

To: Secretary of State

From: Office for Civil Society

Approved: Erika Lewis / Nico Heslop

Date: 25 March 2020

Support for the voluntary sector and community response

Summary

1. Last week, following very high level analysis, we proposed supporting the voluntary sector through a £1 billion mobilisation fund (to support the voluntary response to Covid-19) and a £1 billion stabilisation fund (to stabilise organisations delivering essential support to vulnerable communities).
2. Over the weekend, the Chancellor decided against announcing support at that time, wanting to see the market reaction to the economic support package announced last week. HMT officials recognised our case in principle but wanted more detail, including on the impact on the sector of the existing support package, our confidence in the proposed delivery mechanisms, the specific organisations we would target and whether we could repurpose existing funding.
3. Evidence from The Institute of Fundraising suggests 90% of all charities now have reduced cash flow, 45% are unable to meet payroll, and 50% are reducing services, despite 40% expecting increased demand because of Covid-19. This is a particular concern for those charities providing support for those at highest risk from Covid-19 and for the most vulnerable in society. We estimate there are 45,000 charities providing these frontline services in need of financial support. Numerous MPs and sector leaders are calling for support (See Annex C). The economic package of loans, grants, business rate relief and employment support will only support these organisations at the margins. These organisations will also be incurring increased costs to rapidly move services online; recruit, train and screen new volunteers, and cover additional volunteer expenses.
4. In light of Treasury's comments, the economic support package and other government announcements (e.g. the NHS volunteer responders), we recommend seeking funding for a smaller package now to which we could add later if needed. There is a balance between going to HMT with a number that we think they will agree and pushing for a larger number that the sector wants. We recommend that an initial package on this scale is deliverable:
 - An **initial small allocation to the National Emergencies Trust of £10 million** - matching the £10 million committed funding already received through their current campaign - to raise the profile of the campaign and test their ability to get money to where it is needed via Community Foundation Trusts. The sector supports this.
 - A larger boost of **£500 million of new money to the National Lottery Community Fund** to deliver through existing mechanisms, focusing on key organisations meeting immediate needs of vulnerable people directly and indirectly impacted by Covid-19 (annexes A and B).