

10 March 2020

Dear Chancellor

Coronavirus – COVID19: the role and financial sustainability of charities in managing a potential pandemic

As the number of cases of confirmed Coronavirus infections and deaths rise in the UK, we write to you as organisations that support the UK charity and not for profit sector.

The health of the population is of primary importance, but may necessitate actions which lead to social and economic disruption. The charity sector has a critical role to play in helping the government and the wider population to meet the potential crisis, but it needs support, communication and engagement to do so effectively.

On the Andrew Marr programme on BBC1 on Sunday, 8 March 2020 you outlined extra financial help for individuals and businesses if measures against the virus meant they were out of pocket or facing cash flow problems. Leading up to the Budget we ask that the same approach be taken for supporting the many charities of all sizes across the UK that are playing a vital role in supporting individuals and communities, and which may be equally affected by cash flow problems and medium-term financial sustainability.

The charity sector is facing serious economic challenges including the impact of local government funding cuts over many years. The Coronavirus is already having a negative impact on fundraising activity and fundraised income around the UK, with event cancellations and potential travel restrictions looming. Fundraised income and trading income are the bulwarks of many charities' business models. Disruption to both represent real risks to solvency for many organisations, and more widely a loss of funds to invest in charitable activity at a time when they may be more needed.

Ahead of the Budget, we therefore urge you to consider and rapidly implement measures to support the not for profit, charity and social enterprise sector, alongside measures to also support profit making small business. These should include but are not limited to:

- Immediately establishing an emergency fund to support charities at risk of insolvency or significantly lower levels of fundraised or trading income due to economic disruption. Ideally this would provide light-touch grant funding but it could also supply interest free, short-term loans if the terms were permissive and the application processes were simple and quick to navigate.

- Implement immediate short term tax deferments or temporary waivers (for example VAT) to help charities experiencing cash flow crises to stay solvent. Tax bills are often one of the biggest challenges facing charities with cash flow problems.
- Explicitly include charities, social enterprises and other social organisations in any economic stimulus packages and measures offered to support the business sector as part of the Government's response to Coronavirus or its aftermath and to consider the potential longer term impacts of the short term hiatus.

Our organisations will closely monitor the situation from our respective members' perspectives, do what we can to support them, and pass on relevant insight to government.

We would be pleased to meet with you, your team, and any other relevant officials at the earliest opportunity to discuss these proposals.

Yours sincerely

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