Medway Council Voluntary Sector Cell Impact Assessment

20/11/2020

Purpose

An impact assessment provides a strategic overview of impacts, risks and opportunities linked to Covid-19 which will inform recovery work across the county. Impacts will continue to evolve as the Covid-19 events continue to change, so the impact assessment will be updated over time.

<u>Part 1: Identification</u>

a) What are the main impacts for this cell/sub-group?

Impact	Level of severity High, Medium, Low	Proximity <6m, >6m or >12m
Financial Impact Significant financial impact and sustainability of sector – inability to fundraise from face to face and group activity has seen voluntary income reduce by up to 48%. According to an October MVA survey 61% of organisations identified a financial impact during this period, 34% estimating the impact to be significant, 40% identifying the impact as immediate and a further 33 identifying that they expect financial impact concerns over the next three to six months. As part of this survey, in n total, 36 organisations shared their financial data, identifying a shortfall in income, estimated on average to be 50%+. The estimated income shortfall across the VCS has risen from £900,000 (March to June) to £2.4 million (June to Sept); which equates to a further £1.5million or 167% increase in financial loss following MVAs initial Covid-19 impact survey. Nationally around half of charities who hold public sector contracts are subsidising this with fundraised income, which is now decreasing. (61% of small and medium sized organisations and 66% of large delivering contracts). Charities Aid Foundation reported that the sector will see a 42% increase in demand for services and a 48% decline in income in the next three months. Locally, VCS leader confidence is heavily affected by the financial situation with 59.7% of leaders identified concerns regarding their organisations' prospects. In comparison, only 8.4% attest to being 'very confident' about their opportunities for the future in the wake of COVID.	H H H	>6m <6m <6m
Economic impact reduces funding opportunities from other sources reducing the diversity of income available to the sector e.g. reduction in revenue streams, corporate partners unable to make funds available, national grant makers not offering 'business as usual' grants and the reduction in individual giving from the general public due to unemployment or inflation. This is a perfect storm for the sector locally and nationally.	H	>6m

Service delivery Continued reduction in services being delivered by the voluntary sector to vulnerable communities. This is due to organisations having to furlough or make staff redundant. According to MVAs first survey 69% of the VCS redirected their services away from their normal client support and delivery. This resulted in vital support being delivered at the peak of the spring lockdown period. Whilst the provision of this essential support has been of great value to Medway during the peak of the crisis; these redirected services may not form part of their mission and charitable objectives, and out of necessity the needs of existing service users have been compromised as a result of social distancing restrictions. In the second MVA survey 77.1% of local VCS groups identified changing their service/support, with 19.8% stopping altogether and only 3.1% now remaining unchanged and in a position to return to their pre-Covid-19 offer	H	<6m
Workforce and working arrangements Adapting to new working arrangements has been a significant shift for workforce. Ongoing need to review and revise working practice, digital infrastructure, policies, risk assessments. Most organisations were not used to working remotely and majority of services were delivered face to face. This is not sustainable long term for most organisation especially those who deliver mental health services.	H	<6m
Resident needs Residents with higher level of needs are now presenting to voluntary sector groups, due to their concerns about capacity within NHS and social care with the focus switched to COVID 19. Anecdotal evidence is that people do not want to worry these public services with their issues, but are instead accessing the voluntary sector and organisations may not have the necessary skills, expertise of resource to support them	M	<6m
Volunteering Whilst only 18% of VCS required extra volunteers in the immediate wake of the crisis, those that did need extra support needed it quickly – and this support needed to be regulated in terms of safeguarding and duty of care considerations for clients and volunteers. 232 local residents volunteered through Medway Voluntary Action's Covid-19 Volunteer Register. In the last four months, an alarming 71.9% of organisations have reported that their volunteers have been able to return to help, but, 15.6% still identified that this was not possible for them However, any harnessing of volunteering needs to be properly resourced, volunteers are not 'free'. Through the October MVA survey respondee's identified recruitment of a further 183 volunteers taken on to support their services. Although volunteer support has been positive, the demand for more volunteers remains, with 39% of 75 respondents identifying the need for more volunteers and 73.9% of all respondents requesting further information and guidance on how to best support volunteers, primarily through remote methods due to the Covid-19 impact. Many people signed up for 'covid' volunteering through NHS schemes and then were not used, which has caused some	H M	>12m <6m

reputational risks, the sector has tried to step in and support those volunteers so as not to have a longer-term impact on willingness to volunteer but this has been difficult in retrospect. The NHS app is still presenting operational issues and the technology could be improved to ensure no one is left without a volunteer and we have more access to volunteer data at a local level. This has been requested via NHS leads, but has yet to come through		

b) What are the major strengths that have been demonstrated in response?

Strength	Summary Description
Workforce	Able to rely on the goodwill of staff and volunteers to go above and beyond. Work unpaid hours- culture within the sector. Beneficiaries and volunteers have been more sympathetic to the current situation and therefore more accepting of the reduction of services and levels of support. However, people's understanding and goodwill will tire.
Close working between local authority and the sector	Throughout the emergency period there was regular and meaningful with a large number of voluntary sector groups that appears to have been favourably received by both parties. The dialogue certainly helped the authority with the vulnerable people hub service and regular updates and dialogue benefited the sector as the council was able to respond and support certain organisations where possible.
Existing grant funding relationships with local and national Trusts	Whilst there has been a significant financial impact on the sector, VCSE organisations, which are grant funded have managed to re purpose them where funders have been flexible. This has put them in a stronger position than some commercial organisations.
Creativity and culture of sector	The sector was able to think creatively in terms of using volunteers differently and interacting with beneficiaries in new ways, culture in sector to be flexible and innovative. Online and telephone services replaced face to face swiftly to ensure some ~~consistency~~ continuity of service. Ability to stretch financial resources (repurpose funds where permitted) to be able to continue to deliver for beneficiaries in different ways. Approach that favours experimentation, risk taking, and creativity has helped the sector in a crisis. Attitude and resilience of leaders of VCSE organisations, that they are used to 'surviving'.
Partnership and collaborative local forums	Although the sector is very competitive there is a different support network in local and regional VCSE organisations, which has been a strength during this time. There has been more willingness to share skills, tools and resources and partnership working has been a positive outcome of the crisis. This has shown the importance of strong local networks and forums to provide support across the sector and also to provide a link and intelligence to public sector partners.

c) What are the major risks/consequences as a result of the impacts?

Risk/Consequence	Summary Description
Capacity to meet demand surge	Increased demand on VCS organisations as they support those within community beyond initial crisis, into recovery- those that are shielding or vulnerable. Predictions that 25% less services delivered by sector due to lack of funds but likely to be more demand in the autumn when many of the government support measures are lifted.

	Equally lack of referrals during lockdown to small community services means many people are not getting support they need e.g. those who are isolated and hard to reach at the best of times – people living with dementia. In addition carers are not having any respite, which will ultimately lead to crisis and a demand long term public service funding at higher costs. This leads to pent up demand. Small organisations, who may be financially at risk as a result of Covid are very often those who are supporting the most vulnerable. >12m
Increased demand and expenditure for council services	With significant financial uncertainty and a reduction in third sector finances, charities and organisation face the very real possibility of going out of business in the new few weeks, months and years. These services often provide a vital service to residents. Should they cease to exist, this dependency (and therefore expenditure) is likely to be pushed to the local authority or NHS. So an invest to save programmes maybe useful in order to save the public sector funds in the medium term
Litigation and risk	A major new threat is increased risk and likelihood of litigation, for all organisations, from potential/inadvertent/suspect breaches of employment law or health and safety, in light of COVID. Government guidance has been changing on a weekly basis, and it is very difficult for small organisations to keep up and ensure that they have done everything needed.
Reduction in funding available from grant making bodies and foundations	Lack of funding available from major funders – for example Community Foundations who will not be exempt from the financial impact. They rely on investments, which are down 20% and local corporate donors, particularly in tourist sector -Port of Dover and Gatwick Airport. This will impact on the availability of funding that VCSE organisations rely on, especially when they cannot fundraise. No consideration from funders to support resilience of organisations who are not front line. No consideration for the massive impact on organisations who rely on fundraising as their main source of income
Redundancies	Risk of redundancies in the sector and potential impact on local unemployment as a result of funding shortfall. Potential impact on delivery of public funded services and support available within local communities. <6m
Staff safety and mental wellbeing	Concern about staff safety at work, need for legal and HR advice which is evolving. Significant impact on organisations to review policies, procedures, training for staff to work in new environment. Also coming over the horizon, mental health of staff particularly those who have been delivering and supporting others during the crisis and will in turn need support. There is a heightened sense of uncertainty for short term future, as people do not know about a second peak and impact on them and service users.
Sustainability of online services, as the only option in the long term	Digital and remote working has had some benefits but many of the services delivered by the sector require face to face contact. The negative impacts of lack of human contact have been apparent during the crisis and the temptation to achieve efficiencies should not lose the importance of face to face support, particularly in terms mental health and wellbeing.

Inevitability of charity closures	Estimated that between 10-30% of charities will close their doors by Dec 2020, this will inevitably have an impact on communities and service delivery especially if this is within those that deliver services to the most vulnerable or those areas where we know will see an increase in demand.
Lack of flexibility and clarity from funders	Not enough funders are giving organisations the flexibility to redirect existing funding to support core activity or where it is needed the most. Commissioned services will also need to consider the ability of VCSE organisations to cover core costs. No current information on funding plans from January 2021 Funders are unclear about plans for funding outside of emergency response now or from the New Year
Hospital discharge and NHS system changes effect	With the need to free up hospital beds and speed the discharge process up, the consequence was an increased demand on the voluntary sector to support people who would typically have been in hospital or within receipt of other specialist care

d) Are there any weaknesses emerging in recovery we need to be aware of?

Weakness	Summary Description
Data and insight currently limited at local level	Need to create more robust local intelligence on sector, some limitations on data around social enterprises and those that are not registered charities given there is no single structure of these organisations as with registered charities. Also, better intelligence on beneficiaries would enable better prediction of demand. There have been calls nationally to look at sharing data across the sector, voluntarily, that will enable the sector to have a greater understanding of the impact of Covid. <6m
Lack of core funding for the sector/full cost recovery	Lack of willingness from funders to accept the importance of just paying for salaries and 'keeping the lights on' has led to lack of core funding/ and a weakened financial position. Too much focus on project funding which is not realistic in the next 12-18 months when the sector will need to time to recover. <6m
Financial resilience	Most VCSE organisations in Kent and Medway work on 'just surviving' model of finance and therefore don't have the level of reserves needed to see them through this crisis. The first 3 months have been difficult. The next 3-6 months are predicted to see closures. Of major, large and medium organisations in Kent 34 had less than 2-month reserves, 44 had more than 4 months, this does not include any of the small and micro organisations, which make up the majority of the sector and are likely to have much less in reserve. <6m
Commissioning culture	There are some organisations within the sector that have become contract bound, the culture of commissioning has led to some organisations becoming focused almost entirely on delivering to contract and not focusing on the wider community. This has stifled their ability to generate funds from other areas. >6m
Lack of engagement	Due to the necessary rapid decision making process during response, there is a genuine concern that a lack of public engagement for ongoing decisions may continue and resident and groups are concerned their input and views may not be genuinely considered.

e) What are the opportunities presented by recovery for this cell/sub-group?

Opportunity	Summary Description
Government's commitment in their recovery strategy to 'explore the opportunity to build on the creativity and transformation in data, analytics and procurements processes demonstrated by the NHS'	This could provide a platform for change and a more responsive approach. Harness the creativity and responsive nature of local provision that has been seen during crisis. Lobby the need for support for local economies and the local sector. More dynamic purchasing or partnerships between statutory agencies and the voluntary sector could provide greater opportunities for smaller, local organisations and recognition of their value.
Opportunity for innovative partnerships, collaboration and peer support	Crisis response has seen positive partnership working and an opportunity to challenge siloed working. Organisations will have to work together, in some cases come together to survive. Opportunity for VCSE organisations to combine back office resources to be sustainable. Not a popular option but perhaps a necessary one for survival. To continue peer support networks, which have evolved during the crisis and could provide a powerful platform for the sector.
New ways of delivering services	For some organisations, an opportunity to radically redesign service delivery and consider new trading areas. Some of the new service delivery techniques adopted during lockdown could be adapted for the long term where they are better for the beneficiaries and this may lead to savings or cutting overheads.
Access to new volunteers and supporters	Possibility of harnessing all of the current community spirit to bring onboard younger volunteers or those who have not previously volunteered. However, this need supporting and resourcing. For those who find themselves unemployed they will need a great deal of support if they are accessing volunteering opportunities. There is however, an opportunity for the sector to use its strength and profile during the pandemic to attract donors as well as volunteers.

Part 2: Prioritisation

a) Which of the issues identified above do you think will have the most significant system-wide impact?

1. Funding

- Reduction in voluntary income due to inability to fundraise or access different funding streams and revenue.
- Economic impact on funders and donors who often rely on investments, will impact on the sector's ability to access funding.
- Cumulative impact will lead to the closure of some charities.
- Lack of understanding by government of the issues facing local charities leads to a lack of funding available to meet the needs of local organisations, or they are simply not able accessible to them.
- Core funding, this is a long-standing issue but in recovery even more of a need for core not project funding.

2. **Commissioning practice**
    - Culture of commissioning has led to some organisations becoming overly reliant on one income stream or contract bound. These organisations will be adversely impacted by financial challenges facing the public sector.

b) Overall, what do you think are the biggest risks/consequences as a result of the impacts?

1. **Unsustainable financial situation within the sector leads to:**
    - Closures of charities that provide vital support to communities especially during recovery period e.g. to those who are most vulnerable and will feel the impact of Covid
    - Loss of small organisations who have less reserves but are intrinsic to supporting communities and also support public service delivery. They are often part of supply chains or part of the wider network of support that larger organisations rely on.
    - Unmet need as charities are unable to support communities and deliver services in the way they have previously, creates a vacuum of support.

2. **Increase in demand for services/support from charities:**
    - Parts of society become more vulnerable or are disproportionately impacted by Covid causing a surge in demand for support from charities and community organisations.
    - Potential for services to be overwhelmed from the autumn when government support is withdrawn, and inequalities become more apparent.
    - Particular area of risk around mental health, domestic abuse, employment support, debt advice, food distribution. However, more data needed around beneficiaries and vulnerable communities to understand this fully. This is part of the LWP at CAB and the New Emergency Assistance Grant being set up with CAB for the year and will be reported monthly to Defra
    - Increased demand exists over long period due to long lasting impact of Covid and is unsustainable if government support/public sector support does not respond to the pandemic sufficiently.

3. **Inability to deliver services to the level of demand due to financial position:**
    - Additional burdens around safe working environment and protection of staff could take up capacity and make it harder to meet demand within available resources.
    - Puts pressure on public services- if organisations that deliver services on behalf of the public sector are unable to deliver to the demand.
    - Loss of preventative services delivered by the sector, often without public funding causes more demand upstream as the service offer reduces. Increases public costs i.e. supporting carers supporting funding the equivalent of £132 mill per year in the UK.
    - Communities/beneficiaries are left behind and widening of inequalities.

c) Overall, what do you think are the biggest opportunities?

1. **Partnership and peer to peer support –** for charities of different sizes to work together and support each other to find sustainable and sector led solutions. This could be an opportunity to put aside some of the protectionist and competitive dynamics. There has been collaboration and a rebuilding of support networks locally through the pandemic and this should be continued. There have also been positive partnerships formed between public sector partners and the sector, which should be harnessed.
2. **Reset the long term relationship between Medway Council, CCG and Medway voluntary sector –** developing a written document that outlines the current and ambition to develop a reciprocal relationship between Medway public sector and third sector

3. **Volunteering**- to take stock of the increase in volunteering and how this can be harnessed in a sustainable and coordinated way. This must be resourced, volunteers are not 'free' and it requires support to be meaningful to both the organisation and individual. However, the pandemic has shone a light on the value of volunteering and the sector.

d) Are there any significant gaps in information or knowledge that we should be aware of?

- There is also a lack of data about those organisations, which are not registered charities and social enterprises, but this is a national issue and there is no obvious national data source to obtain this

e) Are there any quick wins?

- Establish an officer working group from LA and NHS that works with the sector on shared ambition projects

f) Is there anything we should stop doing in order to support recovery?

- Any public funded support to the sector should be used to reflect the immediate needs in recovery- peer to peer support networks, core funding but also consider longer term need to build sustainability and resilience in the sector- learning the lessons of Covid.

g) Are there any communications/media issues or requirements that need to be flagged as a result of these?

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Part 3: Equality considerations

- Digital inequalities, people who by age, disability or economic circumstances cannot access digital services have been disadvantaged during lockdown. Whilst some may have been able to access support to get online, this is not possible for many of the most vulnerable in the population and who are likely to need the most support in the future. If the needs for face to face as a necessity is not well understood this could disadvantage some.
- Mortality rates from Covid are showing a disproportionate impact on certain ethnicities, lower skilled workforces and residents living in areas of deprivation. It is important that third sector groups who directly work with these groups can still provide support
- People who are shielding because of age, frailty or disability may be left behind if this continues for an extended period without support or appropriate mechanisms in place to integrate them in some way with the rest of society. This requires resourcing and investment.
  Language for english and a second language and Asylum seekers etc

Part 4: Further information

Are you aware of any further commentary, data or information you think should be considered in recovery planning? Please summarise the information below or attach/link to the source.

What is important to Medway residents, but ultimately what the residents want that will help us to know where the support in the VCS needs to be built