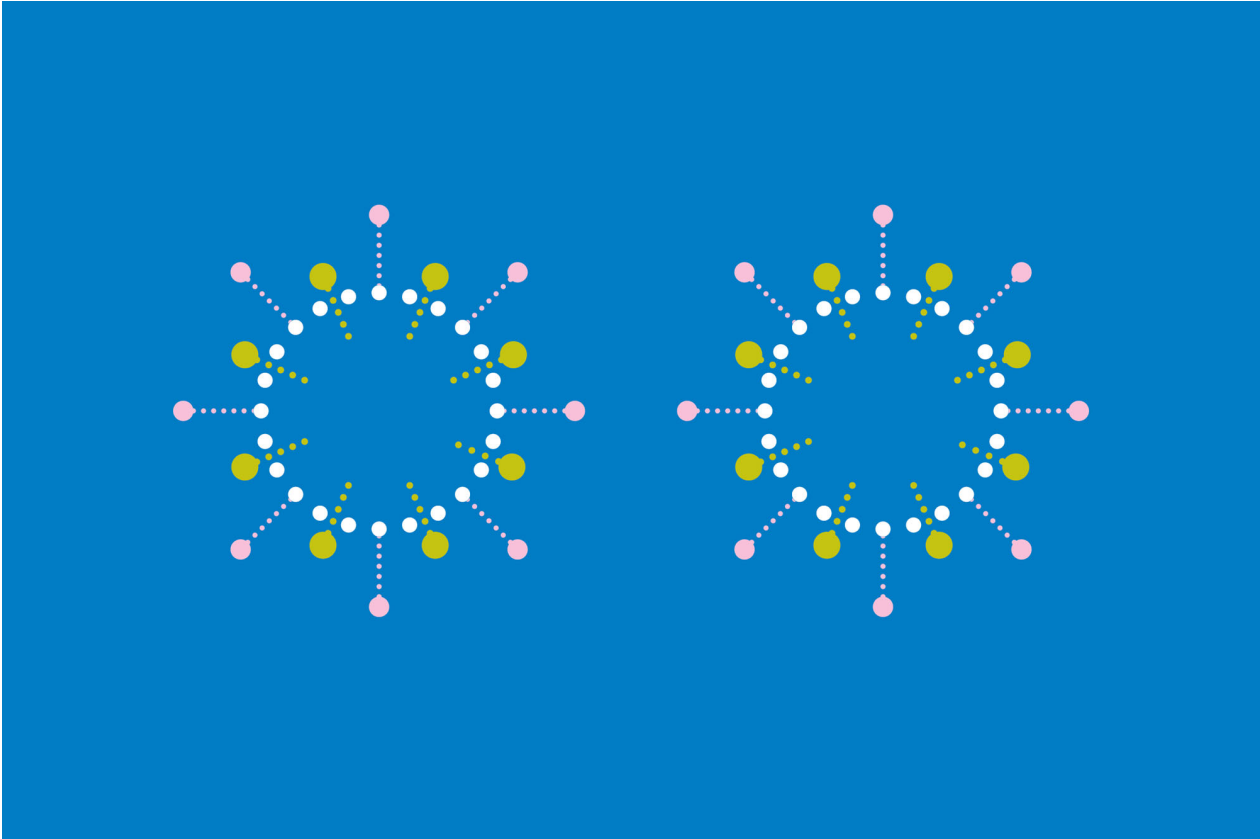




Coronavirus survival basics #2: Financial help for practices

1 April, 2020 By [Will Hurst](#)



The latest in the AJ's series of practical 'how-to' guides looks at the financial aid available to architectural practices to help them through the coronavirus crisis

The suite of articles will cover a range of issues - from your rights if you fall ill, to business tips and resources - and will be updated as government guidance changes.

The articles will also provide a forum for further suggestions and helpful advice from other practitioners and experts in the comment box ([at the bottom of each article](#)). We look forward to hearing from our readers about their experiences and their hints on how to cope in these unprecedented times.

What financial help is available to practices? And does it depend on the size of practice?

Chancellor Rishi Sunak has introduced a range of financial measures to prop up private businesses during the coronavirus crisis including a £330billion package of bailout loans and an unprecedented offer of wage subsidies.

Some, like the job retention scheme (see below), can be accessed by all architect practices, while others will depend on size. For example, for large businesses, under a new financing facility, the Bank of England will buy short term debt to assist those struggling with a temporary funding squeeze.

Equally small practices who receive small business rate relief or rural rate relief can access small business grant funding of £10,000. Some aspects of this business support are devolved so practices in Scotland, Wales and Northern Ireland should check on these sections of the www.gov.uk website.

How does the job retention fund work?

.....

To safeguard employees from being made redundant, all UK employers with a PAYE scheme will be able to access the government's Coronavirus Job Retention Scheme. It effectively pays part of employees' salary for those who otherwise would have been laid off during the crisis. The scheme applies to 'furloughed workers' – those who have been asked to stop working but are being kept on payroll.

[HMRC](#) will reimburse 80 per cent of their wages, up to £2,500 per month as well as related National Insurance and minimum workplace pension contributions. The scheme, open for three months but likely to be extended, will backdate the cost of wages to 1 March where necessary. Those made redundant after 28 February can also be re-employed and placed on furlough. Workers need to agree to being furloughed full time and can then be designated as such for a minimum of three weeks. The precise arrangements for furlough are still being considered.

How do practices access the money?

.....

Practices will need to submit information to HMRC about workers who have been furloughed and their earnings via a new HMRC online portal which is being set up and should be open later this month. The money should be available in the 'next few weeks', according to the government.

The expectation is that this means before the end of April and the AJ will update this section of the article when further information emerges.

Can furloughed architects do anything for their practices - non fee-earning work for example?

.....

Employees *cannot* undertake work for or on behalf of an employer that has furloughed them and the government has made it very clear that any kind of work by them would be fraudulent. The guidance says that this includes 'providing services or generating revenue'. If an architect did do any work, their practice might have to repay the grant so employers should make the rules crystal clear to all furloughed staff.

However, directors and owner-managers of practices can be furloughed if on PAYE and will still be allowed to do statutory duties in these roles. In other words, this will not be regarded as work which disqualifies them from claiming the grant. In addition, the idea of introducing some kind of part-time furlough is being discussed in government circles. According to the director general of the Confederation of British Industry (CBI), Carolyn Fairbairn, many firms have asked about this and she has pledged to pursue it with the government.

Business grants for small businesses - what are they and how do I get one?

.....

The 700,000 smallest businesses, who are already exempt from paying rates, include many architect practices. These will be eligible for £3,000 grants to help meet their business costs. Slightly larger practices in receipt of Small Business Rates Relief (SBRR) and Rural Rates Relief (RRR) may be eligible for a payment of £10,000. It is not yet clear how firms can access these grants but it is payment will be made by local councils which, in turn, will be reimbursed by central government. The onus is understood to be on local councils to contact eligible firms which suggests timescales will vary widely according to local authority area. Watch this space.

What if my practice cannot access government funding quickly enough?

.....

A new [Coronavirus Business Interruption Loan Scheme](#) is now available for applications from SMEs (practices of fewer than 250 staff) through more than 40 accredited lenders, listed on the [British Business Bank](#) website. This initiative aims to help any viable business with a turnover below £45million to access government-backed finance of up to £5 million. The government will cover interest payments and any lender-levied fees for businesses for an initial period of up to 12 months.

The government is to provide lenders with a guarantee of 80% on each facility to give them further confidence in continuing to provide finance to SMEs. Firms will need to be ready to deal with the paperwork required, including in relation to collateral, but the government has confirmed that banks will not be looking to take personal guarantees.

What about help for larger practices struggling with cash flow?

.....

The Bank of England's new lending facility for larger firms, the '[Covid Corporate Financing Facility](#)', is now open for applications. By purchasing short-term corporate debt – known as commercial paper – the scheme is intended to provide a rapid and cost-effective way to raise working capital for companies which were healthy before the outbreak, something these companies will need to demonstrate. However, the firms wishing to take part will not need to have issued commercial paper before and investment grade rating will not be required.

How does the VAT deferral work?

.....

The government is supporting all VAT registered businesses to help manage their cash flow by deferring VAT payments for three months. If your practice has a payment due between 20 March and 30 June, you have the option to pay the VAT due as normal or defer the payment until a later date.

Firms do not have to tell HMRC they are deferring but payment of VAT due after the deferral period ends will be due as normal. It is understood that the government will issue further information on paying deferred VAT in the coming days.

What if I'm struggling to pay the rent on our studio?

.....

During the crisis, many landlords and tenants are able to reach voluntary arrangements about rental payments due shortly. However, the government has said it will protect those at risk of eviction.

Under the emergency Coronavirus Bill currently going through Parliament, no business will be forced out of their premises if they miss a payment in the next three months.

Has the government announced anything else I should be aware of?

.....

Due to the outbreak, the Government Equalities Office (GEO) and the Equality and Human Rights Commission (EHRC) decided last week to suspend enforcement of the gender pay gap deadlines for this reporting year (2019/20). The decision means there will be no expectation of employers to report their data.

Compiled with assistance from David Green, director of Belsize Architects and former head of the European division of the Bank of England