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Covid-19 - The New Normal

This update is based on our current understanding of official guidance and how the rules will be applied, which may change as more details are made available. There are topics which are not within our sphere of expertise, included to be as helpful as possible, but on which appropriate specialist professional advice must be taken.

As before, we can't accept any responsibility whatsoever for any decisions made, or not made, as a consequence of these notes.

Introduction

I have written 11 updates since lockdown for clients and contacts on Covid-19 and had been hoping that this might be the last as they take so much time to write. But seemingly after a bit of a pause, the information flood gates reopened with further clarification coming through and a new initiative.

The feedback from clients is that a return to work is starting, with builders being allowed back on site, albeit within strict guidelines, building suppliers reopening (a problem hitherto), estate agents reopening in a week or so (frozen housing market), perhaps with the tacit blessing of the housing minister. John Timpson is reported to be reopening some of his shops. Greggs are trialling safe reopening. So, a gradual return to work is beginning to start.

Covid-19 has taken Brexit (sorry, the transitional arrangements) almost completely out of the news, but that might now be a welcome return as a change from the continual and depressing Covid updates on Radio 4.

As discussed in previous updates, the critical questions now being asked are how long the economy is going to take to recover, and it seems fair to say that economists are all over the place on this, it'll be over by Christmas or its going to take years, a re-run of expectations over the 1st World War; and I suppose the linked question is the ultimate hit to the national debt, and the recovery from that – reportedly far worse than the financial crisis of 2008. Except maybe our financial institutions and the underlying economy are in far better shape than in 2008, when debt had created a bubble.

The *FT* looked at the impact of COVID-19 on small firms, with a report from the ACCA and Corporate Finance Network showing it has forced 10% of clients out of businesses. The insolvency profession after years of contraction is looking at risk of being overwhelmed by the number of business failures.

Ben Broadbent, the Bank of England Deputy Governor indicated that the economy could shrink up to 35% in the second quarter, so clearly, he's not seen the on-line shopping taking place from my household with 3 returning adult children all working remotely.

BoE governor Andrew Bailey said last week said that he did not see "anything implausible" or 'unrealistic' in a scenario set out by the Office for Budget Responsibility where GDP drops by a third. The deputy governor for monetary policy said the BoE cannot be sure if the economy will see "scarring" or a quick rebound. On scarring, he said "the entire thrust of public policy as I see it is directed towards minimising those effects." He also said monetary financing, when a central bank directly funds government spending, is not taking place as the BoE is not being forced to support spending.

The National Institute of Economic and Social Research (NIESR) warned that the UK economy will lose some £800bn in income over the next decade as a result of the coronavirus lockdown and subsequent job losses, suggesting a direct cost to the Exchequer of about £75bn with borrowing likely to rise above £200bn in 2020-21.

UBS believes the eurozone's economy will contract by 6.1% in 2020, worse than the 4.5% seen during the financial crisis. Standard & Poor's has a worse forecast predicting a 7.3% slump and that both the UK and eurozone economies will remain 1.4% below pre-pandemic levels by 2023. Germany is set for a 6.6% slide in growth this year and Fitch has cut Italy's credit rating to "BBB-minus" just one notch above junk.

Tax campaigners are rightly calling on the UK to follow the lead of countries such as France, Denmark and Poland which have imposed conditions on or banned companies based in tax havens altogether from claiming financial aid from the state, targeting those that don't pay their fair share of tax. A judge in a tax case a long time ago said that there is no justice in taxation; that may be so, but it'd be nice to think that some balance can be achieved; the conundrum for HMG of course is that it's often only the larger companies that have the opportunity to structure their operations via tax havens, and those companies are equally often larger employers, so if they fail or falter, there's a lot of UK jobs on the line.

Surviving the Crisis:

We have talked in previous updates about the need to work smarter, to learn from this crisis. Please get in touch if you haven't seen these. The medical profession is already looking ahead with trepidation at the winter, with the usual numbers hospitalised with 'normal' flu, exacerbated with the risk of a return of Covid-19.

Most of us have had to adapt rapidly, and the impact is likely to change working methodologies and arrangements, perhaps permanently as we learn and realise the benefits of working smarter and on-line.

Business leaders have had to manage and develop a workforce, suddenly working from home, managing social as well as client isolation. So, management of wellbeing and morale has become an even more key issue than before.

Adapting flexibly and rapidly to the unforeseen has become a critical survival trait, alongside developing new strategies to fit this changed world, with staffing levels and better use of technology and software. Effective communication has become a more critical requirement, internally as well as externally.

So here are some fairly random thoughts on things to consider post lockdown for your own business. So for example do you need to update:

- Your sales and demand planning strategy, including assessing changes in customer behaviour (e.g. buyer habits) and reviewing sales channels
- Health and safety policy for both employees and customers
- Your competitive position in the new trading environment, identifying both risks and opportunities
- An action plan against the core marketing and sales priority areas (including inventory planning, pricing strategy and discounting)?
- Consider opportunities to partner or collaborate with others to meet demand
- Need to restructure finances & operations to reduce risk and take advantage of new opportunities
- Update working capital plans and forecasts
- Terms of supply and suspend, terminate or change e.g. invoking force majeure provisions, termination provisions
- Systems and processes to monitor movement of your employees working from home
- Insurance policies and access to emergency insurance in relation to notifiable disease implications
- IT infrastructure support to sustain future increased remote access & home working

- The crisis response plan with established workstreams, clear responsibilities and accountabilities. Develop likely and reasonable worst case scenarios and their potential impact, to support crisis and response planning.
- Review roles and skills of your people, staffing requirements, opportunities to develop home working, reduce space requirements, introduce hot desking etc.
- Understand your COVID-19 supply chain risks and impacts, including third party suppliers

The Self Employed

A new 'support finder' tool will help businesses and self-employed people across the UK to quickly and easily determine what financial support is available to them during the coronavirus pandemic.

The new business support finder tool can be found at <https://www.gov.uk/business-coronavirus-support-finder>

Business Bounce Back Loans

As anticipated following intense lobbying, the Chancellor announced the new "Business Bounce Back" scheme for Britain's smallest firms. These will be 100% guaranteed by the taxpayer and will provide firms with up to 25% of their turnover up to £50,000 with no interest payable in the first year.

This will particularly help start-ups which are particularly vulnerable under lockdown.

This is in partial reaction to complaints that credit control teams at banks were unduly complicating credit decisions for CBILS or refusing them altogether

Small firms applying under the new scheme are only supposed to complete a "*simple, quick, standard form*", while banks will not need to perform any "*forward looking tests of businesses viability*". The Bank of England said banks should rely "*on judgement in the absence of financial forecast information*" when making credit decisions.

Banking body UK Finance responded by saying that lenders "will only ask businesses [applying for CBILS-backed lending] for information and data they might reasonably be able to provide at speed."

Banks seemingly were not quite as convinced and have warned that this scheme may not begin next Monday as intended because of legal problems and the need to create new digital systems. Bankers have expressed concerns that the simplified application process, which also lifts obligations on lenders to carry out their own checks, risks a huge rise in fraud and makes it difficult to call in loans in future, and will require changes to the Consumer Credit Act, particularly over its stipulation that courts can rule a relationship between lender and borrower unfair. That said, Barclays emailed to say they will be up & running on Monday.

There is currently little or no further detail currently available on this scheme, other than businesses can't have both this loan and a CBILS loan. But in summary, businesses will be able to apply online through a short and simple form for a loan between £2k and £50k within days, interest free for the first 12 months, for up to 6 years, with no repayments will be due during the first 12 months.

Bizarrely, amongst the limited information available is confirmation that banks & insurers won't qualify. Not quite sure why it was necessary to specify these industries as they aren't small in anyone's terms!

The government has said it will work with lenders to ensure loans delivered through this scheme are advanced as quickly as possible with a low standardised level of interest for the remaining period of the loan:

To qualify, your business must:

- be based in the UK
- have been negatively affected by coronavirus
- not an 'undertaking in difficulty' on 31 December 2019.

Further details see: <https://www.gov.uk/guidance/apply-for-a-coronavirus-bounce-back-loan>

CJRS

The portal for claiming the grant for furloughed workers seems to be working very well, and HMRC are to be congratulated if the process through to repayment works as well and continues to work as well. There are practical issues to which there may be no obvious answers yet, and anomalies which may create injustices.

Repayments do seem to be coming through in a timely manner.

Statistically, it's been reported that 76% of firms have now furloughed a portion of their staff, with 49% reporting no difficulty with submissions, but 14% having problems. A further 30% are planning to make a claim. If nothing else, this amply demonstrates the impact of the virus on our economy, and the likely scale of the cost.

It's become clear that the on-line claim process is dependent on there already being authorisation in place for HMRC to correspond via the internet with regard to PAYE matters. The Revenue's advice for employers doing their own payrolls is as follows:

- You only need to enrol separately for HM Revenue and Customs' (HMRC) PAYE Online service if you did not get a login when you registered as an employer - this is usually because you did not register online.
- You'll need your PAYE reference and Accounts Office reference - these were included in the letter from HMRC confirming your registration.
- How you enrol for PAYE Online depends on whether you already have an online account for other taxes, for example Corporation Tax or Self-Assessment.

If you already have an account then Log in to HMRC Online Services, and select the option to enrol for 'PAYE for Employers' under 'Services you can add' and enter your details. If you don't have an account, then enrol as a new user by selecting 'PAYE for Employers' under 'Organisation' and follow the steps.

This then has run into delays as pre-existing HMRC procedures required a 10 day period to issue the necessary reference numbers, by post. It's a pity that HMRC hadn't signalled this as an issue earlier and put this process on-line.

Larger Claims:

HMRC has now clarified the process if claiming for 100 or more furloughed employees. To do this, you need to upload a file containing the following for each employee:

- full name
- National Insurance number
- payroll number (optional)
- furlough start date
- furlough end date (if known)

- full amount claimed
- provide only the employee information requested - if you provide more or less information than required, you may risk delaying your payment and/or be asked to provide the information again
- submit one line per employee for the whole period
- do not break break up the calculation into multiple periods within the claim
- do not split data by contract type
- upload your file as an .xls, .xlsx, .csv or .ods
- You'll need the Government Gateway user ID and password you got when you registered for PAYE online.
- You need to submit your claim in one session – you cannot save it and return later. Sessions will time out after 15 minutes of inactivity.

Clearly, this may not be easy, but hopefully such large employers will be better placed to cope.

Review of Furloughs:

Some who have furloughed employees are approaching the end of the first period of furlough leave, and the question now is whether to extend furlough leave, welcome employees back, or indeed furlough other employees.

We understand from general advice from employment solicitors that if you are welcoming employees back, you should complete a return to work form for each, in accordance with your usual practice, or, if having a return to work meeting (a virtual one presumably!), keep a note of the meeting and who attended and save it to personnel files. This is as ever good practice and any employees requiring more assistance to return, particularly in a changed environment, should be dealt with on a case-by-case basis.

Some are enquiring about returning to work but at the same time are naturally expressing concerns and fear around doing so, which requires care then around safe working. The advice seems to be when extending furlough leave, it's safer to agree each period of furlough leave, rather than presume that it is sufficient to simply extend the current period without further consultation.

Coronavirus Business Interruption Loans Scheme (CBILS)

As of a few days ago, £2.8bn had been lent through CBILS, up by £1.7bn over the preceding week, so gaining real momentum, with nearly 17k of loans being made against 38k of applications with an average loan of £170k.

RBS has approved £1.2bn, Lloyds £335m, Barclays £586m and HSBC £480.5m. UK Finance said banks had so far approved 46% of 36,000 applications. Whilst this is a marked improvement and increase, businesses are still reporting difficulties in accessing loans with little or no disclosure on why businesses were being turned down by banks.

Informal feedback to us is that some are being refused simply on the basis of an incomplete or wrongly completed application form.

A number of small firms dependent on overseas sales reported that banks rejected exporters' requests for state-backed coronavirus loans citing official guidance that a company must be "UK-based in its business activity" to qualify for the. The Department for International Trade had reportedly raised the issue with counterparts at the Treasury.

More positively, we are succeeding in getting substantial CBILS loans for clients from their normal relationship banks.

VAT Deferral

UK VAT registered business with a VAT payment due between 20 March 2020 and 30 June 2020 have the option to defer the payment until a later date or pay as normal. HMRC will not charge interest or penalties on any amount deferred as a result of the Chancellor's announcement.

If you defer your VAT payment as a result of coronavirus, you must pay the VAT due on or before 31 March 2021, but don't need to notify HMRC. If you normally pay by Direct Debit you should cancel your Direct Debit through your bank as soon as possible so that HMRC will not automatically collect any VAT due. You can cancel online if registered for online banking.

You can only defer:

- quarterly and monthly VAT returns' payments for the periods ending in February, March, and April
- payments on account due between 20 March 2020 and 30 June 2020
- annual accounting advance payments due between 20 March 2020 and 30 June 2020

You can't defer VAT MOSS or import VAT.

HMRC will continue to process VAT reclaims and refunds as normal and most repayments are paid within 5 working days.

- Repayments will not be offset against any deferred VAT, but they will be offset against existing debts.
- You can apply online to move to monthly returns to improve your cashflow if you're in a repayment position.

If you defer a payment on account between 20 March 2020 and 30 June 2020 but the balancing payment is outside of these dates, you must pay the balancing payment less any deferred payments. Deferring payments will not create a repayment.

You will still need to submit your VAT returns to HMRC on time.

VAT payments that are due after the end of the deferral period will need to be paid as normal.

Time to pay arrangements are still available to all businesses and individuals who are in temporary financial distress as a result of coronavirus. Time to pay arrangements that started before 20 March 2020 should still be paid.

If you're struggling to pay your tax bill on time, or you're experiencing financial difficulties you can either contact HMRC's Time to Pay service, or speak to our tax partner Sue Stephens.

You can also contact the HMRC coronavirus helpline for help and advice.

Holidays

Holiday leave continues to accrue as normal during furloughs so a looming problem on return to work is holiday entitlement and how to avoid further excessive disruption from staff taking holidays over the summer when the employer is desperate to get work back up-to-date.

Emergency legislation has already been passed which allows employees to carry forward a maximum of 10 holidays into the next two holiday years. This emergency legislation is intended to ease the burden on employers by allowing the employee and employer to agree holiday does not all need to be used in this holiday year allowing a strategy to be developed for agreement with employees.

So you might cap each holiday year with an additional five days so an employee who carries forward 10 days from this year could only use five extra days in 2021 and the remaining five in 2022. Alternatively, you could consider making employees take holidays.

We understand from an employment solicitor that the way to do this is to provide twice as much notice as the amount of holiday you require them to take. For example, if you require an employee to use one week of holiday, you must give two weeks' notice. If you require them to take 2 weeks, then 4 weeks' notice is required etc. This may help you make employees use holiday in a controlled way when back from lockdown.

If you want details of a suitable employment law solicitor, please do get in touch.

Charities

Event cancellations:

HMRC has published guidance covering changes to help charities process refunds, collect donations and claim Gift Aid for events cancelled due to coronavirus (COVID-19).

To help reduce the admin burden, HMRC will accept that where a person due a refund from a charity event cancelled due to coronavirus decides to donate this to a charity, the requirements of ITA 2007, s. 416 are met provided the individual doesn't receive a benefit as a result of their donation; agrees that the cost of their ticket becomes a donation; completes a Gift Aid declaration then providing the charity keeps an audit trail, including a copy of the agreement from an individual agreeing to the donation of the cost of the ticket, then the charity doesn't have to refund the ticket price for the individual to re-donate.

<https://www.gov.uk/guidance/processing-ticket-refunds-for-cancelled-charity-events-during-the-coronavirus-covid-19-pandemic>.

Legacy Income:

Research firm Legacy Foresight is predicting that the total charity income from legacies could fall by between 8 & 27% this year, as a result of the coronavirus crisis. The firm specialises in keeping charities informed about their prospects of property left to them in wills and had originally forecast legacy income to grow in 2020.

This reflects lower gift values resulting from the weakening economic outlook, balanced by a higher number of deaths and the administrative challenges for solicitors, charities and government departments. Anecdotal evidence suggests that the lockdown is having a more severe impact on solicitors, charities and government departments' capacity to process charitable bequests than previously assumed with delays processing estates.

It still expects total legacy income to grow in the long term, with a recovery by 2021.

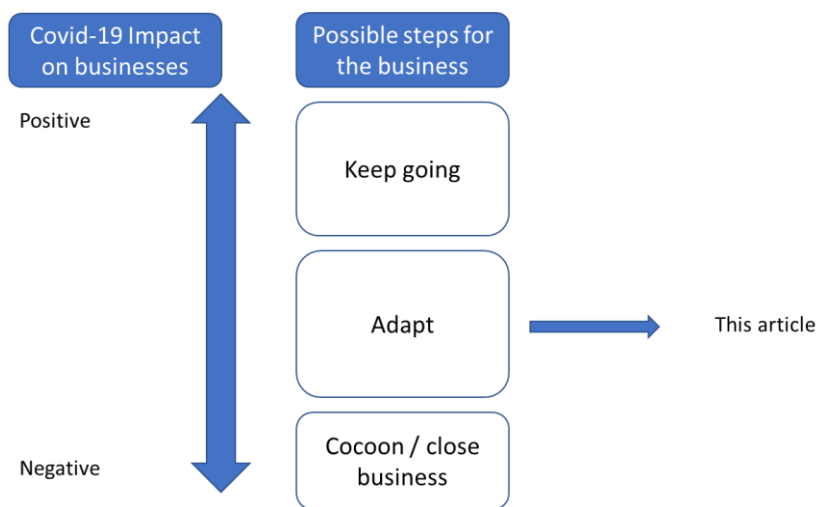
In a sense, for most charities, this is almost academic as not many budget to receive legacies.

Pivoting and repurposing a business

Covid-19 has had a big impact on many SMEs in the UK. A recent study by the Office for National Statistics showed that nearly 40% of businesses in the UK had a substantially lower turnover. With the current level of disruption likely to remain for some time, many businesses are adapting their practices to continue trading in some form.

For businesses in this position they may also benefit from reviewing their vision and strategy through our One Page Plan process. This is a condensed business plan which focuses business owners' minds on the key areas that will make an impact in the business.

As businesses consider their options the diagram below shows what paths are available:



For businesses which have been negatively impacted and are considering how to adapt, they have two main choices:

- Continue providing the same product / service in broadly the same way to the same customers (e.g. restaurants providing take away service); and
- Repurposing or Pivoting the business to provide a new service (which is now in high demand) to a new customer – this isn't always easy

In either case the benefit of adapting is that the business remains open, employees are retained, and the organisation is seen as being agile and innovative. In the case of repurposing there may also be an additional benefit of strengthening the values and reputation of the business as it has risen to support the community in a health crisis.

Questions that a business owner should ask before deciding what to do:

- What is the current demand for my product / service and how will that change over time?
- How can I adapt the business to continue serving these customers?
- What is the financial impact (revenue and costs) of this choice?

For either option the business owner also needs to confirm that they can ensure the safety of all staff and stakeholders no matter what decision.

Having considered the two choices above, there may be an obvious outcome. However, if not then this may be a good opportunity to raise it with the wider team to get their views. This can engage the team into finding creative solutions – some of which may have a lasting positive impact once the pandemic has passed.

Some businesses will be able to continue trading **and** repurpose. In this case the business owner should consider whether the business can do both activities or have to make a decision between the two.

When a business chooses to continue to trade it means that there is still demand from the customer and (somehow) they can deliver that service. The obvious example is a restaurant that now provides take away food or a pub providing alcohol sales for take away. However, many businesses can continue to provide a service where it may not be immediately obvious.

A hairdresser for example may still be able to sell their product range online, provide an online tutorial for basic hairdressing and even do virtual hairdressing appointments. Several other examples are shown below:

Business	Different Channel	Different Product / Service
Restaurants	<ul style="list-style-type: none"> • Take away food • Take away alcohol 	<ul style="list-style-type: none"> • Provide packed meals for healthcare workers
Hairdresser	<ul style="list-style-type: none"> • Online product sales (hair gel etc) & delivery • Vouchers / discount for when re-open 	<ul style="list-style-type: none"> • Online courses / tutorials on how to cut hair
Social clubs / Pubs	<ul style="list-style-type: none"> • Take away food • Take away alcohol 	<ul style="list-style-type: none"> • Virtual quiz / bingo • Virtual drinks evenings
Schools / Universities	<ul style="list-style-type: none"> • Move classes online 	<ul style="list-style-type: none"> • Offer new courses
Personal Trainer	<ul style="list-style-type: none"> • Provide virtual exercise sessions 	<ul style="list-style-type: none"> • Online training tips / exercise workouts for customers

When a business chooses to repurpose, this is to address an increase in demand for a product / service as a result of Covid-19.

Some of the high-profile repurposing's have been to address the UK Government Ventilator Challenge (e.g. McLaren and Dyson) however there are many smaller examples which are likely to be more relevant. The decision to repurpose a business should be done in conjunction with the relevant government department / trade body / relevant organization to ensure compliance with the various regulations and laws – especially if manufacturing healthcare equipment.

Determining what products / services are in demand and which your business is best placed to fulfil may be obvious but may also require some thought. The World Health Organisation (WHO) has provided some guidance on this below.

Category	Critical items identified by WHO	Example of facilities that might be repurposed
Protective personal equipment (PPE)	<ul style="list-style-type: none"> Gloves, examination Gloves, surgical Goggles, protective Gown, protective Face shield Mask, particulate respirator Mask, surgical 	<ul style="list-style-type: none"> Textile factories Garment plants Yarn spinning mills Electronics assembly plants Injection moulding facilities Prototyping shops (including 3D printing)
Diagnostic equipment	<ul style="list-style-type: none"> Lab screening test kit Lab confirmation test kit RT-PCR kit Extraction kit Cartridges for RT-PCR automatic systems Swab and viral transport medium 	<ul style="list-style-type: none"> Pharmaceutical preparations Biopharmaceutical preparations Pilot biotech plants Clinical research laboratories
Clinical care equipment	<ul style="list-style-type: none"> Pulse oximeter Concentrator O2, 10L, 230V, 50 Hz + acc. Nasal oxygen cannula, with prongs, Ventilator patient, for adult, pediatric. CPAP with tubing and patient interfaces for adult and pediatric. Suction pump, mechanical High-flow nasal cannula (HFNC) 	<ul style="list-style-type: none"> Automotive production lines Aerospace manufacturing plants Specialized engineering service and testing facilities Manufacturing technology and innovation centres Vacuum cleaner assembly plants Machining shops

In addition to the WHO guidance there are some further examples of businesses pivoting recently:

Business	Repurposing / Pivoting	Example
Hotel	<ul style="list-style-type: none"> Accommodation for healthcare workers and those in quarantine 	<ul style="list-style-type: none"> Best Western Hotels and Britannia Hotels providing accommodation to NHS workers
Sports centre / recreation club	<ul style="list-style-type: none"> Pop-up hospital / healthcare facility Testing centre 	<ul style="list-style-type: none"> Deeside Leisure Centre – Temporary hospital Lincoln Leisure Centre – Testing centre
Restaurants	<ul style="list-style-type: none"> Provide packed meals for healthcare workers 	<ul style="list-style-type: none"> Leon providing packed meals to NHS workers
Distilleries / Micro-distilleries	<ul style="list-style-type: none"> Alcohol hand sanitiser 	<ul style="list-style-type: none"> BrewDog and Absolut Vodka shifted production to make hand sanitiser
Airlines	<ul style="list-style-type: none"> Cabin crew providing non-clinical support in hospitals 	<ul style="list-style-type: none"> EasyJet and Virgin Atlantic at Nightingale Hospitals
Swimwear retail	<ul style="list-style-type: none"> Emotional support hotline 	<ul style="list-style-type: none"> Summersalt customer support team providing Covid related emotional support

Many of the examples above also have a positive PR impact, however, for a business owner trying to find a way to keep their business operating it is important to find a substantive pivot with sustainable financial performance.

Of course, when repurposing a business may have a new supply chain and a new customer.

These should both be identified along with the financial considerations (cost of materials / inputs, set up costs and operating costs) before going ahead with the project to ensure that it is feasible.

Determining the selling price for the new product / service is a key sensitivity. Some repurposed businesses have decided to give away their product (e.g. BrewDog producing hand sanitizer is giving it away to the NHS) and in other circumstances the business is free to select the price.

Whilst high demand can often lead to pricing power, in these exceptional circumstances it is key to remember the wider context of the crisis and the potential reputation impact of setting prices too high. Some businesses have clearly taken the view that giving back to the community as well as the likely reputational enhancement are enough.

When repurposing a business, it is worth remembering that there will be a new product and customer. Whilst there may be ample demand, this is also an area where the business lacks expertise. Therefore, it is important for a business to take advice and make sure it understands the supply chain, competencies required to provide the good / service and who it is selling to.

When considering any change, a business should ensure it has the necessary permissions and approvals before progressing. In some cases, the government has made this easier – for example extending permitted development rights for restaurants so they do not need to apply for planning permission to provide take away food.

Talk to us if you are planning changes in your business. We have the tools and resources to help you achieve your goals.

Families & Individuals: A Guide on Coping

This is a financial guide for families and individuals to help manage at a tough time highlighting the main areas which may make a difference. Below is a table showing the various areas which you should consider when addressing your personal financial situation. The table has a column on the right-hand side which can be filled out as each area is addressed.

TOPIC	AREA	ADDRESSED?
Build up cash	Prepare a budget	
	Reduce costs where possible	
	Build up cash	
Tax	Universal Credit	
	Job Seekers Allowance	
	Child Benefit	
	Self-Assessment Deferral	
	Working From Home Allowance	
House	Mortgage	
	Rent	
	Utility Bills	
	Council Tax	
Finances	Credit Cards / Personal Loans / Overdrafts	

	Car Finance / Pay Day Loans	
	Self Employed Grant Scheme	
Other	MOT Deferral	
	Vehicle SORN	

Building up cash:

The starting point is to create a budget on a monthly or weekly basis showing the expected money coming in (from employment, savings etc) and what expenses are likely to be incurred. This way you can understand the facts of the situation before deciding what needs addressing and how much of a gap there is to fill. It is highly likely that if employment income has reduced then expenditure also needs to reduce.

The initial reaction may be to reduce household expenditure. Some expenses such as travel and eating out will already have reduced given the lockdown. You can also stop spending on non-essential items for the time being and trying to save some cash for an emergency fund. Examples include:

- Gym membership
- TV sport packages (given there is no sport being played)
- Travel season tickets can be part-refunded for the portion which is not being used
- Prepaid nursery fees or exercise classes may not be refundable but is worth checking, even if it means the payments can be converted into credit for the future when they can be used

Given the travel restrictions many holidays and other future commitments are no longer going ahead so there may be refunds available or insurance claims to be made. Securing these will help generate cash.

Most banks will now waive the redemption fee on cash held in a fixed term savings accounts which is another way to give a buffer in difficult times. Only dip into your savings if necessary. Another option available to people with good credit history is to take out a 0% on purchases credit card which can give 0% interest on purchases made for 12, 18 or 24 months. This is only a short term and temporary measure and you need to be confident you can repay the amount at the end of the term as this is effectively taking on additional debt – before interest rates resume.

Universal Credit:

Universal credit, the UK government social security payment, now covers most of the benefits available to individuals. There is a detailed guide which can be provided covering all considerations of Universal Credit. The key points are:

- A change to working hours / pay may mean that an individual can claim an increased Universal Credit payment
- Self-employed and zero-hour contract workers can receive Universal Credit
- The typical 5-week lag before receiving payments for Universal Credit can be shortened by an emergency Universal Credit loan which is then paid off by future Universal Credit payments

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

Job Seekers Allowance

Those who have lost their job may be eligible for 'New Style Employment and Support Allowance'. This applies to people who have been employees (not self-employed) in the last 2 or 3 years.

<https://www.gov.uk/jobseekers-allowance/eligibility>

Child Benefit

With many employees and the self-employed being furloughed, being made redundant or making lower profits their income for 2020/21 may well fall below the £50,000 limit at which child benefit starts being taxed. The charge is 1% for every £100 that adjusted net income exceeds £50,000 multiplied by the child benefit claimed in respect of the children. Note that the rate of Child benefit increased from 6 April to £21.05 a week for the eldest child and £13.95 for each additional child. Many couples with income over £60,000, when the benefit is fully taxed stopped claiming Child Benefit rather than having to repay it back in tax. They should therefore reinstate their claims if the income of the higher paid taxpayer drops back below £60,000.

Self-Assessment Deferral

The next deadline for self-assessment tax is 1 July 2020 for the second payment on account. This can now be deferred until 31 January 2021 which gives a cash boost for the next 6 months but remember this is tax due so will need to be paid when due.

Working from home allowance

If you are required to work from home, possibly as a result of the lockdown, employers are required to pay a working from home allowance to their employees. This can either be a flat rate of £6 a week or can be calculated as the directly incurred increase in expenses.

Mortgage

Banks have been required to provide 3 months mortgage relief to borrowers as a result of Covid-19. People should contact their lender directly and in many cases this can be done online. Do not cancel the direct debit to the bank as this will be classed as a missed payment and recorded on your credit file. Eligibility criteria are that mortgage payments are up to date and the individual has been impacted by Covid-19 (self-certified). Interest will still accrue on the mortgage for the 3-month period but no cash payments are needed to be made.

Other options which may be relevant include switching to an interest only mortgage and extending the term of the mortgage.

Rent

The government has brought forward protection for private and social renters such that landlords will have to give renters 3 months' notice if they intend to seek possession (i.e. serve notice that they want to end the tenancy). This legislation is in force until 30 September 2020 but may be extended.

If a renter is having difficulty paying their rent then they should communicate with their landlord and reach an agreement. The landlord can apply for the 3-month mortgage relief mentioned above which would be expected to be passed on to the renter.

<https://www.gov.uk/government/publications/covid-19-and-renting-guidance-for-landlords-tenants-and-local-authorities>

Utility Costs

If not already done so, this may be a good opportunity to shop around for new gas, electricity, water and broadband providers to save money. Note that if a physical installation is needed to take place then it will not be possible to do so until after lockdown is lifted.

A helpful guide on household costs is here:

<https://www.moneysavingexpert.com/news/2020/03/uk-coronavirus-help-and-your-rights/>

Council Tax

Many councils have been accommodating to individuals struggling to pay their council tax. There is no country wide standard for this so it is a case of reviewing the local council's website and approaching them directly to see what help they can provide.

Credit Cards / Personal Loans / Overdrafts

The FCA has recently brought in a series of measures to support individuals who have personal finance. The summary terms are:

- Offer a temporary payment freeze on loans and credit cards for up to three months, for consumers negatively impacted by coronavirus
- Allow customers who are negatively impacted by coronavirus and who already have an arranged overdraft on their main personal current account, up to £500 charged at zero interest for three months
- Make sure that all overdraft customers are no worse off on price when compared to the prices they were charged before the recent overdraft pricing changes came into force
- Ensure consumers using any of these temporary payment freeze measures will not have their credit file affected

<https://www.fca.org.uk/news/press-releases/fca-confirms-temporary-financial-relief-customers-impacted-coronavirus>

If someone has a permanent / large balance on a credit card they have two main options available:

- 1) If possible, do a 0% balance transfer to another credit card: or
- 2) Speak to the credit card company, explain that you have been impacted by Covid-19 and try to reach an arrangement

Car Finance / Pay Day Lenders

The FCA has also brought in measures to protect consumers who have the following financial products:

- Motor finance – Firms are required to provide a 3-month payment freeze to customers who are having temporary difficulties meeting finance or leasing payments due to coronavirus. Firms are also expected to act fairly if the lease has come to an end and the individual cannot make the balloon payment.
- High-cost short-term credit (including payday loans) - Firms are required to provide a 1-month payment freeze to customers facing temporary payment difficulties due to the coronavirus pandemic. No additional interest should be charged to the customer as a result of the payment freeze.
- Other credit products - Firms that provide Rent-to-own, Buy-now-pay-later, or pawnbroking agreements to provide a 3-month payment freeze to customers facing

payment difficulties due to coronavirus. Pawnbrokers should agree not to sell an item for the 3-month period.

<https://www.fca.org.uk/news/press-releases/fca-confirms-support-motor-finance-and-high-cost-credit-customers>

MOT Deferral

A car, van or motorcycle's MOT expiry date will be extended by 6 months if it is due on or after 30 March 2020 - but the vehicle must be kept safe to drive.

Vehicle SORN

Vehicles that are not on the road don't need to be insured. If a vehicle is no longer needed an individual can apply for a Statutory Off Road Notification (SORN) to officially declare it 'off road' indefinitely (assuming it can be parked on private property). Once it is certified, the insurance and road tax no longer need to be paid and any refunds can be reclaimed.