

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

COVER NOTE

This Briefing Document (4 August 2020) details further announcements made by the UK Government since the beginning of June 2020. It is not an updated version of the document previously circulated on or about 1 June 2020 (copies available on request), but rather seeks to set out new information, including on the Cultural Recovery Fund announced in early July but details for which have only very recently been finalised.

OVERVIEW

The UK Government has made further announcements regarding support for businesses (including charities) through the period of disruption caused by COVID-19, including:

- A [Coronavirus Job Retention Scheme \(“CJRS”\)](#)
- B [The Discretionary Grant Fund](#)
- C [Reduced Rate of VAT](#)
- D [Eat Out to Help Out Scheme](#)
- E [Kickstart Scheme](#)
- F [Job Retention Bonus](#)
- G [Traineeships for Young People](#)
- H [Cultural Recovery Fund](#)

Details of each scheme can be found in the following pages. In addition, the Government has made further announcements and enacted legislation on a number of other issues relating to administrative matters. These are addressed in Appendix 1:

[Appendix 1](#)

This version of the Briefing Document is prepared from the available information as at 28 July 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 are 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. The Scheme will run until 31 October 2020. Until the end of July, HMRC will reimburse 80% of furloughed workers’ wage costs, up to a cap of £2,500 per month. However, from August the level of support from the Government will be gradually reduced.

Since 1 July, there has been the flexibility to bring previously furloughed employees back to work part-time. The Government will continue to pay a CJRS grant in respect of those workers on a pro-rata basis for any of the normal hours that they do not work.

Eligibility

The scheme closed to new entrants from 30 June. Now employees can only be furloughed if they have already been furloughed for a full three-week period prior to 30 June.

Applicability for Church of England

Wide ranging but now only relevant to entities that furloughed staff for a full three-week period prior to 30 June

Restrictions

When the CJRS Grant was introduced, to be eligible for the subsidy, employees on furlough were not permitted to undertake work for or on behalf of the organisation. They were allowed to undertake voluntary work or, if permitted under their employment contract, paid work for another organisation but they were NOT permitted to undertake voluntary work for their employer.

With effect from 1 July, employees who have been on furlough are now permitted to return to work on a part time basis. The grant will be reduced on a pro-rata basis on hours now worked versus normal hours worked. However, please note that this only applies to employees who were previously on furlough. If an employee continued to work, even on reduced hours, or for reduced pay, they were not eligible for the scheme. They will still not be eligible for the scheme after 1 July

This may lead to anomalies where two members of staff are working the same hours and one is eligible for a pro-rata grant and the other isn’t. Employers may wish to consider this when determining which employees should return to work, although there will be other relevant factors.

Tapering Arrangements

As mentioned above from August the level of grant provided by the scheme be slowly tapered.

- In July the scheme continues to operate as previously. However, under the new flexibility arrangements if an employee returns to work part time, the government grant will only be paid on a pro-rata for those employees.
- in August, the government will continue to pay 80% of wages up to a cap of £2,500 but employers will pay ER NICs and pension contributions. Pro-rata rates will apply for those returning to work on a part time basis.
- in September, the government will pay 70% of wages up to a cap of £2,187.50 and employers will pay ER NICs, pension contributions and 10% of wages to make up at least 80% of the total up to a cap of £2,500. Pro-rata rates will apply for those returning to work on a part time basis.
- in October, the government will pay 60% of wages up to a cap of £1,875 and employers will pay ER NICs, pension contributions and 20% of wages to make up at least 80% of the total up to a cap of £2,500. Pro-rata rates will apply for those returning to work on a part time basis.

Implementation of Flexible Working

As when an employee was furloughed, any agreement about returning to work part time needs to be agreed with the employee in writing. This may either consist of an exchange between the employer and the employee or something in writing from the employer confirming the agreed terms (e-mails are sufficient). This should specify the period of a reduced hours arrangement.

It should be noted that if someone returns to work eg for one day a week or 20% of the time, that the amount paid by the Government will not remain at 80% of full salary (or the lower percentages in September and October) but will be 80% of 80% ie 64%. The CJRS will not pay for the time employees are actually working.

Official Guidance

The latest official guidance re the CJRS can be found here:

<https://www.gov.uk/government/collections/coronavirus-job-retention-scheme>

B THE DISCRETIONARY GRANT FUND

Overview

This Fund will provide small businesses in England with a grant of £25,000, £10,000 or any amount under £10,000 if they are not eligible for other grants

Eligibility

Small and micro businesses with fixed property costs that are not eligible for the Small Business Grant Fund or the Retail, Hospitality and Leisure Grant Fund may be eligible for the Discretionary Grants Scheme.

Applicability for Church of England

To be eligible for the Small Business Grant Fund or the Retail, Hospitality and Leisure Grant Fund it is necessary for a business premises to have a rateable value rather than to be exempt from paying business rates. Depending on the ownership structure it is possible that Church Halls etc. owned by PCCs may not have a rateable value and, therefore, will not be eligible for these grants.

Consequently, as some Church Halls and other similar operations may not qualify for those funds they should be eligible for grants from the Discretionary Grant Fund. We are aware of some PCCs that have received grants for their Church Halls from this fund.

Implementation of the Scheme

Local councils have discretion about how to prioritise this funding. Please check with your council for details of their scheme.

C REDUCED RATE OF VAT

Overview

The Government has announced that the VAT rate for hospitality, holiday accommodation, and attractions will be reduced to 5% between 15 July 2020 and 12 January 2021. The intention of the rate cut is to support the reopening of the economy following the outbreak of the coronavirus pandemic and help to re-establish habits such as eating out in restaurants. It is aimed at supporting businesses and protecting 2.4 million jobs following the lifting of the COVID-19 lockdown.

Eligibility

The reduced rate will apply to any business supplying relevant goods or services in the three categories. The types of supplies to which the reduced rate applies are as follows:

- hospitality: hot and cold food and hot and cold non-alcoholic beverages sold for on-premises consumption – for example, in restaurants, cafés and pubs – and hot takeaway food and hot non-alcoholic beverages sold for consumption off the premises. It does not include alcoholic beverages of any kind.
- accommodation: sleeping accommodation provided in a hotel or similar establishment, holiday home accommodation, pitch fees for caravans and tents and supplies of associated facilities.
- attractions: admission to shows, theatres, circuses, fairs, amusement parks, concerts, museums, zoos, cinemas, exhibitions and similar cultural events and facilities provided that these are not included within the existing cultural exemption.

Applicability for Church of England

Any Church institution that operates a café or restaurant and is VAT registered, should apply the reduced rate of VAT to relevant supplies. It will also apply to any organisation offering accommodation eg residential conference centres. It is unclear whether it will apply to admission charges for cathedrals and other church buildings.

Implementation of the Scheme

The scheme came into effect on 15 July and applies automatically. If prices have already been published it is up to the supplier whether to reduce the price or amend the amount of VAT in the price. Where prices are quoted as VAT inclusive, you can use the ratio of 1/21 to calculate the 5% VAT value included in the price. The supplier must apply the correct rate of VAT, and ensure that invoices and receipts appropriately reflect this.

Further information

Further details of the scheme can be found on the [government website](#).

D EAT OUT TO HELP OUT SCHEME

Overview

The Eat Out to Help Out Scheme offers a discount to diners to encourage them to eat at restaurants and generate turnover for the hospitality sector.

The Scheme applies all day, every Monday, Tuesday and Wednesday from 3 to 31 August 2020. It enables restaurants to offer a 50% discount, up to a maximum of £10 per person, to diners for food or non-alcoholic drinks. It only applies to eat/drink in and not to takeaways. The discount can then be reclaimed from the government

Eligibility

Businesses can register if they:

- sell food for immediate consumption on the premises;
- provide their own dining area or share a dining area with another establishment for eat-in meals; and
- was registered as a food business with the relevant local authority on or before 7 July.

Applicability for Church of England

Any Church institution that operates a café or restaurant should be eligible for this scheme.

Implementation of the Scheme

Registration is via the Government Gateway and businesses can register up to 31 August. Businesses must register before offering discounts.

Further information

Further details of the scheme including how to register can be found here: <https://www.gov.uk/guidance/register-your-establishment-for-the-eat-out-to-help-out-scheme>

E KICKSTART SCHEME

Overview

The government has announced that they will introduce a new Kickstart Scheme in Great Britain. It has stated that this is a £2 billion fund to create hundreds of thousands of high quality 6-month work placements aimed at those aged 16-24 who are on Universal Credit and are deemed to be at risk of long-term unemployment. Funding available for each job will cover 100% of the relevant National Minimum Wage for 25 hours a week, plus the associated employer National Insurance contributions and employer minimum automatic enrolment contributions.

Eligibility

Any employer should be eligible for the scheme.

Applicability for Church of England

Any Church institution ought to be able to take advantage of this scheme.

Implementation of the Scheme

No details have been announced other than as set out in the Policy paper “A Plan for Jobs 2020” published on 8 July following the Chancellor of the Exchequer’s Summer Statement to the House of Commons – see link below. It is understood that the scheme will start in August but further details are still awaited. We are lobbying the government to try to ensure this scheme is as flexible and open to churches and small charities as possible.

Further information

Full details of what has been announced so far can be found here:

<https://www.gov.uk/government/publications/a-plan-for-jobs-documents/a-plan-for-jobs-2020#covid-19-response>

F JOB RETENTION BONUS

Overview

The government has announced that it will introduce a one-off payment of £1,000 to UK employers for every furloughed employee who remains continuously employed through to the end of January 2021. Employees must earn above the Lower Earnings Limit (£520 per month) on average between the end of the Coronavirus Job Retention Scheme in October 2020 and the end of January 2021. Payments will be made from February 2021. Further detail about the scheme will be announced by the end of July.

Eligibility

Any business that claimed a Coronavirus Job Retention Scheme grant in respect of furloughed employees will be eligible to claim this bonus if those staff are still employed at the end of July 2021

Applicability for Church of England

Any Church institution that claimed a Coronavirus Job Retention Scheme grant in respect of furloughed employees will be eligible to claim this bonus for those staff that are still employed at the end of January 2021.

Implementation of the Scheme

Payments will be made from February 2021. Further details about the scheme will be announced by the end of July.

Further information

Full details of what has been announced so far can be found here:

<https://www.gov.uk/government/publications/a-plan-for-jobs-documents/a-plan-for-jobs-2020#covid-19-response>

G TRAINESHIPS FOR YOUNG PEOPLE

Overview

The government has announced that it will provide an additional £111 million in 2020 for traineeships in England, to fund high quality work placements and training for 16-24 year olds. The government will fund employers who provide trainees with work experience, at a rate of £1,000 per trainee. The government will improve provision and expand eligibility for traineeships to those with Level 3 qualifications and below, to ensure that more young people have access to high quality training.

Eligibility

Any business providing trainees with work experience should be eligible for this funding.

Applicability for Church of England

Any Church institution providing trainees with work experience should be eligible for this funding.

Implementation of the Scheme

Further details of the scheme are still awaited.

Further information

Full details of what has been announced so far can be found here:

<https://www.gov.uk/government/publications/a-plan-for-jobs-documents/a-plan-for-jobs-2020#covid-19-response>

H CULTURAL RECOVERY FUND

Overview

The government has committed £1.57 billion to support thousands of arts and cultural organisations through the COVID-19 pandemic. Organisations including museums, galleries, theatres, independent cinemas, heritage sites and music venues will be able to apply for emergency grants and loans.

The package includes funding for national cultural institutions in England and investment in cultural and heritage sites to restart construction work paused as a result of the pandemic.

The fund is being distributed through a range of Arm's Length Bodies (ALBs), each of which is running their own application processes, agreed with government.

This document summarises each fund and provides links to more information and application portals. It will be updated if the situation changes or if other funds become available.

The three most relevant are:

1. [The Culture Recovery Fund for Heritage](#) (administered jointly by Historic England and the National Lottery Heritage Fund) – primarily revenue funding for organisational resilience
2. [A capital fund for heritage](#) (administered by Historic England) – details to be confirmed
3. [The Culture Recovery Fund grants](#) (administered by the Arts Council) – primarily revenue funding for support of cultural and arts organisations and activities including choirs

Churches, cathedrals, and associated charitable and cultural organisations may be eligible for funding under more than one stream. However, it is important to note that some of these funds will refuse applications if an organisation is eligible for funding under another stream.

You should closely read the criteria for each fund to determine which is the most relevant for your needs.

For example, if you are primarily concerned with organisational financial resilience and are responsible for a nationally significant heritage building or site, then the Culture Recovery Fund for Heritage is likely to be most relevant. If you are primarily concerned with the survival of your choir and choral tradition then the Arts Council Cultural Recovery Fund is likely to be most relevant. **However, one organisation cannot apply to both of these funds.**

Please note that details of the capital fund for heritage administered by Historic England have not yet been released so we do not know what the application process might be or how it may relate to other funds. Details are expected shortly and a summary will be prepared.

Please take careful note of the application deadlines, which are very short because of the requirement from government that this money is allocated and spent by the end of March 2021.

(i) Historic England and the National Lottery Heritage Fund: The Culture Recovery Fund for Heritage

OPENS TO APPLICATIONS THURSDAY 30TH JUNE. CLOSES TO APPLICATIONS MONDAY 17TH AUGUST

CANNOT BE USED BY ORGANISATIONS APPLYING FOR FUNDING FROM THE ARTS COUNCIL CULTURAL RECOVERY FUND

How much and what for?

- A revenue recovery grant fund of £88m, administered jointly by HE and the NLHF.
- Grants will be considered in two funding bands (i) between £10,000 to £1 million, and (ii) £1 million to £3 million, will be offered to help applicants that were financially sustainable before Covid-19 and after exhausting all other options for increasing their resilience are now at risk of failure.
- Grants will focus on helping heritage organisations or businesses cover their operating costs, assess and adapt their business models, and become financially viable. This may include:
 - Reopening costs – help to re-open and follow social distancing guidelines
 - Operating costs – such as rent, insurance and security
 - Hibernation costs – to support temporary changes to the way organisations, businesses and sites work
 - Mothballing costs – this could mean closing a site to staff and the public, placing items into storage, or withdrawing from a touring exhibition
 - Recovery costs – help to recover from the economic impact of the Covid-19 pandemic and become financially sustainable in the future
- Note that this is not intended to be a capital repairs fund or to pay for significant building works.

Eligibility criteria

- Churches and cathedrals are eligible as “not for profit organisations that manage heritage sites, venues or attractions”.
- Organisations will be able to submit only one bid.
- No partnership funding is required and you do not have to have been funded by the National Lottery Heritage Fund in the past.
- An organisation can still apply for this if it has previously received emergency funding (but not for the same costs!)
- Due to the size of awards, this is likely to be most applicable to cathedrals, major churches, and large church charities involved in heritage work e.g. Friends groups
- Inclusion of ‘heritage businesses’ means that conservators studios, stonemasons yards etc. are also eligible.
- The grants must be spent by 31st March 2021.
- You should only apply for this funding if you are able to meet all of the essential criteria:
 - you must have been financially viable before COVID-19 (March 2020)
 - you are at risk of no longer trading viably by the end of this financial year
 - you can demonstrate that you have exhausted all other financing options. For example, applying for other emergency funds, reducing costs, diversifying income streams or taking advantage of government easements
 - you have a clear plan towards future financial viability
- Priority will be given to applications that meet the above criteria and can also demonstrate
 - high heritage significance or
 - high economic and cultural impact in your place
- You will be asked to provide financial information and cashflow forecasts as part of your application, and complete an action plan outlining how the things you are applying for funding for will achieve future organisational viability

Key dates

- Opens for applications on Thursday 30th July. The deadline is midday Monday 17th August.
- There will be one application round and successful applicants will be notified on awards of up to £1 million by the end of September. Decisions on awards over £1 million will be shared in October.

How to apply

- Read the criteria and find the application process here:
<https://www.heritagefund.org.uk/funding/culture-recovery-fund-for-heritage>

(ii) Historic England: capital funding for cathedrals and churches buildings

How much and what for?

- A £120m capital funding to restart heritage construction projects and help maintain heritage visitor attractions in England.

Eligibility criteria

- We anticipate that churches and cathedrals will be eligible for this fund but that the process of application is not yet known.

Key dates

- Further details will be announced shortly; at present there are no criteria or deadlines in place.

How to apply

- TBC

(iii) Arts Council England: the Culture Recovery Fund (including choirs)

ROUND ONE OPENS TO APPLICATIONS 10TH AUGUST AND CLOSES 21ST AUGUST

ROUND TWO OPENS 21ST AUGUST AND CLOSES 4TH SEPTEMBER

ORGANISATIONS CAN ONLY APPLY TO ONE ROUND AND EARLY APPLICATIONS ARE ENCOURAGED – UP TO 75% OF FUNDING WILL BE ALLOCATED IN THE FIRST ROUND

APPLYING TO THIS FUND RENDERS ORGANISATIONS INELIGIBLE TO THE CULTURE RECOVERY FUND FOR HERITAGE

How much and what for?

- Up to £500m available for a wide range of cultural organisations.
- Grant funding available between £50k and £3m to “cultural organisations based in England that are properly constituted and were registered at Companies House and/or Charity Commission no later than 28 February 2017.”
- Further announcements awaited on re-payable finance options in addition to grants.

Eligibility criteria

- Potentially all PCCs and Cathedral Chapters (which may need to be through an associated organisation e.g. a trading arm, trust or Friends Group); there is no prohibition on places of worship applying if it is for purposes that fall under the remit of the Arts Council. NB this does not include religious purposes.
- Probably most relevant to cathedrals and churches with large choirs and the costs associated with that.
- Registered museums are also eligible, so those cathedrals and churches who have this registration could apply under that criteria.
- The remit of the Arts Council for these purposes is to support organisation “whose primary role is to create, present or support one (or more) of these genres or sub genres”
- [This document outlines who is eligible](#) for the recovery funding: choirs and choral societies are specifically named as eligible, as are museums, so those cathedrals with registered museums may be able to apply under that banner as well.
- It is worth potential applicants reading the [Arts Council strategy](#) to see their investment principles and understand how they might meet these.
- Unlike previous Arts Council funding there is no requirement to have been previously funded by them to be eligible for these grants.
- Funding to be awarded in two rounds and **must be spent by 31 March 2021**:

Round	Open	Deadline
Round One	10 August 2020	21 August 2020
Round Two	21 August 2020	04 September 2020

How to apply

- Detailed criteria and application process available here:
<https://www.artscouncil.org.uk/funding/CRFgrants#section-1>

APPENDIX 1

OTHER MATTERS

IR35

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

Property Rentals

Alongside payment holidays on residential and Buy to Let mortgages, the government has extended the stay on repossession proceedings in the private and social rented sector until 23 August 2020. Lenders should also pause repossession proceedings until 31 October 2020 to help people to stay in their homes. The government also introduced emergency measures in the Coronavirus Act 2020, which are in place until 30 September, to require landlords to give tenants at least three months' notice before seeking repossession.

If you are a landlord and have a tenant would is not paying rent or whom you wish to evict please seek legal advice before taking any action.

Full details of the current rules and guidance can be found here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/888843/Updated_Landlord_and_Tenant_Guidance.pdf

Trading while Insolvent

The Business Secretary announced new insolvency measures to help businesses hit by the coronavirus crisis. However, these required legislation to be enacted before they could formally be implemented. The Corporate Insolvency and Governance Act received Royal Assent on 25 June 2020 and is now in force.

There is a suspension of the wrongful trading rules that removes the threat of directors incurring personal liability whilst trading during the pandemic. Specifically, a court is to assume that the person is not responsible for any worsening of the financial position of a company or its creditors that occurs between 1 March and 30 September 2020. However, all other "checks and balances" that help to ensure directors fulfil their legal duties properly will remain in force.

Extensions of Filing Deadlines

Companies House had previously announced that they would automatically accept applications for three month extensions to the filing deadline for filing annual accounts. The Corporate Insolvency and Governance Act has now enacted a general three month extension

for to the filing deadline for filing annual accounts. Thus plcs have nine months to file their accounts and other companies have twelve months.

The Charity Commission have not announced an automatic extension but have indicated that applications for the extension of deadlines will be granted. If an extension is not requested then registered charities with a December year end (including DBFs and registered PCCs) should file their 2019 annual report and financial statements and complete an annual return by 31 October 2020.

Where entities are governed by legislation, eg statutory bodies, extensions may not be possible.