

Coronavirus (COVID-19) guidance note: Finances

Managing finances is an issue for all businesses at the best of times, but faced with the widespread disruptions, closures and extra pulls on resources, now really is the time to take a step back, analyse your finances and develop a proactive plan on how you can cover the costs of your business and keep going during these unprecedented times due to the Corona Virus (Covid-19) outbreak in the UK.

The government, funders and support services are responding quickly to a fast changing situation and already there are initiatives being launched to support small businesses and the social business sector.

This briefing note is intended as a means of signposting you to useful information and resources related to finances during this pandemic. We will be updating this briefing regularly as more resources and advice become available.

Many of the links in this document are to external websites; we share them in good faith but we have no control over their content or accuracy.

Managing cashflow and financial support

Identifying what has to be paid out over coming weeks and how much you will need to cover your costs is a first step in taking control. Once you have identified what the shortfalls are likely to be, there are a range of options available to plug that gap in your cashflow from speaking to your bank about extending your overdrafts or arranging payment holidays/deferment to applying for specialist grants and bridging loans that have been created to get businesses through this pandemic.

If you already have an established cashflow process in place, then you will need to stress test it. Stress testing is where you check your organisation's financial resilience by manipulating the income and expenditure, for example reducing income by 20%, then 30% etc – it will show at what point you will need to get extra cash into your business to keep trading.

Talking with your stakeholders, partners and suppliers, it may be possible to delay future payments which will help alleviate short term cash flow issues. Alternatively, reducing your invoicing time can prompt clients to pay quicker. Similarly, chasing outstanding invoices can help too. Reserves are also a consideration. Many organisations build up reserves to allow them to bridge gaps in cashflow. If you have a reserves policy discuss as a Board how much (if any) of your reserves can be used to support the business over the next six months.



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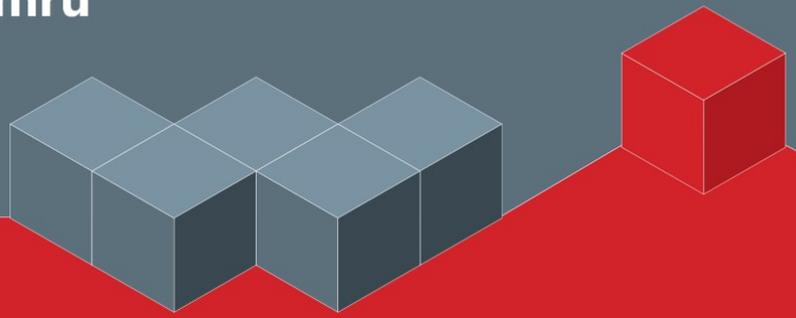
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- **Business Wales** details the key considerations when compiling your cash flow forecast: <https://businesswales.gov.wales/starting-up/managing-your-finances/cashflow-forecast#guides-tabs--0>
- **Social Investment Cymru** has launched emergency bridging loans for the sector: <https://wcva.cymru/emergency-fast-track-loans/>
- Most banks are like **Development Bank Wales** are offering repayment holidays, so check with your bank and lenders to find out what is available: <https://developmentbank.wales/coronavirus-support-welsh-businesses>
- Over 25 social investors have come together through **Good Finance** to detail ways they can help. The Good Finance website contains an easy to use lists and links: <https://www.goodfinance.org.uk/covid-19-resource-hub-charities-social-enterprises>

Government Support

The UK & Welsh Government have been quick to launch support and aid schemes to support businesses through this challenging time. A number of initiatives have been introduced:-

The **UK Government** have published guidance to employers, employees and businesses, including support available:

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses>

- **Job Retention Scheme:** the UK Governments furloughing scheme is now open for applications. The scheme will enable employers with a PAYE system to claim up to 80% of staff wages up to a maximum of £2,500 per employee, plus NI and pension contributions. The scheme runs from 1st March 2020 for 4 months. Details on the scheme and application process: <https://www.gov.uk/guidance/claim-for-wages-through-the-coronavirus-job-retention-scheme>
- **Statutory Sick Pay:** can be claimed back to cover employees for up to 14 days absence while self isolating and the evidence requirements have been relaxed: <https://www.gov.uk/guidance/claim-back-statutory-sick-pay-paid-to-employees-due-to-coronavirus-covid-19>



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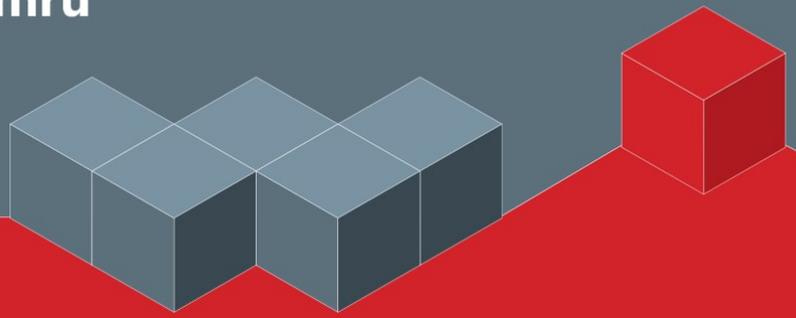
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- **Rate Relief & Grants:** eligible businesses will gain rate relief against their premises until 2021. In addition, small businesses will also be able to apply through their local authority for grants of £10,000 and £25,000 for those businesses in the retail, leisure and hospitality sector. <https://gov.wales/coronavirus-covid-19-support-businesses>

The scheme has also been extended to enable small charities within the retail, leisure and hospitality sectors with a rateable value of up to £12,000 to apply for a £10,000 grant. <https://businesswales.gov.wales/coronavirus-advice/support/financial-support-and-grants>

HMRC have developed a Time To Pay scheme and delayed VAT payments as a means of injecting short term cash savings into businesses Their helpline is 0800 024 1222. <https://www.gov.uk/guidance/deferral-of-vat-payments-due-to-coronavirus-covid-19>

- **Coronavirus Business Interruption Loan (CBILS):** enables UK businesses to apply for loans up to £5m over a 1-6 year period. The government will offer upto 80% guarantee to lenders and will cover the first 12 months of interest payments and all fees are waived including early repayment fees. <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/for-businesses-and-advisors/>
- **Bounce Back Loans (BBLs):** is another UK government backed scheme, but in response to availability of the CBILS scheme, the BBLs offers a 100% guarantee to lenders. Interest is capped at 2.5% pa and there is no security required. Loans can range from £2,000 up to 25% of turnover to a maximum loan of £50,000. Loans are re-paid over a 6 year term, with no repayments in the first year and no early re-payment penalties. <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/bounce-back-loans/>

Welsh Government: have introduced a number of additional support schemes specifically for Welsh Businesses which can be accessed in addition to the UK government schemes.

- <https://gov.wales/business-and-employers-coronavirus>
- <https://gov.wales/coronavirus-covid-19-support-for-the-third-sector-html>

Development Bank Wales: are delivering the £100m loan fund on behalf of Welsh Government, they are also offering repayment holidays for existing customers: <https://developmentbank.wales/coronavirus-support-welsh-businesses>



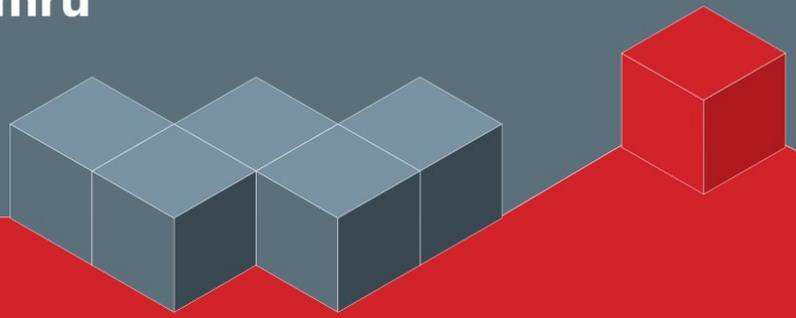
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Economic Resilience Fund: administered through Business Wales offers two levels of grant support. A micro scheme with a £10,000 grant for businesses with 1-9 employees and an SME fund of up to £100,000 for Welsh businesses with 10-249 employees. Applications are open and eligibility can be checked here:

- <https://businesswales.gov.wales/coronavirus-advice/>
- <https://fundchecker.businesswales.gov.wales/>

Sector Bodies: Welsh Government have also released funding to a number of sector bodies including:

- **Sports Wales:** <https://www.sport.wales/content-vault/emergency-relief-fund/>
- **Arts Council For Wales:** <https://www.heritagefund.org.uk/news/coronavirus-update>
- **WCVA:** <https://wcva.cymru/funding/volunteering-wales-grants-scheme/>

Third Sector Resilience Fund: delivered through Social Investment Cymru, this is another Welsh Government initiative designed to support social businesses who have not been able to secure sufficient funds from other sources to access a up to £75,000. The fund is a mix of grant (75%) and loan (25%). Applications are now open:

<https://wcva.cymru/funding/volunteering-wales-grants-scheme/>

Social Business Wales: have developed a route map for organisations looking to access funding: <https://wales.coop/wp-content/uploads/2020/04/Road-Map-of-support-eng.pdf>

Additional Sources Of Income:

Social Investment: The Good Finance website contains an easy to use lists and links from over 25 social investors detailing their support and financial products available:

<https://www.goodfinance.org.uk/latest/post/blog/social-investors-respond-covid-19>

Grants: Speak to your existing funders about their expectations of delivery and outputs. Most are being very supportive to organisations during these challenging times. A number of funders have developed their own funds in response to the Corona Virus outbreak and specialist pots of money. Information on what is available to Welsh social businesses can be found at:

- **Funding Cymru:** <https://funding.cymru/pages/coronavirus-latest/>
- **Grants Online:** <https://www.grantsonline.org.uk/coronavirus.html>

More funds and developments may be released over the coming weeks, so make sure you keep up to date.

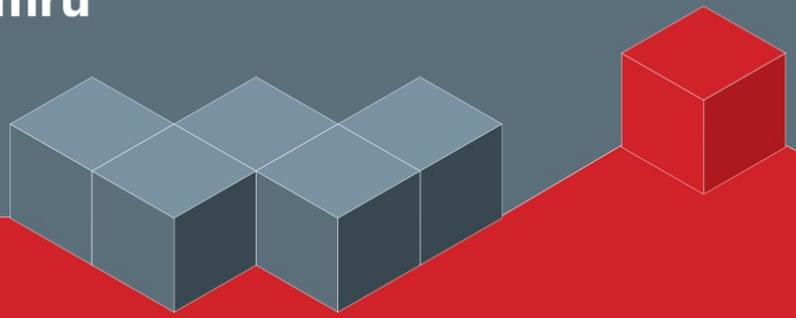


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Diversifying Income

Our sector has always been fantastic at responding to community needs and gaps in the market. We already have examples of social businesses adapting their business models in light of the Coronavirus to help out the communities they work in. Is there anything you can do differently within your business to still generate income?

- Can you try online card payment? **Startups.co.uk** have a simple guide on how to set up payments:
<https://startups.co.uk/take-payments-online>
- Or could you change how you deliver, take the product to them or deliver virtual support?
<https://www.learnmyway.com/courses/video-calling/>

Talk to customers and stakeholders

Customers and communities are at the heart of what we do and value us. Many social businesses are keeping clients updated through social media and communications channels about changes they are having to make, if they are open and the challenges they are facing. Some have seen an increase in donations and advances purchases to support cashflow at this challenging time. So let your customers and stakeholders know how they can support you during this difficult time, you may be surprised by the responses! Maybe ask them to support you by purchasing vouchers for future use or develop a crowd funding campaign to help with funding short falls. <https://www.crowdfunder.co.uk/pay-it-forward>

Talk to your members about donations, financial and in-kind as well as potentially member loans, these will obviously have to be paid back.

Events are moving quickly and we are working as a team to develop specific tools, advice and resources that will become accessible in the coming days and weeks so please watch out for our email updates and check on our website <http://businesswales.gov.wales/socialbusinesswales> regularly too.

If you want to talk to one of our Business Advisers give us a call on 0300 111 5050 or e-mail sbwenquiries@wales.coop and we can arrange a call back.



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