

Cheshire and Warrington LEP VCSE survey

October 2020

Introduction

The Voluntary Community Social Enterprise (VCSE) Sector employs approximately 3.1% of the workforce in the LEP area. This equates to 14,900 people spread across 7,800 groups ranging in size from income of less than £10k p.a. to income of more than £1m p.a. The employed element of this cohort creates a Gross Value Added of £362.4m. Time given by volunteers (based on conservative five volunteers per group giving three hours per week at mean Cheshire salary of £29,856) adds a further £100m to this figure. Therefore, the VCSE sector is an integral part of the picture of local economic activity even before other benefits are considered.

This is the second survey undertaken across the LEP area. Results have been benchmarked against other surveys undertaken either elsewhere or on a national basis. These show that the results, in Cheshire, are in line with those seen elsewhere. The sample has been taken from micro, small, medium and larger organisations.

It is therefore possible to extrapolate figures to produce potential results for the VCSE sector.

VCSE Sector Employment:

- 1,010 VCSE sector jobs are at risk.
- The period April to June 2021 when much of the short term funding ends will see most jobs at risk.
- Almost 50% of local groups will not be using the new jobs retention scheme.

VCSE Organisations:

- 2,864 voluntary groups at risk of closure.
- 1,521 voluntary groups expect difficulties in core service delivery over winter.
- Demand for mental health/well-being services are increasing.

VCSE Funding:

- Organisations in Cheshire have a success rate in accessing Covid support funds almost double the national average.
- Minimal evidence of long-term, strategic funding returning.

Employment

Date/Info type	Oct 20	Comments
Percentage of staff furloughed by respondents	29.46%	HMRC reported 30% furlough rate across Cheshire as at end of June.
Percentage of respondents planning to reduce headcount	38%	Community Action Norfolk report a 31% figure from the same question, asked in Norfolk. Probono Economics have undertaken a national survey which reports that 43% of organisations plan to reduce headcount. The Cheshire figure is therefore in line.
Number of job losses planned	10%**	Just under 10% employed by respondents. UK Civil Society Almanac estimates 870,000 employed by VCSE sector in the UK. Probono Economics Sept tracker estimates that 60,000 jobs are at risk nationally = 6.89%.
Number of job increases planned	12.4%**	Most new jobs are in areas of employment support, information and advice – a reaction to the crisis.
Percentage of respondents (who employ staff) saying “unlikely to use new jobs retention scheme”	48.7%^^	This resonates with a report published by the Institute for Government (24.09.20) which highlights issues with “viable jobs”. Please also see responses in the finance section of this report.

Commentary

Narrative responses also indicate that there are issues with recruiting sufficient qualified staff to meet increased demand for services. Organisations that integrate volunteers into service delivery report difficulties arising because of the need for volunteers to isolate because of age or family members. The need for people to self-isolate for 14 days if informed by contact tracing system impacts greatly on smaller groups – particularly when it is an employee (who may represent 25% of the workforce) who has to self-isolate. Whilst almost all groups have developed remote working there are some where this is not possible. We were alarmed by the percentage of groups looking to reduce staff numbers. This figure resonates with sector surveys seen elsewhere in the country.

** Data on redundancy and recruitment is, at first sight, confusing in that 40% of those planning to recruit also plan redundancies. Because of this we have explored behind the raw data.

Of the jobs being created 50% relate to increase in demand for Mental Health services (including specific services for addicts in recovery, children and young people). There is evidence to suggest that these are funded by means of emergency Covid support grants from both public and charitable bodies. Without this support they would not be happening.

55% of planned recruitment (in term of both bodies and jobs) are to operations that expect severe financial problems by June 2021. Proposed jobs do not appear to have longevity. They are created by short-term funding which reacts to a demand that is seemingly longer term than previously expected. The next section of the survey indicates concerns about the longevity of funding.

^^ This question was asked before the Jobs Retention Scheme (which replaced furlough) was amended.

We have not drilled down into business plans/published end of year accounts to explore the effect of potential redundancy payments on reserves. Short-term jobs will not attract redundancy payments.

Where it is possible to deploy an existing member of staff into a new (funded) role a redundancy payment threshold may be triggered. That *may* be an explanation for both recruitment and redundancy at the same time. It is also highly likely that specialist staff have had to be made redundant as funding has ended and focus of short-term funding has led to posts for which existing staff are not suited.

Finances

Date/Info type	Oct 20	Comments
Percentage of organisations likely to run out of money by June 2021	36.71%	We have sought other surveys to test the results of this one. Suffolk Community Action report that 40% of organisations in Suffolk are likely to fold by June 2021 (Impact survey June 2020). The national Probono Economics survey indicates that 65% of organisations have less than 6 months reserves (Sept 2020).
Percentage of organisations accessing Covid support funding packages (grants)	61.70%	Of greater concern is the 7.14% who tried to access and failed. One organisation was invited to apply; were made an award; spent it and have now been told that they are ineligible. Probono Economics Sept Charity Tracker Survey indicates that 38% of charities were successful in this. The success in Cheshire is exceptionally good.
Percentage of organisations indicating potential difficulties in funding revised delivery models during the winter months	19.51%	This is a higher number than those that expect to close by the end of the year as winter runs into 2021. The Probono Economics survey indicates that 36% of organisations have less than three months' reserves.

Commentary

Narrative responses add reports that there is great concern over the short-term nature of funding. Fewer than 5% of the respondents said that they were well placed financially. A significant number report that income is down from trading activities (shops etc) due to closure whilst several others report that income is down due to lower numbers of either attendance or operations. Linked to this some report that, to comply with social distancing regulations, they have to hold the same activity more than once. Whilst income may remain the same costs have gone up. Clearly this is not sustainable in the long term. Costs have also increased due to PPE requirements and/or enhanced cleaning. This was mentioned by a smaller number but is an issue to be noted.

70% of narrative responses made reference to the difficulties caused by short term funding. This makes it difficult to plan forward. It also impacts on service delivery as time is diverted from service delivery to seeking funding for ongoing continuance. One or two responders observed that this is increasing stress levels. This is examined later in this report. Despite concerns over longevity of funding many organisations are recruiting to meet demand and to fulfil their charitable purposes.

Some 40% of organisations reported that they had, until recently, diversified income streams so they were not wholly reliant on one source. Without exception those that have done this have reported that diversified income streams have dried up. This is an across the board response – with smaller groups observing that traditional fundraising events have not taken place in 2020 and larger groups reporting income reductions in excess of £10k p.w. due to the temporary closure of well-established charity shops.

Infrastructure bodies in all three districts have been supportive where possible. All three have funding specialists and the benefit of this investment can be seen in the exceptional ability to access government support. This has resulted in organisations, in this area, being better placed than that seen nationally. This does not mean that they are not facing difficulties.

Adaptation and innovation

Date/Info type	Oct 20	Comments
Percentage of organisations who have adapted services	88.10%	Not all adaptations have worked – see below.
Percentage of organisations who can continue as they are under present restrictions	92.85%	This indicates that adaptations have been well executed and that agile operational practices have been deployed to good effect.
Percentage that will temporarily close in the event of a circuit breaker	16.67%	A significant number of organisations are now operating at the limit of capacity.
Percentage that see difficulties in delivery of services during the winter	19.05%	There are a number of services normally delivered indoors (meals for the elderly and vulnerable) that due to the summer weather were able to be delivered outside. Winter weather makes this difficult (see commentary).
Percentage that report that numbers have had to reduce because of service delivery changes.	57.14%	This is primarily due to social distancing with some reporting digital poverty being an issue.

Commentary

The VCSE sector is recognised as being agile and responsive. Delivery methods have changed to remote (where possible) and, as things have eased, physical sessions have begun to resume albeit in reduced form in terms of numbers at each event. There is a need to address social distancing measures in many community venues.

Changes have been achieved by the acquisition of additional IT equipment and within constraints of funding. Many funders have been flexible in the use of restricted grants. Some short-term funding has also been obtained to assist with changes and to support new ways of working. At first glance this is good news but it has been to the detriment of longer term funding that enables ongoing service delivery. It is a paradox that, as demand is increasing the ability for medium/long-term planning is reducing. This causes additional stress for trustees (volunteers who have taken on a director role); staff in leadership and concern for other paid staff and volunteers.

It is good to see that one organisation has endeavoured to reduce this stress by “giving itself permission not to do everything”. This is a pragmatic approach and is to be commended. It is a thought process that is alien to the sector. Only 5% organisations have sought mental health support for staff members and volunteers whilst more than double (12%) that number recognise it as an issue. The issue of mental health is beyond the formal remit of the LEP so we did not explore this issue as a set question.

There is an emerging issue regarding volunteers as many of them are in age groups that are classed as vulnerable. They are of a generation that has always “helped”. The message that Over 70’s are vulnerable

has been heard and numbers of volunteers has reduced. This impacts both on service/activity delivery as well as income generation as charity shops are now running with a reduced volunteer cohort. The LEP can assist with this by lobbying government to require some form of connection with the VCSE sector as part of the process of regaining employment as well as ensuring that G4S (and future Prime Contractors) equitably share the risk and rewards of the Work and Health programme.

Other issues

One issue that arose is socially distanced transport. Some groups have their own minibuses which are used to transport people to and from venues. They are outside of the scope of any recognised transport network and have thus fallen outside of the scope of the support provided for that industry. The transport industry is running at full socially distanced capacity with little scope to take on more work – even if it could be afforded. The minibus option was chosen because it was cheaper.

Some organisations reported other issues with venues beyond social distancing. Some are closed or unable to allow external parties onto a campus. This is affecting those meeting in community halls and/or schools. Not all organisations operating in this type of venue are affected. The issue arises because of different interpretations of guidelines. This links in with the confusion comments outlined in the main body of the report and indicates varying appetites for risk (which is also influenced by the vulnerability of volunteers).

The tables below summarise narrative responses. There were several other summary headings that were created. None of these scored above 5% so have been excluded from the results.

Main Issues Reported beyond finances:

Difficulty in delivering in a socially distanced manner	11.25%
Face to face working	10.25%
Concerns over volunteers (well-being and recruitment)	10.25%
Trading/income streams reductions (this is in the context of reduction in numbers being able to attend paid for activities)	8.50%
Difficulties with venue access	6.50%
Cessation of activities	5.60%
Confusion caused by frequent rule changes	5.60%

Changes made to delivery model:

Moved to online only	18.80%
Wider funding streams sought	14.49%
Remote working of staff and volunteers	10.10%
Reduced hours or numbers	8.69%
Improved recognition of risk	7.24%
Blended delivery	5.69%
Additional safety measures in place	5.69%