



Cobseo
The Confederation
of Service Charities

Cobseo Members' Survey

May 2020

Stuart Cole

Directory of Social Change

dsc
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Introduction

The Covid-19 crisis' impact on the charity sector is undeniable, yet data on the extent of this impact from charities 'on the ground' is scarce¹. While sector-level data from recent annual reports and accounts can be effective in understanding the potential impact, there is no substitute for charities giving voice to the reality of their evolving situation.

When Covid-19's immediate health and economic threat is passed, questions about the impact on charities will turn to data for answers. Data exists from before the crisis (2019 annual reports), and there will be data in next year's annual reports and accounts; but establishing what happened on the ground during the crisis will be key to evidencing cause and effect. This is especially true for charities which may not survive to write their 2020 annual reports.

Working in partnership with Cobseo, DSC surveyed Cobseo Members to provide a unique account of how the Covid-19 crisis is affecting many of the UK's most well-known and depended-upon armed forces charities and wider organisations supporting the armed forces community. The survey aims to gain a greater understanding of what Members are experiencing and what they need in the current circumstances and moving forward.

The results of this survey provide first-hand, quantitative and qualitative data, to help build an evidence base to inform current action and future planning in the wake of Covid-19's impact.

About the survey

The survey was generously funded by the Forces in Mind Trust and was designed in collaboration between DSC and Cobseo. The subsequent analysis and report were undertaken by DSC. Responses were gathered via the online survey tool 'Survey Monkey' between 30 April to 11 May 2020. A total of 194 Cobseo Members completed the survey.

Quotes from respondents are used throughout this report. Quotes appear as written by respondents; however, certain quotes have been minimally altered to maintain the anonymity of respondents. Not all qualitative responses are featured in the report; however, to ensure that all responses were heard, every response given by Members was anonymised and presented to the Cobseo executive team.

About DSC

Directory of Social Change (DSC) has a vision of an independent voluntary sector at the heart of social change. We are an independent charity with specialist research expertise and experience from over 40 years of providing support to the charity sector.

Our publications and reports are regarded as the premier sources of information on charities and our work continues to support development in both policy and practice across the charity sector.

Visit DSC online at dsc.org.uk to learn more.

¹ DSC is currently surveying charities in partnership with the Institute of Fundraising, the Charity Finance Group, and NCVO.

Executive Summary

Characteristics of respondents

- In total, 194 total respondents took part in the survey, of whom 83% were Cobseo Members and 17% of whom were Associate Cobseo Members.
- Additionally, 25% of respondents were members of Both Cobseo and Veterans Scotland.
- The vast majority of respondents (95%) were from registered charities or Charitable Incorporated Organisations (CIOs)
- 'Small income' charities (annual incomes less than £750,000) accounted for the majority (57%) of survey respondents.

Serving beneficiaries

- Almost half of respondents (47%) saw a decrease in beneficiary numbers, while 28% saw an increase, and a further 26% saw no change in beneficiary numbers during the Covid-19 crisis. However, it is not known whether this is due to decreased need or a decrease in provision.
- Members reported increases in beneficiary demand in the following areas: Loneliness support (65% of respondents); mental health support (54% of respondents); poverty and financial support (50% of respondents); family support (48% of respondents).
- Most respondents (45%) reported being able to cope with demand. In contrast, one-third of respondents (33%) reported that coping with demand was challenging, of which 9% reported either very significant difficulty or an inability to meet the demand from beneficiaries.
- Members reported coping with beneficiary demand by changing to online service delivery where possible and changing working practices. Reduction in service delivery requiring social contact was common, with such services effectively 'on hold' during the Covid-19 crisis.
- The results show essentially two types of respondents, those who can 'hibernate' - for whom operations will be placed on hold; and those whose continued operation is inseparably linked to fundraising (via the public or through grants) and whose income is significantly reduced at a time when demand for services is not. This difference in Member 'types' may explain the apparent contradiction in findings between those who reported seeing reduced demands on services and those who are seeing increased demands on service.

Cash flow

- A decrease in income was experienced by 66% of respondents during the Covid-19 crisis, while only 8% saw an increase in income and 26% saw no change in income.
- The most pronounced decrease in income was in fundraising events income, for which 83% of respondents reported seeing a decrease.
- Over half (54%) of members noticed a decrease in public donations and close to 40% of Members had seen a decrease in grants/ funder income.
- Three-fifths (60%) of Members experienced a decrease in both trading income and in sponsorship income (61%).
- Decline in investment income was also a significant theme in Members' qualitative responses, with many respondents citing this as their main, and now reduced, income stream.
- A decrease in expenditure was reported by 44% of respondents, while 27% saw an increase in expenditure. In comparison, 30% saw no change in expenditure during the Covid-19 crisis.
- The most pronounced decrease in expenditure was for 'service delivery', experienced by 34% of respondents.

Looking ahead

- Reduction in service delivery was highlighted by 46% of Members as the most time-sensitive issue. In total, 13% stated that reduced service delivery was already a reality, and an additional 33% believed it would become a reality within one year.
- A combined 31% of respondents estimated that their cash reserves will be completely depleted within one year, as will their financial stability.
- Over one-third of respondents (35%) had applied for the Coronavirus Job Retention Scheme, otherwise known as 'staff furloughing'.
- Respondents most commonly cited concerns around their continued ability to support beneficiaries, along with concerns over loss of fundraising income.
- Members' requests for support required from Cobseo centred around the need for more funding information and continued lobbying of government for support for both large and small organisations.
- Support required by respondents from the government predominantly focused financial issues including funding and fundraising and increasing access to ongoing support schemes.

Recommendations

Short-term support for Members in financial difficulty

- Online fundraising training and support may help to improve the survival chances of Members that have less than one-year's reserves remaining and are currently having to deplete those reserves to remain open.
- Capital grants for online support may help Members switch to online fundraising and engagement to ensure their public profile and damage to fundraising income streams is mitigated.
- Training grants to help develop online working skills may help reduce overheads and support engagement with beneficiaries and online working.
- The timeframe for achieving this would be by close of quarter-3 2020. With 2020's Armed Forces Day on 27 June, there will be a national focus from which Members reliant on fundraising may see a potential increase in income. Supporting Members to have an effective online presence in time for the build-up and the day itself, may make a difference to those in desperate need of funds but who lack the capital funding to address a shortfall in online infrastructure.
- The *Never More Needed* campaign is urging government to allow charity staff for whom claims have been made under the Coronavirus Job Retention Scheme to volunteer for their charity without penalty. DSC recommend that Cobseo align their efforts to lobby government with this campaign objective, as many Members highlighted the adverse effects of furloughing staff on their ability to raise funds or deliver services.

Additional research

This survey highlighted a desire for Members to see Cobseo lobby government for support and for government to understand the reality of what the charitable sector is experiencing. While this is an ongoing process, the need for data to inform discussion is integral. DSC proposes that additional research is needed in the following areas:

- Data presented in this survey showed an apparent overall decrease in beneficiary numbers. However, members reported around 50%-65% increases in beneficiary demand for loneliness, mental health, poverty and finance, and family support. DSC recommend that research is needed to ascertain whether this contradiction is due to decreased demand or a decreased provision as organisations reduce services (reported by almost half of respondents). DSC believe there is likely to be a distinction between the types of provision being made available by Members.
- DSC recommend that further monitoring and analysis of Cobseo Members' financial position is conducted to present a more definitive picture of where Members are seeing less income and more demand for services. This analysis would also help to ascertain how large the gap in funding has become and the long-term implications for Members and their beneficiaries.

Characteristics of respondents

Figure 1 shows a breakdown of respondents' Cobseo membership types. Over four-fifths (83.0%) were full members of Cobseo (including Regimental Associations).

Figure 1

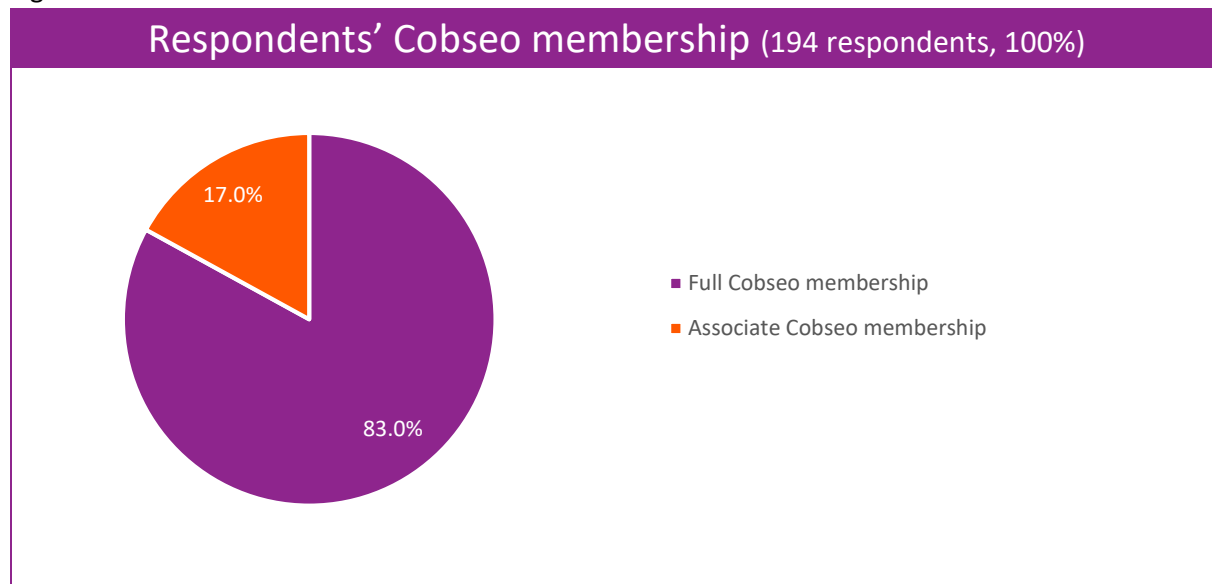
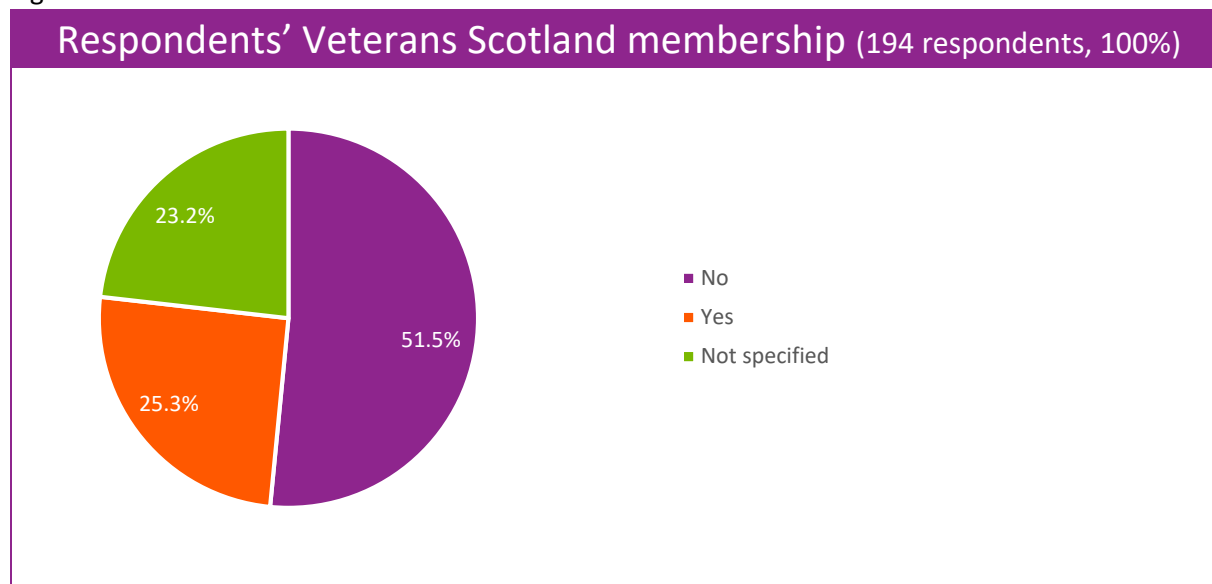


Figure 2 shows a breakdown of respondents' Veterans Scotland membership. One-quarter (25.3%) of respondents identified themselves as members of Veterans Scotland, all of whom also identified as Cobseo Members².

Figure 2



² 84% of these respondents were Full Cobseo Members, and 16% of whom were Associate Cobseo Members.

Figure 3 shows the types of organisations represented by respondents. The vast majority 94.8% identified themselves as Registered Charities or CIOs.

A further 3.1 % identified as 'other', and include; Housing Associations, MOD statutory organisation providing welfare service, an independent body - hosted by a charity, a research association, and an unincorporated association.

Figure 3

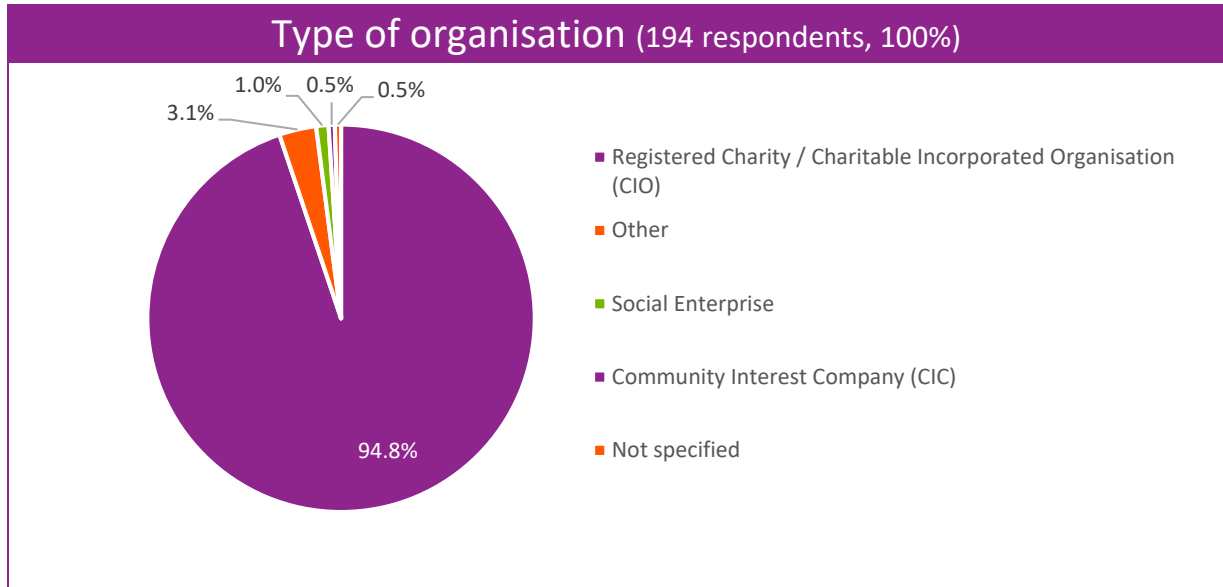
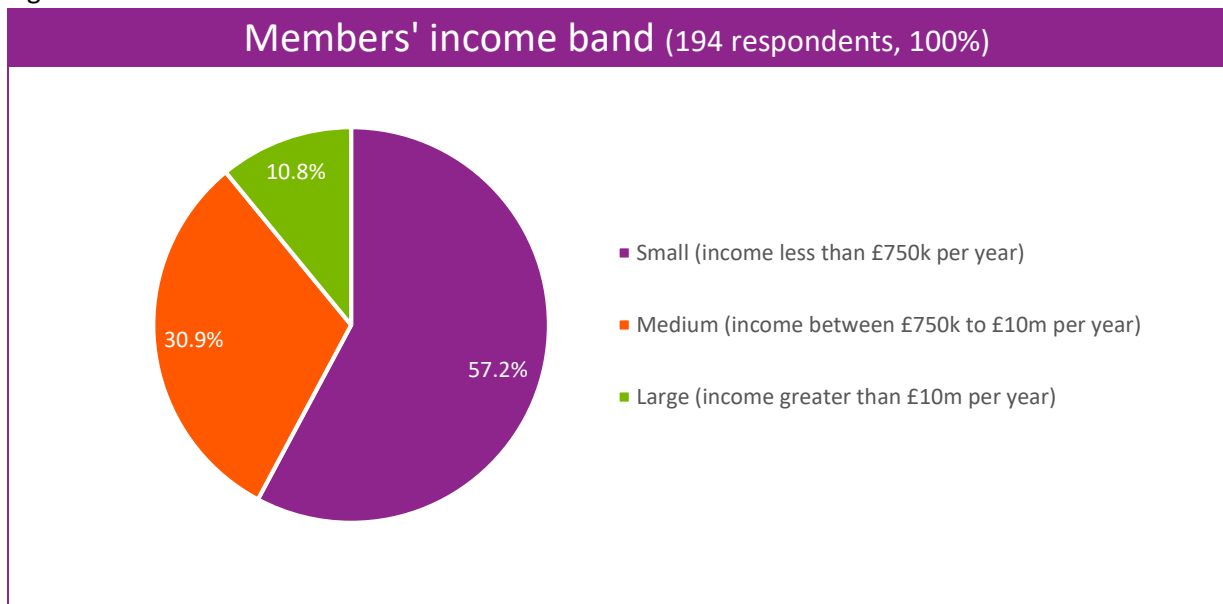


Figure 4 shows the income bands of respondent's organisations. Over half (57.2%) identified as having 'Small incomes' of less than £750,000 per year.

Organisations with 'medium' (£750,000 to £10 million) annual income represented 30.9% of respondents, and 'Large' (£10 million plus) income organisations accounted for 10.8% of respondents.

Figure 4



Serving beneficiaries

Members were asked whether they were experiencing changes in beneficiary demand during the Covid-19 crisis, in terms of 'decreased demand', 'increased demand' or 'no change' (to pre-Covid levels). Responses are limited to those who make provision available in each area of support, therefore the percentages are calculated based on the number of responses to each individual question.

Figures 5 to 9 show responses to several areas of provision in which there was predominantly (more than 50%) 'no change' in beneficiary demand.

Figure 5

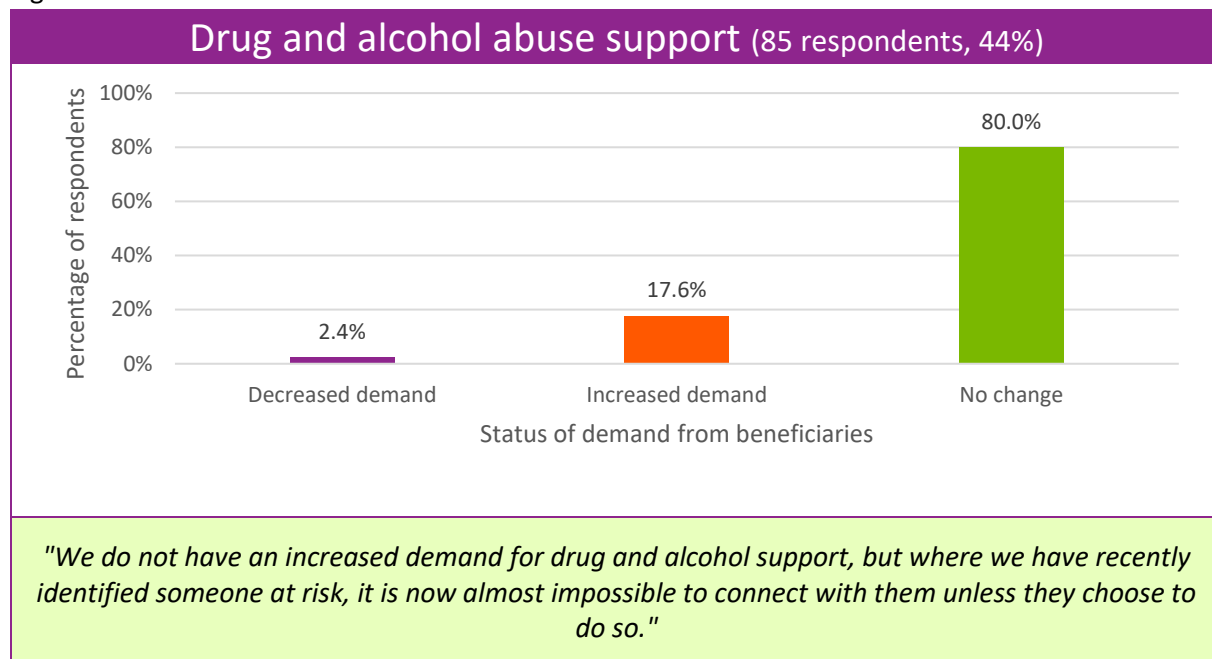


Figure 6

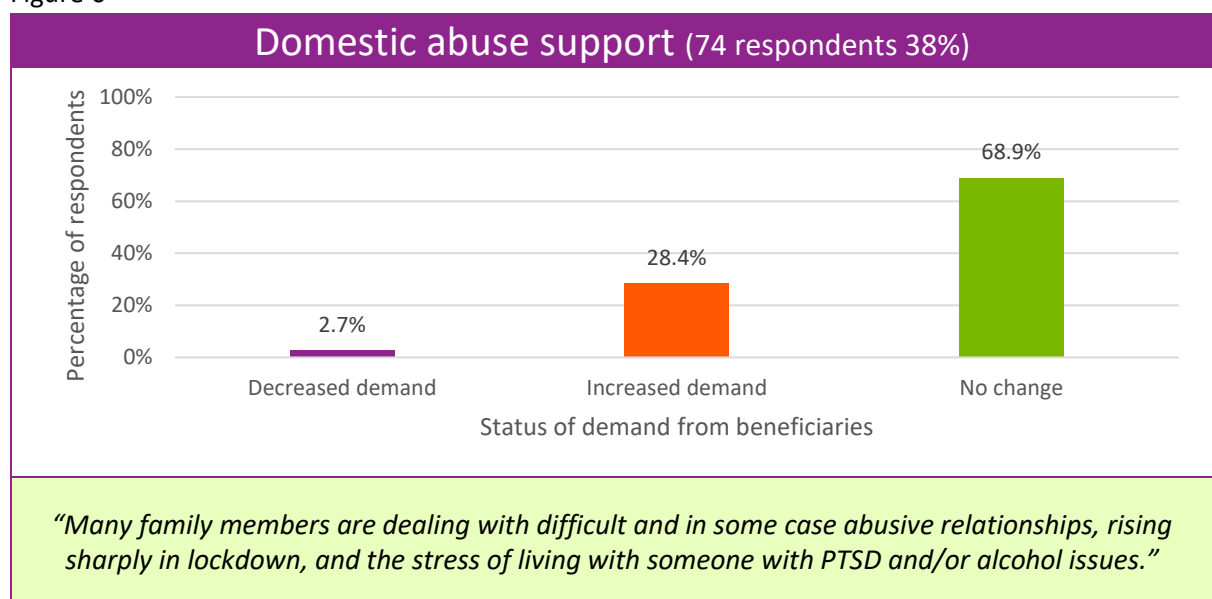


Figure 7

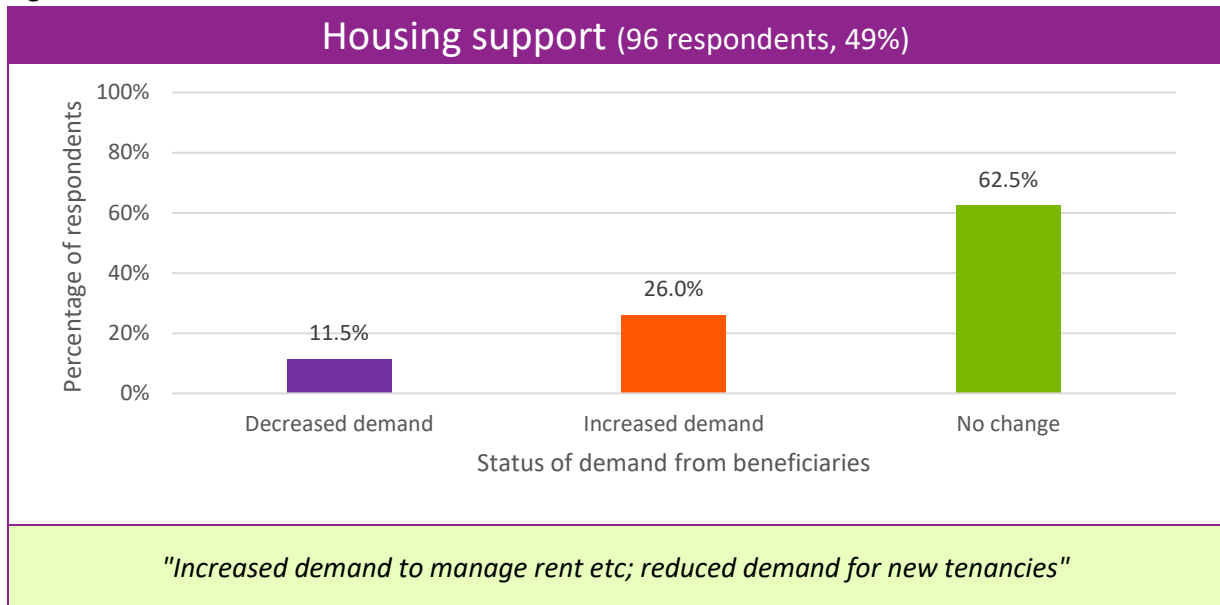


Figure 8

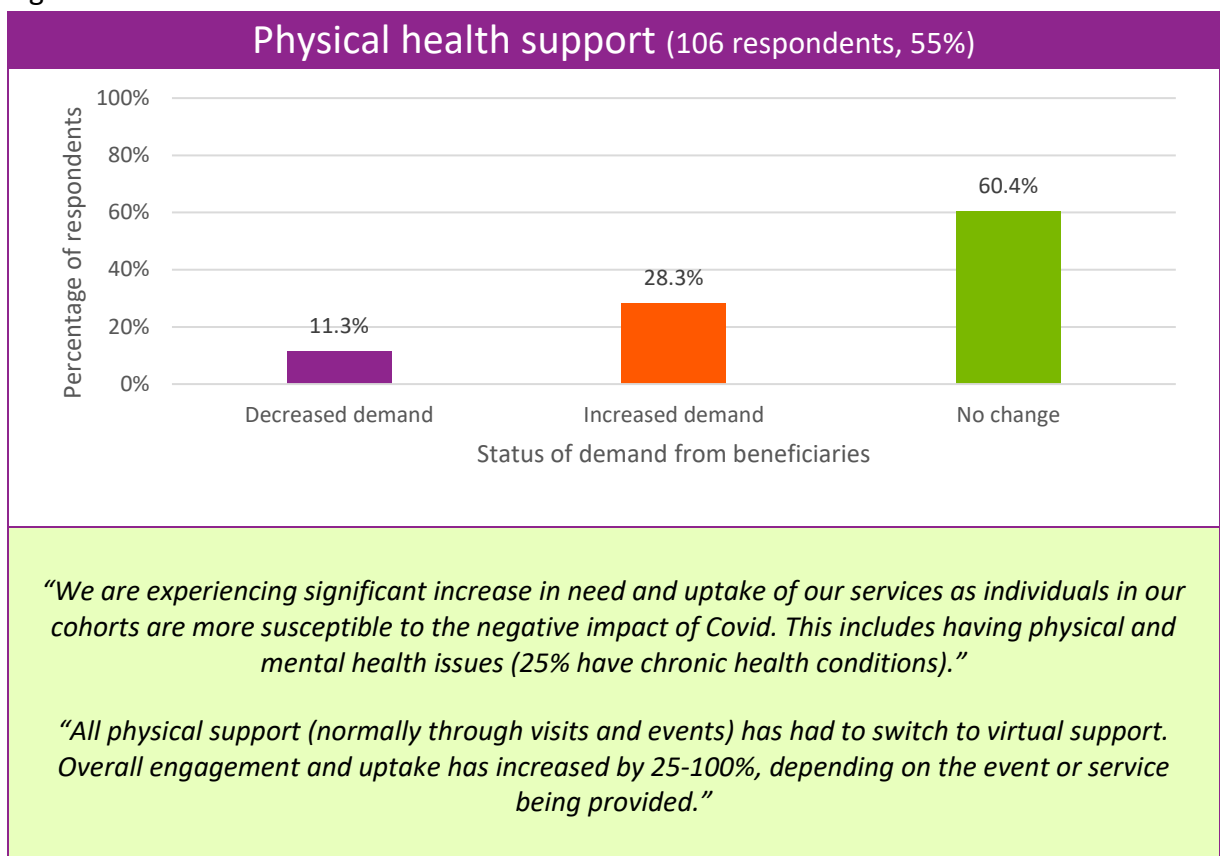
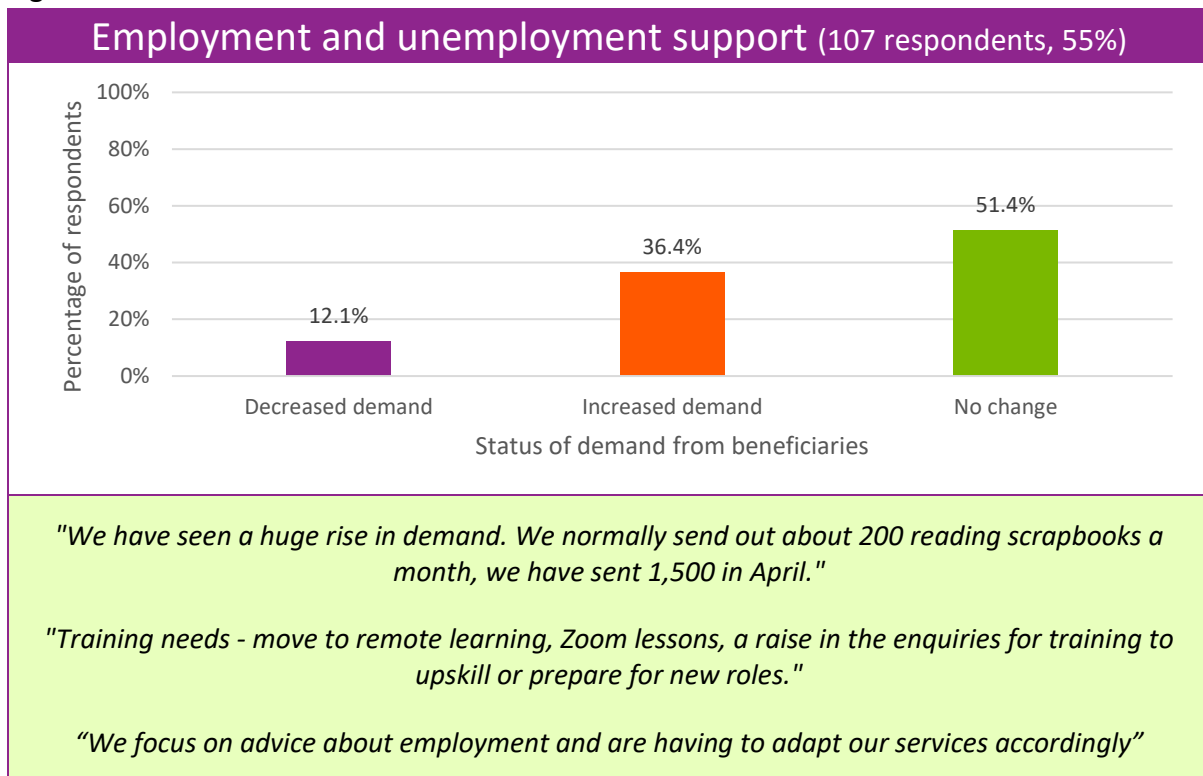


Figure 9



Figures 10 to 12 show responses to several areas of provision in which 'increased demand' responses were more prevalent than 'no change' responses.

Figure 10

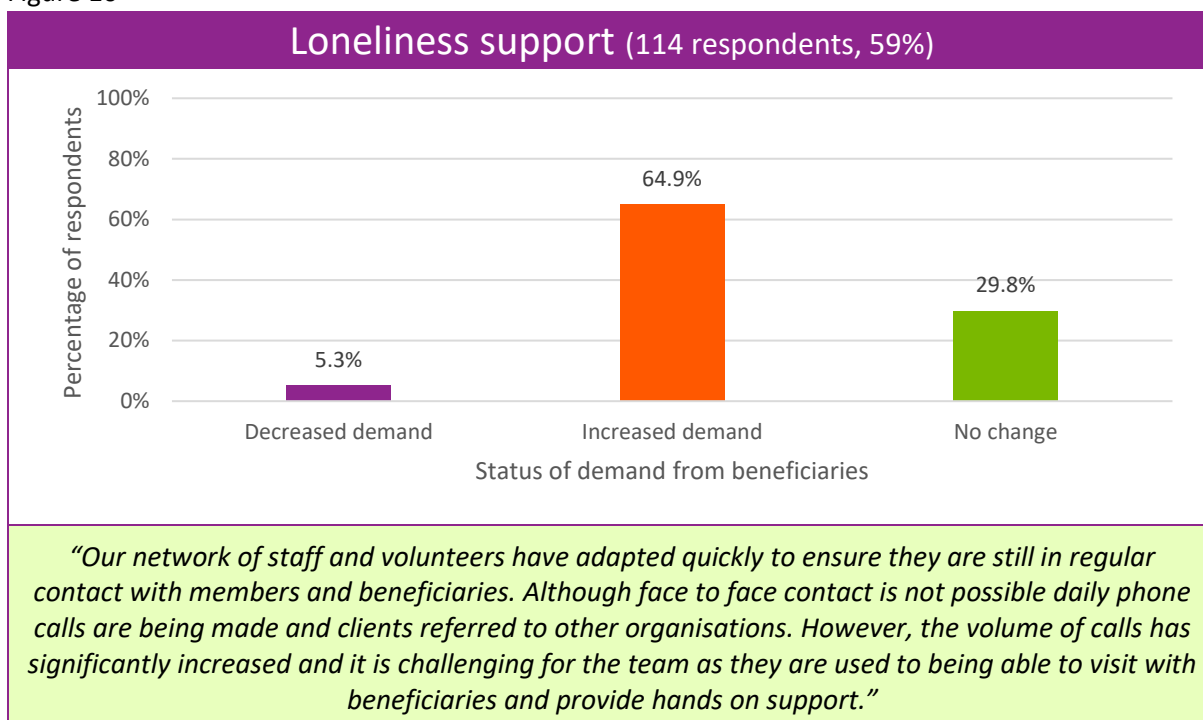


Figure 11

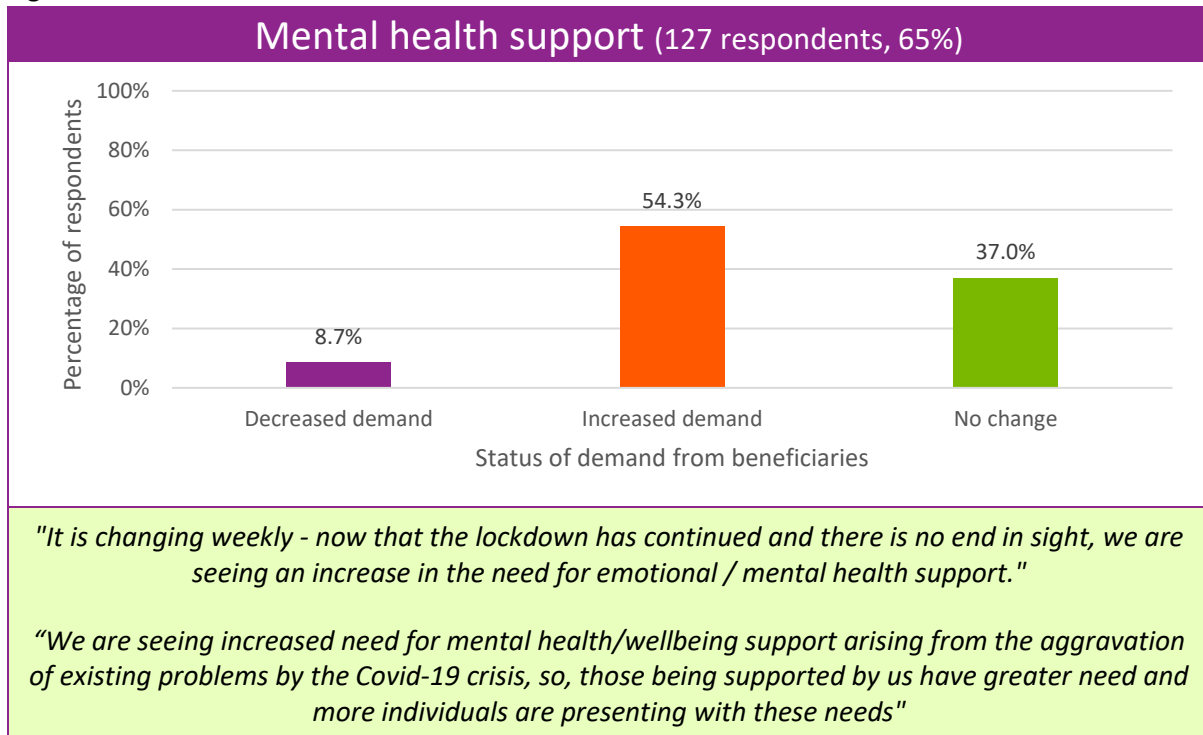


Figure 12

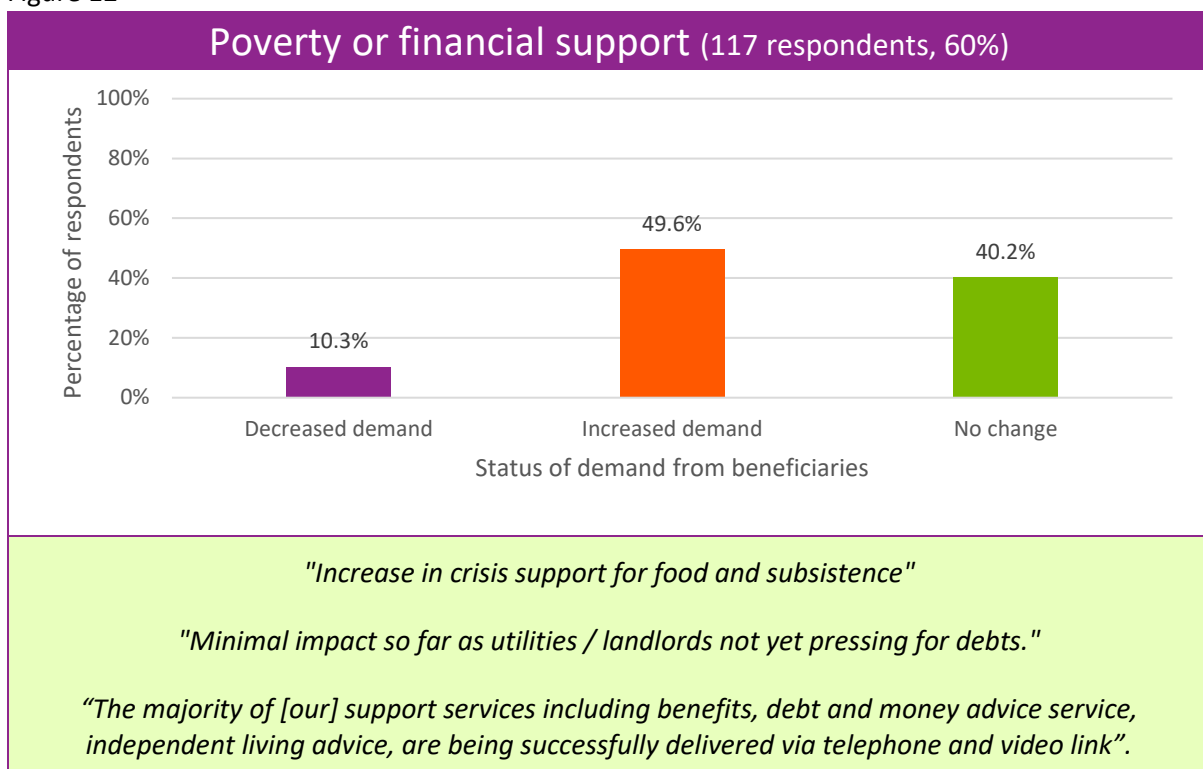
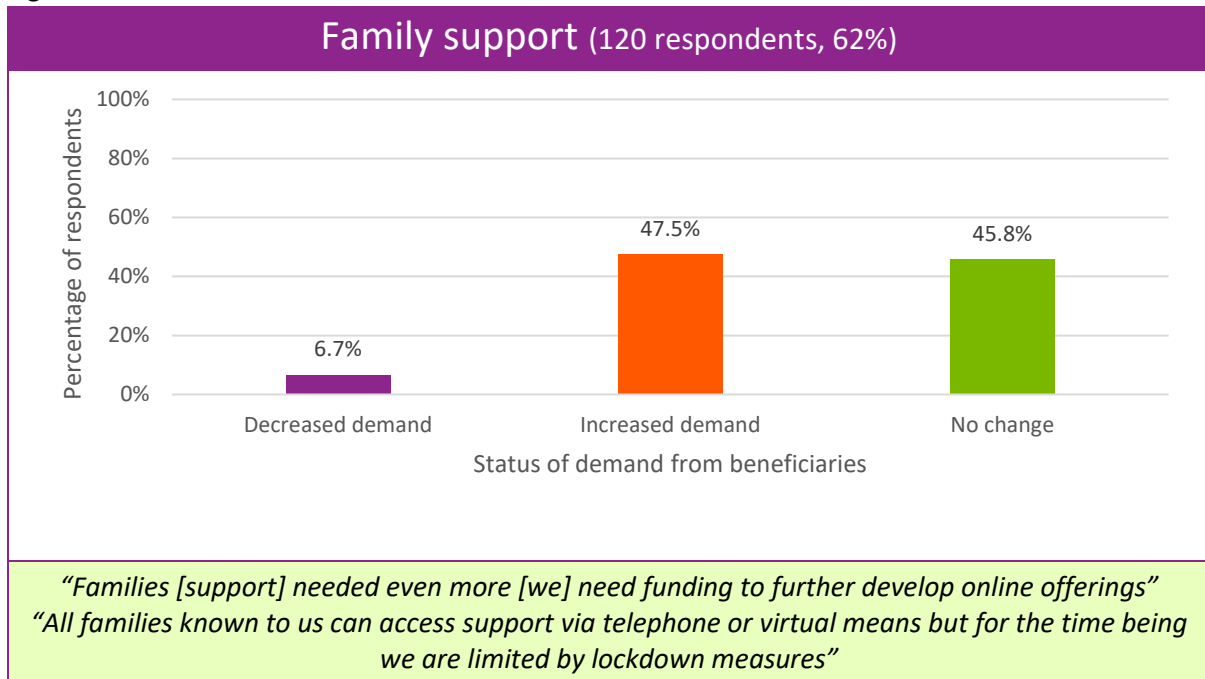


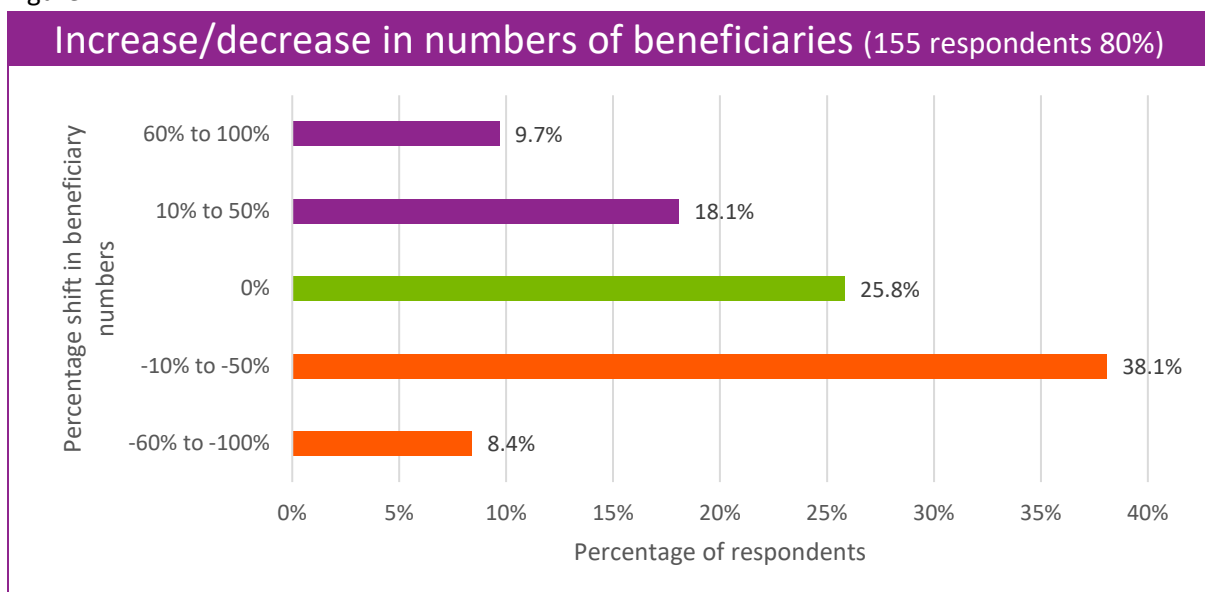
Figure 13



Respondents were asked to estimate the overall increase/decrease in numbers of beneficiaries requesting (or referred for) support. Figure 14 shows that the most common experience was that of seeing a 10% to 50% decline in beneficiaries requesting or being referred for support. Overall, 46.5% of respondents saw a decrease in beneficiaries, while 27.8% saw an increase in beneficiary numbers.

One-quarter (25.8%) saw no change in beneficiary numbers during the Covid-19 crisis; however, as illustrated in figures 10 to 13, there appears to be an increased demand for supporting beneficiaries experiencing loneliness, mental health issues, poverty and financial issues, and family needs.

Figure 14



“We specialise in events, as all events have been cancelled our service is best described as dormant at this time.”

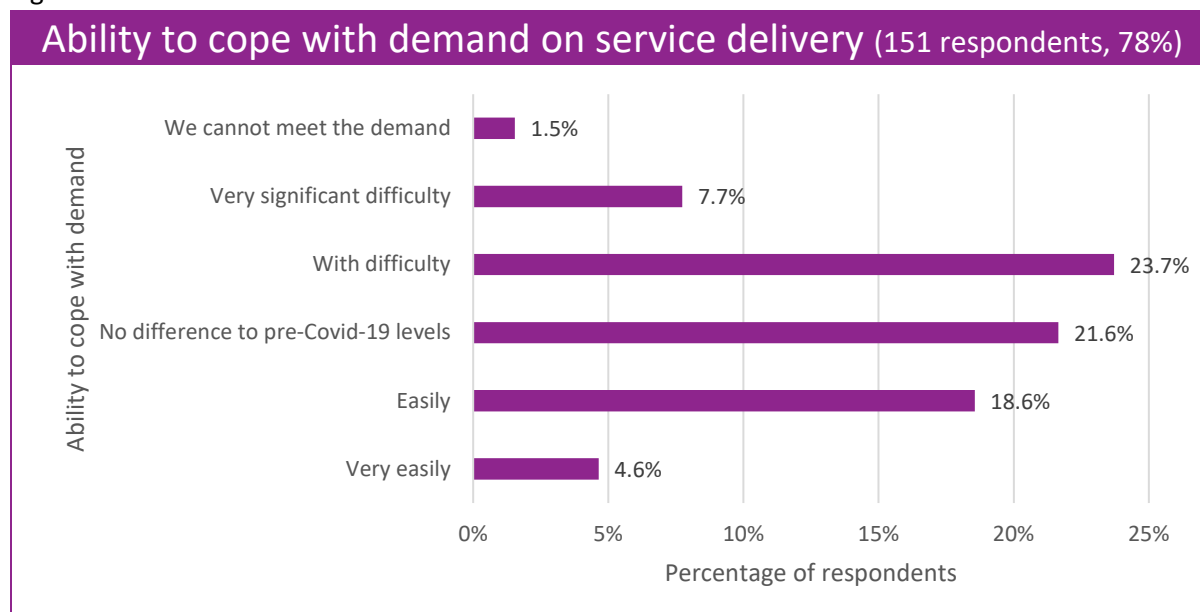
“Little change but accessing members/supporters who do not have access to digital media (emails, websites, social media, etc) is more time and resource consuming.”

“We have completely redesigned and engineered our service to operate under the new circumstances and have been very effective in doing this. However, we simply cannot keep up with demand and this wholesale change in service delivery has resulted in substantially increased costs at a time when accessing funding has become more difficult.”

“Demand is the same, but delivery of our service is hugely impacted.”

Respondents were also asked to indicate the extent to which their organisation was able to cope with service delivery. The majority of respondents (44.8% combined) reported being able to cope with demand. In contrast, one-third of respondents (32.9% combined) reported that their ability to cope with demand was more of a challenge. A combined 9.2% reported experiencing either very significant difficulty or that they could not meet the demand from beneficiaries.

Figure 15



"It is different across different service lines. The team are dealing well with the increase. It is a different sort of workload, to say easy doesn't seem right. To say it is difficult doesn't seem right. We are adapting and dealing with it."

"We would say we are coping with some difficulty as opposed to finding it difficult. The current restrictions present challenges to how we continue to support those veterans who were isolated and lonely even before lockdown began. However, our staff and volunteers are adapting quickly."

"This has required us to radically adapt our services which we were able to do. The net result has been continuity to our services (currently direct support of approx. 1,100 individuals), so I would suggest we have adapted with ease in difficult circumstance."

Respondents were asked why they were (or were not) having difficulty delivering services during the Covid-19 crisis. A selection of responses is provided below.

The majority of respondent quotes presented below talk of changing to online service delivery and changing working practices in order to meet demand. There is also a common theme of reduction in service delivery which requires social contact or face-to-face delivery. Such services are effectively 'on hold' during the Covid-19 crisis.

Members' experiences of delivering services

"After an initial surge in support, the organisation is now at a steady state of delivery."

"We are coping by re-engineering our entire service offering to support individuals online. This is a huge piece of work to undertake whilst also supporting our existing beneficiaries and dealing with very high referral rates."

"We specialise in events, as all events have been cancelled our service is best described as dormant at this time."

"All our face to face services have moved online and this has caused logistical difficulties as well as support difficulties."

"All our stores are closed - so this results in no income to provide the support we would normally offer."

"All physical support (normally through visits and events) has had to switch to virtual support. Overall engagement and uptake has increased by 25-100%, depending on the event or service being provided."

"Because we know the veterans we support and much of the work can be done by phone and with drop offs. We have seen an increase in mental health support - and we are in the process of funding the un-furloughing of another 2 colleagues to ensure that the activities we support can be future proofed and can be adapted for now. "

"There is an increasing demand (as in this week) to meet emotional and mental health needs. Veterans and families are now verbalising that they are finding it difficult to cope."

"Furloughing employees has put significant strain on the organisation - the need to balance increased output with limited / no income"

Cashflow: Income

The following section explores respondents' current cash flow situation. Figures 16 to 23 focus on income, and figures 24 to 30 explore expenditure.

Respondents were asked whether they were experiencing changes in income during the Covid-19 crisis, in terms of 'decreased', 'increased' or 'no change' (to pre-Covid levels). Responses are limited to those who generate each area of income; therefore, percentages are calculated on the number of responses to each question.

Figures 16 and 17 showed the highest levels of reporting 'no change' in income for both legacy income and fees for services income during the Covid-19 crisis. However, 25% of Members noted a decrease in both legacy and fees for services income.

Figure 16

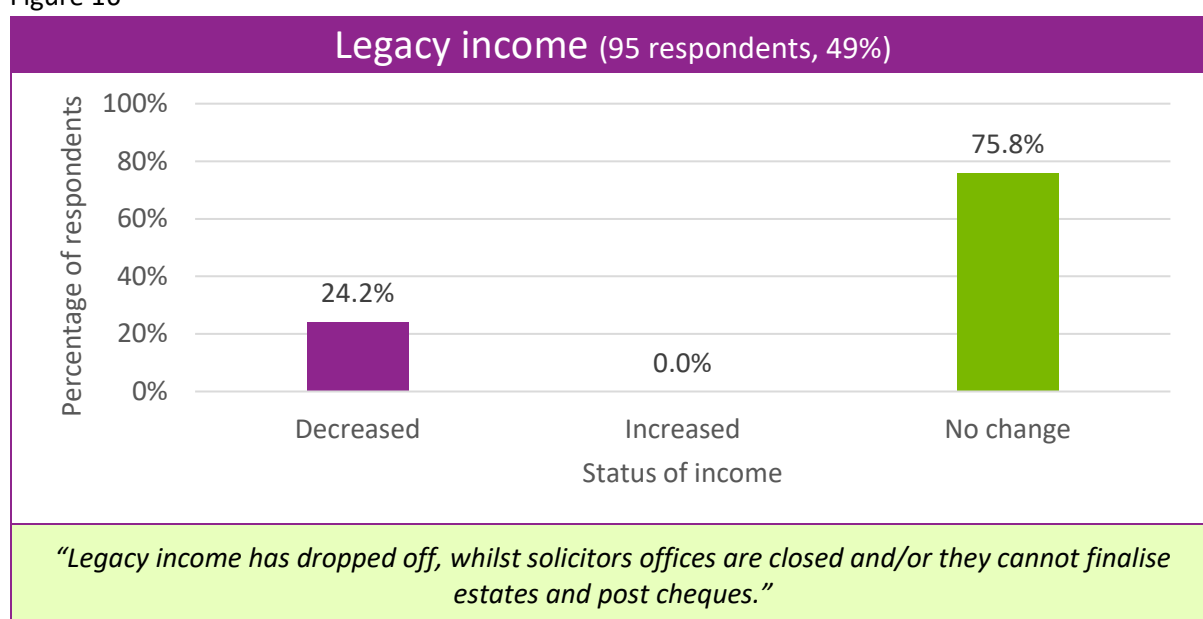


Figure 17

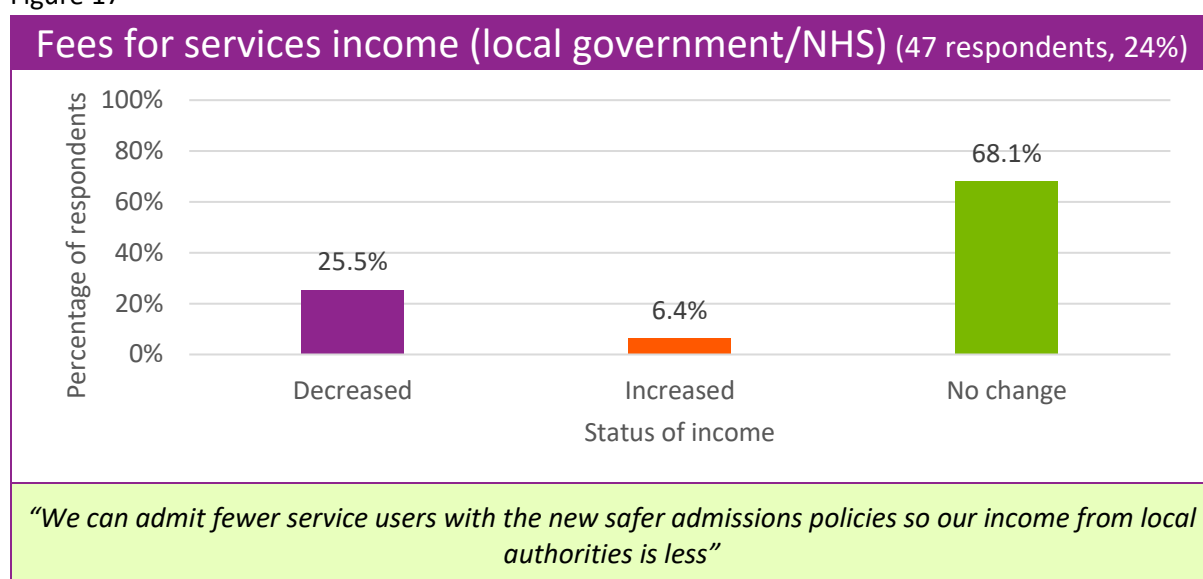


Figure 18 shows that close to two-fifths (39.3%) of Members had seen a decrease in grants/ funder income. Figure 19 shows that more Members were experiencing a decrease in income than were seeing 'no change', with over half (53.7%) of members noticing a decrease in public donations.

Figure 18

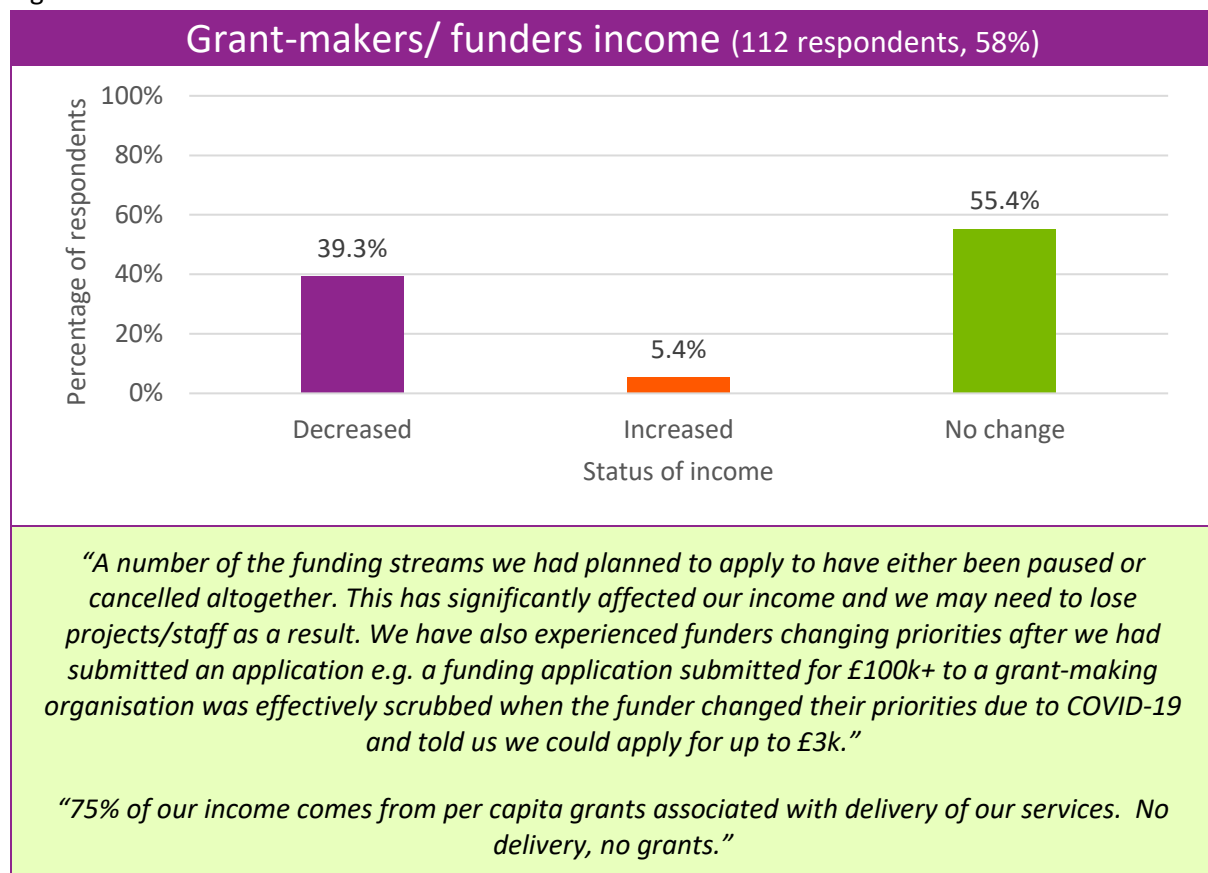


Figure 19

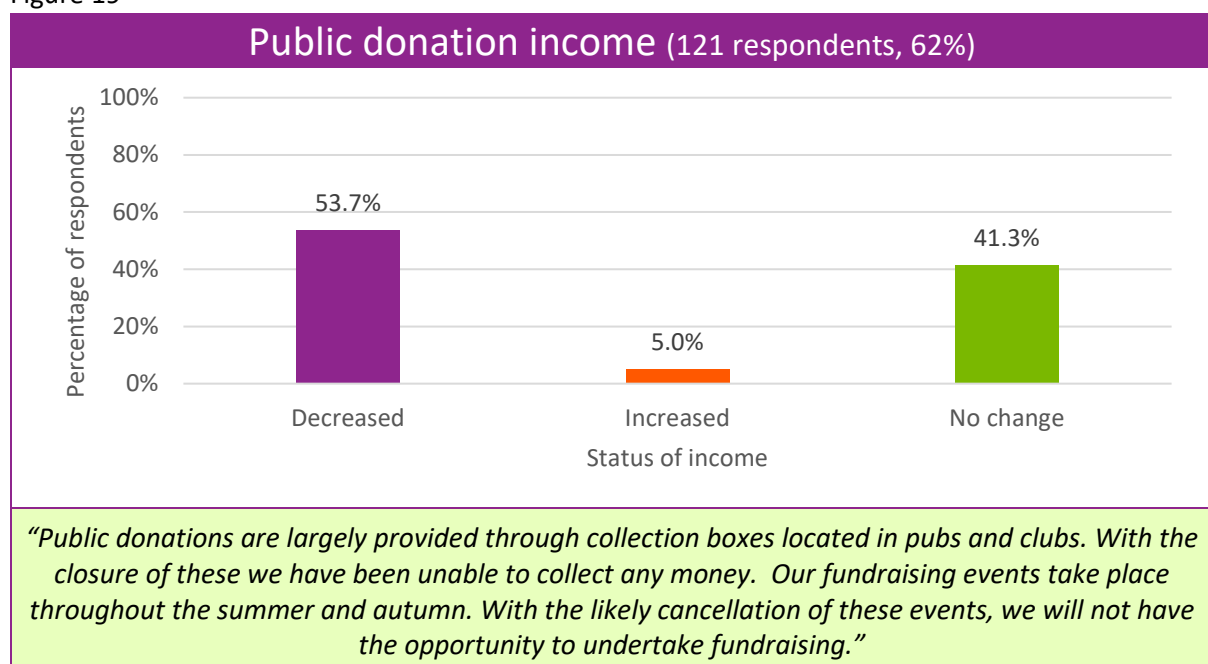


Figure 20 and 21 show similar findings to each other, with over three-fifths (60.3%) of Members experiencing a decrease in both trading income and in sponsorship income (61.3%). In both cases, over one-third of respondents reported 'no change' in these income streams.

Figure 20

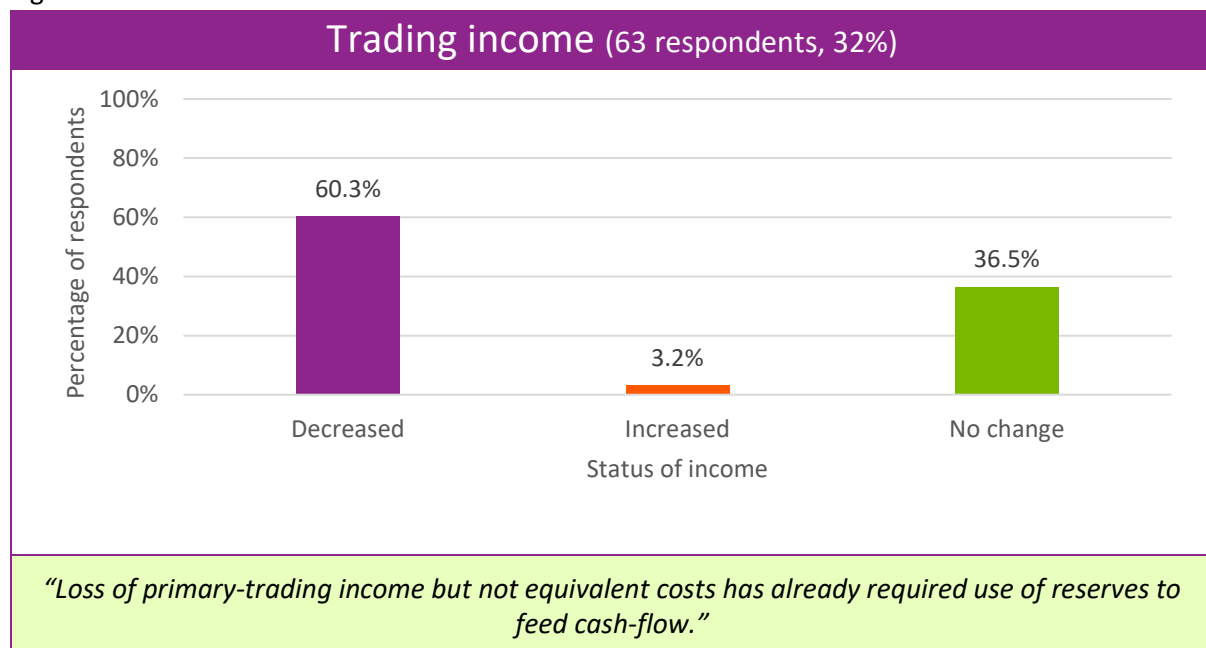


Figure 21

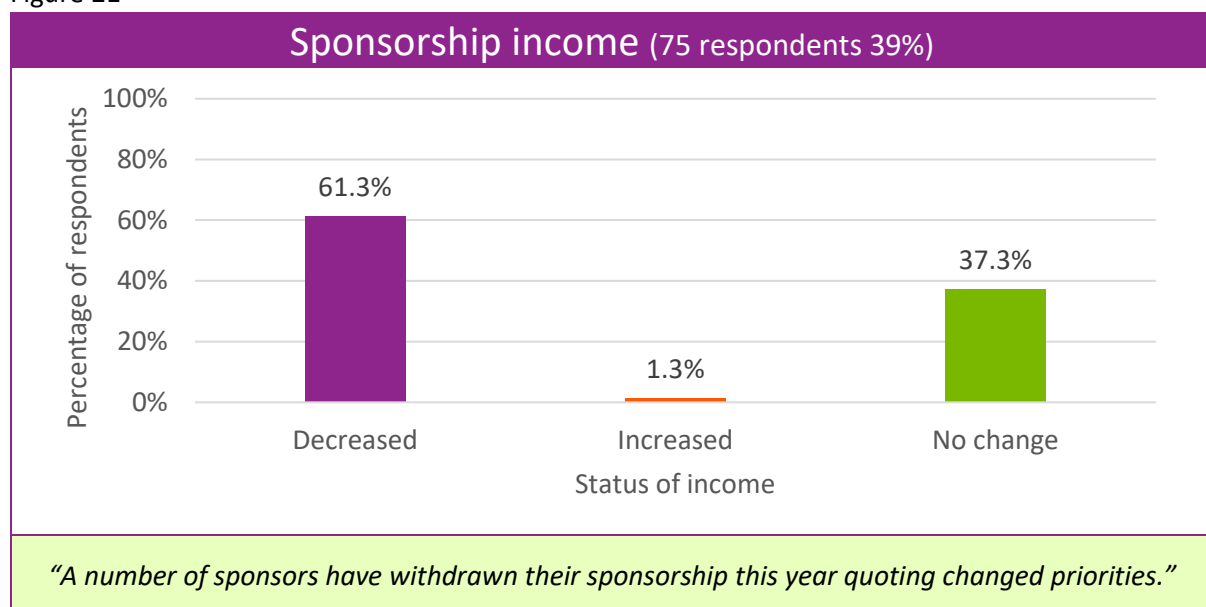
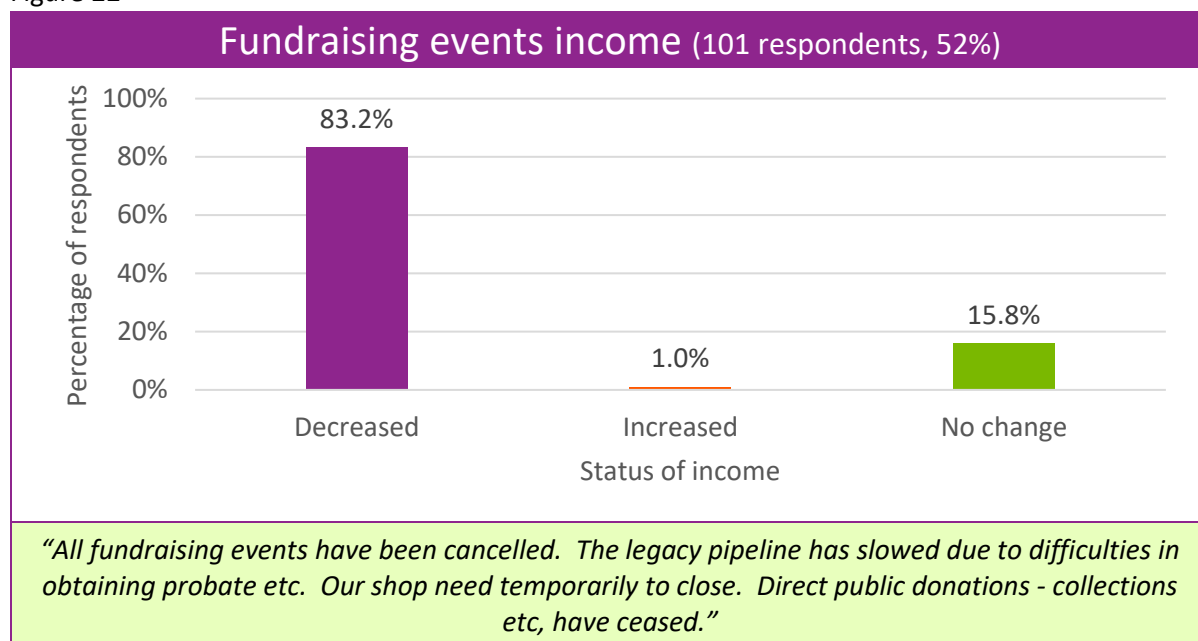


Figure 22 shows the most pronounced shift in Members' experiences of decreasing income, with over four-fifths (83.2%) experiencing a decline in fundraising events income. This is unsurprising, as 'events' are not being held due to social distancing rules; however, it does serve to illustrate the contrast between this income stream and others in the wake of Covid-19.

Figure 22



A significant theme in Members' qualitative responses was the impact of decreased investment income during the Covid-19 crisis. A selection of quotes from Members are presented below.

Investment income

"35% decline in the value of investments"

"Investment portfolio reduced by 15-20% of value."

"A reduction in income from investments may mean that the Fund will need to realise capital from some investments in order to pay salaries and maintain charitable outputs if the investment market does not recover in the medium term."

"we have identified a potential loss of investment income of £124K (as at 1 May). All very dependent upon the recovery of the stock market. Cash reserves are such that we can continue for 3 year operating successfully. We will of course then have to build up our reserves again. If the situation continues and recovery of the investments is slower than anticipated the awarding of [provision] will be reduced or temporarily suspended."

"Interest income from investments (our main income generator). The state of investments and the government's decision to prevent banks from paying dividends has hit us hard (50% reduction)."

*"Most of the income comes from rents and investments
Much of our income comes from an investment portfolio made possible by legacy income. Returns on this portfolio are reducing, as is the capital value of the portfolio."*

"Our income comes from our investment portfolio which has taken a hit over the last few months, but we are still quite comfortable. We are also have reduced expenditure due to lack of travel and general charitable activity costs."

"Our big loss has been to our investment funds which have decreased by over £100K"

Respondents were asked to estimate the overall increase/decrease in income during the Covid-19 crisis. Figure 23 shows that Members were commonly seeing a 10% to 50% decline in income. When examined in more detail, 65.8% reported a decrease, and only 8.2% saw an increase. Conversely, 26.0% saw no change in income to pre-Covid levels.

Figure 23



Cashflow: Expenditure

Figures 24 to 29 focus on Members' expenditure situation. Respondents were asked whether they were experiencing 'decreased' or 'increased' expenditure, or 'no change' (to pre-Covid levels). Responses are limited to those who commit expenditure in given areas, therefore, percentages are calculated based on the number of responses to each individual question.

Figure 24 shows expenditure relating to fundraising costs. The majority (70.8%) of Members had seen no change in these costs, with a further 26.4% experiencing a decrease. As shown earlier (see Figure 22), with fundraising income seeing the largest decrease.

Figure 24

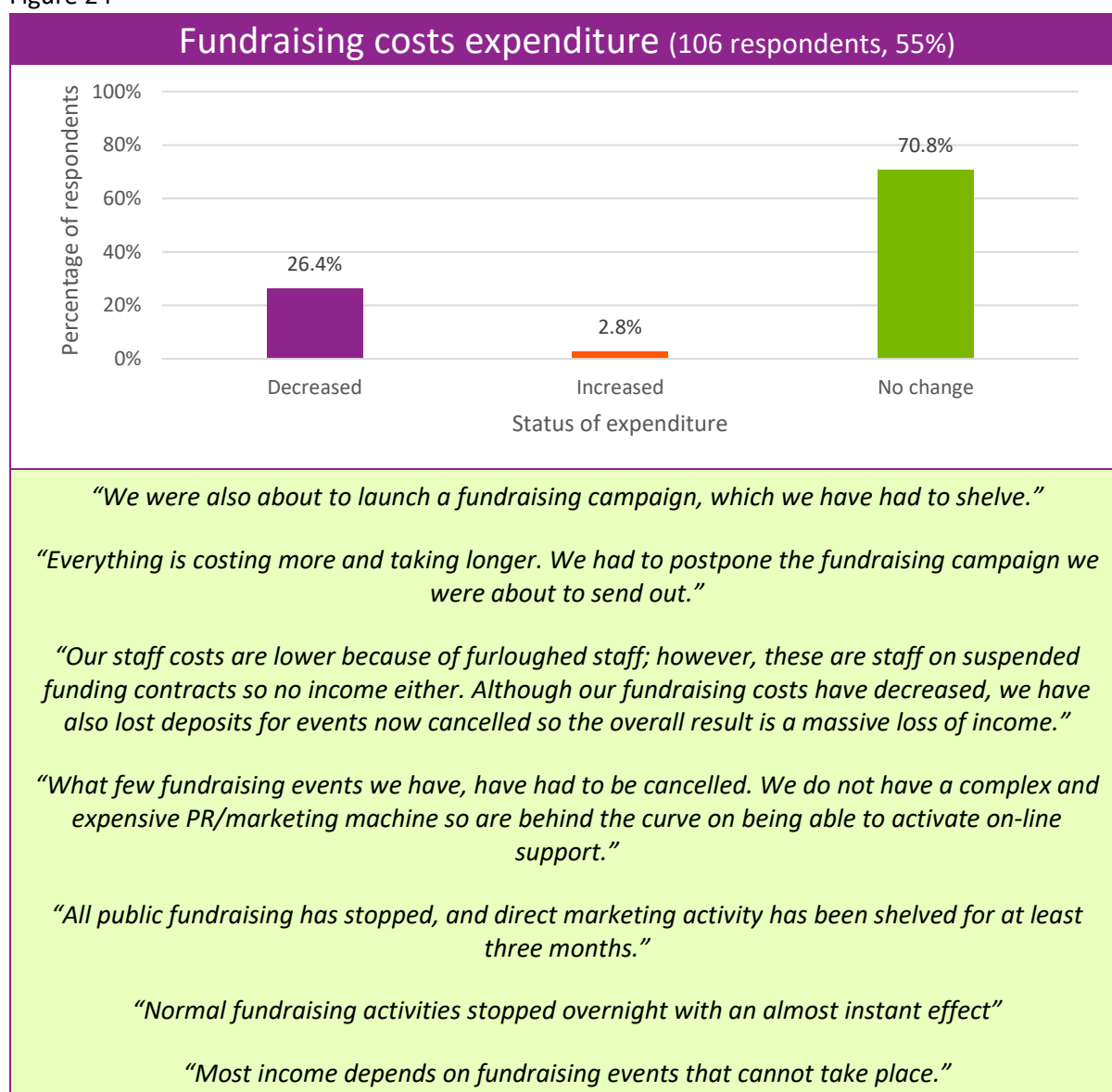


Figure 25 shows a relatively balanced experience of service delivery expenditure, with one-third (33.6%) seeing a decrease and close to one-quarter (22.8%) seeing an increase in such expenditure. Member’s qualitative responses also showed a balance between those who were seeing increased demand and costs, and those for whom services were either on hold, or which saw no change (43.6%).

Figure 25

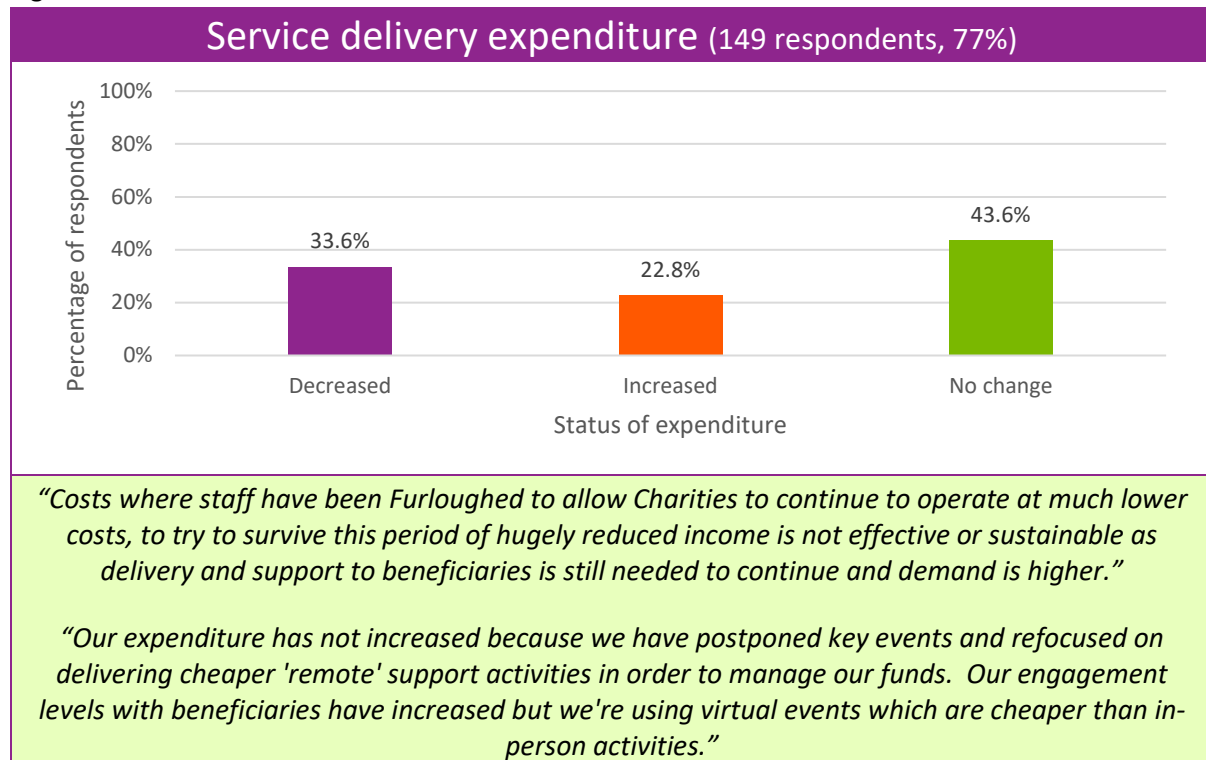
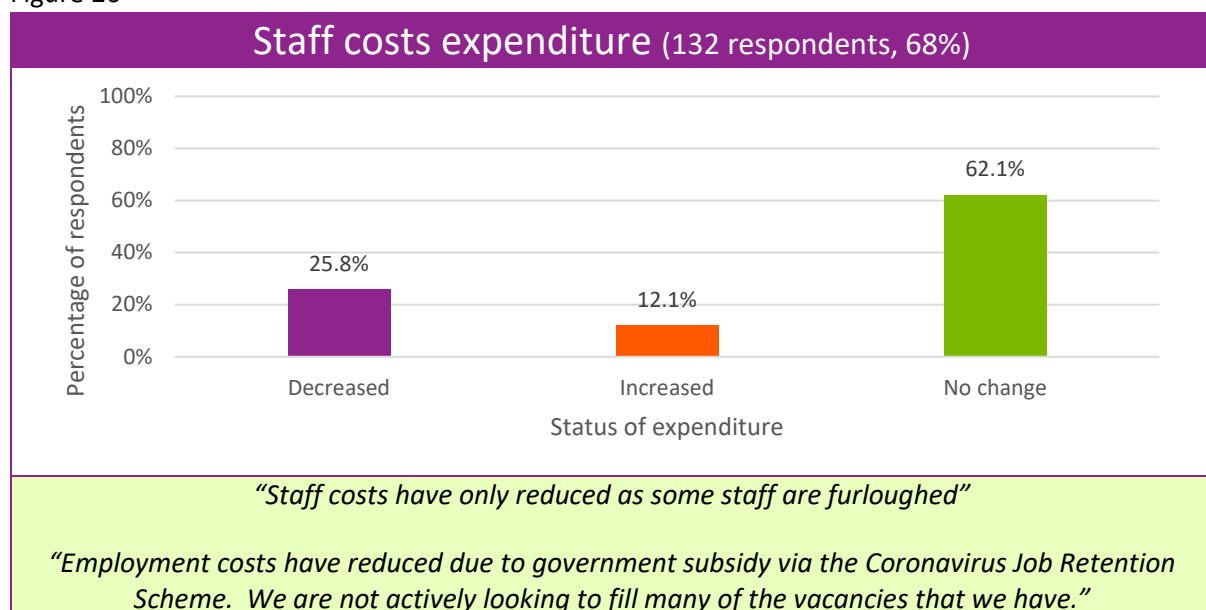


Figure 26 shows that respondents typically saw no change (62.1%), or a decrease (25.8%) in staff costs. Members’ qualitative feedback suggests this is largely due to the government’s furlough scheme.

Figure 26



Both volunteer management and cost of overheads saw similar responses from Members, who either experienced no change, or a decrease in expenditure. Members' qualitative responses did suggest an increase in some overheads associated with changing to an online or 'working from home' model; however, such costs and models of operation are not applicable to all Member organisations.

Figure 27

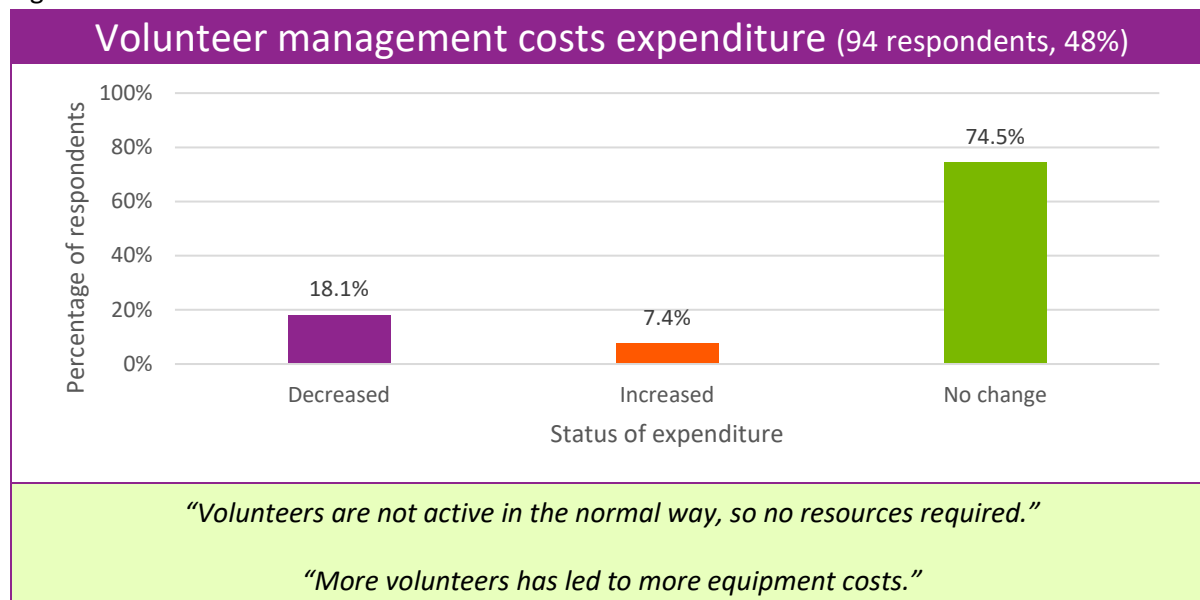
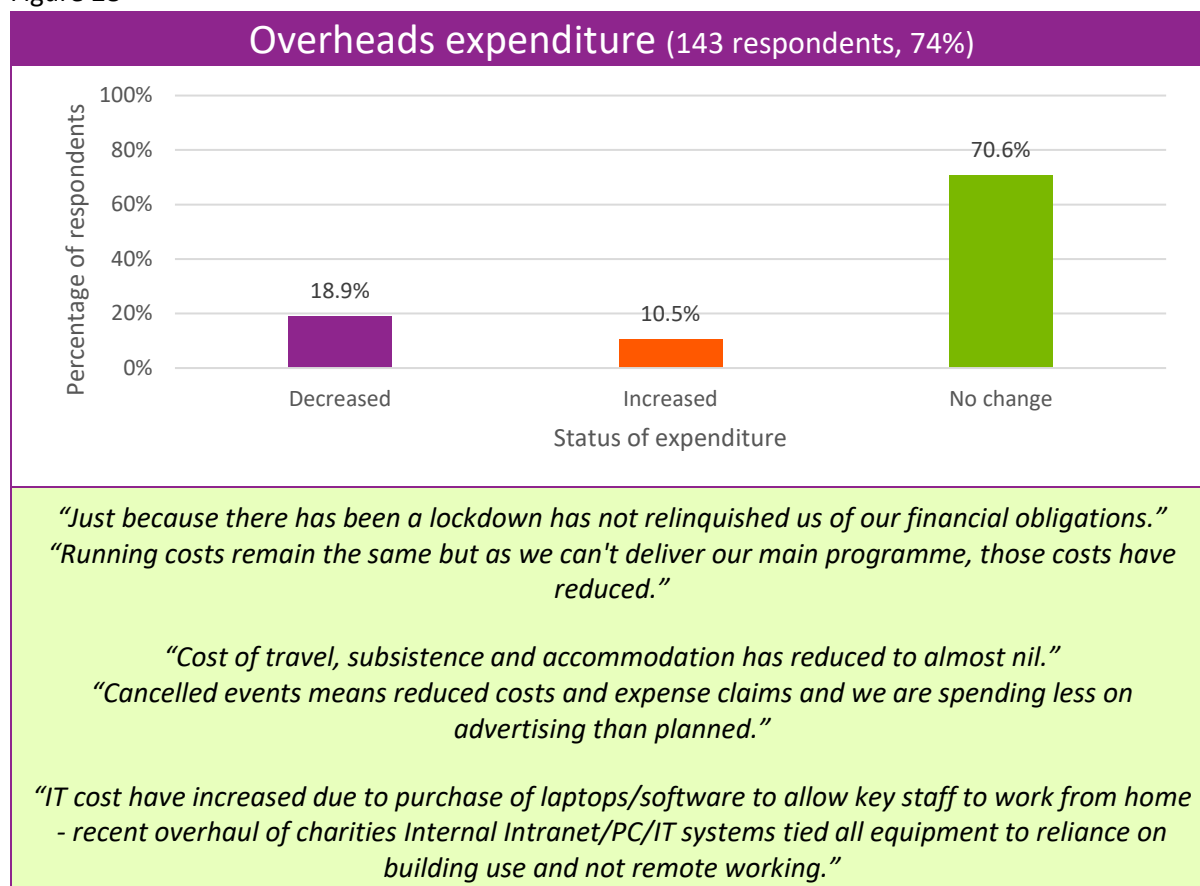


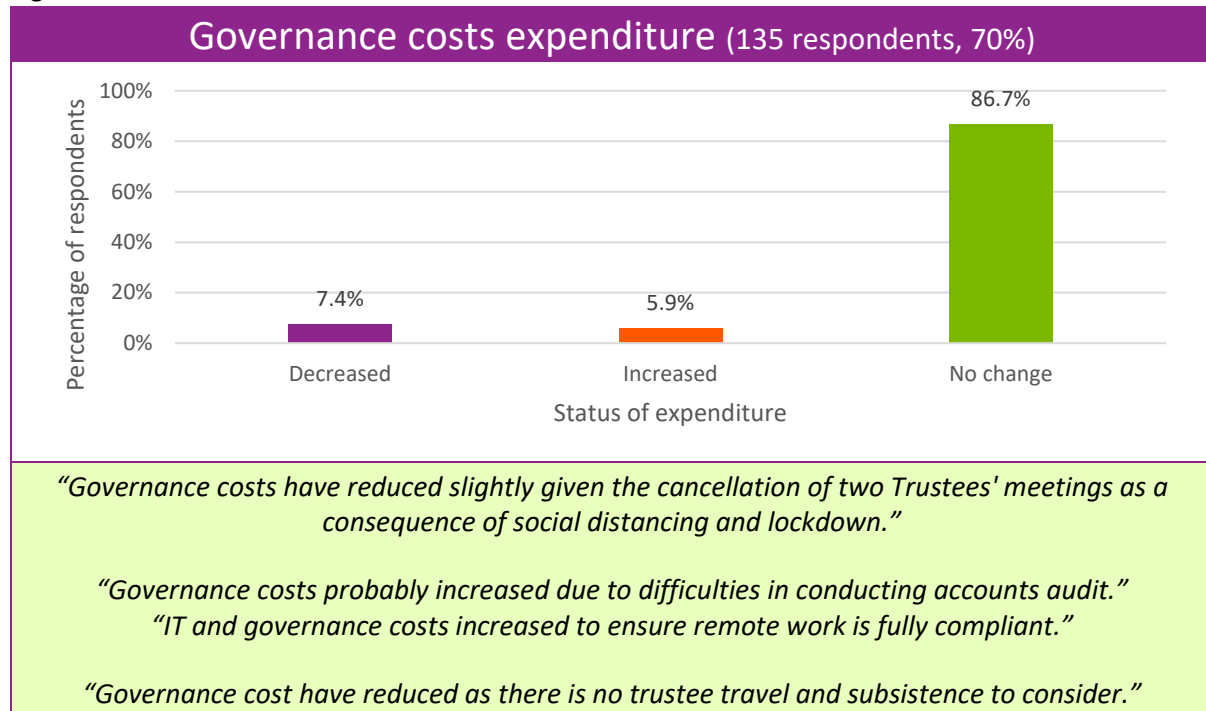
Figure 28



Expenditure on governance costs showed the highest level of 'no change' responses. This may be due to the frequency of governance costs being linked to calendared events such as trustee meetings, audits, and preparing annual reports and accounts.

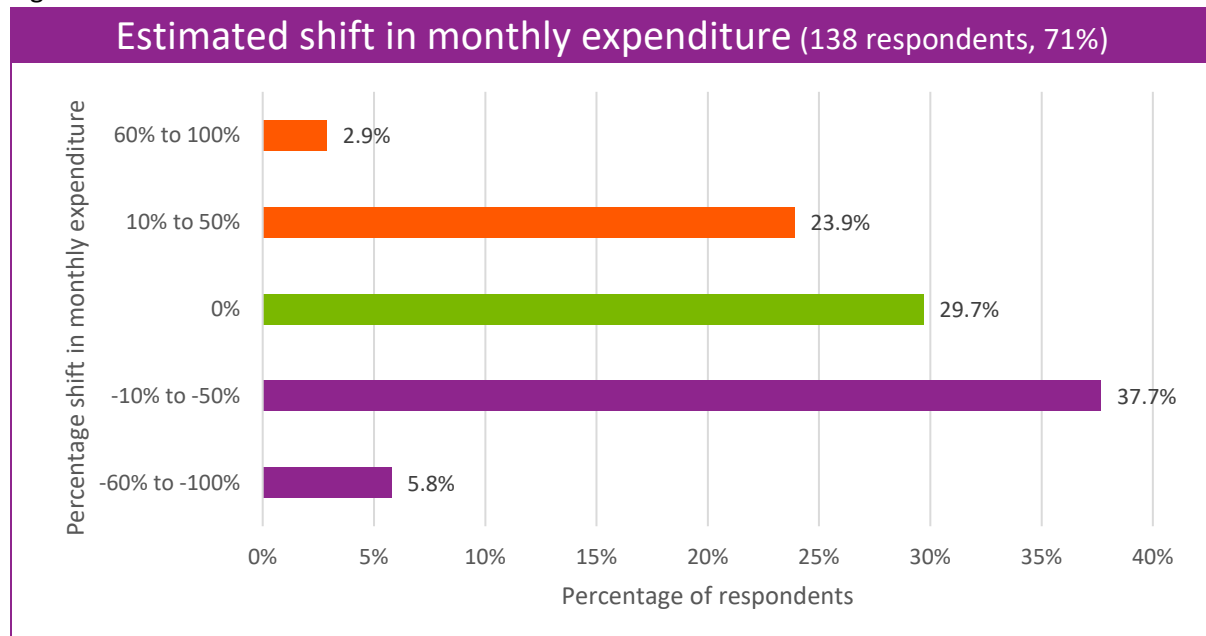
Where costs differed to normal levels, respondents cited increased costs in governance-related overheads (IT equipment) and a reduction in travel costs, as meetings were held online.

Figure 29



Respondents were asked to estimate the overall increase/decrease in expenditure during the Covid-19 crisis. Figure 30 shows that respondents typically saw a 10% to 50% decline in expenditure. A combined 43.5% of respondents saw a decrease in expenditure, while 26.8% saw an increase in. In comparison, 29.7% saw no change in expenditure during the Covid-19 crisis.

Figure 30



“Cash is being burnt each month albeit not significantly. We are a lean organisation to begin with. Ultimately some services will just end up getting cut and some cohorts going under-served.”

“We are eating into our reserves to provide [support] and without finding new sponsors, our charity will close down.”

“We have significant additional new costs to re-engineer our services which need to be paid for now. This then significantly impacts our cash flow. We also need to bring in staff with new skill sets to deliver these new services.”

“We have used approximately £1.3M pounds of reserves to deal with short to medium term cash flow problems. We anticipate doing this again within the next 6 months”

“We keep a cash reserve of c£50-£100K. This is normally for in-year emergency requests. It is likely this will be used for routine grant giving in order to maintain the level of grant giving to as close as normal as possible.”

“We still have overheads and salaries to pay and we still need to operate. As a small charity it is difficult enough as it is to survive and source funding. We are unable to generate an income from our usual income streams.”

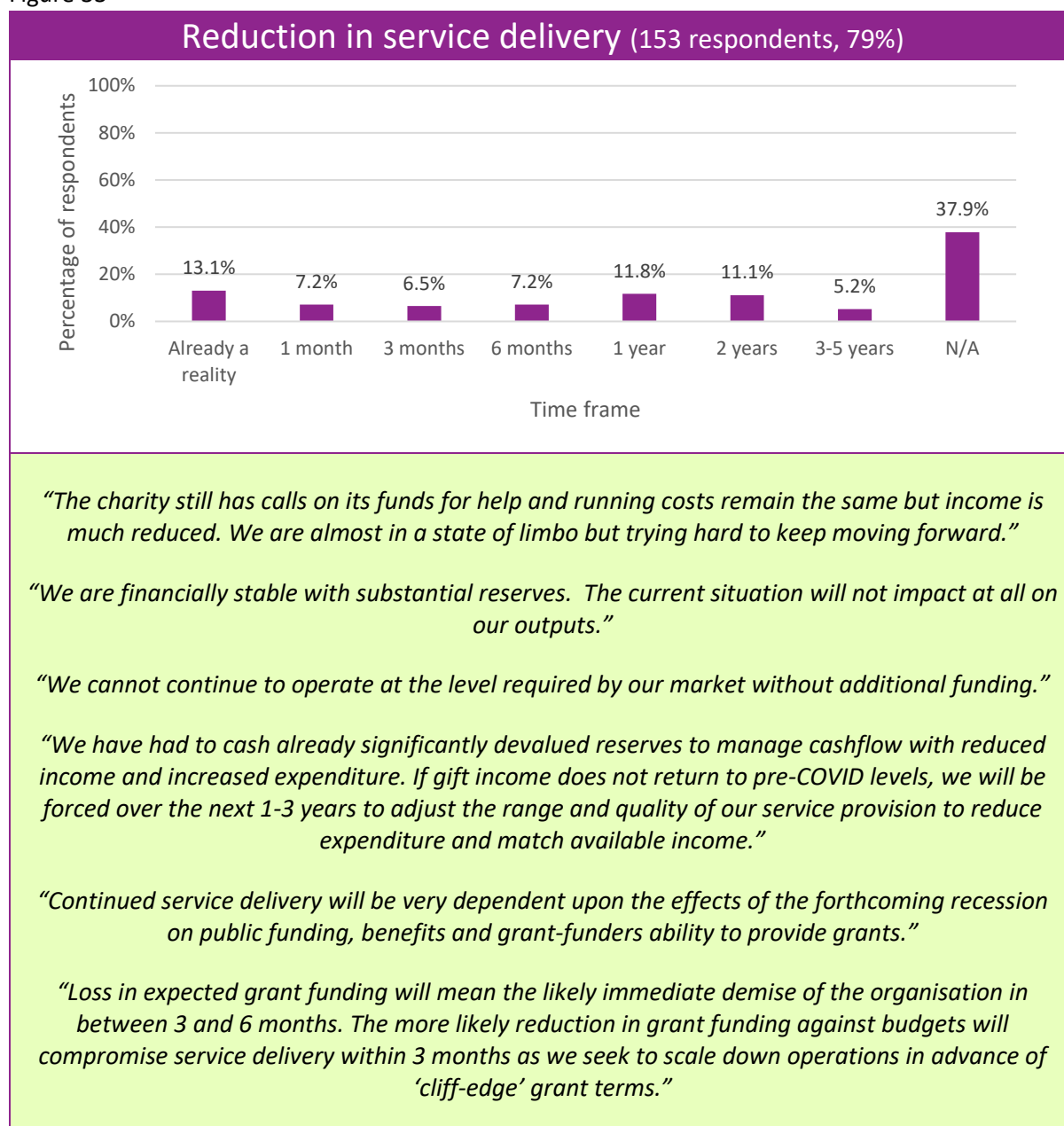
“Going forward we require additional funding than 'normal' to meet the significantly increased demand. So, we have increased security and timing of funding whilst having increased costs and significantly increased need. We will manage our resources as effectively as we can, but this is when we should be delivering to our maximum capacity not reducing services because of lack of funding.”

Looking ahead: Risks

The following section explores risks facing Cobseo Members. Figures 31 to 36 present five risks and the time frame in which respondents believe those risks will become a reality.

The most pressing risk to Members was reduction in service delivery, with 13.1% stating this is already a reality, and an additional 32.7% believing this will become a reality within one year.

Figure 33



Figures 31 and 32 show that a combined 31.1% of respondents estimate that their cash reserves will be completely depleted within one year, as will their financial stability (figure 32).

Figure 31



Figure 32

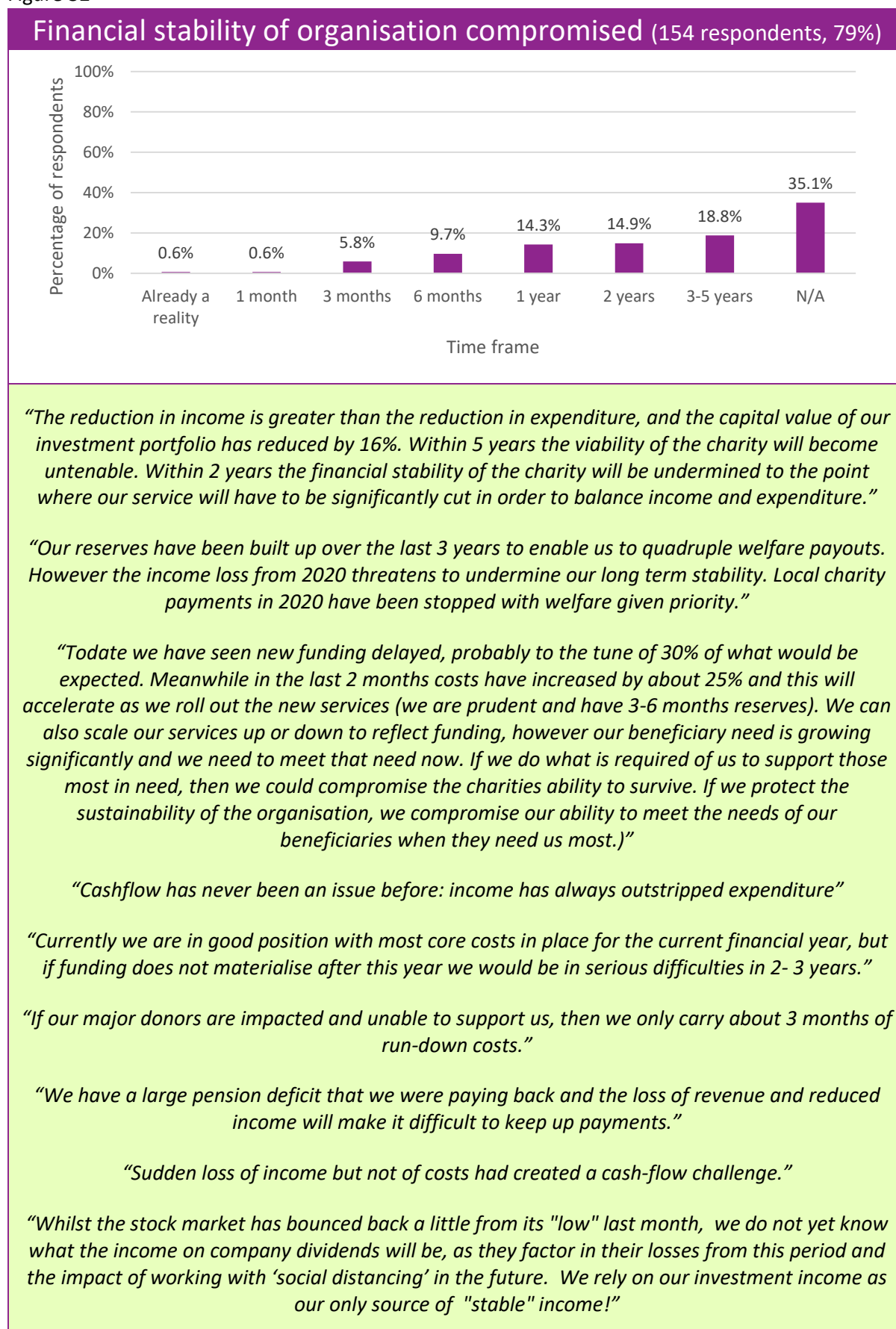
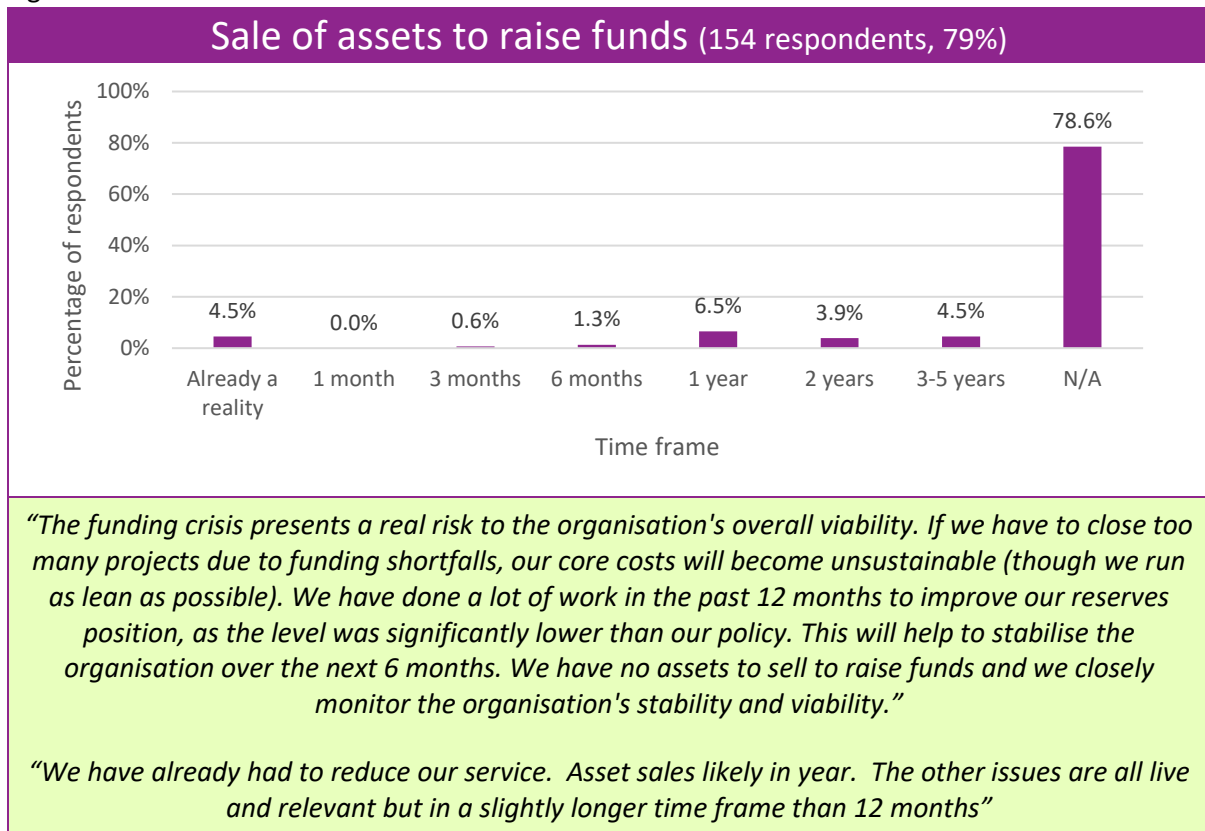


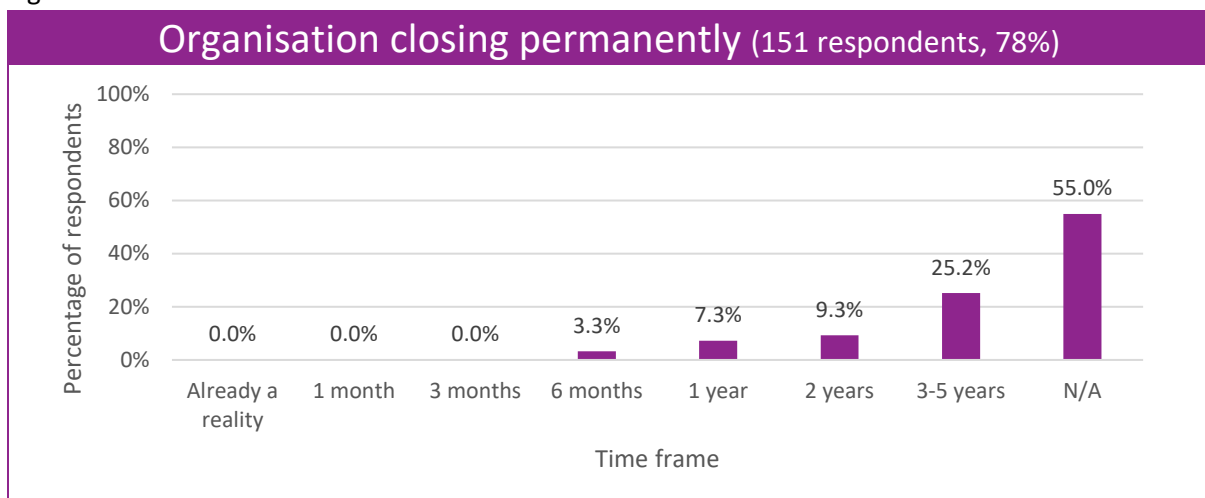
Figure 34 shows that 4.5% of respondents have already started to sell assets to raise funds. An additional 8.4% of respondents believe that they will need to sell assets to raise within one year.

Figure 34



Figures 35 and 36 show that a combined 10.6% of respondents believe that their organisation will close within one year. Additionally, 7.3% believe that merging with another charity (figure 36) will become a reality within one year.

Figure 35



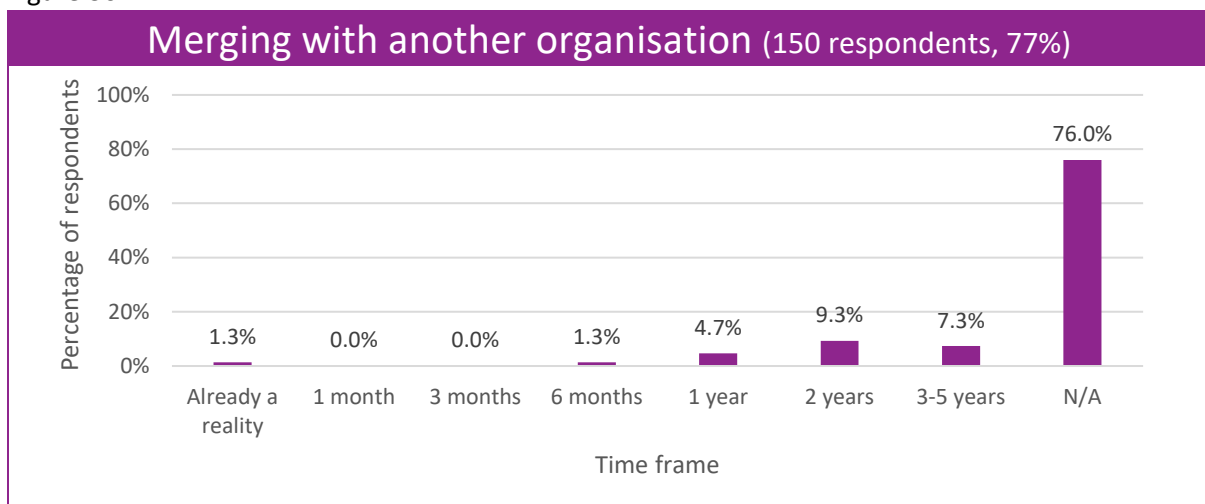
“The concern is access to funding for the latter part of this year and the demands placed on the funders who have mostly seen a drop in income during this period. More smaller organisations will be desperate for support but the limitations placed on the funding will see many charities fold.”

“We have no assets to sell and there is no other organisation delivering what we deliver. We have 10 months of cash reserves but we need to be operational again by September to create more cashflow. Should the situation not improve within 1 year we would not survive another year.”

“Without finding new sponsors or merging with another organisation, our charity will close down.”

“At present our prudent reserves will see us through a 1 year hit but if this goes on into the future, without income we will have to fold or merge.”

Figure 36



“Income has reduced; hence pressure on cashflow and financial stability has increased slightly. But in many ways these are risks that always exist. And merger with other organisations is an opportunity!”

“We are working to future proof the charity, and looking at partnership working which we were looking at before the Covid 19; collaboration is in our DNA and it is something we have always done. This just brings it forward - working in partnership is what the future is about.”

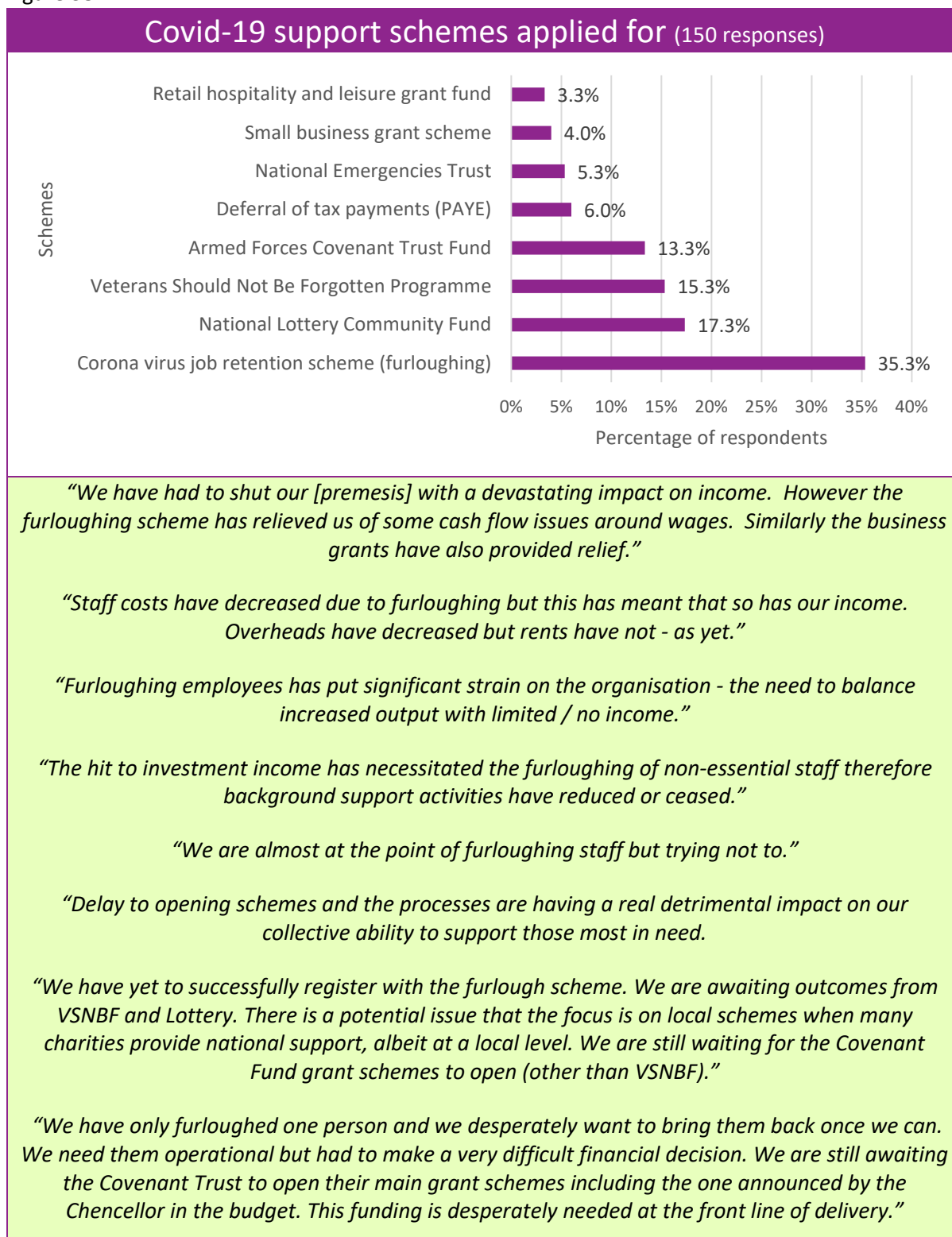
“We do not believe there is another charity operating within a similar field which we could discuss merger opportunities with.”

“We have very few cash reserves; however we are working on ensuring long term financial stability and there are various options open (and very real) to us, that will ensure long term stability.”

Looking ahead: support needed

This section explores support currently being accessed by Members and additional support needs required. Figure 38 shows which current schemes Members have applied for, the most common of which being the Corona virus job retention scheme, otherwise known as ‘staff furloughing’ (35.3%).

Figure 38



Other schemes reportedly accessed by Members are shown below.

Other schemes accessed by Members

“Commonwealth Veterans Programme”

“Bank loan and overdraft facility”

“Bounce Back Loans”

“Business Rates waiver. CBILS”

“CAF Coronavirus Emergency Fund”

“Further rate rebate beyond those that are already available to the charity sector”

“Local authority emergency funding for Covid-19 response”

“Local Councillors Grants”

“Scottish Government Communities Fund”

“Scottish Government's Wellbeing Fund”

Members were asked what their biggest threat or concern was during the Covid-19 crisis? Members' responses are shown below.

Threats or concerns during the Covid-19 crisis

“A second lockdown - the effect on those we support will be devastating. (Lack of funding).”

“A significant increase of benevolence cases that required more funding than what we normally budget for. This currently is still stable.”

“Ability to maintain enough income to support the 4 members of staff who support the whole [charity] network.”

“An overwhelm on the support needed by veterans as the restrictions lift and our ability to deal with them and also generate an income.”

“Biggest concern - not being able to provide a personal level of support to those who need it.”

“Biggest concern is communicating with our beneficiaries in a timely manner to ensure they have access to the services required.”

“Cancellation of major fundraising event. The change in giving patterns to support NHS workers.”

“Continued funding of the services we are currently providing which are above and beyond what we normally do”

“Continued loss of the ability to visit vulnerable Veterans and their families”

“Cost implication of agency use were 'at risk' groups not able to return to the workforce past the initial 12-week period.”

“Covid-19 related morbidity and mortality amongst our beneficiaries and staff.”

“Biggest worry is effect on whole sector and the state of economy afterwards.”

“Exponential increase in demand from hardship as Covid-19 carries on, as well as unknown sustained duration of isolation/economic consequences.”

“Financial due to income challenges and the heavy use of reserves.”

“Funding, we can reduce cost, we can deliver and stay relevant during this period if we have the normal income streams to do so, we can deliver, adapt and support our beneficiaries, but not if the funds are withdrawn due to the current situation.”

“Loss of connection with our service users, given the strong personal and physical contact we have with them at drop-ins, social groups, activities and support clinics.”

“loss of fundraising income and the increase in demand from beneficiaries”

“Loss of income. Increase in referrals of veterans in crisis. Need to deliver virtual support and training which requires a considerable investment.”

“Loss of investment income as indicated above coupled with large scale increase in grant applications.”

“Unable to fund raise through attendance at/organising community events VE Day/ AFD/ VJ Day/ Attendance at Community Events - impacting on the need to use reserves, shortening the survivability of the [charity] which is a small charity with a big heart, ambition and potential.”

“Medium Term (6-12 months) funding is without doubt the largest concern due to our reliance on the summer public fundraising season.”

“That fundraised income will drop to the point that we cannot easily support our beneficiaries when demand increases.”

“The biggest cause of concern is our ability to find new sponsors during the potential financial 'squeeze' that will follow the Covid-19 crisis.”

“The massive reduction in funding the charity sector is experiencing. The number of funds that have closed or paused their processes is growing by the day, and many are changing their priorities to respond to immediate needs (understandably) which threatens the longer-term funding for our work.”

“Not having the funding visibility to be able to plan the new services effectively and meet the significantly increased demand from beneficiaries. We are extremely stretched and access to funds needs to be streamlined and made as simple and timely as possible for tried, tested and evidenced services.”

Members were asked to communicate what vital support their organisation needs from Cobseo at this time. Responses are shown below.

Vital support need from Cobseo

"Access to emergency funds Support to maintain links with service families."

"Access to funding Information."

"Advice when needed - though Cobseo could have a pop at the government stopping banks paying dividends. I get the business world benefits but it doesn't help the Third Sector."

"An advocate with government for funding for support to veterans which in effect has saved NHS and other Government cost."

"Articulate the impact of Covid-19 on charities and beneficiaries."

"At the moment we do not have a specific need to call upon Cobseo for assistance. That said, we are aware that Cobseo is representing the Service and Service-related charities in general."

"Clear consistent comms and as much notice as possible if requiring feedback/info. Thank you for your help so far."

"Cobseo provides excellent support in area where we as a small charity have insufficient capacity - in communications, governance, in advice on sourcing funding."

"Continued Governance top cover and early insight into any types of relief or advantageous policies that the Government may consider."

"Continued passage of information and advocacy on behalf of the sector."

"Difficult to say, being there to disseminate information regarding policies, procedures, grants etc, and perhaps to provide guidance, light touch central support network."

"Financial help, if it's available."

"Financial support, lobbying on our behalf, noticing the smaller charities who deliver such important work in addition to your larger members."

"Funding! Just to see us through the crisis but also beyond, to rebuild the service in a changed world."

"If possible, support of grant applications to compensate for increased core cost expenditure and reduced income which lead to cash flow problems. However, we recognise that we are probably in a stronger position than many smaller members."

"Information about what is happening. A strong voice in Government to ensure veterans are not forgotten and a balanced and wise level of support and advocacy to all military charities, especially the smaller ones."

"Information and connections with other military charities."

“Information and guidance and the identification of any support features that may help with finances.”

“Information updates on the state of the UK military charity sector.”

“Keep doing what you are doing, as although we do not need support now, we may need more in say 12 months’ time.”

“Lobbying for support from Government/Funding Organisation to ensure that the small Military Charities are not forgotten.”

“Lobbying government to support all sizes of charities not just small ones.”

“Supporting veterans care homes in procuring PPE earlier in crisis.”

“Positive PR about the need to continue to support the Armed Forces Community.”

“Pressure on the government for clarity regarding how the charity funds announced on 8th April will be allocated and making sure they include all essential services.”

“Promotion of our charity that we are still delivering front line support.”

“Support to lobby the government to represent the views of the sector (as you do) is invaluable. The information bulletins are also useful, and we have received support from Cobseo to apply for the Veterans Should Not Be Forgotten funding. More of this sort of support would be really helpful. If you can ensure the sector can get further help from the government this would enable more charities to come through these difficult times. We will be needed more than ever to support vulnerable veterans once COVID-19 is over.”

“Support to remain solvent till the Pandemic is contained or we can live with this virus and source new funding streams and adapt our Charity to work remotely with funds to assist this as we go forward.”

“To get the Government to treat us as a Care Home. We have vulnerable people and might need rapid support if anyone catches Covid-19.”

“Very pleased with the ongoing support which Cobseo affords on a continuous basis--E.G. We are communicating with Forces channel - thanks to Cobseo.”

“They can sign-post us to charities in the same space to encourage cooperation or merger discussions.”

“Working with Government to understand the nature and input from our sector.”

Members were also asked to communicate what vital support their organisation needs from government at this time. Responses are shown below.

Vital support need from government

“Continuation of job support schemes and Self Employed.”

“Access to interim funding for additional Covid-19 related support activities.”

“Additional funding for core costs ideally.”

“Clear information as to under what circumstances we can restart our activities.”

“Clear messages of support for the third sector and veterans' charities. Financial support to keep services in being until we are able to revert to normal ops or sources of funding to do our operations differently.”

“Continued support from the Furlough Leave scheme. Also, an increased recognition of the significant role the military charity sector has in offsetting the State's burden in the delivery of welfare support.”

“Continued support from the MoD in that it recognises the important work that Regimental Charities do on their behalf.”

“Easier access to Government funding.”

“Financial support is being realised through Furlough, but the government and statutory bodies need to plan for transition over the next 18 months, when broader support is required.”

“Funding to help us develop new ways of working and around safeguarding in a completely new and changing environment.”

“Understanding that the mental health issues that are going to be coming out of this lockdown are going to be severe - there needs to be a balance around social isolation - the most vulnerable are most at risk of another lockdown... the mental health cost is huge.”

“Furlough to continue until allowed to resume normal operations as before Covid-19. Interest free loans and freeze on business rates for longer.”

“Guaranteed access to PPE. Timely access to coronavirus testing of beneficiaries and staff.”

“Help with cash flow - loans, grants, delayed payments.”

“Ongoing support for the military charity sector, alongside (rather than instead of) support to medical/ key worker/ welfare charities. Continuation of the furlough scheme.”

“Payment from NHS for services given to veterans as this service reduces the demand on the NHS services.”

“Recognition of what we are doing so we can maximise joining up with statutory services and funding to ensure we can continue to support our beneficiaries at a time of maximum crisis. The work charities are doing is helping to ensure that statutory services, including the NHS, are not overwhelmed”

“Recognition that this is having a negative impact on our ability to raise funds and ensure equitable spread of govt finding.”

“Recognition this is having a negative effect on our ability to fundraise and the need for government to ensure equitable funding.”

“Reduce out overheads as we are still paying full rent on our empty offices and utilities etc... If we had a payment holiday, we could use those funds to support the beneficiaries.”

“That funding made available isn't just made available to large charities or to small local community groups - we are a small charity but providing national support and currently risk falling between the gaps.”

“The Government has released funds to support the short term, but paying people not to work, Furlough, leaves Charities in a difficult position, we need to work to support the beneficiaries, what's the long-term option until we can fundraise again.”

“Understanding. Many of our volunteers are +70 years of age. They are in lockdown now.”

Conclusions and recommendations

The following section summarise findings and provides concluding remarks on the survey's findings.

Income

For many Member organisations, planned fundraising events cannot take place while forms of social distancing remain in place. Therefore, a considerable amount of summer fundraising events will very likely not take place. Many charities rely on fundraising events for generating annual income, and the loss of this will no doubt be hard to recover from.

“Our normal summer programme of events will be impacted by the lockdown, as will our fundraising events.”

Additionally, fundraising events are planned months or years in advance, with venues booked and income forecasted, rescheduling of these events is likely not an option, especially when an organisation is relying on having a presence at this summer's Armed Forces Day or VE/VJ-Day events.

“We depend on fundraising events to raise a significant amount of income, now not possible.”

Data from this survey found that fundraising income had seen the largest decrease across all income streams. Sponsorship, trading income and public donations income were also shown to be reduced in the wake of Covid-19. However, the strongest theme in the qualitative data was decline investment income, which in many cases had seen fall in market value and was therefore under threat of being devalued at a time when organisations need it most to generate income and to support continued, grant-making, and operational costs.

“The value of investments falling such that they can no longer 'finance' the organisation's day-to-day work.”

Expenditure

A decrease in expenditure was experienced by 44% of respondents, while 27% saw an increase. In comparison, 30% saw no change in expenditure during the Covid-19 crisis. Decrease in service delivery expenditure was reported by 34% of respondents. Conversely, 23% reported an increase in service delivery expenditure, highlighting the difference in Members' experiences relating to service delivery. A similar pattern was observed in Members' reporting of changes in staff costs expenditure.

“We are experiencing a huge rise in demand for our services. This has to be funded by staff involvement, although one of our staff gives her time for nothing.”

“Employment costs have reduced due to government subsidy via the Coronavirus Job Retention Scheme.”

These findings show the common distinction between Members who reported being able to reduce or suspend service and staff costs during the Covid-19 crisis, and those Members who have seen increased demand for services and staff required to continue operations.

“We have had to re-engineer our entire service and this impacts every aspect of what we do... We have had to bring individuals with new skill sets to enable us to achieve these changes, at extra cost.”

Looking ahead

Reduction in service delivery was highlighted by 46% of Members as the most time-sensitive issue. In total, 13% stated that reduced service delivery was already a reality, and an additional 33% believed it would become a reality within one year. A combined 31% of respondents estimated that their cash reserves will be completely depleted within one year, as will their financial stability.

“Loss in expected grant funding will mean the likely immediate demise of the organisation in between 3 and 6 months.”

“Current reserves strategy is to deplete reserves, Cash being utilised to maintain services, but this will occur more quickly than planned if major fundraising events do not happen.”

Over one-third of respondents (35%) had applied for the Corona virus job retention scheme, otherwise known as ‘staff furloughing’.

“We have had to shut our [premis] with a devastating impact on income. However the furloughing scheme has relieved us of some cash flow issues around wages.”

Concerns raised by respondents typically focused on their continued ability to support beneficiaries, with fundraising and lack of income also commonly reported.

Members requests for support from Cobseo centred around the need for more funding information, and continued lobbying of government for support (for both large and small charities). Support required by respondents from the government predominantly focused financial issues of funding, fundraising, and increasing access to ongoing support schemes.

The findings of this survey showed the initial effects that Covid-19 was having on Cobseo Members. While some respondents stated that ‘it was too early to tell’ others highlighted a growing concern and impact on their organisations’ ability to serve beneficiaries or in some case, simply to survive.

At this stage in the Covid-19 crisis, Members generally appear to be weathering the storm, with data showing that services have in some cases been suspended where possible, along with the associated costs of service delivery. However, for a significant number of respondents, Covid-19 was having a serious impact on respondent’s’ ability to generate income through fundraising events and investments, coupled with increased demand from beneficiaries and reduced staff capacity.

The results show essentially two types of respondents, those who can ‘hibernate’ - for whom operations will be placed on hold; and those whose continued operation is inseparably linked to fundraising (via the public or through grants) and whose income is significantly reduced at a time when demand for services is not.

The majority of qualitative responses show how Members have adapted. Examples of where Members had applied to the furlough scheme to reduce staff costs, or where Members were utilising cash reserves to cover overheads combined with reducing services were common.

However, while some Members have adapted well, others simply cannot. With almost one-third of respondents estimating that their cash reserves will be completely depleted within one year, along with their financial stability, and with over four-fifths of respondents experiencing a decline in fundraising events income, it is clear that the impact of Covid-19 is yet to be fully realised. This is especially so for those Members whose dependence on funding will mean they face an existential challenge which may ultimately leave many in the armed forces community without a means of support.

Recommendations

Based on the findings of this survey, DSC recommends the following:

Short-term support for Members in financial difficulty

Fundraising support may help to improve the survival chances of Members who have less than one-year's reserves remaining and whom are currently having to deplete those reserves to remain open. Support in finding and applying for funds may help those organisations who need to raise funds.

Many Members eligible for accessing the recent £6 million in MOD funding for those 'supporting the defence community affected by the coronavirus'. The MOD has announced that support will be given to charities across the UK, that work in key areas affected by the impact of Covid-19, of which many Members clearly do. While the £6 million will clearly not go far across the whole armed forces charity sector, Members may need guidance and support in completing their applications.

Capital grants for online support may help Members switch to online fundraising and engagement to ensure their public profile and damage to fundraising income streams is mitigated. Grants for training to help develop online working may help reduce overheads and support online engagement with beneficiaries.

The timeframe for achieving this would be by close of quarter-3 2020, as this year's Armed Forces Day on 27 June, will bring with it a national focus from which Members reliant on fundraising may see an increase in income. Supporting Members to have an effective online presence in time for both the build-up and the event may make a difference to those in desperate need of income but who lack the capital funding to address a shortfall in online infrastructure.

The *Never More Needed* campaign is urging the government and HMRC to allow charity staff for whom claims have been made under the Coronavirus Job Retention Scheme to volunteer for their charity without penalty or fear of prosecution. DSC recommend that Cobseo align their efforts to lobby government with this campaign objective, as many Members highlighted the impact of furloughing staff on their ability to raise funds or deliver services.

Additional research

This survey highlighted a desire for Members to see Cobseo lobby government for support and for government to understand the reality of what the charitable sector is experiencing. While this is an ongoing process, the need for data to inform discussion is integral. DSC proposes that additional research is needed in the following areas:

- Data presented in this survey showed an apparent overall decrease in beneficiary numbers. However, members reported around 50%-65% increases in beneficiary demand for loneliness, mental health, poverty and finance, and family support. DSC recommend that research is needed to ascertain whether this contradiction is due to decreased demand or a decreased provision as organisations reduce services (reported by almost half of respondents). DSC believe there is likely to be a distinction between the types of provision being made available by Members.
- DSC recommend that further monitoring and analysis of Cobseo Members' financial position is conducted to present a more definitive picture of where Members are seeing less income and more demand for services. This analysis would also help to ascertain how large the gap in funding has become and the long-term implications for Members and their beneficiaries.

Acknowledgements

DSC wishes to extend thanks to all who took part in this survey. The data provided by Members was open, insightful, and thought provoking. Thanks also go to those Members' who assisted in testing the survey prior to its launch.

Final thanks go to the Forces in Mind Trust for funding this research, and in so doing, providing an opportunity for Cobseo Members to have their voices heard during a most challenging of times.