fees on the loan for the first 12 months.
- The duration of the loans are:
 - up to six years for term loans and asset finance facilities; and
 - up to three years for overdrafts and invoice finance facilities.

Security and guarantees

- The CBILS provides lenders with a government-backed guarantee of 80% against the outstanding balance.
- The borrower remains 100% liable for the debt.
- No personal guarantees are permitted for facilities under £250,000.
- For facilities over £250,000, personal guarantees may be required, but:
 - principal private residences cannot be taken as security; and
 - claims on personal guarantees cannot exceed 20% of the losses after the proceeds of business assets have been applied.
- For more information, see [here](#) and [here](#).

ELIGIBILITY REQUIREMENTS

A business must:

- be UK based, with turnover of no more than **£45 million per annum**;
- self-certify that it has been impacted by Covid-19;
- not have been classed as a '[business in difficulty](#)' on 31 December 2019, if applying to borrow £30,000 or more;
- generate more than 50% of its turnover from trading activity;
- not be an excluded business (see below); and
- have a sound borrowing proposal, but insufficient security to meet the lender's requirements.

An *excluded* business includes:

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

APPLICATION PROCESS

This scheme is provided by the British Business Bank (BBB). To apply, a business should approach an [accredited lender](#) (preferably through its website) to discuss a facility. Businesses should prepare in advance details of the loan, including the amount, purpose and period of repayment. The lender may require the following types of information:

- management accounts;
- cash flow forecast;
- business plan;
- historic accounts; and
- details of assets.

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BOUNCE BACK LOAN SCHEME (BBLS)

KEY FEATURES

What is available?

- Loans from £2,000 up to £50,000 (and not more than 25% of a business' turnover), which are **available to businesses of all sizes**.
- Fast-track finance scheme with cash arriving within 24 hours of approval.

What are the repayment terms?

- The length of the loan is six years. Early repayment is permitted, without extra fees.
- The interest rate on each facility is 2.5% per annum.
- The borrower does not need to make repayments for the first 12 months.
- The Government will pay interest and fees for the first 12 months.

Security and guarantees

- The BBLS provides lenders with a government-backed guarantee of 100% against the outstanding balance (capital and interest).
- Lenders cannot take personal guarantees or take recovery action over a borrower's personal assets.
- For more information, see [here](#) and [here](#).

ELIGIBILITY REQUIREMENTS

A business must:

- be a company or limited liability partnership incorporated or established in the UK, or tax resident in the UK;
- have been impacted by Covid-19;
- not be in bankruptcy, debt restructuring proceedings, liquidation or similar;
- not have been a '[business in difficulty](#)' at 31 December 2019 and not breach state aid restrictions under the Temporary Framework;
- not have obtained a loan through the CCFF, CLBILS, CBILS or another BBLS (unless the existing loan will be refinanced in full by the BBLS loan);
- generate more than 50% of its income from its trading activity;
- use the loan for the economic benefit of the business, and not for personal purposes; and
- not be an excluded business (see below).

An *excluded* business includes:

- credit institutions and insurers;
- public-sector bodies; and
- state-funded primary and secondary schools.

APPLICATION PROCESS

This scheme is provided by the British Business Bank (BBB). To apply, a business should approach an [accredited lender](#) (preferably through its website) to discuss a facility. If possible, this should be the business' existing provider.

You will be required to fill in a short online application form, self-certifying eligibility for the loan.

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**SPECIALIST LOANS
AND CASH GRANTS**



KEY FEATURES

What is available?

- Loans for smaller innovative businesses focused on research and development.
- £750 million of support is being provided by Innovate UK, comprising:
 - up to £200 million of grant and loan payments to Innovate UK's existing customers on an opt-in basis;
 - an additional £550 million to existing customers; and
 - £175,000 offered to firms not currently receiving Innovate UK funding.
- The loans may only be used to finance late-stage research and development projects, which have not reached commercialisation, and that are categorised as 'experimental development'.
- An innovation loan provides between £100,000 and £1 million, to cover 100% of a project's costs.

What are the repayment terms?

- The innovation loan period is up to 10 years. This is split into: (i) the available period (up to three years); (ii) the extension period (up to two years, if required); and (iii) the repayment period (up to five years).
- Interest will be payable quarterly on the money you borrow, and will be set at different rates for each period (as above).
- For more information, see [here](#) and [here](#).

ELIGIBILITY REQUIREMENTS

A business must:

- be an SME (not an individual or large company);
- be UK based; and
- be planning a project that fits within the defined scope of the specific loan competition the business is applying for.

APPLICATION PROCESS

Application process

To apply, Innovate UK runs two competition-based application processes:

- Innovation Funding Service (online);
- Document-based through a secure upload site.

For more information on the application process, see [here](#).

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THE FUTURE FUND

KEY FEATURES

What is available?

- Loan facilities available to venture capital-backed businesses, which are ineligible to apply for the CCFF, CLBILS or CBILS.
- The Government will provide an initial fund of £250 million, which will be accessible until the end of September 2020.
- Each facility is a convertible loan from £125,000 up to £5 million, per eligible company.
- The loans can only be used for working capital purposes (eg not dividends or any bonus or discretionary payments to employees, consultants or directors (for a period of 12 months)).
- The Future Fund investment must be matched by investment from private investors. Both will be provided under the same agreement. However, certain terms - the interest rate, conversion discount, headroom amount and valuation cap - may be varied.

What are the repayment terms?

- The loans will convert into shares in the company on pre-agreed terms (unless fully repaid).
- The loans will convert:
 - on a 'qualifying' funding round (ie when the company raises equity capital equal to the value of the loan);
 - on any other financing, if a majority of the private lenders agree;
 - on an exit, unless the lenders would receive more from repayment of the loan; or
 - after three years, unless they are converted sooner.
- The conversion price on the loan is the price paid by investors in the financing less the agreed conversion discount (which is 20% unless a larger discount is agreed by the company and private investors). On an exit or maturity, the conversion price will be set at the price paid in the most recent financing.
- The shares will entitle the Government to 'limited corporate governance' rights in the company.
- The Government will be free to transfer the loan and any shares in the company to certain institutional investors or other entities wholly-owned by central Government departments.
- Each loan has an interest rate of at least 8% per annum. This will accrue until the loan converts. At that point, the interest may be repaid or converted into shares.
- For more information, see [here](#), [here](#) and [here](#).

ELIGIBILITY REQUIREMENTS

A business must:

- be registered in the UK as a limited company (and incorporated on or before 31 December 2019);
- not be listed on a regulated market, multilateral trading facility or other listing venue;
- have raised at least £250,000 in equity investment from third party investors in the last five years; and
- have half of its employees based in the UK, or at least half of its revenue generated from UK sales.

If the business is part of a group, only the ultimate parent company is eligible.

APPLICATION PROCESS

An application for the Future Fund should be made by a lead investor (or a sole investor) through an online portal. The lead investor must invest at least £12,500, but need not invest a majority or even the largest investment.

For more information on the application process, see [here](#).

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THE SMALL BUSINESS GRANT FUND (SBGF)

KEY FEATURES

What is available?

- A grant of £10,000 to eligible small businesses.
- Eligible businesses will receive one grant per property.
- This grant is subject to tax.
- The SBGF is subject to state aid rules permitting *de minimis* aid. Generally, applicants can only receive up to €200,000 of aid within a three-year period. However, under the EU Commission's Covid-19 Temporary Framework, reaching this limit will not affect a business' entitlement to receive the grant.
- For more information, see [here](#).

ELIGIBILITY REQUIREMENTS

A business must:

- not be in liquidation or dissolved as at 11 March 2020; and
- have a property that, on 11 March 2020, was eligible for the Small Business Rate Relief (SBRR) Scheme or Rural Rates Relief (RRR).

The property must not:

- have received a grant under the RHLG scheme; or
- be used for personal use (eg private stables), as a car park or as parking spaces.

APPLICATION PROCESS

The local authority responsible for business rate billing is responsible for arranging payments of the SBGF. It will contact eligible businesses to arrange payment.

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RETAIL, HOSPITALITY AND LEISURE GRANT (RHLG)

KEY FEATURES

What is available?

- A grant of up to £25,000 to small businesses, in the retail, hospitality and leisure sectors.
- Eligible businesses will receive one grant per property.
- The grant is calculated according to a business' rateable values, as follows:
 - if a property's rateable value is between £0 - £15,000, a grant of £10,000 is available; and
 - if a property's rateable value is between £15,000 and £51,000, a grant of £25,000 is available.
- This grant is subject to tax.
- The RHLG is provided under the EU Commission's Covid-19 Temporary Framework. This provides that you only receive up to €800,000 in state aid. This may apply to businesses that comprise multiple eligible properties.
- For more information, see [here](#).

ELIGIBILITY REQUIREMENTS

A business must:

- not be in liquidation or dissolved as at 11 March 2020; and
- be a ratepayer in the business rates scheme.

The property must not:

- have received a grant under the SBF scheme;
- have a rateable value exceeding £51,000; or
- be used for personal use (eg private stables), as a car park or for parking spaces.

APPLICATION PROCESS

The local authority responsible for business rate billing is responsible for arranging payments of the RHLG. It will contact eligible businesses to arrange payment.

FOR MORE INFORMATION, PLEASE CONTACT:

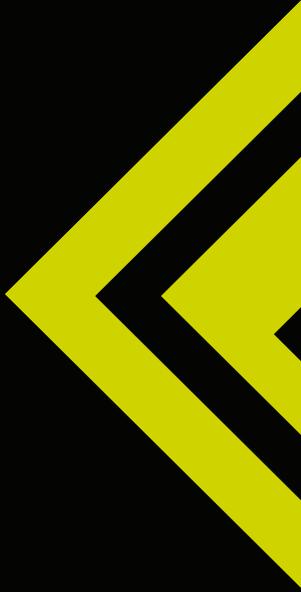


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**EMPLOYMENT
MEASURES**



CORONAVIRUS JOB RETENTION SCHEME (FURLOUGH)

KEY FEATURES

What is available?

- Employers who cannot maintain their current workforce because operations have been severely affected by Covid-19 can, by agreement, place eligible employees on furlough leave and apply for a grant.
- For the period covering 1 March 2020 to 31 July 2020, employers can claim a grant of 80% of the wages of employees placed on furlough leave, up to £2,500 per month, plus the associated Employer National Insurance Contributions and certain pension contributions. An employer may top-up pay during furlough leave but they are not obliged to nor are they obliged to contribute to the scheme.
- From 1 August 2020, employers can claim 80% of the wages of employees placed on furlough leave (up to £2,500 per month) but they must pay the associated Employer National Insurance Contributions and pension contributions.
- From 1 September 2020, employers can claim a grant of 70% of the wages of employees placed on furlough leave (up to a cap of £2,187.50). Employers must pay the associated Employer National Insurance Contributions and pension contributions plus 10% of wages to make up 80% of wages (up to a cap of £2,500 of pay).
- From 1 October 2020, employers can claim a grant of 60% of the wages of employees placed on furlough leave (up to a cap of £1,875). Employers must pay the associated Employer National Insurance Contributions and pension contributions plus 20% of wages to make up 80% of wages (up to a cap of £2,500 of pay).
- The scheme ends on 31 October 2020.
- Under the scheme, an eligible employee:
 - must have been on the employer's payroll and paid on or before 19 March 2019; and
 - includes a full-time or part-time employee, on an agency, fixed-term, flexible or zero-hours contract or an apprentice; or
 - can be an employee who was made redundant on or after 28 February 2020, subject to certain rules.
- The scheme will close to new employees (who are eligible but who have not been furloughed) from 30 June 2020. As all employees are required to be on furlough leave for a minimum of three consecutive weeks, the final day to furlough any new eligible employees under the scheme was 10 June 2020. Exceptions will be made, subject to the scheme rules, for employees who are returning from maternity or paternity leave after the 10 June 2020 deadline.
- An employee on furlough leave must:
 - have been furloughed due to the impact of Covid-19; and
 - have been instructed to cease all work in relation to their employment (unless on "flexible furlough"); and
 - must be on furlough leave for a minimum of three consecutive weeks. Employees can be furloughed multiple times but each occasion must be for the minimum period to claim the grant.
- To be eligible for the grant, employers must also agree the terms of furlough leave with their employees. This must be confirmed in writing and a record must be kept for five years.
- Flexible furlough provisions apply from 1 July 2020. Employers can, subject to the provisions, agree to employees working part-time (for payment in the usual way) whilst also seeking the grant under the scheme for the remaining hours which are spent on furlough.
- A business is entitled to claim a grant under the furlough scheme and statutory sick pay (below) in relation to an employee, but not for the same period.
- For more information, see [here](#).

ELIGIBILITY REQUIREMENTS

- Any UK entity with a payroll can apply provided they created or started a PAYE payroll scheme on or before 19 March 2020, enrolled for PAYE online and have a UK bank account.
- Where employers receive public funding for staff costs, it is expected that employers will not furlough staff.

APPLICATION PROCESS

- For information on how to apply, visit the [Government website](#).

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CORONAVIRUS STATUTORY SICK PAY REBATE SCHEME

KEY FEATURES

What is available?

- Qualifying employers are entitled to reclaim up to two weeks of Statutory Sick Pay if their employee is unable to work because they either:
 - have coronavirus symptoms;
 - are self-isolating because someone they live with has symptoms;
 - are self-isolating because they have been notified under the UK Government's contact tracing strategy that they have come into contact with someone who has coronavirus and need to self-isolate; or
 - are "shielding" and have a letter from the NHS or a GP advising them to stay home for at least 12 weeks.
- Employers can claim for periods of sickness starting on or after 13 March 2020 in relation to absence for coronavirus symptoms, or self-isolation from 16 April 2020 if the employee was shielding, or from 28 May 2020 if the employee has been notified to self-isolate if they have come into contact with someone with coronavirus.
- An eligible "employee":
 - includes full-time and part-time employees and those on agency, fixed-term, flexible and zero-hours contracts; and
 - must be eligible for SSP.
- The time limit for bringing a claim is the later of one year from either (i) the last day of incapacity; or (ii) 26 May 2020.
- For more information, see [here](#).

ELIGIBILITY REQUIREMENTS

An employer will qualify for the scheme if:

- they are claiming for an employee who is eligible for SSP due to Covid-19;
- have had a PAYE payroll scheme on or before 28 February 2020;
- have had fewer than 250 employees on 28 February 2020; and
- they are not above the state aid limits prescribed under the EU Commission's Temporary Framework.

APPLICATION PROCESS

For information on how to apply, visit the [Government website](#).

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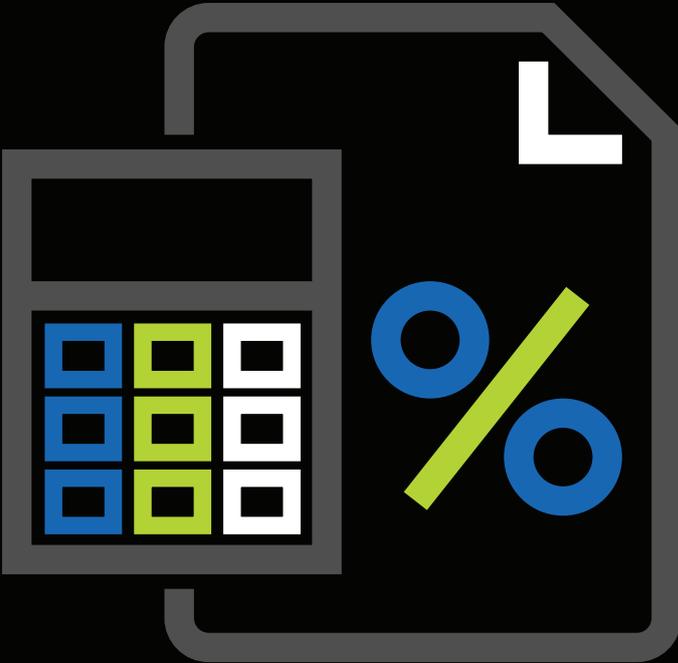


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**OPERATIONAL / COMMERCIAL
SUPPORT**



VAT DEFERRALS

KEY FEATURES

What is available?

- UK VAT registered businesses which have a VAT payment due between 20 March 2020 and 30 June 2020 have the option to defer certain payments (at no extra cost) or pay as normal.
- VAT payments which may be deferred are:
 - quarterly and monthly VAT returns' payments for the periods ending February, March and April;
 - payments on accounts due between 20 March 2020 and 30 June 2020; and
 - annual accounting advance payments due between 20 March 2020 and 30 June 2020.
- Any deferred payments must be paid on or before 31 March 2021.
- Businesses must still submit their VAT returns to HMRC on time.
- After 30 June 2020, all VAT payments due must be paid as normal.
- For more information, see [here](#).

ELIGIBILITY REQUIREMENTS

The business must be a UK VAT registered company.

APPLICATION PROCESS

There is no application process, as businesses do not need to inform HMRC they are deferring their VAT payment.

BUSINESS RATES RELIEF FOR RETAIL, HOSPITALITY AND LEISURE BUSINESSES

KEY FEATURES

What is available?

- Businesses in the retail, hospitality and leisure sectors in England will not be required to pay business rates for the 2020/21 tax year.
- For more information, see [here](#).

ELIGIBILITY REQUIREMENTS

A business must be a:

- shop;
- restaurant, café, or pub;
- cinema or live music venue;
- assembly or leisure property; or
- a hospitality property.

APPLICATION PROCESS

Your local authority will automatically apply the discount. No steps need to be taken.

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