

IMPACT OF COVID-19 ON THE CHARITY SECTOR

16th April 2020
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Submission to call for evidence on behalf of:

GMCVO www.gmcvo.org.uk/

GM VCSE Leadership Group <https://vcseleadershipgm.org.uk/>

Detail as it emerges is published on the GMCVO website.¹

1. GMCVO AND THE GM VCSE LEADERSHIP GROUP:

1.1 GMCVO (Greater Manchester Centre for Voluntary Organisation) is the VCSE sector (voluntary, community and social enterprise) support and development organisation covering the Greater Manchester city region. www.gmcvo.org.uk We host and/or collaborate with a range of GM VCSE leaders including the ten local infrastructure organisations, the GM VCSE Leadership Group, GMBAME Leaders and GM Social Enterprise Network.

1.2 The Greater Manchester VCSE Leadership Group <https://vcseleadershipgm.org.uk> is a non-constituted alliance of local infrastructure, equalities and faith networks and others from frontline charities and social enterprises, seeking to promote the role and involvement of the VCSE sector and communities in Greater Manchester devolution.

1.3 Since the advent of Covid GMCVO has been deeply involved in the collection and dissemination of intelligence, both to/from local VCSE leaders and the grassroots VCSE sector and communities; and to/from Greater Manchester public sector and national VCSE infrastructure. We have also sent updates to DCMS. Whilst frontline organisations are tied up in reacting and acting, we are still picking up a great deal of information, problems and queries from our sector. We are aware of the importance of ensuring this evidence informs government policy and are therefore submitting this summary to the committee.

2. KEY POINTS:

- **This is not a uniform sector, and not all charities can do anything covid-related, yet are still essential to their communities long term – they also need support;**
- **Increased demand;**
- **Huge loss of income, low levels of reserves, risk to cash flow – loss of organisations expected;**
- **Business support not suitable / accessible;**
- **Government package for charities so far is too little, too narrowly targeted, and too slow;**

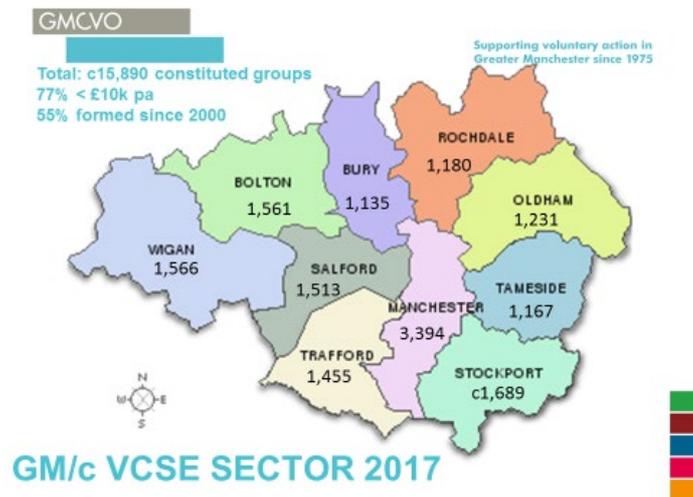
¹ <https://www.gmcvo.org.uk/news/gmcvo-response-covid-19>

- Organisations are trying to reconfigure activities and services but lack capacity to do this quickly or well;
- There is a significant equalities issue especially re BAME and disabled people’s and carers charities;

Staff and volunteers working face-to-face with vulnerable groups need access to PPE and testing.

3. OUR LOCAL CHARITY SECTOR

3.1 Greater Manchester is home to almost 16,000 citizen-led civil society organisations:- voluntary and community groups, charities, faith groups, social and community enterprises.² They are active in every aspect of social, economic, environmental and cultural life including crime and disorder; sport, culture and leisure; skills, employment and enterprise; health and social care; housing and transport; environment and carbon reduction; poverty reduction; inclusive economy.



3.2 The majority are small and volunteer-led, rooted in communities of place, identity and/or experience. Around 4,200 of known organisations are registered charities of all sizes, but 77% of the sector are ‘micro’ with incomes under £10k pa, and many of these are unregistered charities. In this report, we are unable to differentiate between the constitutional forms of frontline organisations, but it is reasonable to assume the points made apply to our charities.

3.3 Greater Manchester people experience high levels of poverty, poor physical and mental health, and disability, and charities in GM are hugely significant providers of services and support to people and communities including health and social care, wellbeing and community support, mental health services, support for older people, support for carers and parents, providers of food banks and emergency aid i.e. all the help now needed to enable people to cope with the impact of both covid-19 and its mitigation.

4. CHARITIES’ RESPONSE TO THE NEEDS OF PEOPLE AND COMMUNITIES

4.1 We are responding as a sector to the current crisis. VCSE organisations are right on the frontline in every locality - holding back a tidal wave of demand for access to formal services, disseminating information to the public, and collaborating with the public sector and local businesses to try to help those most in need.

4.2 Many charity sectors have reported a surge in requests for help, including advice organisations and helplines, mental health providers, food banks, homelessness organisations, disabled people’s groups, BAME organisations, older people’s groups, domestic

² <https://www.gmcvo.org.uk/publications/greater-manchester-state-vcse-sector-2017>

violence provision. Most of these are trying to remain open. Organisations are trying to reconfigure activities and services to deliver them differently. But most of us are not well-equipped with the policies, safeguards, hardware or software that we need to do this quickly or well.

4.3 As a sector we have organised rapidly at GM and locality levels, and connected with our national infrastructure. We are sending reps to the public-sector forums set up to manage the response, and advocating on behalf of our communities and service participants.

4.4 Local infrastructure organisations are co-ordinating and distributing support to people in need, and seeking to engage with the new public sector community hubs to avoid duplication. They have drawn up protocols for 'informal' volunteering and are trying to support local mutual aid networks.

4.5 We are seeing long-term inequalities and lack of investment in our sector reflected in the support we can now offer to different communities; for example, we had already lost most of our volunteering infrastructure, carer support organisations, and legal advice sector. Our most disadvantaged neighbourhoods and communities of identity are least well served and networked. Areas without a strong local infrastructure organisation are finding it harder to mobilise collectively.

4.6 Foodbanks and groups distributing food and medication are experiencing a shortage of donations, vehicles and volunteers just when they are most needed. They require donations, storage facilities, help with collections and distribution, transportation. GM Poverty Action is collating information about food providers³.

5. IMMEDIATE IMPACT

5.1 The expected impact on our sector of an economic shock such as covid-19 and measures intended to mitigate transmission has already been considered in GM in preparation for the risk of a hard or unplanned Brexit:- loss of jobs, volunteers and organisations; alongside hugely increased demand from people in crisis. These risks are already acknowledged within GM and are now live.

5.2 Now like all SMEs, VCSE organisations are facing massive uncertainty with regard to income and resources along with reduced capacity with staff and volunteers on sick leave or self-isolating.

5.3 Perhaps half of our sector is experiencing increased demand (which they may not be able to meet). Others are unable to operate and local infrastructure are reporting that some organisations are already closing down.

6. INCOME

6.1 Every source of income for charities has been decimated. Reserves are low: in 2017 we found 29% had less than one month's reserves, and 46% had less than 3 months'; we anticipate reserves have reduced further since then.

6.2 Most grant and contract income is predicated on the delivery of activities and outcomes which are now unachievable. We have received very supportive statements from funders including local public sector⁴, the National Lottery Community Fund and independent funders, which include commitments to roll over grants and contracts, and to allow flexibility in the use of funds; however most organisations have not yet received any formal confirmation of this

³ <https://www.gmpovertyaction.org/coronavirus-and-gmpas-work/>

⁴ <https://www.greatermanchester-ca.gov.uk/news/a-statement-to-the-vsce-sector-on-behalf-of-public-sector-commissioners-in-greater-manchester/>

with regard to their specific grant agreements or contracts, and are taking a big risk in continuing to trade.

6.3 Opportunities to apply for grants or bid for contracts are being delayed, and many funders have re-purposed their programmes to focus on covid-related activities. This means that any organisations who are not undertaking these are excluded from funding. We understand in addition that the income of the National Community Fund and independent funders has been hit by the economic crash, so there will be less available.

6.4 Trading charities are impacted in the same way as other SMEs re loss of trading income, inability to reduce costs without laying off staff, inability to make repayments on loans. Most of our social traders are in sectors that trade directly with the public, including a big hospitality sector, and are at high risk.

6.5 Small charities (as most of ours are), are very reliant on small scale trading (such as session fees, room hire, purchases) and on fundraising within their communities, all done face to face. Having adapted to thrive without recourse to public funds, they now have literally no income.

6.6 The #EveryDayCounts campaign led by our national infrastructure calculated the charity sector will lose £4.3b in 3 months. The funding recently announced by government is welcome, but it isn't enough, and it is not going to be accessible to large parts of our sector. There is also a cash flow issue – emergency grants need to be fast, as charities are not normally in a position to borrow in anticipation of receiving a grant, unless there is a written offer in place.

7. EQUALITIES

7.1 There is a significant equalities aspect to all of this. BAME communities have been especially badly hit by covid, and BAME charities working with their communities are trying to respond - but the BAME sector is overall less well-resourced than average. They are reporting real issues with ensuring people understand what they should be doing, and helping with translation and interpretation of official information (which is not being provided in accessible form), as well as trying to help sick and shielded individuals and ensure they have access to food and medicines. Disabled groups and carers groups are reporting similar issues.

7.2 There is great anxiety that the term 'vulnerable' is being applied only to people vulnerable due to covid, whereas existing vulnerabilities are being increased due to the steps taken to mitigate covid.

8. JOB RETENTION SCHEME, SMALL BUSINESS GRANTS ETC

8.1 The job retention scheme is unhelpful for most charities, since they are experiencing increased demand and need as many staff as possible. We have received huge numbers of requests to lobby for an amendment to the scheme to enable payments to be made to subsidise charity staff to continue working. We understand this is unlikely to be possible.

8.2 Charities do not receive business rate relief, but the 80% charity relief. This means they are not eligible to receive the grants which are being provided to other SMEs.

8.3 Many VCSE organisations occupy premises owned by others. Landlords may be eligible for business rates relief but will not necessarily pass on savings are shared to tenants. Rents may still be payable even when organisations are closed and have no income source.

8.4 In short, the support made available to ensure our business sector does not vanish as a result of covid, is not accessible by the charity sector although our income has been similarly hit.

9. PPE, TESTING ETC

9.1 Staff and volunteers that are continuing to deliver some face to face services, because they are essential and cannot be done any other way (such as some work with homeless people, people in mental health crisis etc) need access to PPE, testing and so on in the same way NHS and as care home staff do, as they are working with people who are highly likely to be infected – but they are not necessarily getting it.

10. LONGER TERM IMPACT

10.1 We are concerned that the short term response to covid is absorbing almost all the funding and resources normally accessed by our sector. There are many charities which are vital to the 'normal' life of their communities which are not able to do anything specifically for covid. But if we lose them, it will not be easy to re-create the fabric of interconnected, diverse organisations that underpin resilient, inclusive communities. Mutual aid networks and 'informal' volunteering have their place, and come into their own during this kind of emergency, but are not likely to be sustainable without the wider community networks to support them.