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# Weathering the storm: COVID-19 and your business

In relation to COVID-19, have you been asking yourself one of these questions?

- How is the UK Government going to help me?
- How do I support my team?
- How do I keep to my strategic goals but adapt to the changing economic landscape?
- Where can I save money and where should I be investing?
- Are there alternative ways of funding my business?
- How do I run the business when everyone is working remotely?
- Are there tools in the market that I can use to make remote working easier?
- Where should I be making cuts in my operating costs?

In this White Paper, Aurora Managing Partner, Sean Vickers provides his expert advice based on interactions with key industry players, active clients and external business bodies.

The aim is to provide some strategic clarity and guidance ensuring that rash decisions are mitigated, and strategic goals and targets are maintained even though the working environment is changing and highly challenging. This paper will discuss:

- What we know so far from the UK Government
  - Managing uncertainty in your business
  - Your culture
  - Your people
  - Running your business (Governance, Financing and Contracts)
  - Pivoting to digital
  - Tackling your finances and how to make your P&L and cashflow work for you
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# 01

## What we know so far from the UK Government (as at 22nd March 2020)

Source: [www.gov.uk](http://www.gov.uk)

The Chancellor has set out a package of temporary, timely and targeted measures to support public services, people and businesses through this period of disruption caused by COVID-19.

HM Treasury has announced a package of measures to support businesses and individuals affected by the coronavirus outbreak.

- a Coronavirus Job Retention Scheme
- deferring VAT and Income Tax payments
- a Statutory Sick Pay relief package for SMEs
- a 12-month business rates holiday for all retail, hospitality, leisure and nursery businesses in England
- small business grant funding of £10,000 for all business in receipt of small business rate relief or rural rate relief
- grant funding of £25,000 for retail, hospitality and leisure businesses with property with a rateable value between £15,000 and £51,000
- the Coronavirus Business Interruption Loan Scheme offering loans of up to £5 million for SMEs through the British Business Bank
- a new lending facility from the Bank of England to help support liquidity among larger firms, helping them bridge coronavirus disruption to their cash flows through loans
- the HMRC Time To Pay Scheme

# Job Retention Scheme

Government Job Retention Scheme

Under the Coronavirus Job Retention Scheme, all UK employers will be able to access support to continue paying part of their employees' salary for those employees that would otherwise have been laid off during this crisis.

Who is eligible?

All UK businesses are eligible.

What do you need to do?

You will need to:

- designate affected employees as 'furloughed workers,' and notify your employees of this change - changing the status of employees remains subject to existing employment law and, depending on the employment contract, may be subject to negotiation
- submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal (HMRC will set out further details on the information required)

HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month.

HMRC are working urgently to set up a system for reimbursement. Existing systems are not set up to facilitate payments to employers.

# VAT and Income Tax

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We will support businesses by deferring Valued Added Tax (VAT) payments for 3 months. If you're self-employed, Income Tax payments due in July 2020 under the Self-Assessment system will be deferred to January 2021.

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For VAT, the deferral will apply from 20 March 2020 until 30 June 2020.

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All UK businesses are eligible.

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This is an automatic offer with no applications required. Businesses will not need to make a VAT payment during this period. Taxpayers will be given until the end of the 2020 to 2021 tax year to pay any liabilities that have accumulated during the deferral period. VAT refunds and reclaims will be paid by the government as normal.

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For Income Tax Self-Assessment, payments due on the 31 July 2020 will be deferred until the 31 January 2021.

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If you are self-employed you are eligible.

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This is an automatic offer with no applications required. No penalties or interest for late payment will be charged in the deferral period.

HMRC have also scaled up their [Time to Pay](#) offer to all firms and individuals who are in temporary financial distress as a result of Covid-19 and have outstanding tax liabilities.

# Sick Pay

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We will bring forward legislation to allow small-and medium-sized businesses and employers to reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19. The eligibility criteria for the scheme will be as follows:

- this refund will cover up to 2 weeks' SSP per eligible employee who has been off work because of COVID-19
- employers with fewer than 250 employees will be eligible - the size of an employer will be determined by the number of people they employed as of 28 February 2020
- employers will be able to reclaim expenditure for any employee who has claimed SSP(according to the new eligibility criteria) as a result of COVID-19
- employers should maintain records of staff absences and payments of SSP, but employees will not need to provide a GP fit note. If evidence is required by an employer, those with symptoms of coronavirus can get an isolation note from [NHS 111 online](#) and those who live with someone that has symptoms can get a note from the [NHS website](#)
- eligible period for the scheme will commence the day after the regulations on the extension of SSP to those staying at home comes into force
- the government will work with employers over the coming months to set up the repayment mechanism for employers as soon as possible

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You are eligible for the scheme if:

- your business is UK based
- your business is a small or medium-sized and employs fewer than 250 employees as of 28 February 2020

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A rebate scheme is being developed. Further details will be provided in due course once the legalisation has passed.

# Business Rates

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We will introduce a business rates holiday for retail, hospitality and leisure businesses in England for the 2020 to 2021 tax year. Businesses that received the retail discount in the 2019 to 2020 tax year will be rebilled by their local authority as soon as possible.

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You are eligible for the business rates holiday if:

- your business is based in England
- your business is in the retail, hospitality and/or leisure sector
- Properties that will benefit from the relief will be occupied hereditaments that are wholly or mainly being used:
  - as shops, restaurants, cafes, drinking establishments, cinemas and live music venues
  - for assembly and leisure
  - as hotels, guest & boarding premises and self-catering accommodation

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There is no action for you. This will apply to your next council tax bill in April 2020. However, local authorities may have to reissue your bill automatically to exclude the business rate charge. They will do this as soon as possible.

# Cash Grants

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The Retail and Hospitality Grant Scheme provides businesses in the retail, hospitality and leisure sectors with a cash grant of up to £25,000 per property.

For businesses in these sectors with a rateable value of under £15,000, they will receive a grant of £10,000.

For businesses in these sectors with a rateable value of between £15,001 and £51,000, they will receive a grant of £25,000.

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You are eligible for the grant if:

- your business is based in England
- your business is in the retail, hospitality and/or leisure sector
- Properties that will benefit from the relief will be occupied hereditaments that are wholly or mainly being used:
  - as shops, restaurants, cafes, drinking establishments, cinemas and live music venues
  - for assembly and leisure
  - as hotels, guest and boarding premises and self-catering accommodation

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You do not need to do anything. Your local authority will write to you if you are eligible for this grant. Guidance for local authorities on the scheme will be provided shortly. Any enquiries on eligibility for, or provision of, the reliefs and grants should be directed to the relevant local authority.



# Nursery Business Rates

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We will introduce a business rates holiday for nurseries in England for the 2020 to 2021 tax year.

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You are eligible for the business rates holiday if:

- your business is based in England
- Properties that will benefit from the relief will be hereditaments:
- occupied by providers on Ofsted's Early Years Register
- wholly or mainly used for the provision of the Early Years Foundation Stage

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There is no action for you. This will apply to your next council tax bill in April 2020. However, local authorities may have to reissue your bill to exclude the business rate charge. They will do this as soon as possible.

# Pay Little or No Business Rates?

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The government will provide additional Small Business Grant Scheme funding for local authorities to support small businesses that already pay little or no business rates because of small business rate relief (SBBR), rural rate relief (RRR) and tapered relief. This will provide a one-off grant of £10,000 to eligible businesses to help meet their ongoing business costs.

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You are eligible if:

- your business is based in England
- you are a small business and already receive SBBR and/or RRR
- you are a business that occupies property

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You do not need to do anything. Your local authority will write to you if you are eligible for this grant. Guidance for local authorities on the scheme will be provided shortly. Any enquiries on eligibility for, or provision of, the reliefs and grants should be directed to the relevant local authority.

# Business Interruption Loan

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A new temporary Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank, will launch early next week to support primarily small and medium-sized businesses to access bank lending and overdrafts.

The government will provide lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs. The government will not charge businesses or banks for this guarantee, and the Scheme will support loans of up to £5 million in value.

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You are eligible for the scheme if:

- your business is UK based, with turnover of no more than £45 million per year
- your business meets the other British Business Bank eligibility criteria

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The full rules of the Scheme and the list of accredited lenders is available on the British Business Bank website. All the major banks will offer the Scheme once it has launched. There are 40 accredited providers in all.

You should talk to your bank or finance provider (not the British Business Bank) as soon as possible and discuss your business plan with them. This will help your finance provider to act quickly once the Scheme has launched. If you have an existing loan with monthly repayments you may want to ask for a repayment holiday to help with cash flow.

The scheme will be available from early next week commencing 23 March.

# Corporate Financing Facility for larger firms

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Under the new Covid-19 Corporate Financing Facility, the Bank of England will buy short term debt from larger companies. This will support your company if it has been affected by a short-term funding squeeze, and allow you to finance your short-term liabilities. It will also support corporate finance markets overall and ease the supply of credit to all firms.

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All UK businesses are eligible.

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The scheme will be available early in the week beginning 23 March 2020.

The Government will provide information on how to access the scheme shortly.

# Tax 'Time to Pay' Service

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All businesses and self-employed people in financial distress, and with outstanding tax liabilities, may be eligible to receive support with their tax affairs through HMRC's Time To Pay service. These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities.

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You are eligible if your business:

- pays tax to the UK government
- has outstanding tax liabilities

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If you have missed a tax payment or you might miss your next payment due to COVID-19, please call HMRC's dedicated helpline: 0800 0159 559. If you're worried about a future payment, please call nearer the time.

# Insurance

Businesses that have cover for both pandemics and government-ordered closure should be covered, as the government and insurance industry confirmed on 17 March 2020 that advice to avoid pubs, theatres etc is sufficient to make a claim as long as all other terms and conditions are met.

Insurance policies differ significantly, so businesses are encouraged to check the terms and conditions of their specific policy and contact their providers. Most businesses are unlikely to be covered, as standard business interruption insurance policies are dependent on damage to property and will exclude pandemics.

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# 02

So now we have the core facts from the UK Government, let's kick off with the big stuff that underpins almost everything in relation to COVID-19:

## 01 Uncertainty

What is clear for me from talking to my clients is that when businesses are impacted by these life events the natural first step is to think about the worst-case scenario and try to mitigate that position.

That's not necessarily a bad thing to do however I believe the first step before executing on tactical actions is to go back and review your strategic framework.

A good strategic framework provides focus by limiting the number of directions the organization runs. Nothing beats strategic clarity and focus.

Unfortunately, conventional wisdom has a sting in its tail with often unintended consequences when you follow the rules but ignore the heartbeat of your business.

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- Obsessing about growth
- Being a perfectionist, about everything
- Constantly reorganising
- Cutting costs, everywhere
- Listening hard and acting fast

I've drawn a box around the examples which I've been hearing the most at the moment from across multiple industries in relation to COVID-19.

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- Commit to who you are as a company
- *Df]cf]hgY* those big strategic plans and weave them into your day to day activities
- Ensure your fantastic work culture is put to work even though it will feel strained by COVID19
- Be strategic about those operational costs, cutting where needed *Vi h]bj Yg]b[* ..

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Your **VISION** serves as the framework for your roadmap and guides every aspect of your business by describing what we need to accomplish in order to continue achieving sustainable,

Your roadmap starts with our **MISSION**, which is enduring. It declares our purpose as a company and serves as the standard against which we weigh our actions and

The next step is to develop the specific **OBJECTIVES** that are focused on achieving that mission. Objectives are the specific measurable results of the initiative.



## 02 Your Company Culture

Culture is one of those words that means different things to different people. For me it's the spirit of an organisation, it's quirks and personality that make it special and unique. At no times in recent years will your company culture have been put under more strain than in the ongoing COV19 crisis.

I did a straw poll recently with a group of our clients and asked them to document what they believed Culture to mean for them. Here's what they said:



Why is it so important though? Company culture isn't a new thing....it hasn't just been invented. Every company has a spirit and personality. What's important, as I mentioned above, is that you ensure your fantastic work culture is put to work.

What is critical now as a leader and entrepreneur is that you allow your culture to be sword and shield. Your teams will most likely be working remotely and may feel disjointed. Use your culture and the raft of digital tools in the market to ensure that the spirit and personality of your organisation thrives.

We'll talk about digital tools a little later but one point I want to touch on is the expectations of your team. Part of their expectations from senior management is to nurture and protect the company culture. I'm sure as you started reading this piece that wasn't high on your agenda, but I guarantee that culture is one of the most critical tools you have in ensuring your business continues to be a success in these trying times.

# 03 Your Team

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Right now your team are probably working remotely, may feel disjointed, worried, anxious. What is important for you as a leader to consider the top five or six critical people expectations and ensure you deliver on them to mitigate the feelings your team have today.

Remember, without the right people, your company will never reach its potential and won't be able to hit the peaks you would like it to reach. Events like COVID19 allow you to demonstrate how important your team members are.

More broadly, we've thought about people expectations... they're expectations from the workplace and their expectations from the senior people in your organisation, including you.

Over the years I have heard numerous times that someone has left an organisation because of compensation. If you think about money as one variable amongst a possible 14 however, it usually draws into sharp focus that there are most likely other variables at play that have influenced a move elsewhere.

Here's the big 14. Through the lens of COVID19, I would focus on Mobility and Compensation on the left and Leadership, Culture and Staffing on the right.

## EXPECTATIONS FROM THE WORKPLACE

## EXPECTATIONS FROM SENIOR MANAGEMENT



## 04 Governance Running your business (Governance, Financing and Contracts)

In everyday life, Governance is key in making sure you run a well organised business, structured from the top, from Managing Directors to working groups. Now imagine how important it is when your business is operating in a highly punitive environment caused by the COVID19 virus. It's essential for a company to have clear governance in order to achieve its objectives and drive improvement, as well as maintain legal and ethical standing in the eyes of regulators and the wider community.

Ask yourself...

- Do you have a clear governance structure in place?
- Do you have a clear governance structure in place?

If the answers to these are 'yes' and you don't have strong, ethical oversight of your company's performance and its desire towards risk, you may need to investigate your governance. From organisational design, through reporting structures and oversight, right to performance incentives and leadership development, you need to ensure every step is covered.

What are the key risks to your business?

A critical event like COVID19 requires you to step up and thrive in an environment that wants you to fail.

If your board or c-suite do not have a frequent session in the diary, fully documented with a standing agenda with supporting risks and issue log, create it today. In fact, put it in the diary now.

Next, how are you managing your teams? Do you have fixed one-to-ones with your direct reports? Do they know what the overall strategic direction is and how to help you meet those critical goals? No? Again, put these sessions in the diary today.

## 05 Pivoting to digital - Online Platforms and marketing tools

How you market your business can be a make or break factor in your journey to success. Today a raft of tools used by sales and marketing have been grounded driven by the fact that they require face to face human interaction. Gone are focus groups, roundtables, fire-side chats, auditorium presentations and Expos. To succeed now is to be creative and to pivot towards digital tooling. It is crucial that you are at the forefront of your customers' minds and that you stand out from the competition.

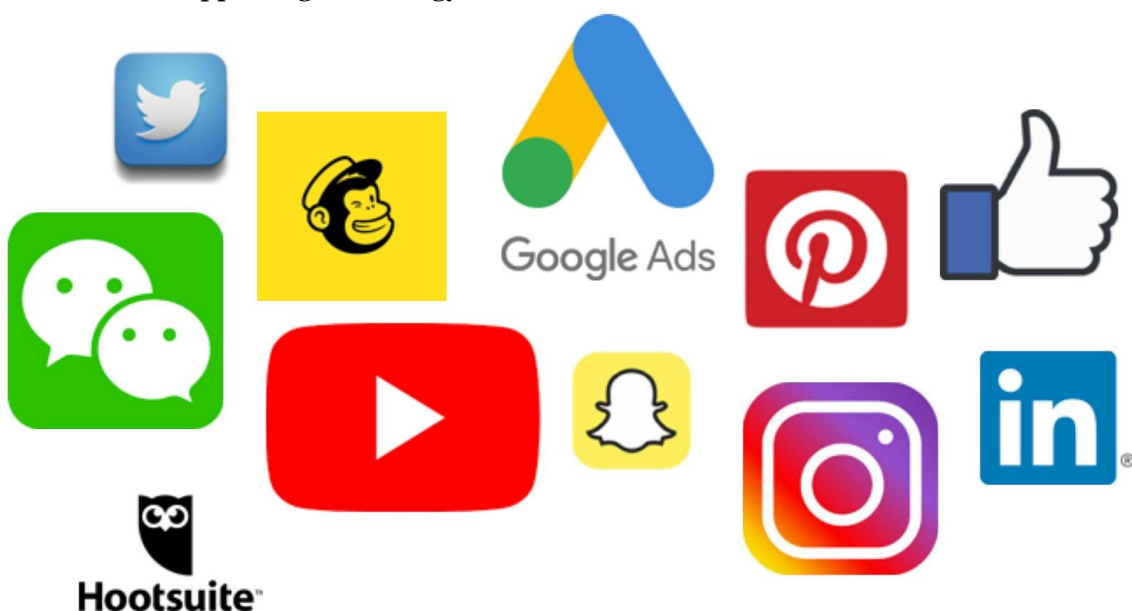
To pivot your already strong marketing strategy, the first thing you need to be sure of is that you're familiar with what your brand stands for, the services you offer and the value to your customers. Without this, your brand will lose its authenticity.

Next, consider which digital tools are right for you to maximise exposure and send you on your way to success.

- Can you undertake a virtual webinar or conference?
- Can you launch a series of videos talking to your products and services?
- Can your social media tools step up to drive further awareness giving more people are staring at their screens than ever before?

Building a powerful marketing strategy that engages your target market using advertising tools that are right for your business to build a full brand, marketing and social media map.

There's a raft of tools out there to help promote your business and drive awareness of your brand, however, depending on your customer they may not all be right to deliver your message. Think about whether you're a B2B organisation or a B2C organisation.... once you're clear, selecting from the tools and supporting technology below becomes easier:



## 06 Tackling your finances and how to make your P&L and cashflow work for you

As a first step I want you to track down your latest annual Report and Accounts and get highly familiar with it.

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You know your business and you know your clients. As a first step look at the contractuals you have in place with regards to recurring business. How does that look? Next take a look at project-specific turnover... could any of these projects be put under jeopardy because of COVID19? If so, it may be worth undertaking some high level, and honest, forecasting that shows your revenue landscape for the next 3 to 6 months.

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The government has already released information regarding direct support for employees on PAYE which should generate some level of comfort. That said getting familiar with your headcount costs is going to put you in a good position when it comes to applying for Grants.

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This is an interesting one but certainly worth investigating. Should you have to downsize, could you? Do you have a break-clause in your contract allowing you to pivot and reduce operational costs? Are you part of a 'we-work' style building and if so, what is their policy regarding closures/rent breaks etc. Premises, like employee costs, are a huge part of a companies' expenditure so one that requires some laser-like focus.

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Given the lockdown across the board you should see some savings across your travel and client entertainment accounts. My advice would be to plow these funds into the digital tooling as discussed earlier which will help both your company culture and governance.

Connected to the point above you're probably going to see your IT line grow however this is about repurposing funds from parts of your business that do not require them at present. Be selective and do your research – work out first what your business needs and then look for the solutions, and not the common mistake of acquiring a new digital tool then trying to get your business to pivot to it.

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The government has talked in detail with regards to 12-month interest free loans which of course is an option, however at the end of the day this is still a loan against your business.

Other considerations could be Factoring or Invoice Financing. Here you can monetise your invoice book and then repay (with a small lending fee) once you get paid. In the past this has been the realm of the large banks however there are new FinTechs in the market like Sonovate that can integrate with your accounting software like Xero and don't charge for any services until you use them.

Each business is unique and the effects of COV1D19 will impact companies in different ways. What I want you to consider across the topics in this paper is maintaining structure, rationality and keeping a level head.

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# 03

From strategic business guidance and writing your first business plan, to executive coaching and mentoring: The Aurora team are by your side to help you and your business succeed.

Aurora has a proven track record of helping businesses of all sizes, from global banks to start-ups. We are passionate about helping our customers across our three disciplines; strategy, design and execution.

## 01 Strategy

Helping businesses shape their strategic vision. We'll help and challenge you to define your future – mission, objectives, values, culture and operational leadership.

## 02 Design

Guiding businesses in analysing, designing and optimising their operating landscape. Designing solutions for operating models, processes, technology, propositions and product offerings.

## 03 Execution

Delivering change across technology, process, people and operations, applying rigorous governance, planning and structure.

