

# INSIDER

FEBRUARY 2021

**M**orrell  
**M**iddleton

CHARTERED CERTIFIED  
ACCOUNTANTS

---

## HARDEST-HIT BUSINESSES OFFERED NEW GOVERNMENT GRANTS OF UP TO £9,000

**Businesses in the sectors hardest hit by COVID-19 can access new one-off grants to help them get through lockdown.**

The Treasury announced £4.6 million in additional support to help around 600,000 firms in England stay afloat until the spring.

Firstly, businesses in retail, hospitality and leisure sectors need to be closed due to the third national lockdown in England to qualify for the latest round of support.

How much they get depends on rateable values assigned to non-domestic properties, which local councils in England use to calculate business rates bills.

Businesses that usually operate in non-domestic properties with rateable values of more than £51,000 can get grants of £9,000.

Those with rateable values of between £15,000 and £51,000 stand to receive £6,000, while firms with values of less than £15,000 can get £4,000.

The money will be available from local authorities in England, while funds are also available to devolved administrations elsewhere in the UK.

Sunak said:

“This will help businesses to get through the months ahead – and crucially it will help sustain jobs, so workers can be ready to return when they are able to reopen.”

The British Chambers of Commerce welcomed the move as a good start, but warned the money “would not be enough to save many firms” as cashflow crises deepen.

**📞 Speak to us about cashflow.**

---

## PRE-CHRISTMAS FURLOUGH EXTENSION STEMS THE TIDE OF REDUNDANCIES

**Extending the furlough scheme until the end of April 2021 is showing evidence of minimising job losses, a report claims.**

The scheme offers employers 80% towards furloughed workers' wages, up to £2,500 a month, currently until 30 April 2021.

Employers still need to pay National Insurance contributions and workplace pension contributions on furloughed wages.

Chancellor Rishi Sunak said:

“Businesses place a premium on certainty, so it's right we enable them to plan ahead regardless of the path the virus takes. Extending this support provides certainty and clarity.”

Another extension to the furlough scheme might be announced in next month's Spring Budget, which will take place on 3 March 2021.

With 58 days between the Budget and the current end of the furlough scheme, employers have enough time to make informed decisions on redundancies.

If 100 staff or more are being made redundant, consultations must start at least 45 days before anyone loses their jobs. This falls to 30 days for 20 or more redundancies.

As such, the predicted tsunami of employers planning redundancies as the furlough scheme wound down was staved off towards the end of last year.

A Freedom of Information request obtained by the BBC from the Insolvency Service showed there were 36,700 redundancies planned in November 2020 – down from 156,000 in June 2020.

**📞 Talk to us about managing costs.**

---

## RECORD NUMBER OF SMALL BUSINESSES 'SET TO CLOSE FOR GOOD IN 2021'

**At least 250,000 small firms could permanently close this year, the Federation of Small Businesses (FSB) has warned.**

The FSB based its forecast on a survey of 1,401 small firms, 5% of which said they expect to go out of business this year.

If that percentage was to be applied to the UK's six million businesses, around 250,000 small firms could close for good over the next 12 months.

That 5% estimate did not reflect the threat of closure faced by businesses that had paused their operations, reduced headcounts or taken on debt.

During the three months to 31 December 2020, 23% of small firms polled had laid off staff, while a further 14% are planning to make more job cuts in the first three months of 2021.

At the same time, 49% of exporters expect international sales to decline, despite the UK securing a free-trade deal with the EU just before Christmas.

The FSB said that without further Government support to cope with the financial effects of COVID-19, many "viable" firms will go to the wall.

Mike Cherry, chairman at the FSB, said:

"The development of business support measures has not kept pace with intensifying restrictions.

"As a result, we risk losing hundreds of thousands of great, viable small businesses this year at huge cost to local communities and individual livelihoods.

"They were saying that [they planned to close this year] even before news of the latest national lockdown [in England] came through in early January 2021."

Cherry praised the support for the retail, hospitality and leisure industries, but said the small business community is far bigger than just these three sectors.

"Company directors, the newly self-employed, those in supply chains, and those without commercial premises are still being left out in the cold," he added.

The FSB said somewhere between 700,000 and 1.1 million company directors, who pay themselves in dividends rather than through payroll, are not receiving any support.

**📧 We can talk you through your options.**

---

## COVID-19 SEES RETAIL SALES SLUMP TO A 25-YEAR LOW IN 2020

**Retailers experienced their worst annual sales performance since records began, figures from the British Retail Consortium (BRC) show.**

While food sales grew by 5.4%, non-food sales declined by 5% over the same period resulting in an overall fall of 0.3% in 2020.

In a year dominated by the effects of COVID-19, the figures marked the worst annual decline since records began in 1995.

No Christmas miracle arrived either, with many high street retailers remaining temporarily closed due to local restrictions.

Helen Dickinson, chief executive at the BRC, said:

"Physical non-food stores, including all of non-essential retail, saw sales drop by a quarter compared with 2019.

"Christmas offered little respite for these retailers, as many shops were forced to shut during the peak trading period."

The rise in food sales was prompted by consumers using supermarkets and online grocers to stock up ahead of a third national lockdown in England.

Total retail sales rose by 1.8% in December as shoppers spent more in the run-up to Christmas.

Year-on-year sales for the month were up 4.8%, despite in-store shop takings being affected by restrictions and temporary closures around the country.

Online non-food sales shot up by 44.8% in December as most people did their Christmas shopping online.

But with the current restrictions ensuring non-essential shops remain closed for the foreseeable future, many retailers face an uncertain future.

Retailers can currently benefit from a 100% business rates discount on top of any existing business rates relief they might receive from their local authority.

However, this relief is due to expire on 31 March 2021 and the BRC is urging the Government to act swiftly.

"To avoid the unnecessary loss of shops and jobs, the Government should announce an extension to business rates relief for the worst-affected businesses as soon as possible," added Dickinson.

**📧 Get in touch for business planning advice.**