CHARITY FINANCE GROUP BRIEFING FOR MEMBERS

BUDGET 2021

3 MARCH 2021

"The Chancellor has failed to repair the safety net used by millions of our citizens every day, despite us very clearly laying out why an Emergency Support Package and longer-term support measures are needed #RightNow."
- Caron Bradshaw OBE, CEO, CFG

This briefing provides a summary of the Office for Budget Responsibility (OBR) forecasts for the UK economy and public finances, and the main announcements of the Budget 2021, including those of particular interest to the charity sector.

OVERVIEW

There were a few surprises from today's budget, but the majority of the key announcements were leaked in advance. So much so, in fact, that during Prime Ministers Questions directly before, Speaker Lindsey Hoyle announced to the Prime Minister when he mentioned that the budget was coming up that "I think I already know most of it".

The Chancellor promised the full 'fiscal firepower' at the Treasury's disposal for jobs support and further investment in a business led recovery. With a £65bn+ of additional spending, and the largest tax rises from a Chancellor since Norman Lamont, with a rise in Corporation Tax to 25% doing much of the heavy lifting, the Chancellor promised an economic recovery that will be "swifter and more sustained" than previously thought.

But for the charity sector there was relatively little to be happy about. The extension of the Coronavirus Job Retention Scheme until the end of September is positive, although it does not address the

USEFUL LINKS

HM Treasury Budget 2021

Office for Budget Responsibility's Economic and fiscal outlook, March 2021

CFG Press Release

Overview cont.

issues which CFG and others have raised about it incentivising charities to mothball not mobilise.

Recovery grants are also good news, but the lack of clarity on either removing the State Aid cap now that we have left the EU, or at least matching the increased thresholds now set by the EU, does not help charities with a large retail footprint determine if they can benefit.

The increased funding for cultural and sporting organisations are also big positives for the sector, as to a lesser extent are further details from the 'Levelling Up Fund' and the new £150m 'Community Ownership Fund', but as we shall see I do not think they outweigh the negatives..

Alongside the ask for emergency funding, not a single ask of the charity sector's joint 'Five Point Plan' was enacted.

No increase to Gift Aid, no mention of the Community Wealth Fund and no further information of the dormant funds and assets which could be unlocked to provide additional funding to the sector at no extra cost to the exchequer. It seems a cliché to say that this budget was a missed opportunity to provide reassurance to the voluntary sector, but it was just this, and it's difficult not to conclude that it's more by design than by accident.

With rising unemployment and earnings stagnating, as the findings of our joint survey with Pro Bono economics indicate, demand is likely to increase for charitable services amongst those who need help the most, and with little further investment from government, there will be difficult times ahead for many in our sector.

If you would like to discuss any of the issues arising from the Budget 2021, please email the team.

"With rising unemployment and earnings stagnating… demand is likely to increase for charitable services amongst those who need help the most..."

Latest data on the UK economy

The Office for Budget Responsibility (OBR) has published forecasts for the economy and public finances. The following are taken from their central forecast.

Growth: OBR has forecast the GDP to grow by 4% in 2021, increasing slightly to 7.3% in 2022. Growth is expected to decrease to 1.7% in 2023, and 1.6% in 2024.

The deficit (public sector net borrowing (PSNB)) as a % of GDP: It has been forecast to 13.3% of GDP by 2020-21 falling to 7.6% by 2021-22. It is set to decrease further to 1.7% by 2022-23 and then to 0.6% by 2023-24.

Unemployment is set to increase to 5.6% through the rest of 2021 when it is set to increase to 5.9% in 2022, falling slightly to 5.1% by 2023 and 4.5% by 2024. This means that unemployment is set to increase through to next year, meaning many more will be without work, relying on Universal Credit.

Employment is due to decrease in 2021 to 32.3m and increase slightly to 32.4m by 2022 and 32.8m by 2023.

Inflation (CPI) is predicted to be 1.5% in 2021, 1.8% in 2022, rising slightly to 1.9% in 2023 remaining at

> With a political decision to stop the Universal Credit uplift after September, charities will likely have to deal with the consequences...

Latest data on the UK economy cont.

1.9% in 2024. This is all well within the Bank of England's 2% target for inflation.

Earnings: Average earnings are expected to grow every year of the forecast, but by much less than previous years. By 1.9% in 2021, 2.7% in 2022, 2.2% by 2023 and 2.8% by 2024.

Inheritance tax: The OBR has reported that annual inheritance tax receipts will increase from £5.1bn in 2019/20 to £5.2bn by 2021/22, increasing further to £6bn by 2022/23.

The figures on growth are hardly surprising given the nature of the pandemic, and it goes without saying that we should take all these figures with a large pinch of salt due to the economic uncertainty that remains. But even so, the OBR still expects a long-term hit to the economy of 3%, even if these forecasts are a little better than those made in the Autumn.

There are additional concerns about unemployment with the furlough scheme temporarily tamping down unemployment until September, set to peak at 6.5% later in the year, which is nevertheless much better than last Autumn's forecast. But, as the Director of Policy at Pro Bono Economics has said, the extension of furlough "might be cold comfort to the thousands of young people who have already lost their jobs."

But there will still be concerns for the large number of young people who have already lost their jobs.

Interestingly, the Chancellor has set out to balance the budget via tax rises and tighter spending after this year, making next-to-no mention of the inequality that the pandemic has exacerbated.

With a political decision to stop the Universal Credit uplift after September, charities will likely have to deal with the consequences of higher unemployment and an increased demand for their services at the end of the year and into 2022.

COVID-19 support measures

As had been announced prior to the budget, the Chancellor set out that a number of Covid support measures would continue until the end of September. These include:

Coronavirus Job Retention Scheme: The government is extending the CJRS for a further five months from May until the end of September 2021. Employees will continue to receive 80% of their current salary for hours not worked. There will be no employer contributions beyond National Insurance contributions (NICs) and pensions required in April, May and June. From July, the government will introduce an employer contribution towards the cost of unworked hours of 10% in July, 20% in August and 20% in September, as the economy reopens.

Self-Employment Income Support Scheme (SEISS) fourth grant: The government has confirmed that the fourth SEISS grant will be worth 80% of three months' average trading profits, paid out in a single instalment and capped at £7,500 in total. The grant will cover the period February to April, and can be claimed from late April. Self-employed individuals must have filed a 2019- 20 Self Assessment tax return to be eligible for the fourth grant.

SEISS fifth grant: The government has announced that there will be a fifth and final SEISS grant covering

> The Chancellor said that he knows that businesses need certainty, but it would seem that he has omitted charities from that statement.

COVID-19 support measures cont.

May to September. The value of the grant will be determined by a turnover test, to ensure that support is targeted at those who need it the most as the economy reopens.

People whose turnover has fallen by 30% or more will continue to receive the full grant worth 80% of three months' average trading profits, capped at £7,500.

People whose turnover has fallen by less than 30% will receive a 30% grant, capped at £2,850. The final grant can be claimed from late July. We expect further details in due course.

Restart Grants: The government will provide 'Restart Grants' in England of up to £6,000 per premises for non-essential retail businesses and up to £18,000 per premises for hospitality, accommodation, leisure, personal care and gym businesses.

The government is also providing all local authorities in England with an additional £425 million of discretionary business grant funding, on top of the £1.6 billion already allocated.

It is important to note that there was no further clarity on whether State Aid will continue to apply and at what thresholds at this budget, so for many charities with a large retail arm there will still be a large degree of uncertainty on whether they will be able to take advantage of these Restart Grants.

The Chancellor said that he knows that businesses need certainty, but it would seem that he has omitted charities from that statement. We would hope to see more on State Aid at the upcoming 'Tax day' on 23 March.

Statutory Sick Pay (SSP) Rebate Scheme: Small and medium-sized employers across the UK will continue to be able to reclaim up to two weeks of eligible SSP costs per employee. This scheme is a temporary COVID-19 measure intended to support employers while levels of sickness absence are high.

Tax

VAT reduction for the UK's tourism and hospitality sector: The government will extend the temporary reduced rate of 5% VAT for goods and services supplied by the tourism and hospitality sector until 30 September 2021. To help businesses manage the transition back to the standard 20% rate, a 12.5% rate will apply for the subsequent six months until 31 March 2022.

Business rates reliefs: The government will continue to provide eligible retail, hospitality and leisure properties in England with 100% business rates relief from 1 April 2021 to 30 June 2021. This will be followed by 66% business rates relief for the period from 1 July 2021 to 31 March 2022, capped at £2 million per business for properties that were required to be closed on 5 January 2021, or £105,000 per business for other eligible properties.

VAT Deferral New Payment Scheme: Any business that took advantage of the original VAT deferral on VAT returns from 20 March through to the end of June 2020 can now opt to use the VAT Deferral New Payment Scheme to pay that deferred VAT in up to eleven equal payments from March 2021, rather than one larger payment due by 31 March 2021, as originally announced.

Social Investment Tax Relief (SITR) extension: The government will continue to support social enterprises in the UK that are seeking growth investment by

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Tax cont.

extending the operation of SITR to April 2023. This will continue availability of Income Tax relief and Capital Gains Tax hold-over relief for investors in qualifying social enterprises, helping them access patient capital. This measure will be legislated for in Finance Bill 2021, and a summary of responses to the consultation held in spring 2019 will be published on 23 March

Inheritance tax nil-rate band and residence nil-rate band: The inheritance tax nil-rate bands will remain at existing levels until April 2026. The nil-rate band will continue at £325,000, the residence nil-rate band will continue at £175,000, and the residence nil-rate band taper will continue to start at £2 million. Qualifying estates can continue to pass on up to £500,000 and the qualifying estate of a surviving spouse or civil partner can continue to pass on up to £1 million without an inheritance tax liability.

VAT threshold: The VAT registration and deregistration thresholds will not change for a further period of two years from 1 April 2022, giving businesses certainty.

Contactless payment card limit: Following a public consultation by the Financial Conduct Authority, the government has approved an increase to the legal contactless payment limits previously set by the European Commission. This will allow banks to support single contactless payments up to £100, and cumulative contactless payments up to £300, without the need for customers to input their chip and pin. The government looks forward to the banking industry implementing the new limits later this year.

We would hope that the increase in the contactless card limit would correspond to an increase in the amount that can be claimed via the Gift Aid Small Donation Scheme (GASDS). Alongside sector partners we will continue to call for an uptick in both this amount and the overall amount a charity can claim from £8k to £10k.

Investment

Levelling Up Fund prospectus launch: The government is launching the prospectus for the £4.8 billion Levelling Up Fund, The Levelling Up Fund will invest in infrastructure that improves everyday life across the UK, including town centre and high street regeneration, local transport projects, and cultural and heritage assets. The prospectus will provide guidance to local areas on the process for submitting bids, the types of projects eligible for funding, and how bids will be assessed. To ensure that funding reaches the places most in need, the government has identified priority places based on an index of local need to receive capacity funding to help them co-ordinate their applications.

UK Community Renewal Fund prospectus launch: The government is launching the prospectus for the £220 million UK Community Renewal Fund alongside the Budget. This will support communities across the UK in 2021-22 to pilot programmes and new approaches as the government moves away from the EU Structural Funds model and towards the UK Shared Prosperity Fund. Funding will be allocated competitively. To ensure that funding reaches the places most in need, the government has identified 100 priority places based on an index of economic resilience to receive capacity funding to help them co-ordinate their applications.

> The government will create a new £150 million Community Ownership Fund to help ensure that communities across the UK can continue to benefit from the local facilities and amenities

Investment cont.

Community Ownership Fund: The government will create a new £150 million Community Ownership Fund to help ensure that communities across the UK can continue to benefit from the local facilities and amenities that are most important to them.

From the summer, community groups will be able to bid for up to £250,000 matched funding to help them to buy local assets to run as community-owned businesses. In exceptional cases up to £1 million of matched funding will be available to help establish a community-owned sports club or buy a sports ground at risk of loss from the community.

This will help ensure that important parts of the social fabric – like pubs, sports clubs, theatres and post office buildings – can continue to play a central role in towns and villages across the UK.

Locality have commented that it hopes that match funding will not be a blanket requirement and that it will be important that the fund will provide a mix of capital and revenue.

Help to Grow Schemes: The government have introduced two new Help to Grow Schemes: Help to Grow Management and Help to Grow Digital. While more detail on eligibility for Help to Grow Digital will come in the Summer, it has been made clear that Help to Grow Management specifically excludes charities from eligibility.

Funding for Sports, Culture and Charities

The government announced additional funding for a range of cultural and sporting organisations, and while less than sector bodies had called for, it was significantly more than the amount provided to the charity sector. A mere £29m of additional funding was provided, compared to the £750m which was given last year to help tide over voluntary organisations.

The ask of the #RightNow campaign for emergency funding to help confront the ongoing crisis facing those most in need was not heeded.

Culture Recovery Fund: The government will provide £300 million to extend the Culture Recovery Fund to continue to support key national and local cultural organisations in England as the sector recovers.

National Museums and cultural bodies: The government will provide £90 million for continued support for government-sponsored National Museums and cultural bodies in England.

Sport Recovery Package: The government will provide £300 million for continued support to major spectator sports in England, supporting clubs and governing bodies.

Armed Forces charities: The government will provide up to £475,000 to Armed Forces charities in 2021-22 to support the development of a digital and data strategy for the

> The government will provide an additional £19 million towards tackling domestic abuse

Funding for Sports, Culture and Charities cont.

sector. This will improve the ability of charities to work together and with government. This funding will help to ensure that members of the Armed Forces community across the UK can access the support they need when they need it.

Veterans' mental health support: The government will provide an additional £10 million in 2021-22 to the Armed Forces Covenant Fund Trust, to deliver charitable projects and initiatives across the UK that support veterans with mental health needs, ensuring that veterans can access the services and support that they deserve.

Tackling domestic abuse: The government will provide an additional £19 million towards tackling domestic abuse, including £15 million in 2021-22 across England and Wales to increase funding for perpetrator programmes that work with offenders to reduce the risk of abuse continuing, and £4 million between 2021-22 and 2022-23 to trial a network of 'Respite Rooms' across England to provide specialist support for homeless women facing severe disadvantage.

This comes on top of the £125 million announced at SR20 for local authorities to deliver the Domestic Abuse Bill's new statutory duty to support victims.

No-interest loans scheme pilot: The government will provide up to £3.8 million of funding to deliver a pilot no-interest loans scheme. The scheme will help vulnerable consumers who would benefit from affordable short-term credit to meet unexpected costs as an alternative to relying on high-cost credit.

National Minimum Wage & National Living Wage

The National Living Wage will increase to £8.91 per hour, the government's highest rate will also include those aged 23 and over - workers who previously fell under the lower wage bracket.

The new rates will come into force on 1 April 2021.

	23 and over	21 to 22	18 to 20	Under 18	Apprentice
April 2021 (new rate)	£8.91	£8.36	£6.56	£4.62	£4.30

While it is good news for workers that there will be increases to the NMW and NLW, charities will be concerned that without corresponding increases to grant funding or contracts, it will only increase operating costs.

Welfare

Universal Credit increase: The government is extending the temporary £20 per week increase to the Universal Credit standard allowance for a further six months in Great Britain, on top of the planned uprating. This measure will apply to all new and existing Universal Credit claimants.

Additional support for Working Tax Credit claimants: The government is making a one-off payment of £500 to eligible Working Tax Credit claimants across the UK, to provide continued extra support over the next six months.

Universal Credit surplus earnings threshold: The government will maintain the higher surplus earnings threshold of £2,500 for Universal Credit claimants for a further year until April 2022, when the threshold will revert to £300.

Universal Credit Minimum Income Floor suspension: The government will continue the suspension of the Minimum Income Floor (MIF) for self-employed Universal Credit claimants until the end of July 2021. The MIF will be gradually reintroduced from August, but DWP work coaches will be given discretion to not apply it on an individual basis where they assess that claimants' earnings continue to be affected by COVID-19 restrictions.

> Amongst the many announcements about welfare, none will be more controversial than the government's decision to only keep the £20 uplift to Universal Credit until September...

Welfare cont.

Universal Credit: Debt deductions cap and advance repayments – The government will support claimants to keep more of their Universal Credit awards while ensuring they meet their financial obligations by bringing forward previously announced changes. From April 2021, the period over which Universal Credit advances will be recovered will increase to 24 months, while the maximum rate at which deductions can be made from a Universal Credit award will reduce from 30% to 25% of the standard allowance. These measures were previously due to be implemented from October 2021.

Relaxation in Working Tax Credit hours requirement – The government will continue to treat Working Tax Credit claimants across the UK who have been furloughed, or experienced a temporary reduction in their working hours as a result of COVID-19, as working their normal hours for the duration of the CJRS. This allows these claimants to remain eligible for Working Tax Credit.

Amongst the many announcements about welfare, none will be more controversial than the government's decision to only keep the £20 uplift to Universal Credit until September. This falls far short of the 'Keep the lifeline' campaign co-ordinated by the Joseph Rowntree Foundation which CFG supported. This means support will be taken away at the same time furlough is ending, which is likely to lead to hundreds of thousands more people being put into poverty, and an additional financial burden placed on the charity sector at a time it can ill afford it.

Analysis from CFG's corporate partners...

There has been a lot of noise about not raising taxes yet as it could stall the recovery of the economy but some sectors of the economy have done very well in the past year and/or have not suffered despite the pandemic. Would it not have been possible to implement some tax rises for higher company profits and on higher personal earnings? Then perhaps there would be no need to freeze the Income Tax personal allowance for five years which will hit the lowest paid the hardest. Interesting also to compare how different areas are evaluated for support: a total of £690 million for cultural organisations and sport, just £19 million to tackle domestic abuse. I hope the Chancellor understands there is much more to the sector than arts, culture and sport plus something for veterans.

It is very disappointing that he has not added a supplement to Gift Aid which would have been a straightforward way to assist a much larger range of charities including many smaller ones. Perhaps though the Gift Aid Small Donations Scheme limit can again be raised to the new £100 contactless payment level? Of course many charities have benefited from the furlough scheme (CJRS), rates relief, grants and now the restart grants, but the government has missed the opportunity to do much more for charities who, after all, support so many vulnerable people in the UK. One other thought – I look forward to learning why businesses in a Freeport should be showered with tax reliefs when those next door to one, or in the next town, will not be – how is that fair?

Helen Elliott, partner at Sayer Vincent LLP

Analysis from CFG's corporate partners...

Chancellor Sunak's budget today focussed, as expected, on job retention and an investment led business recovery with very little commentary on the charity and Not For Profit sector, aside from a £700m arts, culture and sport package announced in advance.

The confirmation that the Coronavirus job retention scheme will be extended to the end of September, albeit with employer contributions from July, will bring at least some comfort to businesses and charities alike and offers some clarity to short term forecasting.

The extent to which this will protect jobs and therefore impact individual charitable giving in the next 18 months is unclear but the revised OBR projection for peak unemployment of 6.5%, down from 11.9% suggests a move in the right direction for those reliant on donations and retail income. The decision to freeze income tax and national insurance will certainly play a part in how the public feels about their ability to fund causes they believe in and wish to support.

The extension of government loan support in the form of a new recovery loan scheme will also be welcome news for some organisations, although we await further details to understand if availability to Not for Profits will be the same as the existing schemes. We have seen many charities make use of these schemes over the last year to replace lost income streams during lockdowns and I suspect there will be further demand for lending support in the sector as the year progresses.

Leo Jones, Head of Charities and NFP Organisations
for HSBC UK Commercial Banking

Analysis from CFG's corporate partners...

Although there were plenty of big announcements aimed at businesses, it was very disappointing that the voluntary sector's repeated calls for more targeted financial support have been ignored. To date, only a tiny proportion of the funds made available – just £750m out of hundreds of billions – have been ringfenced for charities. This clearly doesn't reflect the vast contribution made by the sector to society, nor the difficulties faced by it during the pandemic. In particular, it was a huge missed opportunity not to increase Gift Aid relief, which would have provided a much needed earnings boost.

Though perhaps not an obvious benefit, the temporary ability to carry back corporation tax losses for three years (previously one), will provide greater flexibility for many companies in charitable groups. For example, previously profitable trading subsidiaries that have unexpectedly traded at a loss will now be able to shelter profits from earlier periods where they were unable to fully gift those profits away. This may help alleviate corporation tax liabilities that would otherwise have arisen under the current rules. It is however a shame that trading subsidiaries are not being granted any extension to the deadline to gift profits to its parent charity and obtain tax relief in an earlier period. This deadline remains at 9 months following the year end.

Alice Palmer, NFP Tax Manager, Haysmacintyre

Analysis from CFG's corporate partners...

A Bounce Back Budget?

Chancellor Rishi Sunak's 2021 Budget was certainly set against a unique background. UK plc has seen an unprecedented level of economic support due to the COVID-19 pandemic. The country now has the largest level of public sector borrowing outside of wartime arising from fiscal support of over £350bn this year and next.

Against that background there has been much speculation about what further economic support would be necessary to see the UK through the next few months and what plans then look like to repair the fiscal damage to government coffers and the economy in the wider sense.

The continuation of the furlough scheme until 30 September 2021 along with further grants for the hospitality and leisure sectors for a limited Business Rates holiday for the first six months of 2021/22 will have widespread benefit to business including the charitable sector.

The extension of the 5% VAT rate for hospitality and tourism to 30 September 2021 and then an interim rate of 12.5% to apply from 1 October 2021 until 31 March 2022 was possibly beyond the expectation of many in that sector and will be welcome to those charities, particularly visitor attractions who rely on secondary spend from hospitality activity.

There are other measures in terms of public spending by way of an extension of the Zoo Animals Fund, a new £300m Cultural Recovery Fund, £90m for National Museums and a new £150m Community Ownership Fund which will go some way to supporting charities in the arts, culture, theatre and community sport to recover and secure their future.

Analysis from CFG's corporate partners...

However, there were a couple of areas which the charitable sector would have hoped to see which have not been mentioned. Many have been lobbying for a temporary increase in the value of Gift Aid to help the wider charitable sector recover. Whilst donations have continued the focus has been on medical and NHS charities and those who rely on events and sponsored fundraising – of which Gift Aid is a huge aspect – have had their finances significantly impacted. A short-term Gift Aid increase – similar in concept to the short-term boost given for capital allowances or loss carry backs for commercial businesses – must have been a serious consideration and it is disappointing that this has not been proposed. Similarly, the extent of irrecoverable VAT suffered by charities is a long-standing issue, potentially worsened in some cases by increased reliance on non-business or exempt grant income during the COVID pandemic, and it is also disappointing that this impact has not been recognised.

As always with the Budget there are winners and losers, but for the charitable sector it feels like draw. Plenty to be pleased with but you can't escape the feeling that it could have been so much better.

Jon Sparkes, Tax Director, Bishop Fleming LLP

Analysis from CFG's corporate partners...

So, what did Rishi's budget have in store for the Charity and not-for-profit sector? Of course, the updates already noted in wider budget updates on the extension of furlough will provide welcome news for the sector and allow for continued planning with the safety net until the end of September.

The increase in minimum wages, whilst expected, will affect many charitable organisations, the challenge will be as to whether the increased costs can be reclaimed from funders, if not then budgets will need to be closely examined. A number of funds have been released in areas such as arts and sport that will help many charitable organisations as the move to returning to normal pushes forward. Additionally, funding has been announced in areas such as domestic violence.

And finally, local community groups will have access to funds to "buy their local" and to then run it as a community business. An interesting challenge for the third sector is ensuring these are created with the correct constitution and have robust governance in place.

In respect of VAT, the 5% VAT rate extension for the hospitality industry will be beneficial for some, but only once the venues are allowed to open. The VAT registration and de-registration limits have been frozen, and this is a missed opportunity. If the limit had been increased, as was hoped, it could have taken a lot of smaller charities out of the cost of VAT accounting.

Sarah Case, Managing Partner, Azets

Analysis from CFG's corporate partners...

The last twelve months have demanded an incredible display of resilience from charities. You've found yourselves #NeverMoreNeeded yet placed in an increasingly difficult position to provide support. This budget, and the phased re-opening announcements from the Prime Minster, represent a welcome step in the right direction.

To support you on this path, it's vital that you continue to take full advantage of reliefs available to charities where possible. The Social Investment Tax Relief (SITR) scheme, which to date has been somewhat underutilised, has been extended until April 2023 and therefore could be a substantial opportunity for charities and social enterprises.

Likewise, the announcement that companies can carry back corporation tax losses against profits of up to the last three years, will be of benefit to those of you with trading subsidiaries that have become exposed to a corporation tax liability as a result of sudden losses caused by the pandemic, that's rendered them unable to donate their earlier profits to their parent charity. Charities in the retail and hospitality sectors will have been pleased to hear that there will be extended reliefs from business rates and VAT until March 2022. All of this provides you with a much-needed cash-flow advantage and allows you to tread the road to recovery in a stronger financial position.

Analysis from CFG's corporate partners...

Restart grants of up to £6,000 per premises for retail businesses and £18,000 for hospitality and leisure businesses are also available to the not-for-profit sector, along with £700 million further funding for the education sector, a £300 million extension to the Culture Recovery Fund, and £475,000 for Armed Forces charities also promised. The extension of the furlough scheme until September 2021 is another welcome relief from the government, allowing you to retain your valued staff and bring them back at a time that best suits the charity.

Luke Savvas, Partner, Buzzacott

Analysis from CFG's corporate partners...

Every little bit helps - business rates relief extended

With very few specific references to charities in the budget commentary, the extension to the 100% business rates reliefs for eligible retail, hospitality and leisure properties from 1 April 2021 to 30 June 2021 is welcomed. It will benefit charities operating in the relevant sectors where they usually only receive 80% mandatory charity relief from their local authority. In addition, and more importantly, eligible trading subsidiaries will also benefit. This will include those that operate charity shops and catering/hospitality facilities that have been hardest hit by the pandemic. The 100% relief will be followed by a relief of two thirds of business rates for the period 1 July 2021 to 31 March 2022.

Rachelle Rowbottom, Tax Partner, BHP

Analysis from CFG's corporate partners...

Resilience to restart

There were some sector specific packages including an additional £300 million to support theatres, museums and other cultural organisations in England through the Culture Recovery Fund (CRF) and £90 million of funding to support the government-sponsored national museums in England.

The CRF has provided a lifeline to the cultural sector over the last 12 months. This has been the toughest of times for this part of the sector as it now moves from resilience mode to restarting. We all look forward to being able to enjoy our museums, galleries and theatres again will be followed by a relief of two thirds of business rates for the period 1 July 2021 to 31 March 2022.

Jane Parker, Partner, Head of Charities and Not for Profit, BHP

Analysis from CFG's corporate partners...

Rishi Sunak has pledged that he will continue to do "whatever it takes" to push forwards the UK's recovery from the COVID-19 pandemic.

On first inspection, it seemed the Chancellor's Budget offered little for struggling charities.

However, as is often the case, there were further details contained in the Treasury papers offering glimmers of hope. The Red Book detailed a charities support package worth a total of up to £750m of funding. This includes £60 million for the devolved administrations through the Barnett formula.

The extension of the ongoing furlough scheme to the end of September is welcome and will continue to pay 80% of wages. Employers will be asked to pay a higher contribution from the summer.

If applicable to charities, the announcement of a new recovery loan scheme could provide charities with a much-needed uplift. Until the end of the year, organisations can apply for a loan of £25,000 to £10m, with 80% of the loan guaranteed to lenders by the Government.

For many charities, the new 'super deduction' scheme could also be a fantastic opportunity to stock up on essential equipment. Over the next two years, any investments can be reduced from tax bills by 130% of the cost. This can cut equipment bills by 25p to the pound – invaluable for charitable organisations that rely on specialist equipment.

Also contained in the Treasury papers were details of a £475,000 cash boost for Armed Forces charities in 2021-22 to support the development of a digital and data strategy for the sector.

As always, the devil will be in the details, and charities should remain cautious until the intricacies of the Budget have been examined. We expect more news on 23 March when details of The Finance Bill are published.

Iris Software Group

A final word...

CFG was initially encouraged by the Chancellor's opening gambit that he recognises the extraordinary hardship so many people are now facing. However, the government has once again failed to recognise the vital role civil society plays in protecting and supporting those same people.

The Chancellor has failed to repair the safety net used by millions of our citizens every day, despite us very clearly laying out why an Emergency Support Package and longer-term support measures are needed #RightNow.

Deliberate and continued refusal to support social change organisations delivering public benefit leaves our sector precariously balanced on the cliff edge of rising demand and reducing income.

There are few bright spots in this Budget that we must acknowledge. The extension of the furlough scheme until September 2021 will come as a relief to many. But as we have come to expect, a failure to engage in amending this scheme – in order to support continued delivery of services – leaves the sector having to decide between mobilising or mothballing.

The additional money for domestic abuse survivors, and mental health services for veterans, as well as the additional funding for the arts and culture sectors, is a start, but pales into insignificance when stacked against measures to boost business. This is yet another example of a failure to value the contribution to the economy and society delivered by our sector.

If the government is serious about reducing the rapidly widening inequalities in our communities, then it cannot continue to ignore social change. The Chancellor is spot on that now is the time to invest, but that investment must be in all areas of the economy and not just those leading to private profit. Without it, enterprise won't lead to levelling up, it will lead to cashing in.

Today's Budget is best described as a huge missed opportunity, but it is not too late to address these deficiencies. We will keep pressing government to ensure their words lead to positive social change as the economy and society starts to focus on coming out of this crisis.

Caron Bradshaw OBE
CEO, CFG

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All information is subject to change but is accurate to the best of our knowledge at the time of distribution.

Please send all enquiries and/or feedback to the Policy Team.

We would like to thank our corporate partners for contributing to this Budget 2021 Briefing.