

Social Business Wales

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SBW Guidance Note: Lockdown Finances

22.10.20

As local lockdowns are superseded by a national fire break to cover all of Wales, many social businesses will soon be facing a repeat of the disruption experienced in March.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 3rd 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.

We are awaiting further details on the scheme but expect it to open around **26th October** to tie in with the launch of the business development grants. The initial application will likely be 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.

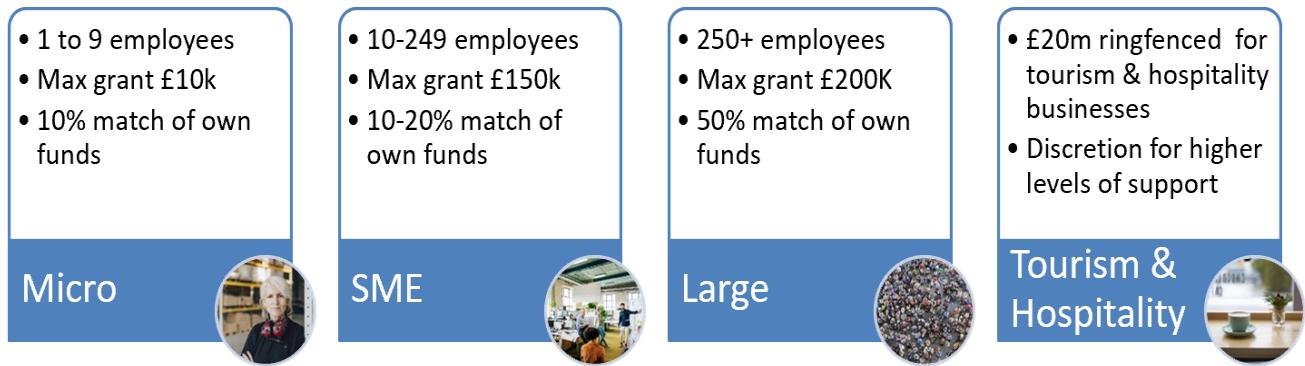
It aims to support projects that improve the business operation from current circumstances and there is a spotlight on supporting projects that will help sustain

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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.



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 grant fund will be **open** for applications from the week commencing **26 October** 2020 and remain open for four weeks or until funds are fully committed.

The funding is to cover the period from October 2020 to 31st March 2021. Demand is expected to be high for this scheme and it is open to the private sector too so we would highly recommend **submitting your application ASAP**.

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=82NX7lFy_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.

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:

<https://www.gov.uk/business-coronavirus-support-finder>

Job Retention Scheme (Furlough): those businesses who have placed their employees on the furlough scheme at any point since its introduction will be able to utilise the scheme again to cover an element of the fire break period. The current scheme comes to an end on 31st October but will require employers to make a contribution towards the cost of wages, in October the furlough scheme will pay 60% of wages up to a cap of £1,875: employer pays ER NI, pension contributions + 20% of wages. 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 kicks in from 1st November and will run for 6 months. 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. The main fund

To be eligible for the scheme:



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- Employers need a UK bank account and to have a UK PAYE scheme in place and staff registered on it before or on 23 September to claim the grant.
- Neither the employer nor staff need to have previously used the Coronavirus Job Retention Scheme.
- Large businesses will have to meet a financial assessment test: the scheme is only available to those whose turnover is lower now than before experiencing difficulties from Covid-19.
- No financial assessment test for SMEs.

To support viable jobs, for the first 3 months of the scheme staff must work at least 33% of their usual hours and the employer has to pay for the hours worked. For the hours not worked the costs are shared equally between the employer, government and staff member (in the form of salary sacrifice). There are examples and calculators available online as it is worth noting that the scheme is much more expensive for employers and relies on them having at least 33% of normal hours available for employees to work. Full details can be found here:

JSS: <https://www.gov.uk/government/publications/job-support-scheme>

Scheme Calculator: <https://www.uktaxcalculators.co.uk/tax-news/2020/09/26/job-support-scheme-calculator/>

Job Support Scheme Extension: On 9 October, the Government announced an extension to the Job Support Scheme (JSS) targeted at businesses required to close entirely due to tighter local or national coronavirus restrictions. This means that businesses affected by the firebreak and any subsequent lockdowns may be eligible for enhanced support.

The extension scheme will only apply to businesses that are legally required to close their premises as a direct result of local or national restrictions. It will not benefit any of the following businesses, which may also be significantly impacted:

- Businesses that are legally able to stay open, but whose trade is significantly affected by a local lockdown, such as suppliers to the hospitality sector



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- Businesses that are able to stay open, but experience very reduced demand, such as theatres or cinemas in areas not subject to a local lockdown
- Businesses that decide to shut because of the reduced demand or broader impact of Covid
- Businesses required to close by local public health authorities as a result of specific workplace outbreaks

Under the proposals, the Government will support eligible businesses by paying two-thirds of wages (67%), up to a maximum of £2,100 a month, if they are forced to close in the coming months due to a government forced closure.

The scheme will come into operation from the 1st November, employers will still be liable for employer NI and pension contributions, but the scheme may be a lifeline for some employees and employers during difficult lockdown periods.

For further information on the extension scheme and to check for updates:

<https://www.gov.uk/government/news/job-support-scheme-expanded-to-firms-required-to-close-due-to-covid-restrictions>

In recognition of the tough economic times and discrepancies of support across England, the Chancellor announced on 22nd October a more favourable version of the JSS for areas under tier 2 lockdown restrictions in England. The scheme will see the threshold that employees must work lowered from 33% of hours to 20% and the employer contribution dropping to just 5% for hours not worked. The government will be picking up the majority share for hours not worked in this iteration. It isn't clear yet if it will be extended to other areas of the UK such as Wales which isn't following the same tiered system as England, but we recommend you keep up to date with announcements as it could change the perception of 'viable' jobs and make the scheme cheaper for employers and more attractive than the alternative options of restructuring and redundancies.

<https://www.moneysavingexpert.com/news/2020/10/job-support-scheme-enhanced-as-chancellor-unveils-new-support-fo/>

Social Business Wales recently held a HR webinar which included details on the new scheme and extension element – it included how to calculate if it is viable for your



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organisation to use the scheme and alternatives. The webinar can be accessed here:
<https://www.youtube.com/watch?v=TYO4uWk78ZA&feature=youtu.be>

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

<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.

