**BUSINESS UPDATE:COVID-19**

**Update No. 41 – 7th October 2020**

Good afternoon,

Welsh Government have been busy recently updating their support for Welsh businesses and the self-employed. In particular, it is worth taking note of their launch of Phase3 of Economic Resilience Fund, and also the Freelancer Support Scheme.

**Welsh Economic Resilience Fund(ERF3)**

* Welsh Government recently announced the launch of Phase 3 of their ERF. Applications for the Fund will open on 26th October and close mid-November
* The Fund will amount to £80m being made available to help Welsh businesses develop and secure the employment of their workforces, but as a condition will require a commitment from the applicant also. Some £20m will be allocated to supporting Tourism and Hospitality Businesses
* An additional £60m will be allocated to support businesses in areas that are subject to local lockdown restrictions.
* Business grants will be open to businesses of all sizes:-

 **#micro businesses( employing 1to9 people)** will be able to apply for up to £10k, on condition that they match- fund at least 10%

 **#SME’s(employing 10-249** **people)**will be able to apply for up to £150k, with the condition that small businesses match-fund at least 10%, and medium businesses at least 20%.

 **#large businesses(employing over 249 people)**will be able to apply for up to £200k, with the condition that they match-fund at least 50%.

* There will be an element of discretion to enable higher levels of support for micro-businesses and SME’s in the tourism and hospitality industry.
* Companies which have already received support through phases 1 and 2 of ERF, or non-domestic rate linked support, could also be eligible for Phase 3.
* Example projects will include cost for future development, digital investment ,new processes and systems, equipment, staff training, and improving facilities. However, there is a contradiction in the guidance from Business Wales, as the guidance states the grant can only be used for revenue expenditure. Some of the above expenditure could be classified as capital expenditure. – We have asked Business Wales to clarify this point.
* The grants available cover a wide range of support for businesses seeking to establish their future viability, and we recommend taking a look at Business Wales’ Eligibility Checker.
* It is our understanding from reviewing the examples that the grant will be limited to £2,500 per employee, including any new employees as part of the project. However the limit will also be increased an additional £1,000 for any new employees taken on because of the grant. – We have asked Business Wales to clarify this point.
* For more information please click HERE(<https://fundchecker.businesswales.gov.wales/erfphase3>) and for examples of potential suitable applications, please click HERE(<https://businesswales.gov.wales/erf-phase-3-investment-examples>)

**Wales Cultural Recovery Fund – Freelancer Support**

* The purpose of this Fund is to support Freelancers working in the cultural sectors and facing financial challenges in the period April 2020 to March 2021 as a result of COVID-19.
* A total of £7m is available to support freelancers across Wales, and will be targeted at freelancers who work in the four key areas of The Arts, Creative Indsutries, Arts and Heritage Events, and Culture and Heritage.
* A flat rate grant of £2500 is awarded to each successful applicant.
* If you have received funding from the UK Government Job Retention Scheme and/or the Self- Employed Income Support Scheme, you are still eligible to apply if you are still experiencing financial difficulties.
* The funding is being delivered by local authorities in Wales, and is in two Phases. The first Phase opened on 5th October, and has already been closed by some authorities. Those that remain open for applications at the time of writing( 12 noon on 7th Oct) are – Powys, Merthyr, Blaenau Gwent, Ceredigion, Torfaen, Wrexham, Monmouth, Denbigh, Bridgend, Conwy, Flint, Anglesey, and Pembrokeshire. **The Second phase is due to follow shortly**, and in view of the speed with which some areas closed their first Phase, we strongly recommend those wishing to apply to **register their interest with their relevant authority as soon as possible** as the authorities have discretion on the duration of the Fund.
* For more information and details on how to apply please access the Culture Recovery Fund Eligibility Checker on the Business Wales website and click HERE(<https://fundchecker.businesswales.gov.wales/culture>)

**Self-Employed Income Support Scheme(SEISS)**

* A number of issues have been highlighted following the announcement by the Chancellor of an extension to the Scheme, which is due to take effect on 1st November and run through to April 2021. As always, the devil is in the detail!
* There are two new conditions which have to be met in the qualifying period, namely:-

# claimants are actively trading and intend to continue to trade

#the trade is impacted by reduced demand due to the pandemic

* An interpretation of the first condition means that if you are not trading at all you will not be eligible to claim the third and fourth round of grants.
* The second condition requires the trade to be “impacted by reduced demand” rather than as previously “adversely affected by coronavirus” This places an emphasis upon a fall in the level of trade rather than other factors such as staff absences or increased costs.
* These two additional conditions mean that it should not be assumed, just because someone qualified for SEISS under a previous round, that they will necessarily qualify for future rounds.
* We are currently awaiting more detailed guidance from HMRC on a number of important points regarding the SEISS extension.
* In the meantime HMRC have issued further updated guidance on different circumstances affecting SEISS. For more information please click HERE(<https://www.gov.uk/guidance/how-different-circumstances-affect-the-self-employment-income-support-scheme>

**Job Retention Bonus(JRB)**

* HMRC have issue guidance on eligibility for the Job retention Bonus.
* The JRB is a one-off taxable payment to the employer for each eligible employee that you furloughed and kept in continuous employment until 31st January 2021
* The guide includes information on who can claim,employees you can claim for,minimum income, and how to claim.
* You will be able to claim between 15 February and 31st March 2021.
* Further guidance is due to be published soon, but for more information please click HERE(<https://www.gov.uk/guidance/check-if-you-can-claim-the-job-retention-bonus-from-15-february-2021>

Best regards,

Mitchell Meredith