

## Recovery & Resilience Fund Round 2

### Applicant Guidance

These notes contain essential guidance for any organisation considering submitting an expression of interest and for the following stages of completing an application. You will find your discussion with our member of staff following your EOI most productive if you have read this guidance beforehand. Applicants that ignore this guidance are unlikely to be successful.

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### What is the purpose of this funding?

To secure the future of independent Scottish museums most vulnerable to the impact of the Covid-19 pandemic by helping them to cover costs through to June 2021, protect a minimum level of reserves and undertake resilience building activity.

Priority for the funds will be those museums with the highest financial need and therefore most at risk from the impact of the pandemic.

For details of what kinds of costs can be supported, please see the section 'What can I apply for funding for?'

## When does this money have to be spent?

The Scottish Government has stipulated that all funds must be spent by grant recipients by 30 June 2021. Whilst we appreciate that planning is challenging just now, your application must show plans that indicate that you can reasonably expect to spend all of your award by this date. Successful applicants will be required to report progress to MGS at the start of June.

Most awards will be offered between 12 and 31 March. Applicants proposing activity that would need to begin prior to these dates in order to complete by 30 June should flag this to MGS when they submit an expression of interest.

## What can I apply for funding for?

1. **Operating costs** up to end of June 2021 up to a level sufficient to allow your organisation to retain 12 weeks' worth of operating costs in unrestricted cash reserves\*.

Operating costs that can be supported may include:

- salaries, including the cost of bringing staff back from furlough
- overheads (utilities, admin costs, IT, insurance, service contracts)
- budget allocation to routine collections care and display costs
- increases to operating costs necessary to comply with Covid-19 restrictions

Organisations with a remit wider than running a museum will only be able to apply for operating costs proportionate to their museum activity and activity undertaken specifically to support the museum (eg. running a café that generates funds for the museum).

2. **Restoration of unrestricted reserves** to 12 weeks' worth of operating costs. Normally this will only be possible where an organisation can show that they had this level of unrestricted reserves or more at the start of April 2020 and that the depletion of these reserves is a direct result of the financial pressures brought about by the pandemic.

\* Please note:

- 12 weeks' worth of operating costs should be based on your average monthly operating costs from the year prior to the pandemic. If however, you anticipate your average monthly costs being at a different level once restrictions are eased you must explain why.
- We are unlikely to be able to support organisations holding substantial unrestricted funds in investments to retain 12 weeks' worth of unrestricted cash reserves as well. If you are in this position, but believe you have circumstances that mean some support may be appropriate, please discuss this with us.

- Many organisations hold funds that are unrestricted but designated. Again, in these cases, we may not be able to support you to retain 12 weeks' of operating costs in cash reserves above and beyond these designated funds – please discuss what level of support may be appropriate with us.

For each of the remaining areas that we can fund, priority will be given to those applicants who cannot afford to do these things themselves without diminishing their unrestricted cash reserves down to, or below, 12 weeks' worth of operating costs. This does not mean that you should automatically assume that if you have more than 12 weeks' worth of operating costs in reserve it is not worth discussing an application with us but please bear in mind that if demand for funds is very high you may not receive funding.

### **3. Re-start costs**

Museums can apply for funds to cover the up-front costs required to re-open and start generating income again. Costs that can be supported may include:

- café and retail stock
- marketing
- programming that complies with Covid-19 restrictions and is necessary to attracting visitors back

Applicants will need to explain why these costs are essential to enabling them to re-start income generation.

**PLEASE NOTE**, you should not apply to this fund if you are seeking support for costs of PPE, cleaning and hygiene materials, signage and screens to accommodate Covid safe reopening. These costs can be supported through the Covid Adaptation Fund (up to £7,500). If you have any queries about which is the right fund for you, please contact us. We will not be able to accept requests that come via the wrong funding application.

### **4. Critical building repairs and maintenance**

The fund can support critical maintenance or one-off repairs to buildings. However, we can only support things that are either:

- essential to opening museum buildings for income generating purposes
- going to improve your energy efficiency (you will need to quantify this in terms of the savings on your bills that you can expect to make)
- urgent to prevent an escalation of costs (you will need to evidence the likelihood of escalation)

We will not be able to fund non-urgent repairs and maintenance.

## **5. Business model review costs**

We will support organisations with the costs of reviewing their operating structures and business plans to take into account the impact of the pandemic and ensure long term resilience. We can cover the costs of developing new plans for specific areas of income generation or operation such as fundraising, marketing, retail, digital engagement, volunteer recruitment & retention. However, we cannot support feasibility studies / architect designs for new redevelopment projects.

## **6. Other activity to build up sustainability and resilience**

We will support the costs associated with implementing activity that will have a direct and rapid impact on building resilience and sustainability. This can include:

- Activity or infrastructure that will enable you to tap into a new source of income generation (eg. retail or ticketed events online or onsite) or boost an existing one (eg. marketing). Priority will be given to those proposals that will show the most significant and swift commencement of income return. To make your case you will need to quantify the return you are anticipating and articulate what evidence you have to back this up.
- Activity or infrastructure that will help you to create efficiencies and achieve more. You will need to quantify the savings that this will afford in either financial or human resources and what difference that will make to your resilience and sustainability in light of the pandemic.
- Activity or infrastructure that will enable you to grow your audiences or engage with your existing audiences more effectively. We will need to understand your goals here:
  - Who are you trying to reach and what evidence do you have that this will be an effective way to do it?
  - How will growing and engaging these particular audiences strengthen your resilience?

We will prioritise applications that are specific in their target, based on evidence of demand and responding to the context of the pandemic. For example:

- those seeking to maintain audiences through alternative means whilst restrictions still limit normal engagement activity - where there is evidence that these alternative means are likely to effectively engage
- those pivoting to more engagement with local communities and domestic tourists in the current and foreseeable absence of international tourism, based on what they know about these groups

- those seeking to reach specific groups with activities to boost wellbeing, (eg. the isolated) informed by contact already made with such groups or others who support them

Applications for general display upgrades or online content development where no target audiences have been identified and researched and no specific impact on resilience defined, are unlikely to be successful.

## What things will not be eligible for funding?

- Costs that can still be covered by the government's Job Retention Scheme where staff remain on furlough, or additional salary costs above the furloughing cap
- Costs that you will incur beyond 30 June 2021
- Anything that contravenes the Scottish Government's advice on COVID-19
- Recoverable VAT
- Costs already covered through other emergency support funding, for example through the MGS Urgent Response Fund or NLHF's Heritage Emergency Fund
- A sum to cover lost income over and above what is required to cover essential operating costs up until 30 June 2021 or to maintain reserves above the equivalent of 12 weeks' of operating costs
- Activity that is about simply resuming things planned prior to the pandemic that have not been reframed and refocused on building sustainability and resilience in the context of the challenges brought about by the pandemic
- Debts pre-dating March 2020

## How much can I apply for?

There is no set upper limit on award size from this fund. We will assess the case for need for the amount requested in the context of the size of the organisation applying and evidenced by the information supplied.

## What criteria will my application be assessed against?

Whether you are applying for an increase to an award offered through round 1 or applying for the first time, your request will be considered and prioritised against the following three criteria:

- **Financial need**

Our priority is to support as many museums as possible to retain a minimum of 12 weeks' worth of operating costs in unrestricted cash reserves - if they had this prior to the pandemic, were viable prior to the pandemic and are actively seeking to develop and respond to changing circumstances.

In order to assess financial need we will be asking for detailed information about your organisational funds and projected income and essential expenditure over the next 6 months, in order to build up a picture of what your likely financial position will be by 30 June 2021 without our support.

Beyond supporting operating and other essential costs, we expect to support some organisations to undertake additional but vital resilience building activity that they would not be able to deliver without support. Where funds are sought for these purposes, we will consider each organisation's ability to cover the cost of the proposed activity themselves. Those with the least means to do so will be prioritised for funding.

- **The role the museum plays within its community with respect to cultural, social and economic impact**

We will need to understand what the impact of the loss of your organisation or reduction in its activity would be for your community. We will prioritise applications from organisations that are actively contributing to wellbeing in their communities at this time.

The cultural and economic impact of your museum will also be part of our consideration.

It will be particularly important to protect organisations in places where there is an absence of other opportunities for cultural engagement.

- **The impact that our funding will have on your organisation in terms of supporting you to meet costs until June 2021 and build your resilience beyond that**

We will need to understand what difference the funding is going to make for your organisation and we will direct funds where we can see they will have the biggest impact on your resilience.

We will prioritise support for activity that will have the most rapid and immediate impact on supporting organisations to build resilience. Be specific about what tangible benefit you expect from your proposed activity and when you expect to see this.

The above criteria will be used to prioritise applications but please note that you must also meet the following criteria. Your museum must:

- Have been financially viable, or taking definite steps towards financial viability, before the Covid-19 pandemic
- Be facing financial challenges as a direct result of Covid-19 that will put your organisation at risk in the immediate or near future.
- Have taken appropriate action to respond to the impact of Covid-19 to date (reducing costs where possible, applying to available support)
- Have in place, or in development, clear and credible plans for working towards financial sustainability beyond 30 June 2021

## How do I apply?

Organisations wishing to apply to the fund must in the first instance submit an expression of interest to MGS no later than **midday on 19 February**. Please ensure that you have read the sections 'What can I apply for funding for?', 'What costs will be ineligible?' and 'What criteria will my application be assessed against?' prior to completing your expression of interest but if you have any queries about what is appropriate for funding, you will have a chance to discuss this with us when we respond to your EOI.

You should submit an expression of interest according to your situation as follows:

### **Organisations that applied to round 1**

All grant contacts named in the original application will receive an email from MGS containing an expression of interest form. If you have not received this, please get in touch via the email address below.

You should complete this form and send it to [grants@museumsgalleriesscotland.org.uk](mailto:grants@museumsgalleriesscotland.org.uk). You must do this as a first step, please do not telephone or email individual staff members to discuss your ideas first. The purpose of completing this form is to enable us to respond to all enquiries as efficiently as possible.

Once we have received your form, someone from MGS will get back in touch with you to discuss your ideas and establish whether a formal application for a grant increase would be appropriate. If it is, you will be asked to complete an online form requesting specific updates on the information supplied in your original application, you will not be asked to complete a brand new application to the fund. Please note however that an invitation to complete a formal grant increase request is not a guarantee of an award of more funds.

All expressions of interest must be sent to the above email as soon as possible and no later than 19 February. We will begin responding as these come in but we are expecting high numbers of enquiries so please do not worry if you do not hear back from us straight away. If, following our discussion with you, we agree that a formal application for a grant increase is appropriate, we will issue an invitation to complete an online application update form. You will have 2 weeks from the date that we do this to complete the form.

### **Organisations wishing to apply for the first time**

Any eligible organisation (please check the section 'Who can apply for this funding?' above) must email [grants@museumsgalleriesscotland.org.uk](mailto:grants@museumsgalleriesscotland.org.uk) to let us know that you are interested in applying. Please include a very brief description of what you are seeking funds for. You must email your enquiry to the above address no later than midday 19 February. This will register as an official expression of interest and we will respond as quickly as we can to discuss your ideas with you. Please do not telephone or contact individual staff by email, doing so will not constitute an official expression of interest and will hamper our ability to respond to everyone as quickly as possible.

If, following our discussion with you, we advise that an application would be appropriate, we will send you a link to complete an online application form. From the point at which we issue this you will have 2 weeks to complete your application.

## What supporting information will I need to submit with my application?

There are several pieces of supporting information that you must send with your application – primarily financial information to help us understand your financial need. Please see the notes below for more guidance on each piece requested. For almost all, we have created a specific template in which the information should be supplied, these are available on the Recovery & Resilience Fund page on our website.

You **MUST** complete these templates, we will not be able to consider applications that do not use our templates, we cannot accept the information sent in alternative formats.

It is also essential that you complete them correctly, once we have received your application our assessment timeframe will not allow for incorrect information to be returned to you, corrected and resubmitted. It is essential therefore that applicants use the guidance below on completing each template and if you have further queries, please do get in touch with your grant contact at MGS (assigned when we respond to your EOI).

### **Expenditure Spreadsheet** – template provided

This is where you should supply a breakdown of all the costs for which you are seeking funding from us.

- **Cost headings** - Use those relevant to your application and add details in the cost breakdown/detail column. Additional rows can be added if needed.
- **VAT** – if you cannot reclaim VAT, you must separate VAT out from the costs and list it separately in the VAT column. Do not also include it in the 'Amount' column. If you can reclaim VAT make sure that you do not include it in either the VAT column or that 'Amount' column. As you can reclaim it, it does not need to appear anywhere in your costs.
- **TOTAL** - It will automatically total up your costs, do not type directly into that field or try to amend it yourself. However, you must make sure that the request amount you put in your application form matches the figure here.
- **Notes** – Use the notes column for these purposes:
  - To back up your cost – we need to know that your costs are as accurate as possible so if you have established this cost by checking with suppliers on line include a link to costs on the supplier websites here. If you have received a quote, mention that here and attach the quote to the supporting documents section of the application form. All contracts exceeding £5,000 must be advertised or tendered but it is not necessary to have secured 3 quotes at the time of applying.
  - To explain how the cost relates to the activity outlined in your application form. You do not have to explain every single item as many will be obvious. However, you should check that we will be able to understand what every cost relates to and if you think there will be any doubt, explain here in the notes section. You

should not include any costs that you have not referred to in your application form.

### **Accounts**

You should send us a copy of your latest independently examined accounts. If your most recent set of accounts are any earlier than March 2020, you must send us a draft set of accounts for the latest financial year end.

### **Balance Sheet – *template provided***

There are two versions of this spreadsheet, one for organisations that applied to round 1 and are now seeking a grant increase and one for organisations that are applying to the Recovery and Resilience Fund for the first time. **Please ensure that you fill out the correct template for your situation.**

We ask you to complete this as we need to see what your financial situation was prior to the pandemic and what you expect it to be at 30 June 2021. This is important to helping us understand what impact the pandemic has had on your financial position and how vulnerable you will be by 30 June 2021 without support from us. We will review your balance sheet in conjunction with the completed cashflow template and there should be some relation between your balance sheet figures and the balance carried forward figures at the start and end of your cashflow.

#### Notes on fixed assets

- *Tangible fixed assets:* value of buildings, plant, equipment etc.
- *Investments:* value of any long-term investments held. In the notes column, please provide information about the annual return you receive on these investments

#### Notes on current assets

- Do not edit the cells in green; they will start to auto populate as you enter data.
- *Cash in bank and at hand:* all funds you held in all bank accounts and petty cash at the date in question.
- *Value of stock held:* realisable value of any shop or café stock held at the date in question.
- *Debtors:* value of invoices you have issued but which have not yet been paid at the date in question.
- *Creditors:* value of the invoices you have received from suppliers but not yet paid at the date in question.

#### Notes on funds held

- Please provide notes for every category where you have entered an amount to explain what is included in that figure.
- *Unrestricted reserves:* include all freely available funds, including those that may be set aside or 'designated' for general purposes such as ongoing maintenance or winding up costs. You can show the value and purpose of any designated funds in the box provided.
- *Restricted reserves:* include any funds that have been received for specific purposes and which come with conditions, such as grants or donations for specific projects.

- *Endowment funds*: in addition to the explanatory note about what is included in these figures, please also explain any conditions attached to them and whether you have already drawn anything down from these funds towards your operating costs in the last year, or if you intend to do so this year.

Instructions for those completing the template for NEW APPLICANTS:

- If you have supplied accounts from March 2020, you do not need to complete the first column. However, if your most recent independently verified accounts are from earlier than that, please complete this column.
- Whilst projecting some figures for June 2021 - such as debtors and value of stock, might not be possible, we do expect you to be able to project a reasonable cash in hand and at bank figure.
- Please use the notes column to help us understand how your balance sheet relates to your cashflow – highlight which funds in your balance sheet make up the balance b/f figure at the start of your cashflow and which funds make up the final balance c/f figure at the end of your cashflow.

Instructions for those completing the template for GRANT INCREASE requests:

- You must supply as much information in the balance sheet for the 1 January 2021. We will need to understand any differences to these figures than what we would have expected based on the financial information supplied with your application to round 1
- Whilst projecting some figures for June 2021 - such as debtors and value of stock, might not be possible, we do expect you to be able to project a reasonable cash in hand and at bank figure.
- Please use the notes column to help us understand how your balance sheet relates to your cashflow – highlight which funds in your balance sheet make up the balance b/f figure at the start of your cashflow and which funds make up the final balance c/f figure at the end of your cashflow.

### **Cashflow – *template provided***

There are two versions of this spreadsheet, one for organisations that applied to round 1 and are now seeking a grant increase and one for organisations that are applying to the Recovery and Resilience Fund for the first time. **Please ensure that you fill out the correct template for your situation.**

The purpose of this is to help us understand your projected income and expenditure up to 30 June 2021. This, in conjunction with the information supplied in your balance sheet template, will help us understand your likely position at 30 June 2021.

- **General Instructions**

- Enter all your organisation's income and expenditure for the months requested in the cashflow spreadsheet and do not change the range of months already entered.
- Select budget or actual for each month, depending on when you are submitting the application.
- Enter all figures, including expenditure, as positive.
- Do not edit cells that are in the purple bands; they will automatically populate once you start to fill in data on the spreadsheet.
- You **MUST** enter a carried forward figure for the start of the cashflow period in the first cell of the Balance b/f line, which is highlighted in green. This figure should include all the free reserves you had available at this point.

- **Income**

- Use the notes column to specify sources of income, such as naming individual grants
- Do not include the potential grant from MGS for which you are applying, but do include any previous MGS grant(s) already secured

- **Expenditure**

- Only include expenditure to which you are already committed; the costs of additional activity (not essential operating costs) for which you are seeking funding from us should **NOT** be included in your expenditure, we need to see what your position will be without support from us.
- Do not be overly concerned about allocating your expenditure to the "right" headings, which have been provided to ensure you do not forget anything, including such things as payments that might be made once a year. But make sure that you have included everything.
- Please use the notes column to specify what projects any project expenditure is associated with

## **Other supporting documents**

Quotes – please attach quotes to support the costs listed in your expenditure spreadsheet.

You are welcome to submit other supporting information but please reference this in the text in your application so your assessor knows to look at this.

## Other FAQs

### **Can I apply to reimburse lost income?**

You cannot state a particular amount of lost income and make a request to be reimbursed to this level. However, where loss of income as a direct result of the Covid-19 pandemic has resulted in you depleting your unrestricted cash reserves to below 12 weeks' worth of operating costs you can apply for the sum necessary to restore them to that level. Please see number 2 'Restoration of Reserves' in the section 'What can I apply for funds for?' above.

### **When will I hear if I have been successful?**

We expect to announce all awards between 12 and 31 March. Applicants who are seeking funds for activity that will need to begin prior to the 12 March in order to complete by 30 June should flag this to MGS in their discussions prior to application.

### **Can I apply for funds to cover costs already incurred?**

You can apply for restoration of reserves where essential operating costs in the last 9 months have depleted these below 12 weeks' worth of operating costs. However, you will not be able to apply for other costs incurred prior to an announcement of an award from us.

### **If I am awarded funding, when will the award be paid out?**

Grant increases to awards made through round 1 will usually be paid in full at the time that you accept your grant increase offer, as long as we have satisfactory evidence of spend against the costs that your original award was offered for.

Most new awards will be paid in two instalments, the first 75% when you complete the forms required to formally accept your award and the remaining 25% upon receipt of a satisfactory 3-month report.

All grant recipients will be required to complete a final report no later than 30 September 2021 confirming how the funding has been spent, providing evidence of spend and information about the impact the funding has had.