



## Measures to support businesses experiencing increases in costs or financial disruptions

### GRANTS

The government will provide an additional £2.2 billion funding for local authorities to support small businesses that already pay little or no Business Rates because of Small Business Rate Relief (SBRR). This will provide a one-off grant of £10,000 (previously announced at £3,000 in the budget) to around 700,000 business currently eligible for SBRR or Rural Rate Relief, to help meet their ongoing business costs. For a property with a rateable value of £15,000, this represents 2/3<sup>rd</sup> of their rateable value, or comparable to roughly 8 months of rent.

This grant only applies to businesses in England as business rates in Scotland, Wales and Northern Ireland are set by their devolved administrations.

In response to the Prime Minister's previous announcement to limit social contact in pubs and restaurants, the Chancellor has extended 100% business rates relief for 12 months for all businesses with the retail, leisure and hospitality sectors (this includes hotels, restaurants and coffee bars), regardless of size.

In addition, companies with a rateable value of less than £51,000 will be eligible for a cash grant of up to £25,000. Further details are expected within a few days.

The discount that pubs receive on their business rates will increase from £1,000 to £5,000, as long as their rateable value is below £100,000 in England.

### LOANS

A new temporary Coronavirus Business Interruption Loan Scheme (CBILS), delivered by the British Business Bank, will launch in a matter of weeks to support businesses to access bank lending and overdrafts. The government will provide lenders with a guarantee of 80% on each loan (subject to pre-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs.

The government will not charge businesses or banks for this guarantee, and the Scheme will support loans up to £5m (previously announced at £1.2m in the budget). This new guarantee will initially support up to £330 billion on lending on top of current support offered through the British Business Bank.

The new CBILS scheme will offer interest holidays of 6 months and is intended to be up and running in 5 weeks' time. It will temporarily replace Enterprise Finance Guarantee (EFG), and operate in a similar way to EFG and be provided by the British Business Bank, but will offer more attractive terms for both businesses and lenders, with the aim of supporting the continued provision of finance to UK businesses during the Covid-19 outbreak.



PROBLEMSOLVED.



To be eligible for support via CBILS, the small business must:

- Be based in the UK, with annual turnover not exceeding £41 million
- Operate within an [eligible industrial sector](#)
- Have a sound borrowing proposal, but insufficient security to meet a lender's normal requirements
- Be able to confirm that they have not received de minimis State aid beyond 200,000 Euros equivalent over the current and previous two fiscal years

The Chancellor has further announced that in addition to above support measures for businesses, individuals (households) facing financial difficulties due to Covid-19 will be supported by their lending institutions with at least a 3 month mortgage payment holiday.

*Source: ACCA.*