

FAQs from PLASA Culture Recovery Fund webinars – Wednesday 13th and Friday 15th January 2021

Webinar hosts and funding specialists Caroline Taylor and Vanessa Rawlings have provided answers to your questions below in red:

1. Does foreign ownership of a limited company domiciled in England have any impact on the application process?

ACE have said that as long as the majority of the work is carried out in the UK, the location of the parent company is not critical.

From attendee: I asked the ACE enquiries line about parent company outside of the UK and they said that the most senior company on the org structure who was based on does the vast majority of work in England would be the one to apply.

- 1.1 Does the parent company need to be registered on Grantium as well as the applying company

The applicant details are in the name of the parent company; the actual application needs to reflect the company who will receive the money if a grant is awarded.

2. If you did not receive funding in the first round are you still restricted to 25% of turnover, or is it possible to claim 50% to cover the 6 months shortfall?

No, applicants can only claim expenditure that occurs during the period April –June 2021. Any shortfall arising from the earlier period cannot be included. For some organisations, e.g. festivals, some limited expenditure that will fall in the following quarter can be included in the grant if it is confirmed in a contract.

3. If you expect to have a loss in April-June, but have C-BILS loans in place to cover the losses, can you still claim?

Yes, but you will need to explain why you have chosen not to use the C-BILS loan to cover this period. A reasonable explanation could be given around the need for continued business continuity or that the uncertain operating environment and possible changes to the easing of restrictions could be suitable reasons. Preferring to receive grant funding over loan funding will not be sufficient.

- 3.1 We have an approved CBIL but not drawn it down yet. We ideally didn't want to borrow money as we were debt free before COVID-19. So were reluctant to draw down and re-start in debt. If we did draw this down will it affect our Grant Application? In short... are we going to stand a better chance of Grant approval if we don't have the CBIL on the balance sheet?

If you have received either a C-BIL or a Bounce Back loan, this should appear on your balance sheet. If you have kept it in the bank you will need to explain why you have taken this action. As above, whilst you may prefer to receive grant funding over loan funding, this will not be sufficient to get you a grant. You must have a good argument as to why you didn't / choose not to draw down the loan.

- 3.2 What about if you have had a CBILS loan (substantial) and it has been fully absorbed in the running costs and overheads of the business, is that then looked on more favourably?

It is more likely that this will be seen as more favourable but the company will still need to demonstrate good reasons as to why a grant should be given and clearly demonstrate cultural significance.

4. Geographic spread - we operate nationwide in various deprived areas, will ACE take this under consideration or just use our office address for purpose of grant?

Whilst you will need to use your head office address, on the application, you need to reflect your geographical spread in any of the answers as this means through your work, you reach lots of different audiences all of whom have different levels of cultural engagement.

ACE will also use geographic spread when deciding on who gets the grants to ensure that all of the regions across England get a fair share of the funding available.

5. Where do you download these templates?

<https://www.artscouncil.org.uk/funding/culture-recovery-fund-grants-second-round#section-1>

6. Can you apply for less than the minimum of £25K. We have reserves to cover some of the shortfall we have but not enough to cover all, yet we don't need or can justify £25K.

The minimum is £25,000. If organisations are seeking less, then a more appropriate programme could be the ACE Project Grants – see ACE website for details.

From attendee: Minimum is £25K. The application can include up to 8 weeks contribution towards reserves as part of the bid total.

ACE state: “We believe that there will be considerable demand for this funding, and we want to ensure that organisations across the sector can benefit. In considering your application, we will make a judgement on whether sufficient evidence is provided in support of the level of funding requested and may offer funding below the level requested”.

ACE can also decide to offer less than you have requested – they will for example exclude all ineligible expenditure from your grant claim.

7. Can you supply any supporting evidence to go with submission? In previous round was option to upload additional documents. This may be able cultural significance or to do with budget / cash flow where you explain background to figures?

No. All evidence needs to be included in your written submission. The only things you can upload are the financial documents requested.

8. You mentioned earlier that capital expenditure is capped at 10% of the grant - are there any other percentage restrictions that we should be aware of?

None that we are aware of.

9. How much can I ask for?

You should use a 'normal' year's turnover as a guide for the 25% figure. For example, if you are a biennial festival you should use the turnover from the year the festival takes place.

- 9.1 Could you confirm if the 25% applied for is taken from an average quarter of an average year's turnover – so annual turnover divided by 4 – or whether it has to relate to the specific months Apr-June?

May I ask please is it 25% of the quarter's turnover or 25% of the total annual turnover pre COVID?

The figure should reflect your average pre COVID year of operation for the months in question.

10. Reserves contribution – can you add one in?

YES. You can include up to 8 weeks contribution to reserves as part of your bid and this is additional to the 25% of annual turnover.

11. As a single person limited company using freelancers / sub-contractors does one register a profile as an individual or organisation?

You operate as a company and the grant will be offered to the company, so you register as an organisation.

12. Capital expenditure is capped at 10% of the grant does this include the reserves requested too?

Capital requests need to form part of your overall request which should be approx. 25% of your normal operating year's turnover.

12.1. If you decide a new piece of equipment is part of your new business operating needs yet it is more than 10%, can this part contribute to the cost?

You may include it and ACE may decide to reduce the amount you get if you are awarded.

13. Can you change the categories on the cashflow template, as most of us will agree not really designed for us tech/production/supply chain companies?

The headings used in the templates can be changed to reflect your operating circumstances and the categories you use. You can also add in extra lines but to ensure they get picked up in the final totals, add extra lines in the centre of the spreadsheet and not at the beginning or the end. In the first round several people got caught out as these figures didn't then get picked up in their final submissions.

14. Balance sheet unlikely to be produced by an account by 26 Jan bearing mind tax return deadline!

A challenge for any accountant!

15. Our T/o is a long way north of £4m, thus 25% of that will nowhere near cover us for the 3 months. Does this mean that because the funding won't be sufficient to cover this cost we are rendered ineligible – i.e. we see this as a contribution to help us cos that's all it can be.

You can apply for a contribution and not necessarily the whole amount required.

16. If you have reserves in place, can you still apply for the Apr-June losses?

Yes, it is perfectly reasonable for an organisation, company or a not for profit to hold reserves, say 9 months operating costs, and ACE recommend that all not for profits aim for this as a minimum.

17. Sorry, to ask again, what are the date ranges they need for the balance sheets?

A balance sheet as at 31 December 2020 showing actual levels of restricted and unrestricted reserves and a balance sheet projection for 31 March 2021 showing projected levels of restricted and unrestricted reserves.

18. Our work will take place in August, but all costs need to be paid during the period of April - June. How does no actual activity in the period match with the eligibility? We run venues at the Edinburgh Festival. Based in England.

That is acceptable and these costs can be claimed under the grant.

19. Where can we find the cash flow Template?

From attendee: Cash flow and budget templates are on the cultural recovery fund info on the arts council site on the FAQ bit.

20. If you have reserves in place, can you still apply for the Apr-June losses?

Yes – but you'll need to explain why you have not used these reserves to meet costs.

21. How long will it take for us to get registered on Grantium please?

The applicant profile takes about 1 hour to complete and then it will take 1-2 days for ACE to validate it. The profile needs to be completed by Thursday 21 January at 5.00pm to ensure it can be validated in time.

From attendee: I did a couple of registrations last week and they were verified within 2 days.

It's worth reminding that to register on Grantium you have to attach your governing documents and accounts.

Remember, when registering, Grantium asks you initially for a figure of the level of grant you are asking for. The initial funding amount in the eligibility questionnaire and the final amount requested in the application form can be different. However, ACE recommend that the final amount is as close as possible to the initial figure.

22. Could you say something about the repayable grants for applications above £1 million?

The ACE Repayable Finance scheme closed on 7 January 2021 and is not likely to reopen.

23. Our quarterly turnover far outweighs the operational costs, can I still apply for the full turnover amount or should the total funds applied for be more frugal in nature?

ACE are advising that if any organisations' turnover far exceeds the levels of their quarterly spend, and there are reasons for this – cyclical nature of the operation – then this needs to be explained both in the answer to Qu 2 and on the financial spreadsheets.

If the case is that you run a super profitable business, then air on the side of caution and only apply for a contribution towards your costs.

This will be a super competitive round and ACE expect that the total amount applied for will exceed the total amount available - £250m - and there will be lots of organisations who will be unsuccessful despite having a good case. The overall driver from DCMS and ACE is value for money so bear that in mind when applying.

24. If you are allowed to rebuild reserves (if they've been depleted), does that effectively mean you can add 8 week's pre-Covid turnover, to the 25% of turnover on the claim?

YES

25. Any advice on how we factor in debts that have been deferred into the spreadsheets - i.e.) Corporation tax and VAT deferrals?

From attendee: Debts have to be COVID related not historic - deferred tax payments would be eligible as the expenditure they relate to falls outside the grant period.

26. Are reserves 'cash in the bank' that would normally be day to day cash flow?

Reserves are usually *rainy day funds* held aside from cash at bank for extra-ordinary expenditure. Cash at bank is usually money that you would expect to spend during a given period.

27. Would events related to the Olympics be classed as under this grant? i.e. supporting boxing with sound and light gear?

This is a question for ACE directly. Contact the Grants Management team via the ACE website.

28. 25% of turnover is considerably more than what our expenses would be, as usually profits are drawn as dividends. Are we able to apply for the full 25% in return for delivering programs for free for clients? (effectively paying the company for work delivered which is free for the clients), at a rate that is justifiable.

It might be but we would recommend that this is a question for ACE directly. Contact the Grants Management team via the ACE website.

29. We only became Ltd in March 2020, previously Sole Trader. Is that ok as we won't have some of the accounts in the format they may need?

Sole traders are not eligible for this programme. Additionally, any company needs to be able to supply 2 years' worth of accounts that were registered with Companies House before 6 January 2021.

30. On the subject of loans, if a Director has put in money since 1st Oct, can the directors' loan be repaid?

ACE guidance doesn't cover this and we're seeking a steer on what level, if any can be included.

31. Do we list the potential grant in the income section on the cashflow forecast?

YES – you include it and act as if you've got the grant.

32. Do you include VAT when completing the cashflow document, as per a normal financial cashflow?

All figures should be included as gross, but you need to remove all reclaimable VAT from your financial calculation.

33. We recently created a holding company which owns the trading entity, but our accounts/ expenditure sits with the trading co. Which co should we apply through

Contact ACE and they will advise.

34. Is there still value in talking about the work you do with local community events or NPO's as increasing access to audiences?

Definitely highlight any work with NPOs or any arts organisations. Particularly where it increases access to audiences.

35. Would the deferred VAT from March 2020 that we need to start repaying over the 11 months be eligible under overheads or debt?

Debt incurred from a period outside the grant (April - June 2021) will not be classed as eligible expenditure.

There are some debts that you may have occurred since October 2020 as a result of Covid, that are eligible, e.g. pre booking / reservations of venues in the expectation that events would go ahead.

36. Is this only for companies that are completely closed down at the moment, or can we apply if we are still operating but on a much smaller scale (ie, TV work is partially ongoing but all touring/artwork is dormant)?

You can apply for a company that is closed down if you feel it can be brought back into operation.

37. What financial information needs to be uploaded?

You need to fill in the budget template and the cashflow template provided by ACE and also a balance sheet at 31 December 2020 and a projected balance sheet as at 31 March 2021.

38. What happens if most of your work is corporate sector In terms of cultural significance?

ACE have said that alongside any commercial work, applicants will need to demonstrate how they meet both cultural significance and how they work with audiences to access a range of cultural activity. Without this it is unlikely that ACE will give funding.