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Small businesses locked out of government grant scheme

English companies with shared offices excluded from coronavirus rescue package

More than 10,000 small businesses in England are missing out on government grants to mitigate the impact of the coronavirus lockdown because they are based in shared offices.

The findings from a study by Colliers International, a commercial estate agency, highlights a gap in a key element of the emergency rescue package for smaller companies rolled out by chancellor Rishi Sunak since mid-March.

The government made available £12.3bn in small business grants, with a payout of £10,000 available to businesses operating out of premises that have a rateable value — a measure of the rental value of the property — up to a maximum of £15,000.

Companies in the retail, leisure and hospitality sectors with a rateable value of between £15,000 and £51,000 can apply for a £25,000 grant.

But the decision to base eligibility solely on that one measure has excluded thousands of businesses that use managed offices from the scheme. The regular reconfiguration of workspace in buildings, managed by companies such as WeWork and IWG, means individual units often do not have a rateable value assigned by government's Valuation Office Agency.
The study estimated this has left 10,000 small businesses excluded from the grant. Alessandra Lee, who runs a recruitment business from one of IWG's shared offices in Manchester, has been shut out of the scheme. "The floor we're on was all one floor until last year, but they've carved it up and now those offices don't have rateable values, so can't get the grant," she said. "As it stands I've probably got three months in me. That £10,000 is massive, not just for my business but for all those around me," said Ms Lee. "It's heartbreaking. Small businesses are going to drown in this."

The majority of businesses missing out on the grant are in the bigger cities where flexible workspace is most common. There are 3,250 such companies in Westminster, the City of London and Camden alone, according to Colliers.Small businesses in the larger cities operating from their own premises are also losing out because the higher rents push rateable values out of the grant bracket.

This is reflected in the data that shows that of all the English local authorities Cornwall county council has the highest number of businesses eligible for the grant — almost 24,000.

This compares with just over 19,000 in Birmingham and 115,000 across all of London's 33 local authorities, an average of just under 3,500 per borough.

"If there was ever evidence that more small businesses in London are falling between the cracks in the process of grant allocations — this is it," said John Webber, head of business rates at Colliers.

Even eligible businesses are struggling, as they wait for grants which have not yet been allocated. Government figures show that councils had handed out £7.6bn, or 62 per cent of the total due, by April 27. Almost 345,000 out of the 960,000 eligible companies are still waiting, while their cash reserves dwindle.

James Jamieson, chairman of the Local Government Association, said some councils had been overwhelmed administering the scheme. "Councils have been redeploying staff, they have been working seven days a week, doing overtime."

Clive Betts, MP for Sheffield South East and chairman of the Commons communities and local government committee, said Whitehall's bureaucracy had not helped. "Since the scheme came in, central government has changed the guidance 13 times with little consultation with local authorities," he revealed this week.

In a statement, the government said that companies that were not eligible for the grants were "able to benefit from the wide-ranging multi-billion pound package of support" it has made available.

Retailers call on government to withdraw 'disastrous' business rates bill

A coalition of retail organisations today called on the government to ditch a business rates bill they say would be "disastrous"for the high street.

The Non-Domestic Rating (Lists) Bill brings forwards the next revelation of business rates for 2.08m non-domestic properties in England and Wales to 1 April 2021.

If the bill receives asset, it will allow the government to set future business rates for a minimum of the next three financial years by reference to rents that were being paid on 1 April 2019.

The group of retailers argue that the government should leave the next revaluation to 2022 as previously planned.

James Lowman, the chief executive of the association of convenience stores, said: "With such profound changes in the retail industry and property market, we need to make sure that business rates reflect the present and the future, not the past."

Andrew Goodacre, chief executive at the British Independent Retailers Association,said: "The current proposal would be disastrous for all businesses that pay non-domestic rates." adding: "We must have the reference point for determining future rates bills at a time post coronavirus so they are an accurate assessment taking into account the full impact once this crisis has passed."

Alex Probyn, UK president at Altus Group, Britain's largest ratings advisory, said: "A revaluation in 2022, based upon open market rents in 2021, would provide a complete reset of rateable values taking into account the state of the market after the crisis has passed."

A government spokesperson said: "The government is doing whatever it takes to support businesses during this national emergency, including an unprecedented nearly £10bn in business rates relief.

"We are carefully considering the future revaluation of business rates and will provide further information in due course."

Business to receive almost £10 billion in rates relief

Businesses are expected to receive almost £10 billion in business rate relief as part of the government's comprehensive package of support for the economy during the coronavirus pandemic.

New statistics published today (22 April 2020) by the government show the business rate relief predicted by councils for businesses across England in the retail, hospitality and leisure sector.
It means that those which may be the hardest hit by the pandemic, such as eligible shops, restaurants, cafes and pubs will pay no business rates whatsoever this financial year.

Businesses are benefiting from this scheme right now with discounts on their rates bills helping them with their cashflow. The government has committed to compensating local authorities in full for the business rate relief with payments due to begin shortly.

The news follows the announcement that £3.2 billion of extra funding is being given to councils, helping them continue to provide essential services and support to those who need it most. This includes getting rough sleepers off the street, supporting new shielding programmes for clinically extremely vulnerable people and assistance for our heroic public health workforce and fire and rescue services.

Local Government Secretary Rt Hon Robert Jenrick MP said:

Today's figures demonstrate that, through working with local authorities, we are giving businesses the support that they need during this national emergency; an unprecedented nearly £10bn in business rates relief.

The government was clear that we would do whatever it took to support local business and that is exactly what we are doing. We stand behind them and their employees as we work to protect the NHS and save lives.

Minister for Local Government Simon Clarke MP said:

This government has announced a comprehensive programme of support for business to help them deal with the economic impact caused by the Covid19 pandemic, including providing 100 per cent rate relief for the retail and leisure industry.

It is great that councils estimate they will provide almost £10 billion in additional business rate relief this financial year. This will provide businesses with a much-needed boost at this unprecedented time and builds on over £6 billion already awarded to business in grants announced earlier this week.

In the Budget last March, the government announced it would take the exceptional step of increasing the Business Rates Retail Discount to 100% from 50%. This, and the measures announced in response to the Coronavirus, take the value of the Expanded Retail Discount and the Nursery Discount to £10.1 billion in 2020/21.

This support comes as part of a wider package of measures to help businesses to deal with the economic impact of Coronavirus.

It includes a £12.3 billion package for local authorities to deliver grants of up to £25,000 to eligible businesses and the commitment to pay the wages of millions of employed and self-employed people by covering 80% of monthly incomes through the Coronavirus Job Retention Scheme and the Self Employment Income Support Scheme.

Rishi Sunak prepares to offer 100% guarantees on small business loans

As many as 1m 'micro-SMEs' could benefit after pleas by Tory MPs and Bank of England

Chancellor Rishi Sunak is preparing to offer 100 per cent guarantees on loans to Britain's smallest businesses, after sustained pressure from Conservative MPs and the Bank of England.

Mr Sunak's colleagues say he is "weighing up" whether to go against his instincts and offer full state backing to loans of up to £25,000 to "micro-SMEs" struggling to get credit to see them through the coronavirus crisis.

He said this week he was "not persuaded" that a total state guarantee was the right thing to do despite pleas from Tory MPs, Bank of England governor Andrew Bailey, and former Tory chancellor George Osborne to change course.

But senior bankers are working with the Treasury on a new scheme, which could be launched as early as next week, targeted at as many as 1m of the smallest companies, typically employing a handful of workers.

Shop owners, hauliers and pub owners represent a mainstay of Tory support and Conservative MPs have been furiously lobbying Mr Sunak to speed up bank lending to local companies by offering full Treasury guarantees.

"We have got to keep these small businesses alive," said Mark Francois, a leading Eurosceptic Tory MP. "The banks should be stepping up to the plate but they are not. If that is the case, the government may have to go to 100 per cent."

The Treasury declined to comment and government officials stressed that no final decision had been taken. People close to the talks said Mr Sunak wanted to ensure a new scheme could be delivered at speed and at scale.

He is looking at creating a new scheme for microbusinesses, running alongside the larger coronavirus business interruption loan scheme, which carries an 80 per cent state guarantee on loans of up to £5m for companies with a turnover of less than £45m.

A person close to the talks said the chancellor believed the overall CBILS system was starting to work: new data showed that more than 16,600 smaller companies had received almost £3bn of loans under the scheme, which had doubled since last week.

Lenders have received more than 36,000 applications, which means that almost half have been approved to date. Others are being processed and may be approved over the coming days, although the figure also includes those that have been rejected.

But the scheme faces questions from company bosses and MPs as many businesses say they have been turned away for not meeting the tough criteria to access the loans, which includes proof of future viability despite the economic uncertainty caused by coronavirus.

This is a race against time, and the only winning strategy is scale, speed and simplicity. Nothing should be left on the table

Others have been frustrated by long delays or mixed messages from their branches as they fast ran out of cash. Mr Francois said a local pub owner had been asked by the bank to provide cash flow forecasts. "He doesn't know when he's going to reopen," he said.

While the smallest businesses do not all need help, and some have never previously borrowed large sums from the bank, it could still pose a burden on the taxpayer if they struggle to pay back the debt.

Moving to 100 per cent guarantees increases the risk of fraud, officials warned, although those working on the plan believe micro-companies would only access loans as “a last resort” once all other forms of government support, including grants, had been exhausted.

The CBI employers’ federation has backed the idea of a 100 per cent guarantee on loans to small businesses and has called for more than £15bn of extra financial aid for struggling companies. It also argued for the need for 100 per cent guarantee for loans of up to £500,000.

The CBI has called for all firms to be granted a three-month suspension on business rates and for grant schemes to help smaller firms unable to access existing support.

Carolyn Fairbairn, CBI director-general, said: “The current loan scheme is up, running and working for many. Now we need another big push to get money out the door faster. This is a race against time, and the only winning strategy is scale, speed and simplicity. Nothing should be left on the table.”

Extra support is needed to save companies, says CBI boss

The business group outlined measures to stave off company closures and job losses.

A new wave of support is needed to stave off company closures and job losses, a leading business group has said.

The CBI outlined measures aimed at speeding up emergency support to distressed firms amid the Covid-19 crisis.

Around £6 billion in grants from local authorities have reached small businesses and the Job Retention Scheme has safeguarded nearly three million jobs, said the CBI.

But it added that its latest survey on the state of manufacturing highlighted the need to re-examine what more can be done to help companies still struggling.

This is a race against time, and the only winning strategy is scale, speed and simplicity.

Pressure on manufacturers, transportation, distribution and other retail sector suppliers is “unrelenting”, said a CBI report, adding that these firms are ineligible for grants or relief from business rates.

The CBI called for a fast and simple route to loans under £25,000 for small businesses who may be completely new to borrowing, possibly backed by a 100% government guarantee, and a three-month suspension of business rates for firms.

Dame Carolyn Fairbairn, the CBI’s director general, said: “As the impact on businesses, livelihoods and the economy grows day by day, it’s vital to ensure help gets where it’s needed most. The current loan scheme is up, running and working for many. Now we need another big push to get money out the door faster.

“This is a race against time, and the only winning strategy is scale, speed and simplicity.

“The Treasury, British Business Bank and lenders deserve huge credit for their speed and ambition so far. The millions of jobs they have saved today are vital livelihoods protected for the future.

“But with the lockdown extended there is no room to pause. The financial strain on some businesses cannot be underestimated.

“These recommendations are based on thousands of conversations with struggling firms of all sizes and aimed at helping those who have been left behind so far. A new wave of support is vital to local communities and our small and mid-sized businesses.

“Helping firms that have fallen through the cracks will protect jobs and livelihoods as the crisis unfolds and ensure a solid foundation to build on. It is far more cost effective to stop businesses collapsing now than create jobs in the future.

"The greater the number of companies helped to survive, the sooner the UK economy can restart and revive."

Coronavirus crisis may leave English councils with £5bn funding shortfall

Local authorities say more government action needed after data shows massive financial blackhole

The scale of the financial black hole facing local public services caused by coronavirus is revealed in official data seen by the Guardian, indicating England's 343 local authorities face a potential £5bn funding shortfall over the next year, with several understood to be on the brink of insolvency.

An analysis of the financial returns compiled by 44 of England's largest councils shows that by the end of this financial year they will be in the red by £2.2bn.

If spending and losses at all councils continue to mount at predicted rates, the aggregated total for all English local authorities would be more than £8bn for the year, or £5bn after the first wave of government bailouts. Local government spending in England is about £50bn a year.

Councils have spent hundreds of millions more than expected during the lockdown on providing social care, personal protective equipment for staff, housing rough sleepers, and supplying emergency food packages, while losing even larger amounts in lost revenues from council tax, parking charges and leisure fees.

Although ministers have provided £3.2bn in two crisis bailouts in recent weeks, councils are warning much of this has already been spent – and some are understood to be drawing up fresh provisional cuts to balance their books, which would lead to services being drastically reduced, from waste disposal to arts, libraries and leisure.

The unprecedented financial pressure has already forced a handful of councils to invoke controversial emergency powers under the Coronavirus Act, which allow them to suspend legal duties to provide aspects of social care – cost-saving measures that charities and human rights groups have warned will put older and disabled people at risk.

The study of returns by councils in the Special Interest Group of Municipal Authorities (Sigoma), which includes authorities in Manchester, Leeds, Newcastle, Leicester and Nottingham, suggests this group of 47 authorities alone anticipate extra Covid-19 spending pressures totalling £720m over the year.

This is dwarfed by the potential drying up of vital municipal income streams, estimated at £1.4bn. This includes a loss of more than £400m in business rates, a £288m loss in council tax caused by residents who have lost their jobs cancelling direct debits payments, and a £341m loss in fees and charges.

Extrapolated across the entire English local government landscape, this would leave councils with a funding shortfall of about £5bn after the recent cash bailouts.

Sir Stephen Houghton, the chair of Sigoma and leader of Barnsley metropolitan borough council, said that if the government does not step in, many councils will consider issuing bankruptcy notifications, called section 114 notices.

"Even for those councils that are not at that cliff edge, the ability to deliver key services effectively – children services, adult services and waste management, for example – will be in question.

Houghton said: "Services may be running now but we will see the effect will come through in six to 12 months' time. You get to a point where the frequency of waste collection is cut and the time taken to assess vulnerable peoples needs takes longer and so on.

"The government needs to have a constructive dialogue with local government about the scale of the problem and negotiate both a package of measures including extra funding to keep local government in a stable position."

Although the Sigoma councils are located predominantly in the urban north and Midlands, a separate Local Government Chronicle analysis shows similar problems are faced by smaller district councils, many in affluent Conservative heartlands in the south of England, which are massively reliant on fees and charges for income.

Last week, Windsor and Maidenhead district council in Berkshire, which is in former prime minister Theresa May's constituency, formally informed ministers it was poised to announce bankruptcy because while coronavirus pressures had created a predicted £14m shortfall it had just £6m in reserves

Councils affected range from Greater Manchester Combined Authority, which disclosed on Friday that coronavirus will leave the city's 10 borough councils £541 million out of pocket, to authorities in Oxfordshire, which said they stood to lose £100m as a result of coronavirus costs.

Newcastle-under-Lyme borough council in Staffordshire has said it had already used all its £65,000 bailout share from the government to house 21 homeless people. Stephen Sweeney, the deputy council leader, said: "It's gone now. We have £1.5m in reserves, you don't need to do the maths to see how long before we get problems."

Responding to the figures compiled by Sigoma, a government spokesperson said: "The secretary of state has announced £3.2bn of funding for councils to support their response to the pandemic. This new funding will support them through immediate pressures faced by councils to respond to coronavirus and protect vital services."

Thousands of UK pubs will go under without bailout, industry warns

Plea follows Michael Gove saying pubs will be among last businesses to exit lockdown

Thousands of pubs will close for good unless they are granted a special bailout, the industry trade body has warned, after the government said pubs would be among the last businesses to reopen when Covid-19 lockdown restrictions were eased.

Amid suggestions that pubs could be closed until Christmas, the British Beer and Pub Association (BBPA) said "extra support" would be required for an industry already in long-term decline.

In an appeal to the government, the BBPA said the furlough scheme to help businesses pay staff would need to be made available to pub owners for longer. Business rates relief could also be extended to 10,000 pubs that were currently ineligible, the BBPA said.

Pubs with annual rental values higher than £51,000 are not included in a retail and hospitality scheme that offers grants of up to £25,000 to help during the nationwide shutdown.

The BBPA chief executive, Emma McClarkin, said: "When this crisis is over we will all want to go to the pub, so it's vital the government does everything it can to help them right now."

McClarkin said the industry would need extra support if the easing of lockdown restrictions was still far off. The Cabinet Office minister, Michael Gove, said on Sunday that pubs and restaurants would be "among the last to exit the lockdown".

"If pubs are going to be the last to reopen, then it's only right the government gives extra support to them to help ensure their survival," said McClarkin. "We are clear that unless the government gives specific support to pubs now, thousands of them in communities across the UK could be lost for good. And with them hundreds of thousands of jobs too."

The BBPA's appeal comes with some of its large pub company members under pressure for failing to cancel rents charged to publicans, even though they have no source of revenue.

Edward Anderson, who runs three pubs in Cheltenham, said: "I'm paying £14,000-a-month rent. If we're going to be closed until Christmas, it's just debt that we can't repay when we reopen. Our immediate priority is some sensible discussion about pubcos indebting their tenants."

A spokesperson for the BBPA said: "Rent is a commercial decision and the BBPA does not advise its members on commercial decisions."

Pubs, bars and restaurants have been among the businesses hit hardest by the Covid-19 outbreak, with customer numbers plummeting even before the lockdown as the government advised people to stay away.

The number of pubs has already been in long-term decline amid changing consumer trends such as a move towards buying cheap supermarket alcohol to drink at home and a growing penchant for sobriety among younger people.

But figures released in December offered a glimmer of hope for the industry, with the first net increase in pub numbers since 2010. The UK ended March 2019 with 39,135 pubs, 320 more than a year earlier, according to the Office for National Statistics.

Urgent action needed to avoid hospitality sector “bloodbath”

The UK hospitality sector could be facing a “bloodbath” unless urgent action is taken to support struggling businesses through the Covid-19 pandemic, advisers and operators have warned.

Leading figures in the sector are urging the government to offer more support to businesses hit hard by the the nationwide lockdown.

The owner of London venue Milk & Honey and Street Feast founder Jonathan Downey this week called on the government to introduce a nine-month rent-free period for retail, hospitality and leisure operators across the country, with rent payments continuing as normal from January 2021.

To make up for the lost income, Downey said leases should be extended by nine months. He added that landlords should be allowed to push back loan repayments to mitigate income loss where debt was “secured on premises benefiting from the rent postponement”.

Downey told Property Week he hoped to present to the government a joint approach between landlords and businesses .

“It’s starting to gain momentum and landlords are gradually getting on board,” he said. “Some landlords need to realise years of empty premises will be far worse than nine months of postponed rent. Half of landlords’ tenants will be gone by the end of this year if something like this doesn’t happen.”

Celebrity chef Yotam Ottolenghi joined the call for a “national time-out” on rent payments, saying government should allow restaurants to withhold rent until the end of the year and compensate landlords accordingly.

Property advisers also called for more help for the hospitality sector this week.

Richard Russell, head of lease advisory at The Lorenz Consultancy, said: “If something is not done or there isn’t a change in the moratorium, there could be a bloodbath out there, with a number of restaurants closing and never reopening. There will be casualties whatever happens, but the number of casualties is dependent upon how the relationship with the landlord and tenant goes.”

Ross Kirton, head of leisure agency at Colliers International, added: “It’s unclear how long the ban on non-essential travel and thus closures will last, but landlords should be mindful of maintaining longer-term relationships with tenants after Covid-19. Landlords would be in a far worse position if they got back possession of empty units and had to remarket in the current climate.”

The calls came after a number of gyms and leisure centres said they faced being evicted from their premises because landlords were using a legal loophole to penalise them for non-rent payments – putting 2,800 gyms at risk of permanent closure.

The Coronavirus Act 2020 does not prevent landlords from pursuing commercial rent arrears recovery, debt claims, statutory demands or winding-up proceedings – any of which could be “lethal” to businesses generating no income, gym operators said.

UK Active, which represents fitness companies including David Lloyd Leisure and PureGym, said the government must reduce pressure on landlords by introducing financial support for a rent holiday, preventing them from resorting to legal action.

Rishi Sunak told to abolish business rates in desperate plea to save UK high streets

THE GOVERNMENT needs to abolish business rates for high streets and pubs permanently to save them in the wake of the coronavirus crisis, a former cabinet minister has demanded.

Esther McVey, the former work and pensions secretary and founder of the Blue Collar Conservative movement, has backed the Express Save Our High Streets campaign and warned that radical action will be needed once the disease is brought under control.

The issue came up in Ms McVey's latest Blue Collar podcast aimed at "bringing people together" during the crisis and raising issues which are hitting working class communities across the country.

The podcast included a conversation with Mansfield MP Ben Bradley and former Apprentice finalist Frances Bishop who owns the Pud Store kidswear chain.

Ms Bishop said: "I actually cried [with relief] when I heard the Chancellor announce he was giving everybody a business rates holiday for 12 months.

"We have really big business rates and I have been quite vocal about that in the past, not just because of coronavirus.

"If the government could find another way to tax retailers or hospitality businesses as opposed to business rates which I think is very outdated now, then it might end up with the government getting more revenue but it would give retailers, high streets and communities a chance to rebuild again."

She pointed out that each month her business rates cost almost £5,000 - £3,000 in Sheffield £1,000 in Mansfield, £600 in Newark and £300 in Doncaster.

She said: "That's a lot of money and if we could plough that back into the business we could employ more people, invest more in the infrastructure side of the business to allow us withstand more and adapt and evolve.

"This [coronavirus] business rates measure has been a lifeline and allowed us to invest for the future and I hope this is the catalyst the government needs that we can reform business rates and do it in a fairer way."

Ms McVey, the MP for Tatton, said that the Government now needs to look at abolishing business rates and replace it with a sales tax which could bring in online companies like Amazon who currently pay very little tax.

She said: "If there is one thing that the coronavirus crisis has highlighted for the economy it is that getting rid of business rates is essential. It's an out of date tax that needs modernising so that it falls fairly on all businesses and doesn't destroy the high street."

Will cutting business rates save the high street?

Nic Redfern, finance director of Know Your Money, discusses whether cutting business rates is enough to save the high street from financial trouble

The past few years have been difficult for the high street to say the least. It’s difficult to go through one month without hearing of the closure of another well-known brand.

The recent troubles facing the likes of John Lewis, Topshop and Debenhams, illustrate how even the most established of retailers have been affected by the changing retail landscape. Indeed, according to research conducted by Know Your Money, a majority (54%) of high street businesses think that trading conditions have become significantly more difficult over the past five years.

And it’s not just large firms that have been struggling. The survey of more than 300 senior decision-makers within UK retail businesses also found that two thirds (66%) have seen more local small independents being closed down and replaced by chains.

Challenges facing the high street

While difficult, it is important to note that there is a lot that can be done to improve high street businesses’ odds of survival. Action by consumers, government, and of course the businesses themselves, can turn things around.

Many retailers have been massively increasing their online presence over the past two decades. Some well-known high street stalwarts, such as Barratts, have moved their operation completely to digital. Indeed, Know Your Money’s study found 76% of firms now consider tech to now be essential for them to remain competitive.

However, the high street has also taken a beating from another angle: business rates. As all business leaders will know, it is calculated according to the rateable value of all non-domestic properties — that is, how much they could be rented for annually on the open market — and is a major overheard for many firms.

On top of that, the tax has a sting in the tail for many businesses because of how it is calculated. If there is change in the rateable value of a property, the business rate charged will not change immediately, but be staggered over five years.

This is known as ‘transitional relief’ and is supposed to make life easier for businesses whose premise have increased in value. In reality, it can lead to firms with properties of decreasing value overpaying. A Topshop on a high street in Blackpool, for example, will have overpaid the tax by more than £150,000 by 2021.

The need for government support

The recent government announcement, therefore, of a huge package for loans to combat the coronavirus outbreak, as well as a 12-month holiday on all business rates, was certainly welcome. This kind of quick policy reaction to a crisis situation must be praised, as it shows the government has prioritised the high street at a difficult time.

Of course, the situation is changing every day, and there’s no saying yet whether the action will be sufficient; indeed, some types of businesses were omitted from the business rates holiday, such as nurseries.

At a time of incredible political and social volatility, there was always going to be blind spots in Chancellor Rishi Sunak’s measures, but I now encourage the Government to consider papering over the cracks in the system.

The new loans and funding will help; any company eligible for small business rates relief is also being awarded a £3,000 cash grant, amounting to a £2 billion injection for 700,000 small businesses across the country. However, the situation is changing every day and further long-term capital might be needed to see the high street through this crisis.

Looking forward, it is now vital that there are no delays in getting this relief, including on business rates, to the high street. We have already seen many examples of layoffs over the past few days and businesses will continue to struggle until they are helped.

The Government's new measures are being introduced on a daily basis, which is good news, but we must also consider the long-term as what is helpful now can quickly become insufficient. In these ways, whilst the business rates holiday will certainly help the high street in the short-term, the future remains highly uncertain.

NORTHERN IRELAND

Murphy confirms plan for new targeted business rates relief scheme

Finance Minister Conor Murphy announcing plans to introduce a new targeted rates relief scheme.

A PROPOSAL to introduce a new targeted rates relief scheme for businesses will soon be brought to the Executive, Finance Minister Conor Murphy has confirmed.

Currently all businesses in Northern Ireland have been granted a three month rates holiday, which has cost around £100m.

But the Executive has faced pressure from business leaders to extend the scheme in the hope of relieving the severe financial pressure being faced by many firms.

In England, all hospitality, retail, tourism and leisure businesses have been granted a 12 month rates holiday.

All parties in the Executive have voiced support for expanding rates relief, but there is differing views on how it should be implemented.

Speaking during the daily Stormont press conference on Thursday evening, Conor Murphy said that replicating the English model here would result in 60 per cent of firms from the north missing out.

He said a new targeted scheme will be developed with the help of Gareth Hetherington, director of the Ulster University Economic Policy Centre.

Mr Murphy said the economist is working with his department to analyse official data.

"Based on this work, I will soon be bringing proposals to the Executive for a targeted rates relief scheme," he said.

The Finance Minister confirmed that the existing £100m rates relief scheme is part of a total £510m coronavirus business support package in the north.

The bulk, some £370m, has been allocated for cash grants of £10,000 and £25,000 for small businesses.

Yesterday, Economy Minister Diane Dodds said £171m had already been paid out to 17,100 businesses for the smaller scheme. Around 27,000 are estimated to be eligible.

Ms Dodds also confirmed that 2,400 applications have been received for the larger grant for hospitality, retail, tourism and leisure businesses. Around 4,000 businesses qualify for that grant.

Small Business Rates Relief Northern Ireland

Propertymark has received information from the Land and Property Services about the measures available to support businesses and confirmation that the three months rates holiday applies to all businesses in Northern Ireland to support them at this unprecedented time.

The Executive has also provided a grant of £10,000 to all small businesses who are eligible for the Small Business Rate Relief Scheme, and a grant of £25,000 provided to companies in the hospitality, tourism and retail sectors with a rateable value from £15,001 up to £51,000.

Additional measures to assist businesses include:

Deferral of the issuing of all rate bills from April until June to help businesses with short-term cash flow.
Reduction in the Regional Rate multiplier for all businesses equating to a significant 18 per cent cut to the 2019/20 rate.
Extension of the Small Business Rate Relief scheme for the current financial year.

The schemes are administered by the Department for the Economy, with assistance from Land and Property Services. Added together they will provide around £370 million of assistance to businesses with the aim of helping their immediate cash flow pressures.

Land and Property Services

Propertymark has raised the importance of alternative additional support measures for the private rented sector. The Minister has said that the Executive is keeping the situation under close review and will consider what further support the Executive can provide. This includes continuing to work with the UK Government with a view to providing further measures to support businesses and protect jobs.

PROPERTYMARK WEBINAR

On Wednesday 22 April 2020 from 10:00 until 10:30, Daryl McIntosh - Propertymark's Strategic Development Manager, will provide an update on all the changes because of COVID-19 for agents in Northern Ireland.

SCOTLAND

Lifeline support for business confirmed

Support for the newly self-employed and firms suffering hardship to be paid in early May.

Economy Secretary Fiona Hyslop has confirmed that grant funding for the newly self-employed suffering hardship and SMEs in distress will be available in the coming days.

The £100 million fund to support the self-employed and SMEs announced last week will be broken into three separate funds as follows:

• £34 million Newly Self-Employed Hardship Fund, managed by Local Authorities, will be allocated to the newly self-employed facing hardship through £2,000 grants

• £20 million Creative, Tourism & Hospitality Enterprises Hardship Fund, managed by the Enterprise Agencies in partnership with Creative Scotland and VisitScotland for creative, tourism and hospitality companies not in receipt of business rates relief
• £45 million Pivotal Enterprise Resilience Fund, managed by the Enterprise Agencies for vulnerable SME firms who are vital to the local or national economic foundations of Scotland

The Scottish Government is also providing £1 million to top up Creative Scotland's Bridging Bursaries in the not-for-profit sector.

Speaking in parliament, Ms Hyslop also confirmed that the grant funding will be open for applications by the end of April, and that recipients will receive funds in early May.

She said:

"This funding is intended to relieve the hardship of individuals and smaller firms that are ineligible for support from the UK Government or are not in receipt yet of the funds they need to survive.

"Our hospitality, tourism and creative sectors have been decimated by this crisis and previously profitable businesses have seen demand dry up overnight.

"However, because of the decisions the Scottish Government has taken, thousands more self-employed people and small businesses will be able to benefit from support compared with elsewhere, and we have been able to help sectors of the economy that are not being supported in other parts of the UK.

"As well as dealing with this immediate crisis, we must look to the future. We must ensure that those businesses with a part to play in strengthening resilience in Scotland's economy survive this crisis and thrive in future, which is why £45 million is being allocated to those firms.

"We continue to engage with businesses on a regular basis to understand their needs and press the UK Government to deliver for them."

Background

The recently self-employed, who are excluded from the UK's scheme but suffering hardship, will be able to receive £2,000 grants. For creative, tourism and hospitality companies of up to 50 employees not receiving business rates relief, there will be rapid access £3,000 hardship grants or larger grants up to £25,000 where it can be demonstrated support is needed. The support and larger grants for pivotal SME enterprises will depend on the specific need of the enterprise and be developed by the relevant enterprise agency with wraparound business advice and support.

Thousands of Scottish pubs rush to lodge rates appeals amid virus fears

HOSPITALITY operators across Scotland are expected to lodge thousands of appeals against their bills for business rates after pubs, hotels, restaurants and other leisure venues were forced to close their doors because of coronavirus.

The extraordinary appeals will be submitted to ratings assessors on the basis businesses have seen a "material change in circumstances" as a result of social distancing measures introduced by government to halt the spread of Covid-19.

Prime Minister Boris Johnson effectively ordered pubs, cafes,theatres and leisure venues to shut their doors on Friday March 20, though social distancing measures had been in force since March 4.

Gary Louttit, head of hospitality and leisure at Shepherd Chartered Surveyors, said by around lunchtime yesterday his firm had been instructed to make 750 appeals, adding that he expected that number to "treble by the end of the day".

He said the new appeals are “above and beyond” those hospitality operators will already have made following the most recent revaluation of non-domestic properties in 2017, which sparked an outcry because of the hikes in bills it brought for pubs, hotels and restaurants around Scotland.

Noting that hospitality outlets are facing a “material change in circumstances”, he said the industry has seen a “total close down of everything… it is unheard of. “

He added: “We think the assessors should reflect this. It is an appeal in extenuating circumstances. This has never happened before, and is never likely to happen again.”

Mr Louttit said assessors are “fully aware” that a significant number of appeals are set to be lodged, revealing that he has “everyone [in the rating department] working on this” at Shepherd. However, he said not all surveyors are in the same position.

While he believes the number of appeals will run into the thousands, Mr Louttit said: “The only downside is the timing. A lot of surveyors are already on furlough.”

Mr Louttit is calling for the new appeals to be backdated to March 4, when the prospect of social distancing was first introduced by the UK Government.

He said: “That was when people starting to drift away from bars and restaurants. We think that appeals lodged on this basis have a very strong chance of success and would recommend that all commercial ratepayers give urgent consideration to instructing appeals to be submitted.”

According to Mr Louttit, appeals offer the hospitality sector the chance to “hit back” after being “battered” by the 2017 revaluation of non-domestic properties, which resulted in major rates increases for many pub, restaurant and hotel operators. Rates bills are calculated by multiplying a premises’ rateable value by a centrally-set figure called the poundage, which in Scotland will rise from 49p to 49.8p this month.

Mr Louttit said: “If your rateable value goes up from £25,000 to £50,000, it is a lot more difficult to make a living.”

The surge in appeals comes shortly after the Scottish Government unveiled a package of measures worth £2.2 billion to support businesses in Scotland during the Covid-19 crisis. The measures include a one-year holiday from business rates for the retail, hospitality and leisure sectors, and grants for small businesses.

Retail, hospitality and leisure businesses with a rateable value between £18,001 up to and including £50,999 will be able to apply for a one-off grant of £25,000, while a one-off grant of £10,000 will be available to small businesses which quality for the Small Business Bonus Scheme or rural relief.

Mr Louttit said: “Operators can only apply for one grant, even if they have multiple properties. Most of Scotland’s 32 councils now have links on their websites to allow for applications for these grants to be made and payments are to be made where appropriate within 10 working days. If operators are struggling to pay their non-domestic rates bill, they should contact their council. The situation is fast moving and may change. We are monitoring any changes made or proposed by the Scottish Government.”