



State of the Sector Report

Collated findings from research, surveys and engagement exercises, to understand the impacts of the Covid-19 pandemic, in the Voluntary, Community and Social Enterprise (VCSE) Sector in Leicestershire and beyond

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Executive Summary

The impacts of the Covid-19 pandemic across all sections of society cannot be underestimated. The pandemic has had negative consequences for people from across all walks of life, as well as agencies from all sectors, including the public, private and community sector. The impact on 'normal' life has therefore been stark and has demonstrated the importance of all sectors in ensuring a positive quality of life for communities.

This report is specifically focussed on how the pandemic has affected the work of charities, community groups and social enterprises. For the purposes of this exercise, the sector is referred to in this report as the Voluntary, Community and Social Enterprise (VCSE) sector.

Leicestershire has a dynamic and diverse VCSE sector, with over 3,000 different organisations operating across the county, ranging from small grassroots groups, to medium sized organisations, as well as local branches of larger national charities. VCSE organisations are skilled at delivering community-based solutions to address local issues, and the sector has a strong track record of responding to changing priorities and conditions. The sector has a vital role in complementing and supporting the delivery of public sector strategic priorities. It is therefore recognised as an essential component of society, through its ability to improve the lives of many people, including those who are experiencing significant life challenges.

During the pandemic, VCSE organisations have continued to deliver essential services, in many cases, to maintain the health and wellbeing of some of the most vulnerable and disadvantaged members of local communities. VCSE organisations have taken a leading role in ensuring the provision of support for vulnerable people throughout the pandemic, through activities such as food and shopping deliveries; collecting and delivering prescriptions and medication; and providing befriending and 'checking in' support. Much of this support has been delivered, where possible, alongside the adapted delivery of the usual activities of such organisations. However, it is clear that many organisations have had to suspend or cease some core services, in order to focus on the immediate responses required as a result of the pandemic. The financial impact of the pandemic upon VCSE organisations has also been considerable, and this report provides some detail around the extent of this issue, and what could be done, to help ensure the financial health and sustainability of VCSE sector organisations in future.

Ultimately, this report helps to demonstrate the value of a strong, thriving VCSE sector, and how the sector delivers wider benefits around building social capital, delivering social 'good' and also assisting the public sector to deliver its strategic priorities. A healthy and active VCSE sector therefore has significant benefits for society as a whole, providing the social 'glue' that keeps communities together, whilst promoting engagement, empowerment and active participation in civil society.

The report brings together the findings from a range of national and local research, surveys, reports, engagement activities, insights and observations, in relation to how the pandemic has affected the VCSE sector in Leicestershire and beyond.

A summary of key findings from the national and local research is outlined below. See Appendices for more comprehensive analysis of the intelligence sources utilised. (**Appendix 1** – National Research, **Appendix 2** – Local Research).



National 'State of the Sector' Summary

Key Points

Significant financial pressures due to reduced income, costs of making facilities Covid-19 secure and increases in demand (estimated £10bn funding gap across VCSE sector over 6 months up to Dec 2020)

Approximately half of VCSE organisations seem to be reducing their services (c. 50% of those surveyed by Probono Economics and VCSE Barometer), with smaller organisations seemingly more likely to be affected (63% of those with annual incomes of less than £500k surveyed by Probono Economics and 60% of grassroots organisations surveyed by Groundwork UK). This may be due to the high reliance of smaller organisations on volunteer capacity.

Organisations reliant on earned income appear to be particularly vulnerable with many now seeking grant funding instead. Increased demand for this type of funding may necessitate increased cooperation and joint-bids between organisations.

Organisations addressing key topical issues (e.g. domestic abuse, mental health, homelessness) have fared better than others (e.g. arts and heritage projects); as economic impact of pandemic becomes clearer there may be more targeted support for organisations focused on financial hardship and unemployment.

- Key lessons learnt include:
 1. Effectiveness of community hubs in providing a focal point for community social action, promoting physical and mental wellbeing – particularly if green space is a key component of their development and reducing social isolation
 2. VCSE organisations have adapted effectively to remote-working, although concerns remain around digital exclusion and managing teams online
 3. Grant funders having been more flexible by reducing amount of form-filling required when applying for funding has been well-received by VCSE organisations as it has enabled more timely and efficient responses
 4. Organisations need to be prepared to rapidly mobilise large numbers of volunteers during civil emergencies given the surge in prospective volunteers



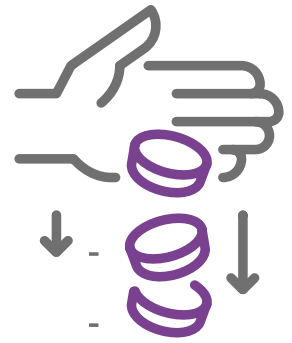
Finance

In a [briefing](#) to MPs (November 2020) the National Council for Voluntary Organisations highlighted that whilst Government's £750m support package, grants and the Coronavirus Job Retention Scheme has helped VCSE organisations', their capacity has nevertheless been severely reduced and in some cases they have had to choose between stepping up their response or securing their ongoing financial viability.

[Research](#) by Probono Economics (June 2020) based on a survey of 261 civil society organisations estimated there will be a £10bn funding gap across the voluntary, community and social enterprise sector (VCSE) over the 6 months up to December 2020, with incomes expected to drop by £6.7bn and cost pressures associated with a rise in demand of £3.4bn. 88% of respondents expected their income to fall over the 6 months and the majority (59%) stated that they would need to 'significantly' reduce their activity in response.

The findings seem to have also been somewhat reflected in a more recent (October 2020) 'Barometer' survey of 697 organisations by Nottingham Trent and Sheffield Hallam Universities which highlighted that 45% had decreased their range of services over the past 6 months and 39% reported a deterioration in their financial position over the last month.

An updated survey (Sept 2020) by Probono Economics survey found 94% charities stated CV19 had posed a financial challenge due primarily to drops in earned income, public donations, and fundraising activity. However, funding from public sector contracts has broadly held up to date. This, along with the Universities' Barometer survey, seems to highlight the financial vulnerability of VCSE organisations, as the latter found that on average income from service delivery contracts makes up only 18% of a charity's funding, whereas grants and public donations make up 56% combined and trading activity (which in many cases has ceased during the 'lockdown' phases) a further 14%.



88%

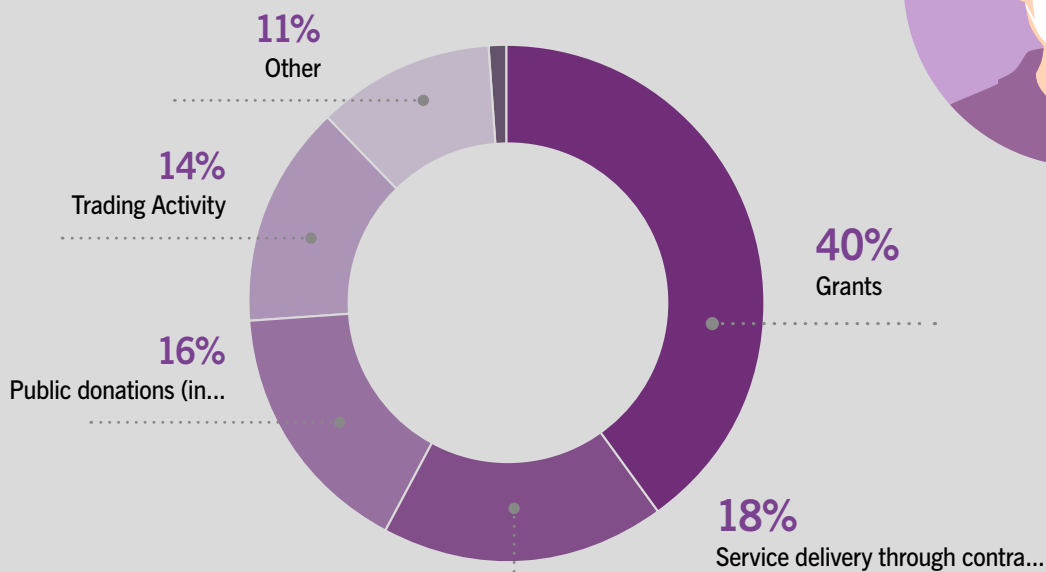
of respondents expected their income to fall over the 6 months

59%

stated that they would need to 'significantly' reduce their activity in response.



Current average budgeted funding mix



Source: CV19 Voluntary Sector Barometer, Sheffield Hallam and Nottingham Trent Universities



A further cost pressure reported by 60% respondents to the Barometer was associated with making their service activities Covid-19 secure. Notably however, although 80% respondents expected a negative impact on delivering their planned objectives in 2021, 71% respondents stated that it is unlikely that they won't be operating this time next year.

Probono Economics suggests that small charities with annual incomes of less than £500k are particularly exposed to the income reductions, as in June 2020 63% of organisations in this group had reduced their activity and 13% expected to go out of business within 6 months. This is consistent with research by Groundwork UK [finding](#) that from Spring – Summer 2020, 60% of grassroots community groups were forced to close or decrease their services, with over 84% highlighting the need for more grant funding to sustain their operations.

However, a recent IPPR report suggests that due to the reliance of the smallest organisations on volunteering time, the economic impacts of Covid-19 may be less severe for them compared to larger organisations, which need to secure sufficient funding to pay their staff. Nevertheless, this reliance on volunteer capacity may lead to smaller VCSE organisations reducing their operations if volunteers are unavailable (e.g. due to social distancing). IPPR notes that VCSE organisations reliant on earned income (e.g. via cafes, charity shops etc) have seen particularly significant financial pressures due to social distancing regulations which having forced many facilities to close or implement costly Covid-secure measures.

In a recent (Oct 2020) presentation at Voluntary Action Leicestershire's 'Future Focus' [Event](#) Gary Beharrell, East Midlands Regional Manager of the [Lloyds Bank Foundation](#) suggested that VCSE organisations addressing key topical issues such as homelessness, domestic abuse and mental health have fared better financially than others (e.g. arts and heritage projects). This may suggest that VCSE organisations addressing other causes of increasing importance during recovery, such as financial hardship and debt, will also see increased funding. Further, Beharrell [echoed](#) IPPR findings that organisations reliant on earned income have struggled and as a result may have become more reliant on grant funding. There are also concerns about whether the Covid-19 'funding frenzy' will continue longer-term, particularly given the impact of the pandemic on the economy; even if it does, there will likely be increased competition compared to pre-Covid due to a larger number of organisations seeking this type of funding. A key issue therefore will be whether VCSE organisations cooperate or compete.

80%

respondents expected a negative impact on delivering their planned objectives in 2021

71%

respondents stated that it is unlikely that they won't be operating this time next year.



Demand

In addition to the income reductions, 72% of respondents to Probono Economics expected demand to rise over six months to December 2020. A significant increase in demand appears to have been seen both by a wide range of VCSE services; Richmond Group of Charities (represents major VCSE organisations such as AGE UK and Rethink Mental Illness) [reported](#) calls to helplines and other enquiries having increased by up to 5x their usual levels and Groundwork UK survey of grassroots organisations [found](#) 67% reporting higher levels of need.

Innovations and Lessons Learnt

Whilst continuing to face the pressures described, Barometer also suggests that VCSE organisations have adapted effectively to the pandemic, as 92% increased the proportion of services delivered online. Additionally, as Institute for Voluntary Action Research reports; VCSE leaders have 'embraced a radical shift in the use of technology', enhancing their reach, effectiveness and organisational efficiency. However, there remain concerns about those who may be 'missing out' due to digital exclusion as well as about the challenges in managing teams digitally.

Additionally, Groundwork UK's report on Community Hubs identifies the importance of social infrastructure in supporting community wellbeing and resilience, particularly in the most disadvantaged areas, as the hubs provide a focus for volunteering activity, support community cohesion and mitigate social isolation. They also have further positive impacts on wellbeing if provision of green space is made a key component of their development.

The effective response of VCSE organisations to the pandemic has been facilitated by grant funders having repurposed their funding towards Covid-19 causes, in some cases pooling their funding (e.g. £22m London Community Response Fund) and reduced the amount of formfilling required on behalf of the VCSE applicants. As Lloyds Bank Foundation notes, this is a key lesson which could lead to shorter application forms on an ongoing basis and increased flexibility within grants.

A further key lesson is the need for organisations to rapidly mobilise significant numbers of prospective volunteers during civil emergencies; as of November 2020, 16% organisations responding to the Barometer were reporting an increase in volunteers over the past month. This is reflected in reports of 750,000 prospective volunteers for the NHS Volunteer Responders scheme within four days of its launch in April 2020, as well as by the establishment of over 4,000 mutual aid groups in response to the pandemic.



Local 'State of the Sector' Summary

Findings from a range of surveys from partner organisations across Leicestershire have been included in this section of the report. This includes information from Voluntary Action LeicesterShire; Charnwood Borough Council; Harborough District Council; and Hinckley & Bosworth Borough Council, along with the findings from an engagement exercise conducted by Leicestershire County Council, with 7 locally-based VCSE organisations.

The findings of these exercises are highlighted below, in relation to following key themes:

1. Funding, Income and Sustainability
2. Organisational Infrastructure and Resources, including service delivery, staffing and ICT
3. Impact on Beneficiaries
4. Volunteers and Volunteering
5. Priorities for future support as identified by VCSE Organisations



1. Funding, Income and Sustainability

- Not being able to generate income during the pandemic has had a significant impact and has resulted in additional pressure to source funding for core costs or use existing reserves.
- Many organisations capitalised on the range of different grant funding opportunities which became available during the pandemic; which enabled them to generate income through such sources, in many cases, to make up for income lost through (normally income generating) activities and services not operating during the pandemic
- Whilst the sector has done reasonably well in terms of accessing grants and funding during the pandemic, some of the impacts of this funding might only last until the end of the current financial year (2020/21).
- Concerns have been raised about financial sustainability into the next financial year (2021/22) and beyond
- There has been a significant need to focus on short term fundraising through applying for grants to manage the immediate impacts of the pandemic
- Access to longer term funding streams has been mentioned as a priority by a number of organisations
- Significant numbers of organisations expect the pandemic to have a lasting impact on the future financial health and stability of their organisation, with income and sustainability highlighted as one of the key challenges for VCSE sector organisations
- One of the main concerns for many VCSE organisations is the ongoing challenge around ensuring running costs are maintained.
- Some organisations are spending down reserves that represent up to 6 months running costs, which may threaten future sustainability



- A small number of organisations have reported that there is a risk that they will no longer be operating in 6 months' time
- Many organisations have reported there are concerns about permanently closing services/ ceasing service delivery
- In many cases, income generation will be dependent on the re-opening of community centres/ buildings.

2. Organisational Infrastructure and Resources

- Most organisations have had to close or suspend normal service delivery, and have had to adapt their existing service delivery, including stopping and replacing usual activities with new services
- Many organisations moved to delivering services online, using digital technology, which was able to sustain some aspects of service delivery, but also resulted in many new challenges, particularly around access to services for cohorts of service users who do not possess many digital/ICT skills or literacy.
- There are also financial challenges associated with delivering services digitally, for the costs of licenses for video calling software
- Significant numbers of organisations experienced increased demand for their services
- Significant concerns have been expressed around delivering services whilst adhering to social distancing guidelines, along with the costs and challenges associated with reopening of community buildings
- There appears to be some appetite within the sector to develop partnership/ collaborative working arrangements with other VCSE organisations, but this may be affected in future when organisations become more concerned with maintaining the sustainability of their own organisations
- There is a question around whether the sector will become more cooperative or more competitive in future
- Large number of VCSE organisations made use of the government's Furlough scheme, in order to retain staff
- The role of trustees is key to an effectively functioning organisation, in order to enable the organisation to manage and overcome the challenges of the pandemic, provide strategic leadership and vision, and ensure a viable future for the organisation
- There is however an issue around considering succession planning in relation to replacing older trustees



3. Impact on Beneficiaries

- Organisations have expressed concern about whether there will be fewer beneficiaries/service users accessing services in future
- Organisations are significantly concerned about how the pandemic has led to an increase in mental health issues in communities, along with social isolation and loneliness
- There are concerns for service users who are unable to use technology, or do not have adequate or up to date IT equipment.
- Many organisations have continued to have a focus on delivering services for the most vulnerable in communities, during the pandemic
- There is a concern that many people have become more vulnerable and disadvantaged as a result of the pandemic

4. Volunteers and Volunteering

- Many activities run/delivered by VCSE organisations have had to stop due to a lack of volunteers
- Many organisations experienced an increase in requests for volunteering at the beginning of the pandemic, but this eventually tailed off as original core volunteers returned and newer volunteers de-registered or returned to work
- Many organisations stated they have experienced difficulties in retaining or recruiting volunteers due to the pandemic



5. Priorities for future support as identified by VCSE Organisations

- Support with business planning, strategic planning and financial planning
- Volunteer training and recruitment
- Developing a social media presence/communications strategy
- Support with identifying, accessing and applying for funding
- Community and corporate fundraising
- Support with managing core organisational costs
- Opportunities to promote, advertise and signpost people to local services
- Opportunities to connect, network and collaborate with other local groups and organisations
- Support with ensuring services are targeted towards people, families, communities and areas that are most in need
- Support and recognition from funders about the importance of maintaining core organisational and operational costs. Short-term project funding is not always what is needed.
- Support with sharing knowledge, expertise and skills across the sector



Appendix 1

Detailed Summary of Local Intelligence Sources



Voluntary Action Leicestershire Survey

- 324 VCSE organisations from across Leicester and Leicestershire contacted
- 165 responses received
- **The following six questions were asked and the responses can be seen below:**

1. During the COVID-19 crisis is your organisation open as usual, partially open delivering some services or closed?

- 30% (50) were open as usual
- 21% (35) were partially open
- 48% (80) were closed

2. In broad terms, how has demand for your services changed during the crisis?

- 59% (60) had seen a decrease in demand for their services
- 23% (23) had seen demand stay at the same level as pre-COVID
- 19% (19) had seen an increase in demand for their services

3. Has your organisation applied for or received emergency grant funding?

- 42% (42) had not received or applied for any funding
- 41% (41) had accessed some form of emergency funding (full table in Annex A)

4. Has your organisation furloughed any paid member of staff?

- 64% (57) had not furloughed any staff
- 11% (10) had furloughed staff
- 25% (12) reported that this did not apply to them (e.g. they did not have paid staff)

5. During the COVID-19 crisis has your organisation recruited additional volunteers to deliver services?

- 72% (64) had not recruited more volunteers
- 9% (8) had recruited more volunteers

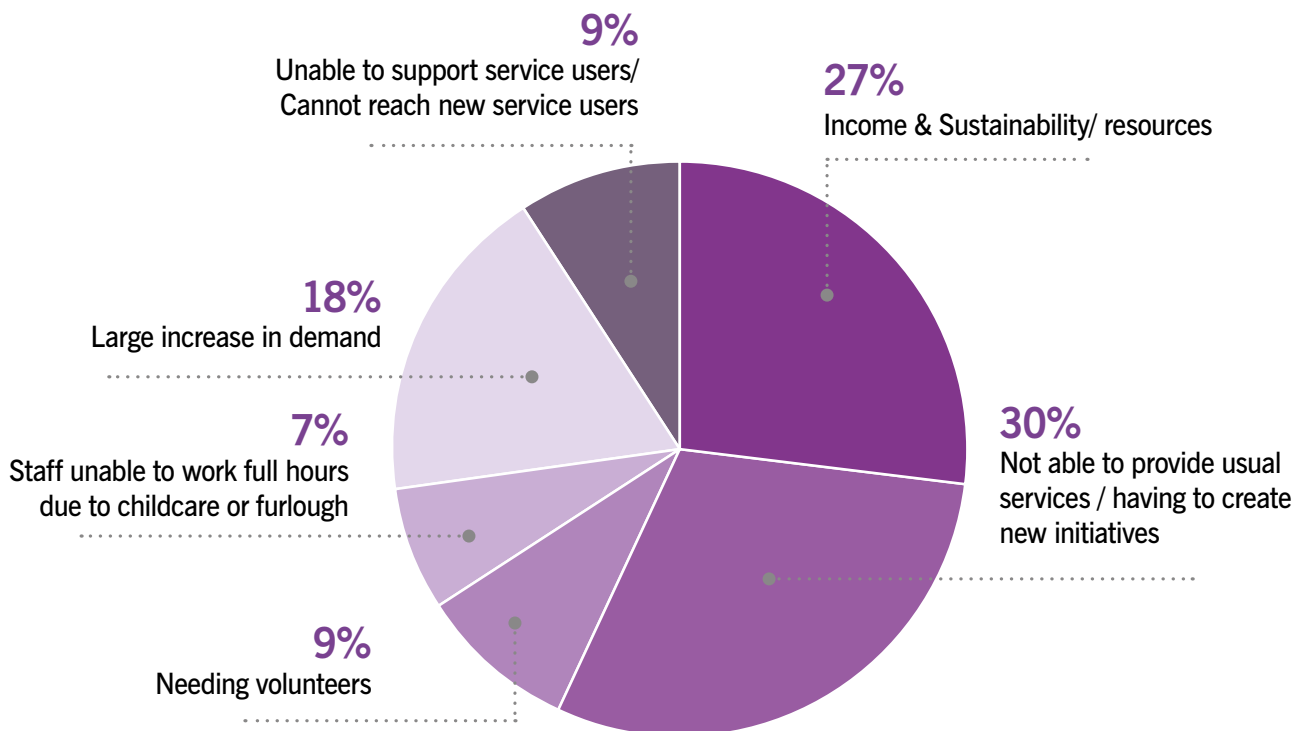
6. Has there or will there be a financial impact on your organisation as a result of COVID-19?

- 48% (46) expected no financial impact
- 21% (20) expected a financial impact
- 31% (30) did not know what the impact would be



Challenges

In addition, VAL received information from voluntary sector groups over the period through an online form. Voluntary groups highlighted the challenges they were facing as a result of COVID-19 and these have been summarised into the following themes:



The most common challenge for groups presently is having to adapt their services in a very short space of time to comply with lockdown. In some cases this has meant stopping their usual activities completely and replacing them with new services to meet community need and in others meant shifting to an on line focus. Many groups who had done the latter also highlighted their concern for service users who did not have access to IT equipment or have the necessary digital skills to access the online services.

Unsurprisingly, income and sustainability is another common concern. This appeared in two different strands, money and resources. Many groups were unable to continue to meet demand due to a lack of resources, such as IT equipment or volunteers. On the funding side, some groups had had their funding reduced or had lost potential income due to cancellations of events or the closing of charity shops at a typically busy time of year.

The 18% of groups which mentioned a large increase in demand corresponds to this wider survey, suggesting that demand has increased disproportionately for certain charities, potentially working with particular service users.

Charnwood Borough Council VCSE Survey and subsequent follow up exercise

Initial Survey (May 2020)

43 responses were collected from a range of VCSE organisations operating in Charnwood Borough including community centres/venues; advice services; homelessness services; young people's services; faith groups; sports clubs and wellbeing services.

Key findings:

- Most organisations surveyed had to close buildings and stop offering services
- Around a quarter furloughed staff
- Around a quarter applied for additional external grant funding during the pandemic and a quarter had to draw down on reserves
- Around half of the organisations applied for grant funding towards existing / ongoing core organisational running costs
- Around a half have delivered their services differently
- Around a quarter of the organisations have stated that there is a risk that they will no longer be operating in 6 months' time
- Around 40% of organisations stated concerns around delivering on their objectives this year

Challenges and Concerns

1. Funding

- The main concern for many organisations was the ongoing challenge around ensuring running costs are maintained.
- Not being able to generate income during the pandemic has had a significant impact and has resulted in additional pressure to source funding for core costs or use existing reserves.
- Fundraising and attracting long-term funding is a concern
- Concern around whether funders will continue to support core costs in future

2. Surviving post covid

- Some organisations are spending down reserves that represent up to 6 months running costs, which may threaten future sustainability
- There is also likely to be a need for such organisations to review how they can deliver their objectives and perhaps consider changes to their services/operational delivery in future, if unable to resume services as before the pandemic

- Another concern is around shortage of volunteers
- Significant concerns have been expressed around delivering services whilst adhering to social distancing guidelines

3. Impact on beneficiaries

- A further concern is whether there will be fewer beneficiaries/service users accessing services in future (due to being worried about leaving their homes)
- In terms of concerns around the needs of service users, organisations are mostly concerned about how the pandemic has led to an increase in anxiety and mental health issues in communities, along with social isolation.

Follow Up Survey (November 2020)

This exercise provided a follow up to the initial survey in May 2020, six months after the original survey. The purpose of the follow-up survey was to explore how organisations were operating following the first national lockdown and easing of government restrictions. 35 responses were received from a range of VCSE organisations operating in Charnwood.

Key Findings:

- 80% of organisations were able to reopen and deliver services with the easing of lockdown restrictions.
- 26% saying loss of income from project delivery and activities has resulted in financial challenges.
- 23% have said that they have been unable to generate income from fundraising activities and events, many of which would have taken place over the summer months.
- 51% of organisations stated they have experienced difficulties in retaining or recruiting volunteers because of Covid-19.
- In terms of returning to service delivery, 43% said they want to resume normal services as soon as possible. 26% said they will need to significantly adapt services and 11% stated they may need to repurpose their organisational aims and objectives.
- 50% said they need strategic and financial planning support to overcome these challenges. 31% said they need support with digital infrastructure and virtual meetings and 30.8% said they need support with marketing and social media.
- Around half of respondents said they would benefit from opportunities around networking and peer support.
- Over half (57.6%) of respondents stated they would be interested in mentoring to help with their operational needs on an organisation, team or individual basis

- The top priorities for support as identified through the survey include:
 - Business and financial planning
 - Volunteer training and recruitment
 - Social Media, communications strategy and marketing
 - Community and corporate fundraising
 - Bid writing
 - Partnership working
 - Leadership
 - Virtual service delivery
 - Managing an organisation or group

Challenges and Concerns

- The pandemic and government restrictions continue to impact the financial health of community groups.
- Although many organisations are trying to think of new ways to support their beneficiaries it is clear there are limitations.
- Volunteer retention and recruitment is concern. This could result in several VCSE organisations having to wind down if they are unable to recruit and retain sufficient numbers of volunteers
- There are some clear training needs identified from the survey which could help organisations become more resilient.

What do organisations need now and in the future?

- Advice and guidance from Charnwood BC and national government about the strategic direction of recovery
- Support with engaging, recruiting and retaining volunteers
- Support with managing core organisational costs
- Ongoing funding for existing projects to continue
- Longer terms funding
- Clear referral pathways into mental health support services
- Advice around delivering services safely and adhering to social distancing guidelines
- Support with ensuring the health and safety of service users and staff
- Opportunities to develop partnership/collaborative working arrangements with other VCS organisations, including sharing 'back office' functions and mergers
- Assistance with promoting and publicising the services offered by the sector, post Covid19

Hinckley & Bosworth Borough Council: VCS Impact Assessment

Summary of Findings

VCS Impact Assessment undertaken by H&B BC which found the following:

- Following lockdown arrangements, VCS organisations and volunteers were very quick to repurpose/diversify their offer to support
- VCS organisations were at the forefront of supporting communities through the initial and ongoing challenges of the pandemic.
- However, whilst this essential response was invaluable, the impact of having to cease core service delivery is likely to have very immediate and longer-term implications

A survey questionnaire was sent to VCS organisations in H&B, to further understand the circumstances and specific impacts on the Sector

The following summarises the top themes/issues arising:

1. The temporary closure/ceasing of core service delivery
2. Significant loss of funding
3. Depletion of reserves
4. Costs and challenges associated with reopening of community buildings
5. Risk of permanently closing/ceasing of service delivery

The following details the key underpinning evidence relating to these top 5 priorities:

- The ceasing of all core activities has impacted primarily on flagship/community hub organisations, where income that usually sustains these projects arising from associated activities, has not been realised, but core/fixed costs are still having to be met, i.e. utility costs for community centres, village halls, community buildings, etc. Specifically, fundraising events and hiring of facilities which make up a very high percentage of income, have not been possible.
- In nearly all cases, key VCS organisations have provided some form of Covid-19 response service, which has resulted in associated additional costs, e.g. volunteer expenses for collection and delivery of shopping and prescriptions, hand sanitiser, hand wipes, face masks, posters, leaflets and printing, etc.

- A very small minority have been successful in securing Covid-19 specific funding, but in a majority of cases, these additional expenses have had to be met with no additional income.
- Many VCS organisations have had to utilise reserves, e.g. to purchase PPE to ensure the safety and wellbeing volunteers and service users
- VCS organisations have sought to adapt their service delivery models, through the provision of digital/remote/online delivery/presence. Whilst this has been welcomed, the overriding concern is that this directly excludes many service users, who are unable to use technology in this way or do not have adequate or up to date IT equipment. There are fundamental financial challenges associated with this new way of working, for example costly licences to be able to host/chair an on line session.
- VCS organisations recognise that a return to core services will be very slow/incremental, and therefore the challenges of meeting ongoing costs, without the associated income streams, puts many of medium/larger VCS organisations with fixed costs, at a significant risk of closure within the next 3 months. In most cases delivery of services, and specifically income generating services will be dependent on the re-opening of community centres/buildings.
- It has been made clear that it will be the responsibility of the management committee/Trustees of the building, to make the decision when to open, on the basis of having all the appropriate risk assessments, plans, etc in place. This raises further concerns about costs associated with cleaning, ongoing cleaning, PPE, signage, hand sanitiser stations, health & safety of staff, volunteers, and user groups, etc. This puts significantly more responsibility on volunteers of community led community centres.
- Smaller VCS organisations/community groups have also been affected in relation to front-line delivery. They have either been able to divert their activities to the Covid-19 response, or put their services on hold. However, many of these groups are dependent on utilising community centres/buildings to deliver their core offer.
- It has been encouraging to learn that the number of volunteers having to step down owing to age or health related conditions, has been directly filled by the securing of new volunteers. However, this has been made possible by many new volunteers having been furloughed, but who are now returning to work, so increasingly more responsibility is falling on decreasing numbers of volunteers.

The outcomes of the Impact Assessment exercise will inform the VCS Partnership delivery plan, and specifically the focus and arrangements for H&B BC's VCS Commissioning Programme for 2020/21.



Harborough District Council Survey – May 2020

Harborough District Council undertook a survey in May/June 2020, to understand more about the types of community-based support provided during the pandemic, along with identified challenges both for community organisations and residents/communities.

- 22 community groups in Harborough District responded to this survey.
- Most of the organisations surveyed had been involved in providing food deliveries, along with prescription collection and medication, for local people. Some of the organisations also provided befriending and emotional support to residents.
- 17 of the organisations states that they would hope to continue supporting the community to recover from Covid-19, in the longer-term, or at least for a few more months.
- In addition, a number of the organisations were happy with the support, guidance and advice offered by Harborough DC during the pandemic

In terms of challenges, the organisations surveyed provided feedback on current, ongoing or future challenges, which are summarised below:

Support for the most vulnerable

- Making sure the isolated and vulnerable have food
- Making sure people are communicated with to help keep the community together
- Identification of vulnerable residents
- How to begin to re-introduce the vital work we did with the socially isolated before lockdown when many will be shielding for the foreseeable.
- Knowledge of friends and family support
- Ensuring all those who need help actually ask
- Identifying households which need help.
- More help needed to access welfare benefits particularly those without internet access and limited knowledge of computers.
- Housing related issues, mental health, food poverty and access to food as well as hospital discharge issues.
- We are hoping to begin small groups for people to develop life-skills to alleviate debt.



<p>Loneliness, isolation and mental health</p>	<p>Increase in people seeking help who have mental health issues</p> <p>Clients with Mental Health issues feeling isolated and needing more time/specialist help than we can currently offer</p> <p>Loneliness and isolation</p> <p>Impacts on mobility due to isolation/losing confidence</p> <p>Mental health issues arising from loneliness</p>
<p>Availability of volunteers</p>	<p>Volunteers going back to work</p> <p>Building on our infrastructure of volunteers to enable services to continue</p> <p>Assessing the impact of volunteers returning to work</p> <p>Volunteer fatigue.</p> <p>Contacting all the volunteers to find out availability</p>
<p>Operational issues</p>	<p>Maintaining the hotline number. The helpline number has been published and distributed throughout the village and has proved to be a lifeline for some residents when it comes to urgent medication collections.</p> <p>Ability to evolve and to diversify the support offered as organisations return back to their core business.</p> <p>Increase in demand for casework support and advocacy</p> <p>Communication of the scheme.</p> <p>A base to work out of</p> <p>Identifying what services residents would like us to provide.</p> <p>Knowing what the longer-term needs might be</p> <p>Making sure volunteers are keeping good records of transactions</p> <p>Getting the message to people that we can help.</p> <p>Making sure everyone who needs help contacts us</p> <p>Maintaining safety of volunteers</p>
<p>Funding & Income</p>	<p>We have been very fortunate to have received funding from Mulberry Homes, Harborough Building Society and from one private individual. If we are to continue then we will need a more predictable source of funding</p> <p>Financial restrictions due to Covid. We had previously used our own funds for our free advice services</p> <p>Ongoing funding and support</p>



In terms of future support required by organisations, many organisations responded to say that were OK and did not require any further support from HDC at the present time.

However, the following comments were included as identified areas of future support/focus:

- Support with the continuation of running a telephone helpline.
- The reality regarding people returning to work, childcare and family duties means that there may be a need to look at a collaborative way of working with other local support groups and/or HDC to ensure that the most vulnerable of residents and those in need are not just 'left' to go back to normality as for some of them isolation may continue for months to come.
- As we move towards a recovery plan for the village some commitment of support from HDC would be helpful.
- Support with funding applications.
- Inform others of our existence and working in partnership with the council
- Networking events (using Skype etc.)
- Access to sources of knowledge, guidance and finance for Parish and Town Councils who can organise local activities
- Continue to signpost people to our services and advertise what we do.
- Work with local people to work out whether a Food Bank/Community Fridge is needed longer term and if so where it should go and by whom it could be run.
- Offer support and funding where required
- Biggest challenge will be to find a centrally based, affordable premises to support charity shop, information centre and volunteer hub long term.
- Concentrate on areas of need
- Provision of useful information
- Identify families who may need support.
- Keep databases of local services up to date, i.e. contact details of groups and service offered.
- Keep informed of local and national initiatives.
- Library of self-help publications which are not on line - as many older residents do not have internet access

In summary, the survey exercise undertaken by Harborough identified the following areas of future support for VCSE organisations and communities:

- Relevant and appropriate support from Harborough DC and others
- Access to a range of advice, knowledge and guidance
- Support with identifying, accessing and applying for funding
- Opportunities to promote, advertise and signpost people to local services
- Opportunities to connect, network and collaborate with other local groups and organisations
- Support with ensuring services are targeted towards people, families, communities and areas that are most in need

Leicestershire County Council VCSE Engagement Exercise – Sept-Oct 2020

In September, Leicestershire County Council's Grant and Funding Team undertook an engagement/insights project to understand the impacts of the pandemic on local VCSE organisations

A small cohort of Leicestershire based VCSE organisations were approached, to obtain their views around:

- Organisational challenges during the pandemic and how these have been addressed
- Challenges experienced by service users
- Examples of how organisations have adapted their service delivery models
- Diversification of income sources
- Organisational future sustainability

The overall aim of the exercise was to undertake a light touch 'health check' for VCSE organisations in Leicestershire, as a small representative sample of the VCSE sector as a whole.

The organisations who were consulted as part of this exercise were as follows:

1. Age UK Leicestershire & Rutland (LLR wide services for Older People)
2. Helping Hands Community Trust (Money and welfare advice service in South Wigston)
3. John Storer House (Community Hub in Loughborough)
4. Marlene Reid Centre (Community Hub in Coalville, NWL)
5. The Bridge East Midlands (Loughborough / LLR wide)
6. VASL (Community based services in Harborough / Countywide)
7. Worklink (Furniture re-use project working with vulnerable adults in Hinckley)

A summary of the key findings from this exercise are detailed below:

- Use of Government furlough scheme has been welcomed and well used by the sector
- Staff retained have generally been diverted to crisis response services and recovery planning
- Most organisations have moved to delivery of services through digital channels, e.g. face to face client contact, group activities, advice services, therapeutic services, etc have been delivered remotely
- Vulnerability of clients has been an issue for many organisations.



- Keeping in touch with / regular contact with service users has been important in terms of retaining client engagement and to provide support and reassurance.
- Mental health issues, loneliness and isolation have increased significantly in communities as a result of the pandemic
- Food poverty has also been identified as a growing problem in communities
- Many organisations experienced an increase in requests for volunteering at the beginning of the pandemic, but this eventually tailed off as original core volunteers returned and newer volunteers de-registered or returned to work
- There has been a significant need to focus on short term fundraising through applying for grants to manage the immediate impacts of the pandemic
- The biggest issue for most organisations has been around a loss in income from services which are paid for, or other sources of income generation such as charity shops, cafes and venue room hire
- Funders/commissioners have been flexible in allowing organisations to redirect funding to manage the challenges presented through the pandemic
- Funders need to recognise the importance of ensuring VCSE organisation are supported with their core organisational costs. Short-term project funding is not always what is needed.
- Trustee boards have overall been responsive to the need to change and adapt
- A significant factor in the overall positive 'health' of an organisation is having the right combination of trustees with strong skills and experience, combined with a strong operational management team
- However there is an issue around considering succession planning in relation to replacing older trustees
- Organisational ethos is important to many trustees, e.g. retaining core organisational objectives
- There appears to be an appetite for more partnership working within/across the sector, although there is a concern that many organisations may be more concerned with their own organisational needs in the future and may not be able to commit to collective partnership working
- There is also a need for more knowledge sharing across the sector, with an appetite for this type of activity/function to be coordinated/facilitated by a central organisation such as a Local Authority, or infrastructure organisation
- The VCSE sector would welcome a strategic relationship with local authorities, funders and commissioners

Appendix 2

Detailed Analysis of National Intelligence Sources



Groundwork UK

'Community Groups in a Crisis' - Insights from the first six months of the Covid-19 pandemic

This [research](#) looks at the experiences of grassroots community groups during spring and summer 2020; how they have been affected by the impact of the pandemic; how they have responded to support their communities; and how they can be empowered to continue playing a key role in their neighbourhoods through the next phase of the crisis and recovery.

Key findings include:

- Community groups have been severely impacted by Covid-19 with many pausing activities, losing income and having fewer volunteers available
- Despite this, most say there is more need for their services in their communities than there was before lockdown
- The pandemic has created a wide range of practical and emotional challenges including greater reliance on technology, maintaining contact with people and dealing with uncertainty
- Community groups have responded in creative and resourceful ways
- Groups have been particularly active in more disadvantaged areas
- Confidence about continuing in the future is lower than it was before the pandemic, but most feel they have the potential to play a role in the recovery
- What community groups say they need most is access to funding
- The report found that over 60% of groups have been forced to close or decrease their services, despite 67% saying there is more need in their communities.
- Covid-19 has also had a severe effect on funding streams, with 80% of groups reporting to have lost income and less than half of respondents saying that they feel very or extremely confident about continuing in future.
- Community groups have also made the case for the importance of developing long-term funding streams, with over 80% wanting more access to grant funding.
- Positives of the report show that 84% of groups are still confident that they could help their communities to recover with the right support and are keen to work alongside local authorities and businesses to make this happen.
- Community groups appear to have been particularly active in more disadvantaged areas
- Access to suitable buildings and outdoor space is also identified as important as groups try to adapt to social distancing





Key report statistics

- 62% have decreased or closed services
- 67% say there is more need in their communities
- 80% of community groups have lost income
- 45% are very or extremely confident about continuing in future
- 64% have fewer active volunteers
- 84% want more access to grant funding

The research has also highlighted the creativity and resourcefulness of community groups during the Covid-19 pandemic. This includes showing evidence of collaboration with other organisations and how they have adapted their services to ensure that they can still support people, especially when it comes to health and wellbeing. This includes ensuring individuals are still connected via online communication and that local people have access to food and other essentials.

Findings also show the increased need for support in more disadvantaged communities, which have seen an increased demand for emergency grants and a focus on ensuring vulnerable groups were looked after, including children and young people, older people, socially isolated people, low income households, and people with disabilities.

The research also shows that whilst community groups have faced significant challenges during the pandemic, many groups have continued to deliver services to people in their communities. Community groups have therefore played a key role in ensuring that people have had access to basic essentials, such as food, medication and other supplies. Many community groups have also developed new ways of working, which they intend to continue with after the pandemic.

Looking to the future, community groups feel they have the potential to play an important role in supporting their communities to recover from the impacts of the pandemic. Access to funding is however, overwhelmingly identified as the single most important thing that will be crucial in ensuring community groups are in a position to continue providing vital services to vulnerable people in their communities, along with having a safe space from which activities can be delivered from.

Finally, the research also shows that the commitment, creativity and resilience of community sector organisations (particularly as evidenced in some of the areas hit hardest by the pandemic) should be embraced as part of local recovery plans.





Growing Spaces: Community hubs and their role in Covid recovery

In addition to the research above, Groundwork have also undertaken a [study](#) around the role and effectiveness of community hubs during the pandemic.

There is a growing body of evidence which points to the importance of ‘social infrastructure’ in making neighbourhoods good places to live, in providing the networks and services that keep people well and in helping communities cope with adversity. This social infrastructure has come to the fore during the Covid-19 crisis, with an upsurge in volunteering and ‘mutual aid’, and many community buildings and open spaces repurposed as part of the emergency response.

This report argues that ‘community hubs’ – places that provide a focus for a range of practical volunteering - can provide a strong base for addressing some of the issues facing people living in ‘left behind’ communities. Making green space a central component of community hubs can improve both mental and physical health and stimulate a greater appetite for action on climate change and biodiversity loss. These hubs can become a focal point for rebuilding social connections and reversing the isolation that many people have experienced during lockdown.

The Covid-19 pandemic has made the extent of health inequalities in the UK much more visible, with many of the most disadvantaged households and communities hardest hit. While community hubs will never be a panacea, they offer one model for a future of more active and empowered communities with a greater understanding of the social and economic benefits that can be gained from a healthy environment.





Lloyds Foundation

Below is a synopsis of observations, from a presentation given by Gary Beharrell, East Midlands Regional Manager of the Lloyds Bank Foundation, exploring the impacts of the pandemic on VCSE organisations, as well as on grant funders, along with some lessons and key considerations for the future.

This presentation was given at Voluntary Action Leicestershire's 'Future Focus' virtual conference in October 2020.

Impact of the pandemic:

- Some VCSE organisations have done very well as a result of securing COVID 19 funding, in some cases, from a variety of sources.
- Homelessness, domestic abuse, and mental health services have fared well. Arts and heritage projects have fared less well.
- Organisations with turnover of under £1m have done reasonably well, but the impacts may only be felt in the short term, e.g. until the end of the current financial year (2020/21).
- With the continuation of COVID, will the 'COVID funding frenzy' continue?
- The impact has been more significant on charities that have a diverse range of funding/income, including those that generate their own income through cafes, charity shops, etc.
- In order to survive, many VCSE organisations that have previously generated their own income may now need to look to Charitable Trusts to supplement lost income.
- The impact of funders redirecting monies to support the COVID crisis has meant that a number of larger grants programmes have been put on hold, which has meant that many charities had to pause their applications for funding for such grant schemes, in some cases, for many months

How did funders respond?

- Many funders created COVID response funds of one kind or another.
- Whilst there are numbers being discussed, around £1 billion went into the sector as a result of response to COVID (from a range of sources)
- Many charities have been required to spend significant amounts of time filling in application forms for a range of funders
- A notable exception was the London Community Response Fund where a number of London-based funders came together to provide coordinated funding to support groups responding to the needs of communities in the capital, eventually distributing £22m.
- This didn't happen elsewhere - perhaps a lesson learnt for the regions

Future demand for funding and grants

- Charities are looking to recoup costs, particularly those who have lost significant income
- When grant streams open again, there will be a significant rush to get applications in
- Organisations not traditionally reliant on grant funding will enter the 'market'; some have already begun to do this
- Whilst many funders may be asking for collaboration – will it happen? Will the sector become more cooperative or more competitive?
- Anticipated downturn in economy, will there be a move from funders to focus on issues such as unemployment, money, debt, welfare support, etc.
- Factors to consider.
 - A changing society, with a change in priorities e.g. unemployment
 - Poorly performing economy leading to less funding
 - More competition for limited funding
 - Uncertain timescales
 - New players entering the market for grants
 - Different funding streams than we may have been used to previously coming online

Going forward what will VCSE sector funding look like?

- Unrestricted funding: the removal of restrictions on funding has enabled VCSE organisations to adapt and respond to emerging need. In most cases this has meant more appropriate and better-quality services being delivered, i.e. charities have been able to respond to the needs of the users more effectively
- Proportionate monitoring and reporting: funders have looked at what is actually needed in order to turn grants around quickly. There has been less focus on the volume of paperwork previously required with regards to grant reporting. This may mean the funders will revisit what is needed, and consequently we may see shorter application forms and increased flexibility within grants.
- We have to hope that funders maintain their courage and stick with the lessons learned through COVID-19.
- Of increasing importance will be the relationships between funders and the organisations they are funding. Increasingly we should be looking at funders and grantees working together and collaborating. Consequently, we would hope to see stronger and mutually beneficial relationships, in terms of the charities getting the funding they need, and funders learning along the way



VCSE Organisational Stability

Organisations that survive will be those that:

- Are agile enough to look at a variety of income streams and costs, such as community funding, legacies, online fundraising, crowdfunding, individual giving and membership schemes
- Describe and evidence their work well, not just projects, e.g. by referencing their theory of change, along with the human element of the work they do
- Work well with others. It is possible for smaller charities to work together to develop collaborative/ partnership relationships, and including sharing resources and back office functions, through to joint funding bids and possibly even mergers. Such partnerships, if done effectively could lead to a stronger voluntary sector.
- Maintain relationships with all stakeholders, including funders

CSJ – Coronavirus and Voluntary Sector Resilience

The Centre for Social Justice (CSJ)'s March 2020 [report](#) on Coronavirus and Voluntary Sector Resilience identifies the following:

- In terms of voluntary sector income, voluntary sector organisations had already begun to see a negative impact on trading, with booking for accommodation, training and services being cancelled.
- Social distancing measures have resulted in reduced footfall in charity shops, which could lead some to close.
- Fundraising income streams which are likely to take the biggest hit are community fundraising and sponsorship. Meeting with prospective funders (such as trusts and foundations) have had to be postponed/cancelled. Face to face/door to door fundraising activities have also had to be cancelled.
- In terms of wider economic impacts, voluntary sector investment portfolios have been impacted by falls in the stock market. This includes charitable foundations, which was predicted to result in smaller funding pots being available to charities
- Cash flow was predicted to be a serious issue for voluntary sector organisations during the pandemic, due to a loss in income.

Pro-Bono Economics

Pro-Bono Economics have undertaken a [Covid Charity Tracker Survey](#), throughout 2020.

Key Findings are detailed below:

Previous surveys found that the March lockdown made it difficult for many charities to deliver their services on the ground, at a time when need was very high – the “impact of social distancing on service delivery” was consistently the number one concern reported by charities over May and June.

Previous surveys highlighted that many charities have already taken a significant financial hit since March, with the closure of charity shops, cancellations of fundraising events and public donations being hit by the recession. The sector could be facing a £10.1bn funding gap as a result of Covid.

With winter fast approaching, and lockdowns unpredictable, charities are now experiencing many of the same challenges. Those who deliver frontline services over Christmas may well find themselves facing uncertainty about how they will ensure people receive the support and services they need. Continued restrictions on large events will particularly affect those who rely on Christmas performances, fayres and collections for fundraising.

Christmas fundraising is vital for many charities, yet many expect to raise less this year.

For many charities, Christmas is a key period for fundraising, either through an increase in public donations, spending in charity retail shops, or other fundraising activities.

Approaching half (44%) of survey respondents said that this period is either very or quite significant to their total annual income.

However, a substantial proportion of charities are expecting falls in their donation income over Christmas. Overall, a quarter said they expected donation income to be more than 25% lower than it was last year, and just over a fifth expected it to be up to 25% lower. Very few expected increases.

Smaller charities were particularly concerned, with two-in-five expecting their donation income this Christmas to be more than 25% lower than it was last year.

Despite this, most charities (59%) said it was likely that they would be able to deliver their services adequately over Christmas – but 19% believed they would not and another fifth said it was neither likely nor unlikely. This suggests that many are going to be able to “make do” over this period, and impacts from lower donation income over Christmas may strike in 2021. This is perhaps not surprising, as it's unlikely services will be delivered with funding coming in during the same time period.

Most charities need additional support – ranging from financial support to more opportunities to collaborate

Unsurprisingly, when asked what support would help them to deliver their objectives, the majority (68%) said that they needed additional financial resources. Smaller charities were slightly more likely (73%) to say this than larger ones (64%).

Charities also highlighted uncertainty about social distancing as an important barrier to achieving their objectives - two fifths said that more certainty over future social distancing arrangements would help, and a fifth also needed more clarity over current social distancing arrangements. There also appears to be appetite for more collaboration within the sector - a quarter (26%) of respondents said more opportunities to collaborate with other charities would help them deliver on their objectives. Just 7% of charities said they did not need any additional support.

NFP-Synergy

[NFP-Synergy](#) (market research and consultancy service for charities and not-for-profit organisations) undertook a [research exercise](#) in September with grantees and unsuccessful applicants to the [John Ellerman Foundation](#).

Key findings of the research with over 300 grant applicants showed the following:

- Over 75% reported that their income has decreased
- Over 75% felt that funders had been very responsive to the situation
- Over 60% reported that their service provision had reduced
- Over 60% expected that they will be more efficient when things return to normal
- Over 60% reported that they had adapted their working practices for the better
- Over 60% reported that staff had increased their workload
- Over 50% reported that they had furloughed staff
- Over 30% reported that they required access to emergency funding over the next 3 months for the organisation to survive
- Less than 30% reported that their service provision had increased
- 13% reported that their income had not been affected
- Less than 10% reported that they had had to make staff redundant

NFP Synergy – How charities have responded to the first phase of the crisis (April 2020)

A further [report](#) by NFP Synergy highlighted the following:

The Covid-19 Situation

- Staff in charities were getting over the initial shock of the pandemic, but most felt they were still in the crisis phase
- Business continuity was key to dealing with the practicalities of staff and service delivery
- Charities needed to be adaptable and responsive
- Planning may need to happen in a different, more flexible way than in the past
- Monitoring, evaluation and reflection will be key to learning quickly and helping plan better for the future

Fundraising and Income

- Money is the over-riding concern and lack of it is already having an impact on some organisations
- Charity shops have closed, fundraising events have been cancelled and individual giving is in jeopardy
- There is and will be competition for money and resources

Staff Welfare

- Staff working from home is going well in general, but supporting the mental health of staff is a key concern for managers, particularly anxiety and isolation
- Helping staff avoid burn-out will be a key objective for all in the sector
- The creativity, commitment and flexibility shown by staff in the sector, working in difficult situations is significant

General

- The loss of face-to-face contact with services users has been difficult
- Charities are going to have to be creative in finding new ways to deliver services offline and online
- Organisations in the sector will need to collaborate, partner and potentially merge to help meet the increased need for services in the future
- Government support for the sector will be vital
- Charities need to remember why they exist and use their skills and knowledge to help shape the post-Covid world

NFP Synergy - The ways that COVID-19 is affecting the charity sector and what can be done about it

A [blog](#) on NFP Synergy's website provides additional insight into the impacts of the pandemic on the charity sector:

Greater demand for advice and support

- There is going to be a big increase in demand for advice for a range of medical charities. People who are worried about the impact on their underlying medical conditions are contacting charities (e.g. Asthma UK and Diabetes UK)
- There is a need to help people at the grassroots: ensuring elderly isolated people are getting food and support.
- This type of support doesn't appear to be being co-ordinated by charities or even community groups but by concerned individuals in many places.

Fundraising and finances threatened

- Public fundraising is going to grind to a halt.
- Event fundraising is going to stop
- For many charities their sources of income will be reduced, in some cases dramatically.

Public places, cafes, shops and venues shut

- Many charities (small and large) rely on income from their shops or their visitor attractions.
- It's hard to see how they will stay open and if they do their visitors are typically older.

Key volunteers tend to be in high risk groups

- For those organisations that are run or supported heavily by volunteers, many of those volunteers are in the high-risk groups: those who are over 70, and those with underlying medical conditions.
- These people need to now be self-isolating and can't be volunteering unless doing so remotely.

Suggestions around what charities can do to help themselves:

- Use your reserves if you have them
- Talk to your supporters and stakeholders
- Plan for at least 6 months of turmoil
- Tell local and social media what you are doing
- Sector bodies need to make their voice heard



For further information, please email: leicestershirecommunities@leics.gov.uk