Culture Recovery Fund: Repayable Finance Round 2

Easy Read version

We can give loans to help culturally significant organisations transition back to a viable and sustainable operating model during 2020/21

This Easy Read guide can help you think about your activity and our application form

December 2020
Culture Recovery Fund – Repayable Finance

We can give loans to help culturally significant organisations…

…as they move back to a viable and sustainable operating model after the impact of covid-19

This investment is intended to ensure that, by no later than 31 March 2022, successful applicants are operating fully on a viable and sustainable basis.

The smallest loan you can apply for is £1 million.

There is no upper limit, but the total available for all the loans we will make is £100 million.

The criteria for this programme are set by the Department of Digital, Culture, Media and Sport (DCMS).
The loans are administered and monitored by Arts Council England on behalf of DCMS.

Alongside Recovery Loans, we will also run a Recovery Grants programme.

If you plan to apply to another Culture Recovery Fund programme, you cannot make an application to this fund.

Find out more about Recovery Grants on our [website](https://www.artscouncil.org) over the coming days.
Who can apply?

The types of organisations that can apply are:

- Cultural organisations based in England…

that are properly constituted and registered with at least one of these bodies:

- Companies House,
- Charity Commission
- Financial Conduct Authority (FCA)

This includes:

- Organisations in the remit of Arts Council England:

  - Dance
  - Literature
  - Music
  - Museums
  - Theatre
  - Visual Arts
  - Combined Arts
Libraries also sit in our remit, but Library services are **not** eligible to apply to this programme.

Local Authorities, Universities and other Public Sector bodies who run or maintain cultural services.

Heritage organisations – including built and intangible heritage.

Cinemas

See the main guidance [link] for more on who can apply to this programme.
Who cannot apply?

There are some people or venues we can’t support through this fund. These include:

- **Individuals** – such as individual artists, sole traders, specialists or agents
- **non-Accredited museums** – only museums with full or provisional status can apply
- **DCMS-sponsored museums** and **MOD-sponsored museums**
- **Library services**

**Consortia** – groups of organisations working together
What can I apply for?

You can apply for £1 million and over to pay for:

- Costs to support sustainability and/or increase organisational resilience
- Operational costs up to 31 March 2022

These can include:

- **general running costs** and **overheads** like ongoing rent, rates and utilities
- **staffing and personnel costs**
- **asset purchases** – including equipment to support social distancing and other public health requirements
costs for preparing to **restart activities** that will drive future income. This can include **performances, exhibitions and marketing**

**continued sustainability** - for example, ongoing maintenance costs where closure remains necessary

**redundancy pay outs** where decisions have been made to reduce staff

**advice from professionals**, for example on risk, safety, how to support staff or on new business models

**operating losses incurred** as a direct result of the Covid-19 pandemic

**maintaining** buildings and **other assets**, including collections, while closed
stabilising collections at immediate risk and temporary storage of collections

security to ensure buildings and sites are secure over any anticipated closure period

costs to prepare for reopening, including hiring staff

risk management reviews

reconfiguring business plans, governance and safeguarding activity

organisational restructures and mergers

costs that may prevent the need for additional, unavoidable, public investment in future
What cannot be funded?

There are some things we can’t pay for through this fund. These include:

- Operating costs beyond 31 March 2022
- Costs that are eligible to be covered by other strands of Government support, for example, furloughing
- Repayment of debt used to finance the business
- New projects/activity during a prolonged closure period that do not represent a value for money approach
- Increasing reserves beyond the equivalent of up to eight weeks’ turnover
Costs related to the promotion of the beliefs of political or faith organisations

Covering costs/losses already supported through other sources, including any other Arts Council funding

For example, National Portfolio funding, the Arts Council’s Emergency Response Funds and Government schemes

For more details, see the Frequently Asked Questions [LINK] which support this guidance
Applying to this fund

This programme has a **two-stage process**. **Stage one** is completing the application form.

To apply, start a new application online. Choose **Culture Recovery Fund: Repayable Finance** from the list.

Set up your online profile as soon as possible. It can take us a few days to confirm it.

There will be one round for applications.

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<td>15 December 2020 3pm</td>
<td>7 January 2021 12pm midday</td>
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Your application must be submitted by 12pm midday on 7 January 2021.
Stage One - The application form

We will first ask for some **Basic details** - including the amount you want to borrow and some information about your organisation.

We will then ask you to answer some written questions and to upload a balance sheet.

Over the next few pages, we will give you some detail to help you understand and answer the questions.

To help you answer these questions, each question has a list of bullet points.

These are outlined in further detail in the main guidance.
1 – Cultural Significance

Tell us about your organisation’s work and how it is considered to be culturally significant and/or how it contributes to providing cultural opportunities

Tell us about:

- your national and international significance within the cultural sector

and/or

- your role in providing cultural opportunity in England

You only need to answer one of these options, but you can answer both if you want to

A full list of prompts to help you answer this question can be found in the full guidance

up to 4,000 characters including spaces, about 700 words
2 - Diversity of audiences and workforce

Using the protected characteristics outlined under the Equality Act, tell us how you will improve the diversity of your workforce, governance, audiences, visitors and participants.

Tell us:

- what steps you will take to broaden the diversity of your workforce and governance, and the impact of those changes

and

- what steps you will take to broaden the diversity of your audiences, visitor base and participants, and the impact of those changes

You must answer both bullet points for this question.

up to 2,000 characters including spaces, about 350 words
You will also be asked to respond to the following questions:

**Tell us how Covid-19 has impacted your financial viability, resilience and sustainability**

- How has your business model changed, what have you not been able to do?

  up to 2,000 characters including spaces, about 350 words

**Briefly set out how you would use a loan from this programme, including how this would allow you to achieve financial sustainability and/or increase organisational resilience**

- Tell us what you plan to do, and how you plan to safeguard your work and finances
- Include details about what you will do if we are unable to offer you a loan

  up to 4,000 characters including spaces, about 700 words
3 – Attachments

You will need to attach:

- a balance sheet at 31 March 2020 – this should show levels of restricted and unrestricted reserves

Attachments can be in any of these formats: jpg, xls, xlsx, jpeg, pdf, doc, docx, pptx, and ppt.

The file size limit for all attachments is 10 megabytes.
Stage Two – Additional Information

If your application is successful at Stage One, it will progress to **Stage Two**. At Stage Two, we will ask you to provide some additional documents.

The deadline for Stage Two submissions is **03 February 2021**.

You may need to prepare these documents **before** you know the outcome of your Stage One application.

**Stage two documents:**

- **A recovery plan**, see page 19 for more detail on this.
- Your most recent financial statements for the **past three financial** years.
- Your most recent **management accounts** for the year ending 31 March 2021.
Annual budgets for 2021/22, 2022/23, 2023/24 and 2024/25 - showing how a loan will allow you to achieve financial sustainability by 31 March 2022

Cash flow forecasts for 2021/22, 2022/23, 2023/24 and 2024/25 - showing the impact of the proposed loan

Any assumptions made in your recovery plan should be shown in your financial attachments.
You can use notes to show this

Please provide any cash flows or financial models in Excel format
Recovery Plan

Your recovery plan should be **no more than 5000 words long** and should tell us:

- how you have managed the impact of Covid-19 so far

- how you have reduced core costs to ensure your organisation is more financially resilient

- how a loan from this programme will enable you to achieve financial viability by 31 March 2022, demonstrating the most value for money route to sustainability

- what activity you anticipate delivering in the period up to a return to financial sustainability, to include any further anticipated closure period

- what assumptions you have made about consumer behaviour in the social distancing scenario we have shared with you

- your plan for identifying, managing and mitigating risk
• your organisational governance and leadership structures, including skills and experience available at a senior level to enable you to adapt and flex your business to the changing external environment

• what financial controls, monitoring and reporting processes you have in place to ensure the effective financial management of your organisation

• key business development milestones
What happens next?

Each section of your application will be assessed by cultural development agencies and specialist financial advisors.

It will then be considered by the Culture Recovery Board, who will decide whether to offer the amount you’ve asked to borrow.

The Culture Recovery Board is a group of experts, selected by the DCMS, who will make decisions on this programme.

We will aim to notify you of our Stage One decisions around the end of January 2021.

Stage two assessments will take place throughout February 2021.
If we offer a loan, we will negotiate the terms, and possibly the size, of your loan with you.

How do I repay a loan if I am offered one?

Loans terms will typically be:

- **a fixed yearly repayment** over a term of up to 20 years

- repayable at an interest rate of **2% per year**, applied on a **daily basis**

See the [main guidance](#) for a full **Summary of terms** for these loan types.
Help is at hand

Our friendly **Customer Services** team can help you with the form or advise on other ways we can help you.

For example, if you have any access needs, or use an access support worker.

✉ [artscouncil.org.uk/contact-us](http://artscouncil.org.uk/contact-us)

More details about this fund can be found in the **full guidance**, which is also available in **Large Print**.

✉ [artscouncil.org.uk/CRFrepayablefinance](http://artscouncil.org.uk/CRFrepayablefinance)