

Equalities, Local Government and Communities committee inquiry:

The impact of COVID-19 on the voluntary sector

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1. The voluntary sector in Wales

The coronavirus pandemic has shown that the voluntary sector has never been more needed. Wales has a long-standing history of volunteering, mutual aid and voluntary action, especially at a community level. This has been reinforced throughout the last six months during the coronavirus pandemic (and the flooding as a consequence of Storm Dennis in February).

The voluntary sector has responded incredibly. It has been swift, agile and made a huge difference to individuals and communities across Wales.

This is an incredibly challenging time for many voluntary organisations – we will see deep and permanent change to sector landscape in Wales. Future is hugely uncertain. There are opportunities to create better future in the longer term in the way we respond now. We need a strong and resilient sector if we are to do this.

Background

The voluntary sector in Wales is a vibrant and diverse sector, which can be hard to categorise:

- The voluntary sector includes registered charities, but also social enterprises, community groups, unincorporated voluntary organisations, and, recently, mutual aid groups.
- Education/training, health, and sport are the largest areas of work for voluntary organisations. However, the sector covers a wide range of areas and activities.

Charities based in Wales are smaller than their counterparts in England and Scotland:

- There are 32,000 voluntary organisations, of which 7300 are charities.
- Wales has the highest percentage of micro charities in the UK (53%). A further 32% are small charities.¹
- Charitable income per head is half what it is for charities based in England and Scotland. (approx. £400 per head in Wales and £800 in England and Scotland.) However, this is partly due to the location of registered offices of major charities who operate UK-wide, and are registered outside of Wales.²

Volunteers contribute to the economic, social and cultural fabric of Wales:

- Prior to COVID-19, it was estimated that approximately 938,000 volunteers contribute 145 million hours, each year, which is worth £1.7 billion. This is equivalent to around 3.1% of the Wales GDP³.
- Volunteering also has significant value, which is less easily defined in monetary terms, in terms of individual wellbeing, social cohesion, inclusion, economic regeneration, and the development of social capital.

¹ Micro: less than £10,000, Small: less than £100,000

² DataHub, WCVA website

³ Welsh Government Third Sector Scheme Report 2017 -18)

2. The impact of the pandemic on the sector, in terms of funding and service delivery

WCVA wishes to see a resilient voluntary sector. We define this as a sector which can continue to deliver benefits despite a significant shock, such as the COVID-19 pandemic. This includes being agile in its provision of services, being able to meet increased need, and being financially secure.

Increased hardship

The Coronavirus pandemic has increased hardship in Wales, and this has led to an increased demand on the voluntary sector. Some areas where the sector has seen increased demand include:

- Support for those in self-isolation or shielding due to the pandemic (including people no longer required to adhere to specific regulations but who lack the confidence to routinely leave their house).
- Support for people with medical conditions.
- Support for people who have experienced challenges due to the lockdown, such as those suffering from abuse or family estrangement.
- Mental health support and befriending services.
- Support for people who have lost income due to the lockdown or the resulting pandemic, especially those who are now destitute.
- Home-based cultural, arts and education provision during the lockdown.

For example, PAVO's Community Connectors scheme rose from having an average of 220 referrals a month to 1,632 at the height of the spring 2020 Covid-19 outbreak. This has resulted in redeployment of staff into the service and moving to a seven-day-a-week operation.

All of these services are vital to people with whom charities work. The lockdown created a surge in demand that would have been difficult for the sector to manage, especially given the need to develop newer digital ways of working, in normal times. The financial uncertainty being faced by many organisations at this time has made this need for new and adapted service delivery methods especially challenging.

Impact of COVID-19 on service delivery

The pressures on individuals and communities relating to COVID-19 are seeing increasing demand on voluntary sector services.

These pressures disproportionately affect some groups. This includes the elderly, those with underlying health conditions, people with disabilities, many BAME communities, refugees and asylum seekers, people with mental health challenges and those vulnerable to domestic violence.

Initially, the physical lockdown restrictions made it harder to respond to these. Vital services that demand face-to-face contact have new concerns around safeguarding and huge pressures in accessing PPE.

Ongoing services have been reduced or stopped in the short term whilst resource is redirected towards COVID-19. Those services are a lifeline for some and will have an immediate impact (for example, for people with substance misuse issues). Re-engaging when services open will be hard.

Organisations are adapting to deliver activities digitally. However, not everybody has access to the technology needed or space at home to talk in private. This disproportionately affects some groups. One organisation told us about its concerns on the impact on young people in respect of mental health, isolation, loneliness, and education.

Despite these challenges, organisations are stepping up and adapting the way they work to deliver new and existing activities. Digital is helping people to reach out, engage, organise, deliver activities, and even fundraise. Overnight, people are discovering digital solutions that previously would have been seen as impossible. A whole range of services are going online creating possibilities for the longer term. We have seen collaboration across organisational and sectoral boundaries – people working together to focus on the immediate crisis, putting traditional barriers aside.

Impact of COVID-19 on finances

The sector is experiencing significant financial losses. As a consequence, the sector is less able to help those people it works with at exactly the time when the demand for the services and activities it provides is greatest.

UK-wide, charities are estimated to lose 24% of their total income for the year⁴. We estimate that this would be approx. £620m for charities with headquarters in Wales, and a further loss to UK-wide charities which operate in Wales.

Welsh charities are smaller than their counterparts in England and Scotland and Wales has the highest percentage of micro charities in the UK (53%). A further 32% are small charities. (Micro: less than 10k, Small: less than 100k). For smaller charities like those in Wales, significant changes in fundraising income can be particularly problematic. The Centre for Social Justice estimates that 24% of charities with an income of less than £1m have NO reserves, making their ability to survive and adapt during this time less likely.

It is not yet clear how many redundancies there will be – many are waiting to re-assess at the end of the Coronavirus Job Retention Scheme – but we know:

- 33% of charities said they expected to have to make job cuts in the next 12 months.
- A further 36% of charities said they were unsure if they would have to make redundancies.⁵

Opportunities for future income-generation are also reduced. For example, mass participation events, an important fundraising income stream, are likely to continue to face restrictions even as other restrictions are lifted. Many organisations also rely on hospitality, leisure or retail facilities which continue to face financial challenges (and may not be eligible for business support as total income may not be reduced significantly, but project-restricted funding cannot be used to make up the balance).

⁴ Research on a UK-wide basis by NCVO, Charity Finance Group, Institute of Fundraising and supported by PricewaterhouseCoopers.

⁵ Research by Acevo and the Centre for Mental Health.

3. The effectiveness of support from the UK and Welsh government and local authorities

Background

The Welsh Government was quick off the mark in releasing funds for the voluntary sector, primarily through funds administered by the Wales Council for Voluntary Action. These consist of:

- Voluntary Sector Emergency Fund. This ran from April until August and supported enabled those providing vital support to groups such as: people in isolation, the elderly, carers, people struggling to access food etc so that they can be supported during this time. It distributed £7.5 million.
- Voluntary Sector Recovery Fund. This is the successor to the Voluntary Sector Emergency Fund, and focuses on reducing inequalities across society as a result of the Covid-19 pandemic and will provide the resources for the voluntary sector to embed safe practises to carry on delivering essential services across Wales.
- Third Sector Resilience Fund. This is a blended loan and grant scheme to support voluntary sector organisations' ongoing revenue costs and has provided over £4.7 million to voluntary organisations. It is now in phase 2, which includes three strands: survive, improve, and diversify.

In addition to this, we note Welsh Government has provided more targeted funding at specific sectors, including directly to hospices and for organisations tackling domestic violence, and through funds to support the cultural and sports sectors, for example, which can be accessed by voluntary sector organisations.

The total amount of funding available to the sector in Wales appears to be broadly comparable to the amounts delivered to the voluntary sector in England by the UK Government, although comparisons are difficult due to the way these grants were delivered in the two nations. Scotland provided higher levels of funding. The voluntary sector also made use of both Welsh Government-provided schemes (such as the business rates grant scheme) and

UK Government-provided schemes (such as the Coronavirus Job Retention Scheme) which were not specifically aimed at the voluntary sector.

However, there is still a significant gap between the total amount of funding provided by government and the substantial losses expected by the sector.

Effectiveness

The sector has made good use of the funds provided by the Welsh Government⁶. We also appreciate that the Welsh Government has made additional funding available to enable the voluntary sector to support the wider recovery.

This funding has often been roughly equivalent to Westminster funding, although we note that there are gaps, for example in direct grants to frontline services.

It is clear to us that the Welsh Government was quicker at releasing this funding to the sector than elsewhere in the UK and that this meant that organisations were quicker to respond to the crisis than would otherwise have been the case.

A combination of the funding available from various governments has meant that many voluntary sector organisations have been able to ‘weather the storm’ until now, especially in relation to staff losses.

This can be a mixed picture due to the diversity of the sector. Some organisations will have had significant income reduction, especially those who rely on their own income generating activity. Other micro organisations, and informal groups, have very little funding. Some will have accessed additional funding to support the emergency response. This can often be based on individual organisations’ ways of working than on any particular sector.

⁶ A list of Voluntary Services Emergency Fund recipients is available here: <https://wcva.cymru/wp-content/uploads/2020/06/VSEF-recipients.pdf>

However, in the medium-term, there is a significant likelihood of charity closures, or mergers. For larger organisations, reductions in funding may not mean closure, but will mean having to reduce their work with people.

The Welsh Government has also recently released funds to support the recovery. Every area of the recovery can be supported by the voluntary sector. However, this will come at a time when the sector's resources are significantly strained.

Recommendation: Building on the Third Sector Resilience Fund, the Welsh Government should provide funding to increase the resilience of the sector and its ability to play its part in immediate support for communities during the recovery. Given the length of the crisis, consideration should be given to extending this beyond the current financial year.

4. Volunteering and community resilience

The sense of community spirit is, a positive outcome from the crisis. Although many volunteers and communities have witnessed hardship in their communities, they have also come together to support each other. WCVA believes that this spirit will be important to support the recovery.

Notably, there has been a surge in volunteering since the start of the pandemic:

- Since the start of the coronavirus outbreak, 18,000 people have signed up on Volunteering-Wales.net – Wales’s website for volunteering.
- There is a more consistent volunteering infrastructure in Wales than elsewhere in the UK. Third Sector Support Wales (consisting of WCVA and local CVCs) has been ready to start supporting volunteers in their communities. This was supported by the all-Wales volunteering database volunteering-wales.net.
- Early analysis suggests 40% of new volunteers would like to continue to volunteer after coronavirus pandemic.
- Some volunteering opportunities pre-Covid-19 have ceased due to self-isolation and/or impact of requests from employers to do more (i.e. frontline staff). Consequently, vulnerable beneficiaries are no longer in receipt of volunteer support.
- All sectors recognise that volunteers will not all return immediately when restrictions are lifted and that there may be a shortfall. Organisations may need to recruit again after the outbreak and support with this may be required.
- There have also been a significant number of local community-based mutual aid groups, largely co-ordinated online. These are informal and unofficial so it can be hard to map their size and scale.

Likewise, we have seen the value of resilient communities throughout this pandemic. This includes existing community groups, many of whom were able to respond quickly and are working to continue to provide support to their community in this crisis. For example, MaesNi in Maesgeirchen, Bangor, provided food and emergency cash support to people during the first lockdown⁷.

⁷ See [further work](#) from the Bevan Foundation.

Likewise, may people also become more engaged with their community, and especially local nature spots, during the pandemic.

WCVA believes there is a real opportunity to sustain this volunteer and community response following the pandemic, both to support the recovery and to promote wellbeing in Wales more widely. With the recent interest in volunteering, we believe that there is scope to build on this response.

Recommendation: The Welsh Government should work with the voluntary sector to identify areas across its work where volunteering can support the recovery, public services, or well-being. This should include an active leadership role for the sector in working with the Welsh Government to identify new areas, beginning with key areas where investment can lead to volunteering opportunities which support wellbeing in the recovery. Specific proposals include upgrading volunteering-wales.net to address inequality of volunteering across different groups; and funding for programmes related to nature, young people, and moving people back to the labour market.

Recommendation: The Welsh Government should develop a programme of empowering communities across Wales, acting as an enabling state for community action. This should include a Community Wealth Fund and legislation to provide greater ability for communities to be involved in local action.

5. Good practice, future opportunities and challenges.

WCVA has been listening to the sector to gather insight into which practices have worked well, and which haven't. We have also looked worked with organisations to explore what this might mean for the future – both good and bad⁸. WCVA is supporting IWA's initiative to develop a Sensemaker tool to support voluntary organisations across Wales to continue to capture learning.

Looking at the future, Covid-19 should be seen in the context of wider events and change. This includes leaving the EU, responding to the nature and climate crisis, transforming service models including in health and social care and adapting to digitally driven change. As well as a specific health crisis, Covid-19 is driving other change which will be hugely challenging for health and wellbeing, the economy and employment, poverty and inequality.

Our diverse voluntary sector has an essential role to play in supporting people's current and future wellbeing during this time.

Despite these enormous challenges, there are positive lessons to learn. Across the sector, we have been forced to do things differently – often at a scale and speed thought impossible pre-pandemic. Whilst there are plenty of things that organisations would not want to maintain, we've also seen change that has worked well. The need to innovate has forced us to find new solutions. This includes new collaborations and more inclusive digital services. We saw more agile commissioning and data-sharing that allowed better joint responses.

Opportunities to create a better future in the long term have also been created. The enormous disruption created by Covid-19 has created opportunities to change established systems and behaviours that were driving inequality, environmental damage and disempowered communities. There is a strong ambition across our 'build back better'. Our value-driven sector has a vital role to play in shaping and delivering this. WCVA is working to support organisations to influence a positive future.

If we are to achieve this collectively, Wales needs to maintain and resilient voluntary sector, able to adapt to the considerable challenges ahead.

⁸ [How we can prepare for different futures](#), August 2020

Good practice

The crisis has shown the difference that can be made by people coming together voluntarily. This was particularly in response to an emergency, something that was seen earlier in the year during the floods.

The community response has been essential to many people's wellbeing. New and informal groups sprung up across the country, including mutual aid groups. The local community action was able to work at speeds and in ways that other parts of society were not. They often led the way.

Certain things helped those groups to get going quickly and to make a bigger difference:

- It helped where community infrastructure was already in place – both in terms of relationships and physical infrastructure
- Good relationships with local business and public bodies
- The huge need and ability to respond quickly motivated thousands

We need to do more work to explore what worked and what didn't to inform future practice.

The swift informal response also gave rise to questions on how to sustain motivation, keep everyone safe and supported and encourage appropriate governance. These are issues infrastructure bodies are working on.

We saw a great deal of good practice within our sector, including rapid changes to service models and creative ways of maintaining vital support to people⁹. This includes new ways of delivering digitally. Many organisations reported how they were able to increase and diversify engagement through new digital approaches.

Throughout this crisis, voluntary and community organisations have been responding alongside public and private sector partners. Both the voluntary sector and its partners have benefited from this engagement. It has often led to the voluntary sector being able to reflect the views of its services users into

⁹ See *Preparing for Different Futures – final report*

pandemic planning, and to the public sector enabling the voluntary sector to deliver more effectively.

However, this collaboration has been variable across Wales. There are examples of excellent collaboration within and across sectors. There are also examples of poor practice, with top-down decision-making within public bodies excluding voluntary sector and citizen involvement. We must take this opportunity to learn and strengthen this collaboration and to make sure it is universal. Some of the examples of what worked well included more agile commissioning and data sharing.

There is a wide-range of areas where the voluntary sector can be involved in supporting the recovery. These include: support for health and mental health of people who have been adversely affected by the pandemic, helping children and young people who fell behind during the pandemic due to lost hours, addressing inequalities which were exacerbated by the crisis, supporting communities which have been adversely affected, relief of poverty following the recession, and providing support for people to return to the labour market.

In each of these cases, the voluntary sector can reach specific people who may not always benefit from other public services equally. They can also improve services by more effectively reflecting the views of the people and communities they work with into the policy-making process.

Recommendation: In future recovery work, the Welsh Government should ensure that all parts of the public sector engage with the voluntary sector in policy-making and service delivery. This should also lead to greater partnership beyond the recovery and include the voices of the voluntary sector as well as the people with whom they work.

Future opportunities and challenges

While the sector faces a significant period of upheaval and challenge, there are some opportunities. As outlined in section four, this includes in the volunteering and community sectors. There is an opportunity for the sector to support the current and next Welsh Government's recovery plans. There is likely to be a significant investment from the Welsh Government in the next

few years in economic recovery. This provides an opportunity to develop policy and programmes in which the voluntary sector can add value to the Welsh Government's programme.

In particular, we would draw the committee's attention to the following areas in which the voluntary sector can play a role in supporting a green and just recovery:

- Preventative health care to reduce strain on the formal health service, such as through social prescribing.
- Investment in community nature and conservation projects.
- Supporting young people, either through the youth services, or through investing in youth volunteering.
- Community and voluntary sector-led employability programmes.

Many across the sector are clear that they see this as an opportunity to more fundamentally restructure systems and behaviours to create a more sustainable future. There are ideas and energy across different parts of the sector around this. This is reflected in national movements such as the emerging Wellbeing Economy Alliance in Wales. Voluntary and community groups also provide models that provide the seeds of how things could be done differently – and better -in the future. Examples include community energy and food initiatives, through to alternative ways of providing social care.

The huge uncertainty and speed of change that is taking place currently creates significant opportunities for change for the better, as well as threats. The voluntary sector, made up of value-drive organisations, has a critical role to play in shaping responses that lead to positive futures.

If we are to take opportunities to shape a positive future, Wales will need an active and resilient voluntary sector. This is not something we can take for granted. As well as the considerable financial challenges, our sector is facing challenges to adapt to different ways of leadership, governance and service delivery. Whilst many organisations have adapted swiftly to digital working, it is clear now that voluntary organisations will need support in building skills, capacity, culture and infrastructure to work digitally. Infrastructure bodies

have a key role to play here, something which should be supported by government.

Recommendation: The Welsh Government should work with the voluntary sector to identify areas across its work where the sector can support the recovery, public services, or well-being. Some are highlighted above.

Recommendation: The Welsh Government should invest in voluntary sector programmes which support the recovery, in a similar manner to the Voluntary Services Recovery Fund. Given the length of the crisis, consideration should be given to extending this beyond the current financial year