

## Introduction

This guidance note is the first update by the FSA since early May 2020. New measures have been introduced by the Government since that last guidance note and so this version largely supersedes the previous version which, for reference, can be located [here](#).

Government guidance has been greatly refined and upgraded since the spring and, helpfully, a checklist which allows applicants to identify support measures tailored to their individual requirements has been developed and can be located [at this link](#). This [link](#) sets out more general Government guidance on other aspects of the pandemic not specifically related to business support, for example travel, education, testing and vaccination.

Every effort has been made to ensure this guidance note reflects the key features of Government support relevant to member clubs at this time. However, information on available measures is changing regularly and more detail is being provided on Government websites. For this reason, clubs should not place complete reliance on this guidance note, which is only intended to provide a high level introduction to the available measures, and should review the detailed Government guidance on measures that may apply directly to their particular circumstances.

The main support initiatives introduced by the Government are addressed in detail in the sections set out below.

1. Coronavirus Job Retention Scheme;
2. Deferral of VAT and Income Tax payments;
3. Statutory Sick Pay relief;
4. Business rates holiday;
5. Small business grant funding of £10,000 - £25,000;
6. Additional local authority grants
7. The Business Interruption Loan Scheme;
8. The Bounce Back Loan Scheme;
9. Self Employment Income Support Scheme;
10. HMRC Time To Pay Scheme.

In November 2020, the Government announced its Sport Winter Survival Package (“SWSP”) – £300m of funding to support a range of spectator sports including clubs operating in steps 1-6 of the English football pyramid. Section 11 considers the terms of this package and makes recommendations to clubs regarding their applications.

Finally section 12 contains some initial advice on planning for 2021/22 season and section 13 contains advice on insurance cover.

## Summary of new or updated guidance

This fifth version of the guidance note aims to provide comprehensive detail on all support measures presently available. Users may be especially interested in the following features.

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- Section 1: the Coronavirus Job Retention Scheme has been modified considerably compared with the initial scheme. Key changes include the following.
  - Introduction of flexible furloughing for companies to allow staff to return to work part time.
  - Employer NICs and pension contributions are no longer recoverable, increasing the cost to the employer of retaining staff.
  - There may be scope to claim for playing staff wages while undertaking training.
- Section 2: businesses which took advantage of the concession to defer VAT payments for the quarter ending between March and June 2020, which were initially payable by March 2021, can now repay in instalments to March 2022.
- Section 6: a range of further grants is being offered via local authorities. It is possible that clubs will be ineligible but it is recommended that they should at least enquire with their local authority.
- Section 7 and 8: clubs considering applying for either a Business Interruption Loan or Bounce Back Loan should note that the schemes are presently only open until 31 March 2021.
- Section 10: there is now greater clarity on how the HMRC Time to Pay Scheme operates and all clubs are encouraged to take advantage of this and to negotiate favourable repayment terms.
- Section 11: the SWSP, announced in November 2020, may be of benefit to member clubs.

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

The CJRS was first introduced in March 2020 and was originally only available until end June. It was subsequently extended to end October then replaced by a new scheme which presently runs until end April 2021 with many features distinguishing it from the original scheme, the terms of which have now lapsed.

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

The scheme allows companies to retain staff who might otherwise have been laid off as a consequence of the pandemic by meeting up to 80% of their salary cost. Any members of staff employed prior to 30 October, and recorded on a payroll submitted to HMRC by that date, will be eligible.

Clubs will need to take the following steps.

- Identify employees either undertaking no work or working reduced hours. These employees can be designated as “furloughed workers”, and those working reduced hours will be on “flexible furlough”. Any change will have to be consistent with existing employment law and employees’ contracts of employment. Employees should be notified in writing and their formal consent obtained, although it is hard to imagine any resisting if it ensures they remain employed and paid.
- Determine whether employees will be asked to accept a temporarily reduced salary, equivalent to the 80% recoverable by the club, or whether the club will meet the cost of the 20% balance.
- Submit monthly claim to HMRC, through the portal accessed via the above link, following completion of the monthly payroll.

The following information will also be relevant.

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- 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 will not be reimbursed and so this will be a cost to the club, conceivably up to 30% of the employee's monthly cost.
- 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 or, for more recent joiners, their average pay in the current tax year.
- The calculation for staff on flexible furlough is potentially complex, especially for those on an annual basic salary rather than an hourly rate. For hourly paid staff it is necessary to start with the employee's usual hours. They should then be paid in full for hours actually worked in the period. Actual hours worked should then be deducted from usual hours to arrive at the furloughed hours. These should be paid (and claimed) at 80% of the employee's full hourly rate.
- Clubs participating in leagues which have recently been suspended following the new national lockdown, may presently be asking players and support staff to undertake reduced hours and so may be able to pay those members of staff under flexible furlough arrangements.
- HMRC's detailed guidance on calculating amounts to be paid and claimed, including examples and a "calculator", can be accessed via the link above.
- Within the section of the HMRC guidance on "Employees you can claim for" <sup>1</sup> is a paragraph entitled "If your employee does training" which states the following:

*"Furloughed employees can engage in training during hours which you record your employee as being on furlough, as long as in undertaking the training the employee does not provide services to, or generate revenue for, or on behalf of their organisation or a linked or associated organisation. Furloughed employees should be encouraged to undertake training."*

This is a grey area for football clubs and other companies in professional sport. If the playing squad is merely undertaking basic training in order to maintain fitness at a time when the playing season has been delayed or suspended, for example during the current national lockdown, there is a persuasive argument for furloughing those players and claiming their wages under the CJRS. On the other hand, it is accepted that it would be inappropriate to claim for mid-season training while regular matches are being played. Clubs should obtain further advice before taking advantage of these provisions.

When claiming under the scheme, clubs should calculate the amount of their claim before accessing the portal. must should be made within 14 days of month end. Claimants will be asked to enter the total amount claimed and to list each employee by NI number but no breakdown of the claim by employee is required. For each employee on flexible furlough, the club will be asked to enter usual and actual hours worked in the period: it is assumed this is only for HMRC research.

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<sup>1</sup> <https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme#employees-you-can-claim-for>

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

HMRC settles claims gross of deductions for PAYE and employees' NIC. Clubs wishing to take advantage of HMRC's Time to Pay Scheme should recognise that HMRC will not allow clubs to defer monthly deductions to the extent they have been reimburse gross. This is discussed further in section 10.

## **2. Deferral of VAT payments**

HMRC allowed companies owing VAT for the quarter ending between 1 April and 30 June 2020 to defer paying any associated liability. Originally, companies taking advantage of this concession were required to pay any balance by 31 March 2021.

Now, HMRC has offered a further concession allowing companies to opt in to a new deferral scheme to pay the balance in up to 11 instalments ending on 31 March 2022.

The opt in process is not yet available but it is understood it will be accessed via clubs' Government Gateway accounts in the near future.

## **3. Statutory Sick Pay Relief**

Companies with fewer than 250 employees, likely to include most member clubs, may reclaim Statutory Sick Pay (SSP), presently £95.85 per week, paid to staff for absence due to Covid-19. The criteria are 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;
- absence may be due to the employee having Covid symptoms, living with someone with symptoms, shielding or being advised by the NHS to self isolate;
- 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 10) 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 and should by now have benefitted from this relief.

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For clubs with a rateable value below £12,000, they are already likely to be benefiting from small business rate relief (SBRR) and so 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 should have been granted automatically by clubs' respective 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 also be eligible for grants from either fund depending on the rateable value of property they occupy. Again, these grants would be provided by clubs' local authorities.

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. It is hoped that all clubs entitled to such support have already received their grants but any clubs which have not are advised to contact their local authorities.

Businesses occupying more than one property will only be eligible for one grant and so 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 and receive 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.

### **6. Further Local Authority Grants**

A range of further grants were made available in autumn 2020, all distributed by local authorities depending on restrictions on business operations imposed locally.

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### *6.1 Local Restrictions Support Grant (Closed)*

Businesses required to be closed by law since 5 November 2020 might be eligible for this grant of £1,334-3,000 per 28 day period, calculated by reference to rateable value. Eligible businesses listed in the guidance include sports and hospitality. Clubs' core operations will not meet the criteria but clubs with stand alone bar or catering facilities might qualify and should look at the guidance [here](#) and on their local authority's website.

### *6.2 Local Restrictions Support Grant (Open)*

Businesses which have never closed but were severely impacted by local tier 2 and 3 restrictions might be eligible for this grant of £467-1,505 per 14 day period, calculated by reference to rateable value. Eligible businesses listed in the guidance include hospitality and leisure. As with the previous grant, clubs' core operations will not meet the criteria but clubs with stand alone bar or catering facilities might qualify and should look at the guidance [here](#) and on their local authority's website

### *6.3 Additional Restrictions Grant*

These grants are again provided by local authorities and target businesses which don't pay business rates or ones possibly impacted indirectly by the pandemic although they haven't been legally forced to close. Examples quoted include those supplying into the retail, hospitality or leisure sectors or businesses in the events sector.

It seems unlikely that this would be applicable to football clubs but member club may nevertheless wish to check via this [link](#) and with their local authorities.

## **7. Coronavirus Business Interruption Loan Scheme**

The Coronavirus Business Interruption Loan Scheme (CBILS), delivered by the British Business Bank (BBB), was launched in March 2020 to support businesses to access bank lending. The Government undertakes to guarantee 80% of the debt and to meet the first year's interest and charges. Loans will be repayable over six years, with no repayments in year 1.

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, with the BBB website making reference to over 100 accredited lenders.

The scheme is presently open until 31 March 2021.

The BBB website sets out the [scheme's details](#), including eligibility criteria, while further guidance is provided on the Government's business support website [here](#).

Applicants should have a "sound borrowing proposal", but be unable to provide sufficient alternative security to meet a lender's normal requirements. However, clubs classified as a "business in difficulty" may be unable to apply. Included within this definition are "Limited companies which have accumulated losses greater than half of their share capital in their last annual accounts".

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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. Clubs should have little difficulty demonstrating this by reference to their experience over the last nine months.

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.

A club's business plan and cash flow forecast should take account of all of the factors affecting its operations since Covid, including loss of matchday and commercial income and increased operating costs (including testing if applicable), and should ideally contrast the current scenario with the previous sustainable scenario to emphasise the impact of Covid-19.

Lenders will not take personal guarantees as security for loans below £250,000 but may seek alternative security (i.e. over a club's stadium or training ground) if available.

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

### **8. Bounce Back Loan Scheme**

In recognition of evident difficulty experienced by small businesses in accessing CBILS, the Government announced this scheme (BBLs) in late April 2020 with further details in [this link](#). This scheme, which is presently open until 31 March 2021, may be of appeal to small clubs.

The scheme is suitable for 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. Equally, 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 and principally comprise self-declaration by the applicant. Lenders do not have to assess applicants' viability as a business while the exclusion for "businesses in difficulty" is less applicable to these loans and certainly would not be a relevant criterion for any football clubs applying.

There is evidence that banks are approving applications and advancing loans quite promptly.

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

This scheme, first announced in March 2020, may not benefit clubs directly. However, many clubs will make use of self-employed contractors or consultants and may be concerned about their

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welfare at a time when the club lacks the resources to keep paying individuals who are outside the scope of the CJRS.

The scheme offers support to self-employed individuals with average trading profits below £50,000 over the last three tax years.

The third tranche of grant support, covering the period November 2020 to January 2021, is available to individuals who have experienced an adverse impact from Covid in that period and is worth 80% of average monthly trading profits, subject to a maximum of £2,500 per month, so £7,500 in total. The first and second tranches of grant support have now lapsed.

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

### 10. 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. Clubs might also consider applying in writing, setting out their circumstances, to the following address.

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

All clubs will have experienced genuine cash flow pressures as a consequence of the pandemic and so have a powerful argument. HMRC appears to be generally supportive of requests to defer payment, especially where applicants are open and communicative.

In light of the continuing uncertainty caused by the pandemic, clubs are encouraged to defer payment where possible and not to agree payment terms until there is a realistic prospect of returning to pre-Covid income levels. Even then, clubs are encouraged to negotiate payment terms over as long a period as possible. Clubs may consider the five terms offered for the CBILS and BBLs to be a reasonable period.

This facility should be viewed alongside the deferment of VAT discussed in section 2 above. If applicable, clubs should also seek to defer payment of any corporation tax liabilities.

As noted in section 1, HMRC settles CJRS claims gross of any deductions for PAYE and employees' NIC. Clubs wishing to take advantage of the Time to Pay Scheme should recognise that HMRC will not allow clubs to defer monthly deductions to the extent they have been reimbursed under the CJRS. However, clubs are encouraged to defer as much as possible to include both of the following.

- All employer NICs – since November the CJRS does not reimburse employer NICs.
- A percentage of PAYE and employee NICs based on the percentage of the club's total payroll not reimbursed under the CJRS. So, if the club is claiming 60% of its payroll under the CJRS, it would pay 60% of its PAYE and employee NICs and seek to defer 40%.

Moreover, as noted in section 3, 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.

### 11. Sport Winter Survival Package

This package, announced in November 2020, will provide £300m of funding to a range of spectator sports, directed at both clubs and their governing bodies, to compensate for the impact of the pandemic. Clubs in steps 1-6 of the English football pyramid would be eligible for £25m, comprising £11m for the 71 clubs in the National League (steps 1-2), in addition to £10m of National Lottery funding already distributed, and £14m for the c. 880 clubs in steps 3-6.

The announcement advised that the funding would be “largely composed of loans”: not particularly helpful for clubs struggling to survive the impact of the pandemic. Clubs have already had to cope with their revenue for both 2019/20 and 2020/21 being severely depleted and are likely to have incurred significant debt by taking advantage of measures set out in this guidance note, including the CBILS or BBLs, HMRC’s Time to Pay Scheme and VAT deferral scheme. To impose further debt service obligations in respect of the SWSP will de-stabilise clubs’ finances in future periods when many will still be struggling to rebuild their revenue to pre-Covid levels.

It is not known whether clubs have been invited to apply individually for the SWSP or whether leagues will do so on behalf of their member clubs. Either way it is recommended that applications should emphasise the need for grant rather than loan funding or, to the extent that only loans are on offer, that these must be on favourable repayment terms to include the following.

- Either interest free or at no more than 2-3% p.a.;
- No other fees or charges;
- Repayable over 20-25 years;
- Repayment holiday of two years following the full return of spectators and the ending of all other constraints on revenue generation for clubs;
- No security or guarantees to be obtained from clubs or their owners.

In order to maximise the chances of clubs’ applications being considered favourably, it is recommended that the following points should be emphasised within any financial submissions or supporting commentary.

- Factor in the cost of testing players and support staff;
- Factor in the cost of making the club’s ground and training facility Covid-safe;
- Emphasise burden of any costs contracted prior to March 2020, i.e. any long term player contracts, rent agreements etc.;
- Assume no attendances in current season and severely reduced attendances next season – even following any relaxation of Government rules it is probable that many spectators will be reluctant to attend mass gatherings;
- Assume continued detrimental impact on all income next season including gates, matchday hospitality and catering, non matchday events, sponsorship, etc.;
- Clubs taking advantage of HMRC Time to Pay Scheme might assume repayment over 12-18 months, even if negotiating more favourable terms with HMRC.

If required, the FSA will be pleased to provide support and guidance in the preparation of any applications for the SWSP.

## 12. Planning for Season 2021/22

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

- Even with optimism about vaccinations, there can at present be no certainty that the season will indeed start in August 2021, at least without very stringent social distancing measures.
- Although the CJRS is only in place until 30 April, 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 30 October 2020 and any recruited after that date would be ineligible for the scheme.
- Some clubs may engage part time freelance support staff and will already be aware that such staff are ineligible for furloughing. Consideration should be given to engaging such staff on employment contracts in the event that the CJRS is extended.
- Although playing contracts contain standard wording and so limit the scope for exercising break options or laying players off in the event of an escalation in the pandemic there may be scope to vary players' pay in the event of a suspension or cancellation of the season not covered by furloughing. Clubs should consider introducing such terms in both player and support staff contracts.
- Club sponsors and commercial partners will be experiencing severe damage to their own businesses and, even if already contracted for 2021/22, 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 season ticket holders for either or both of 2019/20 and 2020/21 seasons will need to be addressed. One solution could be to offer discounts for renewals for 2021/22.
- Alternatively, season ticket holders may be invited to "donate" the unutilised element of their 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 nevertheless wish to begin planning the pre-season programme. Think about which clubs you could approach to get an early indication of availability.

## 13. Insurance

Clubs' ability to claim for loss of income due to the postponement or cancellation of games will depend entirely on whether their insurance policies include Business Interruption (BI) cover in respect of pandemics and, if so, on what terms. Advice from the Association of British Insurers, which can be found [here](#), quotes correspondence from the insurance industry's regulator, the FCA,

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stating that “most policies ..... do not cover pandemics, and insurers have no obligation to pay out in relation to the COVID-19 pandemic”.

This topic was covered extensively in earlier versions of this guidance note and so the detail is not repeated here. It is likely that clubs will already have explored what scope they have for claiming.

It is also likely that most clubs will by now have renewed their insurance cover, in most cases running co-terminously with the football season. It is considered unlikely that many will have sought to extend their BI cover to include pandemic cover since such an extension would be prohibitively costly in the current environment.