



**Government Guidance on Business Support Schemes for Corona Virus – 27<sup>th</sup> April 2020**

Dear Client,

Now grant and loan money has been applied for/ received, **we can turn our attention to how we should use this money.** There are several points to consider:

**1. How long does it need to last?**

- The funding should cover the period of lock down and enable your business to start up and return to normal trading... or as close to normal as you can get!
- No one knows how long this will be, so we are suggesting client's budget for 6-8 months of reduced or no business.
- A key objective for you now is to minimise outgoings per period. This will stretch how long the money lasts. An important way of doing this is to speak to your suppliers about extending the period for payment. For example, paying your bill over three months, rather than all at the end of this month.

**2. What costs should I pay?**

- The government initially intended the money be used to cover your fixed costs. These are costs which cannot be varied in the short term, even if your business is not trading.
- Fixed Costs typically include:
  - Salaries
  - Bank loans
  - Telephone, broadband and mobile phone contracts
  - Insurance
  - Lease/ hire contracts (e.g. vehicles, office equipment, plant and machinery)
  - Standing charge on utilities
  - Rent & Rates

**3. Which costs should I prioritise?**

- Each business will differ, so you will need to decide which suppliers are most important to your business now, and in the medium term. We have prioritised an order based on what we typically see as largest to smallest expenditure for businesses. We also offer suggestions on an approach to each cost:

Priority	Cost	Suggestion
1	Salaries	<i>The government are offering to cover 80% of salaries through the <u>Job Retention Scheme</u>, so if you qualify, apply for this grant. If cash will not cover you until the money is received, discuss with each employee if there is any opportunity to pay them when the grant is received rather than the normal pay day. You may be surprised by how accommodating people can be.</i>
2	Rent & Rates	The <u>Business Rates Grant</u> was primarily for help here. Whether you have it or not, you can still talk to your landlord about payment holidays or reduced payments (e.g. make no

		payment for 3 months and then reduced payments until fully operational). If your landlord has a mortgage, they may well be receiving a 3 month payment holiday themselves and so pass on this benefit to you.
3	<b>Utilities</b>	Many utility companies are open to discussions on payment plans. Speak to your utility provider about your circumstances. Do not stop or reduce payments without speaking to them first. You don't want any fines, penalties or legal letters to deal with!
4	<b>Lease/Hire Contracts</b>	Similar to above, speak with your lender to see if there are any options to take a payment holiday or create a payment plan.
5	<b>Bank Loans</b>	Speak with your bank about your circumstance and see what help they can offer. It may be worth considering the <a href="#">Corona Virus Business Interruption Loan Scheme</a> . The government pays the interest on these loans for 12 months, so if you can swap to this scheme it may reduce your outgoings
6	<b>Insurance</b>	It may be a good time to review your level of cover and how much is actually needed. Speak to your broker/ insurance company to see if they can help. Some things to ask: <ul style="list-style-type: none"> <li>• It may be worth noting that some policies have business interruption cover. As yet, we are not aware of any who have paid out for this, but it won't harm to check.</li> <li>• Also, be aware of empty offices/ premises and any restrictions on your cover. Many have extended the period for which an office can be unattended.</li> </ul>
7	<b>Telephone &amp; Broadband</b>	Speak with your provider about your circumstances and see if they can help you with payment holidays, payment plans or reviewing your usage and moving to a different bundle package

If you would like to speak with us privately about your specific business circumstances or how to budget the money you have, please feel free to contact us.

Yours sincerely

