



Research Report

Coronavirus and its impact on the Scottish Third Sector: A review of literature

June-August 2020



Key Findings

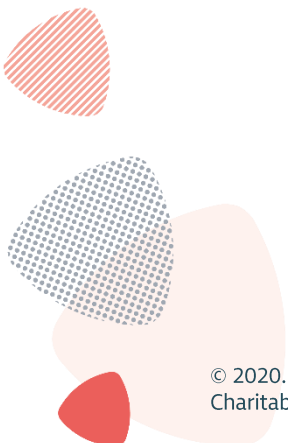
Charities are increasingly concerned about the mental health and wellbeing of both their staff and service users.

One in five charities report a critical threat to their finances in the next year.

60% of UK charities will not be able to afford to bring back all of their furloughed staff if the scheme is withdrawn before social distancing ends.

A quarter of Scottish charities are reporting a significant increase in demand for their services.

A third of charities have seen a decrease in the number of volunteers with which they engaged.



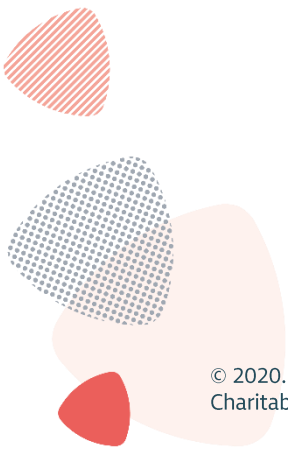
Introduction

This paper presents a summary of the existing literature on the impact coronavirus is having on voluntary sector organisations in Scotland. It includes research published primarily by Scottish voluntary organisations and infrastructure bodies between June and early August 2020. It is a follow-up to SCVO's paper, *Coronavirus, and its impact on the Scottish voluntary sector – what do we know so far?* published in June. As with that paper, the focus here is largely on the impact of coronavirus on voluntary organisations, not the people and communities they serve.

The purpose of synthesising the existing literature is to identify trends and gaps in our understanding of the impact coronavirus is having on voluntary organisations in Scotland. This work contributes to discussions SCVO are having with a range of partners about developing a systematic/strategic approach to future research projects in this area.

The previous SCVO report identified that at the outbreak of the pandemic (March-April) the three main issues organisations were facing were: meeting immediate needs, staffing and digital capacity and funding. However, come May, these issues had shifted to include financial sustainability, adaptation of services in the longer-term and 'building back better'.

As we can see from the research included in this paper, the main themes emerging from the sector between June and early August included many of those already highlighted in SCVO's June paper, but also an emerging theme around workforce issues: furlough and staff morale. Issues pertaining to 'return to work' and mental health and wellbeing, both of staff and service users, also came across strongly.



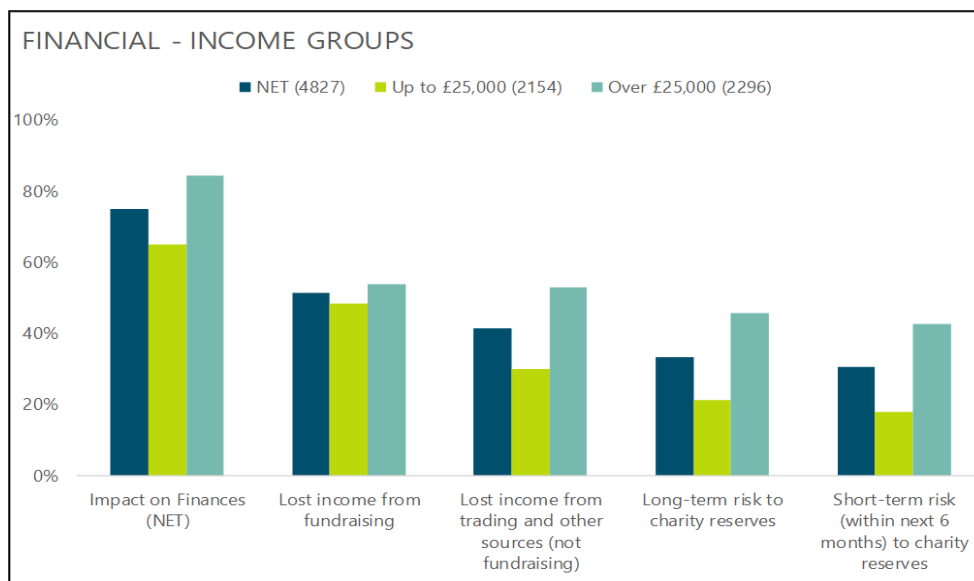
Key Themes

In June, both the Scottish Charity Regulator (OSCR) and Third Sector Interfaces (TSI) Scotland Network published findings from national surveys with third sector organisations. The two surveys had a combined response rate of over 6,000 organisations from across Scotland. Several key themes emerged from the survey results. These themes are echoed and added to by research from ACOSVO and Inspiring Scotland, as well as sub-sector and people and communities specific research. The key themes are grouped below.

Finances

The OSCR survey reported that 75% of respondents had already seen an impact on their finances. Over half of the charities (51%) surveyed had lost income from fundraising. Two in five (42%) had lost income from other sources such as trading, see figure 1. This lost income from trading and other sources (not fundraising) is significantly higher for larger charities, affecting 61% of charities with income over £100,000. This is echoed in the findings from the TSI survey, with almost half (45%) of respondents experiencing/anticipating a reduction in income from fundraising, and 36% experiencing/anticipating lost income from trading.

Figure 1: Impact on Finances by Income Group. Source: OSCR



The OSCR survey found that 20% of respondents reported a critical threat to their financial viability in the next 12 months, with the same number predicting that they would be unable to do the work they were set up to do at some point in the next 12 months. The threat was strongest for charities with an income of over £25,000 a year and with over 11 paid employees. The TSI survey meanwhile found that 36% of organisations believed that their financial position is likely to worsen due to the impact of coronavirus, and that this will cause challenges.

In addition, ACOSVO's *Leadership Support during Covid-19's Insight Reports*, captured key themes and emerging issues from support calls with third sector leaders. In each call ACOSVO took discussion notes and logged the key issues facing leaders. To date the top parent themes are people management, **financial challenges**, and the future of the voluntary sector. Further evidence comes from Inspiring Scotland's Covid-19 intelligence reports, which provide an overview of the key issues being reported by some of the 300 charities Inspiring Scotland supports across its funds. There are now six reports available on their website. The latest, week six, covers the period 22nd- 26th June. In that report, feedback from charities on their financial position suggests that there are fears of an impending 'funding cliff/recession'.

These findings resonate with results from UK wide research by the Institute of Fundraising (IoF), National Council for Voluntary Organisations (NCVO), and Charity Finance Group (CFG) looking at the impact of the coronavirus crisis so far and the expected impact on charities over the coming year. That research, also published in June, found that charities reported an expected 24% reduction in total income for the year, equating to a £12.4 billion loss in total. It found that during the survey period (March 23rd- May 12th) 84% of charities reported a decrease, or a significant decrease, in their income and 92% of charities reported a fall in trading income during the same period.

Funding and Support

The OSCR survey found that 25% of respondents had applied for emergency funding. It also found that Local authority funding (33%), other independent grant funding (33%), and simplified requirements for reporting on grant outcomes (32%) were considered the most helpful kind of funding support.

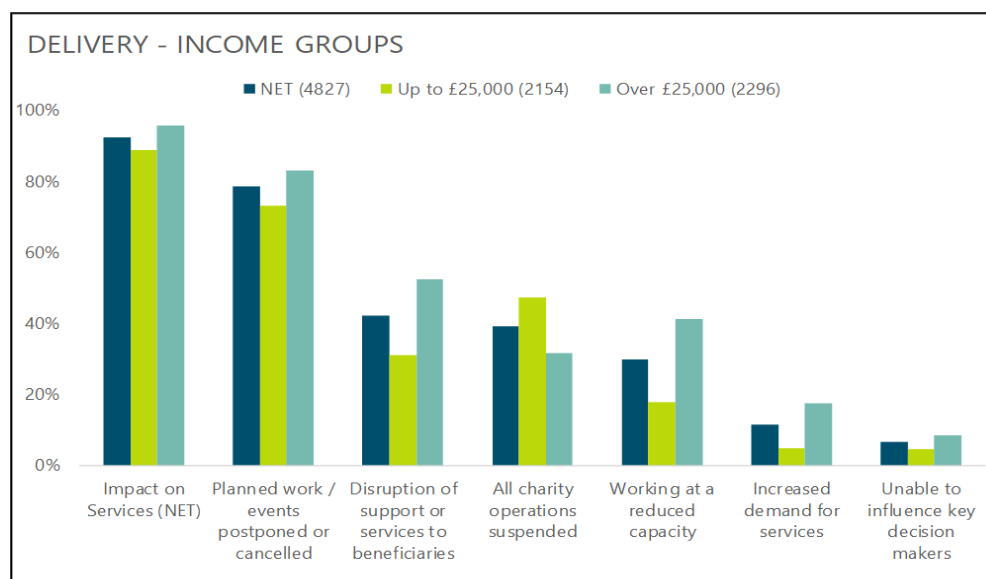
The OSCR survey found that Information and advice on the financial support charities can claim (51%), more guidance on how charities should continue during the pandemic (46%) and flexibility in filing or reporting deadlines (45%) were thought to be the most helpful kind of non-funding support.

The ACOSVO report also found fundraising and funding to be one of the top five issues to emerge from calls with third sector leaders.

Demand and Capacity

The OSCR survey found that 92% of respondents had seen their ability to deliver services disrupted, figure 2. The TSI survey suggested that 30% of organisations have stopped delivering services, while 52% have modified, or completely changed what they do. The OSCR survey shows that almost half (47%) have adapted to offer services by phone or virtually, but that 36% have been forced to cease operating. This was significantly higher for sports and recreation charities (56%) and charities working in culture and the arts (48%). In terms of disruption to services to beneficiaries, OSCR reported a higher proportion of charities working in housing (63%), mental health (65%) and social care charities (55%) were affected than the overall figure of 42%.

Figure 2: Impact on Services by Income Group. Source: OSCR



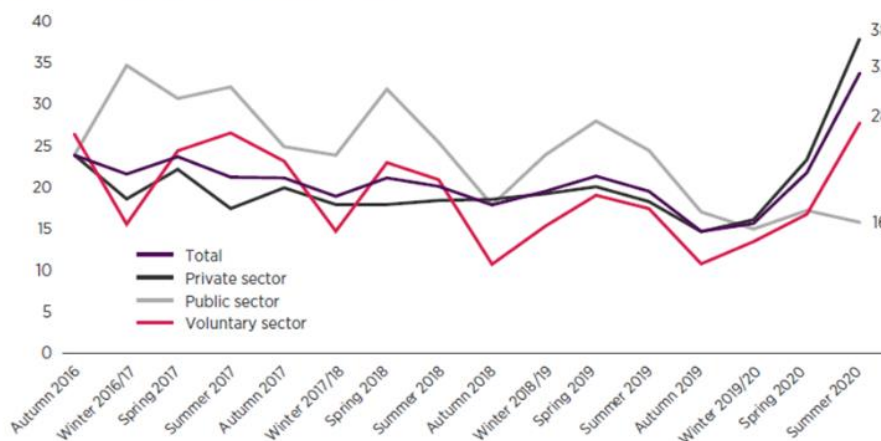
The OSCR survey found a small increased demand for services, as did the IOF survey, which reported that 24% of charities were seeing a significant increase in demand for their services. These findings are supported by Inspiring Scotland’s research that one of the key issues facing charities was an increased demand for services.

Paid Workforce and Furlough

The Chartered Institute of Personnel and Development’s (CIPD) latest *Labour Market Outlook* report aims to offer an early indication of future changes to the labour market around recruitment, redundancy and pay intentions.

The report finds that employment confidence in the voluntary sector has fallen from +4 in April 2020 to -3 in August, and that 28% of voluntary sector respondents plan to make job cuts, a significant increase of 11 percentage points from April, see figure 9. We are seeing these intentions borne out as New Philanthropy Capital’s (NPC) [Covid-19 charity redundancies monitor](#) shows.

Figure 9: Redundancy Intentions time series (%)



Base: summer 2020, all employers (n=2,009; private n=1,369; public n=403; voluntary n=237).

The TSI survey found that 30% of organisations had furloughed staff. The OSCR survey had that number at 19%, but that increased to 66% for charities with 11 or more staff. The IOF report found that 61% of UK charities using the scheme say

they would not be able to afford to bring back all of their furloughed staff into existing roles if the scheme is withdrawn before social distancing completely ends. Similarly, charity leaders ranked furlough as one of the top five issues concerning third sector leaders (ACOSVO).

Volunteers

The OSCR survey found that access to and engagement with volunteers had decreased for many charities. A third (29%) of charities had seen a decrease in the number of volunteers with which they engaged. This hit charities with an income of over £25,000 (36%) the most. A UK wide report published in August by nfpSynergy found that volunteering trends have seen relatively dramatic changes because of the Covid-19 pandemic. For those aged 55 and above, only 1 in 10 say they have volunteered in the last three months. Covid-19 has a large part to play in all of this of course as elderly people are self-isolating more strictly than other age groups.

Meanwhile, volunteering rates amongst the under 30s have dramatically increased. The percentage of those saying they have volunteered in the last three months has increased from 30% up to 40% from 2018-2020. Again Covid-19 will surely have had a significant impact on this with many responding to the NHS call for volunteers, or other local 'mutual aid' and voluntary schemes.

Mental Health and Wellbeing

It has become apparent, from national surveys and the sub-sector intelligence included here, that as the pandemic has progressed people's mental health and wellbeing have deteriorated. In ACOSVO's Leadership reports, looking at the breakdown of the mentioned parent themes, the top issues were mental health and staff morale. This is also the case when we look at evidence from Inspiring Scotland. Their reports suggest that several charities are concerned about the mental health and wellbeing, both of staff and service users. The real possibility of an impending mental health crisis is borne out by the latest *Opinions and Lifestyle Survey* published by the ONS. That survey finds that one in five UK adults are reporting symptoms of depression, double the pre-pandemic levels.

Sub-Sector Specific Reports

Social Entrepreneurs Network Scotland (SenScot)¹

SenScot published a report, *Social Enterprise Reset Week: Impact Report*, that captured the outcomes from events that took place during SE Reset Week. Clear themes emerged from SE Reset Week which highlighted the current challenges, issues and opportunities arising because of Covid-19. These included how SEs have addressed the immediate challenges; how they are preparing to move forward in the coming months; and the support structure and resources required to enable this to happen. The three recurring themes mentioned in the report are:

- Collaboration.
- Peer support and networking.
- Mental health.

Scottish Community Alliance

The Scottish Community Alliance's report, *Community response to COVID-19*, is based on interviews with nine community led organisations across Scotland, all facing different challenges, and all playing a pivotal role in responding to the covid-19 pandemic.

The research finds that community anchor organisations have been able to react to the COVID-19 pandemic in ways that have ensured local needs were assessed and responded to quickly while simultaneously adapting their operations to cope with a fast changing environment.

Several factors were mentioned as to why community anchors responded effectively to the crisis, those included: Organisational and financial capacity; independence; experience; trust and access to resources

The report makes several recommendations, including:

¹ Social Enterprise Scotland's 'State of the Sector Covid-19 and Social Enterprise in Scotland' will be included in next quarter's synthesis.

- Provide anchor organisations with secure and sufficient operational core funding.
- Work with communities to make decisions and allocate resources.
- Continue building trust and working in partnership at a local level.
- Devolve decision making and resource allocation to the lowest practicable level.
- Continue to build resilience at a local level.

Impact on People and Communities Reports

Poverty Alliance

The Poverty Alliance report, *Community organisations, community activists & Covid-19*, highlights the experiences and perspectives of community organisations and community activists from across the Poverty Alliance network, on the impact that Covid-19 is having on them and the communities in which they live and work.

Community organisations have already begun to identify trends that have emerged in the few weeks since the crisis began to unfold. Those include but are not limited to:

- Digital exclusion issues.
- Increased living costs.
- Lack of awareness of social security entitlements.
- Rising levels of food insecurity.
- Mental health impact.
- Rising unemployment.

Carers Trust Scotland

The results of a Carers Trust Scotland survey into the impact of Coronavirus on young carers aged 12 to 17 and young adult carers aged 18 to 25 was published in July 2020. They point to a steep decline in the mental health and wellbeing of thousands of young people across Scotland who provide unpaid care at home for family members or friends. The key findings included:

- 45% of young carers and 68% of young adult carers in Scotland say their mental health is worse since Coronavirus.
- 71% of young carers and 85% of young adult carers in Scotland are more worried about the future since Coronavirus.
- 69% of young carers and 76% of young adult carers in Scotland are feeling more stressed since Coronavirus.
- 74% of young carers and 73% of young adult carers in Scotland are feeling less connected to others since Coronavirus.
- 58% of young carers in Scotland are feeling that their education has suffered since Coronavirus.

Inclusion Scotland

Between 19th June and 3rd July 2020 Inclusion Scotland surveyed disabled people to find out about their experiences of shielding.

Respondents to the survey have been deeply affected by their experiences of shielding during the pandemic. Many stated that they felt left behind or abandoned and that services which are supposed to be there to support people failed because of the crisis. There was also a feeling that people who are shielding could be left behind as restrictions are lifted for the general population.

Key Findings included:

- Over half of respondents who are shielding without a letter (56%) said that they have not had access to the support they need.
- People who are shielding are very concerned about the long-term impact on their physical and mental health.
- People who are shielding are worried about going back to work.
- Some respondents do not feel it was safe enough to go out yet, and others say they would still be very cautious about doing so.

Conclusions

This paper considers some of the key themes emerging from research published between June and early August. The evidence base for the impact that Covid-19 is having on Scotland's voluntary sector is still emerging and there is a need to

better understand what the gaps in our knowledge are, and to figure out ways to address them. That is the aim of the work that SCVO and partners are doing.

As this paper highlights, there are several themes emerging from research published in the last three months. The two themes that likely to remain high on the sector's agenda in the next quarter are workforce and mental health. The Coronavirus Job Retention Scheme (furlough) ends on the 31st of October and it seems likely that without an extension, or something to replace it, job losses in the sector could be significant. The second emerging theme is the impact that Covid-19 is having on staff and beneficiaries' mental health.

These are just two areas where more evidence is needed to better understand the impact covid-19 is having on the sector, the people it employs and the people it supports. SCVO will continue to monitor the published literature and produce a quarterly synthesis paper to help with the identification of trends and gaps.

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About us

The Scottish Council for Voluntary Organisations (SCVO) is the national body representing the third sector.

There are over 45,000 voluntary sector organisations in Scotland involving around 138,000 paid staff and approximately 1.3 million volunteers, managing an annual income of over £6 billion.

We're passionate about what the voluntary sector can achieve. Along with our community of 2,000+ members, we believe that charities, social enterprises and voluntary groups make Scotland a better place.

We lobby government on policy issues, create jobs for young people and support organisations to embrace and promote digital skills. We also help with day-to-day stuff, like affordable office space, discounted training courses, funding opportunities and information and support to help people set up and run their organisations.

Further details about SCVO can be found at scvo.org.uk.

