

THE IMPACT OF THE COVID-19 PANDEMIC ON THE VOLUNTARY AND COMMUNITY SECTOR IN WORCESTERSHIRE

WORCESTERSHIRE
VOICES

Supporting an independent and influential
Voluntary and Community Sector

This document has been produced by Worcestershire Voices, a network of VCS organisations across the county that seeks to give a voice to the interests of the sector.

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Introduction

This document sets out the results of a survey of Voluntary and Community Sector Organisations in Worcestershire designed to establish the impact of Covid-19 on the financial and operational viability of those organisations.

It is important to note that this paper is in no way intended to be summative, indeed the opposite; it sets down, what appear at this time, some truths about the state of civil society, as a way of opening a conversation. It is that conversation that will lead us to a greater understanding of where we are now, where we want to go and how to get there.

Before addressing the content, a special note of thanks must be given to those in Community and Voluntary Sector organisations who took time out, at this incredibly busy time, to respond to this survey.

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Executive Summary

The Covid-19 pandemic has brought terrible experiences for individuals directly affected by the illness itself and by its consequences. It has also disrupted society in ways never before experienced. However, as Charles Beard says, “when it is dark enough you can see the stars”. In Worcestershire we have been fortunate that thousands of stars have shone through the gloom of pandemic with a huge number of those stars are in the Voluntary and Community Sector.

As a society we owe it to those who have suffered to not allow the light of those stars to be extinguished. Indeed, we have a once in a generation opportunity to build on what we have learned from this experience. One of the things we have learned is that, if we are minded to act with determination, we can achieve great things.

The VCS is a major player in Worcestershire’s economy and is a key engine for social good. Its organisations are the glue that binds civil society together. It is therefore essential that it is protected from the financial and operational impact of the pandemic.

The survey shows that there has been a significant fall in organisations’ confidence in their future prospects, ranging from 7% for those starting out as the most confident to 14% for those starting out as least confident. When asked specifically about confidence relating to their finances with over half being negative on this point. Drilling deeper 18% expect to see their income fall by at least 50%.

Charities already have plans to mitigate these losses: reducing staff costs and driving operational efficiencies. Almost all responses also referred to increasing fundraising activity and it appears that their expectations in this area is driving confidence level up. A closer examination reveals that the perfect storm of an economy in recession, tight public service funding and stress on charitable investments may mean that these expected opportunities disappear. There could be a financial cliff edge for the VCS in early 2021.

Demand for the services increased by 78% during the pandemic and 62% of organisations expect to see demand continue at this level or increase.

Rising to the challenge of Covid-19 the VCS adopted new ways of working and recast relationships within the sector and with statutory agencies. Responses indicated a massive uptake in digital solutions both for communication and service delivery and a fundamental shift in the relationship with the statutory sector moving to greater trust, interdependence and the removal of inappropriate barriers to action.

This is a useful survey of the state of and prospects for the VCS but without action it will have little benefit. The report therefore makes a number of recommendations:

- Research philanthropy and fundraising opportunities seeking ways of achieving significant increases and acting on that intelligence
- Set up a programme to support VCS organisations in their recovery and development

- Set up an action group, across civil society, to monitor the developing post Covid environment and to drive a move to make the most of the lessons learned during the pandemic
- Establish a programme to turn the step-change success with digital solutions into an ongoing positive legacy across civil society
- Conduct further surveys to monitor progress.
- Seek appropriate funding to allow these things to happen.

3 Context

The Voluntary and Community Sector is a significant player in civil society. Research carried out by the LEP¹ suggests that the GVA contribution of the VCS in Worcestershire is £270 million representing approximately 2.1% of the County's total GVA.

There are 1,579 general charities² in Worcestershire with a total income of over £214 million. These charities employ 8,200 full or part time staff and have an estimated 24,000 volunteers.

District	Number of General Charities	Income £ million
Bromsgrove	199	47.5
Redditch	104	5.2
Malvern Hills	347	28.8
Worcester City	232	77.9
Wychavon	454	40.4
Wyre Forest	243	14.3
Total	1579	214.1

Source: UK Civil Society Almanack 2019³

These data do not tell the whole story as there are a significant number of unregistered organisations and community groups that form an important part of society. They range from informal sports groups such as a boule group meeting on a piece of waste ground to a children's activity club meeting in a sports hall to litter pickers on grass verges. All of these groups, unrecorded and seeking little or no support represent the life blood of civil society.

Looking at these data there can be no doubt that the Voluntary and Community Sector constitutes a significant part of the economy of Worcestershire – 2.1% of GVA, 3.3% of employees and 5.8% of enterprises⁴

However, these data only consider comparisons with the financial or business economy. A consideration of the social economy would suggest that the VCS has a deep and profound impact on the County, providing purpose and meaning to the lives of thousands of people. Acting as the glue that binds civil society together.

¹ MRE Unlocking Enterprise for WLEP (2018) Assessing the Direct Economic Impact of the Voluntary and Community Sector in Worcestershire

² General charities are defined by ONS and exclude registered charities that do not meet their criteria, for example sacramental religious bodies or places of worship as well as organisations like independent schools, government-controlled bodies or housing associations.

³ <https://data.ncvo.org.uk/about/almanac-data-tables/>

⁴ Based on NOMIS data (245,000 employees and 27,005 enterprises).

<https://www.nomisweb.co.uk/reports/lmp/lep/1925185567/report.aspx#tabidbr>

4 **Methodology**

The survey data are derived from an online questionnaire distributed in May 2020 via a range of media. The questionnaire consisted of 21 questions set on a Typeform online survey.

Questions used Likert type scaling and also provided free narrative responses in some areas. Organisational characteristics were collected to aid analysis. Respondents were identified for authentication purposes but all reporting is anonymised.

In some cases, it has been possible to provide comparisons using data available from research carried out in Surrey.⁵

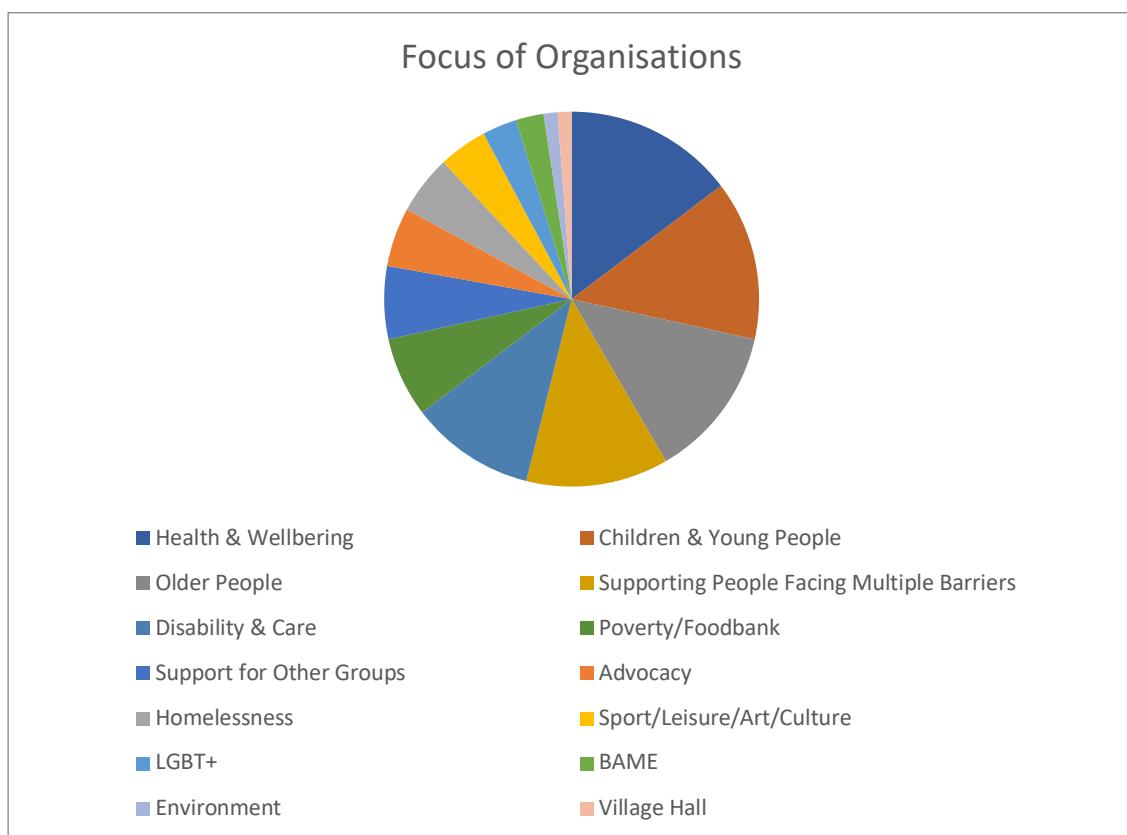
⁵ Surrey Community Action (2020) Surrey's Voluntary Sector, Covid-19 Impact and Resilience

5 Results⁶

Responding organisations

The 103 organisations responding to the survey represent a broad sweep across the sector in terms of their location, focus, size and funding sources.

The question on organisational focus was not limited to one response. Whilst that dilutes the tightness of the data it allows a broader reflection of those areas where the sector is making a contribution. The top four areas of health and wellbeing, children and young people, older people and supporting people facing multiple barriers account, unsurprisingly for more than half of the responses.

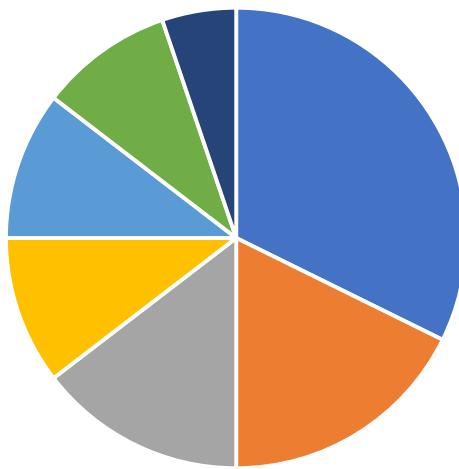


Organisational size measured by turnover is in line with what could be expected with two-thirds of the organisations smaller in size. This is in line with the data from the 2018 LEP survey.⁷

⁶ The axis ordering on some graphs has been adjusted to prioritise frequency or values in order to improve data clarity.

⁷ MRE Unlocking Enterprise for WLEP (2018) Assessing the Direct Economic Impact of the Voluntary and Community Sector in Worcestershire

Size of organisation by annual turnover



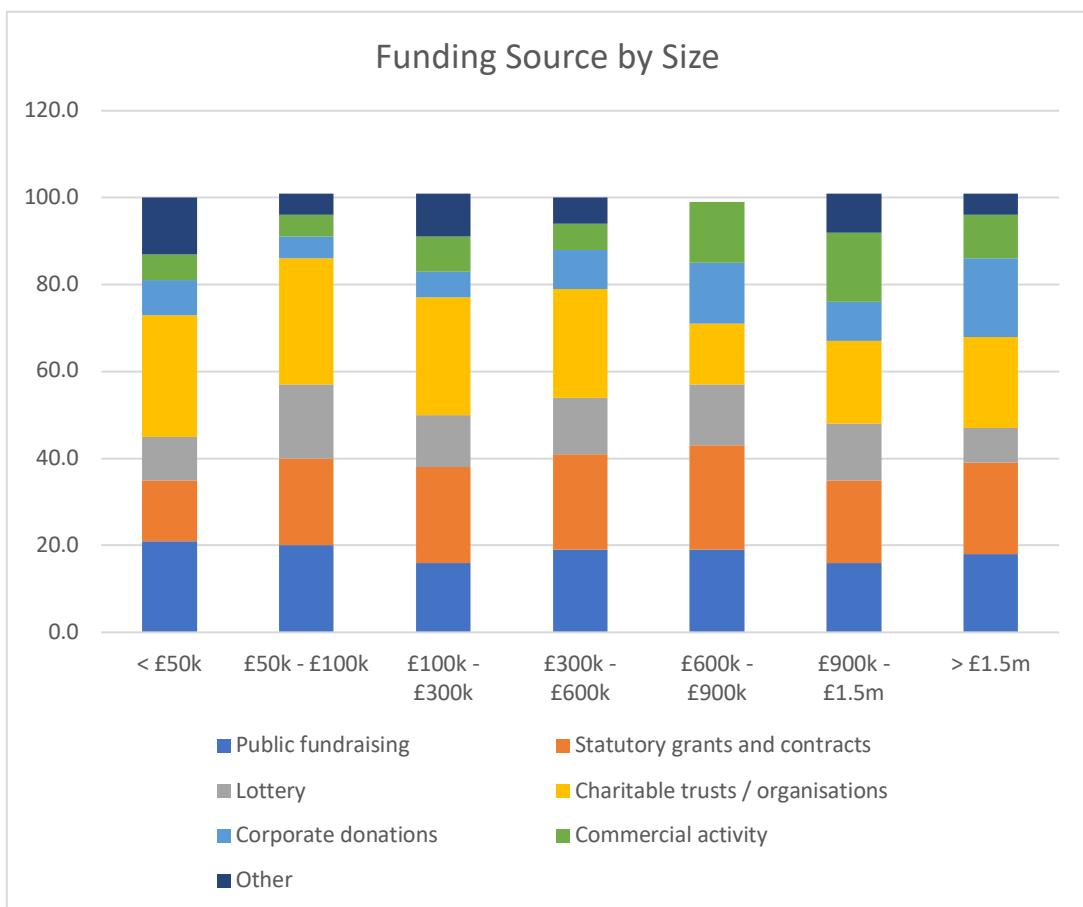
■ Less than £50k ■ £100k - £300k ■ £50k - £100k ■ £300k - £600k
 ■ £900k - £1.5m ■ Over £1.5m ■ £600k - £900k

VCS organisations depend on a range of funding sources as is well illustrated in the following graph. It is interesting to note that there is a broadly similar balance in all sizes of organisation with charitable trusts and organisations being the most common. However, this analysis does not include the value of each contribution so the "cash relationship" may be different.

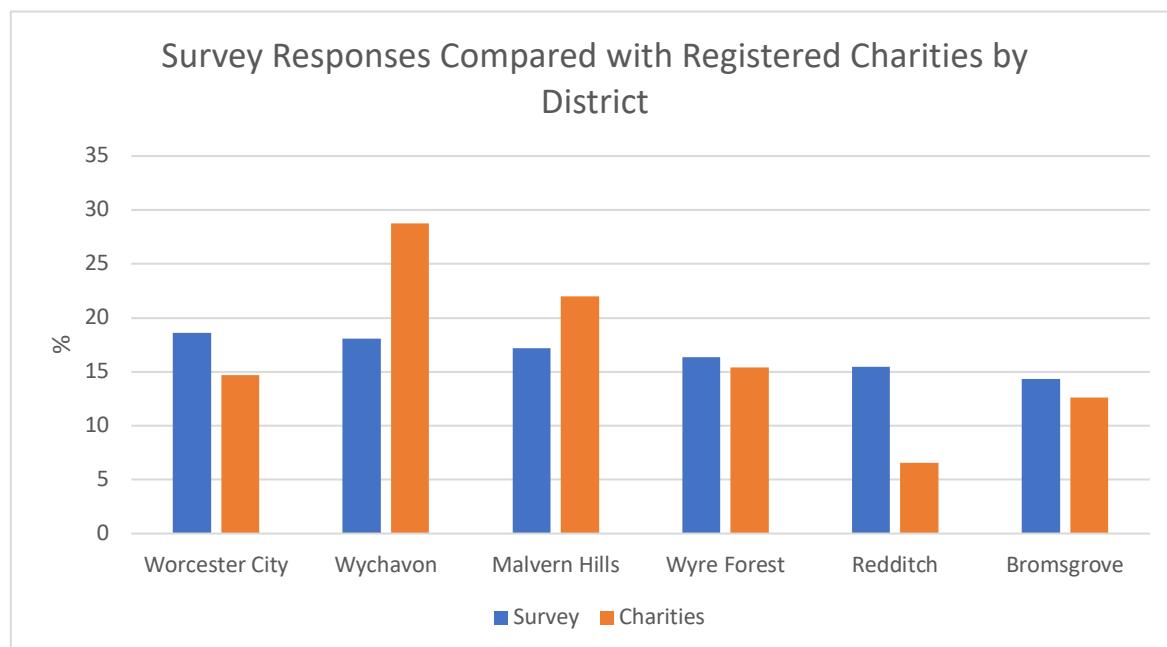
Funding Sources



■ Charitable Trusts / Organisations ■ Statutory Grants & Contracts ■ Public fundraising
 ■ Lottery ■ Corporate donations ■ Commercial activitoes

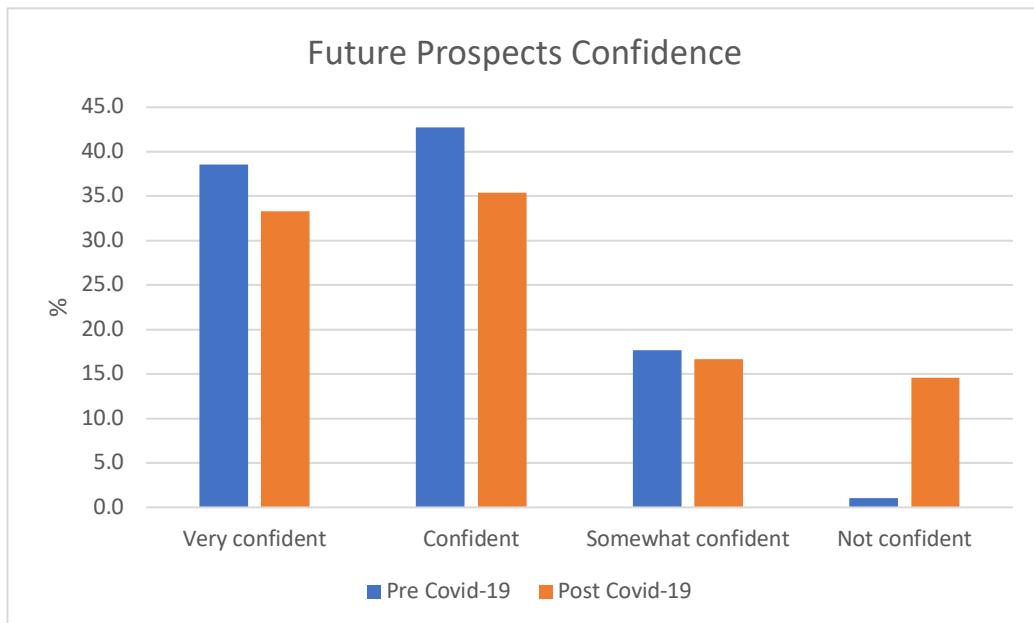


Responses came from across the county. The graph below compares the spread of responses with the spread of registered charities. This shows a relatively even spread of responses but some differences with the number registered. It may be that this relates to the particularly large number registered in Wychavon but further work would need to be undertaken to explore this anomaly.

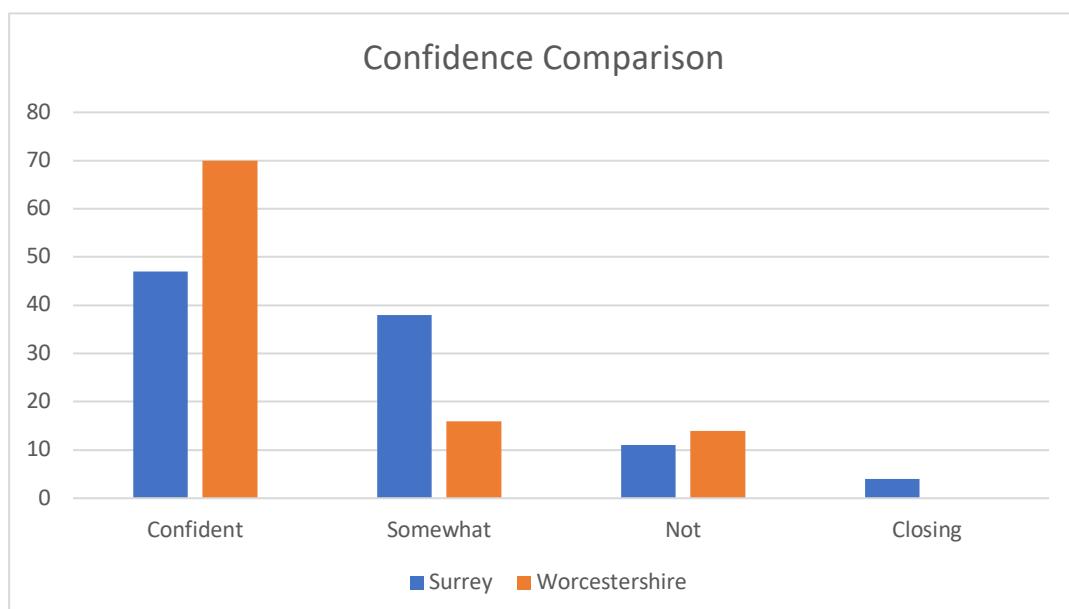


Confidence

The survey posed two linked questions on the level of confidence in the future prospects for the organisation prior to the Covid-19 pandemic and that given the pandemic. The data⁸ show an overall fall in confidence regardless of the starting point. The most significant being the difference of almost 14% in organisations that originally stated that were not confident in their future prospects.

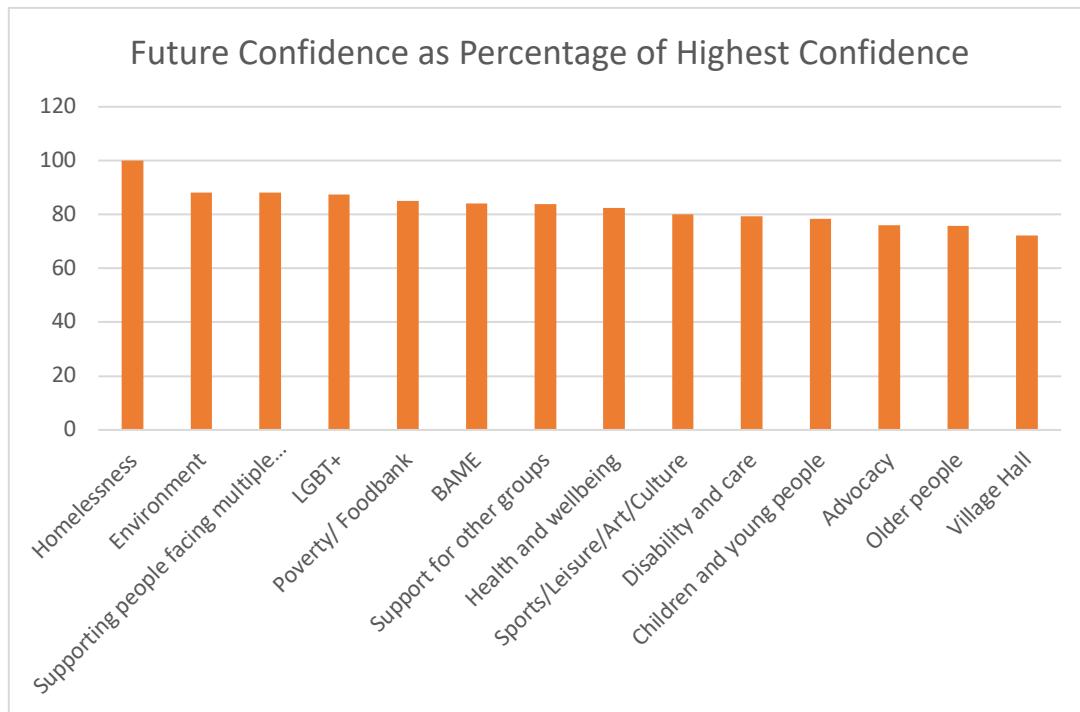


It was possible to compare these data with those from a similar survey carried out in Surrey. These suggest that when considering the overall future prospects for organisations Worcestershire's confidence levels are over 20% higher. It would be interesting to explore the reasons for this difference.

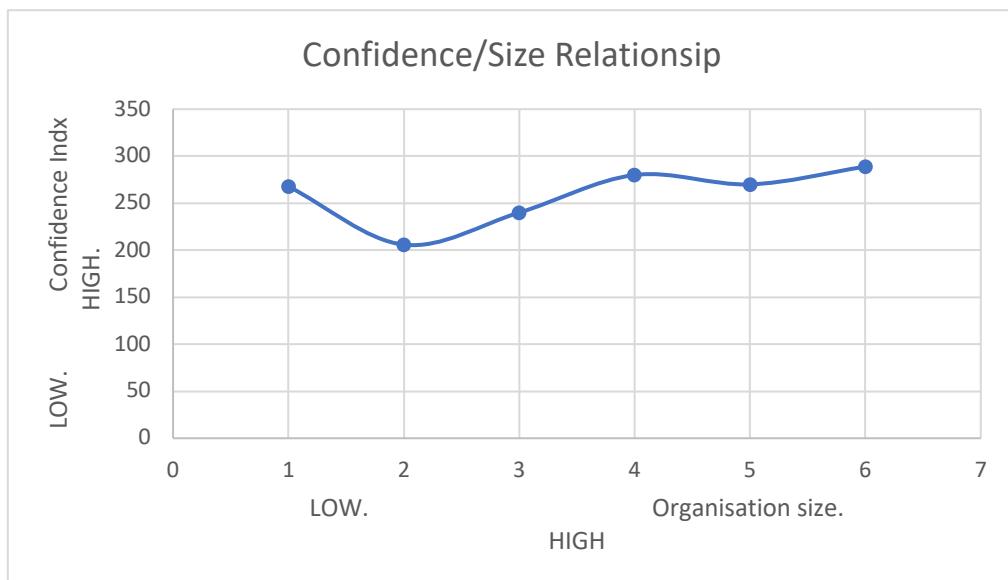


⁸ Data show confidence expressed at each level as a percentage of the total.

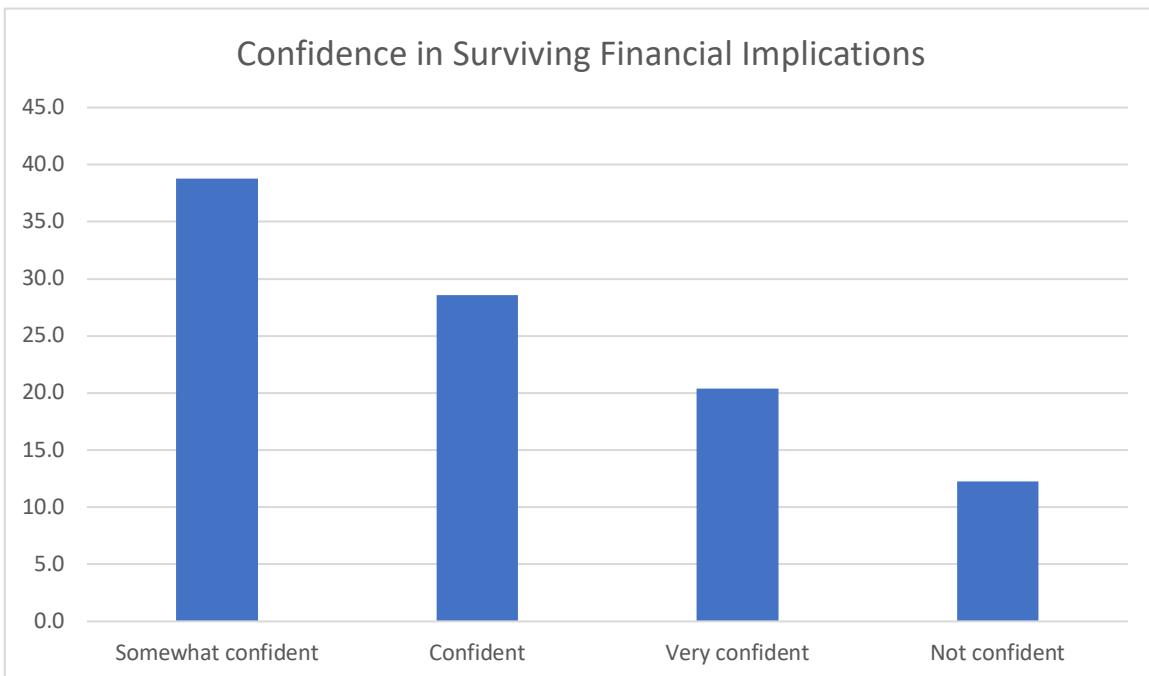
Considering this confidence by the type of work being done the following graph sets the highest scoring area (Homelessness) as 100% and plots the percentage differences across all others. This is a generalised analysis so needs to be treated with caution but it does give a sense of the relative position of each area.



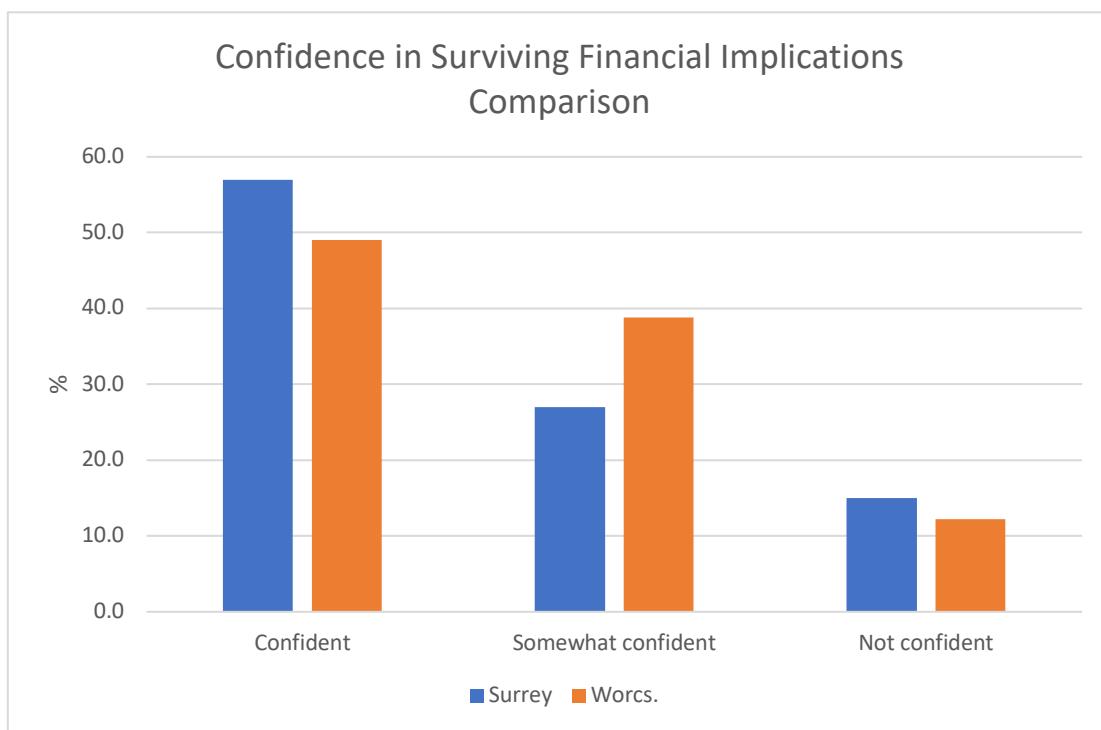
When the data are cut by size (expressed by turnover) there appears to be a relatively small positive correlation between size and confidence.



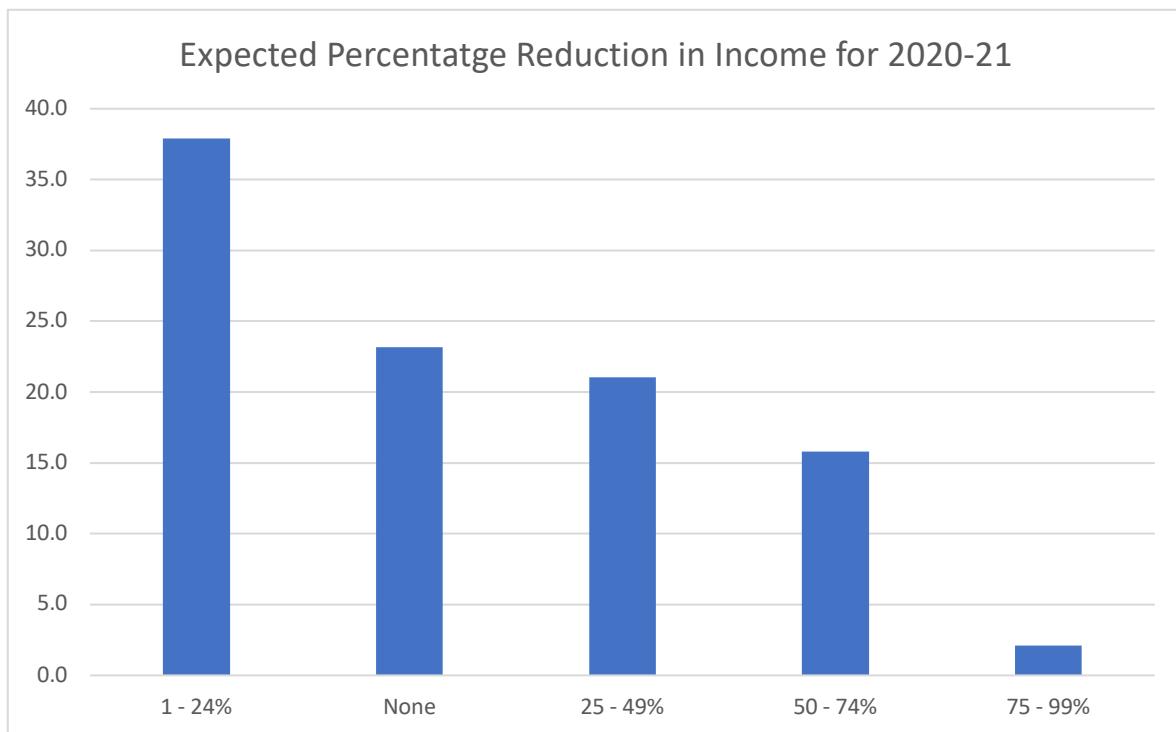
Turning away from overall confidence to confidence in relation to finance, the following graph illustrates a trend to the centre ground with organisations taking a more nuanced position than in relation to overall confidence.



However, cutting the data differently for comparative purposes the following graph suggests that financial confidence levels are slightly lower than in Surrey but that this difference is not significant.

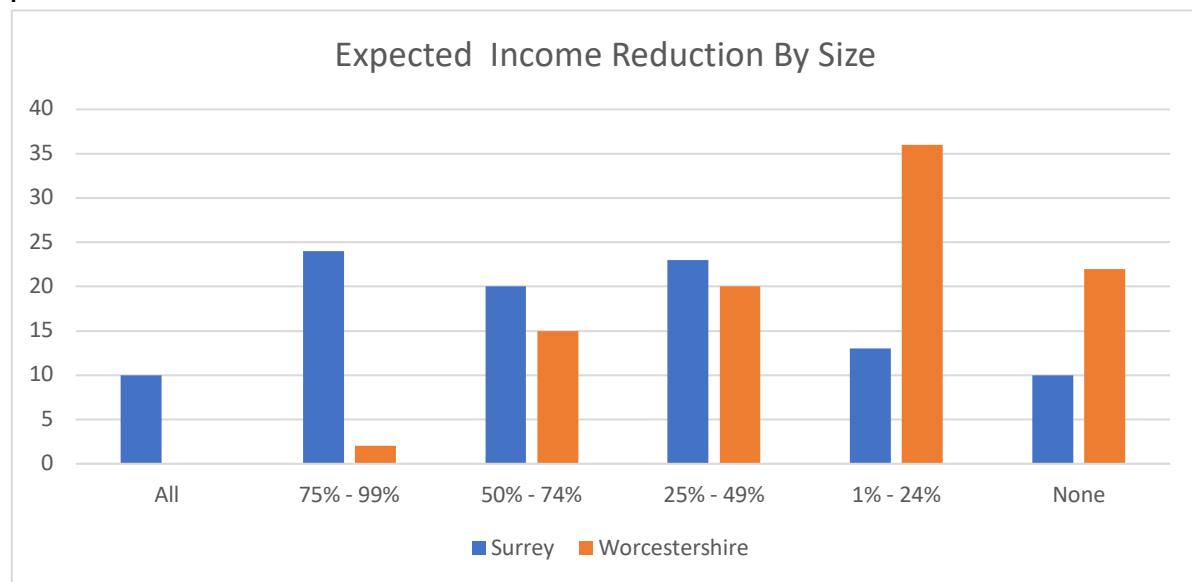


Organisations will have reached these conclusions on the basis of their expected future financial position which is illustrated in the graph below. That almost a quarter of organisations expect to see no reduction and almost 38% expect any fall to be less than 24% would explain such cautious optimism.



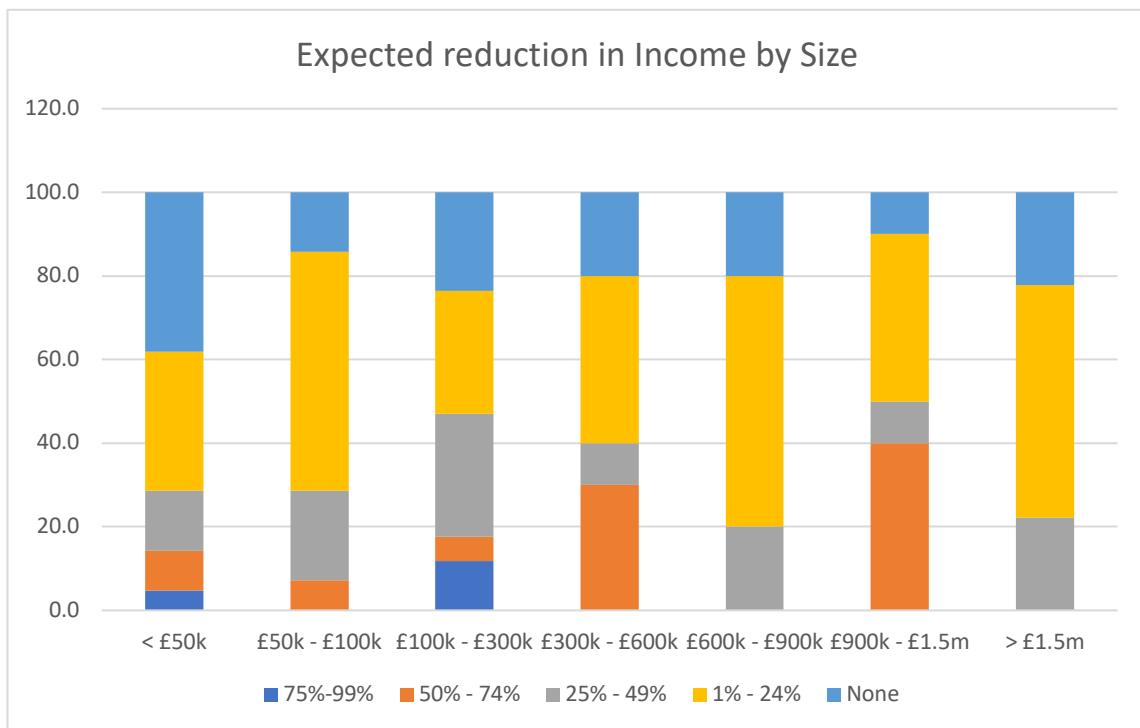
The position in Surrey appears to be quite different with the balance of the graph almost reversed suggesting a much bleaker position than in Worcestershire.

A survey by the Institute of Fundraising and Pro-Bono Economics in June 2020 suggests that the average financial loss across all areas will be 24%.⁹

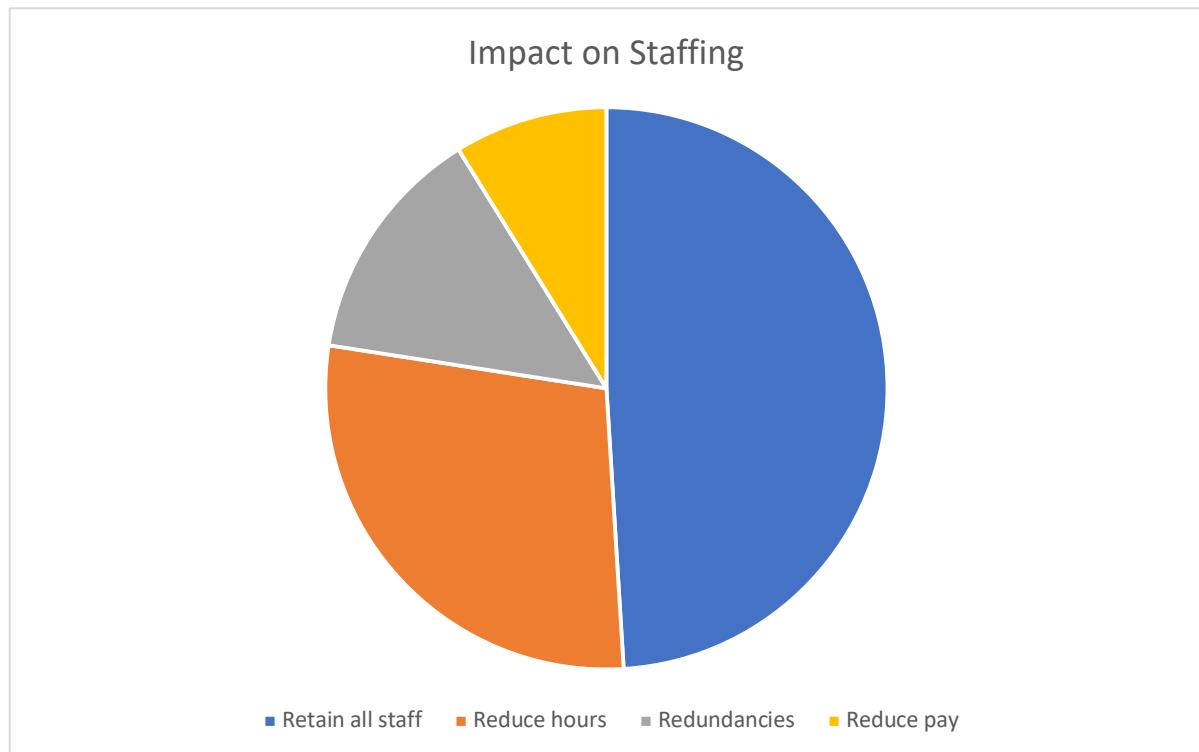


Considering reduction in income by size of organisation the data suggest that there is no strong correlation between size and reduction save for the large number of the smallest sized organisations predicting no loss at all and the spike of most significant loss in the £100k - £300k bracket.

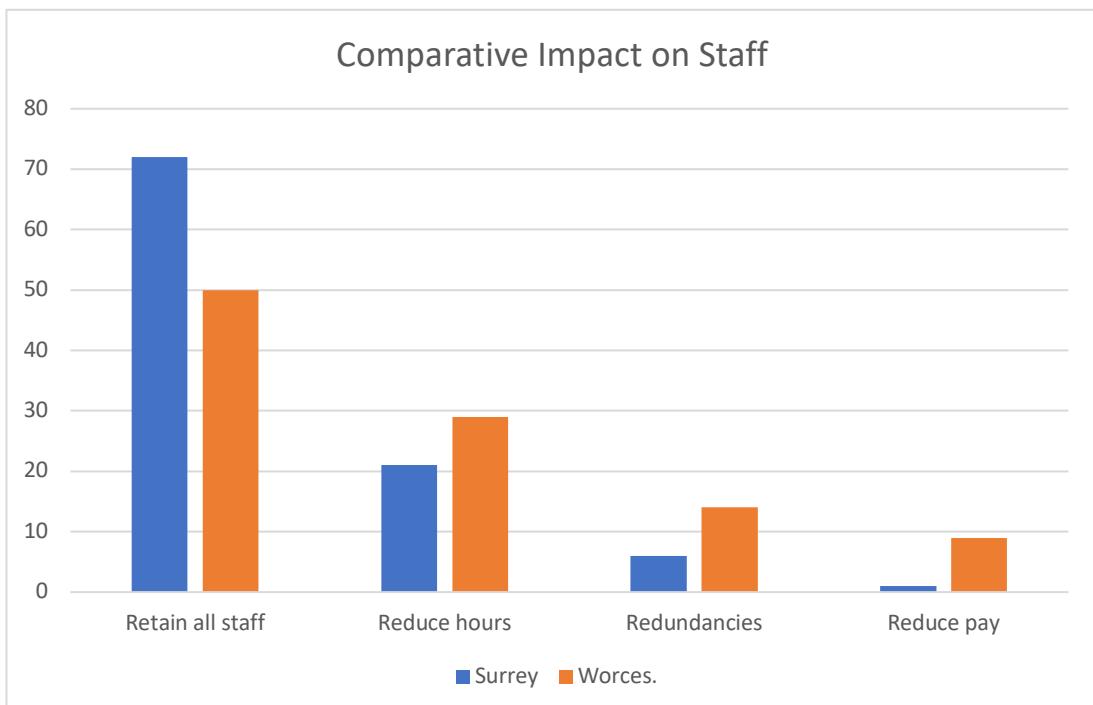
⁹ <https://www.probonoeconomics.com>



The impact of significant income loss is likely to be felt by staff. The chart below illustrates the position expected on the basis of the earlier data, that almost half of organisations expect no impact on staffing with the other half indicating the measures that they expect to have to take.



The comparison with Surrey is interesting given their more pessimistic view about income reduction, in that they show a strong intention to retain all staff.



The survey offered a free narrative box for comments on other approaches to dealing with income reductions. The following word cloud¹⁰ illustrates the overall responses.

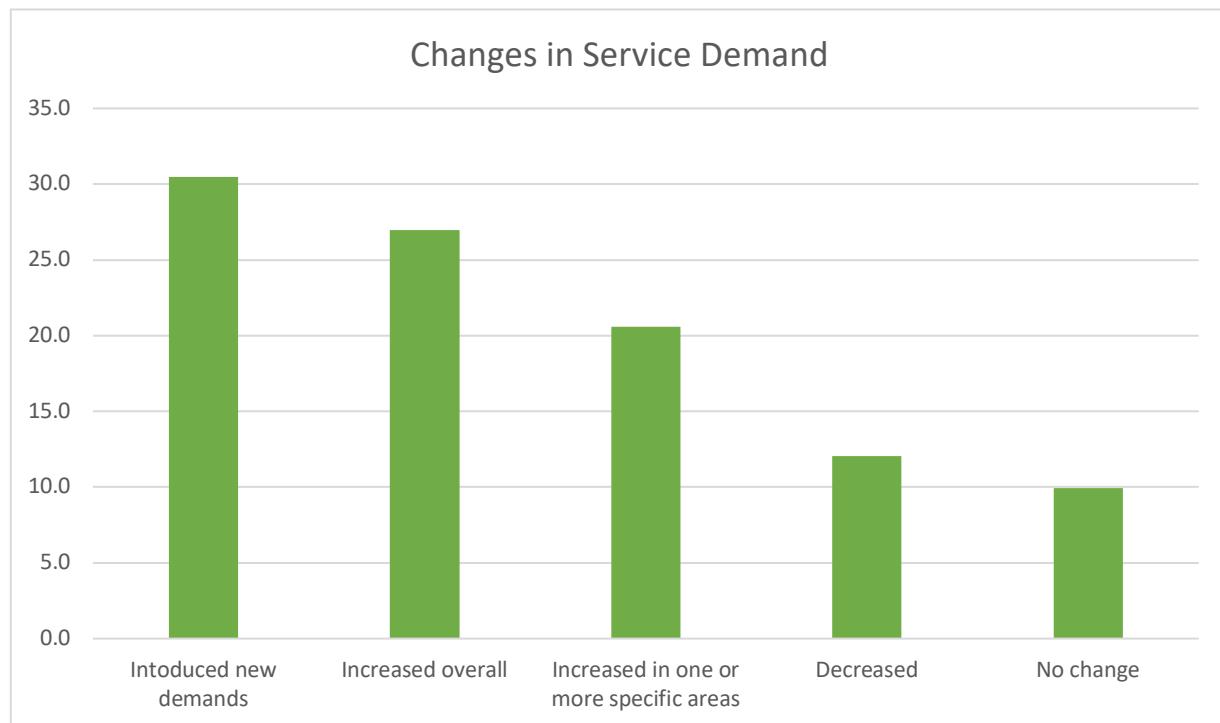


Looking at the responses 40 referred to increasing fundraising or grant applications as the main approach to bridging the gap, 15 referred to operational efficiencies and 9 to reducing service delivery to clients.

¹⁰ Created by WordItOut

Service Demand

Demand for services is constantly changing and the pandemic has created huge volatility, so any future predictions of service demand is problematic. Nevertheless, the following graph illustrates expected changes with over three-quarters of organisations believing that they will see some sort of increase in demand.



The survey offered a free narrative seeking examples of increased demand. The following word cloud¹¹ illustrates the overall responses.

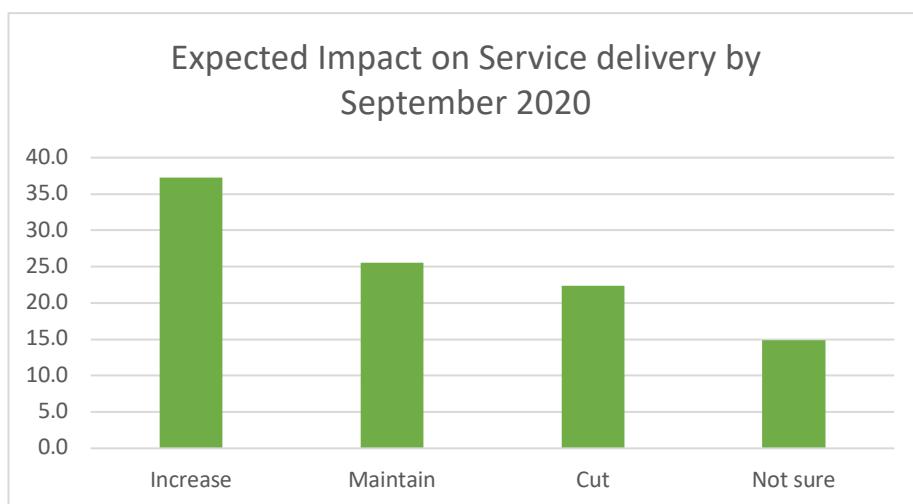


¹¹ Created by WordItOut

An interpretative analysis suggests that the most significant increases in demand relate to, in order of frequency:

- Dealing with health issues
- Providing food
- Mental health problems
- Online/digital solutions
- Counselling and advice
- Befriending

The final response is perhaps the most difficult for it calls for a consideration of both the change in demand and the organisations capacity to meet that demand. The response gives a clear indication that the VCS expects to rise to the challenge with well over half the organisations expecting to maintain or increase their work.



Networking

One question in the survey did not follow the theme of confidence and finance. This was included because, even in the first few weeks of the response to Covid-19 it was clear that individuals and organisations were networking in a different way. Not simply by the application of digital solutions but at a deeper level; the pandemic forcing trust and interdependence.

The strongest response was that 47 out of 66 responses referred to the benefits of the use of digital solutions, from Zoom conferencing for internal and external use to on-line befriending and the use of social media. Some specific quotes emphasise the point:

- Digital inclusion and communication has now become our number one priority both with staff and in delivering projects.
- Online parenting and community support. Booked appointments to access support
- I would like to increase our use of social networking to ensure our members feel less isolated and so we can together examine ways of helping in the future
- The experiences of the last few months have helped identify the opportunities linked with video conferencing/ virtual networking

- Video-based coffee mornings
- We have developed online forums for the partnership and also the wider community of organisations. We are in the process of developing an educational network
- We have been using Zoom a lot and have also adapted our referral system to accept telephone and email referrals. We are using our social media platforms more as well.
- We offer video calls, increased hours emergency mobile on 7 days a week. 1-2-1 counselling via video link. Introducing meeting clients in open space keeping to government guidelines.
- The country seems smaller thanks to the increase of virtual meetings and that means we can access expertise from all over the country.

A number of responses also referred to the challenges associated with digital, both in embedding the approach and maintaining the “human contact”.

There were also a significant number of references to the new tone of collaboration both within the sector and with statutory agencies wanting to “build on networks established through Covid support” both within the immediate VCS and involving “wider community of organisations”. The tone of the comments suggests a real appetite for a new and more “interdependent” relationship.

The third of the three key themes emerging from these comments is an appreciation of the need for involvement of partner organisations and local communities in decision making and genuine communication; with a determination to “make sure this keeps happening” once the crisis is over.

Additional comments

The survey provided an opportunity for respondents to include comments on any other matters that they felt pertinent. Inevitably this produced an eclectic mix. The following quotations reflect the general tone and direction of the comments.

- VCS engagement with statutory services has been excellent but this has not necessarily by design. Structures are needed to cement relationship, co-design effective and efficient services
- During this Pandemic we have been blessed by people all working together for the young people and families to be supported.
- We will have to change our ways of working for the community and sharing ideas/facilities/expertise would be valuable.
- The VCS has definitely come together with more commitment so hopefully closer working opportunities will be more forthcoming from now on.
- Pleasing to work more collaboratively with other third sector colleagues :)
- We need to spread the fantastic new relationships that are building with NHS into local government. NHS seem to "get" genuine collaborative working to use the strengths of VCS where large parts of local government seem to see VCS as a way of getting services done on the cheap.

- Covid-19 has given everyone a stark reminder about emergency planning and preparedness. We are nervous that having had an initial influx of support as Covid-19 fades the support will go too, but there will be future emergencies to handle.
- As charities, we will need to become more flexible, adapt to the social climate and embrace change.
- After initially wondering how we would survive, we have been completely overwhelmed by the support of our local community
- This crisis has shown that the smaller VCS grassroots organisations are the ones that stepped up immediately and had been supporting people in their community for weeks before the larger ones had got themselves organised.
- This pandemic has demonstrated the essential need for services in the third sector and yet the pay gap and support from central sources is still in dire need of review as a result. We expect far too much from people paid far too little.

6 Analysis

There has been a clear reduction in the confidence of VCS organisations' perception of their prospects for the future with an average deterioration of around 7%.

This is perhaps not surprising in the light of the pandemic however given the role of organisations in responding to community needs at this time it would be reasonable to expect some boost in confidence given that they are delivering on their "mission" often in ways more important than ever. A closer analysis of the characteristics of those organisations reporting the highest and lowest future confidence suggests that there may be some correlation between older and more traditional organisations being less confident than newer organisations with tightly focussed objectives.¹²

The significantly higher levels of confidence expressed in Worcestershire compared with those in Surrey are an interesting feature. Given a light touch review there seems little in the characteristics of the organisations that would account for the difference.

However, it may be worth positing one possible explanation that chimes with a deeper impression of civil society in the two locations. Surrey borders London and has significant structural wealth whilst the more provincial location of Worcestershire, its history and infrastructure means that its VCS is familiar with managing with less. One specific in this illustrates the point – the Community Foundation in Surrey had philanthropic and investment income of £16.99 per head of population. The comparative figure in Worcestershire was 33 pence!¹³ In crude terms, the VCS in Worcestershire has less to lose and is used to "making do" so is more confident in its ability to prosper in adverse circumstances.

These possible conclusions are supported by the higher levels of confidence relating specifically to financial prospects in Worcestershire with a balanced position on confidence but a much bleaker expectation of income reduction in Surrey with that County 22 points worse in the 75% - 99% band.

As may be expected confidence levels have a small positive correlation to organisational size although it is interesting to note that the highest confidence is in the smallest and largest organisations, presumably because the former are less reliant on external income and the latter can rely on reserves and structural flexibility.

Turning to confidence relating specifically to financial issues the data show a fall from 70% general confidence to 49% financial income confidence. This suggests that organisations are already considering ways in which financial losses can be mitigated.

¹² It should be noted that this is an impressionistic rather than necessarily statistically valid conclusion.

¹³ 2018/19 data. CF income Surrey £2.022m, Worcestershire £199k. Population Surrey 1.19m, Worcestershire 592k

With 23% of respondents expecting no loss of income and a further 38%¹⁴ expecting any loss to be below one-quarter of their current position, the hard budgetary position appears not to be too catastrophic, particularly compared to the national average expected loss of 24%.¹⁵

Looking at the size of organisations it seems to be that the largest and smallest organisations are expecting to suffer least with those in the middle expecting the most serious loss of income.

In response to the need to deal with income loss approximately half of respondents plan to retain all staff which would be expected given the predicted levels of income loss. However, this does mean that almost all organisations facing loss expect it to impact on staff in some way. Extrapolating to the number of staff employed in the sector this could mean that in the worst case there will be 2,200 staff with reduced hours, 730 staff with pay reductions and 1,000 redundancies.¹⁶

Looking to other actions that organisations are planning to pursue; improving operational efficiency and optimising the use of existing assets feature strongly. However, these aspirations will only be achieved if appropriate support and advice is available. There are also a significant number of references to reducing service delivery. Where this is linked to a re-assessment of needs this will be a positive move but there must be a fear that simple finance driven service withdrawals will create significant problems. More work needs to be done to understand and respond to this.

By far the most frequent mitigation action to which respondents referred was increasing fundraising and income generation. On the face of it this seems a valuable response, however there is a need for caution. Fundraising potential is driven by six engines: (1) the ability and desire of individuals to commit to significant philanthropy, (2) the ability and desire of corporates to commit to significant philanthropy (3) the availability of income generation opportunities (4) the capacity and policy of statutory agencies to contract services to the VCS (5) the capacity and policy of statutory agencies to commit funds to VCS “infrastructure” and (6) the returns on endowments and other investments held by trusts, foundations and charities. The prospects on all of these are poor with employment prospects impacting on number 1, business prioritising survival over CSR on 2, a retrenchment of the statutory sector to in-house delivery and/or the use of the VCS as the “cheap” solution in relation to number 4; the continued failure to appreciate the structural needs of the VCS in Worcestershire in relation to 5 and the fragile nature of the markets in relation to 6.

¹⁴ There is a problem in the granularity of these data since the impact of 1% is obviously very different to 24%! However, it is almost impossible for organisations to predict reductions in income at this stage. It would be interesting to undertake an analysis based on a comparison of the 2018/19 and 2020/21 submissions to Charity Commission.

¹⁵ <https://www.probonoeconomics.com>

¹⁶ Based on 8,200 staff headcount set against the responses for action in this area. It must be noted that this is the worst case and assumes that this response is representative across all organisations in the sector and that all organisations carry out their expected response in relation to staff.

Overall, hope for increased revenue streams from more active fundraising may turn out to be a chimera!

Conclusions about future service demand are problematic given the major economic, social and medical uncertainties that face us. Will there be an economic bounce back or will we face a global recession with all its implications for employment and public service funding?¹⁷ Will society sustain what Rutger Bergman refers to as “an explosion of altruism”¹⁸ and leverage positive societal change or will we face a slipping back to a self-centred and fearful culture or even worse see civil unrest?¹⁹ Will a vaccine and strides in intensive therapy lead to the virus overcome or will we face a series of peaks and a future of physical distancing?²⁰

Analysis is challenging because service is so closely related to the nature of specific VCS organisations and beyond the granularity of this survey. However, there are some high level conclusions to be made.

The responses indicate, with great clarity, that there will be increases in demand for existing services as well as demands for both new service types and new (digital) methods of delivery. There also appears to be an emerging trend in separation between those services delivering immediate impact in the relief of distress and disadvantage and those providing the fabric of a richer society; with the former threaten to extinguish the latter, at least in calls on funding.

It would seem that whilst it is right to concentrate on the former, there is a need to remember that the latter; in the shape of organisations ranging from book groups through sports clubs to theatre groups; are the glue that helps bind civil society together.

The issue of networking permeates most of the other considerations of how the VCS will respond to the situation. This networking is within the VCS but also with other organisations. The comments chime with recent research carried out by Locality²¹ with their call for “collaborative public services that unlock community power”.

As already noted, the shift to digital dominated comments and it seems clear that the step change brought about by Covid-19 presents a permanent change in the way of working across civil society and that this demands a considered and collaborative response from all involved.

While the shift to digital represents a functional change there were also references to a deeper move in the relationships between organisations. In responding to adversity almost all the organisations in civil society managed to set aside traditional demarcations to philosophy and practice placing the challenge to be addressed at

¹⁷ The OECD analysis provides a useful background: <https://www.oecd.org/economic-outlook/>

¹⁸ Rutger Bregman (2020) Human kind, a hopeful history, Bloomsbury

¹⁹ <https://theconversation.com/coronavirus-it-feels-like-we-are-sliding-into-a-period-of-unrest-but-political-philosophy-offers-hope-137006>

²⁰

<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/bulletins/coronaviruscovid19infectionssurveypilot/england25june2020>

²¹ Locality (2020) We Were Built For This

the centre and aligning themselves to optimise the response. The trust generated has the potential to transform public service but only if it is guarded, developed and put to use in the co-production of responses to the legion challenges that lie ahead.

7 **Recommendations**

On the basis of the evidence in this survey associated discussions and further research the following immediate actions are recommended:

1. Undertake further research into individual and corporate philanthropy in Worcestershire, seeking alternative approaches to achieving significant increases in philanthropic giving and also other approaches to fund-raising; and then act on the results.
2. Drawing on support from the VCS and beyond to set up a programme to support and advise VCS organisations in organisational development and business recovery.
3. Promote the establishment of an Action Group of senior leaders from all sectors of civil society who will monitor the developing situation in relation to the economy, society and health and provide advice to guide policy making and action, including ensuring the maintenance of positive collaboration and the co-production of solutions.
4. Develop a programme to progress the significant step forward brought about by the pandemic on the digital agenda, in relation to both organisational management and service delivery.
5. Undertake a further survey in Autumn 2020 to test developments and to refine conclusions and recommendations.
6. Seek appropriate funding from a range of sources within and without the sector sufficient to allow this work to be done properly.