



# **SUPPORT FOR SOCIAL ENTERPRISES COVID-19**

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**Social  
Enterprise UK**

## CONTEXT

Social enterprises like every other form of business are going to experience a significant shock due to COVID-19.

At the time of writing the length of this shock and its impact are unknown. However it will be significant and far reaching.

Social enterprises are businesses and deserve the same support as other businesses. But they are also working in unique environments, often with people who need the most support. It is right that government goes even further to help social enterprises.



**covid19@socialenterprise.org.uk**

**If you need more information or would like to tell us about your experience, please email us.**

## WHAT IS IN THIS BRIEFING?

This briefing contains information on what support social enterprises can access during COVID-19.

It will be regularly updated, so please check back to SEUK's COVID-19 website:

<https://www.socialenterprise.org.uk/coronavirus-information/>

# SOCIAL ENTERPRISES & GOVERNMENT SUPPORT

Social enterprises are businesses and are entitled to support to get them through the challenging trading conditions that all businesses will experience. At the time of writing, government policy is that every organisation which generates over 50% of its income from trading, will be eligible for business support. There are no restrictions on legal form (i.e. CIC, registered charity, community benefit society etc.).

This definition fits the SEUK criteria of a social enterprise and so social enterprises should be able to claim the same support as the rest of the private sector at a minimum.

## TYPES OF SUPPORT AVAILABLE

Support for social enterprises is going to come in a variety of forms.

The government has also announced loan schemes and business rate reliefs. Alongside some of the schemes are grants. The government has also announced that HMRC will be ready to speak with businesses about tax repayments and creating additional flexibility for businesses on paying their taxes.

There will be other forms of support available over the coming weeks see please check [gov.uk](https://www.gov.uk) regularly as well as SEUK's website.

## QUICK SUMMARY

- Loans - government will be providing loans through the Business Interruption Loan Scheme up to £5m which can be accessed through mainstream banks.
- Business rate relief - the government will provide 100% rate relief for retail, hospitality and leisure sectors.
- Public sector contracts - the government has asked all public bodies to continue paying contracts until the 30th June 2020 and to accelerate payments to suppliers.
- Grants - the government will providing grants of up to £10,000 to businesses which are eligible for small business rate relief and rural rate relief. Retail, hospitality and leisure businesses in smaller premises will be able to get access to grants of up to £25,000.
- Coronavirus Job Retention Scheme - the government will pay for 80% of staff "furloughed" due to COVID-19 to prevent workers being made redundant.
- Statutory sick pay - the government will pay for 14 days worth of SSP for those that employ less than 250 staff.
- Tax support - HMRC will speak with businesses that need to defer tax payments due to COVID-19, VAT has also been deferred for three months.

# LOANS TO SOCIAL ENTERPRISES

The COVID-19 Business Interruption Loan Scheme (CBILS) will be the main method of obtaining loans for social enterprises that need access to working capital over the course of the COVID-19 pandemic.

CBILS will provide loans of up to £5m for businesses through mainstream banks (e.g. HSBC, Barclays, Natwest etc.). A full list of partners can be found on the [British Business Bank](#) website. Larger businesses will have to apply to the bank for a Corporate Credit Facility managed by the [Bank of England](#). These loans will be backed up by a government guarantee so will be fairly freely.

These loans will have interest attached to them and social enterprises will need to start repaying them after twelve months. They can come in a variety of forms such as: term loans, invoice financing, asset finance and overdrafts. These loans can be for up to 6 years for term loans and asset finance, 3 years for invoice financing and overdrafts.

Loan fees have been waived for smaller businesses.

Full eligibility criteria are yet to be established but the initial criteria are:

- Be UK based, with turnover of no more than £45 million per annum
- Operate within an eligible industrial sector (a small number of industrial sectors are not eligible for support – see below)
- Be able to confirm that they have not received de minimis State aid beyond €200,000 equivalent over the current and previous two fiscal years
- Have a sound borrowing proposal, but insufficient security to meet the lender's requirements

Certain activities such as fishing and banking are excluded from these loans, so please check this [list](#).

## BUSINESS RATES RELIEF

The government will be providing £20bn of business rates support and grant funding to help businesses manage their cash flow at this time. These are particularly focused at **hospitality, leisure and retail sectors** at present although this may change as the crisis unfolds.

The key supports are:

- giving all retail, hospitality and leisure businesses in England a 100% business rates holiday for the next 12 months
- increasing grants to small businesses eligible for Small Business Rate Relief or Rural Rate Relief from £3,000 to £10,000
- providing further £25,000 grants to retail, hospitality and leisure businesses operating from smaller premises, with a rateable value over £15,000 and below £51,000

Nurseries will also have no business rates to pay for the whole tax year 2020-21. Nurseries that are on the Ofsted's Early Years Register and are wholly or mainly used for the provision of the Early Years Foundation Stage will be eligible.

[Contact your local authority](#) about these relief and the grants, as the money will be distributed through these channels rather than central government.

**If you experience challenges in getting access to support, do let us know via [covid19@socialenterprise.org.uk](mailto:covid19@socialenterprise.org.uk) and we will feed this information into government to improve access for you and other social enterprises.**

# EMERGENCY FUNDING FOR PUBLIC SERVICES

The government has created a £5bn emergency funding scheme to ensure that services keep running and demand is met during this challenging time. The lion's share is likely to go to the NHS but social care and "other public services" will receive funding to ensure that they are "prepared and protected."

If you are delivering a public service that you believe requires support during the COVID-19 health emergency, then contact your local commissioner or local authority to ask about getting access to additional funding.

## PUBLIC CONTRACTS TO BE PAID TILL 30TH JUNE 2020

The government has said all suppliers should be as a matter of urgency to support their survival over the coming months. This has come through [Procurement Policy Note - Supplier Relief due to COVID-19](#).

Where goods and services are either reduced or paused temporarily, authorities should continue to pay at risk suppliers to ensure cash flow and supplier survival. This could include, for example situations where services are cut short/reduced at short notice due to impact of COVID-19 and nonpayment could result in supply chains collapsing or other significant financial implications.

Decisions will be made at a local level by commissioners and accountable officers, so please get in contact with them immediately to ensure swift payment.

Payments should be made within 30 days or as soon as possible. If you have any challenges, please let SEUK know.

## REIMBURSEMENT FOR STATUTORY SICK PAY

The government will bring forward legislation to allow small- and medium-sized businesses and 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:

- This refund will cover up to two weeks SSP per eligible employee who has been off work because of COVID-19
- Employers with fewer than 250 employees will be eligible. The size of an employer will be determined by the number of people they employed as of 28 February 2020
- 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, but employees will not need to provide a GP fit note
- The eligible period for the scheme will commence the day after the regulations on the extension of Statutory Sick Pay to self-isolators comes into force

We are not sure how to claim this at present, please keep hold of records and wait for more information.

# TIME TO PAY - TAX SUPPORT

All businesses and self-employed people in financial distress, and with outstanding tax liabilities, may be eligible to receive support with their tax affairs through HMRC's [Time To Pay](#) service.

These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities.

Social enterprises can contact HMRC's new dedicated COVID-19 helpline from 11 March 2020 for advice and support.

For Time to Pay support if you are concerned about being able to pay your tax due to COVID-19, call HMRC's dedicated helpline on **0800 0159 559**

## VAT DEFERRAL FOR THREE MONTHS

All VAT-registered and paying businesses will not have to pay VAT for three months.

No applications are required and will be automatically in effect. UK Registered businesses will not need to make VAT payments normally due with VAT returns during this period.

Taxpayers will be given until the end of the 2020-21 tax year to pay any liabilities that have accumulated during the deferral period. VAT refunds and reclaims will be paid by the government as normal.

This will be in effect between 20th March and 30th June 2020.

More information is available on the [government website](#).

## CORONAVIRUS JOB RETENTION SCHEME

Under the Coronavirus Job Retention Scheme, all UK employers with a PAYE scheme will be able to access support to continue paying part of their employees' salary for those that would otherwise have been laid off during this crisis.

This applies to employees who have been asked to stop working, but who are being kept on the pay roll, otherwise described as 'furloughed workers'.

HMRC will reimburse 80% of their wages, up to £2,500 per month. This is to safeguard workers from being made redundant. The Coronavirus Job Retention Scheme will cover the cost of wages backdated to March 1st and is initially open for 3 months, but will be extended if necessary.

The portal for claiming support is not yet available, but you will need to contact your employees if you plan to "furlough" them and have a negotiation similar to existing employment law. Do not wait until the portal is created before contacting staff.

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# NON-GOVERNMENT SUPPORT

- Funders - funders are showing increased flexibility at this time. For example, see this statement by [London Funders](#). If you receive funding from a foundation then please contact them immediately with any concerns. Please check the [Association of Charitable Foundations](#) for more information about foundations' responses to COVID-19.
- Social investors - social investors are also willing to speak with their investees about increased flexibility that may be necessary due to COVID-19. Please contact them directly if you have concerns about repayment.

# FIVE THINGS TO DO IN RESPONSE TO COVID-19

## 1. Review your business plan

In most circumstances in order to get access to loans, grants or other forms of support - providers will ask to see whether your social enterprise has a viable business model for after the COVID-19 health emergency. This is particularly true if you want access to the CBILS - business interruption loan scheme.

You can save time by preparing in advance your renewed business plan and SEUK will be working with experts to provide support to the sector through blogs, webinars and other forms of information.

## 2. Begin contacting providers of support early

You may be in a position where you do not need access to finance immediately but even if that is the case, it is best to begin contacting banks, funders and commissioners early able potential support that you may need in a month or two months time.

There are over 6m businesses in the UK and over 160,000 charities. There are likely to be significant pressures on business support services over the coming months, so prepare as far in advance of any financial difficulty as you can.

## 3. Regularly check the government's website and news bulletins

COVID-19 is clearly a rapidly developing health emergency and government will be regularly adding to and changing the package of support on offer. In the past few days alone, it has already added billions to the initial proposals announced at Budget 2020.

Do not assume that the situation is static, keep checking the government's website and news for further announcements on support measures. SEUK will disseminate information regularly to our members as well.

## 4. Look for opportunities to support your local community

All social enterprises are driven by their values but it is even more important at this time that we do whatever we can to help our local communities. This is also good business sense as the more social enterprises are actively doing to support local areas, the better case we can make for further support for the sector. This is an opportunity to further differentiate your business from the traditional private sector. If you are doing something particularly useful, please do let SEUK know to help us showcase the sector to government. You can contact us via [covid19@socialenterprise.org.uk](mailto:covid19@socialenterprise.org.uk)

## 5. Talk and share with your peers

To quote a recent phrase, we are all in this together. Please talk, share and work with your peers across the sector. Together we can get through this!