

COVID-19 ECONOMIC RESILIENCE FUND

Q&A BRIEF

What is the fund?

- The Covid-19 Economic Resilience Fund (ERF) announced by the First Minister on 30 March 2020 compliments other support measures for the Welsh economy, providing support to businesses and charities experiencing a sharp drop in trading as a result of Covid-19 pandemic. In total this represents a £1.7bn investment in the economy equivalent to 2.5% GDP in Wales
- This Q+A is specific to the £500m ERF. The fund is comprised of £100m loan finance being made available through the Development Bank of Wales (now fully committed) and £400m grant funding directly from the Welsh Government. The first tranche of grant funding being launched now is £200m.

What other support is available?

- In addition to this fund, the Welsh Government has announced a £1.2bn package of rates support and grant - including one-year business rate relief for retail, leisure and hospitality businesses with a rateable value of £500k or less.
<https://businesswales.gov.wales/business-rates-relief>
- The Welsh Government's support compliments other support interventions being made available by the UK Government in Wales – including:
 - A Coronavirus Job Retention Scheme: 80% of furloughed employees' usual monthly wage costs, up to £2,500 per month
 - Support in respect of sick pay to employees
 - A Coronavirus Business Interruption Loan Scheme through the British Business Bank, updated to meet expectation on the 2 April.
 - Support in respect of tax through a Time to Pay service
 - A grant to self-employed individuals or partnerships worth 80% of profits up to £2,500 per month
 - A £750m support package for the third sector announced by the Chancellor on April 8

<https://businesswales.gov.wales/coronavirus-advice>

Why isn't all of the £400m grant funding being made available now?

- The pressures being faced by businesses will continue over a period of time and it is important for us to be able to provide ongoing support. Holding £200m for release in a second tranche will provide us with an opportunity to review the effectiveness of the first tranche and then make any adjustments considered appropriate for the second tranche in order to ensure that the best possible use of this large amount of public money.

Why has the fund been put in place?

- Many businesses/organisations are facing immediate cashflow pressures because of a collapse in turnover. Support measures announced to date cover many cost pressures, but there is a clear need for further support to sustain businesses across Wales. Offering direct funding support to businesses aims to maintain employment levels and businesses as well as adding to efforts to stabilise the economy.

Which organisations will the fund support?

- The fund will offer support to businesses of all sizes which employ staff, including social enterprises and charitable organisations. However, we have over 265,000 enterprises in Wales so we know that we cannot support all, so the fund will be targeted towards as many as possible focussing on those that support the fabric and strategic objectives of the Welsh economy, which are experiencing significant cashflow pressures not addressed by other support being offered by the banks, UK Government and Welsh Government.

What is included in the eligibility criteria?

- Criteria to be satisfied by businesses/organisations applying for the initial £200m grant funding will include demonstration of a very significant reduction in turnover, VAT registration, being an employer in Wales and having made own efforts to trade out of the crisis. The funding will not duplicate the business rate relief support or any other form of Welsh Government Covid-19 related non-repayable funding support.
- Full criteria can be found at the following links
 - English - <https://fundchecker.businesswales.gov.wales/>
 - Welsh - <https://fundchecker.businesswales.gov.wales/cy>

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