

UK GOVERNMENT FINANCIAL MEASURES IN RESPONSE TO COVID-19 BRIEFING DOCUMENT FOR CHURCH OF ENGLAND INSTITUTIONS

Overview

The UK Government has set out a package of support for businesses (including charities) through the period of disruption caused by Covid-19, including:

- A. [Coronavirus Job Retention Scheme](#)
- B. [Deferring VAT payments](#)
- C. [Statutory Sick Pay relief for Small and Medium sized businesses](#)
- D. [Business rates holiday for all retail, hospitality, leisure and nursery businesses in England](#)
- E. [The Retail and Hospitality Grant Fund](#)
- F. [The Small Businesses Grant Fund](#)
- G. [Coronavirus Business Interruption Loan Scheme](#)
- H. [HMRC Time To Pay Scheme](#)

In addition, other support schemes have been announced by other bodies, including:

- I. [Big Society Capital - emergency loan fund](#)

Details of each scheme can be found in the following pages. In addition, the Government and other bodies have issued guidance on a number of other issues including support for the self-employed and for charities. These are addressed in the Appendices:

- Appendix 1 [Support for the Self-Employed](#)
Appendix 2 [Support for Charities](#)
Appendix 3 [Other matters](#)

Finally, please note that we and other charities are in discussions with the Government on a number of issues. Specifically, the Department for Digital, Culture, Media and Sport (“DCMS”) Select Committee promised on 31 March to investigate the following issues:

- furloughed staff being allowed to volunteer back.
- business loans extending to charities who don’t substantially trade.
- trading while insolvent and delaying filing.

The latest Government guidance re relief and support in relation to COVID-19 can be found here:

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19> .

This version of the Briefing Document is prepared from the available information as at 3 April 2020. Please take further advice from your professional advisors, HMRC, your local authority or other relevant body to check how these measures might impact your institution.

A CORONAVIRUS JOB RETENTION SCHEME (“CJRS”)

Overview

Under the CJRS, 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. HMRC will reimburse 80% of furloughed workers’ wage costs, up to a cap of £2,500 per month. HMRC are working to set up a system for reimbursement. The Scheme is only to run for an initial 3 months from 1 March 2020, although the government have indicated it will be extended if necessary.

Eligibility

All UK employers (including Charities) who had a PAYE payroll in operation on 28 February 2020 are eligible. Furloughed employees must have been on the PAYE payroll on 28 February 2020, and can be on any type of contract, including:

- full-time employees;
- part-time employees;
- employees on agency contracts; and
- employees on flexible or zero-hour contracts

The scheme also covers employees who were made redundant since 28 February 2020, if they are rehired by their employer.

Applicability for Church of England

Wide applicability. Likely to be relevant to the NCIs, Dioceses, Cathedrals, Bishops’ Offices, Churches with staff (they need to be on payroll and not casual staff eg cleaners), Church Charities.

Restrictions

To be eligible for the subsidy, when on furlough, an employee can not undertake work for or on behalf of the organisation. This includes volunteering for that organisation although the Government are considering this point further in respect of charities.

If an employee is working, but on reduced hours, or for reduced pay, they will not be eligible for this scheme and you will have to continue paying the employee.

Implementation of the Scheme

Government advice on this is being continually updated. The Scheme is not yet up and running and it will take some time before employers are reimbursed. The understanding is that an employer needs to do the following:

- to designate affected employees as ‘furloughed workers’ and notify the employees of this change (the precise mechanism will depend on the wording of the relevant employment contracts); and
- submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal which HMRC will establish. It is expected that the portal will be up and running by the end of April.

Points for noting

As stated above the guidance on this scheme is continually being updated. The latest guidance re how and what employers can claim can be found here:

<https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>.

The following points are worth noting.

- Employers will be able to choose whether to pay the remaining 20% of a furloughed employee’s salary themselves, or only to pay the employee on furlough the 80% salary which will be reimbursed by the government.
- There is no mention of any restriction re assets etc. of an employer in order to be eligible for the JRS. If any employer now has employees who would otherwise be made redundant as there is no work for them, those employees can be furloughed and the CJRS grant claimed in respect of those employees.
- The lower of 80% of salary or £2,500 that will be met by HMRC excludes Employer NICs and employer auto enrolment pension contributions, which will also be met by the government under the scheme.
- Employers continue to pay their payroll as normal (at reduced rate of 80% for those furloughed unless they have chosen to top it up) and then submit a claim for reimbursement for the furloughed employees’ salaries. Once a claim has been made, HMRC will check it is eligible and then pay the CJRS grant due to the relevant employer directly into the employer’s UK bank account via BACS.
- Employees on furlough continue to be employees and accrue all employment rights, such as holiday, parental leave, Statutory Sick Pay, and redundancy entitlements.
- The minimum period of furlough for which HMRC will pay a grant is 3 weeks.

- The process for identifying and agreeing which employees will be furloughed must follow employment law requirements and must comply with the Equality Act and other anti-discrimination law. Employees must be informed in writing and the new contract terms agreed. Records must be retained in case they are requested by HMRC when undertaking an audit in the future.

B SUPPORT FOR BUSINESSES THROUGH DEFERRING VAT PAYMENTS

Overview

All UK businesses can defer Valued Added Tax (“VAT”) payments for 3 months. The deferral will apply from 20 March 2020 until 30 June 2020.

Eligibility

All UK VAT registered businesses (incl Charities) are eligible.

Applicability for Church of England:

Wide applicability. Likely to be relevant to the NCIs, Dioceses, Cathedrals, Bishops’ Offices, Large Churches, and Church Charities.

Implementation of the Scheme

This Scheme is of general application and nothing specific needs to be done by any organisation. The deferral scheme will operate as follows:

- The deferment covers UK VAT registered businesses in relation to payments which fall due on or before 30 June;
- It applies to payments on account as well as payments due with VAT returns;
- Any VAT payment deferred needs to be made by 31 March 2021; and
- It does not apply to VAT paid to HMRC under the mini-one stop shop.

Points for noting

- This does not affect the charging of VAT on goods and services. VAT should be added as normal to all invoices etc.
- Likewise, this does not affect the payment of VAT on goods and services and all invoices etc. should be paid as usual including the VAT.
- This is only a deferral of amounts due, ie it is only a cash flow relief. Any VAT payable to HMRC before 30 June 2020 remains due and payable and must be paid to HMRC by 31 March 2021.
- This does not affect the submission of VAT Returns. These should be prepared and submitted as usual.

C SUPPORT FOR SMALLER BUSINESSES WHO ARE PAYING SICK PAY TO EMPLOYEES

Overview

Small and medium-sized businesses and employers will be able to reclaim Statutory Sick Pay (“SSP”) paid for sickness absence due to COVID-19.

Eligibility

UK based businesses which employed fewer than 250 employees as at 28 Feb 2020.

Applicability for Church of England

Wide applicability. Some institutions, eg the NCIs and large Dioceses may not be eligible, but it is likely to be relevant to Dioceses, Cathedrals, Bishops’ Offices, Churches with staff (they need to be on payroll and not casual staff eg cleaners), and Church Charities.

Implementation of the Scheme

The Scheme has not yet been implemented. The Government has stated that a rebate scheme is being developed and that further details will be provided in due course once the legislation has passed. However, the Government has announced the following eligibility criteria for the scheme:

- the refund will cover up to 2 weeks’ SSP per eligible employee who has been off work because of COVID-19, starting on Day 1 of their illness;
- 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; and
- employers should maintain records of staff absences and payments of SSP, but employees will not need to provide a GP fit note.

Points for noting

- Employers are still required to pay SSP to their employees. However, if eligible, they will be refunded in due course. Employers should not expect to receive the refund for some time, so this is not immediately cash flow positive.
- If employers require sick notes these will not be provided by GPs but those with symptoms of COVID-19 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.

D BUSINESS RATES HOLIDAY

1. FOR RETAIL, HOSPITALITY AND LEISURE BUSINESSES

Overview

There will be a business rates holiday for retail, hospitality and leisure businesses in England for the 2020 to 2021 tax year.

Eligibility

Businesses based in England in the retail, hospitality and/or leisure sector. The Government have stated that these are premises that are wholly or mainly being used:

- a. as shops, restaurants, cafes, drinking establishments, cinemas and live music venues,
- b. for assembly and leisure; or
- c. as hotels, guest & boarding premises and self-catering accommodation.

The full guidance re eligibility can be found here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873622/Expanded_Retail_Discount_Guidance.pdf.

Applicability for Church of England

This may apply to shops/cafes in Cathedrals and other Churches (if liable for business rates). This may also apply to Church Halls and similar venue as guidance says that it includes premises that are being used for the assembly of visiting members of the public including public halls.

Implementation of the Scheme

This will automatically apply in respect of all eligible premises with effect from 1 April 2020. Local authorities may have to reissue bills to take this into account. If you believe that you are eligible for the scheme, please contact your local authority before paying any business rate demands.

Points for noting

The Government has also stated that hospitality businesses should be able to claim on their business continuity insurance as a result of government guidance to the public. Affected institutions (eg Cathedrals) should check their insurance cover and contact their insurers to discuss this further.

D BUSINESS RATES HOLIDAY

2. FOR NURSERY BUSINESSES

Overview

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

Eligibility

This relief will apply to premises occupied by providers on Ofsted's Early Years Register and wholly or mainly used for the provision of the Early Years Foundation Stage and which are subject to business rates in the year 2020/21. Full guidance re eligibility can be found here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/874284/Nursery_discount_guidance.pdf.

Applicability for Church of England

This could apply to a nursery run in Church or Cathedral owned premises eg a Church Hall.

Implementation of the Scheme

This will automatically apply in respect of all eligible premises with effect from 1 April 2020. Local authorities may have to reissue bills to take this into account. If you believe that you are eligible for the scheme, please contact your local authority before paying any business rate demands.

E THE RETAIL AND HOSPITALITY GRANT FUND

Overview

This Fund provides businesses in the retail, hospitality and leisure sectors with a cash grant of up to £25,000 per property. Businesses in these sectors with a rateable value of up to £15,000 will receive a grant of £10,000. Businesses in these sectors with a rateable value from £15,001 up to £51,000 will receive a grant of £25,000.

Eligibility

Businesses are eligible for the grant if they are based in England, are in the retail, hospitality or leisure sector, and have a rateable value of under £51,000. Properties that will benefit from the relief will be occupied properties that are wholly or mainly being used:

- a. as shops, restaurants, cafes, drinking establishments, cinemas and live music venues,
- b. for assembly and leisure; or
- c. as hotels, guest & boarding premises and self-catering accommodation.

Applicability for Church of England

The businesses eligible for these grants are the same categories as those mentioned in respect of the Business Rates Relief at D.1. above.

Implementation of the Scheme

Local authorities will write to businesses that are eligible for this grant. If you believe that you should be eligible but do not hear anything, please contact the relevant local authority.

F THE SMALL BUSINESS GRANT FUND

Overview

This Fund will provide all eligible small businesses in England with a grant payment of £10,000.

Eligibility

Businesses are eligible for the grant if they are based in England and occupied a property on the 11 March 2020 which was were eligible for relief under the business rate Small Business Rate Relief Scheme (including those with a Rateable Value between £12,000 and £15,000 which receive tapered relief) or which were eligible for relief under the rural rate relief scheme.

Applicability for Church of England

It is likely that some small cafes and restaurants in Churches and Cathedrals will qualify. In addition, some Church Halls and other similar operations may qualify.

Implementation of the Scheme

Local authorities will write to businesses that are eligible for this grant. If you believe that you should be eligible but do not hear anything, please contact the relevant local authority.

G CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME (“CBILS”)

Overview

This scheme, which will be co-ordinated by the British Business Bank, was launched primarily to support small and medium-sized businesses to access bank lending and overdrafts. The government will provide lenders with a guarantee of 80% on each loan 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 initially supported loans of up to £5 million in value.

This scheme has now (3 April) been expanded to encompass larger firms with a turnover of up to £500m. The revamped scheme will offer government-backed loans of up to £25m to firms with revenues of between £45m and £500m. Banks will also be banned from asking company owners to guarantee loans with their own savings or property when borrowing up to £250,000.

Eligibility

UK based businesses with turnover of no more than £500m pa which meet the British Business Bank eligibility criteria are eligible. Whilst “operating historical sites and buildings” and “education activities” are included as eligible activities, “Activities of religious organisations” are not eligible. In addition, more than 50% of the business’s turnover must come from trading activities.

Applicability for Church of England

Application is likely to be limited since “Activities of religious organisations” are specifically excluded although this exclusion is currently being discussed with the Government. It is possible that it could apply to education businesses operated on Church premises.

Implementation of the Scheme

The full rules of the Scheme and the list of accredited lenders is available on the [British Business Bank website](#). All the major banks offer the Scheme and there are 40 accredited providers in all. If you think it may be applicable, you should talk to your bank as soon as possible and discuss your business plan with them.

Points for noting

It should be noted that this scheme provides security for banks re the loans. The loans are granted on ordinary commercial terms and must be supported by business plans showing that they can be paid back. If you don’t want to take on additional debt these loans would not be suitable.

H SUPPORT FOR BUSINESSES PAYING TAX: TIME TO PAY SERVICE

Overview

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.

Eligibility

Any business that pays tax to the UK government and has outstanding tax liabilities

Applicability for Church of England

Any Church institution that is having cash flow issues and has outstanding tax liabilities will potentially be eligible.

Implementation of the Scheme

This is only available if you contact HMRC directly. Any business which has missed a tax payment or might miss a next payment due to COVID-19 should call HMRC's dedicated helpline: 0800 0159 559. It is important to obtain agreement from HMRC in advance of missing payments. These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities.

See here for more detail:

<https://www.gov.uk/government/news/tax-helpline-to-support-businesses-affected-by-coronavirus-covid-19>

I. BIG SOCIETY CAPITAL – EMERGENCY LOAN FUND

Overview

The social investor Big Society Capital is looking to set up an emergency loan fund for charities and has asked the government for its support. The fund will pool resources from a range of social lenders and is expected to amount to £100m. The final figure will depend on how many lenders take part, and more details will be shared in due course.

Eligibility

Full details have not been released but it is expected that all charities will be able to apply for loans.

Applicability for Church of England

As most Church institutions are charities, it is hoped that this fund will be accessible by many of them.

Implementation of the Scheme

Details have not yet been released.

APPENDIX 1

SUPPORT FOR SELF-EMPLOYED WORKERS (CONTRACTORS, FREELANCE WORKERS ETC.)

1. THE CORONAVIRUS (COVID-19) SELF-EMPLOYMENT INCOME SUPPORT SCHEME

Overview

This scheme is analogous to the Coronavirus Job Retention Scheme. It allows someone who is self-employed to claim a taxable grant worth 80% of their trading profits up to a maximum of £2,500 per month until the end of June.

Eligibility

Those who are eligible are those who are self-employed individual or a member of a partnership and:

- have submitted an Income Tax Self-Assessment tax return for the tax year 2018-19;
- traded in the tax year 2019-20;
- are trading when they apply, or would be except for COVID-19;
- intend to continue to trade in the tax year 2020-21; and
- have lost trading/partnership trading profits due to COVID-19.

In addition, their self-employed trading profits must be less than £50,000 and more than half their income must come from self-employment.

Implementation of the Scheme

It is not possible to apply for this scheme yet. HMRC will contact individuals if they are eligible for the scheme and invite them to apply online. This scheme will only be accessible via gov.uk If someone texts, calls or emails claiming to be from HMRC, saying that you can claim financial help or are owed a tax refund, and asks you to click on a link or to give information such as your name, credit card or bank details, do not click on the link or give the details as it will be a scam.

2. OTHER SUPPORT

Deferral of Income Tax Payments on Account

The Government has announced that any self-assessment payments on account due by 31 July 2020 may be deferred until January 2021. This is an automatic offer with no applications required. No penalties or interest for late payment will be charged if you defer payment until 31 January 2021.

APPENDIX 2

CHARITY SPECIFIC MEASURES

1. ARTS COUNCIL ENGLAND GRANTS

Overview

The Arts Council have recently announced the availability of grants up to the value of £35k to help with urgent operational costs following loss of income, including:

- rent or other building costs;
- staff costs;
- overheads such as utilities, insurance etc.; and
- costs associated with keeping your organisation operational over the next six months.

Eligibility

Your organisation must have experience of delivering work that was funded (directly or indirectly) by bodies such as Arts Council England, National Lottery Heritage Fund, National Lottery Community Fund, local authorities, universities, public sector bodies, trusts and foundations, libraries, etc. Your organisation needs to have been part of the delivery of publicly funded work, even if they didn't directly apply for the funding themselves.

Applicability for Church of England

This scheme could potentially apply to any Cathedrals and large Churches.

Implementation of the Scheme

Application can be made via online application forms. There will be two rounds, and you can only apply to one of these rounds. Round 1 opens for applications on 9 April 2020. Round 2 opens for applications on 16 April 2020. When the portal opens for applications, you will have seven days to make an application. Unsuccessful applicants cannot apply again. Further guidance can be found here: <https://www.artscouncil.org.uk/funding/financial-support-organisations-outside-national-portfolio#section-3> .

2. NATIONAL LOTTERY HERITAGE FUND EMERGENCY GRANTS

Overview

The National Lottery Heritage Fund has announced that it will give grants of up to £50k for organisations that they have previously funded and which are not eligible for other forms of support. The fund will be available for grants of between £3,000 and £50,000.

Eligibility

Grants will be available to organisations across the full breadth of heritage, including historic sites, industrial and maritime heritage, museums, libraries and archives, parks and gardens, landscapes and nature. Organisations which have received funding in the past and are either a current grantee, or still under contract following a previous grant, can apply. Priority will be given where:

- there is limited or no access to other sources of support;
- where heritage is most at risk; and
- where an organisation is at risk of severe financial crisis due to COVID-19.

Applicability for Church of England

This scheme could potentially apply to any cathedrals and large churches. Given that recipients cannot be in receipt of or eligible for any other kind of support it may be most applicable to parish churches. The applicant must still be within the grant terms of their award from the National Lottery Heritage Fund/Heritage Lottery Fund – this is usually 10 years. Churches which received funding under the Grants for Places of Worship fund will be eligible if they meet the other criteria.

Implementation of the Scheme

Details have not yet been announced but are expected to be announced in the next few days. Further guidance can be found here:

<https://www.heritagefund.org.uk/news/heritage-emergency-fund-launches-help-sector> .

3. NATIONAL LOTTERY COMMUNITY FUND

Overview

There is no dedicated fund, but all the funding decisions made for the next six months (up to £300m of National Lottery funding) will be devoted to addressing the current crisis. To reach those groups best placed to support their communities at this vital time they will prioritise faster payments for existing grant holders and applicants using the following criteria:

- activities specifically geared to supporting communities through this crisis; and
- helping organisations overcome any liquidity issues caused by COVID-19.

Eligibility

Projects must address one or more of the three strategic priorities:

- bringing people together and build strong relationships in and across communities;
- improving the places and spaces that matter to communities; and
- helping more people to reach their potential, by supporting them at the earliest possible stage.

Applicability for Church of England

Churches and cathedrals are eligible for Community Fund funding for projects that address the priorities above, but not for projects aimed at furthering religion, or protecting heritage. For the latter category, the National Lottery Heritage Fund is the dedicated funder.

Some elements of capital work can be included in bids, although really large capital projects are unlikely to be successful. Community-focused capital works such as providing Changing Places accessible toilets, better kitchens etc. are within the scope of this Fund.

Implementation of the scheme

For more details on applying, and current deadlines, visit the website:

<https://www.tnlcommunityfund.org.uk/funding/thinking-of-applying-for-funding> .

4. OTHER FUNDS

It is expected that Historic England will make an announcement re some form of support in the near future. This may involve special support or improved eligibility to existing funds for charities. We will monitor any new announcements in this respect.

APPENDIX 3

OTHER ADVICE

Insurance

If you have insurance cover for both pandemics and government-ordered closure, this should be triggered 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 please check the terms and conditions of your policy and contact your insurance provider. Most standard business interruption insurance policies are unlikely to provide cover as they are typically dependent on damage to property and will exclude pandemics.

Mortgage Payment holiday

The Chancellor announced that mortgage lenders would offer an initial three-month mortgage payment holiday for those in financial need as a result of the Covid-19 crisis.

IR35

The government has delayed the introduction of the off-payroll labour/IR35 reforms for private sector businesses until 6 April 2021.

Property Rentals

For entities that rent-out property, please be aware that if the tenant can't pay rent, they can't be evicted during the present situation. See here for more details:

<https://www.gov.uk/government/news/complete-ban-on-evictions-and-additional-protection-for-renters> .