

POST CARD

"Loss of income and the uncertain outcomes of funding applications make this an extremely worrying time as we cannot predict if our organisation can survive, particularly once the furlough scheme ends. We can make a small amount go a long way but need the security of that small amount."



*c/o Third Sector Trends
"Covid-19 Impact Survey"
Policy & Practice
St Chad's College
Durham University*

Third Sector Trends Covid-19 Impact Survey

August 2020



Policy & Practice
St Chad's College
Durham University

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Third Sector Trends Study

The Third Sector Trends study was conceived and originally commissioned by Northern Rock Foundation with research conducted by the Universities of Southampton, Teesside and Durham. The Community Foundation Tyne & Wear and Northumberland was a co-funder of the research and is now responsible for its legacy.

The Community Foundation is now collaborating with partners including St Chad's College at the University of Durham, Power to Change, Garfield Weston Foundation and IPPR North to expand and continue the research.

All publications from the Third Sector Trends study are available free to download at this address:

<https://www.communityfoundation.org.uk/knowledge-and-leadership/third-sector-trends-research/>

Published by

Community Foundation serving Tyne & Wear and Northumberland

Philanthropy House
Woodbine Road
Gosforth
Newcastle upon Tyne NE3 1DD

<https://www.communityfoundation.org.uk/>

August 2020



Acknowledgements

I am indebted to all the people who completed the survey in 2019 and then again in this follow up study.

In the development and running of the project I received a great deal of support from my colleagues Rob Williamson, Adam Lopardo and Mark Pierce at Community Foundation serving Tyne and Wear and Northumberland.

The full study was funded in 2019 by Community Foundation serving Tyne and Wear and Northumberland, Power to Change and Garfield Weston Foundation and I would like to thank them again for their support.

Thanks are also due to Sarah Longlands and Jack Hunter at IPPR North for supporting the project.

1 Third Sector Trends 'Covid-19 impact survey'

Why do a follow up survey?

In the early summer of 2020, digests of findings from Third Sector Trends were published in each of the three regions of the North of England.¹ In these reports it was recognised that attitudes about the future prospects for TSOs were bound to have changed following the onset of the Covid-19 pandemic and its potential impact on economy and society.

Consequently, it was decided that it may be useful to gauge the extent to which attitudes had changed, and to provide an opportunity for leaders of TSOs to tell us how the pandemic was affecting them now or might do so in the future.

This brief report simply presents the findings from the 'Covid-19 impact survey'. It is not an analytical piece of work because this was a rapid small-scale study with just over 400 responses from across England and Wales.

That does not mean that its findings are not interesting or useful. The statistics provide a snap-shot on how quickly attitudes have changed in the sector and the quotations provide food for thought and discussion – though they are not presented as 'evidence' because they are stand-alone statements rather than carefully chosen contextualised quotations from in-depth qualitative study.

The main purpose of this work was to provide a benchmark for comparison when the full study is repeated in 2022. Only then, once the consequences of the pandemic have become clearer, will we be able to find out its full impact on sector confidence, wellbeing and productivity.

How was the survey done?

An *Online Surveys* questionnaire was prepared to compare attitudes of respondents to the principal Third Sector Trends study which took place between July and December 2019. Just one multiple response question was used from the main study.

Additionally, respondents were invited to make 'free text' comments they wished to make on their current situation and future prospects to provide some insights into current opinion,

Invitations to take part were circulated to previous participants who expressed an interest in staying involved in the study across England and Wales (n=1,936). 350 responses were received, representing an 18.1% response rate. Additionally, a social media campaign across the North of England in late June 2019 produced a further 61 responses.

At the close of the survey on July 5th, 411 responses had been received. This constitutes a 10% sample of the main study in 2019 (n=4,083). There were 402

¹ Separate statistical digests of findings have been produced for North East England, Yorkshire and the Humber and North West England. They are all available at this web address: <https://www.communityfoundation.org.uk/knowledge-and-leadership/third-sector-trends-research/>

complete responses which are included in the findings below. The remaining cases were discarded because they provided incomplete responses.

166 respondents (41%) chose to take the option to write comments in the open text box at the end of the survey. Thematic selections of these quotations are provided throughout the report for illustrative purposes.

What does the report cover?

The report is split into two sections. The first section presents statistical summaries on each of the seven factors under scrutiny for all respondents in the Covid-19 impact survey and compares them with the full 2019 dataset

The second section presents a direct comparison between 'matched cases' – where the same TSOs are identified from the main survey and the follow-up survey.

The final section provides a brief summary of the key statistical findings, and makes tentative observations on their value, but no attempt is made to draw substantive conclusions at this stage.

2 Findings

This section presents the findings from the Covid-19 impact survey in comparison with the full survey in 2019. There are seven sub-sections, covering each of the factors we asked leaders of TSOs to assess:

- Expectations about income over the next two years
- Expectations about support from the private sector over the next two years
- Expectations about trust and foundation grants over the next two years
- Expectations about funding from statutory sources over the next two years
- Expectations about support from volunteers over the next two years
- Expectations about partnership working over the next two years
- Expectations about the need for their services over the next two years

In each section, relevant quotations are presented to provide a talking point on sector mood. The quotations were selected, by topic, from an undifferentiated pool of comments which were made at the end of the survey.

2.1 Expectations about income over the next two years

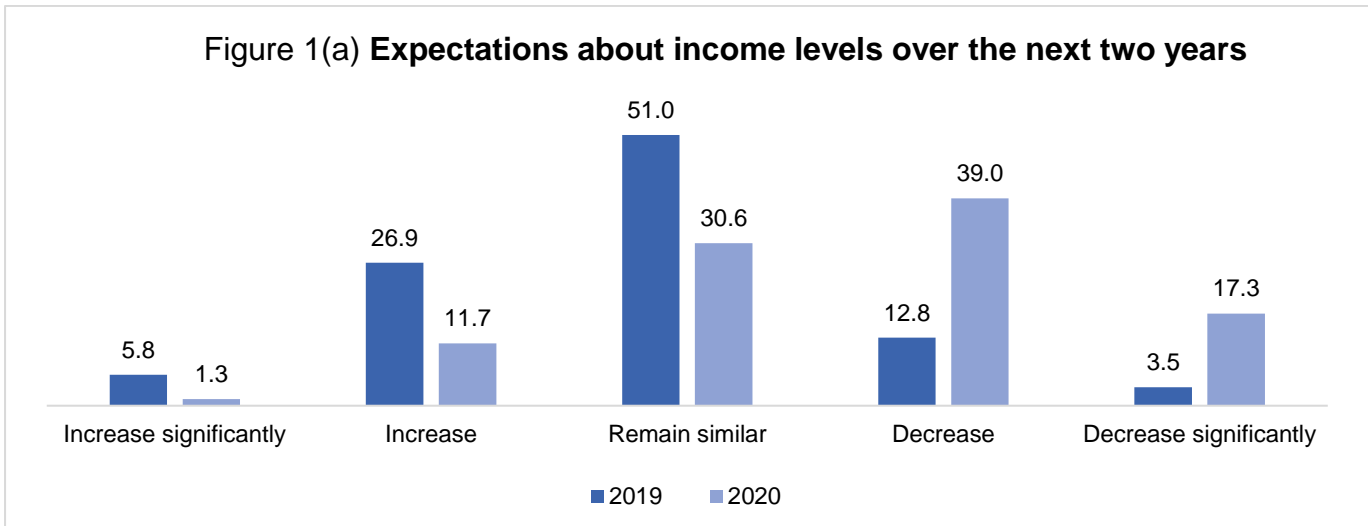
The situation the Third Sector is currently facing as a consequence of Covid-19 has gained a good deal of media attention. Media stories have focused on findings from a number of small-scale studies undertaken by think tanks and Third Sector representative bodies.

For the most part, such findings indicate serious alarm amongst the leaders of TSOs on their future prospects. Because these studies have been generated in response to the current social and economic crisis, however, there has been no opportunity to assess the extent to which attitudes have changed from those held before the crisis struck.

Third Sector Trends can now make such comparisons by drawing upon evidence from the principal survey of 2019 and the sub-survey launched in June 2020.

As Figure 1 indicates, it is clear that there has been a **collapse** in confidence about future income levels:

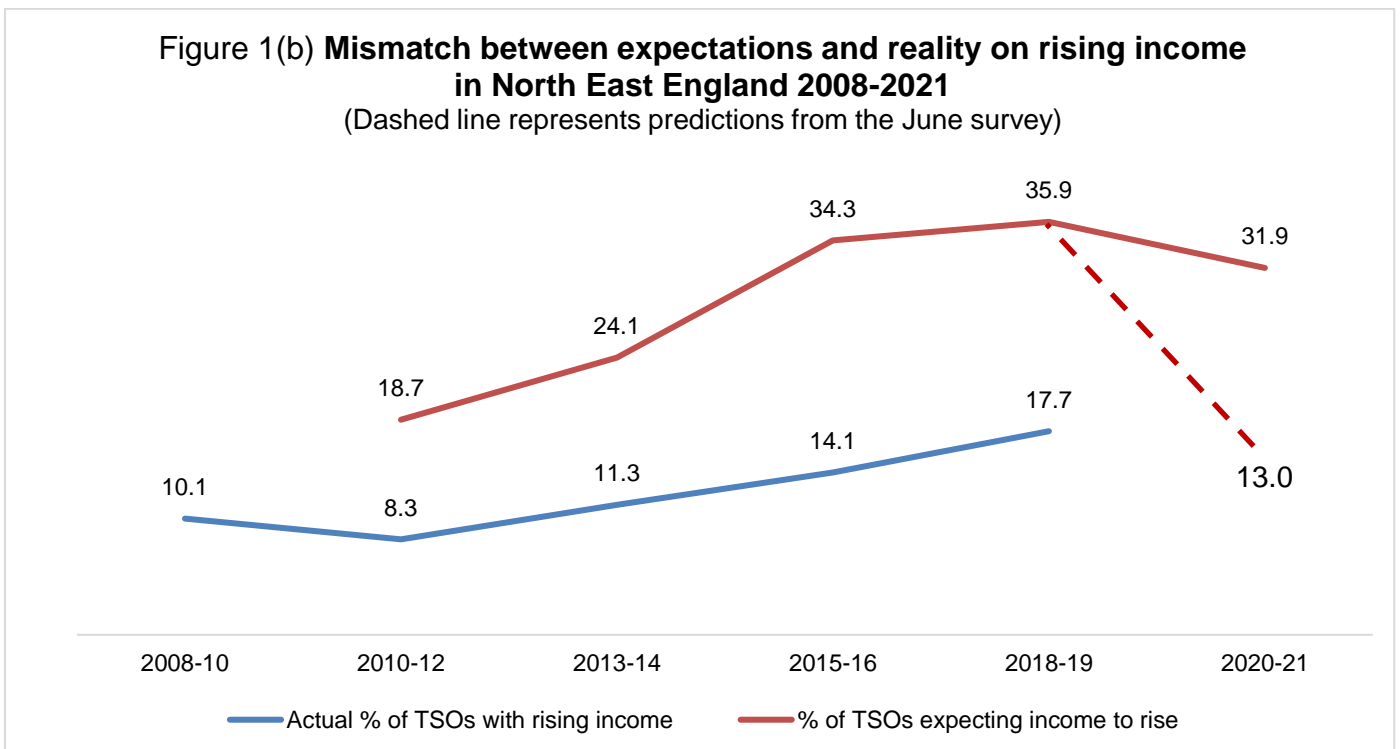
- 56% of TSOs now expect that income will fall over the next two years compared with 16% in 2019.
- In 2019, 33% of TSOs expected that income would increase, by June 2020, only 13% of TSOs believed that this would be the case.



While the above findings are alarming, it must be remembered that they represent the current opinions of TSOs leaders on what *might* happen over the next two years – but we cannot know for sure if these predictions are right.

Similarly, the predictions made in 2019 may well have been too optimistic. And indeed we have collated evidence over many years to show that Third Sector leaders generally tend to be optimistic when considering the future financial wellbeing of their organisation – as shown in Figure 1 (b).

There is generally a gap between expectations and reality. This gap was no longer widening as organisations lowered their expectations for 2020-2021. But these predictions were made in 2019. What will happen next following the Covid-19 pandemic is, frankly, anyone’s guess. But in 2022 when this study is repeated, we will be able to find out.



What did organisational leaders tell us about their current situation?

Comments from many organisational leaders reflect worries about the impact of the pandemic on organisational finances and their ability to meet the needs of beneficiaries – this reflects the results from other reports which have been widely reported in the media.

While concern appears to be deep rooted, many of the comments made were 'measured' or 'stoical'. This is not surprising because, as Third Sector Trends has consistently shown, leaders of TSOs have faced continual challenges over the last decade but have been resilient in their response.

Because organisational leaders are accustomed to a measure of financial insecurity and managing income turbulence, most of them are continually on the look-out for new opportunities. As some of the following quotations indicate, organisational leaders have been quick to spot, and where possible capitalise, on such opportunities.

The following quotations are presented to give an indication of the different ways that organisational leaders articulate their current situation. But we do not offer analysis as we know too little about the situation of these individual organisations, or whether their attitudes are widely held or atypical.

“Interestingly, Covid-19 may provide some opportunities for us to expand our work, as we have already been approached and funded by commissioners to deliver additional support services.”

“The £10k Covid-19 grant we got actually doubles our reserve! We have no staff - so few overheads. But we are just a building, an empty shell. We cannot predict how many people will want to play bingo, have parties, do sports training in the months to come. Or invent new uses for halls.”

“Since April, money has been walking in the door. Individuals, charitable trusts, government. The virus seems to have unlocked purses. Grants/donations are being tied to 6 months, but I wonder on what basis?”

“We have weathered the storm of the pandemic well so far and have found it relatively easy to raise funds for our adapted services as well as hitting our target of £440,000... We have now very much moved into recovery planning mode and are awaiting the Government's announcement on social distancing which will have a massive impact on our day services resuming. If it remains at 2 metres this will have a massive impact on our funding. However we have plans in place, will tighten our belts and we are confident that we can ride it out.”

“As a largely self-sustaining road safety charity, finance is not a significant issue for us.”

“Charities are having an uncertain time, however the extra funding from Coronavirus funds is very helpful. A grateful thanks to all donors”

2.2 Expectations about funding from private sector sources

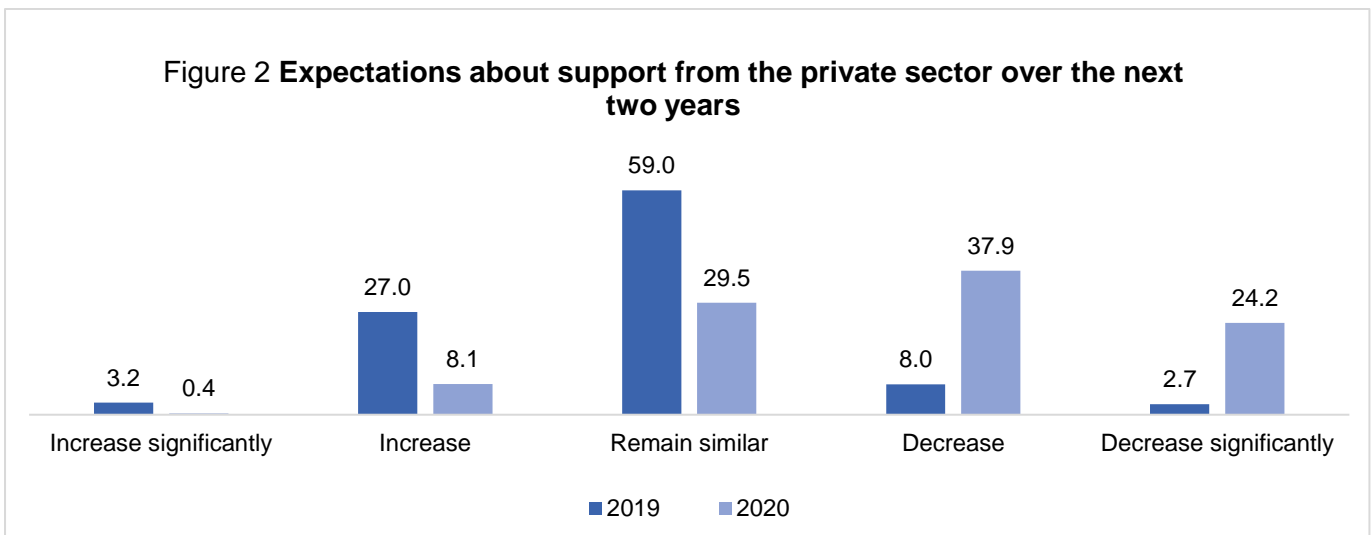
The private sector makes a substantive contribution to the finances of the Third Sector. As indicated by NCVO's recently published Civil Society Almanac, the private sector injected £2.7bn in 2016/17 – excluding money which is channelled via charitable trusts and foundations or direct philanthropy.²

The extent to which such funding can be sustained when the private sector itself is facing enormous challenges is open to debate. However, the likelihood is that there will be a decline in private sector support in the coming years.

Using Third Sector Trends data it can be seen that organisational leaders' formerly positive expectations about funding from the private sector have, to a large extent, evaporated since the onset of the Covid-19 pandemic.

- In 2019, 30% of TSOs expected support from the private sector would increase, now only 9% believe this is the case.
- In 2019, only 11% of TSOs thought that support from the private sector would decrease, now 62% think this will be the case.

While these expectations present an alarming picture, it must be reiterated that what actually happens may not match up to these predictions. Not until the full study is repeated in 2022 will we know what actually happens.



Comments on expectations about private sector support

As in the previous section, quotations are offered to stimulate thinking and debate – but measured and contextualised analysis is not possible at this stage. The general tenor of comments from TSO leaders was an expectation that income from business would decline.

“Government agencies and business will find it increasingly difficult to find cash to support our operation as belts are subject to severe tightening post Covid-19 stabilisation.”

“If local shops and businesses reduce in quantity and turnover we may have a big reduction in revenue as these are very important

² NCVO (2020) *Civil Society Almanac 2020*, London: NCVO: <https://data.ncvo.org.uk/>

contributors. Most of this income is advertising in our carnival programme. We do have some reserves so hopefully the economy will improve in time so we can continue.”

In the 2019 study, we did not ask respondents direct questions about their expectations about self-generated business trading activity. Nevertheless, the analysis did point to the fact that many TSOs now have a greater reliance on self-generated trading than was the case a decade ago (and especially so amongst middle-sized organisations).³

If TSOs are unable to trade as successfully as they have been due to government restrictions on, for example, social distancing, or loss of consumer demand this will clearly impact upon cashflow. Many organisational leaders in the June 2020 study commented on this – but it is a mixed picture - with some anticipating real problems while others identify viable new opportunities:

“Our trading income is likely to reduce as a result of the impending recession. We have four years to run on a significant grant and we have just started a reasonably sized four year commission from our Clinical Commissioning Group, so those will provide a cushion for us through the recession. We have several significant development plans in train and I shall be encouraging our trustees to continue their commitment to those so we are in a better place to benefit once we start to come out of the recession. We also have ambitious plans to build our membership and engage to a greater extent with our community... Community spirit generated through the Covid-19 response may actually be beneficial to this endeavour.”

“Still possible we could just go under as we rely quite heavily on trading - but any reductions in statutory funding could also tip us over. [we’re] expecting to lose around a quarter of our sector, with small and medium organisations at highest risk.”

“Charities which relied on trading income have been hardest hit, yet funders are focusing on charities who they already fund. Medium-sized charities are the ones struggling to secure funding as turnovers are above £1 million and outside many funders’ eligibility, [we’re] not sure why this would be relevant in the current circumstances.”

“A lot of charities will need to develop their ability to become tender ready to replace trading income.”

2.3 Expectations about grants from trusts and foundations

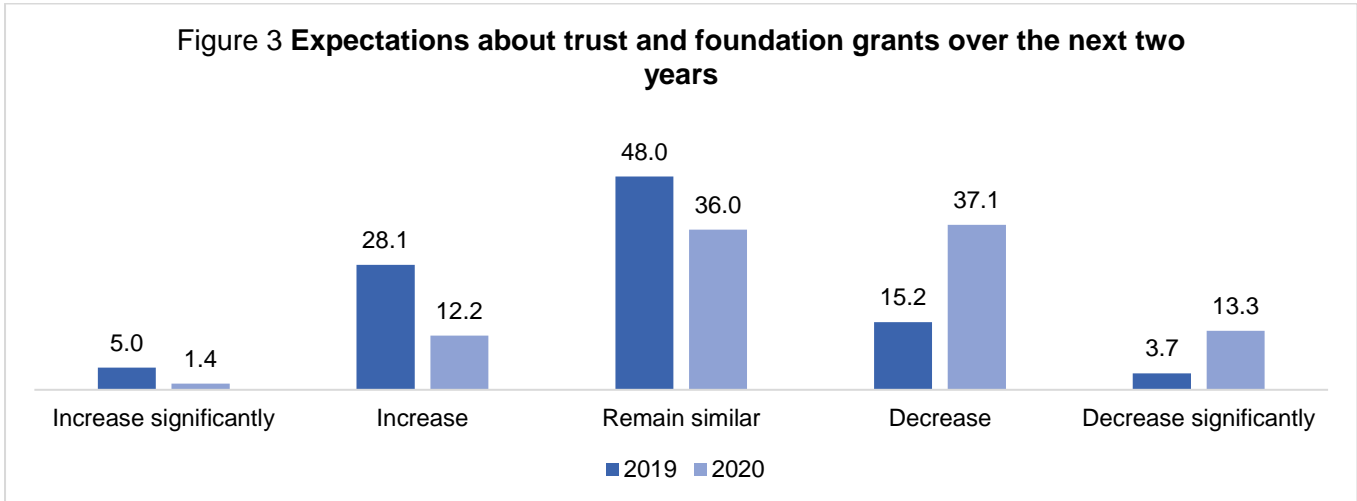
Many charitable trusts and foundations (including the National Lottery Community Fund) and community foundations responded rapidly to the Covid-19 crisis and have been injecting resources to help alleviate the immediate pressures bearing down on TSOs.

It would be expected that many, if not most TSO leaders would be aware of these initiatives when they responded to the June survey. Our question, however, focuses

³ A separate report on Community Business, using Third Sector Trends 2020 findings has already been published: Chapman, T. (2020) *Community Business in the North of England 2020: new comparative analysis from the Third Sector Trends Study*, London: Power to Change. <https://www.powertochange.org.uk/research/prospects-community-businesses-north-england/>. Further discussion on trading will also be explored in a forthcoming IPPR North Report: Chapman, T. and Hunter, J. (2020) *What future for the Third Sector in the North?* Manchester: Institute for Public Policy Research (forthcoming).

on expectations in the medium term (the next two years) rather than the immediate situation (see Figure 3).

- In June 2020, fewer TSOs expected that grant income from trusts and foundations will increase over the next two years (14%) than was the case in 2019 (33%).
- Half of TSOs now feel that grant income will decrease over the next two years compared with just 19% in 2019.



Comments on expectations about grant funding from trusts and foundations

As in previous sections, we find that respondents present a range of attitudes about what will happen next. As before, we present these statements to stimulate thinking and debate but do not attempt analysis at this stage.

In some cases, respondents voiced a general sense of alarm because they felt they may struggle to be awarded grants.

“Small charities like ours will really struggle to gain grant funding, as the focus of funders has changed to Covid-19 work. Our work is as important and has been for over 25 years, as we go to see our clients in their own home offering long-term help and support to have a quality of life.”

Other TSOs reported positive immediate news about grant funding and indicated that their medium-term future was reasonably secure.

“Our Village Hall has received a more than adequate grant to compensate for loss of income and increased expenses resulting from the Covid-19 restrictions.”

“We have been able to apply for a variety of Covid-19 related additional funds over the last 3 months. This has been very helpful, but many of them are for short-term (6 months) funding, which only covers up to lockdown reducing significantly. We anticipate a significant increase in demand for services from around September onwards when further funding may be difficult to access.”

Some TSOs expressed worries about the ability of trusts and foundations to be able to sustain grant funding programmes because they too may be affected by the economic downturn.

“Most grant funders have used a lot of their current and future funding budgets to help those in desperate need due to the pandemic. This will mean there is very little funding to be obtained in the future for the usual services provided by the Third sector. The statutory organisations and the private sector have also had huge funding deficits. This will all impact on the ability to assist the Third Sector.”

“Current observations: older, established foundations are in some cases guarding against poor investment performance by ceasing to give grants or drastically cutting available funds. We've seen a huge move to support Covid-19 responses at the expense of funding ongoing work. Our youth project has continued to operate throughout and has amended practice to continue to deliver services in an appropriate fashion. This is not attracting funding, as it's not a new service. This seismic shift of funding has left a gaping hole where it used to be, and we are very concerned for the next few years. For the first time in 25 years, we have few obvious routes to find the core running costs of the organisation.”

Some TSOs felt frustrated that they may be ineligible for support from trusts and foundations or that the grants may not be appropriate for their purposes:

“If we can access core funding for staff salaries, we'll be ok. If it continues to be mostly activity small grants, things will be very challenging for future sustainability.”

“Donations from individual members have increased, but donations from visitors has inevitably decreased. None of the 'help' put forward to be applied for by the Lottery or Historic England fits our situation. When you have stood on your own two feet and never had their help, you can't show a track record to meet their criteria.”

Many respondents felt that they were disadvantaged because of the size of their organisation.

“Too much emphasis for funding has gone to large established organisations with extremely large turnovers. Small voluntary organisations like ours with no paid staff and a turnover of less than £25k have been totally ignored or put on the back burner.”

“All monies going to BIG charity - and smaller, volunteer operated charities, are getting nothing.”

“Small charities like our should be given funding easily, but not been always judged by their reserves or the amount of income they have into their account.”

“I am concerned that there seems to be a lot of micro-grants around to help people and community organisations through Covid-19, but very little for the medium-sized organisations to ensure that their long-term service provision remains available.”

While many of the above quotations suggest that many TSOs are eagerly pursuing grant opportunities, one respondent (presumably a trust or foundation) observed:

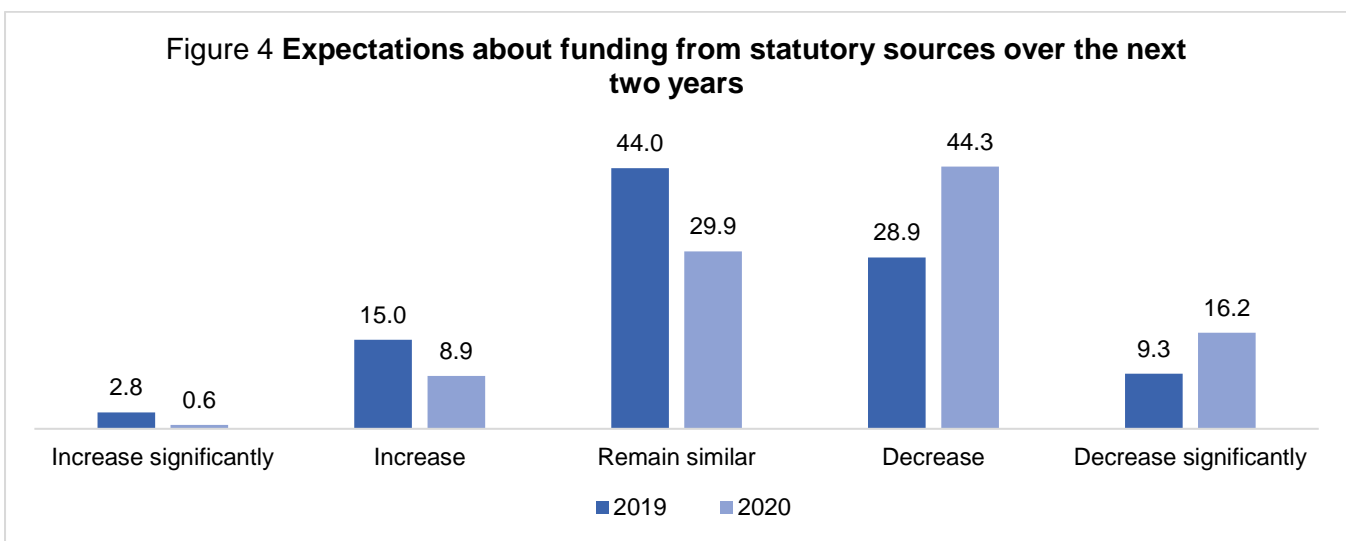
“Surprisingly we have had no applications for grants for the last 6 months.”

2.4 Expectations about funding from statutory sources

The local public sector and especially local authorities have faced many years of fiscal pressure due to government austerity policies. Most now also face rising costs due to the social and economic consequences of the Covid-19 pandemic.⁴ While some additional government funding has been allocated to support local councils, in all likelihood, many authorities will still be under significant financial pressure.

We asked leaders of TSOs what their expectations were about funding from statutory sources over the next two years in 2019 and again in June 2020.

- In 2019, 18% of TSOs expected that income from statutory sources would increase, now only 10% believe that this will be the case.
- In June 2020, 61% of TSOs expected that income from statutory sources would decrease, up from 38% in 2019.



Comments on expectations about statutory funding over the next two years

Confidence about future funding from statutory sources varied widely - from an almost taken-for-granted assumption that everything would be fine - to much more uncertain perspectives:

“We will continue to rely 100% on earned income from procured services which we expect to continue, using surpluses from this to deliver our non-funded services.”

“Just to say the above answers are a best guess, we have no idea how the likely recession/depression will affect local councils and the local CCG's”

Some TSO leaders reported good progress in securing public sector funding

“We have benefitted from and are very grateful for the local authority grant for small business (£10,000), rates relief for 2020/21 (approx.)”

⁴Local Government Association (2020) Covid-19 council funding gap widens to £7.4 billion, 1st July. <https://www.local.gov.uk/lga-analysis-covid-19-council-funding-gap-widens-ps74-billion>

£1,000) and a Community Lottery Covid-19 Grant (£10,000) which will cover our running expenses for at least a year."

"The local authority support grant of £10K has given us some breathing space and makes the situation feel less challenging."

"Due to Covid-19 some statutory agencies have decided we are useful!"

Many leaders of TSOs recognised that the constraints imposed on local authorities would limit their ability to tackle community problems, and felt that the Third Sector would be relied upon to fill the gap

"The nature of our activity will change as a result of Covid-19 - highlighting need that was already there. The ability of statutory authorities to respond will be constrained by their lack of staff and skills, so the voluntary sector will be obliged to step in - but will be more reliant on volunteers as funding will be limited."

Others adopted a more bullish point of view and demanded that their contribution be recognised and their resource needs met.

"Local authorities (statutory agencies) MUST acknowledge the value, innovation and efficiency of the Third Sector as never before and MUST be forced to relinquish control of funding that will allow the sector to respond, recover and flourish."

A need to be innovative in response to Covid-19 was identified by some TSOs and it was recognised that local authority support could be pivotal to success.

"We are very fortunate that we have been re-commissioned for the current year by the local authority. Instead of running face-to-face services, we run an online get-together and a weekly newsletter for families and professionals, updating Covid-19 news, play ideas, good YouTube etc. We have also set up our own YouTube channel of singing for the young children and put up a video each week. We have got this critical funding because we work so closely with the Council and they trust us to meet the needs of the hard-to-reach whenever possible. We have raised money to pay for play-packs we are putting together for the families using the foodbank. So, a scary time but OK. We are working way more hours but are pleased to have a job, keep the charity functioning and trail-blaze how to do life differently, as we always seem to do!"

Others felt that local authority stop-gap funding was provided over too limited a time period which could present resource problems further down the line.

"Our concern is that Covid-19 emergency funding from (e.g.) the County Council will only be available this year (2020-21). We expect it will take 2 years to re-establish our private business and grant income streams. 2021-22 is going to be very hard financially."

Most comments respondents offered were associated with local statutory funding. However, some respondents looked at the situation from a national perspective.

"I fear that if the government don't realise that they need to invest heavily in the financial security of those vital local services to communities, then the country is going to be in an even worse position than it was during the eighties, with unemployment, poverty, crime and suicide rates all growing to unmanageable levels."

"The support from central government for the Third Sector is appalling and virtually non-existent. However, as they close services in the NHS and social care it is the Third Sector that is expected to pick up the work

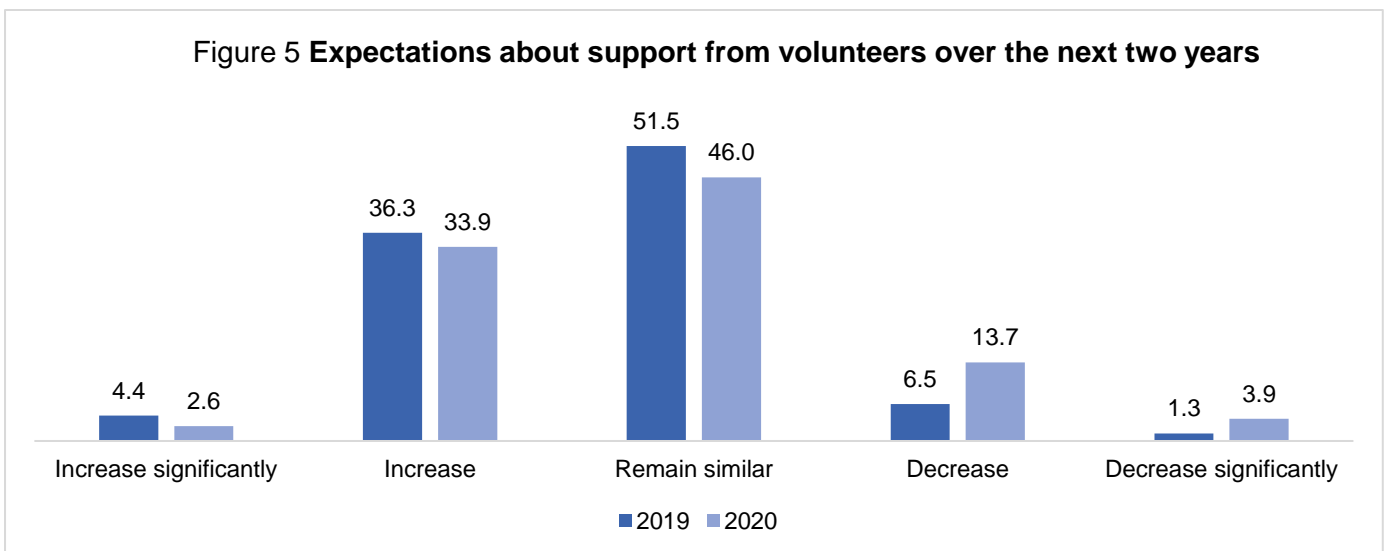
they are abandoning in supporting elderly and vulnerable people. We have a crisis in our social healthcare services and the government is just not interested."

2.5 Expectations about future support from volunteers

As shown in the principal Third Sector Trends reports, volunteers are pivotal to the success of the majority of TSOs, but especially so in the case of smaller organisations and groups. Figure 5 considers expectations about levels of support from volunteers over the next two years.

- In 2019 about half of TSOs felt that support from volunteers would remain the same (52%) but in June 2020 only 46% did so.
- In 2019, 41% of TSOs expected that support from volunteers would increase over the next two years, but that percentage has now fallen to 36%.
- In June 2020 18% of TSOs felt that support from volunteers would decrease, compared with 8% in 2019.

Figure 5 Expectations about support from volunteers over the next two years



Comments from respondents on support from volunteers over the next two years

Support from volunteers is vital for many TSOs, and especially so in smaller organisations which have few or no employees.

Some organisational leaders felt energised by the response to the pandemic.

“Firstly, the community response to the pandemic, in their willingness to volunteer in any way to help the vulnerable has been amazing in a small area [we have had} 200 volunteer registrations in three weeks. Secondly, it genuinely feels like there is an understanding of the value of the Third Sector by statutory agencies. And lastly, the willingness to fully invest in working collaboratively through the pandemic and a commitment locally to continue this leaves our community stronger. It’s a wonderful legacy from a strange and worrying situation. The Phoenix from the ashes.”

"Since the pandemic we have had an increase in new volunteers. Working outside during the lockdown has been a blessing to all of our volunteers and allowed us to be less isolated."

"I think that small grass-roots organisations have proved their worth throughout the Covid-19 situation. There needs to be research to recognise the value they brought, whilst larger organisations were "turning the ship" we were proactive, certainly in our region, and [new volunteers] came to the aid of us and our communities."

Other TSOs felt that their ability to draw upon volunteer support would be hampered by Covid-19.

"Many people will have lost interest. Getting volunteers is almost impossible."

"A concern is getting back members and volunteers who disengaged during lockdown."

"Reducing lockdown has so many unknowns. The pressure to return to delivering services had to be balanced with the welfare of volunteers. The potential of a second wave of infection increases anxiety levels."

The age of volunteers, some TSOs felt, presented specific problems for them.

"Most volunteers are older people and this could well become a problem in the future as younger people do not seem to want to join or are not able to spare the time. Even now we need more volunteers to share the workload. It seems that most of it falls on a very few people as some are not able to give much time or are not capable of performing some of the tasks we need."

"All of our charity members and volunteers are all in the "Third Age" Many are shielding and most are very concerned about resuming normal activities until a vaccine is available. Social distancing would be impossible for 80% of our activities."

"Now many of our former members tell me they view with dread even the thought of going outside their homes, as those around them have stressed the Covid-19 dangers so much they have been scared. I do hope confidence returns."

In some cases, TSOs felt that they had become overwhelmed by demand and that this was putting too much pressure on volunteers.

"Things are very precarious at the moment and we have faced closure due to overwhelming demands made on just a couple of committed volunteers. However, we have a new board with more volunteers."

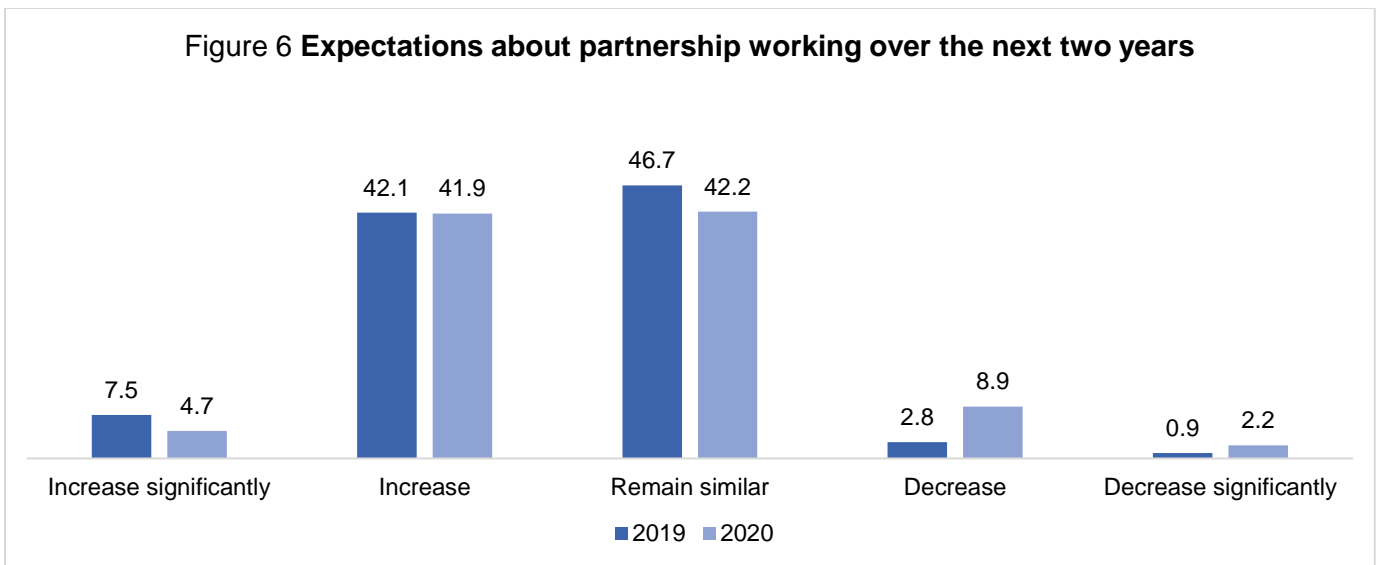
"Sadly we have closed our group permanently after 11.5 years. Money was not a problem, volunteers not a problem, but someone / a small group of volunteers to take over the organising proved not possible to find."

2.6 Expectations about partnership working

Formal and informal patterns of partnership working have been tracked by Third Sector Trends for many years. The evidence shows that such relationships are deeply embedded in sector culture. Good working relationships with private businesses and public sector organisations are often strong too and there was general optimism about such relationships continuing over the next few years.

Figure 6 looks at general expectations about partnership working over the next two years within the Third Sector and with other sectors. The data indicate little change.

- There has been an increase in the percentage of TSOs which feel that partnership working will decrease (11% in June 2010 compared with 4% in 2019).
- But the vast majority feel that partnership working will remain similar or increase over the next two years. Slightly fewer TSOs feel that partnership working will increase (50% in 2019, 47% in June 2020).



Respondent's comments on partnership working over the next two years

In some cases, respondents felt that partnership working would be undermined by competition over resources as a result of the pandemic.

"It's sad to see the sector return to its pre-Covid-19 culture based on competition and money at the expense of community and tangible impact."

"I wish that Third Sector agencies would work together more, but instead have a competitive attitude that ultimately negatively impacts on the communities we serve. Too much 'business' and not enough 'charity'."

Others felt that the opposite was the case:

"In our location, the Covid-19 crisis has brought together community groups and partnership working is increasing."

"Covid-19 is a wake-up for everyone to work together. During Lockdown, our charity has seen support increase."

“Partnership work has increased during this crisis stage and so we trust this will continue. Very aware that statutory agencies will have less resources and charitable foundations will have many requests. Need to work hard to fund raise and to target this.”

Some TSO leaders recognised the benefit of partnership working but felt that this was conditional on financial needs being met.

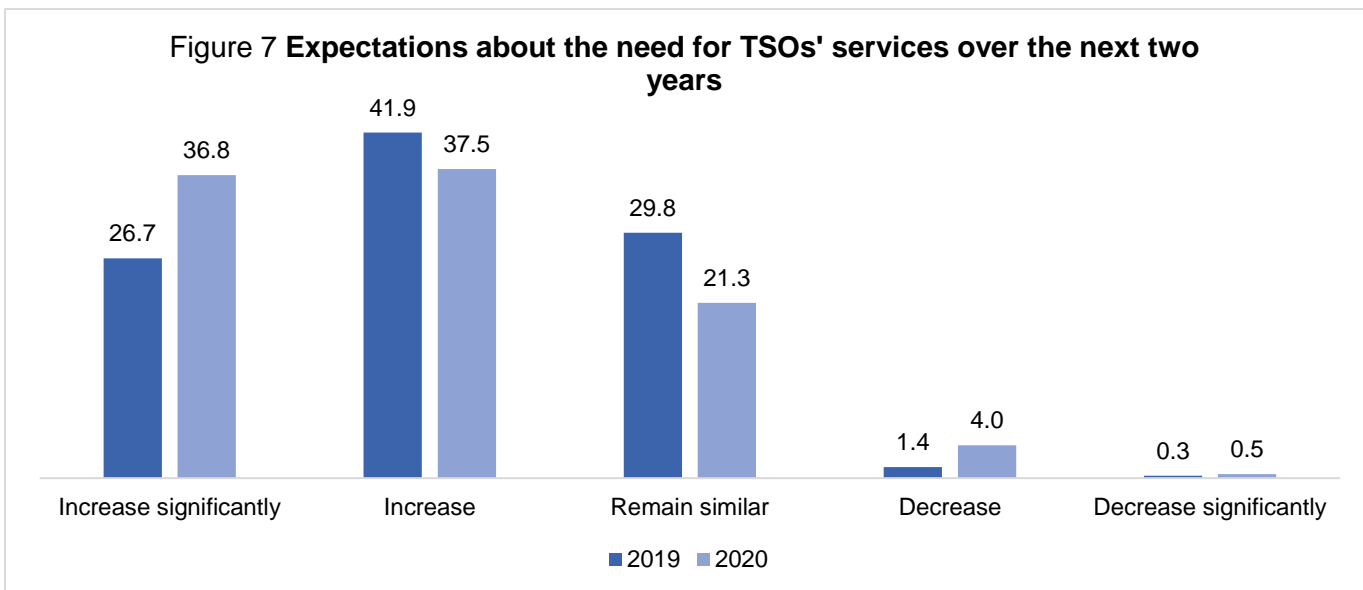
“If the income of trusts and foundations falls then then it follows that availability of grant funding will fall and competition in the sector will increase. The need for partnership working has never been greater. But we can only work in partnership if our basic needs are first met and we can move beyond ‘survival’ to true collaboration which places the needs of those we serve at the very centre.”

2.7 Expectations about the need for services

Since Third Sector Trends began its surveys in 2010, there has always been a general feeling that the need for services are on the increase. This is not surprising given the difficulties many individuals and communities have faced during a long period of austerity and slow economic recovery from the global financial crisis of 2008. But it also reflects the ambition of TSOs to tackle un-met need.

Figure 7 assesses changes in expectations about the need for TSOs' services over the next two years.

- In 2019, 27% of TSOs expected that the need for their services would increase significantly, by June 2020, 37% of TSOs believed that this would be the case.
- Very few TSOs expected that the need for their services will decrease. In 2019 only 2% expected this to be the case. This has risen to 5% by June 2020.



Comments on changing levels of beneficiary need

Many of the comments received suggested that the need for TSOs services would be on the increase in future due to the impact of Covid-19. But there was considerable uncertainty too, on how this may play out in reality.

“Right now it is a guessing game as to how things will change. But what we do know is that one of our projects went from 112 clients on March 20th to 740 now receiving support with a range of issues.”

“We believe that the need for charitable services will increase significantly as we see the true impact of lockdown and furlough on our economy. Charities will need to change shape and find ways of working more efficiently, removing the peripheral elements and concentrating on core services.”

Looking to the future

Many respondents commented about the potential difficulties they may face in accessing their beneficiaries. Here are several examples:

“We support disabled people to run a cafe. Don't know when we will get back as we can't see how we can socially distance and support at the same time.”

“The strains on households during the recovery are going to be huge. As we deal with the elderly who have been in lock-down they are now very worried about leaving their homes. We need to continue to look after their welfare.”

“Our main object is tackling social isolation so we are seriously worried about how we can continue to offer our events such as coffee mornings and outings to our 700+ members given the Covid-19 restrictions.”

“Even before the advent of Covid-19, it had been increasingly difficult to persuade people both to turn out to participate in, and see the results of, our efforts; and Covid-19 and its aftermath will only accelerate and exacerbate this trend.”

“The lunch club caters for the rurally isolated, many of those are elderly, it will be a long time until they are confident enough to attend social activities in a limited space.”

“Covid-19 has caused us a lot of problems as we are a self-help, mutual residents support group with mainly elderly volunteers and members. We don't have our own place to meet and are therefore at the mercy of other groups being open. Social distancing will probably mean we cannot continue as before. Once there is a vaccine all will return to normal.”

“Being able to convince people who used the hall before that it is safe to do so will be the biggest hurdle to overcome following the pandemic. Many older people will have got out of the habit of going out and maybe not bother even if there's no reason not to socialise again.”

“We have serious concerns about how the hall will manage to survive given that many of our user groups will find social distancing difficult, whilst other groups such as music and drama will be affected by restrictions of audience sizes and seating layouts.”

“We are a seniors group - 60s to 90s age group - and many of our members are fearful of returning into crowded rooms. Some have

memory problems and some after what could be 12 months absence be reluctant to return.”

“We work with vulnerable adults who staff our charity shop, we don't see the return of our clients for the foreseeable future.”

Leaders of TSOs recognised that there were many challenges ahead, but they did not necessarily feel deterred by them. Indeed, many were keen to rise to the challenge and do things in new ways to meet the needs of their beneficiaries.

“It's tough at the moment but we have learnt new things and more remote working will continue. It makes us more agile and suits our team. And we must all work in collaboration to help the increasing numbers who need our support.”

“Covid-19 has redirected our thinking and planning about how we deliver services and reach people who do not access services at our hub.”

“We anticipate that funding will decrease for our community-based work. So we are speeding up a planned diversification into work with referred children with a higher level of need. This fits our increased skills but also seems to have greater appeal to some funders. We also expect to be working in closer partnership with schools, social workers and other charities.”

Several respondents left us with a less optimistic view of future prospects for their own organisation and for their beneficiaries:

“The future is bleak.”

“A big concern is what will happen as regards sources of support if there is a second Covid-19 wave. It seems unlikely that similar funds could be recreated so would we have to do the same again without the support?”

“Loss of income and the uncertain outcomes of funding applications make this an extremely worrying time as we cannot predict if our organisation can survive particularly once the furlough scheme ends. We can make a small amount go a long way but need the security of that small amount.”

“We have secured funds from National Lottery which cover just over 50% of our annual budget for three years.... This is our fourth significant successful application over the years. We have been told already that there will be no further continuation funding from National Lottery and that statutory funding should form a major part of the exit strategy. It is difficult to see how this will be possible when central government has made significant cuts to local authority and public health budgets. Should significant core funding not become available by 2023 the charity will be unable to survive in its current form if at all. Sadly, this will be to the detriment of our beneficiaries as there is no other organisation delivering the specialist support need to families affected by substance use in our area.”

“We will have to work twice as hard to secure more income to cope with the impact of Covid-19 and the Government's pursuit of Brexit: whether we survive both is questionable.”

With so much uncertainty in mind, many TSO leaders expressed ambivalent feelings about the future.

"We think that there is going to be a lot of mental pressure on communities. Our creative projects help with that pressure and that is why we feel that we will be OK in the end. However, we also need to keep making the case for this kind of work as I think it is easy for things to slip backwards when there has been a shock to society. I think this is a moment where positive change could happen, but I am not always optimistic that, in the end, it will. It will be about pushing for it and we should all work together on that."

"On the one hand we're exhausted by all that we've had to do at pace in the last four months. But at the same time we have to find the energy to grasp some really important new opportunities (and effectively manage them) before they slip away again. Wish we could just hit the pause button and have a bit of time to take stock, but we have to reset our strategy, plan for a different future, build some new relationships and partnerships, all whilst continuing (for a long time to come) to deliver our crisis response work (which is itself exponentially different to our usual day job.). Oh, and dealing with our own personal experiences of the crisis to boot, and support our staff in their own personal experiences too. Just drained!"

"The answers above are very rough guesses and may be wrong. The main answer is that all sources of income for the next few years are radically uncertain and hard to predict."

"I think that there's a need to ensure that we paint a balanced picture of what will happen, but it will vary from place to place. Some areas value their local VCSE sector much more!"

"We remain optimistic, but really who knows what is going to happen. It might turn out to be 'all a dream'."

3 Comparing attitudes of a 'matched sample' of TSOs between 2019 and June 2020

The above analysis does not match the same organisations in the 2019 survey with the smaller June 2020 survey. However, it was possible to make a direct match of 262 cases (that is, responses from the same organisations in 2019 and June 2020) to compare opinion change more directly. With a smaller number of respondents, the analysis may be less reliable – but it provides a more direct comparison of changed attitudes. Responses are very similar to the full sample, as presented above.

While findings are tentative for the reasons provided above, they do nevertheless provide some striking findings.

- In 2019, 38% of TSOs expected income to rise over the next two years, but optimism faded and this percentage fell by 23% to just 15%. Whereas only 14% expected income to fall in 2019, 53% of these organisations expect this to be the case now.
- Grant funding was expected to increase by 32% of TSOs in 2019, this has now fallen to 14%. Indeed, 49% of these organisations now expect that grant income will fall compared with only 20% in 2019.
- Income from statutory sources was expected to fall by 47% by TSOs in 2019, but 62% of these organisations now think that will be the case. Only 9% of TSOs now think that statutory funding will increase, compared with 17% in 2019.
- It was expected that support from volunteers would rise in 42% of TSOs in 2019, but only 35% of these organisations believed that will happen now. Indeed, 17% of TSOs now think that support from volunteers will fall, compared with 9% in 2019.
- In 2019 there was an overwhelming belief that the need for TSOs services would increase over the next two years (73%), that remains about the same in 2020 at 76%. There has, however, been an increase in the percentage of TSOs which think need for their services will decline (up from 2% in 2019 to 5% now).

Change in expectations in a matched sample of TSOs between 2019 and June 2020 on what will happen over the next two years⁵			
	2019	2020	Percentage change
Income will... (n=252)			
Increase	38.1	15.1	-23.0
Remain similar	47.6	31.7	-15.9
Decrease	14.3	53.2	+38.9
Grants from trusts and foundations will...(n=217)			
Increase	31.8	13.8	-18.0
Remain similar	48.4	37.3	-11.1
Decrease	19.8	48.8	+29.0
Income from statutory sources will... (n=172)			
Increase	16.9	8.7	-8.1
Remain similar	36.6	29.1	-7.6
Decrease	46.5	62.2	+15.7
Support from volunteers will... (n=239)			
Increase	41.8	35.1	-6.7
Remain similar	49.0	47.7	-1.3
Decrease	9.2	17.2	+7.9
The need for our services will... (n=256)			
Increase	72.7	74.6	2.0
Remain similar	25.8	20.3	-5.5
Decrease	1.6	5.1	+3.5

⁵ There is insufficient data on partnership working and support from private business to analyse and report.

4 Summary and next steps

Key findings

The results of this small-scale survey provide a stark picture of current opinion amongst leaders of Third Sector organisations for the medium term in England and Wales.

- In June 2020, 56% of TSO leaders believed that their income would fall over the next two years compared with just 16% in 2019.
- Only 11% of TSO leaders expected that income from private sector sources would fall when asked in 2019, now 62% expect that this will be the case.
- Half of TSO leaders believed in June 2020 that grant income would decrease over the next two years, compared with just 19% in 2019.
- In June 2020, 61% of TSO leaders thought that statutory funding would decrease, compared with 38% in 2019.
- Expectations about support from volunteers has changed: in 2019 only 8% of TSOs thought that support would fall. By June 2020, 18% of TSOs leaders thought this would be the case.

A raft of recent surveys have presented data to suggest that the need for services from beneficiaries would increase dramatically as a result of Covid-19. While our data also indicate that expectations of future need will rise – it has not changed very much from 2019. In June 2020, 67% of TSO leaders expected that the need for their services would increase over the next two years, by June 2020, this rose to 74% of organisational leaders.

It's too early to predict what will happen next

The analysis in this short report is based on a small sub-sample of the major Third Sector Trends study which was undertaken in 2019. So strong claims cannot be made on the reliability of the analysis. The principal reason for questioning the reliability of data is not just methodologically driven, however; but rather, it is because our respondents *did not actually know* what will happen over the next two years. And as some of the quotations reported above indicate – TSOs are well aware of this.

What we do know, though, is that expectations about the future are not always borne out – so it is important to keep an open mind about the future. The likelihood is that it will be a mixed picture where some TSOs will be thriving while others struggle to keep going and some close for one reason or another. And, of course, many new TSOs will be established over the next few years – the sector is not going to stand still.

The sample of quotations presented in this study suggest a good deal of variation in attitudes ranging from strong optimism to outright pessimism – while others present ambivalent feelings.

At the moment, leaders of TSOs are feeling pretty nervous about the future – and with good reason. There are so many unknowns about income levels, availability of

volunteers, the conditions under which TSOs will be allowed to work and change in demand for services.

This report offers no answers to these questions. But it does provide us with a very useful baseline with which to compare when Third Sector Trends surveying resumes in mid-2022. By which time, hopefully, the situation will have stabilised to some extent – though none of us really know if that will be the case just now.

We hope that previous participants in the survey, and new ones too, will share their views when the time comes so that we can present a definitive picture of the impact of Covid-19 on sector structure, dynamics and practices in 2022.

Appendix: Full data tables for 2019 and June/July 2020

Data table A 2019 (n=4,083)	Income	Support from the private sector	Grants from trusts and foundations	Income from statutory sources	Support from volunteers	Partnership working	Need for services
Increase significantly	5.8	3.2	5.0	2.8	4.4	7.5	26.7
Increase	26.9	27.0	28.1	15.0	36.3	42.1	41.9
Remain similar	51.0	59.0	48.0	44.0	51.5	46.7	29.8
Decrease	12.8	8.0	15.2	28.9	6.5	2.8	1.4
Decrease significantly	3.5	2.7	3.7	9.3	1.3	0.9	0.3
N=	3,915	2,437	3,184	2,649	3,684	3,197	3,829
% 'not applicable'	1.5	38.8	20.6	33.7	8.3	20.1	4.8
% increase	32.7	30.2	33.1	17.8	40.8	49.5	68.6
% remain the same	51.0	59.0	48.0	44.0	51.5	46.7	29.8
% decline	16.3	10.7	18.9	38.2	7.8	3.7	1.6

Data table B June 2020 (n=402)	Income	Support from the private sector	Grants from trusts and foundations	Income from statutory sources	Support from volunteers	Partnership working	Need for services
Increase significantly	1.3	0.4	1.4	0.6	2.6	4.7	36.8
Increase	11.7	8.1	12.2	8.9	33.9	41.9	37.5
Remain similar	30.6	29.5	36.0	29.9	46.0	42.2	21.3
Decrease	39.0	37.9	37.1	44.3	13.7	8.9	4.0
Decrease significantly	17.3	24.2	13.3	16.2	3.9	2.2	0.5
N=	392	285	361	314	387	360	400
% 'not applicable'	1.3	29.1	10.6	21.9	4.0	10.7	0.7
% increase	13.0	8.4	13.6	9.6	36.4	46.7	74.3
% remain the same	30.6	29.5	36.0	29.9	46.0	42.2	21.3
% decline	56.4	62.1	50.4	60.5	17.6	11.1	4.5

Sample structure for the 2019 study and the 2020 sub-sample update study

Working estimates on TSO population and estimated response rates	TST sample, July/ 2019)	TST sub-sample, June/July 2020	Response rate as a percentage of the original sample	Response rate to the those invited to the Online Survey questionnaire n=1,936, responses n=350.
North East England	1,097	128	11.7	
Yorkshire and Humber	852	84	9.9	
North West England	1,209	98	8.1	
Wales and other English regions	925	92	9.9	
England and Wales	4,083	402	9.9	
				18.1%