

# Managing your community business during the Covid-19 crisis



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# Surviving the Crisis

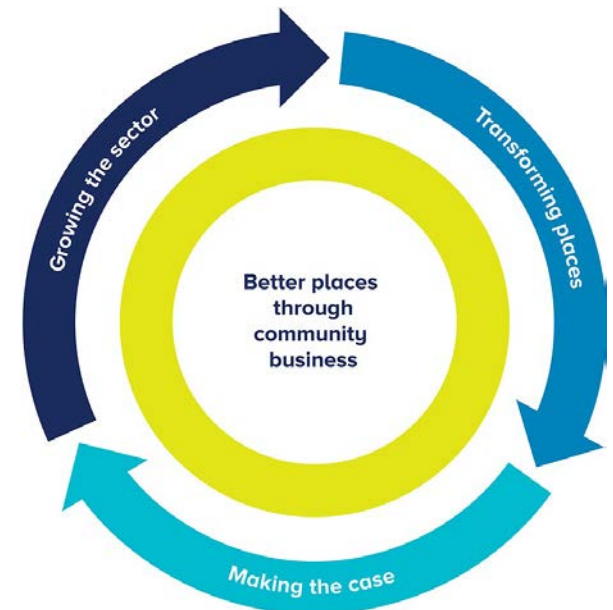
- Introduction – Power to Change
- General themes – Debbie Lamb, Locality
- HR – Graham Finegold, Locality
- Finance – Neal Trup, Neal Howard
- Questions

## Power to Change: creating better places through community business

**Power to Change** is an independent charitable trust that supports and develops community businesses in England.

Community businesses are locally rooted, community-led, trade for community benefit and make life better for local people. From pubs to libraries; shops to bakeries; swimming pools to solar farms; community businesses are creating great products and services, providing employment and training and transforming lives.

[powertochange.org.uk](http://powertochange.org.uk)



## How Power to Change is supporting community businesses through COVID-19

- Launched our COVID-19 pages, with FAQs, links to a statement from our CEO Vidhya Alakeson and sector support that's available:  
[www.powertochange.org.uk/get-support/covid-19/](http://www.powertochange.org.uk/get-support/covid-19/)
- In the first instance, we are looking to support existing grantees and as such, we have paused all funding programmes. More information coming soon.
- Working with our partners to understand the challenges community businesses are facing, and how to respond to them.
- Weekly newsletter signposting to support, relevant information and guidance for community businesses. Sign up today:  
[www.powertochange.org.uk/our-newsletter](http://www.powertochange.org.uk/our-newsletter)
- Analysing and signposting government support, and lobbying for community businesses. You can find a blog, updated regularly from our Policy Manager on the homepage.

# Locality

**We believe in the power of community to create a fairer society**  
Locality is the national membership network supporting community organisations to be strong and successful.



**locality**

the power of community

# The Locality Network

The Locality network is for organisations that believe in the power of local communities to build a fairer society.

Our member network of hundreds of community organisations creates the services their community needs most in spaces where everyone belongs.

Every week our membership network supports over 400,000 people, helping to transform lives.



# Generally

- Every organisation is facing difficulties
- Situation is changing day to day
- Advice with a caveat
- Sign up to forums and webinars



# Approaches

- Cash is king – know your numbers
- Board meetings and decision-making
- Talk to funders, stakeholders and creditors
- External support will take time
- Keep talking



# General HR advice

- Talk to staff early on
- Be consultative but be prepared to take firm decisions as needed
- Allow people space to air their concerns
- Make sure you have up to date contact details and agree how you will communicate

# Job Retention Scheme - eligibility

- Eligible employees must have been on PAYE payroll on 28/2/20
- FT/PT, agency and zero hours staff all eligible
- Employees must be furloughed completely for at least 3 weeks
- Furloughed employees cannot do any work for you
- You cannot be on furlough and SSP – but can be furloughed after sickness

# Job Retention Scheme - eligibility

- Employees may volunteer while being furloughed – but they may not provide “a service to or generate income for” the employer
- Employees may also undertake training
- Employees can come in and out of furlough or be rotated

# Job Retention Scheme - claim

- Employers can claim 80% of the regular wage, up to £2,500 per person, per month
- Plus, you can also claim associated NI and minimum auto-enrolment pension costs
- Cannot claim fees, bonuses and commission
- Varied earnings – higher of same earnings for same month last year or average monthly earnings for previous tax year
- You may top up the salary up to 100% of normal earnings

# Job Retention Scheme - how

- Discuss with staff and consult
- Write to them to confirm the arrangements
- Employers must pay the salary and make a retrospective claim (use other Government support measures if needed for cashflow)
- Payment will be via an HMRC portal – estimated to be ready end of April
- Claim systems not yet ready – don't know how this will be monitored

# Health & safety

- Ensure staff have clear information and access to PPE and handwashing facilities as needed
- They should only be working if you can enforce social distancing measures
- Keep communication channels open so staff can air their concerns
- Staff have a responsibility for H&S too

# Supporting staff & volunteers

- Keep communication channels open and provide access to clear information
- Try not to rely on email only – use telephone & video conferencing where possible
- Social media can help too – you may need rules on ‘information vs banter’!
- People may be isolated and anxious – ensure managers touch base
- Make sure touching base doesn’t turn into checking up



# Board & Governance

- Set up more regular meetings if needed – do these remotely where possible
- Ensure a focus on practical measures as well statutory duties
- Be clear at what point critical decisions have to be taken
- Ensure good business interruption processes are in place and the board understand their role in these

# Cashflow (1)

- If you don't already, you should set up a weekly or monthly cashflow forecast covering at least the next three months.
- Ensure you understand the financial risks of your key stakeholders, funders, trading partners, customers and suppliers.
- Focus on the cash-to-cash conversion cycle including on funding, money owed to you and money you owe.
- Consider options around the deferral of VAT. Payments due up to 30th June 2020 can be automatically deferred however you will still need to submit the return(s). Payments of amounts deferred need to be made by 31st March 2021. If you pay by direct debit, we recommend that you suspend or cancel it to avoid any sort of glitch where the payment may still be taken.
- Contact the HMRC Time to Pay helpline for other potential deferrals such as for PAYE. Remember these are only deferrals and will still need to be paid at some point. Time to Pay is agreed on a case by case basis. HMRC's dedicated helpline is 0800 0159 559. Our experience so far is that businesses can defer PAYE between 1 and 3 months (they will need a valid reason - for example if the company has temporarily shut). The expectation is the deferral will apply up to and including April payroll and if the business can't pay at this point a formal payment plan can be set up between 3 - 9 months

# Cashflow (2)

- Check your current financing. You should first contact your existing bank, lenders and social investors and ask them about the options they may have to help you, for example repayment holidays, reduced interest or extended facilities as may be needed. They will want to see your revised cashflow and plans but you should see what they offer before considering anything new. **Remember it is still borrowing and the money will still need to be repaid. Trustees must consider their responsibilities and duties before committing to borrowing.**
- Undertake planning for different scenarios. If possible, these should be discussed at an emergency trustee/board meeting
- Consider options around the Coronavirus loan schemes although in practice these may be difficult to access for many community organisations..
- Make sure you understand your insurance policies and obligations including if you have business interruption insurance

# Cashflow (3)

- Assess which of your income streams will continue and which will be significantly impacted or cease. Unrestricted earned income is likely to be more impacted than restricted funds or public sector contracts
- Use this opportunity to actively engage your funders, stakeholders, social investors, supporters and finance partners and to explore new or additional options and see what they can offer.
- Staffing is usually the biggest cost in community businesses. You should use the Coronavirus Job retention Scheme (CJRS) to furlough (lay-off) staff and claim an 80% grant.
- If you need to defer payments of PAYE then contact HMRC's Time to Pay helpline.
- Reduce or stop any non-essential costs. Consider asking landlords for a rent holiday.
- Reassess capital investment plans
- The government has announced a 12-month business rates holiday for all retail, hospitality and leisure businesses. In addition, a £25,000 grant will be provided to such businesses operating from smaller premises with a rateable value between £15,000 and £51,000. This will be dealt with by local authorities.

# Resources

Information and resources available on the Locality website

Power to Change compiled resources and sector support here:

<https://www.powertochange.org.uk/get-support/covid-19/sector-support/>

## Need support?

Visit our website [powertochange.org.uk](https://powertochange.org.uk) and the COVID-19 pages are on the homepage, where you can click through to find contact details.

## Unsure where to go?

Contact [comms@powertochange.org.uk](mailto:comms@powertochange.org.uk) and tell us a bit about your situation, we will direct your email to the right person.

## We're looking for your stories

If you would like to tell us your community businesses response to the crisis, or how you've been affected, please email us (address above)