

23 March 2020

COVID19: Government support for businesses

We are aware that clients may have questions regarding the Chancellor's announcement (20 March) of a range of measures to support employers and businesses due to the restrictions imposed to prevent the spread of Coronavirus. This is a quick summary of our current view of the situation, which may change as further announcements are made.

Coronavirus Job Retention Scheme

All UK employers can access support to continue paying part of their employees' salary for those employees that would otherwise have been laid off during this crisis. This may be appropriate for councils with leisure facilities, public halls or other income generating services, that might otherwise have to lay off staff.

However, it doesn't appear to apply to staff who continue to work at home, are self-isolating due to the virus or redeployed to other activities, we think it only applies to those not working. In many cases council staff will be funded by the precept and maybe able to work from home, so situations where a local council needs to apply may be limited.

To apply, you will need to:

- designate affected employees as 'furloughed workers,' and notify them of this change - subject to existing employment law and contracts of employment
- submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal (details not yet available)

HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month. HMRC are setting up a system for reimbursement. This does not currently apply to people who are contracted to work on a self-employed basis.

Business Rates holiday

The Government has granted a business rates holiday for retail, hospitality and leisure businesses (and nurseries) in England for the 2020 to 2021 tax year. This will include:

- shops, restaurants, cafés, drinking establishments, cinemas, live music venues
- places for assembly and leisure
- hotels, guest & boarding premises and self-catering accommodation

Unfortunately, note 17 of the guidance for billing authorities says that "In line with the legal restrictions in section 47(8A) of the Local Government Finance Act 1988, billing authorities may not grant the discount to themselves, a precepting authority..." so it looks like local councils with such premises may not be entitled to a discount.

<https://www.gov.uk/government/publications/business-rates-retail-discount-guidance>

Grants are available to certain affected businesses that have properties with rateable values of less than £51,000. Your billing authority will contact you if you are eligible.

Statutory Sick Pay and Universal Credit

The Government is amending legislation to allow small and medium-sized employers to reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19.

The eligibility criteria for the scheme will be as follows:

- up to 2 weeks' SSP per eligible employee off work because of COVID-19
- employers with fewer than 250 employees (as of 28 February 2020) will be eligible
- employers will be able to reclaim expenditure for any employee who has claimed SSP (according to the new eligibility criteria) as a result of COVID-19
- employers should maintain records of staff absences and payments of SSP
- employees will not need to provide a GP fit note.
- eligible period for the scheme will commence the day after the regulations on the extension of SSP to those staying at home comes into force

If an employer requires evidence, those with symptoms can get an isolation note from [NHS 111 online](#), or from the [NHS website](#) if they live with someone with symptoms.

The government is legislating for SSP to be paid from day 1 (rather than day 4) of absence from work if an employee is absent from work due to sickness or needs to self-isolate caused by COVID-19. Once passed, this will apply retrospectively from 13 March.

Statutory sick pay is currently a maximum of £94.25 per week for eligible employees.

Employers should note that they must comply with any sick pay terms set out in the employee's contract of employment. This may include a period of full pay and/or half pay, rather than just statutory sick pay. Under these circumstances the employer must pay the contractual amount, but may be entitled to reimbursement of up to £94.25 if the employee is eligible for SSP.

If an employee has COVID-19 or is advised to self-isolate and is not eligible for SSP (for example if they are earning below the Lower Earnings Limit of £118 per week) or contractual sick pay, they can make a claim for Universal Credit (UC) or new style Employment and Support Allowance. More information is available here:

<https://www.gov.uk/universal-credit>

<https://www.gov.uk/guidance/new-style-employment-and-support-allowance>.

VAT

The Government has deferred VAT payments due by VAT registered organisations for the period from 20 March 2020 to 30 June 2020 and they will be given until the end of the 2020/21 tax year to pay any liabilities accumulated during this period. This is unlikely to affect many local councils and VAT refunds and reclaims continue to be paid as normal.

Disclaimer

This guidance is issued to assist in finding and understanding the relevant legislation and guidance. It is not a statement of law, nor does it account for individual circumstances. The Parkinson Partnership LLP accepts no liability for any loss arising from situations where employers or employees have not followed the law and HMRC guidance.