

# COVID-19 LOCKDOWN RECOVERY PINCH POINTS: A TURNAROUND ROADMAP FOR SMEs

The Institute for Turnaround (The IFT) is the UK's leading membership organisation for accredited turnaround experts. The IFT brings together independent professionals, bankers, investors and advisers to evolve the profession and respond to new challenges and trends.

The IFT defines turnaround as the sustainable return to viability of an underperforming business or organisation. The skills of IFT members provide immediate viability and confidence to businesses and stakeholders, and are critical in **avoiding unnecessary insolvencies**. In 2019, it was estimated that IFT members and corporate partners saved more than **200,000 jobs** and **protected £2 billion in enterprise value**.

This roadmap shows the critical points ahead for SMEs recovering from COVID-19 lockdown. We advise that as a first step, businesses create a **12-18 month cash-flow forecast**. Most banks typically ask for three month forecasts, however, this is too short term if you are deferring all your payments. The longer forecast takes into consideration the repayment of all deferrals.

Since the easing of lockdown restrictions in June 2020, a number of measures impacting SMEs have already taken effect. As of 30 June, VAT payments were expected as normal. VAT could be deferred from 20 March – 30 June 2020. From 1 July, a number of changes were introduced to the Job Retention Scheme (JRS). Furloughed staff were allowed to be taken back on to work part-time and employers were expected to pay National Insurance (NI) payments and pension contributions.



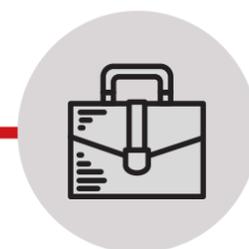
## **30 SEPTEMBER** **Coronavirus Business** **Interruption Loan Scheme** **(CBILS) Application Deadline**

CBILS are loans for up to £5m. These loans are available for up to six years with no interest, charges or repayments for the first 12 months. You can repay early without paying a fee.



## **1 SEPTEMBER** **Changes to JRS**

Employers must pay 10% of furloughed staff wages in addition to NI payments and pension contributions, meaning that employers can only claim 70% of furloughed wages through the JRS.



## **1 OCTOBER** **Changes to JRS**

Employers must pay 20% of furloughed staff wages in addition to NI payments and pension contributions, meaning that employers can only claim 60% of furloughed wages through the JRS.



## **31 OCTOBER** **JRS ENDS**

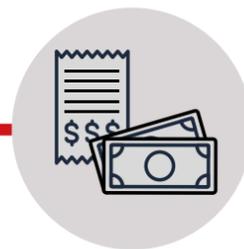
The scheme ends. Employers can no longer claim employees wages.



**4 NOVEMBER**

**Bounce Back Loan Scheme (BBLs) Application Deadline**

BBLs are loans for up to £50,000. These loans are available for up to six years with no interest, charges or repayments for the first 12 months. You can repay early without paying a fee.



**4 NOVEMBER**

**TRANSFER OF LOANS to BBLs**

This is the final date to transfer loans of up to £50,000 from either CBILs, CLBILs or COVID-19 Corporate Financing Facility to the BBLs.

2021



**JANUARY 2021**

**Self Assessment Deferral Ends**

July 2020 tax payments are now due.



**MARCH**

**Business Rate Relief at 100% Ends**

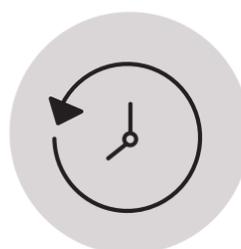
In response to the pandemic, the Business Rate Relief discount was increased to 100% and extended to include the leisure and hospitality sectors. Payments are now expected as normal.



**MARCH**

**12 month Cash-flow Forecast**

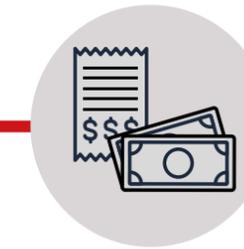
March 2021 is 12 months from the start of the UK COVID-19 lockdown. We had advised businesses create a 12-18 month cash-flow forecast. Depending on your forecast start date, these will need to be updated to at least March 2021 and preferably beyond.



**31 MARCH**

**Deferred VAT Payments Due**

Any VAT payments that were deferred during the period of 20 March – 30 June 2020 must now be paid back.



**4 MAY**

**BBLs Repayments**

Businesses that took out a BBLs once the scheme opened on 4 May 2020 will now have to start repaying their loans. Interest will now also be charged at 2.5% a year.