

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

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A GUIDE FOR NAVIGATING FUNDING DURING COVID-19



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.

CONTENTS

1. Key principles to help your thinking
2. The funding & loan finance landscape during COVID-19
3. Making the most of government support schemes:
 - a. Cribsheet for charities & social enterprises
 - b. £750m charities funding package
 - c. Business Bounce Back Loans
 - d. £150m unlocked from dormant bank accounts
4. What to consider with your current grants
5. What to consider if you currently have social investment
6. Navigating your relationship with banks
7. Planning for the future
8. 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.](#)

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, staff, funders and 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. THE FUNDING & LOAN FINANCE LANDSCAPE DURING COVID-19

GOVERNMENT SUPPORT

Through the budget and subsequent Treasury announcements, there is **a range of Government support that is available:**

- Coronavirus Business Interruption Loan Scheme (CBILS)
- Coronavirus Job Retention Scheme
- Business Bounce Back Loans
- HMRC Time to Pay Scheme

There are also dedicated grants and schemes for specific sectors. For more information on these & the above, [read on for our guidance on the Government support.](#)

GRANTS

Grants will continue to play a crucial role in supporting charities and social enterprises navigating a new landscape during Covid-19. The UK Government have announced [a £750m funding package](#) for the Charities sector, the Welsh & Scottish Governments have also announced support. We've rounded up these and over £500 million worth of grant support available via over 60 UK wide, regional and issue specific grants. [Find them in the Good Finance Covid-19 Resource Hub.](#)

LOAN FINANCE OPTIONS

Coronavirus Business Interruption Loan Scheme (CBILS): this is one of a number of Government measures, available through the British Business Bank's accredited lenders. The scheme is designed to support SMEs, social enterprises & charities who are experiencing cash flow difficulties, but are considered viable in the longer term.

Resilience and Recovery Loan Fund: This has been established by Social Investment Business and supported by Big Society Capital. The aim of this fund is to extend the government's CBILS to social enterprises and charities, making it easier for them to access. [Find out more about it here.](#)

Community Investment Enterprise Facility: this also uses CBILS and lends to social enterprises and charities. CIEF was set up to meet the needs of underserved small enterprises that have a positive impact in the communities they operate. It is managed by Social Investment Scotland and is delivered by Community Development Financial Institutions (CDFIs). [Find out more here.](#)

Business Bounce Back Loans (BBLs): a new fast-track finance scheme providing loans with a 100% government-backed guarantee for lenders. Small businesses will be able to borrow between £2,000 and £50,000. There will be no fees or interest for the first 12 months.

EXISTING FUNDERS / LENDERS

If you have existing grants, banking facilities or social investment, it is **essential to reach out to your key contact.** [Read the key messages from social investors here.](#)

3. MAKING SENSE OF THE GOVERNMENT SUPPORT SCHEMES

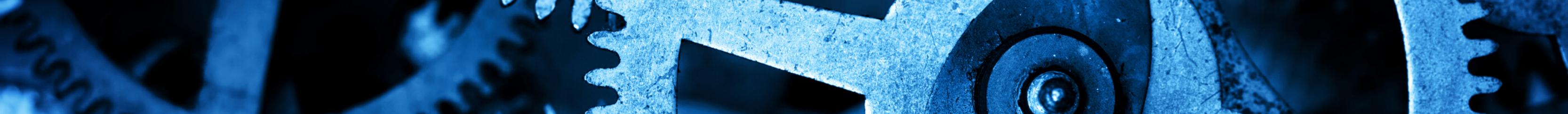
Through the budget, and subsequent Treasury announcements, there is a range of support from the government that is available, that you might be able to make the most of.

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.

You may find the following helpful:

- [The National Lottery Community Fund's guidance on the type of thing to expect](#)
- [Open letter from social investors](#)
- [Good Finance's comprehensive list of the funding available](#)
- On the next page is a cribsheet to help you navigate Government support

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



3A. UNDERSTANDING GOVERNMENT SUPPORT DURING COVID-19

SOCIAL ENTERPRISES CHARITIES

<p>CORONAVIRUS JOB RETENTION SCHEME: 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.</p>	✓	✓
<p>VAT DEFERRAL: 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.)</p>	✓	✓
<p>BUSINESS INTERRUPTION LOANS (CBILS & BILS): No personal guarantee required for loans <£250k, loans of upto £25m available for firms with turnover between £24m - £500m, covers all companies affected by COVID-19. 50% trading requirement removed for registered charities.</p>	✓	✓
<p>STATUTORY SICK PAY RELIEF FOR SMES: It covers up to 2 weeks of statutory sick pay for staff who are sick with Covid-19 or have to self-isolate.</p>	✓	✓
<p>SMALL BUSINESS GRANT FUNDING (upto £10k): 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.</p>	✓	✗
<p>HMRC TIME TO PAY SCHEME: 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.</p>	✓	✓
<p>GRANT FUNDING RETAIL, HOSPITALITY & LEISURE (upto 25K): For businesses in these sectors with a rateable value of under £15,000, they will receive a grant of £10,000. For businesses with a rateable value of between £15,001 and £51,000, they will receive a grant of £25,000.</p>	✓	✓
<p>12 MONTHS BUSINESS RATES HOLIDAY FOR RETAIL, HOSPITALITY & LEISURE (England): 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.</p>	✓	✗



3B. GOVERNMENT ANNOUNCES £750 FUNDING PACKAGE FOR CHARITIES SECTOR

In early April, the Government announced a £750 million funding package for charities. Here are the key highlights from the announcement:

- There are 170,000 charities in the UK and the Government acknowledges that they will not be able to match pound for pound the amount of income charities will have lost
- Rishi Sunak reminded viewers that charities are able to apply to existing Government schemes like the **Job Retention Scheme** and **Coronavirus Business Interruption Loans Scheme**
- A £750 million funding package was announced of which:
 - **£370m will go to small local charities.** This will be delivered by the [National Lottery Community Fund](#). £60m of this will be delivered using the [Barnett Formula](#).
 - **£360m will go to charities providing essential services.** £200m of this will be delivered to hospices. Alongside hospices, charities like Citizens Advice, St John's Ambulance and those providing services to vulnerable children, survivors of domestic violence and disabled people will also receive support.
 - [BBC's Big Night In fundraiser](#) will also be matched pound for pound.
- The Welsh and Scottish Governments' have also announced funding packages for charities
- To find out about these and other grants available, [visit our Covid-19 Resource Hub](#).



3C. BUSINESS BOUNCE BACK LOANS: WHAT WE KNOW SO FAR

Small businesses could benefit from a new fast-track finance scheme providing loans with a 100% government-backed guarantee for lenders. Here's what we know so far:

- Businesses will be able to borrow between £2,000 and £50,000. There will be no fees or interest for the first 12 months.
- The scheme has been designed to ensure that small firms who need vital cash injections to keep operating can get finance in a matter of days.
- The new scheme will run alongside the existing Coronavirus Business Interruption Loan Scheme (CBILS).
- The scheme will launch for applications on **Monday 4 May**. You will be able to apply online and access these loans through a network of accredited lenders.
- You can apply for a loan if your business:
 - is based in the UK
 - has been negatively affected by coronavirus
 - was not an 'undertaking in difficulty' on 31 December 2019
 - You cannot apply if you're already claiming under the CBILS
 - The 50% trading requirement has been removed for registered charities.
- To find out about other support, [visit the Good Finance Covid-19 Resource Hub.](#)



3D. GOVERNMENT UNLOCKS £150M FROM DORMANT ACCOUNTS FOR CORONAVIRUS RESPONSE

£150 million from dormant bank and building society accounts is to be unlocked to help charities, social enterprises and vulnerable individuals during the coronavirus outbreak.

- This includes accelerating the release of £71 million of new funds, alongside £79 million already unlocked that will be repurposed to help charities' Coronavirus response and recovery.
- Of the £150 million:
 - £10 million will be brought forward for the Youth Futures Foundation to help organisations who support unemployed, disadvantaged young people across the country into jobs
 - £45 million will be deployed by Big Society Capital to allow better access to investment
 - £65 million will be used by Fair4All Finance to support affordable credit providers
 - £30 million will go to Access - The Foundation for Social Investment who will support social enterprises & charities helping people in vulnerable circumstances.
- In addition to this funding, the Coronavirus Community Support Fund distributed by The National Lottery Community Fund will open for applications Friday, 22nd May. £200 million worth of grants will be available for organisations who are:
 - Supporting people and communities experiencing disproportionate challenges during the pandemic,
 - Those that provide services & support for vulnerable people and have seen an increase in demand or lost income

4. RELATIONSHIPS WITH GRANT FUNDERS

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 and relationships with banks or financial institutions.

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.

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?



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](#)

5. RELATIONSHIPS WITH SOCIAL INVESTORS

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.

GOOD FINANCE INVESTOR DIRECTORY

Look out for the new orange exclamation mark on the Good Finance investor directory which highlights which social investors are providing different types of emergency or COVID-19 related funding.



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.

6. 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.

7. PLANNING FOR THE FUTURE

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?
- What are the key considerations you need to make with regards to sustainability in the short term future?

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 Social Investor Directory](#).

8. 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
- Hear stories from charities & social enterprise leaders navigating #AChangingWorld
- Join us for webinars and read our blogs on #OnQuestionsAnswered.

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.



Your Questions Answered:
Navigating
loan finance
options during
COVID-19