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Voscur
Supporting Voluntary Action

Supporting
Developing
Representing

Organisational Support Resources

What are our options in a funding crisis?

For more practical resources from Voscur go to www.supporthub.org.uk/resources



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Introduction

Losing vital funding that leaves the survival of your group in doubt is a difficult and stressful situation for you, your Board or Committee, your Staff and volunteers, and the people you support. This information sheet can't cover everything but will give you somewhere to start.

NB; It's aimed at smaller Unincorporated Associations and Registered Charities without major assets. If you are a larger organisation you will need additional information and support. Also, if you don't have enough income to meet your costs you must shut down immediately, as to continue to trade when insolvent is illegal.

What should we do?

Get your committee together straight away so that you can discuss the situation and come to a decision on whether or not to close.

This will be a difficult decision to make, whatever you decide. Closing your organisation is a big and distressing step to take but keeping things going means a lot of extra work and commitment, so be honest about how much energy you have for the task. A sensible, planned closedown will be much less distressing for your members and community than if you just crash and burn because you took on more than you could cope with.

There are a lot of things to consider when you make your decision, but focus on;

- Are we still really needed?
- Can we prove we make a difference?
- Do we have a good track record and reputation?
- Could the people we support get good help elsewhere?
- Do we have any reserves we can spend?
- Do we have the energy and personal resources to keep going?

However difficult it is you need to be hard-headed about your decision and try not to be affected by your concerns about the needs of volunteers and staff. You won't get further funding just on the basis of keeping them employed, only on the basis of how necessary and well-run you are.

A key task is to keep talking to, and consulting with, your staff, volunteers, members and clients. You'll also need to keep other stakeholders informed so that they can offer support and think about the possible effects on their own service if you decide to close.

If you decide to close

For an orderly closedown to happen there are several responsibilities that Committee members need to take on. See the "How to close down ..." info sheet.

More detailed information on closure;

- How to close down an unincorporated charitable association.
- Charity Commission website guidance for all types of registered charitable organisations.
<https://www.gov.uk/guidance/how-to-close-a-charity>
- For organisations losing commissioning funding;
<http://www.suporthub.org.uk/resources/decommissioning-checklist>

If you decide to keep going

Even if you do decide to keep going your first job is to check out your legal position and review what to do and when to ensure an orderly closedown - just in case. See the "How to" information sheets above for guidance on this.

Your next priority is to think about how you are going to communicate with all your stakeholders, but particularly with Staff, volunteers and beneficiaries. They will hear things "on the grapevine" so you need to get in there with a realistic, clear and positive message so that they know what's happening and are more likely to stick with you through the challenging time ahead. Keep talking and listening so that they feel part of the process.

What are our options?

So, you've decided to keep going but how will you do this? There are several different options, and you may use more than one depending on your size and circumstances.

- Plan to rely on spending your reserves until other funding arrives. If you do this it is essential that you put together a cash-flow forecast so that you are absolutely clear on when you'll need to start closedown procedures if no other income is forthcoming. See below for more information on cashflow forecasts.
- Cut back what you do to the level where you can keep going for longer on your current funds. This could involve closing a project, and/or cutting core costs - moving to a smaller base, for example.
- Keep going with no external funding at all, a possibility for very small groups.
- Merge with another group to make a stronger organisation with better prospects.
- Build a new funding strategy and make applications to other funders. Please note that you are extremely unlikely to get this funding in under 6 months and your only chance of being offered "emergency" funding is if you offer a vital service to extremely vulnerable people and can prove you are still a viable and well-managed group.

Further information

- What is a Cashflow Forecast and why should we make one?
- Cashflow Forecast template in Excel