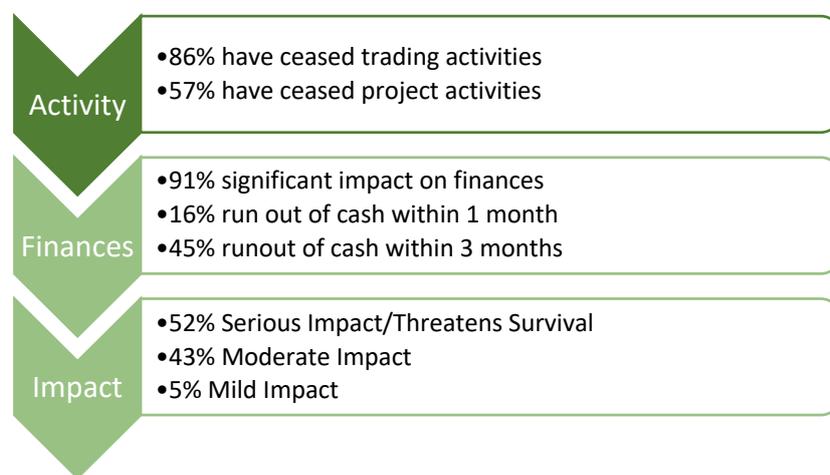


## Impact of Covid19 on the Community Resources sector

It almost goes without saying that Covid19 is having a major impact on Scottish businesses and the high street as well as the economy and society as a whole. So, it will be no surprise that the Scottish Community Resources sector is being very badly hit by Covid19. **Many organisations are suffering the double hit of a sudden and significant loss of trading income with increased demand for their services.**

This week our survey of leaders in the Community Resources sector has revealed the following concerning findings.



A few wider points have also emerged from our discussions

- **Stronger organisations are under the greatest threat.** Those most under threat are those that have moved away from grant funding and embraced social-entrepreneurial trading in recent years. Ironically these would be seen as the more resilient organisations in normal conditions – but not against Covid19 which has stopped trading income almost overnight.
- **Covid19 has hit at the worst time of year.** For many organisations this is the worst time of year to be hit with an enforced closure. For many reserves have been run down over the quieter winter period and in a normal year, trading activity would just be beginning to replenish these reserves. Instead trading income has stopped.
- **We believe the current funding is inadequate.** We welcome the current funding announced by the UK and Scottish Governments.<sup>1</sup> However initial indications are that **this will not be adequate to stop several otherwise strong organisations within our sector from failing.**

<sup>1</sup> e.g. Third Sector Resilience Fund, Coronavirus Job Retention Scheme etc.

## Further help is urgently needed

### CRNS is calling for further financial support for the Community Resources sector in Scotland:

- Firstly, we believe the current resilience funding is unlikely to be adequate to meet the significant demand. We are also concerned that a lot of help is proving too slow to meet the rapidly evolving funding crisis many organisations are facing.<sup>2</sup> We **urgently call for further resilience funding for the Community Resources sector and for all sources of funding help to be processed without delay.** Without this we believe many otherwise strong community resources organisations will fail due to Covid19 which is clearly no fault of their own.
- Second, once the Covid19 crisis is over, Scotland needs a strong and thriving community resources sector to respond to the ongoing Climate Emergency and deliver a circular economy in Scotland. **We are highlighting this important need now in the hope that development resources will be made available to help the sector get back on its feet once the Covid19 crisis has past**

## About CRNS and the Community Resources sector

CRNS is Scotland's national reuse, repair and recycling charity. We represent the Community Resources sector in Scotland and have 130 members who are delivering significant reuse, repair and recycling solutions in their local communities.

Together our members are delivering significant environmental, social, economic and community benefits as evidenced in our recent report [Local Solutions to the Global Climate Emergency](#). Much of this excellent work is under threat due to the Covid19 pandemic which has effectively shut down the operations of many organisations.

During Covid19 we have been working hard to support our sector which has been very badly impacted by Covid19. As well as offering support, sharing best practice and signposting key government funding initiatives we are also publishing this paper to draw attention to the significant and urgent needs our sector is facing.

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<sup>2</sup> For example, Business Interruption loans are being slowly processed by banks along with onerous personal guarantees added. The Job Retention Scheme will only be accessible to applications at the end of April. For the 16% of our members who indicate they will run out of cash within one month these initiatives are going to be too late.

## More details from our Covid19 survey

CRNS has conducted a survey of our members over the week 23-30 March 2020. We have mostly spoken to key leaders within organisations over the phone. As well as offering direct help and signposting key sources of emergency funding we have also gathered some high-level information about the impact Covid19 is having on them. The following findings are based on responses from 44<sup>3</sup> of our members:

- 86% have ceased their trading activities (i.e. closed their shops), 57% have ceased key project activities (i.e. stopped educational workshops).
- When assessing the financial impact:
  - **91% said Covid19 was having a significant impact on their finances**
  - **16% of organisations expected to have run out of cash within the next month. A total of 45% expected to have run out of cash within 3 months.**
  - The average fall in monthly revenue was estimated to be £48,800.<sup>4</sup>
- When assessing the severity of impact that Covid19 has on their organisation:
  - **52% said the impact was Serious/Threatens Survival**
  - 43% said the impact was Moderate
  - 5% said the impact was Mild

Michael Cook, 31 March 2020  
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<sup>3</sup> This is 34% of our membership, but we have no reason to believe this is not representative

<sup>4</sup> This is based on only 15 organisations; others did not have this information or were unwilling to share it.