BWM
CHARTERED ACCOUNTANTS

COVID – 19 Update 19

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INTRODUCTION

This is our 19th Covid-19 update since lockdown began way back in March and this seems an appropriate point on which to end these Covid updates.

When lockdown was announced and the first of the Government initiatives began, preparing these updates seemed an obvious and critical step for us to take, albeit a time consuming one, to help keep our clients informed as best we could at a time of such unparalleled uncertainty.

Those initiatives now are reaching their conclusions, CBILS loans closing to new applications this month, the CJRS subsidies of wages winding down. New uncertainties are appearing of course, the 2nd wave now appearing, redundancies increasing now that the CJRS scheme is coming to an end. But it is difficult to see the Government doing more now other than nuanced reactions to more local events, with targeted actions.

It seems unlikely that there will be further significant initiatives and whilst there have been many notices issued re fining tuning of the various initiatives since our last update, we have tried to limit these to those items more likely to be of interest, we hope!

Forecasting the Economy

I was asked the other day for my views on inflation which was a bit startling at the time. Unlike Brexit, inflation has remained gratifyingly off the agenda, being subdued and well below the target 2% with no signs yet of an imminent resurgence despite the increased cost of a haircut. Even Making Tax Digital, MTD, is making a modest grab for our attention again.

Economists seem in many ways to be in the same position as actuaries, all very highly qualified and expert in explaining why their predictions may have differed from the actual out-turn but were still spot-on. Ok, that may be a bit harsh given there are so many variables and so much yet unknown about Covid-19, and the way it is mutating, with 8 different strains identified, which may make a universal vaccine ultimately unattainable.

An experienced investment fund manager commented that they were not expecting a V shaped recovery, noting that '*the 2009-19 recovery was the slowest on record while requiring the highest level of debt expansion and lowest interest rates in history. Policy makers are doubling down on the same and it will not end well*'. I have seen references to the recovery being shaped like the Nike swoosh, which sounds really cool from an economist.

By complete contrast, the Bank of England figures for July raised hopes that the economy may be heading toward a V-shaped recovery, with borrowing on the up. July saw households borrow an extra £1.2bn in personal loans and credit card debt - more than the average £1.1bn seen in the 18 months to February. Credit card borrowing hit £622m during July, the highest rise in a single month since June 2018, while mortgage approvals rose 26,000 over the month to 66,300, with £2.7bn in new mortgage borrowing.

The BoE report showed that lenders had put up the cost of consumer loans amid the economic uncertainty driven by the Covid-19 crisis, with the cost of new loans up by 0.22% to 4.64% in July and overdraft charges rising by 1.6 percentage points to 14.84%. Households saved an extra £7bn in July, an increase on the £5bn average seen pre-pandemic but down on the £19.1bn recorded at the peak of the crisis. Companies saved an extra £11.8bn during July as overall deposits rose by £26.3bn.

Who really knows how the next phase of Covid will play out; landlords are complaining vociferously that household names are taking advantage of the current restrictions not to pay rents. Businesses have taken advantage of the Government guaranteed CBILS loans to either obtain fresh funding for new developments or release their own personal guarantees – not what the loans were designed for – and a massive question is how many of those loans will ever be repaid.

Yet further austerity seems very unlikely to be an option for the Chancellor so once we see a clear recovery of the economy, we can perhaps expect some form of tax increases for an extended period.

The *Sunday Times* reported on 30 August that the Chancellor is planning a *"£30bn tax raid*" in November's Budget, saying increases in capital gains tax and corporation tax are on the cards, with the latter possibly jumping from 19% to 24%. Suggestions include aligning capital gains tax with income tax and cutting pension tax relief (yet again), with the introduction of an online sales tax and simplification of the inheritance tax system. Closing perceived *loopholes* for the wealthiest on capital gains and pensions may be politically convenient although unlikely to rake in anything like the sums required.

Climbing on a soap box again, on the one hand, politicians have long emphasised the need for us to provide for our own pensions and not rely on the state, whilst at the same time repeatedly raiding pension tax reliefs, devaluing personal provision, whilst having a go at the rental sector, so making responsible long-term provision all the more difficult. And let's not talk about MPs having one of the best pension schemes in the world, still.

It's to be hoped that he will instead go for growth. In the US, it was suggested that giving 100% reliefs for all business capital investment accelerated productivity gains and growth.

More positively, there are now more than 140 vaccine candidates being tracked by the WHO and the discovery and rollout of a successful vaccine would materially impact the risks associated with COVID-19, in turn positively impacting the stringency of countermeasures required to limit its spread.

Meanwhile, at the point of origin for the virus, there are signs that economic recovery may be taking place. Growth in China picked up throughout the second quarter of the year, coming in more than 3% higher than the same period in 2019, despite evident stresses on the global economy. This came in stark contrast to the first quarter of 2020, which saw the Chinese economy contract by almost 7%. Despite some areas for concern (such as still weak retail sales) this latest news indicates the recovery taking place across sectors in China as lockdowns continue to ease, with the virus seemingly under control.

Elsewhere, a broad range of other economic indicators is improving as lockdown conditions are eased. For example, new passenger car registrations in Europe are meaningfully higher, and business survey data points to improved confidence about the future economic environment.

Mitigation of Covid

The Liverpool Chamber of Commerce forwarded to its members and contacts a resource pack issued by the Public Health Director of Liverpool on business standard practice, outbreak mitigation and management and resources available to support your own COVID-management issues, the overall aim being to mitigate risk of a local lockdown.

LCC COVID
Business Resource P

CJRS:

Job Retention Bonus (JRB)

The Job Retention Bonus is a one-off payment to employers of £1,000 for every employee who they previously claimed for under the CJRS scheme, and who remains continuously employed through to 31 January 2021, earning at least £520 a month on average between 1 November 2020 and 31 January 2021. Employers will be able to claim the Bonus after they have filed PAYE for January and payments will be made to employers from February 2021.

Employers should ensure that they have:

- complied with their obligations to pay and file PAYE accurately and on time under the Real Time Information (RTI) reporting system for all employees and addressed all requests from HMRC to provide missing employee data in respect of historic CJRS claims. Failure to maintain accurate records may jeopardise an employer's claim.

- maintained enrolment for PAYE online

- a UK bank account

- not serving a contractual or statutory notice period, that started before 1 February 2021, for the employer making a claim

HMRC will withhold payment of the Job Retention Bonus where it believes there is a risk that CJRS claims may have been fraudulently claimed or inflated, until the enquiry is completed.

A new employer may be eligible to claim the Bonus for employees transferred to the new employer if either TUPE applies, or the PAYE business succession rules apply to the change in ownership, or from the liquidator of a company in compulsory liquidation where TUPE would have applied were it not for the company being in compulsory liquidation.

From February 2021, employers will be able to claim the Job Retention Bonus through GOV.UK. More detail about this process will be published in guidance by the end of September 2020.

The bonus will be taxable, so the business must include the whole amount as income when calculating their taxable profits for Corporation Tax or Self-Assessment.

CJRS Update

The CJRS grant claim changed again from 1 September.

- From 1 September CJRS will pay 70% of usual wages up to a cap of £2,187.50 per month for the hours furloughed employees do not work.

- You still need to pay your furloughed employees at least 80% of their usual wages for the hours they do not work, up to a cap of £2,500 per month. You will need to fund the difference between this and the CJRS grant yourself.

- The caps are proportional to the hours not worked. For example, if your employee is furloughed for half their usual hours in September, you are entitled to claim 70% of their usual wages for the hours they do not work up to £1,093.75 (50% of the

£2,187.50 cap).

- You will continue to have to pay furloughed employees' National Insurance (NI) and pension contributions from your own funds.

CJRS: Fraud & Errors

Taxpayers who have received CJRS or SEISS grants are urged to doublecheck their entitlement as the 90-day period to inform HMRC of any overclaimed amounts is now law.

Finance Act 2020 has now received Royal Assent, so CJRS, SEISS and Coronavirus Statutory Sick Pay Rebate Scheme and coronavirus business support grants are confirmed as being taxable. It also provides HMRC with powers to recover grant payments to which the recipient is not entitled, as well as to charge penalties.

HMRC has published guidance on how to repay overclaimed CJRS grants and overclaimed SEISS grants, as well as factsheets on how the penalty rules apply for the CJRS and for SEISS grants.

The onus is on the taxpayer to notify HMRC if they have overclaimed a CJRS or SEISS grant and this must be done by 20 October 2020 or 90 days of receipt of the grant, whichever is the later. For payments made under CJRS, where the recipient ceases to be entitled to retain the payment then the notification deadline is the later of 90 days after ceasing to be entitled to the monies or the two dates mentioned above.

The penalty regime is based on the usual failure-to-notify penalties with an additional provision which means that if the taxpayer knew that they were not entitled to the grant at the time when they received it (or ceased to be able to retain it), the overpayment must be notified or repayment made in full by the end of the notification period. Any failure arising from this additional provision will be treated as deliberate and concealed. Failure to notify penalties could be as much as the entire amount overclaimed.

HMRC may issue assessments to recover overclaimed grants. If that does not occur and monies were not otherwise repaid previously, then the overclaimed amount must be reported on the taxpayer's income tax or corporation tax return and tax paid on time.

The factsheets do not mention that error penalties may apply if a taxpayer makes a mistake when putting the grant figures on their tax return, as they would for any other error on a return.

For SEISS grants the key risks affecting entitlement are:

- the trade was not adversely affected by coronavirus;
- the trade did not continue in the tax year 2019/20 (eg, because the business was incorporated); or
- there was no intention to continue to trade in the tax year 2020/21.

The key risks affecting entitlement to CJRS grants are detailed include:

- grants not used for the purposes for which they are intended;
- calculation errors; and
- employees working during periods that they are on furlough.

HMRC guidance:

- How to repay overclaimed CJRS grants
- How penalty rules apply for CJRS grants
- How to repay overclaimed SEISS grants
- How penalty rules apply for SEISS grants

HMRC believes that between 5% and 10% or £1.75bn to £3.5bn of CJRS grants were either wrong or fraudulent and inevitably is now taking steps to address this. In reality that assumes that every error has made an entire CJRS claim completely incorrect but there are likely to be a large number of very small errors spread across many claims, as the furlough pay calculations represented a steep learning curve for both payroll staff and tax advisers.

HMRC said it will focus on fraudulent claims but not innocent errors and has initially written enquiring into 11,000 of those 27,000 CJRS claims where it considers something looks wrong. Their letter says the employer's CJRS claim appears to be incorrect because, for example, ineligible employees were included, or too much was claimed for some other reason.

No details are given of how much the overclaim may be or who the potential ineligible employees are. The HMRC letter doesn't even detail which CJRS claim the employer has submitted that is suspected of being incorrect so the employer or their agent will have to trawl through the details of every CJRS claim submitted from April to August, looking for potentially ineligible employees, and double-check every single furlough calculation.

The employer might have included employees on furlough who were not paid through that PAYE scheme in February or March 2020, but who do qualify as they fall into one of the exceptions for example those:

- transferred from another employer under TUPE
- transferred from another PAYE scheme as a result of a scheme reorganisation
- returned from parental leave
- returned from active military service after 10 June

Those exceptions may not have been picked up by the HMRC computer when it compares the payroll details the employer submitted in March 2020 to the list of employees on furlough for say July.

The compliance letter asks employers to respond to HMRC by telephone, if they think the CJRS claim was correct. However, it can take time for HMRC to answer the call. Once the call is answered, and the employer passes the security questions, they are then told that an HMRC officer will be assigned to the case. We understand that the system for processing the CJRS investigations won't be ready for some weeks which contradicts the letter which says that if a reply is not forthcoming by 22 September HMRC will open a compliance review which could trigger penalties.

Clearly the process is designed to pressure employers and elicit responses.

If the employer thinks that the CJRS claim is incorrect they are asked to reply by email, and then instructions will be given to make a formal disclosure. This is a bit premature as there is still time to make a voluntary correction of earlier CJRS claims. The structure of penalties for overclaimed CJRS grants is set out in factsheet CC/FS48. But no penalty will be applied for errors in CJRS claims if the excess grant is corrected within the later of:

- 90 days from the receipt of the grant, and
- 20 October 2020.

There are also no penalties for submitting an inaccurate CJRS claim which resulted in a grant that was lower than the employer was entitled to.

As your tax agents, we should get a copy of the CJRS compliance letter if one is sent to our clients, but that system doesn't always work, so please do send us a copy of the letter if you receive one.

State Aid

The UK Government and industry groups lobbied to relax the restrictive rules in the European Temporary State Aid Framework to make sure that small businesses who are not insolvent or receiving rescue aid can benefit, enabling them to bounce back and kickstart our economy.

Previously businesses which were classed as '*undertakings in difficulty'* were unable to access CBILS because of EU rules. From today, businesses in this category and which have fewer than 50 employees and a turnover of less than £9 million can apply to CBILS.

The government has given banks until 30 November to grant state-backed loans to medium-sized and larger businesses in an extension of Covid-19 support packages. The British Business Bank wrote to lenders to say that applications for the coronavirus business interruption loan scheme, or CBILS, aimed at medium-sized businesses with turnover of up to £45 million had to be in by midnight on September 30, but that they had two more months to consider the cases. That pushes the final approvals date to November 30. The deadline for approving larger CBILS has been set for December 31.

Bounce Back Loans

The bounce back loan scheme is aimed at smaller businesses and is due to end on November 4. No extra time has been given for approvals of bounce back loans as they were designed to be agreed by banks speedily, with minimal affordability checks.

Coronavirus Discretionary Grants Fund

Apologies that this link is Liverpool-centric but other Councils should have similar schemes on their websites. The Discretionary Business Grants scheme is split into four separate grants**,** each with different criteria. The grants are aimed at small and micro businesses who are not eligible for other business grants or the self-employed income support scheme. You can only apply for **one** of the below grants.

- Business Support Grant
- Voluntary Sector Support Grant
- Bed and Breakfast Support Grant
- Anchor Visitor Economy Grant

More details about the Discretionary grants and how to apply here

There are over 1,000 businesses in Liverpool who are eligible for either the **"**Small business grant fund**"** or the "Retail, hospitality and leisure grant" who still haven't applied! This means there is £11m available in the form of grants waiting to be given to eligible businesses in Liverpool.

Liverpool Without Walls fund to bring culture to the streets

Liverpool City Council and Arts Council England have recently launched a £200,000 pilot project to fund performing and visual art in the streets of Liverpool.

The fund will support artists and organisations to create work which can be presented within the city centre over the coming months **– with grants of up to £5,000 on offer**.

Find out more about the Without Walls Fund and how to apply here

Implications for Audits

The uncertainty of Covid-19 may lead to situations where an auditor considers including an emphasis of matter paragraph in the auditor's report. An emphasis of matter paragraph refers to a matter presented or disclosed in the financial statements that, in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the financial statements. Its inclusion does not modify the audit opinion.

Emphasis of matter paragraphs refer to a matter 'appropriately' presented or disclosed in the financial statements. If a matter is not appropriately presented or disclosed, then other changes to the audit report will need to be considered instead. It is important to note that emphasis of matter paragraphs are no longer used to draw attention to material uncertainties relating to going concern: these are disclosed in a separate section of the audit report.

Situations which may lead an auditor to include an emphasis of matter paragraph include where:

- external valuers, such as property surveyors, have included material valuation uncertainty clauses in their reports on asset valuations;
- the financial statements are prepared on a basis other than going concern;
- a subsequent events disclosure has been included to reference COVID-19; or
- there is uncertainty over the outcome of litigation.

Charities - Free reserves

Free reserves can be difficult to calculate and challenging to manage, but are a key financial tool used by stakeholders as a measure of financial strength and governance being a measure of solvency of the charity. Grant funders use free reserves to assess the need for funding requests, while the Charity Commission might use the measure to ensure a charity is spending funds within a reasonable timeframe.

Free reserves are cash or liquid funds that can be spent on any of its aims held for differing reasons albeit with some common themes for example:

- A buffer against a fall in income levels giving time to take remedial action

- Cessation reserve to ensure that all liabilities can be discharged in the event of cessation
- A working capital reserve if there's a hiccup in cash flow or payment terms are changed adversely
- Pump priming or an opportunity reserve to provide funding for new initiatives or opportunities

Fixed assets might be better included in designated reserves rather than 'free' reserves as they are not liquid and disposal at short notice may impact adversely on their sale value. They can be used as security for loans and facilities to manage cash flow in response to the current crisis, but the loans need repayment out of future surpluses.

Charities are required to publish a reserves policy to explain to all stakeholders why they are setting money aside rather than spending it on their principal aims, and should reflect:

- How much they need in reserve and why
- When the reserves would be spent
- Frequency of review

Ideally the reserves policy should be reviewed as part of ongoing financial planning, alongside reviewing strategy, risk appetite and management information but this often only happens at the year-end if at all, when the annual accounts are signed off.

The reserves policy should be risk-focused and assessed against:

- the activities of the charity, their risks and the wider economic environment in which it operates,
- the level of working capital required to continue core work which it considers vital to its purpose
- how much that costs and how is it funded.

The objective clearly is to manage and maintain adequate free reserves in a robust and transparent manner.

Covid-19 has caused a real shock and set back to many charities, whose reserves were not designed or able to meet a close down for instance of key parts of their fund raising functions. This will put an intense focus back on to management of future cash flow and funding, as they recover from this, to rebuild reserves depleted over the last few months and how they plan for the future in the light of this experience.

VAT

Following the Chancellor's Summer Statement, HMRC has issued guidance on the application of the temporary 5% reduced rate of VAT to support the hospitality sector. The rate cut applies to certain supplies of hospitality, hotel and holiday accommodation and admission to certain attractions from 15 July 2020 to 12 January 2021. HMRC's guidance confirms that the temporary 5% reduced rate of VAT will apply to the supply of:

- food and non-alcoholic beverages sold for on-premises consumption
- hot takeaway food;
- hot takeaway non-alcoholic beverages;

- sleeping accommodation in hotels or similar;
- holiday accommodation; and pitch fees for caravans and tents, and associated facilities.

The 5% reduced rate will also apply to admissions to the following attractions that are not eligible for the cultural VAT exemption, theatres, circuses, fairs etc.

The VAT rules for this sector are already complex with a variety of VAT regimes applying. As a result of the temporary reduction in the VAT rate, HMRC has updated several of its VAT notices to provide more detailed guidance on the application of the change in areas particularly affected by the rate reduction. This highlights the difficulty that some businesses face in implementing the rate change at short notice. This guidance can be accessed using the following links:

- VAT: reduced rate for hospitality, holiday accommodation and attractions
- Catering, takeaway food (VAT Notice 709/1)
- Hotels and holiday accommodation (VAT Notice 709/3)
- Food products (VAT Notice 701/14)
- Tour Operators Margin Scheme (VAT Notice 709/5)
- Land and property (VAT Notice 742)

Internet Fraud

Old news in many ways, but worth a refresh, as we are seeing increasingly sophisticated and aggressive attempts to defraud. Some appear friendly, others not.

Our Managing Partner Peter Taaffe had an incredibly aggressive recorded message left on his mobile ostensibly from an officer of the Inland Revenue demanding a return call if legal action was to be prevented. It was not at all hard to imagine an individual being so worried and upset as to call back.

Many businesses have had to adapt to new working practices because of Covid-19. This has often meant an increase in emails and more frequent calls with suppliers, customers, banks and other organisations.

Scammers have been taking increased advantage of this pretending to be the phone or internet provider, bank or even a retailer. They'll ask for payments, or for staff to download software that then gives them control of that staff member's device. Some have even taken control of genuine email addresses and used them to request payments, making it more difficult to spot the signs of a scam.

With this in mind, it's more important than ever to have strong, clear processes in place for making payments and keeping data safe.

Even if you know all the hallmarks and what to look out for, with ever-more sophisticated ways to access your data, scams are getting harder to spot. If a fraudster called or emailed you or a member of staff pretending to be a known supplier, would you know it was a scam? They might even contact a staff member pretending to be you.

If you get an email out of the blue that asks you to click on a link or attachment, don't do it - even if the sender seems familiar - and even if it appears to be coming from a known email address. Instead, contact the apparent sender using the valid details that you already hold and trust to verify the request.

When someone calls unexpectedly, don't give them any information like personal details, bank details or security codes. Never download any software onto your device if you are asked to - fraudsters can use this to access your bank account. Instead, call them back later on a known number to check they are genuine.

Have a payment-checking process in place. For example, if you receive a request to update the bank details you have on file or get new bank details for a payment, confirm this by calling that person or organisation using details you already have, and not those provided in the request. You should also do this with requests from anyone within your own organisation.

Have security policies in place, such as having strong passwords, using a VPN (virtual private network) when working from home, and using an extra layer of authentication for email and payment processes (such as a unique code texted to your mobile) - and test these processes often.

Finally, make sure you and all your staff, regardless of their role, are made aware of the checks and processes regularly

SEISS: Self - employed

Self-employed people whose livelihoods have been affected by coronavirus are now able to claim the second and final grant worth 70% of their average monthly trading profits, with the money set to land in their bank accounts within six working days of making a claim.

Anyone whose self-employed business has been adversely affected by coronavirus since 14 July is eligible for the scheme.

See: https://www.gov.uk/government/news/million-of-self-employed-to-benefit-from-second-stage-of-support-scheme?utm_source=80615fc0-5519-447c-82f5-5c51a45ba77b&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

For how HMRC will work out your trading profits and non-trading income if you are self-employed or a member of a partnership see:

https://www.gov.uk/guidance/how-hmrc-works-out-total-income-and-trading-profits-for-the-self-employment-income-support-scheme?utm_source=5af075e6-b556-408a-a614-8d678e97c5b6&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

If you have had a new child which affected your eligibility for the Self-Employment Income Support Scheme, you can see this form if you are self-employed or a member of a partnership, and having a new child affected the trading profits or total income you reported for the tax year 2018 to 2019.

https://www.gov.uk/guidance/ask-hmrc-to-verify-you-had-a-new-child-which-affected-your-eligibility-for-the-self-employment-income-support-scheme?utm_source=3e003f50-b5fe-443b-8fe9-74b2d6d5fe13&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

Other Updates

Travel Corridors

The list of changes regularly so please keep an eye on:

https://www.gov.uk/guidance/coronavirus-covid-19-travel-corridors?utm_source=10cbe6ff-1fde-42ce-8b1a-6616d29afae1&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

Making Wills Using Video Conferencing

The Government is introducing legislation to allow people to use video-conferencing technology for the witnessing of wills being made recognising that:

• An increasing number of people have sought to make wills during the Covid 19 pandemic, but for people shielding or self-isolating it is extremely challenging to follow the normal legalities of making a will - namely it being witnessed by two people.

• In response to this the law (the Wills Act 1837) will be amended to state that whilst this legislation is in force, the 'presence' of those making and witnessing wills includes a virtual presence, via video-link, as an alternative to physical presence.

The legislation will apply to wills made since 31 January 2020, the date of the first registered Covid-19 case in England and Wales, except:

• cases where a Grant of Probate has already been issued in respect of the deceased person

• the application is already in the process of being administered

The legislation will apply to wills made up to two years from when the legislation comes into force (so until 31 January 2022), however this can be shortened or extended if deemed necessary, in line with the approach adopted for other coronavirus legislative measures. The advice remains that where people can make wills in the conventional way they should continue to do so.

https://www.gov.uk/guidance/guidance-on-making-wills-using-video-conferencing?utm_source=84ab25f7-bc02-46f9-a7d0-400f44b9de2f&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

This does not sidestep the need to take proper legal and professional advice on drafting a will and planning for inheritance tax! If you want to discuss this or would like a recommendation for a suitable solicitor, please do get in touch.

How is Working from Home Working?

Almost 50% of the working population have been WFH over the last few months, and surveys indicate:

• Not having to commute and spending more time with their families has proved a great bonus for work/life balance

• It's easier for those, typically older workers, with larger homes to WFH with relative ease and, surveys suggest, increased productivity.

Conversely typically the Millennials:

• Tend not have the room or the IT/comms capability to be as efficient and effective at home, as they are in the office

• Home schooling has been a severe impediment to home working – in terms of disruption and the battle for bandwidth (try it some time with 3 adult children all working from home)

• Opportunity to learn from listening to and collaborating with colleagues is severely hampered

• Reduced sociability of the workplace and often a City Centre location.

This age-related difference is building problems as younger employees are not able to build their contact networks, and develop their skill sets so effectively. The office environment helps training and offers increased opportunities.

These factors are causing widespread reassessment of office space requirements which is typically the single largest overhead cost, if the higher fee earners are happy and effective working mostly from home. I suspect that an occupier's cost-benefit analysis will look rather different in future.

City Centre locations have been built on the premise of intensive use of public transport. These locations therefore carry the highest risk of contagion - even before we get to work, and this is reflecting in a widespread reluctance to return to the office. Cycling and walking do not often offer realistic alternatives in most cases and reverting to single occupancy cars is a seriously retrograde step.

Resilience & Recovery Loan Fund

The RRLF is a new fund for social enterprises and charities that are *improving people's lives* across the UK who are experiencing disruption to their normal business model as a result of COVID-19. It has been established to make an existing government scheme (the Coronavirus Business Interruption Loan Scheme (CBILS - see below) more easily accessible to charities and social enterprises.

To date, RRLF has approved loans from 19 charities and social enterprises, with a total value of over £6.1m. So the reality is that few will benefit from it. It's a great idea and initiative but will have limited application as most charities are not geared up to generate surpluses out of which to repay loans, and the rates of interest and charges are penal.

The RRLF is being run by Social Investment Business (SIB) with an initial £25m investment and support from Big Society Capital. SIB is the lender, and will work with experienced social investor partners on delivery of the fund: Big Issue Invest, CAF Venturesome, Charity Bank, Resonance, Social Investment Scotland, Social and Sustainable Capital and Wales Council for Voluntary Action. Other delivery partners may be added in future. See below for where to apply.

The £25m is part of a wider package of support announced by Big Society Capital.

£4m worth of grant funding has also been made available to be used alongside the Resilience and Recovery Loan Fund to support charities and social enterprises based in and delivering the majority of their impact in England. Those applying for loans under the RRLF might be eligible for part of the total amount approved to be provided as a grant, reducing the amount repayable.

Charity Shops

Charity shops have been struggling with plummeting sales despite a surge in donations during lockdown.

Sales for Oxfam are down 32% while the British Heart Foundation is down 20% with Cancer Research experiencing a similar sales drop. BHF said it lost around £60m in sales during the lockdown period.

Reopening has not been easy, many had to put donated goods through a quarantine period while volunteer numbers have been hit by those shielding or those who just feel uncomfortable about returning to work they deem is non-essential.

Sales on Oxfam's online operation, which includes its own-sourced items such as face masks, are running at around double last year. Cancer Research is trialling online sales targeting younger buyers over the Depop platform.

The charities are also trying to attract new-style donations through an eBay-led initiative launched during the pandemic called the Big Charity Sell. It lets householders sell their unwanted items on eBay and donate up to 100% of the proceeds to a charity of their choice.

On the high street, extra coronavirus cleaning requirements meant that some opening hours had to be cut. Despite the fall in sales so far this year, none of the larger charity shop chains contacted said they were planning to shut stores – with most acknowledging that recessions are generally good for their business as people know they can find great value and quality with demand for second-hand and pre-loved items increasing.

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September 2020