



Coronavirus: Potential Impacts on Herefordshire's Community Sector

Introduction

This document summarises the likely potential (financial) impacts of Coronavirus on community sector organisations in Herefordshire.

Many of these impacts will be shared with either public or private sector organisations; we are therefore only aiming to highlight where these may be significantly different for community sector organisations, and suggest how this might be addressed locally or nationally.

These impacts may also have knock-on effects for public sector partners – as, for example, many of the informal services provided by smaller local community sector organisations support people to live independently without the need for formal social care services.

There is currently a gap in the national advice – which is aimed at either “individuals” or “businesses” – with little specific information for small and relatively informal community sector organisations, and so on the issues highlighted in this document.

Herefordshire's Community Sector

hvoSS estimates that Herefordshire's community (and voluntary) sector comprises over 1,000 organisations (registered charities, other forms of “not for profit” organisation and many whose turnover is too small to require them to register as a charity).

Together, these organisations add up to a significant sector – employing a significant amount, perhaps as many as 2,000 FTE staff, working. We also estimated over 50,000 people may be volunteering and making a contribution to the Herefordshire economy.

Business Continuity Challenges

Like other sectors, Herefordshire's Community Sector organisations are likely to face challenges in maintaining their normal services and activities if a high proportion of staff or volunteers are unavailable due to self-isolation, illness, or caring responsibilities. There are a number of challenges unique to a sector with many small organisations and where delivery of many activities depends on volunteers.

The concerns that are particularly relevant to local community sector organisations include:

- It is a sector with many small organisations, many only employing only a handful of staff. This



means that in many organisations, a single member of staff may be covering many roles (from finance to volunteer management), and so the organisation has a limited ability to continue to shift work between staff and to continue to run if a key staff member is unavailable.

- Many staff within the community sector work part time, often in order to fit work around caring responsibilities (for children or adults). These staff may find these caring responsibilities increase (for example, if schools close or statutory sector health and care services become stretched) and so their ability to work, particularly from their normal office base, may be limited.
- Many volunteers will also have caring responsibilities and their availability for voluntary work may decrease for the reasons above.
- This pressure could be eased to some extent if other employers in Herefordshire were to offer their staff more flexibility for caring responsibilities – many staff and volunteers have other family members who work full time, but could take on some of the informal caring responsibilities if their employer were to offer more flexibility (even on a short term basis). We realise other employers will also face business continuity challenges, but these changes could be as simple as allowing staff to start half an hour late/finish early, take a longer lunch break, work from home to cut down on commuting time or similar. At the moment, we consider there is a danger that the consequences of an increase in informal caring responsibilities may fall disproportionately on smaller community sector organisations, that may be less able to cope with it.
- Many volunteers are older and may be more likely to become seriously ill if they contract Coronavirus.
- Smaller organisations often have less resilience to business continuity challenges; in addition to the points above:
 - o Many may have done little thinking or planning around their business continuity, and there is little national guidance for small third sector organisations that would not necessarily consider themselves to be “businesses”
 - o Small organisations are likely to be less able to access supplies (e.g. hand gels) that are in short supply that they use in their day to day business
 - o Small organisations may not be insured for business interruption, or may find that



the excess on a policy is too high to make it worthwhile claiming (although the small organisations may still find these costs hard to absorb)

- o Some organisations make limited use of IT, and are unfamiliar with options for online meetings, teleconferences, etc
- o Many have limited financial reserves presenting challenges around sick pay and loss of income (explored)
- o There is a danger that staff and volunteers will want to continue to work/volunteer even when they are feeling ill themselves, as they will be concerned that no one else is able to take on their role; we will be encouraging them not to do so through our networks.

Increased demand for services

Many community organisations could face a significant increase in the demand for their services, but no increase in funding.

- Organisations with a high proportion of their income coming from grants tend to operate with an income that is relatively steady, and that it is not directly linked to the number of people using their service.
- This operating model has been a poor fit with previous government grant schemes to support businesses following disasters, which have often required organisations to show a decrease in their income in order to be eligible.
- Many community sector organisations are anticipating that their workload could increase if statutory sector (health and care) services become stretched, or that they will be asked to support the statutory sector more directly (for example, following national coverage of new “NHS Volunteers”). It is not clear to what extent this might be funded if it is not within the scope of existing contracts – and it may place organisations and sector in “competition” for volunteers.
- This “gap” in support has sometimes been filled by grants from appeal funds (for example, the Herefordshire Community Foundation Flood Appeal), but it is not anticipated at this stage that a local or national appeal will be launched around Coronavirus.



Decreased income

Many organisations could expect to see a drop in their income (with some overlap with those seeing an increase in demand for services). This may be more likely to be covered by any government grant scheme for businesses, but we would suggest that any such grant scheme needs to be advertised through community sector networks as well as traditional business networks:

- Many local charities rely on income from fundraising events – gala dinners, sponsored runs, etc – that may be cancelled as Coronavirus concerns rise. This is an impact that has been seen during Foot and Mouth, and following flood events in Herefordshire. It affects a number of the larger, more formal organisations that provide key services
- Many community sector organisations rely on earned income from events – either as their main activity (e.g. theatres and other arts venues) or less directly (e.g. income from room hire for events) – and again, are likely to see a fall in this income as large events are cancelled.
- Decreased income from investments is a potential challenge for some community organisations, and may also decrease the amount of funding available from grant making trusts.

Funding targets

Organisations may need to change the way in which they deliver services (for example, providing telephone support rather than a drop-in service), be unable to deliver parts of their normal service, or discover that new services are needed to meet emerging demand.

Some organisations have expressed concern that their funders may not be willing to allow flexibility if targets (particularly from contract funding) cannot be met due to Coronavirus restrictions, and they might face financial penalties from the funder as a result (whilst staff costs would remain the same).

Staff welfare

Organisations expressed concern that staff might need to work extra hours to cover the absence of colleagues, that their work might become more stressful (as the clients they work



with are becoming extremely anxious about Coronavirus), and it would be more challenging to support staff working remotely.

Concern about vulnerable people

Although not directly a financial impact on the community sector, we are hearing many community sector organisations raise concerns about the impacts of Coronavirus on vulnerable people in Herefordshire, particularly those on low incomes. We are aware that similar concerns have had some national coverage. The points raised include:

- Many people on low incomes will struggle to follow current advice on self-isolation – for example, it is relatively easy for many people to remain at home and order food online, but it is difficult if you are used to shopping daily in cash, can't use a debit/credit card (because you are overdrawn) and don't have a fridge, making it difficult to store food.
- People on zero hours contracts are likely to need to work despite illness, and many people are concerned about missing DWP appointments.
- Organisations are not currently clear what discussion or planning is going on around these issues, or how they should raise/escalate such concerns.
- This may have direct impacts on local third sector organisations such as Foodbanks and advice organisations.
- Many organisations work with vulnerable people, fear that they will not be able to provide their normal level of support (for example, supporting by telephone rather than face to face), and that this may, for example, lead to a deterioration in mental health and an increased demand on statutory sector services (perhaps in the longer term).

National Third Sector Information

The national third sector information tends to focus on larger third sector organisations, but the following links may be useful:

- A range of national third sector organisations have written to the Chancellor raising concerns about the impacts and highlighting the gap in current advice and support (which is aimed at either "individuals" or "businesses") and asking for a specific fund to support charities (as well as flexibility in tax payments, and explicit inclusion of third sector organisations with "business" grant schemes). This letter, sent yesterday, is



currently only available on social media, for example:

<https://twitter.com/CFGtweets/status/1237367401928372225>

- NCVO advice to third sector organisations:

<https://www.ncvo.org.uk/practicalsupport/information/coronavirus>

- Charity Commission advice to charities (distributed by email; not yet available on website)