

Funding sources for businesses during the COVID-19 pandemic

3 Mar 2021 Source FSB

National grants and schemes available to small businesses and the self-employed during the COVID-19 pandemic, including updates and new funding announced in the Budget 2021.

What was announced in the Budget 2021?

In response to the Budget announced by the Chancellor of the Exchequer Rishi Sunak on 3 March 2021, FSB said "the Budget will help many with final push, but much more needed on employment costs and those overlooked".

[Read our full response here.](#)

- The furlough scheme will be extended until the end of September 2021. Employees will continue to receive 80%. As businesses reopen, they will be asked to contribute 10% in July, rising to 20% in August and September.
 - The Self-Employed Income Support Scheme will continue until September, with a fourth grant from February to April, and a fifth grant from May onwards. The fifth grant will be open from late July. Those whose turnover has fallen by 30% will continue to receive the 80% grant. For those whose turnover has fallen less than 30% will receive a 30% grant.
 - Newly self-employed that have filed a tax return can access the fourth and fifth SEISS grant.
 - Increases to the National Living Wage, which will rise to £8.91 for 23+ from April 2021.
 - Doubling of the employer apprentice incentive to £3,000 for any age apprentice.
 - A new restart grant fund of £5bn to help businesses reopen. For businesses reopening in April in England, grants of up to £6,000 per premises will be available. For hospitality, leisure and personal care businesses, this will be up to £18,000.
 - A £700m fund for arts, culture and sporting institutions to help them reopen.
 - A new recovery loan scheme. Businesses of any size can apply for loans from £25,000 to £10m through to the end of this year. The government will provide a guarantee to lenders of 80%.
 - The 100% business rates holiday will continue for the first three months of the year until the end of June. For the remaining nine months, they will be discounted by two-thirds, up to a value of £2m, with a lower cap for businesses who have been able to stay open.
 - 5% reduced rate of VAT extended until 30 September 2021. It will then be 12.5% for a further six months, returning the standard rate in April 2022.
 - Corporation tax will increase to 25% from April 2023. A Small Profits Rate of 19% for small businesses with profits of £50,000 or less.
 - A new Help to Grow initiative for small businesses will commence in the Autumn. This will provide opportunities to small businesses to allow them to access discounted software and advice as well as subsidised training in areas such as financial management and marketing.
 - Planned increases for alcohol duties will be frozen.
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This guide contains information regarding national grants and schemes available to small businesses and the self-employed.

Grants and funding are also available at local authority level to help support businesses through the COVID-19 crisis. To find out what help and support is available in your area, we strongly recommend you contact your local council.

This information is updated regularly and is correct to the date shown above. We always recommend checking with your Local Authority for sources of local funding in addition to those mentioned here.

FSB members should [log into their dashboard](#) to find details of their local FSB contacts, who can outline local support available.

Further sources of information:

Coronavirus Job Retention Scheme

Deadline: Extended until 30 September 2021

Available in: England, Scotland, Wales, Northern Ireland

“This much-needed furlough extension should be complemented by further measures to bring down employment costs,” said Mike Cherry, National Chairman of FSB. Read our full response here.

The Coronavirus Job Retention Scheme (CJRS) will now be in place until 30 September 2021. Read our **update to furlough** to learn more.

The Government will pay at least 80 per cent of employee wages up to a maximum of £2,500 a month. Employers will be required to pay the National Insurance and pension contributions for each employee.

From July 2021 employers will be asked to contribute 10% of the cost, rising to 20% in August and September 2021.

Self-Employment Income Support Scheme

Deadline: September 2021

Available in: England, Scotland, Wales, Northern Ireland

The Self-Employed Income Support Scheme has been extended to September 2021.

The grant extension will apply to the newly self-employed who have filed a tax return before midnight on 2 March 2021. Those whose turnover has fallen by 30% will continue to receive the 80% grant. Those whose turnover has fallen by less than 30% will receive a 30% grant.

Grant four: February to April 2021. [Applications will be open from late April.](#)

Grant five: From May onwards. The fifth grant will be open from late July.

Am I eligible?

The **Self-Employment Income Support Scheme** is open to those who are self-employed or a member of a partnership that has been adversely affected by coronavirus (COVID-19).

To claim you must:

- Be currently actively trading and intending to continue to trade but are impacted by reduced demand due to coronavirus
- Have been unable to trade due to the impact of coronavirus
- Reasonably believe there will be a significant reduction in your trading profits due to reduced demand or your inability to trade. If you're unsure, **the Government website outlines example scenarios.**

Limited companies or trusts cannot claim the grant. The Government has extensive advice on eligibility for the scheme which includes an **eligibility checker** on their **website**.

Coronavirus Bounce Back Loan

Deadline: 31 March 2021

Available in: England, Scotland, Wales, Northern Ireland

Businesses who have borrowed less than their maximum will be able to top-up their existing loan.

If you meet the following criteria:

- UK based business
- Negatively impacted by coronavirus
- Existed by 1 March 2020
- Not 'undertaking in difficulty' on 31 December 2019
- Have a tax return or business tax account

You may be eligible for the Bounce Back Loan Scheme, which allows SMEs to borrow between £2,000 and £50,000.

However, the following businesses are exempt:

- Insurer or re-insurer (but not insurance broker)
- Bank
- Public-sector body
- Grant-funded further education establishment
- State-funded primary and secondary school

Loans are capped at 25% of turnover, but there is no turnover limit. The government will guarantee 100% of the loan, with no fees or interest in the first 12 months. Loan terms will be up to 10 years, and no repayments will be due in the first 12 months. If you do decide to pay back in the first year, there is no penalty.

The Pay As You Grow scheme will extend repayments of the Bounce Back Loan.

On 8 February 2021, it was announced that the [Pay as You Grow repayment scheme now includes the option to delay all repayments for a further six months](#), with the option to pause repayments from the first repayment, rather than after six.

- Extended loan terms are estimated to halve the average monthly repayment
- Option to extend the length of the loan from six years to ten
- The option of interest-only repayments for six months, up to three times throughout the loan
- No impact on credit rating
- Option to pause repayments entirely for up to six months

Coronavirus Business Interruption Loan Scheme (CBILS)

Deadline: 31 March 2021

Available in: England, Scotland, Wales, Northern Ireland

[Read our guide on applying for a CBILS loan](#) and check the CBILS eligibility criteria before you apply online.

What is it?

- **A loan from £50,001 to £5 million, for businesses with 2 to 3 years of trading history.**
- Interest and fees will be covered by the government for the first 12 months.
- A decision typically in 24 hours from submission of relevant documents.
- Rates between 1.4% - 8.9% APR, no penalty for early repayment.

What you'll need:

- Last 2 years filed company accounts.
- Up to date management accounts.
- Last 3-6 months business bank statements.
- Clear purpose for the borrowing.

[FSB Funding Platform](#) is supporting FSB members in finding business finance from the UK's largest panel of funding providers, including CBILS loans.

Recovery loan

Deadline: 31 December 2021

Available in: England, Scotland, Wales, Northern Ireland

The recovery loan will replace the CBILS and CBBL schemes. Businesses of any size can apply for loans from £25,000 to £10m through to the end of this year. The Government will provide a guarantee to lenders of 80%.

[Applications will open from 6 April 2021](#)

VAT rate reduction

The reduced VAT rate of 5% will be extended until 30 September 2021. Following this, an interim rate of 12.5% will be in place for a further six months with the standard rate of 20% returning in April 2021.

[Check which businesses are eligible for the temporary reduced rate of VAT](#)

VAT Deferral Payments Scheme

Deadline: 21 June 2021

Available in: England, Scotland, Wales, Northern Ireland

If you deferred VAT payments between 20 March 2020 and 30 June 2020, you can either:

- [pay the deferred VAT in full](#), on or before **31 March 2021**
- pay over the course of 11 payments up until the end of March 2022. The [VAT deferral new payment scheme is now open](#) until **21 June 2021**.

You may be charged interest or a penalty if you do not:

- pay the deferred VAT in full by **31 March 2021**
- opt into the new payment scheme by **21 June 2021**
- agree to extra help to pay with HMRC by **30 June 2021**

To prepare for the scheme, you must:

- create your own Government Gateway account if you don't already have one
- submit any outstanding VAT returns from the last 4 years. You will not be able to join the scheme if you have not done so
- correct errors on your VAT returns as soon as possible. Corrections received after 31 December 2020 may not show in your deferred VAT balance

- make sure you know how much you owe, including the amount you originally deferred and how much you may have already paid
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Deferral of Self Assessment payments on account

Deadline: TBC

Available in: England, Scotland, Wales, Northern Ireland

Self-assessed income taxpayers can spread their outstanding tax payments over a 12-month period from January 2021. Payments deferred from July 2020, and those due in January 2021, will now not need to be paid until January 2022.

If you owe less than £10,000, you might be able to set up a [Time to Pay Arrangement](#) online. This lets you pay your Self Assessment tax bill in installments.

We will update this entry when further details are published.

Coronavirus Statutory Sick Pay Rebate Scheme

Deadline: Not yet announced

Available in: England, Scotland, Wales, Northern Ireland

If you're an employer, you may be able to use the [Coronavirus Statutory Sick Pay Rebate Scheme](#) to claim back employees' coronavirus-related Statutory Sick Pay (SSP).

The repayment will cover up to two weeks, starting from the first day of sickness due to COVID-19. The scheme can be used if you had a PAYE payroll scheme that was created and started on or before 28 February 2020, and you had fewer than 250 employees on 28 February 2020.

[Check if you are eligible.](#)

Local Restrictions Support Grant (LRSB)

Deadline: 31 March 2021

Available in: Check with your local authority

On **5 January 2021**, the Chancellor, Rishi Sunak announced [new lockdown grants](#) of up to £9,000 per property to support retail, hospitality and leisure businesses forced to close in England, as well as additional funds for devolved administrations. This is in addition to the Local Restrictions Support Grants. [This funding will be administered by Local Authorities.](#)

- £4,000 for businesses with a rateable value of £15,000 or under
- £6,000 for businesses with a rateable value between £15,000 and £51,000
- £9,000 for businesses with a rateable value of over £51,000

[Contact your local authority for further information.](#)

The Local Restrictions Support Grant (LRSB) supports businesses that were open as usual but were then required to close due to local lockdown restrictions imposed by the government as well as businesses that are still open but have been severely impacted by the lockdown. These grants are administered by local authorities.

For businesses who are closed due to restrictions: LRSB (Closed)

Businesses who have been required to close due to local or national restrictions may be entitled to LRSB (Closed). The grant will be based on the rateable value of the property on the first full day of restrictions.

- If your business has a property with a rateable value of £15,000 or less, you may be eligible for a cash grant of £667 for each 14 day period your business is closed.
- If your business has a property with a rateable value over £15,000 and less than £51,000, you may be eligible for a cash grant of £1,000 for each 14 day period your business is closed.
- If your business has a property with a rateable value of £51,000 or above, you may be eligible for a cash grant of £1,500 for each 14 day period your business is closed.

[Read the government guidance and eligibility criteria](#)

[Find your local authority and apply for the grant](#)

For businesses who are open but have been severely restricted due to local or national restrictions: LRSB (Open)

Businesses that have not had to close but which have been severely impacted due to local restrictions or national lockdowns may be eligible for LRSB (Open).

- If your business has a property with a rateable value of £15,000 or less, you may be eligible for a cash grant of up to £934 for each 28 day period.
- If your business has a property with a rateable value over £15,000 and less than £51,000, you may be eligible for a cash grant of up to £1,400 for each 28 day period.

- If your business has a property with a rateable value of £51,000 or above, you may be eligible for a cash grant of up to £2,100 for each 28 day period.

[Read the government guidance and eligibility criteria](#)

[Find your local authority and apply for the grant](#)

For businesses who have been unable to re-open since the national restrictions introduced in March 2020: LRSG (Sector)

This grant is only for those businesses which have not yet been permitted to re-open.

- If your business has a property with a rateable value of £15,000 or less, you may be eligible for a cash grant of £667 for each 14 day period your business is closed.
- If your business has a property with a rateable value over £15,000 and less than £51,000, you may be eligible for a cash grant of £1,000 for each 14 day period your business is closed.
- If your business has a property with a rateable value of £51,000 or above, you may be eligible for a cash grant of £1,500 for each 14 day period your business is closed.

[Read the government guidance and eligibility criteria](#)

[Find your local authority and apply for the grant](#)

Coronavirus Additional Restrictions Grant (ARG)

Deadline: To be confirmed

Available in: Check with your local authority

The Additional Restrictions Grant supports closed businesses that do not directly pay business rates as well as those businesses still trading but severely impacted.

Eligibility and funding levels are decided by local authorities, [contact your local authority](#) for more details of the scheme.

Other Discretionary Grants and Funding

Other business grants are being administered by local authorities - any queries should be addressed to them directly. All businesses can speak to their Local Authority about business rates payment deferrals.

You can [find contact details for your local authority](#) on the GOV.UK website.

Resources and links

UK wide

HMRC coronavirus helpline for businesses and the self-employed

Call: 0800 024 1222

Lines Open: Monday - Friday, 8am to 4pm

HMRC Time To Pay helpline:

Call: 0300 200 3835

Lines Open: Monday - Friday, 8am to 4pm

You can also use the dedicated [coronavirus business support finder](#).

England

The UK Government's [Department for Business, Energy and Industrial Strategy](#) has launched a dedicated business support helpline, where small business owners in England can get advice on how to minimise/cope with the impacts of coronavirus.

Call 0800 998 1098

Lines open Mon - Friday 9am - 6pm

Email enquiries@businesssupporthelpline.org

Sunderland City Council : Business Investment Team 0191 561 1194 (Make it Sunderland)

Source: Federation of Small Business