

CORONAVIRUS 2020 – RECOVERY PHASE PROPOSAL

The coronavirus crisis has perfectly demonstrated the leadership, entrepreneurialism, flexibility and highly informed role in society played by civil society organisations. The sector has been working in overdrive to innovate in the use of technology, collaborate to meet emerging needs, and to support the incredible community spirit of mutual aid groups. But the crisis is stretching the VCSE sector and funding is needed now to support organisations as they navigate this changed landscape. We know that philanthropy has an important role to play in supporting a new future for the West of England that is fairer and more sustainable than what came before.

We want to work collaboratively with others to support the sector through the crisis. This document offers some initial thoughts from the team at Quartet, using research collated or commissioned by us, into what we think the key areas of need might be. It's not an exhaustive list and we welcome all comments, feedback or suggested changes.

We want to work alongside others to implement this plan for the benefit of our communities and to engage the public and private sectors to align resources to its goals. We do not expect that Quartet can or should deliver the whole plan alone, and we know there is much that is missing that will also be needed for the recovery phase. Our hope is that this will start a conversation about who will do what, and how we can work together to attract the resources we need to sustain our incredible community sector long into the future.

It will not be restated throughout the document, but we believe that throughout this recovery phase we must not lose sight of the goals of improving fairness, wellbeing, the environment, digital inclusion, social cohesion and the empowerment of the people in our communities.

About the West of England's VCSE sector

- There are 4,311 registered charities in the West of England and many more community groups, community interest companies and social enterprises
- 64% have been operating for more than 10 years, building expertise and trust with local communities which has enabled them to mobilise quickly and effectively to support the most vulnerable people in the crisis
- 51% have an annual income of less than £100,000, and 81% have incomes under £1m. The Centre for Social Justice estimates that 24% of charities with annual incomes under £1m have no reserves. With 3,492 charities in the West of England with incomes under £1m, there are likely to be at least 700 organisations with no financial safety net at all.

Impact of the Coronavirus crisis on our VCSE sector

We've been pulling together national research, local research, the opinions of sector leaders and what we are hearing from our grant applicants to give us a picture of the impact of the Coronavirus crisis on the sector, the scale of need and how the third sector can best be supported in the medium and longer term.

- While many organisations have closed doors and furloughed staff, most of our charities have kept working throughout the crisis to support those most in need and fulfil their organisational purpose. New research suggests that only around a fifth have closed their doors, with four-fifths instead offering new, existing or modified services to continue to meet need.¹
- With fundraising events cancelled and non-essential staff on furlough, many organisations are seeing their capacity to raise funding severely reduced. Charities of all sizes receive a minimum of a third of their income from public donations but this rises among smaller organisations. Widely reported in the press, big national charities have been hard hit. Less well reported is the impact on smaller organisations, many of which rely on fundraising events to secure donations.
- In line with guidance, charity reserves are typically low, often covering only 3-6 months' running costs. In this climate, a lot of local organisations are at risk. Local research indicates that around 22% of local organisations think they will or might have to close services if they don't get the support they need, and a further 20% aren't yet sure.² There is a huge amount of uncertainty in the sector and a desperate need for both stability and funding.
- Local councils are warning of large deficits in expected income and budgets. News reports put the combined predicted deficits of Bristol, Bath & North East Somerset and South Gloucestershire councils at nearly £162m for the year, with North Somerset Council reporting a deficit of £5m on the cost of the crisis to the end of June.
- We are hearing concerns about: increased demand for support/services; increased competition for funds as 'normal' money is directed to Covid-19 response and as investment income falls; stretched core funding, as groups now need to re-plan, revisit strategies, reforecast, work with new partners (as some key organisations close), and manage new ways of working; and worries around staff morale, mental health and wellbeing issues.
- Immediate pinch points for some include: September, when fundraising pipelines are likely to dry up; October, when the extension to the furlough scheme ends; and April 2021, when even the healthiest reserves will have been spent.
- The sector's funding needs can seem daunting but the majority of local charities are small and funds go a long way. For example, £10m could provide 6 months' total costs for around a fifth of local charities with incomes under £100,000.

Recovery Phase Strategy

Areas of Focus

The Coronavirus crisis has highlighted areas of need and vulnerability in communities and in the organisations that serve them. We know that for the third sector, more of the same is not

¹ The Care Forum, June 2020 (report forthcoming), 'Briefing: BNSSG VCSE Covid-19 Temperature Check'.

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an option. We hope to work with a range of partners, tools and approaches that will support the sector to reshape and strengthen for the future. We believe that now is a critical time to ensure that funding shapes a future that is fairer and more sustainable. We want to put our commitment to the environment and to the principles of diversity, equity and inclusion at the heart of everything we do.

We are proposing 4 main strands to what we believe a recovery plan for local VCS organisations will need to include:

1. Immediate source of 'stabilisation' funding
2. Supporting the sector
3. Addressing inequalities
4. Supporting local action and social cohesion

1. Funding for Stabilisation

There are immediate pinch points for some local charities coming up fast and to provide some short term stabilisation for them we plan to offer rapid response grant funding, with a timescale for the programme of now to 12 months. This will offer core costs support and breathing space for local charities to help them to anticipate these pressures, to recast how their organisations are going to survive and to continue to deliver valuable support for vulnerable local people.

Approach

- A broad, open access grant programme, focused on core costs and enabling groups to plan for the future
- This strand will also include helping groups to merge or to transfer services to other organisations in an orderly way
- The priority is to focus on developing community resilience and social impact
- We'll use a similar mechanism to the Coronavirus Response Fund – a light touch application, with a quick turnaround

Requirements

- A funding pot of £10m+

Quartet work in this area already in progress

- Quartet already has some initial funding to support this work and has a grant making process in place using our existing Express/Response Fund model.

2. Supporting the Sector

We have seen in this crisis how a strong framework for the voluntary sector in areas of disadvantage has been essential in being able to reach and support local communities effectively. Whether these local community hubs are providing volunteer coordination, setting up food distribution networks or acting as a support for the many volunteer mutual aid groups that have been set up, this framework has been essential.

These hubs are under significant financial pressures and have suffered serious loss of income during the pandemic. They also now need to re-think many of their valued services, delivered with and for communities, for the post Covid19 future. Evidence from recent consultation work suggests they most need a source of longer-term core costs support to help them adapt, financially and organisationally. Such support will help to build an effective framework of community-led organisations across the West of England. It can also help these groups to develop their individual roles within their communities, addressing local needs and building on local strengths.

This strand of funding will also be used to increase collaboration between organisations within neighbourhoods, connecting hubs with smaller local organisations and residents' groups. This stronger local position will also enable these organisations to work more effectively with local VCSE infrastructure organisations providing training, information, advice and support across the sector.

We recognise that support for this framework of organisations will need long-term and substantial investments of time and funding and, working with others, we would like to offer large 3-5 year grants of up to £100k to help them to do this.

Approach

- Detailed discussion of each group's current position and ambitions, followed by a targeted, solicited application process with support.
- Multi-year core funding to stabilise, support the maintenance and development of diverse services, potential income sources and sustainability (financial, environmental)
- An indicative offer might be flexible grants specifically for core costs of up to £100,000 in the first year, potentially tapered for 3-5 years.
- We would like to also offer repayable grant funding of up to £50k to cover gaps or delays in other sources of funding for groups with identified future income streams.

Requirements

- A funding pot of £10m+
- A repayable grant funding source
- We would need input from a broad range of partners on decision making and priorities, as this will not be an open access grants programme
- We will work in close partnership working with City Funds in Bristol around the potential for social investment or for testing new ideas that could transform organisations and/or

communities. We'll liaise closely with other initiatives in other areas that are focused on strengthening or transforming the sector.

Quartet work in this area already in progress

- We have been working with a number of community anchor organisations in this way over the past 3 years through a funding partnership that includes the National Lottery Community Fund and a grant making process in place using our Funding the Future model.
- Short-term grants to VCSE support organisations: 3SG in B&NES and Voluntary Action North Somerset.

3. Supporting organisations addressing inequalities

We know that this crisis has highlighted and exacerbated inequalities that already existed for many, and that local charities have provided a life-saving safety net for local people within these communities. These include Black, Asian & minority ethnic (BAME) communities, children and young people, people needing health and wellbeing support (including those with mental health needs) and people living in poverty.

We have supported many of them through Quartet's Response Fund. We recognise that many of these groups have been seriously stretched and are currently very fragile. Their disappearance would be hugely damaging to the communities they support, so we think that focused support is needed for those organisations reaching particular communities that are currently under-resourced.

Working with others, we think that multi-year funding for core and service delivery support is needed. This strand will have a long-term focus, starting now and developing over 3-5 years. While offering focused support to the following sectors, we think that funding should also take account of intersectionality, and therefore prioritise groups that support people facing multiple disadvantages.

Approach

- To co-design, with sector leaders and others, a range of specific funding programmes
- Based on this to invite applications prioritising work with people and/or sectors within:
 - Black, Asian & minority ethnic (BAME) communities
 - Young people
 - Disabled people
 - People in poverty or on low incomes
 - Women & girls
 - Health and wellbeing
 - Older people

- An indicative offer might be multi-year programmes providing support for core and service delivery costs over 3-5 years of up to £50k per year.
- We would like to offer repayable grant funding of up to £50k to cover gaps or delays in other sources of funding for key groups with identified future income streams.

Why focus on these groups?

- Black, Asian & minority ethnic (BAME) communities

There are systemic inequalities in our country which disadvantage people from non-white racial backgrounds and ethnic minority groups. These inequalities have been highlighted and exacerbated by the coronavirus crisis. We feel that now is an important time to support both Black, Asian & minority ethnic (BAME) communities and BAME-led groups. In Bristol, research from Black South West Network shows that more than 50% of BAME-led organisations are small, with incomes under £25k, and 42% have no paid staff. The crisis has damaged a lot of organisations' finances and many will now be at risk of closure (national research suggests 9/10 BAME-led organisations are at risk). Groups themselves report a rising demand for services, a need for financial support and help to apply for it.³ We recognise that funding processes can create biases and barriers that mean that funding may not be distributed equitably. We want to learn from best practice and take a targeted approach that ensures fair access to recovery phase support, in line with our commitment to diversity, equity and inclusion as members of the national DEI Coalition of Funders.

- Young people

Our 2019 Vital Signs report highlighted a number of concerns for children and young people in the West of England and the organisations that support them. While children and young people may be less vulnerable to the coronavirus itself, the impact of the pandemic on children and young people overall is likely to be large. Recent local research highlights problems around mental health issues, disruptions to education, adverse childhood experiences like witnessing domestic abuse, digital exclusion, food poverty, disengagement, youth unemployment and more. None of these issues are new but the crisis will exacerbate them and without targeted support we may see negative effects for decades to come. We also know that youth sector organisations have struggled in recent years with reductions in statutory funding, difficulty evidencing the value of early intervention, increased competition for funding and difficulty diversifying income streams. Now is a good moment to continue work begun before the pandemic to support the youth sector to adapt to changed circumstances and "build back better".

³ Black South West Network. (2018). We want to change and they have the power: Bristol BAME Sector Review, Research Brief and Policy Recommendations

- Disabled people

The coronavirus crisis has had a negative impact on many disabled people. Already more likely to be in poverty or on lower incomes, the pandemic has seen some disabled people facing additional difficulties accessing support, food and essential supplies. Surveys have shown that disabled people are more likely to report spending too much time alone, having no-one to share troubles with, and that the crisis has made their mental health worse. Emergency measures in the Coronavirus Act have removed some statutory duties of care, causing alarm, and [national support charities are warning of a funding crisis](#). The research group Disability@Work has predicted that disabled people will be hit particularly hard by economic recession following the pandemic. All this signals a need for a focus on the varied needs of disabled people if we are to build an inclusive society post-Covid.

We are acutely aware of the need to review where resources are channelled so that we can support people equitably. Disabled people make up around a fifth of the UK population, but we estimate that last year only around 5% of our grant spend in the West of England went to projects that were explicitly supporting disabled people. We would like to understand better the needs of organisations supporting disabled people to see if philanthropy should be doing more, and we think that now is an important time to have this focus.

- People in poverty or on low incomes

People living in poverty or on low incomes are already likely to be disadvantaged in terms of nutrition, health, digital exclusion and housing, and this has been made worse by the coronavirus crisis. People without significant assets or savings are highly dependent on government support or on their jobs to pay for essentials such as housing, food and utilities for themselves and their families. Many will have insecure work without workers' benefits or employment protection eg. gig economy work, part-time, temporary or zero hours contracts, self-employment or running a small business. As we enter economic recession the strain on people's finances is very likely to create significant mental health issues and an increased need for advice and support with finances and debt. We had already identified these as issues of concern locally in our Vital Signs reports before the pandemic, and we feel a renewed focus on early intervention, tackling root causes, advice and support for people in poverty will be essential post-pandemic.

- Women & girls

A number of structural issues mean that women are bearing a disproportionate burden during this pandemic. Women in low-paid work are at particularly high risk of exposure to the virus as many work in social and health care, supermarkets and shops, often in insecure jobs. Out of the estimated 3.2m workers employed in the highest risk roles, 2.5m are women: 89% nurses and 84% of care workers are women.

The pandemic has exacerbated other issues that disproportionately affect women too, like domestic violence and abuse. Women also form the majority of people living in poverty and female-headed households are more likely to be poor: 45% of lone parents, 90% of whom are women, are living in poverty. Women are also much more likely to be in careering roles and responsible for childcare.

We know from the over-subscription of previous funding rounds that there is an appetite for projects that focus specifically on the needs of women and girls, and given the gendered burden of the crisis, this is an important area of focus for the time.

- Health and wellbeing inequalities

People with health issues are both at greater risk from the coronavirus and have been subject to greater restrictions in attempts to keep them safe. Our 2019 Vital Signs report highlights a range of health issues in the West of England that may place our residents at greater risk. However, feedback from groups and the research we have collated suggests that support with mental health will be a crucial need across the board in the recovery phase. This is concerning as we know from our research that there are currently not enough services to meet demand - $\frac{3}{4}$ of people in the West of England think there's not enough mental health support available locally, even before the pandemic. Mental health, isolation and improving wellbeing will be a crucial focus of recovery phase funding if we are to properly resource organisations to support people's needs.

- Older people

Older people have been at highest risk during this pandemic. Older people on shielding lists have been referred to support, but there are many not on the list who have complex needs that are not being met. Isolation, lack of physical activity during lockdown, high anxiety and bereavement are all key concerns. Mental health is likely to be a key area of need where philanthropy can support older people's wellbeing and promote social cohesion during the recovery phase. This is especially true in our more rural areas, where numbers of older people are higher. The digital exclusion of older people and lack of digital infrastructure in the organisations that support them is a key concern as more support moves online.

Through our work in the Older People's Alliance of funders in Bristol we know that funding organisations supporting work with older people are already good at collaborating and joint funding. The older people's sector is also relatively strong. But more research is needed in our other local authority areas to understand how we can strengthen this sector elsewhere.

Requirements

- A funding pot of £6m+
- A repayable grant funding source
- Not all of this funding may come through Quartet. We will work closely with sector leaders within these areas to decide partners, priorities, approach and decision-making processes
- We will be flexible, to allow us to (re-)prioritise areas of focus based on an ongoing assessment of the resources available to support each of these areas, on the work of local authorities and others, and on assessment of unmet needs in other areas

- We will work in close partnership with City Funds (Bristol only) and others in the West of England around the potential for wider resilience-building support, social investment, and testing new ideas to bring about change.

Quartet work in this area already in progress

- Quartet is currently running the Youth Sector Support Fund on behalf of Bristol City Council to fund organisations working with children and young people in Bristol
- We have two new funds which we are about to launch to support the health and well-being sectors in Bristol and North Somerset
- We are offering support for BAME-led organisations to access recovery funding through Black South West Network.

4. Supporting local action and social cohesion

During this crisis, local action has been a lifesaver for thousands of people: self-help groups who know the people on their streets, harnessing volunteers and providing personal and bespoke support to people in need. We are hearing that many organisations and areas are keen to build on the community-level action that the crisis has engendered. In order not to lose momentum we would like to support work in this area and envisage a timescale of now to 12 months or more for this strand.

Approach

- An open application process; a rolling, responsive small grants programme; fast and easy to access
- Grants of up to £5k
- This strand would prioritise support for people living in our most disadvantaged geographical communities or areas which currently lack community-based organisations
- This is an opportunity to pilot participatory decision-making approaches by involving local communities, perhaps in some cases co-ordinated by local anchor organisations

Requirements

- A funding pot of £4m
- To ensure community participation in decision making is done well, Quartet would need additional skills or resources to manage this, or collaboration with partners who can bring this expertise
- We will liaise closely with City Funds in Bristol around the potential for supporting local action and/or community decision-making to foster wider change in the City

Funds priority areas. We will look for other partners doing similar or complementary work in other local authority areas.

Quartet work in this area already in progress

- We can adapt our existing Express/Response Fund model to this work and we have fund holders that are already supportive of this approach
- Our Response Fund is enabling us to reach and support new groups working in areas we have previously only reached in a limited way

We recognise that this proposal is not an exhaustive list of the sector's needs and we welcome all comments, feedback or suggested changes to:

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