

## SHEARMAN & STERLING LLP

*The contents of this memorandum are accurate as at 1 May 2020.*

### Introduction

On 8 April 2020, the government announced a £750 million package to support UK charitable organisations through the Covid 19 crisis. On 12 April 2020, the government made a further announcement, making an additional £200 million available for UK and international charities focusing on overcoming the pandemic.

Government departments are currently working on identifying priority recipients of such funds, with the aim for charities to receive the funds in the coming weeks. Set out below is further detail on the various packages, although this will be under review and subject to further updates as more information is released.

It is not yet clear whether there are restrictions on the type of entity able to apply for any of the grants covered, although it is clear that the majority of the grants are UK-focused.

These grants work in conjunction with other government-announced schemes that charities may be able to take advantage of, including the Coronavirus Job Retention Scheme, the Coronavirus Business Interruption Loan Scheme and the deferment of VAT bills and business rates discounts for certain types of charity. The government has released a [tool](#) to help charities and businesses identify what financial support is available to them during the COVID-19 pandemic.

### Overall framework of government support

£750 million pledged to UK charities:

- £370 million to small / medium charities, through National Lottery Community Fund
- £360 million to charities providing essential services or supporting the vulnerable
- £20 million to the National Emergencies Trust

Plus further small grants for specific causes (e.g. mental health, domestic abuse)

£200 million pledged to UK and international charities/NGOs working internationally focusing on overcoming the pandemic, broken down as follows:

- £130 million to UN agencies
- £50 million to the Red Cross and Red Crescent appeals
- £20 million to NGOs / UK charities utilising 'British expertise'

## **£370 million allocated to small and medium charities through the National Lottery Community Fund**

This fund is intended to help small and medium charities that support local organisations, including those delivering food and essential medicines, and those providing financial advice. The proportion designated for English charities will be distributed by the National Lottery Community Fund ("**NLCF**").

Devolved administrations are expected to receive around £60 million of this funding, under the Barnett formula. Further details of how the funding will be allocated and made available are yet to be announced, although NLCF has stated that diversity and inclusion will be factored into its assessments.

## **£360 million allocated to charities providing essential services / supporting vulnerable people**

This will be allocated by government departments to certain identified targets. There is no definitive statement on who constitutes a 'vulnerable person' but the intention is for it to include:

- Up to £200m for hospices to help increase capacity and stability; and
- Up to £160 million to:
  - St John Ambulance to support the NHS;
  - Citizens Advice to increase the number of staff providing advice;
  - Victims charities, to help with potential increase in demand; and
  - Vulnerable children charities, to enable them to continue the provision of services on behalf of local authorities.

## **£20 million to the National Emergencies Trust coronavirus appeal**

The government also announced a donation of a minimum of £20 million to the National Emergencies Trust ("**NET**") which is establishing a fund, distributed through its network of community foundations, to support individuals impacted by the outbreak (including those dealing with the impact of illness, social isolation, or loss of income). The government also promised to match public donations to NET as part of the BBC's recent Big Night In charity appeal.

## **Further specific domestic grants**

The government has also announced the following specific grants:

- £5 million for leading mental health charities to expand support services, to be administered by Mind; and
- £2 million to enhance online support services and helplines for domestic abuse (including IT expertise from Fujitsu to provide support to smaller domestic abuse charities to enable their specialist support workers to provide their services remotely).

## Additional sources of funding

### National Lottery Communities Fund

As well as its work in administering one of the government's COVID-19 packages detailed above, the NLCF continues to administer its usual funding. It has stated that its funding decisions over the next six months will be devoted to addressing the current crisis, and it will accelerate funding where it can. It will be using the following criteria at first instance: activities specifically geared to supporting communities through the crisis; and helping organisations overcome liquidity issues caused by COVID-19.

### Other options

As well as the above, there are various sector-specific resources (including the National Lottery heritage fund for historic sites and parks, Sport England coronavirus support fund for community sports clubs and organisations and Arts Council England which is supporting ongoing work in the cultural sector). There are also local resources (e.g. London Community Response Fund – delivering different crisis response programmes, Forever Manchester community support fund) and the possibility of Big Society Capital loans and investments (one of which is a small, emergency loan with no fee and no interest for 12 months).

## General guidance

As well as the funding resources detailed above, there are various other steps that charities are able to take to help them navigate the current climate:

- **Cash flow management:** Identify fixed costs / deadlines for paying them, delay committing to expenditure to the extent possible, chase outstanding debts, talk to lenders to gauge possibilities of overdraft / repayment extensions.
- **Employees:** Consider hiring freeze, consider suitability of Coronavirus Job Retention Scheme which offers the opportunity to furlough staff.
- **Gift aid on ticket sales:** Investigate [scheme](#) allowing charities to claim gift aid on ticket sales for COVID-19-related cancelled events.
- **Other HMRC and government support:** Consider possibility of claiming support through HMRC's Time to Pay service and other government-led [support services](#), as well as engaging with the government's [guidance](#) for charities.
- **Make use of expert resources:** The following organisations have financial resources / links to expert help for charities: Small Charities Coalition, National Council for Voluntary Organisations, Welsh Council for Voluntary Action, Institute of Fundraising, Charity Finance Group, Directory of Social Change and Association of Chairs.

- ***Discuss and re-negotiate***: Either directly or with pro bono support make contact with individuals and organisations where it is clear either party will have difficulty in fulfilling its obligations. Try to reach a mutually agreeable revision to terms and contracts.

### Pro bono support

Please refer to the other resources on the Not-for-Profits Programme's dedicated [webpage](#). Following on from this, if you are still in need of pro bono legal assistance, please make an [application](#) to the Programme's Casework service.