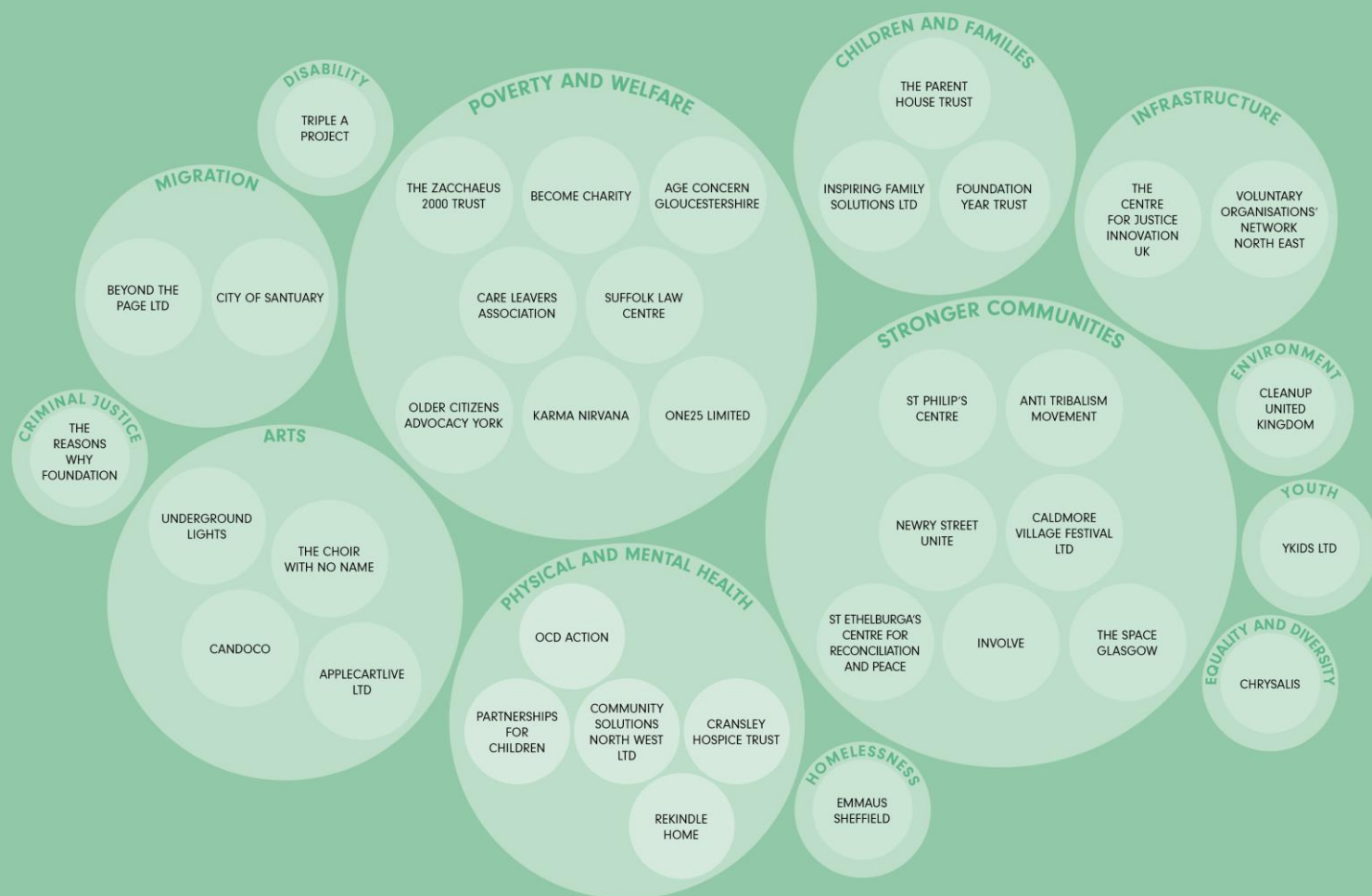


Getting ready for the fallout

Briefing 3 on the challenges faced by VCSE leaders during the Covid-19 crisis

27 April 2020

WE HEARD FROM 37 CHARITIES THROUGH ONLINE PEER SUPPORT SESSIONS, BETWEEN 9 AND 16 APRIL 2020

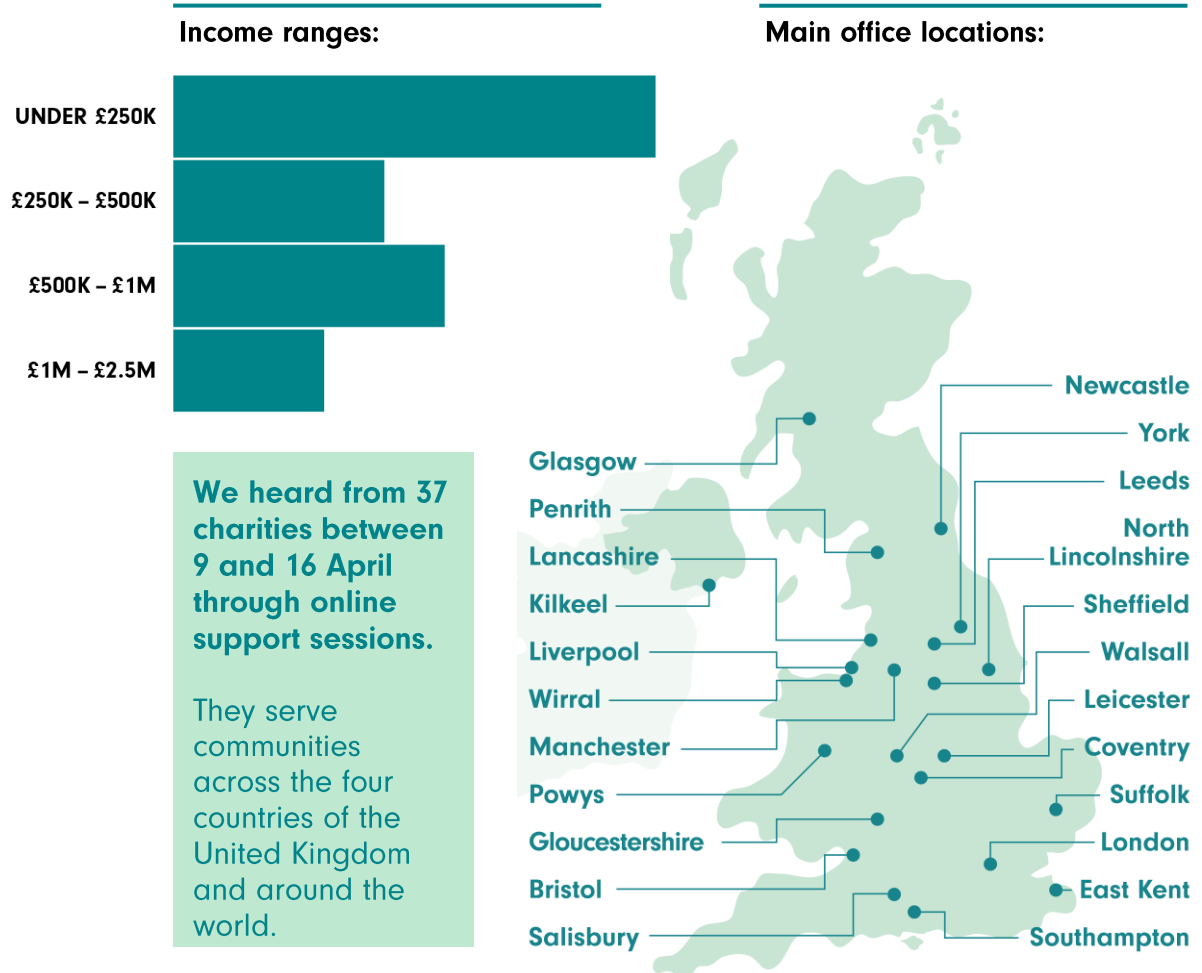


Introduction

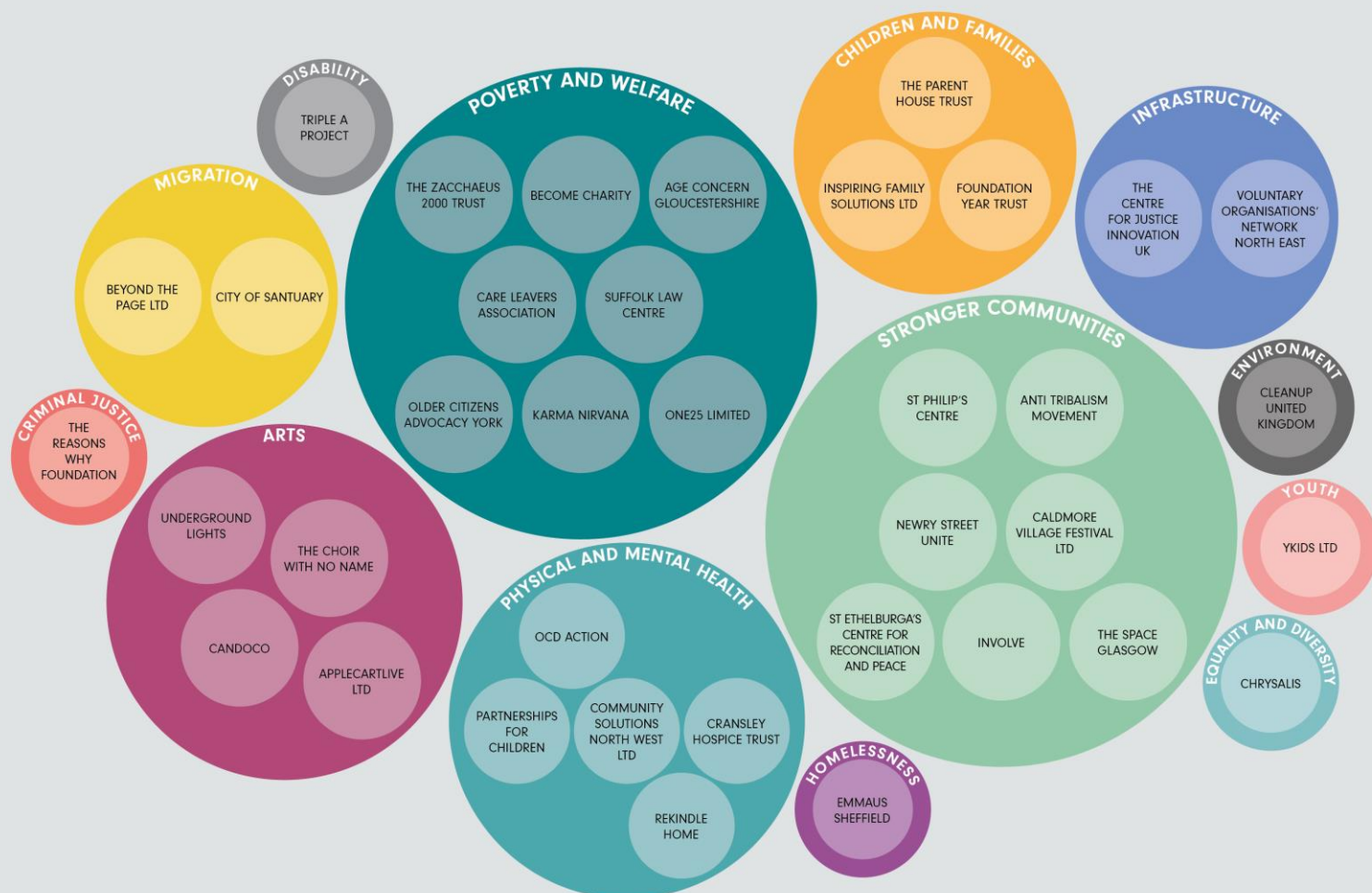
Recognising the tremendous pressure that charity leaders are under as a result of the Covid-19 outbreak, IVAR is facilitating online peer support groups for leaders of voluntary, community and social enterprise (VCSE) organisations. The aim is to create a space for them to share challenges, dilemmas and worries, and to learn from each other's experiences. Participation in sessions has primarily been by organisations with a turnover of £1 million or less.

We offer funders feedback on the kinds of challenges these organisations are facing, and the help they need. This third briefing shares the experiences of 37 leaders participating in the sessions, and our reflections on the questions and opportunities for funders that they raise. Further [briefings](#) will follow as new groups meet.

Who did we hear from?



WE HEARD FROM 37 CHARITIES THROUGH ONLINE PEER SUPPORT SESSIONS, BETWEEN 9 AND 16 APRIL 2020



What is it like leading a VCSE organisation through the current crisis?

Three weeks into the Covid-19 lockdown, VCSE leaders are **feeling unsettled**. Although the initial phase of manic adjustment has passed, they face the challenges of uncertainty over how long the lockdown will last and what will happen when it ends. Under significant strain, some leaders are beginning to feel exhausted: *'At times, it can seem like too much'*. Thinking about the future, they are increasingly concerned about the long-term fall-out from Covid-19, fearful of the impact of an economic recession and about how public attitudes and long-term public policy might be affected.

Leading a team of staff and volunteers through uncertainty continues to be demanding. Leaders are conscious of the emotional burdens borne by their colleagues and are anxious about their wellbeing: *'Staff are scared out of their wits. We never anticipated this'*. Remote working can be a barrier – but leaders are finding new ways to provide support and reassurance: *'I can't give someone a hug ... but we can have a coffee and cake chat on Zoom'*. Some leaders are checking in on their staff every day.

The technical and emotional **support provided by trustees** has been appreciated, especially when difficult decisions have to be made – for example about use of reserves, suspending activities, and furloughing staff. Good trustee support is not, however, universal. Some leaders expressed disappointment at how detached their trustees have remained during this time of crisis.

With the spirit of adaptation, leaders see **opportunities to reshape the future** as a result of Covid-19. Organisations that have closed down their activities are now able to focus on long-term strategy, carving out time and space to think beyond this crisis. For those organisations maintaining and adapting services through the lockdown, the future *‘seems a long way off’*. But there is hope, drawn from the extraordinary energy and flexibility of their organisations: *‘Things that once seemed impossible – such as online support groups – have now happened.’*

What is now front of mind for leaders of VCSE organisations?

VCSE leaders are beginning to shift their thinking from the immediate response to Covid-19, to its medium and longer-term impact: *‘We’re having to plan at multiple different timescales: the next three months, the next financial year, and the longer term’*. But uncertainty makes planning difficult, even in the short term: *‘Every time I try to model something, it falls apart ... The goal posts are constantly shifting, so it’s really tricky to create any sort of plan’*. For those navigating fast-paced change in public policy, poor communication by the Government is amplifying these difficulties.

Short-term response

For organisations unable to operate during lockdown, the short-term response has largely been dealt with: **activities have been put on hold** and staff furloughed under the government support scheme.

Organisations still delivering services are facing **rising – and changing – demand for support**. It has taken time for some of the impact of Covid-19, and of the lockdown, to emerge. After three weeks, it is beginning to take its toll in profound ways, with vulnerable and disadvantaged people disproportionately affected and at most risk: *‘The vulnerability of the people that we work with is challenging and distressing’*. Examples mentioned by VCSE leaders included young people in care or care leavers; children with autism; isolated older people; victims of domestic violence; homeless people struggling with cramped conditions in a hostel; sex workers; and newly unemployed people claiming universal credit for the first time.

In the face of these growing demands, VCSE organisations are **balancing need against their capacity to sustain services**. For frontline organisations, withdrawing services is not an option, even though income may be under pressure: *‘Decisions to furlough staff are largely irrelevant as our beneficiaries need us now’*. Delivering effective services with limited resources is presenting a myriad of challenges:

‘Our service users often don’t have networks of family and friends to depend on for support. Their needs have increased while our income is rapidly decreasing. The charity is at risk of having to shrink our support at the very time demand is growing.’

'We can't take any more self-referrals on because of the safeguarding issues.'

'We don't have an official helpline, but sometimes young people call in – and those calls can take up to an hour. We're reluctant to put something out on Twitter, and then not be able to cope with demand. 10,000 young people could want to engage – and there is no way we could cope with that.'

'Providing support that's contained but still helpful is really challenging.'

For many leaders, there is **a significant concern that hard-to-reach vulnerable people are missing out on services**. Unable to continue with outreach work, organisations are struggling to maintain visibility, especially when vulnerable people aren't online: *'It's hard to get your name out there to offer support right now'*. Under normal conditions, face-to-face contact is the cornerstone for many services, but *'trying to stay in touch with people now is really difficult'*.

For most organisations, establishing online working and communication for staff has been relatively straightforward, although there have been some issues with equipment and IT literacy. But managing online activities and communication with service users is proving much harder. **Concerns about IT accessibility** are widespread. Disadvantaged and vulnerable people are less likely to have a computer or smartphone or unlimited broadband access and data: *'Some people are having to make choices about what they spend their money on – food or data for their phones'*. The limitations of online engagement are also a worry: *'a third of our members are on Zoom group calls – but they are the least vulnerable members. We're not reaching the most vulnerable'*. For many, technology is not an adequate replacement for face-to-face contact; this feeling is exacerbated by security and safeguarding concerns.

Medium-term strategy

As VCSE leaders have begun to adjust to the scale of the national lockdown, **their thoughts are turning to medium-term strategy**, in particular the question of what might come next. They recognise that *'the lockdown is not a short-term issue'*, and that organisations are *'unlikely to return to business as usual anytime soon'*: *'Our operational model may need to change for at least the next 12 months'*. Surviving the lockdown and then forming an appropriate exit strategy feel like pressing and important issues – but, for most, the level of uncertainty and the amount of guesswork renders planning an almost futile exercise. This is deeply uncomfortable and unsettling.

Long-term strategy

VCSE leaders are increasingly making the distinction between medium-term and long-term planning – between a period of continuing uncertainty and disruption, and *'the period after Covid-19 has passed'*. There is **considerable anxiety about the long-term impact of Covid-19**. As we have already reported, lockdown is placing significant strain on vulnerable people and there is a growing sense that it is *'storing up trouble'*. Existing mental health issues are being exacerbated, while *'new problems are being created'*. Relationships are breaking down. People are unable to grieve properly. And routine and elective healthcare has been postponed. Unable to rely on or access support services, people *'are at risk of regressing'*: *'For a lot of individuals, coming to the centre was the only respite they had, and where they could be themselves'*.

Leaders are also fearful of the **impact of an economic recession**, with a widespread expectation that needs will increase significantly. As well as hitting people who are already poor or vulnerable, there will be a *'new wave of people going into financial hardship'*. VCSE organisations *'will have to get ready for the fallout'*.

Speculating about **how public attitudes and long-term public policy might be affected by Covid-19**, many leaders expressed tentative optimism that we might see greater sympathy and understanding to the disadvantaged; more appreciation of the contribution to essential services made by people who are migrants to the UK; a greater sense of belonging and community; and more tolerance towards others. However, these hopes are balanced by a fear that people may turn inwards, and that communities could fragment, with politicians reverting to the promotion of partisan interests: *'Enlightenment or retrenchment? It's too hard to predict'*.

Despite the maelstrom of daily challenges, questions and dilemmas, small VCSE organisations' qualities of perseverance and integrity mean that their willingness to **participate in conversations about the long-term future** has not been dimmed: *'We don't have all the answers. This is going to shift the landscape and we want to be part of the conversation about what the future looks like'*. Leaders want this future thinking to be collaborative – *'thinking about how we can create a better future together should bring together diverse voices, and we must listen to people with different perspectives'*.

Financial reserves

Concerns about medium and long-term financial sustainability are widespread. **Most organisations expect their unrestricted reserves to decline significantly** as a result of the Covid-19 crisis. Many have already lost one or more streams of unrestricted income – including membership fees, public fundraising, charity shop trading, venue hire and rental income. And there seems little prospect of this situation improving until later in the year at the very earliest.

For some, this creates significant risks around medium-term financial solvency. For many, the prospect of lower unrestricted reserves also raises questions about longer-term viability. Will remaining reserves be sufficient to keep going, or will organisations be forced to shut down? Will it be possible to replenish reserves, especially if there is a deep and prolonged recession?

Funders and fundraising

Positive initial response from some charitable trusts and foundations

VCSE leaders are grateful for the positive ways that some funders have responded to the immediate crisis through, for example, emergency funding, converting restricted grants into unrestricted funding, investing more in relationships, and generally acting with greater flexibility. Leaders appreciate the trust that has been shown in them to make the best decisions. And they particularly welcome efforts to streamline application procedures for top-up grants:

'The biggest relief was getting emails from three funders saying we're not going to pressure you for targets you were due to meet in the next three months. They have also said: "if you want to do other things that weren't

in the original bid, come, tell us about them, we'll more than likely say yes. We want you to be responsive to your community needs." That's taken a weight off my shoulders.'

'We're 90% funded by grants – it's been a problem in the past, but is currently quite a good thing. All our funders have said: "you don't have to worry", and they've paid us a year in advance.'

'They've given us core funding – that's not happened before. It's made a huge difference.'

However, not everyone is behaving in this way, and there is real frustration about some funders' continued insistence on maintaining restrictive grant terms: *'The voluntary sector is good at being flexible and adapting to need and support. Funders should trust that we know what we are doing at the moment and let us get on with it'.*

Funding for the medium and long term

Leaders urge all funders - whether independent, corporate or public - to sustain funding and maintain flexibility as they consider both their medium and long-term grant-making strategies. Flexibility will be essential for the medium term, just as it has been critical in the immediate crisis. With depleted reserves, the financial implications of Covid-19 could stretch well beyond the next 12 months. Organisations of all types are desperate that *'funders should keep the funding coming'*.

Some leaders are worried that the sums dedicated to emergency funding will mean less money for the medium and long term. This is a particular concern for organisations with funding agreements coming to an end in the next 12 months: *'We will need to find new sources of funding but aren't sure what will be available'*. For many, the stark reality is that, if new funding applications are not accepted, their organisations will not survive. And, if funders do not adjust their requirements in the aftermath of Covid-19, many will struggle to meet them. Expectations about reserves levels, for example, will have to change: *'We've spent ages building up reserves, but now we'll spend them all. We are worried that the depleted nature of our reserves could disqualify us'*. Organisations may also struggle to articulate strategic and operational plans, in light of current uncertainties: *'This is going to take a lot of time. Most of us are going to have to go back to first steps in many ways. As we come out of this, we will still not have everything set'*. The message is clear: *'Don't stop giving out new funds. They are much needed to keep us afloat'*.

Linked to this, VCSE leaders are also **worried about changes in funder's long-term priorities**, and the knock-on effect on eligibility. The tension between, on the one hand, increased needs and, on the other hand, constraints on funders' financial resources is uppermost in people's minds. Will there be sufficient funding to meet demand? How will priorities be set and funds allocated? Is there a risk that *'all the funders run to one side of the pitch'*, leaving important but unfashionable work unfunded? VCSE leaders urgently need assurances from funders that *'funding will be kept aside for the future, and for long-term service providers for the community'*.

Importance of good funder communication

Given these serious concerns, VCSE leaders are clear that they need to hear more from funders and would ask them all to engage in *'more communication and ongoing conversation'*. They understand that funders are facing many difficult

decisions too. But the more they can share their intentions, the more organisations can build that into their own planning:

'My ask would be: help us manage the uncertainty by being as clear as possible about what opportunities will be available now and in the future. We need this information as early as possible to make good decisions.'

Questions and opportunities for funders

In our [second briefing](#), we highlighted three key messages for funders:

- **Unrestricted funding is the only sensible approach right now.**
- **Trust remains at the heart of the response needed.**
- **This is a critical time for learning.**

Drawing on our latest conversations with leaders, we can highlight the importance of **funders thinking about and communicating their strategies for the short, medium and long term**. Each may require distinctive elements. And longer-term strategies may not be possible yet. But formulating and sharing broad intentions would be helpful.

'Uncertainty' is fast becoming the new normal. For most of us, that is deeply unsettling – not least because it requires us to resort to a significant element of guesswork when it comes to planning, and to build in a set of assumptions that may prove wildly inaccurate. Applicants and grantees are groping in the dark for reassurance and some kind of coherence about their prospects from funders. While funders themselves are also caught up in an existential crisis about their future role and contribution.

In this context – of so many unknown unknowns – there is a premium on candour (about intentions and eligibility) and care (recognising that not all organisations will or can survive). For now, it feels important to concentrate on action that can be taken and communicated:

1. Now – responding to the emergency

Keep the funding coming. Convert to unrestricted funds wherever possible. Keep talking to organisations.

2. Soon – providing assurance through continuing uncertainty and disruption

Maintain a commitment to unrestricted funding for the medium term – i.e. throughout lockdown and for a period thereafter.

Consider automatic one-year unrestricted extensions for all grants ending in the next 12 months that are critical to your mission.

3. Next – interrogating the future

Begin to think about how you can create an environment that will support a more collaborative approach to rethinking the future, addressing the questions raised by Covid-19 about, for example: the relevance and urgency of existing funding strategies; fitness for purpose in current funding practices; and the practical challenges of maintaining a vibrant and inclusive civil society, when so many services are at risk. No-one knows exactly what is coming down the line. But smaller VCSE organisations are close to the ground and to the individuals and communities that are always found at the sharp end of economic recession and accelerating social change. This makes their contribution to such conversations essential.

Authorship

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