

# Support for the Childcare Sector in Wales

## UK Government Schemes

### Coronavirus Job Retention Scheme

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

HMRC will reimburse 80% of furloughed workers wage costs, **up to a cap of £2,500 per month** per employee. HMRC are working urgently to set up a system for reimbursement as existing systems are not set up to facilitate payments to employers.

**All** UK businesses are eligible.

Businesses **must apply** to HMRC to receive this help.

Businesses will need to:

- designate affected employees as 'furloughed workers,' and notify your employees of this change - changing the status of employees remains subject to existing employment law and, depending on the employment contract, may be subject to negotiation
- submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal (HMRC will set out further details on the information required)

### Support for businesses through deferring VAT and Income Tax payments

HMRC will support businesses by deferring Valued Added Tax (VAT) payments for 3 months. For the self-employed, Income Tax payments due in July 2020 under the Self-Assessment system ('payments on account') will be deferred to January 2021.

For VAT, the deferral will apply from 20 March 2020 until 30 June 2020.

For Income Tax Self-Assessment, payments due on the 31 July 2020 will be deferred until the 31 January 2021.

**All** UK businesses are eligible.

This is an **automatic** offer with no applications required.

### HMRC – Time to Pay

HMRC have scaled up their Time to Pay offer to **all firms and individuals** who are in temporary financial distress as a result of Covid-19 and **have outstanding tax liabilities**.

Businesses **must apply** to HMRC for a time to pay arrangement.

## Support for businesses who are paying sick pay to employees

The UK 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 2 weeks' SSP per eligible employee who has been off work because of COVID-19
- 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, but employees will not need to provide a GP fit note. If evidence is required by an employer, those with symptoms of coronavirus 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
- 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
- the government will work with employers over the coming months to set up the repayment mechanism for employers as soon as possible

Businesses are eligible if they are **UK based** and had **fewer than 250 employees as of 28 February 2020**.

Further details on how to apply to be **announced in due course**.

## Support for businesses through the Coronavirus Business Interruption Loan Scheme

The new Coronavirus Business Interruption Loan Scheme supports SMEs with access to working capital (including loans, overdrafts, invoice finance and asset finance) of up to £5 million in value and for up to 6 years.

The UK government will pay to cover the first 12 months of interest payments and any lender-levied fees, so smaller businesses will not face any upfront costs and will benefit from lower initial repayments.

The UK government will provide lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs.

This scheme is being delivered through commercial lenders, backed by the British Business Bank.

**UK based** businesses are eligible, provided their annual turnover is **less than £45 million** and the business meets the **other British Business Bank eligibility criteria**.

The scheme is **now open for applications**. To apply, you should **talk to your bank** or one of the [40 accredited finance providers](#) as soon as possible, to discuss your business plan. You can find out the latest on the best ways to contact them via their websites.

Do not contact the British Business Bank directly.

**All major banks** are offering this scheme.

If you have an existing loan with monthly repayments you may want to ask for a **repayment holiday** to help with cash flow.

The full rules of the scheme and the list of accredited lenders are available on the [British Business Bank website](#).

## UK Government Benefits

For self-employed people claiming Universal Credit who are required to stay at home or are ill as a result of coronavirus, the Minimum Income Floor (an assumed level of income) will not be applied for a period of time whilst they are affected.

From 6 April the requirements of the Minimum Income Floor will be temporarily relaxed. This change will apply to **all** Universal Credit claimants and will last for the duration of the outbreak. New claimants will not need to attend the jobcentre to demonstrate gainful self-employment.

The standard allowance for Universal Credit and the basic element for Working Tax Credit will both increase by £1,000 a year for the next 12 months.

## Welsh Government Schemes

### Grants

#### **Businesses with a rateable value of £12,000 or less**

**All** businesses that are eligible for Small Business Rates Relief will get a grant of £10,000, including childcare businesses.

This is **automatic** and businesses do not need to apply. This will be administered through the business rates system.

#### **New small business grant**

Some businesses will be able to apply for a new business grant. More details to be announced shortly.

## Existing Support

- Registered childcare providers in Wales already benefit from 100% business rates relief until 31 March 2022.
- [Business Wales](#) can provide a range of advice to businesses, including on finance, supply chain delays and staffing matters.

- The [Development Bank of Wales](#) can offer grants, loans and investment to Welsh businesses and can support otherwise strong and healthy businesses with the important cash flow support that can help them through these next difficult few weeks and months.

## Insurance

Businesses that have cover for both pandemics and government-ordered closure should be covered, as the government and insurance industry confirmed on 17 March 2020 that advice to avoid pubs, theatres etc. is sufficient to make a claim as long as all other terms and conditions are met.

Insurance policies differ significantly, so businesses are encouraged to check the terms and conditions of their specific policy and contact their providers. **Most businesses are unlikely to be covered**, as standard business interruption insurance policies are dependent on damage to property and will exclude pandemics.