

# The Nip

The Newsletter of The Fife Licensed Trade Association



## March 21 2020



### What a week...

After the most tumultuous week in the country's history the weekend gives us the opportunity to review the full import of developments. There is no doubt that the country is a dramatically different place to this time last week!

This issue will look at the measures that have been and are being put in place, in their updated form. Apologies now for the repetition!

If you have any thoughts regarding topics we should consider please let us know.

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# Support for Scottish Businesses and Employees

## 1. Support via the Local Authority

- All non-domestic properties in Scotland will get a 1.6% rates relief, negating the poundage increase for 2020-2021. This relief will be available from 1 April 2020 to 31 March 2021.

*How do I get it?*

You do not need to apply. This will be automatically applied to your rates bill by your local authority.

- All retail, hospitality and leisure businesses will get 100% business rate relief for 12 months. To qualify a property has to be occupied. You get these reliefs even if you already get another relief for your property. This relief will be available from 1 April 2020 to 31 March 2021.

*How do I get it?*

The arrangements are presently being finalised by the Scottish Government and the 32 local authorities but in all likelihood you will need to apply to your local authority. Updates on the application process will be reported in a future newsletter.

- Retail, hospitality and leisure businesses with a rateable value of between £18,000 and £51,000 will be able to apply for a one-off grant of £25,000. You can only get one grant even if you own multiple properties. You will be able to apply for this grant at any time from 1 April 2020 to 31 March 2021. There is a query about the rateable value banding difference between England and Scotland, which we will endeavour to have answered.

*How do I get it?*

Again the details are being finalised but you will probably have to apply to the local authority for this.

- Retail, hospitality and leisure businesses that qualify for the Small Business Bonus Scheme relief - i.e. with a rateable value of less than £18,000 or Rural Relief will be eligible for a one-off grant of £10,000. You can only get one grant, even if you have multiple properties. You will be able to apply for this grant at any time from 1 April 2020 to 31 March 2021.

*How do I get it?*

As with the grant for larger businesses you will be able to apply to the local authority once the arrangements have been finalised.

- Further assistance. Businesses that are struggling to pay current business rates bills should contact the local

authority who will have a range of payment options which can be structured to suit your circumstances.

## 2. Support from the Utilities

- **EDF Energy** have announced that they have additional support and flexibility on offer to gas and electricity business customers who are having difficulty with bills including alternative payment arrangements and repayments spread over a longer period. They say each case will be looked at on an individual basis. Refer to [www.edfenergy.com](http://www.edfenergy.com) for more information.

- **British Gas** have said something similar and can additionally offer to push back bill dates or remove debt charges for late payments. [www.britishgas.co.uk](http://www.britishgas.co.uk)

- **E.ON** have announced that they won't cut off any supply during the crisis period due to non-payment of bills. They recommend that any customer facing Covid-19-related difficulties should get in touch as soon as possible so that a solution can be arrived at.

- **NPower** at the time of writing are in discussions with the Government and regulators to finalise their customer support.

- **BT** have announced that they are working on a series of measures designed to help business customers experiencing cashflow difficulties. We will look at those when they are finalised. BT have also said that there is more than enough capacity in the UK broadband network to cope with likely demand. This is because the network is built to accommodate evening peak network capacity when video streaming and game downloading are at their maximum. In comparison daytime needs such as video conferencing and email traffic use only a fraction of the data. BT have also announced that they are removing domestic data limits, which will be beneficial to those working from home.

Otherwise BT are looking to put in place upgrades to network capacity; additional VPN connectivity to support greater remote working; extra conferencing and collaboration tools such as file sharing; and call routing and forwarding solutions to divert calls to home phones and mobiles.

- **Scottish Power, SSE, Ovo Energy and Scottish Water** have all to announce what support they are offering.

We have been in touch with **PRS/PPL** to find out what they will be doing regarding subscriptions that have been paid for where businesses have been forced to close and therefore are not using copyrighted material. They are formulating a response which we have not had as yet.

# Support for Scottish Businesses and Employees

## 3. Finance support

- The Coronavirus Business Interruption Loan Scheme (CBILS) is a scheme that will be delivered by the **British Business Bank** starting the week beginning 23 March. The British Business Bank is a UK Government-owned business development bank dedicated to improving the finance markets for smaller businesses. For some time it has operated the Enterprise Finance Guarantee Scheme (EFGS) through a panel of 41 accredited lenders, a list of which is shown below. [www.british-business-bank.co.uk](http://www.british-business-bank.co.uk)
- For the sake of providing a rapid response the EFGS structure has been adapted for the circumstances and provides the platform for the operation of CBILS going forward. In simple terms a business applies specifically for a CBILS credit facility from one of the 41 panel lenders. To be clear, this is not an automatic process, there will be a credit approval procedure to be gone through.
- However, the Westminster Government's aim with the guarantee commitment was effectively to ease the credit criteria to ensure that a "yes" is more likely than a "no".
- All interest costs will now be covered by the UK Government for the first 12 months (previously six months).
- whilst the lender have agreed to forego up front fees. The business remains liable for the repayment of the capital. The maximum amount of a facility available under the scheme has been increased from £1.2m to £5m.
- The range of credit facilities on offer includes:
  - Term loans
  - Overdrafts
  - Invoice finance facilities
  - Asset finance facilities
- To be eligible a business must be:
  - UK based with an annual turnover of no more than £41m
  - Operating in a sector deemed eligible (all hospitality businesses qualify)
  - Be able to confirm that they have not received State aid beyond €200,000 or its equivalent over the current and previous two fiscal years
  - Have a sound borrowing proposal but insufficient security to meet the lender's requirements.
- Finance terms are available from 3 months to ten years for term loans and asset finance and up to three years for revolving facilities and invoice finance. (See the *explanation below*).

The complete list of participating lenders was shown in Issue 55. I have stripped the list down to show those that operating in Scotland:

- Aldermore (asset finance) **T. 0161 238 5000**
- Arkle Finance (HP & lease facilities) **T.01933 304899**
- Askif Inclusive Finance **T. 020 3176 7633**
- Bank of Scotland **T. 0345 300 0268**
- Barclays Bank **T. 0800 197 1086**
- Calverton Finance (invoice financing) **T.01908 268888**
- Clydesdale Bank **T. 0800 032 3971**
- Compass Business Finance **T.01732 833477**
- County Finance Group **T. 01455 200150**
- DSL Business Finance **T. 0141 425 2930**
- Haydock Finance **T. 01254 685858**
- Hitachi Capital (UK) **T. 01784 411821**
- HSBC UK **T. 0800 0113317**
- Lloyds Bank **T. 0345 072 5555**
- Metro Bank **T. 0345 0808508**
- Nat West **T. 0345 711 4477**
- Newable **T. 0207 260 3100**
- Royal Bank of Scotland **T. 0345 600 2230**
- Santander **T. 0800 731 6666**
- Secure Trust Bank **T. 0161 819 3040**
- Skipton Business Finance **T. 0800 085 4150**
- TSB **T. 0345 835 3858**
- UKSE **T. 01698 845045**
- Yorkshire Bank **T. 0800 032 3971**

Note: not all lenders will offer each type of finance, some specialise in a certain field for example - asset finance. The telephone numbers quoted appear to be the dedicated phone lines for the CBILS scheme.

## 4. Other Finance support

The Bank of England at its meeting on 10 March reduced the Bank Rate by 0.5% to 0.25% p.a. This was further reduced later in the week to 0.1% p.a. - the lowest rate in the Bank's history.

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**

## 4. Other Finance Support *continued*

- 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.

**Tel. - 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. **Tel. 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 in a problem 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.

## An explanation of the different types of finance

Broadly there are two types of finance: Committed and Uncommitted. A Committed credit facility is one where the lender is obliged to make available and maintain an agreed credit facility provided that the borrower complies with all the terms of the credit agreement. Such facilities are better for medium to long term security and predictability of finance although, depending on circumstances, they can be fairly inflexible.

An Uncommitted credit facility is one where the lender makes a credit facility but can cancel it at any time and demand repayment. Uncommitted facilities can be cheaper and more flexible but offer no certainty that they will be available in the medium term.

### Committed facilities.

- Term loans. Typically a specific amount is borrowed and paid back over a specific period by way of an agreed repayment schedule. Security of some sort is usually required. In some cases the initial period of the loan can be used as needed on what is called a "revolving" basis - in legal terms it can be repaid and re-borrowed until it crystallises when the repayment schedule kicks in.

- Asset finance. Broadly there are two types of asset finance: leasing, where a monthly or quarterly payment is made for the asset over a set period. Legal title to the underlying asset remains with the lender; and hire purchase, which differs from leasing in that title to the asset passes to the borrower on making a final payment.

- Invoice discounting. In the UK this form of finance for a long time was considered to indicate that a business was in trouble but in the late 1980's it came to be recognised as a legitimate and flexible form of working capital finance. Again there are two broad types, factoring, where a specific account receivable is sold to the finance company; and invoice discounting, where the whole of the accounts receivable book provides the basis of an on-going credit facility. The borrower is allowed to draw up to an agreed percentage of the accounts receivable that are deemed eligible i.e. not more than x days past due and no more than y% in any one name. Such facilities are quite neat in that they are their own reason for borrowing and are their own source of repayment. These facilities are quite specialised and not all lenders can offer them.

### Uncommitted facilities.

- Overdrafts. Obviously these are the most common types of uncommitted credit facility but they offer limited predictability and reliability in the medium term. That being said they are flexible and tend to be cheaper than Committed facilities. Funds are drawn, repaid and re-drawn as day to day cashflow needs dictate.

- Uncommitted loans. Some lenders will offer uncommitted loans for short to medium periods, usually a set amount for a set period. Alternatively they can take the form of a Revolving Line of Credit, whereby a credit limit is agreed and the borrower draws a sum for a set period - typically 3 or 6 months - and pays it back at maturity and is immediately able to re-borrow that or a different sum for a another period of 3 or 6 months. Not quite as flexible as an overdraft but revolving facilities can usually offer a higher credit limit whilst offering the lender the comfort of seeing repayments being made at regular intervals.

# Support for Scottish Businesses and Employees

## 5. Support for Employees

On 20 March the Chancellor of the Exchequer announced a massive programme - unprecedented even in time of war - to protect jobs and incomes. The scheme will be administered by HMRC and funds will be routed through them.

- Businesses will be able to apply to HMRC for grants of up to 80% of the gross wages of employees who remain on the payroll of businesses that are forced to shut down for the duration, up to a maximum of £2,500 per person per month.
- This will operate for an initial 3 months backdated to 1st March but will probably continue for as long as the crisis lasts.
- The arrangements are currently being put in place with the aim to start paying out by the end of April.

## 6. Support for the Self Employed

- Arrangements are being put in place for the minimum income floor for all self employed to be suspended and for Universal Credit to be made available at the rate of Statutory Sick Pay - around £90 per week.
- Self assessment income tax payments for the self employed will be deferred until January 2021.
- This is likely to be a first step as regards the self employed. Various bodies are pressing the Government to do more and there may well be further announcements in the next few days.

## 7. Additional Support - HMRC

- Next quarter's VAT is deferred with no payments due until 30 June at the earliest.
- HMRC have established a dedicated helpline for anyone facing difficulties paying tax. The HMRC Time To Pay service provides support to eligible businesses. The telephone number is **0800 015 9559**

## 8. Additional Support - Statutory Sick Pay

- Arrangements are being made for small and medium sized business and employers to reclaim Statutory Sick Pay for Covid-19 related absences.
- The refund will cover up to two weeks SSP per employee.
- Businesses with up to 250 employees as of 28 February will be eligible.
- Employers will be able to reclaim expenditure for any employee who has claimed SSP due to Covid-19.
- Employers will need to maintain records of staff absences and payments of SSP.

- If an employer requires evidence those with symptoms can get an isolation note from NHS 111 online and those who live with someone that has symptoms can get a note from the NHS website.
- The UK Government is still finalising arrangements for the SSP repayment mechanism.

## 9. Insurance

There is limited scope for the Government to intervene as regards business insurance - specifically business interruption cover. Insurance policies are individual and accordingly the cover they provide varies significantly. It is thought that most businesses are unlikely to be covered as standard business interruption focuses more on building damage than pandemics.

However, what the Government has done is to inform the insurance industry that Covid-19 related business closures should constitute valid grounds for a business interruption claim, provided of course that the policy includes pandemic cover.

## 10. Sources of further information

- There is an excellent website set up by the Scottish Government - [www.findbusinesssupport.gov.scot](http://www.findbusinesssupport.gov.scot) providing further information which will be worth checking for time to time as updates are added.
- The *Covid-19: Support for Business* page on the [www.gov.uk](http://www.gov.uk) website is also worth checking regularly
- The FSB have an extensive information section on their website which again should be looked at regularly for updates: [www.fsb.org.uk](http://www.fsb.org.uk)
- Business Gateway carries information relating to Scotland and is worth a look: [www.bgateway.com](http://www.bgateway.com)
- The Department of Health and Social Care also have Covid-19 information and advice on their website: [www.hse.gov.uk](http://www.hse.gov.uk)
- The Scottish Enterprise website has Covid-19 business continuity advice and information: [www.scottish-enterprise.com](http://www.scottish-enterprise.com)
- The main website of the Scottish Executive will also carry up to date information: [www.gov.scot](http://www.gov.scot)

Besides these contact any of the FLTA Board members. If they can't answer your questions they should know a many who can!

The Nip Editor : Jeff Ellis  
[jeffellis1957@btinternet.com](mailto:jeffellis1957@btinternet.com)  
07543 101603

FLTA Acting Secretary: Jeff Ellis

Membership: Colin Boyle  
[colinaboyle@hotmail.co.uk](mailto:colinaboyle@hotmail.co.uk)  
07900 244223

Thomas Donaldson

[tomdonaldson@fifelta.org](mailto:tomdonaldson@fifelta.org)  
07832 159501

FLTA President: Brian Gordon  
[tavernhouse.gordon@aol.co.uk](mailto:tavernhouse.gordon@aol.co.uk)  
01334 653305

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## Contacts

### Premier Purchasing Group

Ian & Lyn Ladd  
[info@ppg-uk.co.uk](mailto:info@ppg-uk.co.uk)  
01592 750106

---

### Fife Business Gateway

Graeme Ferguson  
[Graeme.Ferguson@fife.gov.uk](mailto:Graeme.Ferguson@fife.gov.uk)  
07850 212195

---

### Twist Training

Jo Worrall  
[jo@twist-training.com](mailto:jo@twist-training.com)  
07811 214038

---

### The Pub Is The Hub

Gordon Izatt  
[kinrossconsult@aol.com](mailto:kinrossconsult@aol.com)  
07989 559583

---

### Condies

Cliff Fleming  
[cliff.fleming@condie.co.uk](mailto:cliff.fleming@condie.co.uk)  
01383 721421

---

### Thorntons

Gillian Buchanan  
[gbuchanan@thorntons-law.co.uk](mailto:gbuchanan@thorntons-law.co.uk)  
01382 229111

---

### UKi Direct

Mike Howard  
[mhoward@ukidirect.co.uk](mailto:mhoward@ukidirect.co.uk)  
01347 822922

---

### UK Hospitality

Willie McLeod  
[wmcleod@ukhospitality.org.uk](mailto:wmcleod@ukhospitality.org.uk)  
07836 769110

---

### Tay Cities Deal

Mo Saunders  
[morag.saunders@taycities.co.uk](mailto:morag.saunders@taycities.co.uk)  
01382 434007

**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.