

Financial Impact of COVID-19 on the Camden VCS



Background

Voluntary and Community groups across Camden have risen to the challenge of supporting residents and communities during the crisis, particularly those who are most vulnerable through health or isolation. Yet many groups have no or very limited funding or other income to carry out these activities and there is a risk to ongoing sustainability beyond Covid-19. In May 2020, VAC surveyed the sector to build a detailed picture of the current situation on the ground and to identify future risks to ongoing sustainability and service delivery in Camden. A key outcome of the survey is to identify future support needs for the sector and how VAC can best take forward and advocate for continuing support for the sector in both the short and mid-long term. The findings of this survey were discussed at the Camden Voluntary Action Forum meeting on 3 June 2020. Comments from participants have been incorporated into this report.

Profile

- The survey was emailed to all VCS contacts on the VAC directory.
- At the time of writing, VAC has received 35 responses but responses are still coming in.
- VAC also received a number of emails from groups who were unable to complete the survey, either because they had no capacity to do this, or because they operate on a voluntary basis and have no income at all. Some of these groups are directly involved in delivering Covid-19 activities e.g. mutual aid groups, tenants and residents groups etc.
- Whilst not a statistically representative enough sample to accurately extrapolate findings across Camden, the results provide a snapshot of how Covid-19 is affecting key organisations in Camden and how they plan to manage the implications.

Findings

COVID-19 Activities

31 out of the 35 groups who responded were engaged in delivering COVID-19 activities. Of these:

- 87% are spending more than 60% of their time on Covid-19 related activities rather than normal service delivery with 19 organisations spending 80-100% of their time directly on Covid-19 support.
- 22% have no grant, contract or direct funding at all to support these activities; 22% have between 20-40% funding to cover activities; 32% have between 60-80% funding to cover activities; only 1 organisation reported 100% funds secured to deliver Covid-19 activities.
- When supplemented with reserves and other unrestricted income, 38% of groups report between 60-100% of all Covid-19 activities are unfunded.

- 20 groups reported eating into their reserves to supplement Covid-19 activities. However, the survey did not ask how many groups have existing reserves they are able to utilise. For many smaller groups there are likely to be no reserves at all to draw on.

Financial Implications

- **Total monthly** cost of providing **unfunded** covid-19 support is £125,000.
- **Total monthly** loss of **earned income** is £246,000.
- **Total monthly** projected **fundraising shortfall** is £113,000.
- Looking at income banding, the larger the organisation, the greater the cost of providing Covid-19 support (although this tapers off for organisations with an annual income over £1million).
- Whilst many smaller groups were unable to complete the survey, of those that did that have an annual **income under £25,000**, monthly costs of delivering Covid-19 activities total **£17,600**.
- The greatest concern for larger organisations appears to be the projected shortfalls in earned income and fundraising.
- In terms of earned income, this directly translates to loss of saleable services like room hire, cafes, club hire, personal budgets and other commercial activities. There is also the potential knock-on effect from the possible drop in income of residents and potential closure of many smaller groups, who would otherwise be 'buying' such services and thereby providing an additional source of income for the larger organisations.
- In terms of fundraising shortfall, this appears to be down to inability to actively fundraise through lack of capacity or because of social distancing, which has made traditional fundraising efforts much more difficult, as well as dealing with changing priorities of funders (more on this below).
- **60 applications totalling £393,000** have been submitted to the Government Business Support and Top up Schemes, Camden Council, National Lottery, Community Infrastructure Levy, Camden Giving and London Community Response Fund.
- **We do not know how much funding has been awarded.**

Human Resources

- Of the 31 organisations who completed the survey, **96 staff** have been furloughed.
- VAC estimates there are approximately 1400 charities and community groups in Camden. The actual figure across the borough will be substantial.
- Again, the larger the organisation, the higher the number of staff currently furloughed.
- The survey did not ask about volunteers.

Ongoing Sustainability

- Interestingly, 60% of those engaged in Covid-19 activities have no concerns about risk of closure – in either the immediate or the longer term.
- Those without staff, premises or significant overheads seem less concerned.
- However, those that are concerned about closure see this happening 12 – 36 months down the line rather than within the next 3 – 6 months.
- Whilst organisations seem relatively unconcerned about the cost of covering Covid-19 activities in the short term, the concern is more around how the loss of earned income and



fundraising shortfall will negatively impact them once the crisis is over or when things are relatively 'back-to-normal'.

- One organisation reported budgeting lost income to be 13 times greater than additional costs this financial year, and that is even after assuming a 50% return to normal by September.

Strategies to Mitigate Lost Income

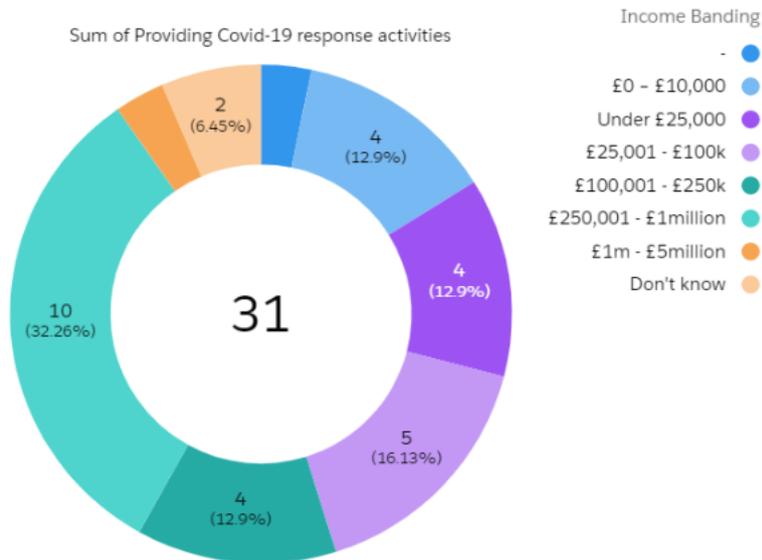
- Negotiations with funders to repurpose existing funding.
- Applications for emergency funding with current funders and others offering emergency funds.
- Drive to secure donations and philanthropic giving from key stakeholders and supporters.
- Looking for other external sources of funding.
- Increased use of volunteers and tapping into positive relations developed with residents and service-users through crisis.
- Furloughing staff, reducing hours and pay cuts for senior staff.
- Asking for holidays on rent and overheads.
- Moving services online.
- Freezing capital expenditure.

Other Concerns

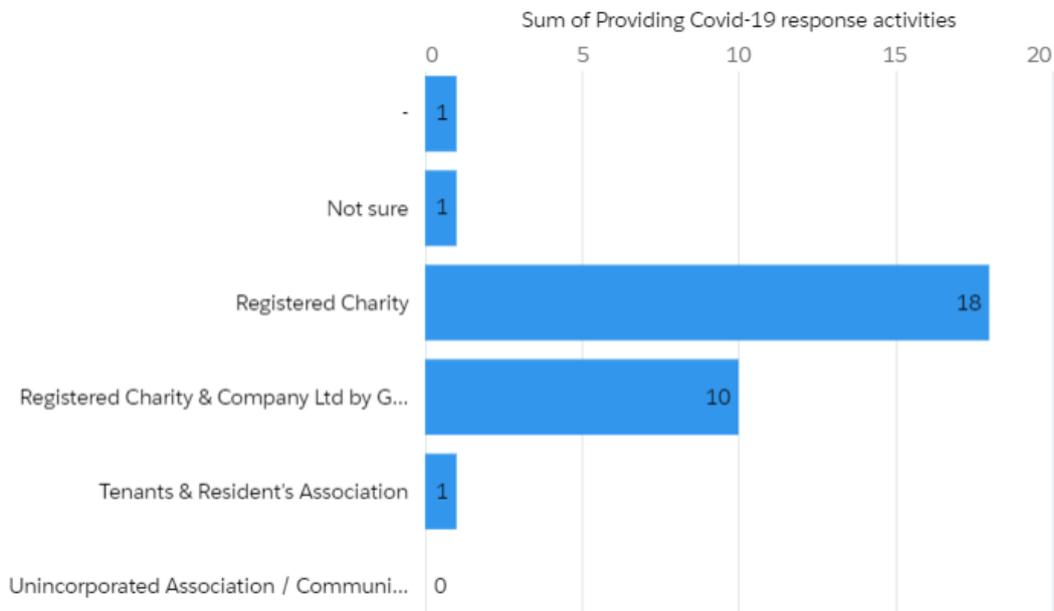
- Time taken to hear back from funders on current applications submitted.
- Existing larger funding streams are coming to an end but the usual grant funders who they would approach for continuation or new funds have suspended applications in preference for Covid-19 related work.
- The impact of Brexit and a likely recession on availability of, and competition for, funding.
- Competition within the sector to access a dwindling pot of money detrimental to ongoing sustainability as well as relationships and collaboration within the sector.
- Impact on 'non-essential' services e.g. arts, culture, heritage, advice etc. Will these be sacrificed by funders in preference for organisations delivering 'emergency services'?
- Nurseries funding based on per capita basis. Therefore 50% drop in numbers attending will see 50% drop in income.
- Uncertainty over change of and / or end of furlough scheme and ability to pay staff wages.
- Significant need for advice and support for the sector as lockdown eased and we begin to see the financial and social impact on communities and what planning is needed.
- Smaller groups have no capacity to fundraise on top of delivering the services they were setup to provide.
- Smaller groups have limited capacity to engage in meetings and other collaborative / strategic forums therefore may not be represented.
- Concern about smaller groups going under. How do we better collaborate and support each other, particularly if no capacity?
- Collaboration more important than ever now. How can we share and exchange spare capacity?
- Is Covid-19 exacerbating existing problems for groups and residents, or are groups and residents facing new challenges that Covid-19 has created?

Appendix 1: Survey Graphs

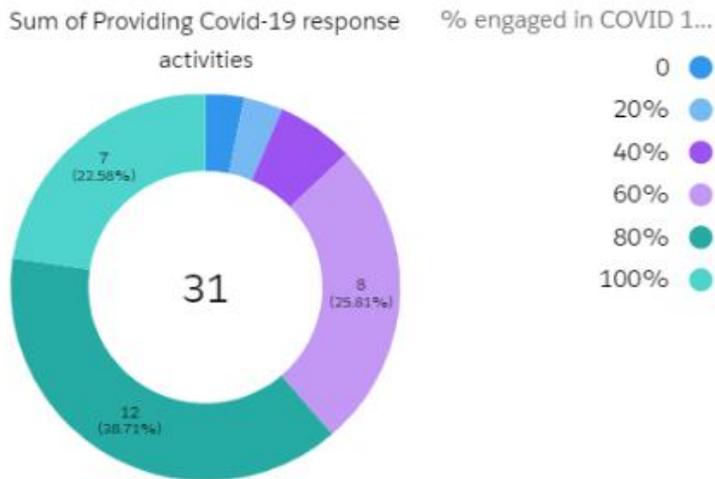
Income banding of groups providing COVID-19 activities



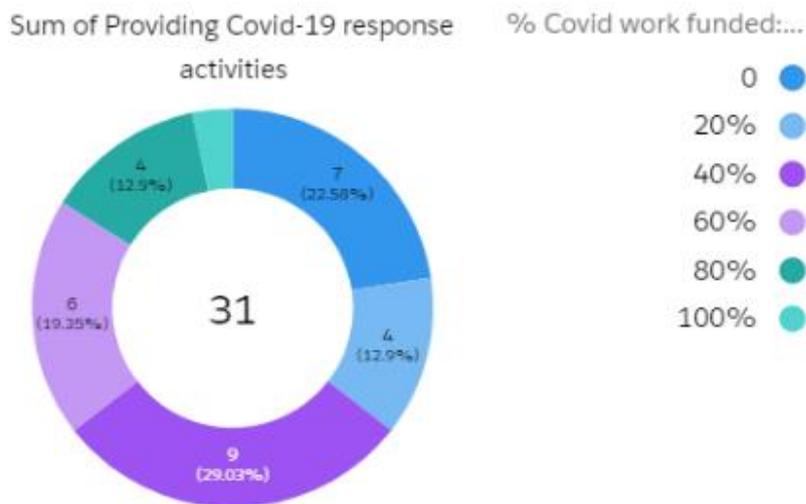
Legal Structure of groups providing COVID-19 activities



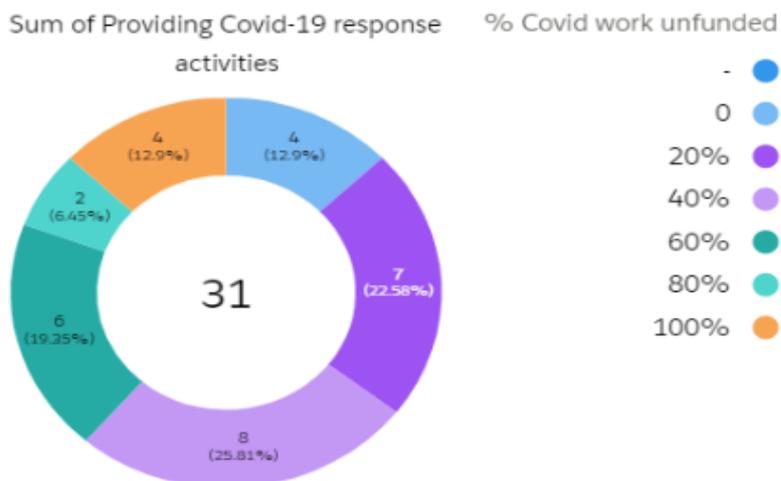
% of groups providing Covid-19 response



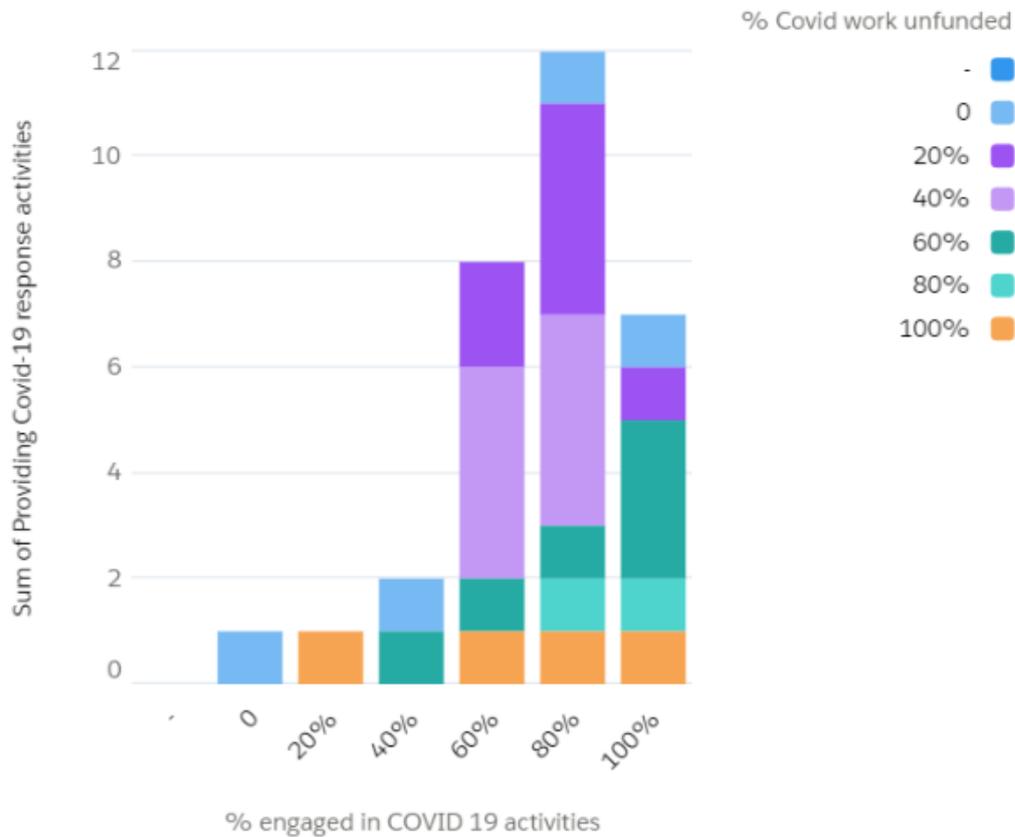
% of Covid-19 work funded through grants, contracts and other direct funding.



% of Covid-19 work unfunded

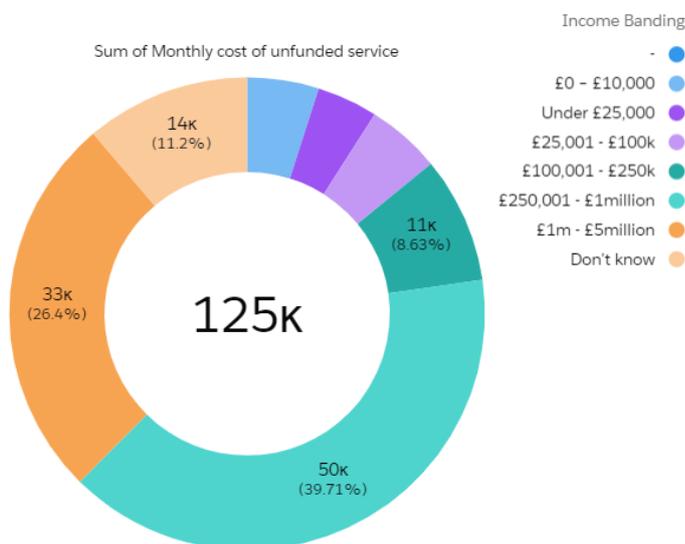


% engaged vs % unfunded covid work*

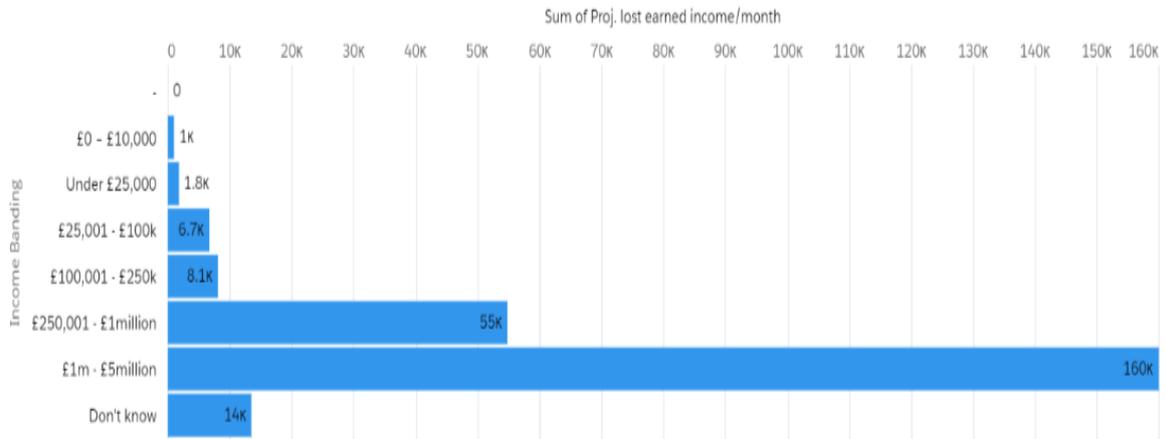


* This graph represents the difference between the % of group time spent delivering Covid-19 activities and how much of that work is currently unfunded. If you look at the last bar which shows organisations spending 100% of their time on Covid-19 activities, you can see that the majority are unfunded for between 60-100% of their work.

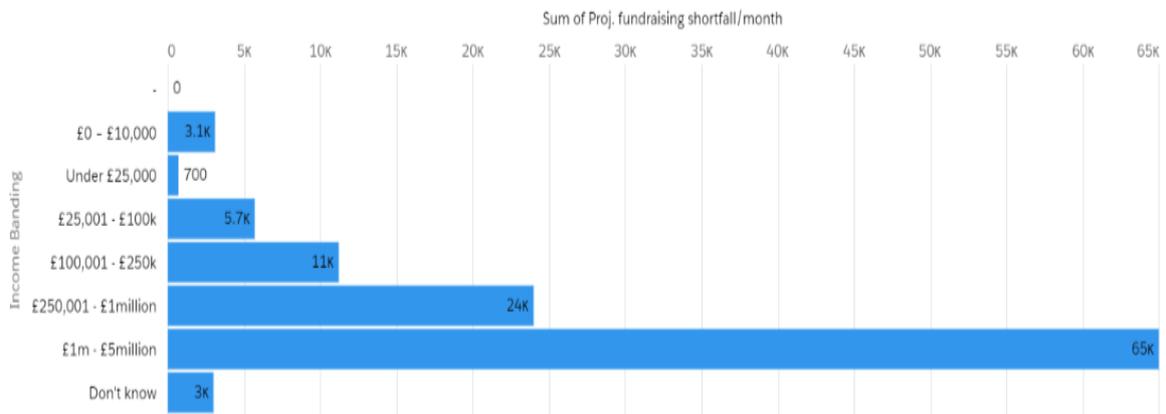
Monthly cost of delivering unfunded services (by income banding)



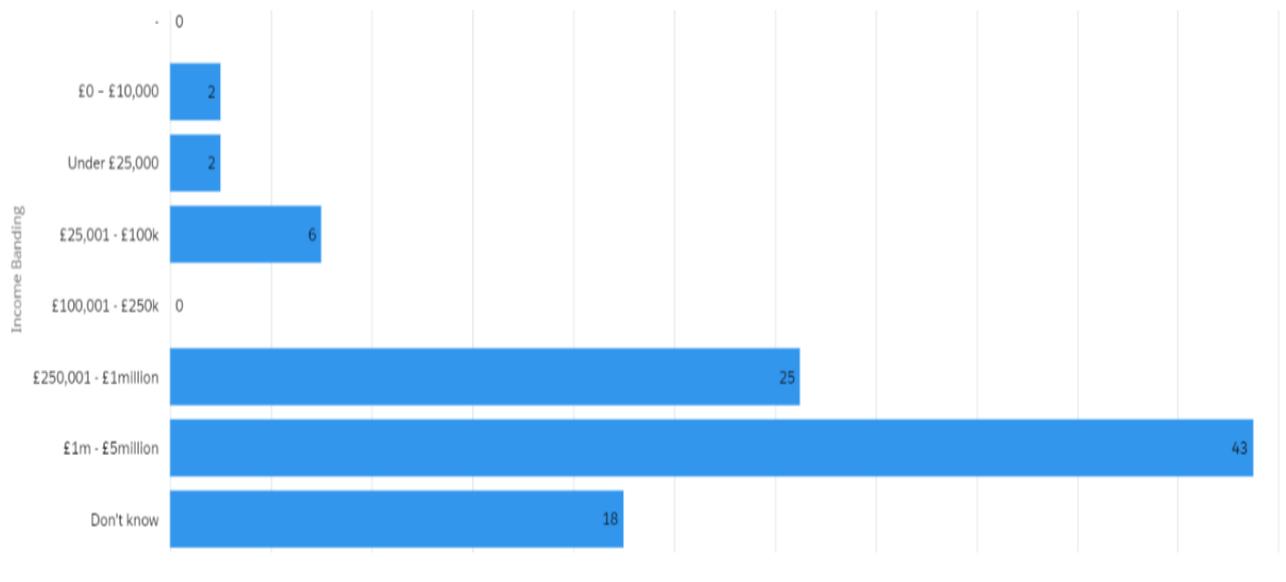
Project loss of earned income (by income banding)



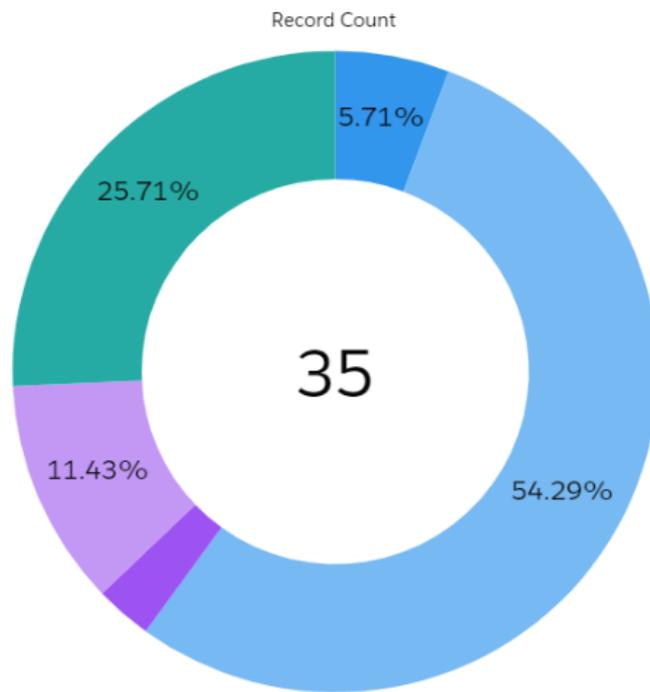
Projected fundraising shortfall (by income banding)



Staff furloughed (by income banding)



Concern of Risk of Closure



Risk of closure concern - No Within 3 months Within 6 months Within 12 months