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COVID 19 - Funds With Michael Weedon

About Michael Weedon

- Federation of Small Businesses' (FSB) policy representative for East Midlands and Chair of the organisation's National Retail and High Streets Policy Unit
- Deputy Chief Executive of the British Independent Retailers Association
- Runs a business researching and reporting on retail and high street issues - background in retail trade journalism and independent retail trade association management

Impact on small businesses

- It is not known how long the threat of COVID-19 will last.
 - Currently, more than 48,000 people have the virus and this number is rising rapidly.
 - With different types of business clients cancelling, cashflow is vital to keep the self-employed afloat with continued outgoings such as rent, wages, utilities, etc.
 - The Bank of England is freeing up business loan credit, particularly for small businesses, but a formal loan is not the same as a cash lifeline for business.
 - A cashflow crisis will have knock-on effects across the economy. Every small business that cannot pay another small business for a particular product or service will slow down the
- The FSB represents businesses across the economy and offers its members a wide range of business services including representation/voice in Government.
 - More than 99% of all businesses are small businesses.
 - There are 5.8 million small businesses and 4.8 million of those are self-employed businesses.

chain. If this happens, there must be cash releases through the banking system into the business economy.

- While cash still flows the economy continues to work. An example of this is panic buying – but people can only do this to their cash or credit limits.
- The longer this health crisis goes on the more likely mortgage payment holidays will be offered.

Small businesses and the government

- Government is keen to keep businesses functioning amid this crisis.
- In order to ascertain where the self-employed stand within the economy the Government relies on HMRC figures for employment vis-à-vis tax collections.
- Whether or not Government will issue an order for small businesses to suspend their operations remains to be seen as the legislation giving it further powers is being prepared.
- Businesses under the D1 category (i.e. health care) are not eligible for business rates relief.

Helicopter money could be used in times of financial crisis where central banks directly deposit money into its citizen's bank accounts to stimulate economies. (Investopedia, 2018)

- With Covid-19 crisis, one scenario could be that the government gives helicopter money and then recover it in taxes or those people who recovered best pay more percent, in theory.
- Since repayment is required, self-employed people have to stay in business and it helps if they do not have to make repayments quickly.
- Liquidity at the front of businesses through funds from central government is going to be a key element in keeping small businesses afloat.

If payments coming in to a business reduce, delaying payments on the outgoing side can help make cashflow less of a problem. Examples:

1. The Government can help businesses and individuals with their cashflow through the Time to Pay Arrangement with HMRC i.e. debt repayment plans for outstanding taxes. Companies can then ask for extra time to pay taxes, VAT etc.
2. Given the reluctance of financing institutions to loan money to those who may find the outbreak an excuse for non-performance under commercial contracts, guaranteed loans (i.e. government as the guarantor) would be one way of helping small economies to carry on working.
3. The government has temporarily removed the minimum income floor for Universal Credit to make it easier for people to apply for this type of help.

Employment Support Allowance (ESA)

- Claims for ESA are only available to the self-employed when they are sick, self-isolating due to health issues, and where the government orders their businesses to close and not accept clients to prevent the virus spread.
- ESA pays up to £73.10 a week if you are over 25; or up to £57.90 a week if you are under 25.

Opportunities for medical practices

- *Giving health advice:* This can be done via video-conferencing or telephone. While this is not a conventional way of operating as a manual therapist, it is worth exploring. It is not just about continuing to earn money but fulfilling our purpose of keeping people healthy, fit, and out of pain.
- *Business grants:* A £3,000 grant will be available to all small businesses that receive business rate relief. As long as central government gets the money to local authorities quickly, there should be no problem implementing this initiative. However, when this grant is going to be available remains undetermined.

FSB role amid the crisis

- *Provides information to businesses:* For information about the COVID-19 crisis go to fsb.org.uk. Access to the site is free and information on the site is updated every day.
- *Provides various support:* Insurance brokerage, legal advice, business advice (i.e. employment contracts), free banking with the co-op, etc.
 - As regards whether or not employers can ask their reception staff to take unpaid leave if their clinics have to close, they can ask for advice from FSB specifically about employment contracts.
- *Lobbies for better/faster communication infrastructure:* Fibre connectivity for business and individual/virtual face-to-face conversations, given the current travel restrictions.
- *Major campaign about mental health and small businesses:* Running a small business can be isolating and difficult. The value of keeping in contact with peers is key – learn more about what is happening to other people and how they are experiencing this.
- *Government lobbying:* Because the Government concentrates on areas of major public concern, there is a danger that less prominent areas get ignored. Small businesses should, therefore, talk to FSB so that the latter can bring their issues and concerns to the Government's attention.