

## Introduction

The Government has announced a range of measures to assist small businesses to cope with the consequences of the pandemic. Initiatives announced to date include the following.

1. Coronavirus Job Retention Scheme;
2. Deferral of VAT and Income Tax payments;
3. Statutory Sick Pay relief for small and medium-sized businesses (SMEs);
4. 12-month business rates holiday for all retail, hospitality and leisure businesses in England;
5. Small business grant funding of £10,000 - £25,000;
6. A Business Interruption Loan Scheme to support viable businesses with cash-flow pressures;
7. Self Employment Income Support Scheme;
8. HMRC Time To Pay Scheme.

More detail is provided in sections 1 to 8 below with some initial advice on planning for 2020/21 season set out in section 9, advice on potential insurance claims set out in section 10 and some links to further government guidance in section 11.

## Summary of new or updated guidance

This is the third version of this guidance note, which will continue to be updated periodically as new guidance is issued by the relevant government department or agency. Sections 7 (self employment) and 9 (next season) are introduced for the first time, while the following sections have been updated to take account of the latest information.

- Section 1 (CJRS). More comprehensive guidance has now been issued by the Government confirming the eligibility of part time workers, setting out the basis for calculating their entitlement, confirming that fixed term contract employees (i.e. players) are also eligible and confirming that employer's NI and pension can be claimed on top of basic salaries.
- Section 5 (small business grant). Clarification of situation regarding clubs groundsharing or occupying sites where landlord pays the business rates.
- Section 6 (CBILS). Big four banks have confirmed they will not seek personal guarantees of owners or directors as security for loans below £250,000.
- Section 10 (insurance). There has been much resistance from insurers seeking to exclude liability for business interruption claims arising from Covid-19.

### 1. Coronavirus Job Retention Scheme (CJRS)

Under the CJRS, companies will be able to access support to continue paying part of the salaries of employees who might otherwise have been laid off as a consequence of the pandemic. HMRC will administer it through a new IT software system which will take until late April to be operational.

Full details of the CJRS can be accessed via [this link](#).

## COVID-19: GUIDANCE FOR MEMBER CLUBS

---

The CJRS has been backdated to 1 March and will operate for an initial three months, i.e. to 31 May.

Clubs will need to take the following steps.

- Designate affected employees as “furloughed workers”, and notify them in writing of this change. Any change will have to be consistent with existing employment law and employees’ contracts of employment. Employees’ consent should be obtained but it is hard to imagine them resisting if it means they remain employed and being paid.
- Submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal yet to be created.

Further information has now been published, including the following.

- HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month.
- Employers’ NIC and pension contributions (up to the 3% rate under auto enrolment) will be reimbursed on top of salary costs.
- All employees will be eligible including part time staff and those on fixed term contracts, for example players and coaches whose contracts may otherwise terminate at the end of the season.
- The claim for full time staff will be based on their contractual monthly pay.
- The claim for part time staff will be based on the higher of their earnings in the same month in the previous year or their average earnings for the 2019/20 tax year, with further options for recent joiners.
- A club will have the option of paying salaries in full or just paying the 80% recoverable, if employees consent to be the latter. This will be a matter for negotiation.
- Furloughed staff must do no work once furloughed. **Clubs should consider sharing any remaining essential duties amongst as few staff as possible to allow all other workers to be furloughed.**

The guidance explains the information clubs will need in order to claim – see link above.

How the CJRS will operate alongside the Time to Pay Scheme (see section 8) has yet to be clarified. It is assumed that, where clubs have sought to utilise Time to Pay, HMRC will only reimburse them with their claims net of PAYE & NIC deducted from that month’s payroll but this has yet to be confirmed.

**Bearing in mind that clubs will be running their March payrolls in the course of the week commencing 23 March, it is recommended that clubs should identify as many of their staff as possible as “furloughed”. This will maximise the opportunity to recover March salary costs. If it subsequently transpires that certain categories of staff are ineligible nothing will have been lost.**

The FSA will be pleased to provide support and guidance in the drafting of letters to furloughed staff or in the preparation and submission of claims to HMRC in due course.

## **2. Deferral of VAT and Income Tax payments**

All clubs which owe VAT for the quarter ending within the period to 30 June 2020 will be able to defer payment until 31 March 2021. Clubs should nevertheless submit VAT returns as normal but are advised to cancel any existing direct debit arrangements just in case HMRC collects automatically.

For the time being, clubs which have already submitted returns to 31 January or 29 February but not yet paid should also withhold payment although, technically, this falls outside the period for which the concession has been granted.

Any VAT refunds arising for the period in question will be paid by HMRC in the usual way.

Clubs need take no further actions as this concession will apply automatically.

HMRC has also announced that payment of self assessment income tax due in July 2020 can be deferred until January 2021 but this is unlikely to be of relevance to most clubs.

## **3. Statutory Sick Pay**

An SME is defined as a company with less than 250 employees and so is likely to include most member clubs. Proposed legislation will allow employers to reclaim Statutory Sick Pay (SSP), presently £94.25 per week, paid to staff for sickness absence due to Covid-19. The eligibility criteria 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 should maintain records of staff absences and payments of SSP, but employees will not need to provide a GP fit note;
- 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, expected to be imminent;
- Recovery of SSP is likely to be by offset against liability for PAYE & NIC and may require modification of employer's payroll accounting, or manual amendment to returns to HMRC;
- This concession needs to be viewed in conjunction with the Time to Pay Scheme – see section 8.

HMRC has provided no further details at this stage and no link is yet available to any further information on its website.

## **4. Business Rates Holiday**

There will be a business rates holiday for retail, hospitality and leisure businesses in England for the 2020/21 tax year. Member clubs will meet the definition for such businesses.

For clubs with a rateable value below £12,000, they are already likely to be benefiting from small business rate relief (SBRR) and so such clubs will already be paying no business rates.

It is understood that relief will be granted automatically. Clubs who have already received their 2020/21 rates demand will, in due course, receive a revised one. Relief will be available from clubs'

## COVID-19: GUIDANCE FOR MEMBER CLUBS

---

local authorities and so any enquiries on eligibility for relief should be directed to the respective local authority.

### 5. Small Business Grants

A one-off grant of £10,000 will be paid to businesses eligible for SBRR, namely those occupying a property with a rateable value of less than £15,000. For clubs with a rateable value below £12,000, SBRR is 100% and so such clubs will already be paying no business rates.

Alternatively, a £25,000 grant will be paid to businesses occupying properties with a rateable value between £15,000 and £51,000.

It is emphasised that eligibility is defined by rateable value and not business rates paid (in 2019/20 at a multiplier of 49.1-50.4p). Clubs' business rates demands will disclose their rateable value.

Eligible clubs will be contacted by their local authority and so do not need to apply.

Many clubs may occupy more than one property (main ground and training ground) and it is not at this stage clear whether occupancy of two properties meeting the rateable value criteria will entitle such clubs to two grants although, logically, this should be the case.

Moreover, some clubs, including those with groundsharing arrangements, occupy properties where the landlord meets the cost of business rates and, although not confirmed in the published guidance, have been advised that they are not eligible for these grants.

**Clubs establishing that their landlords are in receipt of these grants may consider approaching the landlord and proposing that the grant should be shared.**

### 6. Coronavirus Business Interruption Loan Scheme

A new temporary Coronavirus Business Interruption Loan Scheme (CBILS), delivered by the British Business Bank (BBB), will launch to support businesses to access bank lending. Clubs are likely to be eligible and, in the first instance, should approach their main bankers although they might also approach other potential lenders.

The BBB [emphasises that the scheme's details](#), including eligibility, are in the process of being defined and agreed and so information is subject to change.

Applicants should have a "sound borrowing proposal", but be unable to provide sufficient alternative security to meet a lender's normal requirements.

For clubs, a sound borrowing proposal might include demonstration that, in normal circumstances, they are financially sustainable but the consequences of Covid-19 have included a temporary loss of income resulting in cash flow pressures. Relevant factors might include the following.

- Loss of gate and hospitality income;
- Loss of event income;

## COVID-19: GUIDANCE FOR MEMBER CLUBS

---

- Inability to offer for sale season tickets for 2020/21 due to uncertainty;
- Inability to conclude negotiations with commercial partners for 2020/21 due to uncertainty;
- Cost of any continuing commitments to existing staff despite absence of income, including any one-off redundancy costs;
- Contractual commitments to players already recruited for 2020/21 season.

It would be prudent for clubs to prepare a business plan in support of any application for funding. This should comprise a profit and loss account and cash flow, ideally contrasting the current scenario with the previous sustainable scenario to emphasise the impact of Covid-19.

The Government has undertaken to provide lenders with a guarantee of 80% on each loan to give lenders confidence in continuing to provide finance to the borrowers. However, FAQs published by the BBB state that lending banks should not make a claim on the CBILS guarantee until “after completion of its normal recovery procedures (including realisation of any Personal Guarantees)” The CBILS guarantee evidently only covers 80% of the lenders post recoveries claim.

**For this reason, clubs should try to resist any attempt by their lender to demand personal guarantees from owners or directors since the lender will be required to claim under these before claiming under the CBILS guarantee.**

The BBB website now confirms that the Big Four banks (Barclays, RBS/Nat West, Lloyds and HSBC) will not take personal guarantees as security for lending below £250,000. Whether they will seek alternative security (i.e. over a club’s stadium or training ground) remains to be seen.

Clubs wishing to explore CBILS should consider approaching one of the Big Four if their main banker is reluctant to provide support.

The Government will not charge businesses or banks for its guarantee and will cover the first 12 months of interest payments. It is to be hoped that lenders will be realistic in the rates of interest they charge applicants for the period beyond the initial 12 months.

Club’s applications should include realistic proposals to repay any loans negotiated under CBILS. It would be prudent to phase any such repayments over an extended period so as not to damage club’s cash flow in future periods unduly once normal football resumes.

The FSA will be pleased to provide support and guidance in the preparation of any such business plans.

### **7. Self Employment Income Support Scheme**

This scheme, announced on 26 March, may not benefit clubs directly. However, many clubs will make use of self-employed contractors or consultants and may be concerned about their welfare at a time when the club lacks the resources to keep paying individuals who are outside the scope of the CJRS.

## COVID-19: GUIDANCE FOR MEMBER CLUBS

---

For self-employed individuals with average trading profits below £50,000 over the last three tax years, the scheme undertakes to provide support of up to 80% of their average monthly trading profits, subject to a maximum of £2,500 per month, so £7,500 in total.

### 8. HMRC Time to Pay Scheme

**As an extremely short-term measure clubs should not pay their monthly PAYE & NIC for February 2020, due by 22 March, pending consideration of making use of this scheme.**

In view of the obvious impact on clubs' operations, all clubs are likely to be eligible for this scheme. [Details are available via this link](#) and the dedicated helpline number is 0800 0159 559.

HMRC states that support will be provided on a case-by-case basis and it is not yet known whether HMRC will be responsive to applicants or prove obstructive. However, all clubs will have experienced genuine cash flow pressures as a consequence of the pandemic and so have a powerful argument.

It is likely that the helpline service will be over-stretched for the foreseeable future and so clubs might consider a written application to the address below, setting out relevant key factors including those listed in section 6 above.

PT Operations North East England  
HM Revenue and Customs  
BX9 1BX

Although the immediate issue will be in relation to clubs' PAYE & NIC liabilities, clubs may also wish to seek deferment of VAT and, if applicable, corporation tax liabilities.

As noted in section 1, it is not yet clear how the Job Retention Scheme will operate alongside the Time to Pay Scheme and whether HMRC will reimburse employers under the Job Retention Scheme with gross amounts or withhold PAYE & NIC deducted from that month's payroll.

Moreover, as noted in section 3, although not yet formally confirmed, SSP relief is likely to be by way of offset against PAYE & NIC liabilities and so, if clubs negotiate deferral of payment of PAYE & NIC under this scheme, they will not immediately enjoy any benefit from SSP relief.

As with any application for CBILS, clubs should ensure that they negotiate realistic repayment terms for any tax deferred under this scheme so as not to damage their cash flow unduly once normal football resumes.

### 9. Planning for Season 2020/21

Although clubs are likely to be focussing on very immediate challenges at present, they should still be aware of the potential impact of Covid-19 on planning for next season.

- There can at present be no certainty that the season will indeed start in August 2020: The Deputy Chief Medical Officer has warned that the UK lockdown could last up to six months.

**COVID-19: GUIDANCE FOR MEMBER CLUBS**

---

- Although the CJRS is only for an initial three months to 31 May it is assumed it would be extended if the country remained in lockdown.
- Accordingly, clubs should be cautious about contracting new players. The CJRS only covers players on the payroll at 29 February 2020 and no employees recruited after that date would be eligible for the scheme.
- Club sponsors and commercial partners may be experiencing severe damage to their own business and, even if already contracted for 2020/21, may be urgently revisiting their marketing budgets and unable to meet their obligations. Clubs should bear this in mind when budgeting for next season. Clubs are advised to begin conversations with commercial partners as soon as possible.
- The issue of refunds or discounts for 2019/20 season ticket holders will need to be addressed. One solution would be to offer discounts for renewals for 2020/21.
- Alternatively, season ticket holders may be invited to “donate” the unutilised element of their 2019/20 season ticket in which case the club would not have to account for the VAT thereon.
- Pitch refurbishment plans will need to be reviewed: what is possible and what is affordable. A lack of investment now may have a long-term impact. Clubs should discuss possible options with their ground staff and sports ground maintenance contractor.
- Whilst there is no certainty about when the season will start clubs may still wish to begin planning the pre-season programme. Think about which clubs you could approach to get an early indication of availability.

**10. Insurance**

Whether or not clubs will be able to make a claim for loss of income due to the postponement or cancellation of games will depend entirely on whether clubs’ individual insurance policies include Business Interruption (BI) cover and, if so, on what terms.

Unfortunately, it has been reported that businesses, including sports clubs, are already experiencing resistance from insurers on the issue of whether disruption to business due to Covid-19 will be covered. [Advice from the Association of British Insurers can be found here.](#)

The advice states that “Standard business insurance policies are designed and priced to cover standard risks and are therefore very unlikely to provide cover for the effects of global pandemics like Covid-19”.

Clubs should obtain guidance from their brokers but are advised not to accept any initial rejection by insurers without further challenge. It may be that combined pressure from groups of clubs or like-minded businesses might cause a softening in insurers’ response.

Assuming BI cover is held, clubs should ensure they take account of all potential losses and costs when quantifying their claims. Relevant factors might include the following.

- Lost gate and hospitality income;
- Any costs incurred prior to cancellation (catering provisions, programmes, ticket stock, etc);
- Refunds due to commercial partners for loss of advertising;
- Refunds payable to season ticket holders and corporate members, whether in cash or by discount against future renewals.

Inevitably, lost income will be subjective and alternative calculations might include an average for the season to date or comparison with the equivalent prior year fixture, whichever gives the more favourable outcome.

As the situation surrounding COVID-19 develops, it is advisable to review the actions you should be taking at your premises to keep it safe.

- Remove all cash and high-risk theft items from the premises (such as wines, spirits, computer equipment, etc).
- Empty cash from any safes, and leave the safes open where possible (again this shows there is no point in breaking into the safe).
- Check all safety systems are turned on and fully functional (e.g. Security Alarms, CCTV, Fire Alarms, etc).
- Where possible, isolate any gas supply to reduce the risk of leaks, fire or explosions.
- Where possible, isolate the mains water supply to reduce the risk of burst pipes and flooding.
- Check the premises as regularly as possible to ensure the integrity of its safety and security whilst closed.

Earlier versions of this guidance note had considered the possibility of the season resuming – this has now been ruled out by the FA.

#### **11. Other Government Guidance**

Below are links to some key Government websites where further information can be accessed.

- [Government action plan](#)
- [Guidance on social distancing and stay at home](#)
- [Travel advice](#)
- [Guide for employees, employers and businesses](#)
- [NHS Coronavirus \(COVID-19\)](#)