

A GUIDE FOR CHARITIES AND SOCIAL ENTERPRISES NAVIGATING FUNDING POSSIBILITIES DURING COVID-19

**BIG
SOCIETY
CAPITAL**



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BACKGROUND

The Covid-19 outbreak is affecting us all, across the UK, and the world. Whilst the coming months remain uncertain, it is clear that the impacts will be felt most keenly by those most vulnerable in our society.

We know that everyone is doing all they can to support those they love, and those they work hard to support through their incredible organisations.

Understandably, many charities and social enterprises are asking where they go next, how they get there, where to find funding, or how to manage their existing funding.



This is a tricky time for everyone, and there is a lot of information flying around.

It can be hard to know where to look, or who to listen to. We wanted to pull some of that advice and information together to make it as easy as possible for you to navigate this changing landscape.

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7. Further support & resources

1. PRINCIPLES TO HELP YOUR THINKING

In an unpredictable situation like this, every organisation will need to work out the right approach for themselves. Here are some principles to help guide those decisions.



PRIORITISE HEALTH & WELLBEING

Prioritise the health and wellbeing of those you exist to serve, and your staff. [Read the UK government's guidelines on how to approach this are.](#)

Focus your operational support in ensuring that any of the individuals with particular vulnerabilities that you exist to serve are looked after. [Access resources on health and wellbeing here.](#)

ACT QUICKLY

The sooner you act, the more options you provide for you and your organisation; it may make all the difference.

FACTOR IN THE LONG TERM PERSPECTIVE

While nobody knows exactly how long this will last, it may be that the effects are being felt for most of the rest of the year.

This may be a marathon rather than a sprint so think about the long term.

1. PRINCIPLES TO HELP YOUR THINKING



GET A GOOD GRASP OF HOW MUCH CASH YOU HAVE

This is vital information that will support the next moves that you make. Three key things to find out:

- How much income is definitely coming in?
- How long will this last you if that's all you have?
- Are there any spending plans it's worth putting on hold?

ACT QUICKLY

As things rapidly change, it is more important than ever to stop and take a moment to scenario plan for your organisation.

- What do the needs of your organisation look like given different situations occurring?
- Which do you believe are most likely and why?
- How does this link into your business continuity planning exercises?
- What activities do you need to stop, start, accelerate and continue?

COMMUNICATION IS KEY

With customers, with staff, with funders, with stakeholders – keep in touch. Let them know what you're planning and ask their advice.

We are all in this together and they will be glad to hear from you – even if their responses are a bit slower than normal. [Find more information on planning your communications here.](#)



2. MAKING SENSE OF THE GOVERNMENT SUPPORT

Through the budget, and subsequent Treasury announcements, there is a range of support from the government that is available, that you might be able to make the most of.

There will also be a range of new funding sources that are pulled together from government sources, wider partners, and additional funders, all of whom care about supporting you through this period.

For example see the [National Lottery Community Fund's guidance on the type of thing to expect](#). As grant funders and private businesses also announce support or grants, [access up to date information on funding and investment available](#).

On the next page is a breakdown of the key developments regarding government support and how they apply to charities and social enterprises.

NB: An SME is defined as a business that is UK based and employs fewer than 250 employees as of 28 February 2020.

2. MAKING SENSE OF THE GOVERNMENT SUPPORT

TYPE OF SUPPORT	SOCIAL ENTERPRISES	CHARITIES	NOTES
<u>Coronavirus Job Retention Scheme</u>	✓	✓	HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month. HMRC are working urgently to set up a system for reimbursement. Existing systems are not set up to facilitate payments to employers.
<u>VAT deferral</u>	✓	✓	This is an automatic offer for all organisations that are registered to pay VAT. Businesses will not need to make a VAT payment during this period (20th March 2020 until 30 June 2020.)
<u>Business interruption loans up to £5m</u>	✓	✓	Only if more than 50% of income comes from trading
<u>Statutory sick pay relief for SMEs</u>	✓	✓	It covers up to 2 weeks of statutory sick pay for staff who are sick with Covid-19 or have to self-isolate.
<u>Small Business grant funding up to £10k</u>	✓	✗	Charities are not currently eligible for this. As they receive mandatory rate relief they are not eligible for small business or rural rate relief and so do not meet the gateway criteria for this support.
<u>HMRC Time To Pay Scheme</u>	✓	✓	Not for profits are able to take advantage of this Charities and other businesses with outstanding tax liabilities, may be eligible to receive support with their tax affairs through HMRC's Time To Pay service.
<u>Grant funding 25k for retail, hospitality & leisure</u>	✓	✓	For businesses in these sectors with a rateable value of under £15,000, they will receive a grant of £10,000. For businesses in these sectors with a rateable value of between £15,001 and £51,000, they will receive a grant of £25,000.
<u>12-month business rates holiday for retail, hospitality & leisure</u>	✓	✗	Charities are not currently eligible for this. As they receive mandatory rate relief they are not eligible for small business or rural rate relief and so do not meet the gateway criteria for this support.

GRANT FUNDING, SOCIAL INVESTMENT & BANKS

If you have existing funding, social investment, or banking facilities, you may be wondering what you need to do and how to navigate relationships with your funders. In this section, we'll be looking at what to do with current grants, social investment facilities and relationships with banks or financial institutions.

3. CURRENT GRANTS

In the NCVO guidance, you can see [responses from funders here](#). The vast majority emphasises flexibility and support. Your funder will most likely have their own guidance on their websites that can give you more information on what to expect.

Make sure you pick up the phone to speak to your key contact. Your funder should have been in contact, but if not, and given their missions, they may have the ability to be flexible and support you through this period.



Geetha Rabindrakumar @GeethaRab · Mar 20

Thank you so much @EsmeeFairbairn for coming back to us in minutes to confirm your support and flexibility this year whilst we have no option but to pause our @CardboardCitz programmes #COVID19 Know that responses from funders this week is a relief for so many #charities



Esmée Fairbairn @EsmeeFairbairn · Mar 17

#COVID—19 *Update* -Office closure from 18th March- We want to reassure organisations we fund with grants and social investments that we will continue to support you through this uncertain time, and that our funding is flexible and intended to help you deal with challenges.

[Show this thread](#)

With current grants, a good place to start is to consider the purpose, and the length of time period that the grant is for. Key questions to ask yourself:

- Does the developing Covid-19 situation make any of these impossible to deliver?
- Are there key requirements that you will miss?
- If these are flexible grants for core operations will you be able to shift them to cover new needs, or are they tied to delivery of key programme milestones?
- Do you have reporting deadlines on the horizon?
- Do you have capacity to meet these timeframes?
- Are you likely to need additional funding to meet delays?
- Will you underspend on certain areas, but need additional cash coverage on other business critical areas?

4. CURRENT SOCIAL INVESTMENT FACILITIES

[The ethos and approach of many social investors is outlined in a joint letter signed by a range of social investors here.](#)

Given the broader effects, their focus is likely to be on supporting the mission of their investees and they will be looking to help. A lot of social investors will already have special sign-off procedures in place to move quickly to meet your needs and your timescales.

SPEAK TO YOUR SOCIAL INVESTOR

Pick up the phone to speak to your key contact. The key here is to plan ahead, and plan early. This situation is affecting all of the investee organisations your social investor has relationships with – even if the impacts are different in each case, so they will not be surprised by your call.

Key questions to think about:

- What are the key terms, obligations, or requirements under these facilities?
- Does the current situation mean that the project, or growth, or service that this was going towards is no longer going ahead?
- Do your updated forecasts based on delays to delivery, or slower than anticipated income, mean you are at risk of missing these conditions?
- Even if you are not at risk of missing them, does the developing situation make a material impact on your organisation's resilience under the current terms?
- Do you have key reporting requirements, deadlines that you no longer have capacity for?
- Do you understand where the developing situation may weaken the organisation or present key risks in the next 3, 6, or 12 months?
- What do you need your funder to do differently to help you? Have your questions ready so you can ask.



5. CURRENT BANKING RELATIONSHIPS

If your organisation has a business or charity banking account then there is also a relationship with a bank or financial institution you will have to consider.

It may be that a conversation itself with your bank will be a useful source of information about what support could be possible and how long that would take. Similar to working with grant funders and social investors, the quicker you pick up the phone, the more room for manoeuvre it will give you.

Key questions to think about:

- **Do you have a business or a charity banking account?**
 - What are the features of your account?
 - Do you have an overdraft facility in place already to assist with your cashflow needs?
 - If not, do you need one? If so, do you need to explore with your bank whether to extend that or discuss key terms?
- **Do you have a business loan or a mortgage in place?**
 - Are there terms that this situation will potentially impact?
 - The government and the UK banks have put a range of measures in place to support and mitigate some of these effects that you may be able to make use of.
 - This is the advice and range of support that is available from RBS with links to the government sites and relevant support. Other banks will also have information available.

A wooden clock with black hands is positioned in the upper left. To its right is a calendar page with dates 12 through 30. Several pushpins are visible: a red one on the 12th, a white one on the 14th, and a green one on the 21st. Below the calendar are four colored tabs: orange, pink, blue, and yellow.

6. BUSINESS & OPERATIONAL PLANNING

As you navigate conversations and relationships with your funders, whether they be grant funders, social investors or banks, it is important that you have a sense of how your organisation's operations and business continuity will be affected.

As you go through your business planning exercise, it is vital to identify any new or emerging needs.

Key questions to think about:

- What is the size, timeframe, and impact of these new/emerging needs on your organisation?
- Do you have guaranteed sources of income at this time you could potentially repay investments with, or property/assets that can be used as security?
- Could any of these be used to raise additional repayable capital to provide support through this time?

Social investors are looking to support your organisation's needs, although as over 85% of social investors are charities or social enterprises themselves it is likely that they too will be navigating through a unique set of challenges.

Find out more what social investors are funding and where via the [Good Finance SocialInvestor Directory](#).



7. FURTHER SUPPORT & RESOURCES

At Good Finance, as this emerging picture of new funding sources and where to go to access it comes together, we will make sure we provide the clearest view on this possible.

Stay posted on news, developments, tools and opportunities via the Good Finance COVID-19 Resource Hub for charities and social enterprises.

COVID-19 RESOURCE HUB FOR CHARITIES AND SOCIAL ENTERPRISES



Social Investors Respond to COVID-19

As the situation with COVID-19 unfolds around us, it is clear that there will be a significant impact on charities and social enterprises in the coming weeks and months. In this post, we share the response from social investors and Good Finance.



Funding and investment guidance

Funder updates, articles, programmes and schemes supporting charities and social enterprises with financial resilience.



Voluntary, Community & Social Enterprise Sector

Updates and guidance VCSE infrastructure and membership organisations.



Operational guidance and support

Here you can access tools and resources to help you with those core day to day operations.



Connectivity and remote working

Resources for staying in touch virtually, adapting to new working patterns and looking after your mental health.



News & Opinion

Stay posted on news, developments and opinion on how COVID-19 is affecting the sector.

For more information and any questions, please contact iranjan@goodfinance.org.uk or tweet [@goodfinanceuk](https://twitter.com/goodfinanceuk).