

## 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. The Business Interruption Loan Scheme;
7. The Bounce Back Loan Scheme;
8. Self Employment Income Support Scheme;
9. HMRC Time To Pay Scheme.

More detail is provided in sections 1 to 9 below with some initial advice on planning for 2020/21 season set out in section 10, advice on potential insurance claims set out in section 11 and some links to further Government guidance in section 12.

## Summary of new or updated guidance

This is the fourth version of this guidance note, which will continue to be updated periodically as new guidance is issued by the relevant Government department or agency. The following sections have been updated to take account of the latest information.

- Section 1: further details on making claims under the Coronavirus Job Retention Scheme;
- Sections 1 & 8: confirmation such claims are being reimbursed without withholding of PAYE and NI;
- Section 4: advice that grant funding is available only in respect of one property and recommendation that clubs which have not yet received a grant for which they are eligible should apply to their local authority;
- Section 6: details of the information required to be submitted in support of a Business Interruption Loan;
- Section 7: details of new Bounce Back Loan Scheme, for loans up to £50,000, likely to be of particular interest to clubs;
- Section 9: new helpline number for applications.

### 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 portal which has been operational since late April.

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

The CJRS has been backdated to 1 March and, having initially been introduced for three months has now been extended to 30 June. Depending on future Government guidance regarding the current

## COVID-19: GUIDANCE FOR MEMBER CLUBS

---

lockdown it may be necessary to extend the scheme further although reports suggest it may be scaled back, including speculation that a lower percentage of wage cost may be covered or employees may be allowed to work part time and only partially furloughed.

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 ensures they remain employed and being paid.
- Submit information to HMRC about furloughed employees via the newly created portal which can be accessed via the link above.

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 (equivalent to 80% of £3,125 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.**

It is assumed all clubs will already be registered with HMRC through the Government Gateway for employment taxes, VAT and possibly corporation tax. In order to submit a claim, clubs will have to calculate their total claim, including NIC and pension. This calculation can be relatively complex, especially for employees paid more than the £2,500 cap or where pension contributions are more than the automatic enrolment limit. The HMRC website provides a calculator to assist or clubs or their payroll bureaux may be comfortable performing the calculations themselves. The HMRC portal requires a total claim value to be input and to list each employee by NI number but no breakdown of the claim by employee is required.

Businesses with over 100 staff should upload this information on a spreadsheet (.xls or .csv) file.

Based on informal feedback received by the FSA, HMRC processed April claims fairly efficiently and remitted claims back to businesses within one week of the claim being submitted.

## COVID-19: GUIDANCE FOR MEMBER CLUBS

---

Slightly surprisingly, HMRC has been settling CJRS claims gross, i.e. without deduction of the associated PAYE and NI which clubs are presently allowed to defer under the Time to Pay Scheme (see section 9). It follows that clubs will be able to reclaim their gross payroll costs for furloughed employees under the scheme but nevertheless defer settlement of the associated PAYE and NI if this can be agreed with HMRC.

### 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 to ensure HMRC does not collect 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. The legislation will allow employers to reclaim Statutory Sick Pay (SSP), presently £95.85 per week, paid to staff for 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 on or after 13 March 2020;
- employers should maintain records of staff absences and payments of SSP, but employees will not need to provide a GP fit note;
- unlike SSP for other conditions, the period of claim commences on the first day of absence;
- Recovery of SSP will be by offset against liability for PAYE & NIC and may require modification of employers' payroll accounting, or manual amendment to returns to HMRC;
- Clubs taking advantage of the Time to Pay Scheme (see section 9) will obviously not immediately recover the SSP while they defer payment of PAYE and NI.

Further information can be obtained via [this link](#).

### 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.

## COVID-19: GUIDANCE FOR MEMBER CLUBS

---

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. The relief is tapered for clubs with rateable values of £12-15,000.

It is understood that relief will be granted automatically. Clubs which have already received their 2020/21 rates demand will, in due course, receive a revised one. Relief will be available from clubs' local authorities and so any enquiries on eligibility for relief should be directed to the respective local authorities.

Further information on this scheme can be obtained [here](#).

### **5. Small Business Grant and Retail, Hospitality & Leisure Grant Funds**

Clubs may be eligible for grants from either fund depending on the rateable value of property they occupy.

The small business grant (SBG) is £10,000 and will be paid to businesses eligible for SBRR, namely those occupying a property with a rateable value of less than £15,000.

Alternatively, the retail, hospitality and leisure grant (RHLG) is £25,000 and 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.

The guidance advises that eligible clubs will be contacted by their local authority and so do not need to apply. However, in practice, the performance of individual local authorities appears to vary with some more proactive than others in contacting eligible local businesses and at least one requiring completion of an application form. Clubs which have not already been contacted about these grants are therefore advised to contact their local authorities.

It has now been made clear that businesses which occupy more than one property will only be eligible for one grant. Consequently, clubs with both a main ground and training ground will not be able to claim in respect of both sites even though they may pay rates on both and the respective rateable values may be below £51,000. Clubs with one property which qualifies for an SBG and one which qualifies for an RHLG should ensure they apply for the higher RHLG.

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.**

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

## 6. Coronavirus Business Interruption Loan Scheme

The Coronavirus Business Interruption Loan Scheme (CBILS), delivered by the British Business Bank (BBB), was launched in March to support businesses to access bank lending. Most clubs are likely to be eligible and, in the first instance, should approach their main bankers although they might also approach other potential lenders, in particular any of the Big Four banks (RBS, HSBC, Lloyds and Barclays).

The BBB website sets out the [scheme's details](#), including eligibility criteria and term.

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 commercial and fundraising event income;
- Inability to offer for sale season tickets for 2020/21;
- Inability to conclude negotiations with commercial partners for 2020/21;
- 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.

The BBB website explains that applicants should submit the following information

- Management accounts;
- Cash flow forecast;
- Business plan;
- Prior year accounts;
- Details of major assets.

The business plan and cash flow forecast should take account of the factors listed above, 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 and the BBB website now confirms that lenders will not take personal guarantees as security for loans below £250,000 – likely to be sufficient for most clubs. Whether they will seek alternative security (i.e. over a club's stadium or training ground) remains to be seen.

The Government will not charge businesses or banks for its guarantee and will meet the cost of the first 12 months' interest payments and other charges levied by the lender.

## COVID-19: GUIDANCE FOR MEMBER CLUBS

---

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. Bounce Back Loan Scheme**

In recognition of evident difficulty experienced by small businesses in accessing CBILS, the Government announced this scheme (BBL) in late April with further details in [this link](#). This scheme may be of appeal to small clubs.

The scheme is likely to be of more appeal to smaller businesses with the loans capped at £50,000. The Government will guarantee 100% of the loan and, as with CBILS, will cover all of the first year's interest and fees. Loans can be for up to 6 years with no repayments in year 1. The Government states it will work with lenders to agree low costs for the remaining period the loan.

The criteria for applying, and documentation required, are far less detailed than for CBILS. However, there is presently no available evidence of the rate of approval of applications.

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

This scheme, announced in 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.

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.

Clubs should draw this scheme to the attention of their self-employed contractors.

### **9. HMRC Time to Pay 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 there is both a webchat facility and a dedicated helpline number of 0800 024 1222.

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.

The online guidance indicates taxpayers may be able "to pay off their debt by instalments over a period of time and ..... can delay the first payment by up to three months".

As noted in section 1, it is now clear that claimants under the CJRS will be reimbursed in full for eligible employees gross wages plus employers' NI and pension contributions and HMRC will not withhold the associated PAYE and NI which, in theory, they will then be able to defer under the Time to Pay Scheme. Whether HMRC would formally consent to this for businesses applying via webchat or helpline is unclear but businesses who have already obtained consent should be free to take advantage of both schemes.

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.

## **10. 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, at least without very stringent social distancing measures.
- Although the CJRS is only in place until 30 June, it is to be hoped that it would be extended in some form if lockdown measures remain in place.
- Clubs should be extremely cautious about contracting new players or coaching staff. The CJRS only covers employees on the payroll at 19 March 2020 and any recruited after that date would be ineligible for the scheme.
- Club sponsors and commercial partners will be experiencing severe damage to their own businesses 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 planning 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.

## COVID-19: GUIDANCE FOR MEMBER CLUBS

---

- 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 nevertheless wish to begin planning the pre-season programme. Think about which clubs you could approach to get an early indication of availability.

### 11. 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 quotes correspondence from the insurance industry's regulator, the FCA, stating that "most policies ..... do not cover pandemics, and insurers have no obligation to pay out in relation to the COVID-19 pandemic".

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 and is deemed to include pandemic cover, 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.

Separately, as the situation surrounding COVID-19 develops, it is also advisable clubs should act to keep their premises 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).



## COVID-19: GUIDANCE FOR MEMBER CLUBS

---

- 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.

### 12. 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 \(COVID-19\)](#)