



FIFE LICENSED TRADE ASSOCIATION

## March 19 2020



### What ever it takes.

The announcement by the Chancellor of the Exchequer on 17 March of a major expansion of the UK Government’s support for businesses during the Covid-19 crisis was certainly head-line grabbing but it followed a pattern established on Monday with the half-cocked recommendation that pubs, clubs, restaurants and theatres be avoided.

The announcement was very short on detail when it came to delivery and whether the measures announced were UK-wide or limited to England and Wales. This is causing frustration for those bodies that will be expected to put the measures into practice.

In this edition we have sought to expand the information on the support packages in order to give some pointers as to how businesses can take advantage of individual programmes. In several cases it is still early days and there are some basic details to be finalised. As soon as we have been able to clarify these we will pass on the information.

In the meantime if you have any queries please contact any of the FLTA Board members. They might not have all the answers but they will know someone who does.

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# The “What Ever It Takes” package

A week is a long time in politics but clearly an age in a health and economic crisis. Barely a week after the new Chancellor of the Exchequer, in his first budget announced a £12bn programme to soften the impact of the C-19 crisis a further £350bn economic rescue plan was announced on 17 March.

The bulk of that plan takes the form of UK Government guarantees but there are a number of measures that will be of benefit to the hospitality sector. To be clear - some of the provisions announced do not apply in Scotland where separate provisions have been made.

In this issue we will look at each of these measures and, just as importantly, how they can be accessed.

## 1. Coronavirus Business Interruption Loans

The Coronavirus Business Interruption Loan Scheme (CBILS) is a scheme that will be delivered by the **British Business Bank** although the loan facilities will be made available by the main banks that were previously accredited providers of the Enterprise Finance Guarantee, which CBILS will replace for the time being. The Government will make no charge for guaranteeing these loans which will be available for up to £5m and the Government will cover the interest costs for the first six months. The British Business Bank is a UK Government-owned business development bank dedicated to improving the finance markets for smaller businesses.

## 2. Business Rates

The measures announced by the Chancellor of the Exchequer in respect of the business rates holiday apply only to businesses in England. The Scottish Government had already announced its own support package, namely:

For 2020/21:

- a 75% rates relief for retail, hospitality and leisure sectors with a rateable value of less than £69,000 from 1 April 2020 (this differs from the relief in England of 100% up to £51,000 RV)
- an £80 million fund to provide grants of at least £3,000 to small businesses in sectors facing the worst economic impact of COVID-19 (sectors still to be determined)
- 1.6% rates relief for all properties across Scotland, effectively reversing the planned below inflation uplift in the poundage from 1 April 2020

- a fixed rates relief of up to £5,000 for all pubs with a rateable value of less than £100,000 from 1 April 2020
- Councils are also being urged to respond positively to requests from rate payers for payment deferrals for a fixed period.

## 3. Cash Grants

Smaller companies with a rateable value of between £15k and £51k will be eligible for a cash grant of up to £25,000 where they have no business interruption insurance coverage.

The UK's 700,00 smallest companies in receipt of small business rate relief or rural relief will receive a cash grant of £10,000. It is not necessary to apply for this. The relevant local authority will be in contact.

At the time of writing it is not clear whether these grants apply to the whole of the UK or just England and Wales. Once we have established the coverage we will provide an update.

## 4. Business interruption insurance

The UK Government and the insurance industry have agreed that the advice to avoid pubs, clubs, restaurants and theatres constitutes sufficient grounds for businesses to make a valid claim under any business interruption provisions contained in business policies *that include notifiable diseases and thus pandemics*.

The Association of British Insurers have noted that standard business insurance policies do not commonly include such cover.

Businesses are advised to check their policies and to contact their insurance providers.

## 5. Statutory Sick Pay Relief

A statutory sick pay relief package for SMEs employing up to 250 as of 28 February was included. This will refund up to 2 weeks SSP per eligible employee who has been off work due to Covid-19. In addition employers will be able to reclaim expenses incurred in respect of any employee who has claimed Covid-19 related SSP.

Employees will not be required to produce a GP fit note. Employers should make sure that accurate records of staff absences are maintained.

## 6. HMRC support

The HMRC “Time To Pay” scheme offers further support for businesses with outstanding tax liabilities and who may be experiencing cashflow difficulties. Individual arrangements are negotiated on a case-by-case basis. Contact the HMRC for more information.

<https://www.gov.uk/government/organisations/hm-revenue-customs/contact/business-payment-support-service>

## 7. Other support.

This is a repeat and update of the information contained in the last newsletter regarding the assistance already announced by the main banks.

The Bank of England at its meeting on 10 March reduced the Bank Rate by 0.5% to 0.25% p.a. It is expected that there will be a further reduction to 0.1% p.a. within the next week or so.

Lloyds Bank Group has announced £2bn of arrangement fee-free finance to support businesses with a turnover of up to £25m in order to support on-going cashflow needs. Repayment holidays on term loans can be negotiated. **Tel. 0808 202 1390**

RBS has announced support including repayment holidays, interest rate reductions, emergency loan facilities and immediate access to deposit balances. In addition £5bn of working capital support has been announced to help businesses facing Covid-19 related disruption. **Dedicated phone line: 0345 600 2230**

Clydesdale Bank have said that the right support is available to all customers, whether it is increased credit limits, repayment holidays, interest rate reductions and immediate access to term deposits.

**Tel. 0800 032 3971**

Barclays Bank have also announced a similar package of support options for business customers including emergency financial assistance and have established a **dedicated helpline - 0800 197 1086.**

Santander have not announced anything specific but as with the other banks recommend that affected business owners should contact their relationship managers for which there is a

**dedicated phone number: - 0800 731 6666**

Bank of Scotland have put together a £2bn support package for affected businesses to help minimise the impact including no-fee overdrafts and overdraft increases; no-fee invoice discounting and finance facilities; repayment holidays on term loans, all subject to negotiation. **Tel 0345 300 0268**

TSB Bank are taking a tailor-made approach to their support and have said that business customers should contact the bank to arrange a package suitable for their individual needs. **Tel. 0345 835 3858**

Co-operative Bank state on their website that they are currently discussing with The British Business Bank and UK Finance how they will work together to implement their recently announced Coronavirus Business Interruption Loan Scheme. This is on top of a package of measures including overdrafts and overdraft increases, term loan facilities and other credit facilities. Temporary increases and adjustments to repayment schedules are also available. There is a

**dedicated phone line :- 03457 213213**

HSBC have introduced a similar package to the other banks and have set up a £5bn fund to help affected businesses. **Tel. 08000 121 614**

As a general observation it is best to consult your bank relationship manager as soon as you identify any difficulties regarding finance and cashflow. There are two reasons for this: firstly, banks are not keen on surprises; and secondly, the earlier the bank can be involved the more time it has to structure a solution with you. Clearly many businesses had a less than satisfactory experience during the 2007 - 2009 financial crash but the culture seems to have gone back to what it should have been. Your relationship manager should be able to suggest a range of solutions tailored to your needs.

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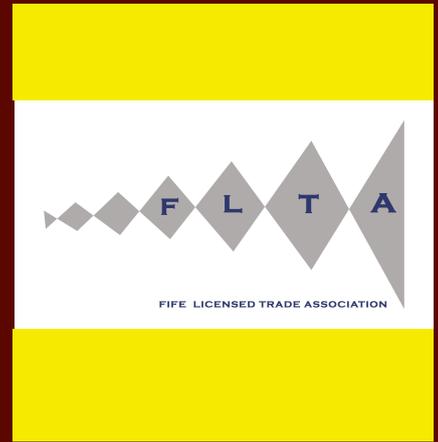
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**Thorntons LLP** are our legal advisors of choice and are available to consult on a range of matters besides licensing, including employment, immigration, wills and powers of attorney. They offer special scale rates for FLTA members. A separate leaflet has been produced by Thorntons covering the full range of benefits they are offering to members.

**Condies** provide a helpline for tax and accounting matters. Condies are based in Dunfermline and Edinburgh and provide a wide range of proactive business advice in addition to traditional accountancy services. They are long standing friends of Fife LTA.

**Lindores Abbey Distillery** is the latest addition to Scotland's distilling estate and is built on the site of the historic Lindores Abbey, which also happens to be the location for the first written record of whisky production.