

Written 20 October 2020

C19 NEWSLETTER

INTRODUCTION

This week has seen more discord between national and regional government in England as the new three tier system has been introduced. Wales goes into a national lockdown for a “short, sharp circuit-break” on Friday, in which people will be told to stay at home in most circumstances and the hospitality and leisure sector closing. There are new restrictions in parts of central Scotland and four weeks of tighter rules announced for Northern Ireland. We can expect more of the same over the coming months.

THE LATEST INDICATORS FOR THE UK ECONOMY AND SOCIETY

The Office for National Statistics has announced its latest experimental data on the economy which shows nearly half (48%) of currently trading businesses reported that their turnover had decreased below what is normally expected for this time of year. This is not a surprise given the Pandemic.

See:

<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/bulletins/coronavirustheukeconomyandsocietyfasterindicators/15october2020#main-points>

So, if you are running a business and turnover is down, what should you be doing to ensure resilience?

Clearly we are living in tough times and it makes sense to take advantage of Government supports both directly such as the job retention and new support schemes, deferring tax and using bounce back loans. There are also grants available to help firms with Brexit changes for import and export administration.

We have helped many businesses apply and claim these supports and if you need any assistance please contact us.

Business planning for the unknown can be very difficult but there are some practical steps you can take to minimise potential disruption to your business:

1. Review your Budgets and set realistic and achievable targets for the remainder of 2020 and into the early part of 2021.
2. Get your employees involved in a discussion of likely trading conditions and get their input on reducing costs and maintaining revenues.
3. Use ‘bottom up’ budgeting where everyone in the business gives input on areas over which they have control – target a .110% cost saving.
4. Review and flow chart the main processes in your business (e.g. Sales processing, order fulfilment, shipping etc.) and challenge the need for each step.
5. Encourage team members to suggest ways to streamline and simplify processes (e.g. sit down and brainstorm about efficiencies and cost reduction).

6. Put extra effort into making sure your relationships with your customers are solid.
7. Review your list of products and services and eliminate those that are unprofitable or not core products/services.
8. Review efficiency of business processes and consider alternatives such as outsourcing certain activities locally or overseas.
9. Agree extended payment terms with all suppliers in advance.
10. Pull everyone together and explain the business strategy and get their buy-in.

Please talk to us about cash flow planning for the next six months, we can help with a template so you can do this yourself or work together to produce estimates for a variety of scenarios.

Six-month cash flow template						
If you receive cash or card for sales at the point of sale, this could help with estimating cash surplus / deficit for the next 3-6 months' time.						
	Cash estimates					
	March	April	May	June	July	August
	€	€	€	€	€	€
A Cash from sales	2500	1650	900	2500	5000	800
B Cash out to suppliers	350	750	800	150	1250	750
C Employee / owner costs	450	450	450	450	450	450
D Distribution and Marketing costs	125	125	125	125	125	125
E Heat light and similar Costs	75	75	75	75	75	75
F Rent and rates	750	750	750	750	750	750
G Other	50	50	50	25	25	25
H TOTAL COSTS (Add B to G)	1800	2200	2250	1575	2675	2175
Net Cash surplus or deficit (sales less costs) A less H	700	-550	-1350	925	2325	-1375
PUT THIS FIGURE IN SURPLUS / DEFICIT FLOW						
Bank Balance brought forward	0	700	150	-1200	-275	2050
Surplus (deficit)	700	-550	-1350	925	2325	-1375
Balance C/CF	700	150	-1200	-275	2050	675

LATEST NEWS ON GOVERNMENT SUPPORTS

Self-Employment Income Support Scheme (SEISS)

The service is now closed for the Self-Employment Income Support Scheme and you can no longer make a claim for the second grant.

There is a new online service to check the status of SEISS payments. Use this if you think the grant amount is too low or HMRC have asked you to update your details for your claim.

See: https://www.gov.uk/guidance/return-to-your-claim-for-the-self-employment-income-support-scheme?utm_source=7747f774-8e96-42c9-8d03-9d568882f7c4&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

Defer your Self- Assessment payment on account due to coronavirus (COVID-19)

This webpage allows you to check what you need to do after 31 July 2020 if you choose to defer your second payment on account for the 2019 to 2020 tax year.

You had the option to defer your second payment on account if you were:

- registered in the UK for Self-Assessment and
- finding it difficult to make that payment by 31 July 2020 due to the impact of coronavirus

You can still pay your deferred July 2020 payment on account any time up to 31 January 2021. There will be no interest or penalty as long as you pay in full by that date.

See: https://www.gov.uk/guidance/defer-your-self-assessment-payment-on-account-due-to-coronavirus-covid-19?utm_source=bd55d39b-8c82-4546-a69a-77addcd48318&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

Job Retention and Bonus Schemes

The Treasury has published its Direction in relation to the Coronavirus Job Retention Scheme and Job Retention Bonus Scheme. This is the first step in the Treasury instructing HMRC to be responsible for the payment and management of these schemes. We will issue further guidance to our clients once the details are known. The Job Retention Scheme will apply from 1 November and if your business intends to apply for this support, please contact us and we can estimate your claim in advance and help you make the claim to HMRC.

See: https://www.gov.uk/government/publications/treasury-direction-made-under-sections-71-and-76-of-the-coronavirus-act-2020?utm_source=74fd4163-db4c-4307-beac-011fae5c8d8f&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

Travel Corridors

The list of countries, territories and regions from where you can travel to England, and may not have to self-isolate, regularly changes. If you travel on business, keep your eye on this page. The list was updated on the 18th October and Crete was added to the list. Italy, San Marino and Vatican City State were removed from the list.

See: https://www.gov.uk/guidance/coronavirus-covid-19-travel-corridors?utm_source=777e353f-7e6e-4aff-9ea5-72d7d6bf4c41&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

Working Safely

These 14 guides cover a range of different types of work. Many businesses operate more than one type of workplace, such as an office, factory and fleet of vehicles. You may need to use more than one of these guides as you think through what you need to do to keep people safe. Priority actions are outlined at the top of each guide. The latest changes are guides for Performing Arts – updated guidance on thinking about risk (section 1) and managing performances (section 3).

See: https://www.gov.uk/guidance/working-safely-during-coronavirus-covid-19?utm_source=8b4c4153-af90-4f69-b636-a69939c53f43&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

Providing Apprenticeships

This document sets out guidance for apprentices, employers, training providers and assessment organisations in response to the impact of coronavirus (COVID-19). This has been updated to contain guidance for “Local outbreaks”

See: https://www.gov.uk/government/publications/coronavirus-covid-19-apprenticeship-programme-response?utm_source=8e4af947-ffd-4159-a518-40a23dea8ee2&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

