

Small charities responding to COVID-19

May 2020



**LLOYDS BANK
FOUNDATION**
England & Wales





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1. Overview and summary

- COVID-19 is obviously imposing fast, deep and profound challenges on all aspects of our economy and society. Charities and those they support are inevitably impacted by the crisis. Many charities, particularly those that are small and local like those funded by the Lloyds Bank Foundation for England and Wales, are stepping up to provide critical support to people facing complex social issues.
- These charities are supporting people who face heightened risks around COVID-19 such as homeless people, refugees, people with mental ill health, people who are more vulnerable to being infected because of weakened immune systems due to dependency, those with mental ill health or men and women affected by domestic abuse for whom staying at home or self-isolation heightens risks and harm.
- Charities have had to rapidly adjust how they operate, turning services and support that were all about social contact into something online and remote. At the same time more people are seeking their help and their needs are multi-layered. This requires more resource, time, expertise and equipment.
- Yet access to resources is diminishing. Fundraising and trading income is disappearing while even contract and some grant income is under threat. In other areas, the pivot to emergency funding leaves a potential gap in medium-term resources for grant holders. At the same time, charities are losing staff and volunteers to sickness, self-isolation and caring responsibilities.
- While, unlike 24% of the charity sector, Lloyds Bank Foundation grant holders do have reserves. For more than half of grant holders these reserves covered fewer than three months of operating costs at their point of application. Even for those with reserves for 3-6 months, the anticipated prolonged impact on charities' income alongside sustained pressures on demand will draw down on these reserves in the medium to long-term.

< 3 months

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2. What do we know about the impact of COVID-19 on charities so far?

The Foundation has been monitoring the impact of COVID-19 on our grantees and applicants through regular contact with our Regional Managers. These findings are based on conversations with over 300 charities and analysis of those responses to identify themes and trends as well as feedback from the development and grant making teams.

a) Impact on services and beneficiaries

- Small and local charities work with those most vulnerable to COVID-19. They are reaching those most at risk due to their circumstances and helping those most affected by staying at home and in isolation. Small and local charities' specialist knowledge, expertise and rootedness in communities means they are able to reach and respond to some of the highest risk individuals which other agencies fail to reach.
- For some charities, demand is rising as they work with existing clients in more resource-intensive ways, provide additional support to previous clients where the shock from the pandemic has increased their support needs, in addition to the growth in new clients reaching out to charities during the crisis. The lockdown is recognised for having a particularly detrimental impact on mental health, an issue which many clients of the charities we support experience, and which is being compounded by being shut indoors.
- Charities have transformed their services to continue delivering support. Nearly all charities we support have migrated from face-to-face and group activities to providing one-to-one support remotely, virtually overnight. A number of charities report needing to prioritise work with clients as a result of pressures of demand and new ways of working whilst trying to retain the trusted relationships that underpin their approach. For some working with young adults, digital services have led to an improvement in engagement.
- Some charities have also increased the range of support they are providing including around increasing mental ill health and meeting immediate basic needs, particularly around food, helping clients to understand what is happening and how to keep themselves safe - particularly as many have limited family or other networks to turn to.
- A minority of charities are temporarily closing services or closing to new clients. This includes those working in closed settings, such as the criminal justice system and secure mental health units. Many are struggling to provide consistent onward support to housing, health and welfare services as statutory services have responded differently.

b) Impact on charities and their community

- Alongside rising demand for their own support, many small and local charities are seeing their role as a local coordinator increase too, linking into other initiatives and organisations to better coordinate support, reduce duplication, simplify referral pathways, raise awareness and link up offers of help and volunteers with those that need it. While the emergence of new community groups and a growth in volunteers is welcome, it is the established local charities that have both roots into people who need support most and links to other agencies who can help. There are some examples of relationships between charities and statutory agencies improving in response to providing support during the crisis – but this is not consistent with other charities struggling with statutory relationships.
- In meeting demand, charities' costs are rising, as charities pay for the digital infrastructure to work remotely, new methods of delivery (which is often more resource-intensive with more focus on 1-2-1 support rather than group work), new services (such as paying for accommodation or food) alongside existing liabilities.
- Staff are stretched and under pressure with charities losing staff and established volunteers to sickness, caring responsibilities and self-isolation, particularly as many are in COVID-19 high risk groups themselves. A small number of grantees have furloughed at least some staff in response to the financial pressure of the crisis, even if demand for their service is rising. Whilst there are lots of people wanting to volunteer out there that requires time, resources and expertise to manage. Stress levels among staff are increasing, particularly where they are continuing to provide face-to-face support but often without PPE.
- Reduced infrastructure support locally as some infrastructure bodies shift to coordinating local responses rather than having the resources to help local charities adapt to the new environment.



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c) Impact on finances and funding

- Some charities have already taken significant financial hits – fundraised income is disappearing (from individuals and businesses), and trading income (event and venue hire, cafés, shops, training and other social enterprise) has been lost overnight. While there are a handful of exceptions, whereby the crisis has prompted local people to increase donations, for most the impact has been detrimental. The sums may not be huge in all cases, as a percentage of a charity's budget they can be very significant – such as Emmaus'. Those charities that have diversified their income are most at risk – and for them, the sums involved are significant. Public sector commissioners are responding in different ways – while some are building in new flexibility, others are threatening not to pay because services are now being delivered in different ways. There are very few patterns to this response, with many examples of neighbouring local authorities taking very different approaches. Many charities already 'top-up' contract income with fundraised income to make up the shortfall.
- Government has announced funding for small charities and funding for different sectors through government departments. It is imperative that this funding reaches charities on the frontline quickly and efficiently. Ultimately, while the funding is welcomed, it will likely be a drop in the ocean relative to the ongoing needs of charities and we will continue to seek to work with Government to monitor charities' ability to respond to needs.
- More than 500 emergency funds have opened since the crisis hit, to support charities to respond, but in many cases this funding is for small amounts and charities face significant challenges in navigating numerous funding pots at a time when their time to apply for funding has diminished even further.
- Most other government measures – such as business rates relief and small business grants and loans - do not support small charities effectively. While some grant holders have furloughed back office staff or those working on projects which cannot continue under lockdown, most charities are rightly trying to continue their services for those facing the most complex social issues.

+500

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d) Impacts on Specific Complex Social Issues and Sectors

In addition to the above general comments there are particular factors facing charities in different sectors:

- Domestic abuse: refuges are generally full with limited opportunities for move-on accommodation and a surge in demand nationally e.g.... calls to helplines as victims are locked in their homes with perpetrators with no chance for reprieve. There is a more nuanced picture at local level, with demand rising for refuge space and where there are statutory referral mechanisms, while self-referrals / referrals for advice are low; anticipating a spike in self-referrals and support needs when lockdown restrictions are eased.
- Homelessness: some charities are still providing emergency drop-in / face-to-face support; some reductions in demand around advice, given postponement of evictions – but big questions around what happens when restrictions end and hotels, etc. housing homeless people start operating as hotels again.
- Learning disability: charities working hard to help people understand what is happening; growing support needs from family and carers.
- Mental health: surges in demand; some examples of new helplines; some taking on new volunteers to help with demand; restrictions to movement, self-isolation and barriers to technology (financial or otherwise) intensify challenges for people with mental health issues.
- Addiction and dependency: there may be an increase in demand when lockdown measures are eased and people return to the streets.
- Refugees and asylum seekers: particular challenges in providing support remotely due to the number of clients who do not have access to technology – and even for those that do, they do not have sufficient credit to participate in activities online; some face-to-face work still happening to allow for this; added pressures (and costs) of expensive phone translation services when providing support remotely; new asylum seekers and refugees are still arriving.
- Care leavers: shift to digital has generally been well received by younger people; increase in demand.
- Offending: sector pushing for early release and reduction in short sentences; challenges of no access to prisons – although more phones have been provided to prisons, there are still relatively few of them and they are reserved for pre-identified close family and friends; challenges of release when other services are closed/operating remotely, housing is a particular challenge and people don't have access to phones/credit.
- Sexual abuse and exploitation: Concern about spike in demand once lockdown measures are eased; sex work charities still providing street outreach services.
- Young Parents: clients have valued the shift to digital; more serious safeguarding issues.

3. Wider impacts on the voluntary sector

While this paper primarily focuses on the experience of Lloyds Bank Foundation grant holders, COVID-19 is impacting on all charities working across all issues and charities of different sizes. Many high profile charities and infrastructure organisations have already furloughed staff, with significant hits to income and implications for the support that charities are able to provide - 91% of charities surveyed by the Institute of Fundraising, Charity Finance Group and National Council for Voluntary Organisations (NCVO) have already or expect to have their cash flow disrupted. Some organisations face imminent closure – particularly where they are not part of the emergency response so cannot access emergency funds, yet they may still have an important role in the recovery and rebuild phases.

Some sectors have been largely overlooked as funders (statutory and independent) have shifted to the COVID-19 response. For example, large medical charities whose work remains vital for those they support, indeed more so with access to the NHS having been restricted and operations and treatment delayed, but who are not considered part of an emergency response, will see the double whammy of income constricting while they are not eligible to access any of the new support.

The Foundation of course focuses on small and local charities delivering holistic support to people facing complex social issues, but they are part of an important ecosystem of support available in communities and there will be inevitable impacts on small and local charities and those they support when other parts of the sector suffer.

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4. What might come next?

Things are continuing to shift but we are starting to see charities think beyond the immediate crisis. While much focus has been on the current challenges of lockdown, the impact on charities and those they support will be felt for much longer. Some emerging factors/considerations that charities are thinking and/or worried about include:

- Surges in demand as lockdown restrictions ease, with particular fears around domestic abuse, evictions and rent arrears, access to welfare and mental health services;
- Surges in demand may be further intensified where some services have been forced to close as a result of the crisis;
- Rises in demand as short-term measures to support people end e.g. around homelessness and improvements to Universal Credit;
- Those with reserves are likely to struggle on during the immediate crisis, but fundraised and traded income is likely to be hit for a long time, so pressures on finances will continue to increase over time;
- A focus on short-term responsive funding makes it harder for charities to plan for the future – many charities will see numerous grants end at the same time (in 12 months' time) and they will have to spend more time this year focusing on securing more income;
- Cashflow is likely to be a significant issue, even for those charities with reserves
- While emergency funding has become available, it is typically for small amounts so charities have to make multiple applications and other sources of funding have dried up with funders switching to emergency responses even when applicants were close to having had a grant confirmed;
- Local charities are demonstrating the vital role they play in local communities – there is an opportunity to shift the dial and embed small charities in a Keep it Local approach with councils as areas look to recover, and of course we will seek to do this in our own development work in the six local areas.

We will continue to monitor and analyse how charities respond and adapt and to feed this insight into how we develop our own responses and plans across our three pillars of funding, development support and influence.

Appendix

Examples of charity responses

Mental health charity, East Midlands

“We have seen an immediate and significant effect of Coronavirus. Our clients and caller numbers have surged significantly and continue to do so on a daily basis. It is clear that people are extremely anxious and their mental health is affected. Unfortunately at the same time the impact of Coronavirus on fundraising activities for the charity has been substantial.

Due to the current uncertainty people have delayed their pledges to the Charity and also we and third parties have had to cancel events for the first quarter of our financial year. We believe this has led to a drop in income of £30k. This is a double whammy for us as most of our events are held in the first and last quarter of each financial year. Whilst we can make economies and save on some of the expenses related to organising events and collecting funds there remains a gap.”

Learning disability charity, South East

Due to the safety of beneficiaries and staff they have now closed their premises. They will be supporting beneficiaries in the following ways:

- Online Training Videos: To continue to provide work training, their project leaders are working on videos to show household and work-orientated tasks. e.g. cooking a simple, nutritious meal.
- Zoom/Skype Contact Sessions: Job coaches will carry on delivery support remotely, e.g. interview skills, and social skills workshops

- Regular/daily 1-2-1 telephone calls: Some work trainees don't have access to laptops or tablets, so Job Coaches and Staff will be checking in on all of their beneficiaries to ensure that they are coping. It is important for work trainees that they know that the charity is still here for them, that we will continue to provide support in whatever way that they can.
- Work training and information packs: Packs are being created by their team, many of which are trained as Special Education Needs Teachers. The packs will contain social stories and information to help the Learning-Disabled people how to cope in this situation. Recipes and work training work sheets will also be included.
- Home seed growing kits: To try and promote well-being, they are providing them with seed growing kits. This will help them to focus on something else for just a little time a day. Whilst continuing to learn about growing flowers/produce.
- Supplies drop-off: Many beneficiaries have serious underlying health conditions, so need to self-isolate. Others may need to quarantine. Staff are making sure that those in need can access food and essential supplies.

Mental health charity, Wales

With the on-going COVID-19 crisis we have had to be resourceful and innovative in how we adapt. Ceasing services simply isn't an option at a time when people need us most.

Our staff are now working from home in line with Government guidelines and the primary way we have continued to provide services is via remote support sessions and welfare checks through telephone and video conferencing to ensure clients still receive their allocated support and to combat isolation and loneliness during this difficult time. However, we have also been keeping as many of our wellbeing group activities running as we can virtually via Facebook and other platforms. This includes virtual creative sessions such as arts and craft and we are now looking at options around a virtual Drop-In, remote yoga sessions and a range of other activities.

We are trialling a variety of interventions and this is uncharted territory, but with the right amount of creativity and equipment we are confident that we can continue to provide remote services to help people at a time when they need support most. Staff have been resourceful with limited and in some cases outdated portable technology, but with the COVID-19 crisis continuing for an indefinite period we now need to ensure we have sufficient portable computing equipment to see us through the crisis and not only allow our staff to work from home, but to continue to provide services in a digital format for as long as is needed.

Asylum seeker and refugee charity, London

The charity has moved most of its services online including its advice, counselling, buddying and group work. It is using its volunteers to provide phone support to the most vulnerable and isolated of its clients. It is continuing to take referrals for support for young people but due to capacity, is prioritising support to those where there are issues of safeguarding, homelessness, destitution, urgent immigration issues and young people without any other support networks.

The charity is fundraising towards and providing small hardship grants to people in significant need. It is also delivering new work to provide essentials such as food and toiletries parcels to those most in need, with these being delivered by volunteers.

The charity is seeing a significant increase in the number of homeless young people presenting to the charity, homeless young people/care leavers being placed into unsuitable accommodation without support, support for homeless young people being very variable from local authority to local authority- some responsive, some being uncontactable. Conversely it is receiving an increase in pro-bono support from solicitors to provide representation for its service users.

Mental health charity, East Midlands

At final stage of Lottery but stopped, now delaying ongoing by six months. Only apply if direct COVID-19 response. Other considerable funders have asked to resubmit bids, to ascertain how response – complete with revised work plans and costs. Only giving them days to do so.

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Lloyds Bank Foundation for England & Wales partners with small and local charities who help people overcome complex social issues. Through long-term funding, developmental support and influencing policy and practice, the Foundation helps charities make life-changing impact. The Foundation is an independent charitable trust funded by the profits of Lloyds Banking Group as part of their commitment to Helping Britain Prosper.

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