



Cobseo  
The Confederation  
of Service Charities

# Cobseo Members' Survey

November 2021

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**dsc**  
directory of social change

Funded by

**FiMT**  
forces in mind trust  
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## Introduction

In May 2020, DSC, funded by the Forces in Mind Trust, first surveyed Cobseo Members on the pandemic's impact on their organisations. The subsequent report was crucial to understanding and communicating to the government on how Covid-19 was affecting Members. This analysis provided evidence of impact and need, which led to a £6 million support package being provided by the government to support the Armed Forces community's charitable sector.

The analysis presented in this report pertains to the fourth Cobseo Members survey, undertaken in November 2021, which builds on evidence from the May 2021, October 2020 and May 2020 Members' surveys. The results presented in this report enable comparison over all three surveys to help chart the evolving impact of the pandemic on Cobseo Members as they continue to serve beneficiaries under challenging circumstances.

Our thanks go to each Cobseo Member who took part in this survey and who, in turn, are directly supporting other Members in the ongoing need for evidence to inform policy and practice for those supporting the Armed Forces community.

## About the survey

This survey was generously funded by the Forces in Mind Trust and was designed as a collaboration between DSC and Cobseo. The subsequent analysis and report were undertaken by DSC. Responses were gathered via the online survey tool 'Survey Monkey' from 8 to 19 November 2021. A total of 71 Cobseo Members completed the survey.

Quotes from respondents are used throughout this report and 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 who took part are heard, every member's response 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 over 40 years of experience providing support to the charity sector, including our award-winning Armed Forces Charities research.

Our publications and reports are regarded as the premier source of information on charities, and our work continues to support developments in both policy and practice across the charity sector. Visit DSC online at [dsc.org.uk](https://dsc.org.uk) to learn more.

# Executive Summary

## Characteristics of respondents

- In total, 71 respondents took part in the survey, of whom 87% were Cobseo Members and 13% of whom were Associate Cobseo Members.
- 27% of respondents were Veterans Scotland Members, all of whom were also Cobseo Members.
- 96% of respondents were from registered charities or charitable incorporated organisations (CIOs).
- 'Small income' charities (annual incomes less than £750,000) accounted for approximately half (49%) of survey respondents.

## Serving beneficiaries

- 54% reported an increase in beneficiary numbers (up 10% since May 2021). In contrast, 33% reported a decrease in beneficiary numbers in the past six months (down 1% since October).
- The areas of support most commonly impacted by increased demand were consistent with May 2021: 72% reported increased demand for mental health support (up 4% since May) and 68% for loneliness support (up 4% since May).
- 30% of respondents reported coping with demand 'with difficulty' (down 10% since May 2021). A further 11% reported coping with demand 'with very significant difficulty' or an inability to meet the demand (down 4% since May).
- Significant impact on critical services was most strongly reported in the areas of mental health support (49% of respondents, up 3% since May 2021), welfare support (35%, down 5% since May), and employment and unemployment support (34%, up 6% since May).
- Critical services closing or being undeliverable were reported in one area; mental and physical health support (2%, down 1% since May 2021), compared to 5 areas in May.

## Cash flow

- 45% of respondents reported a decrease in income (down 15% since May 2021). The sources of income most commonly impacted by a decrease were fundraising events income (60% of respondents, down 23% since May), trading income (43%, down 9% since May), public donations (35%, down 20% since May), and sponsorship (33%, down 15% since May).
- In contrast, 41% saw an increase in income (up 24% since May 2021). The sources of income most commonly impacted by an increase were investment income (39%, up 27%

since May), funding from grant-makers or funders (27%, down 4% since May), and public donations (26%, up 15% since May).

- 57% reported an increase in expenditure (up 24% since May 2021). The types of expenditure most commonly impacted by an increase in outgoings were service delivery costs (39%, up 12% since May) and staff costs (31%, up 9% since May).
- In contrast, 29% reported a decrease in expenditure (down 24% since May 2021). The types of expenditure decrease most commonly reported were grant-making to individuals (26%, down 1% since May), overheads (21%, up 9% since May), grant-making to individuals (17%, down 3% since May), and service delivery costs (17%, down 14% since May).

## Risks

- At present, the risks that are most commonly reported to be a reality already were significantly increasing beneficiary need/ numbers (13.6%, up 2% since May 2021), a reduction in service delivery (7.4%, down 3% since May) and a reduction in paid staff (6%, down 3% since May).
- In the **short-term** (up to one year), the most commonly reported risks were significantly increasing beneficiary need/ numbers (39.4%, no change since May 2021), and a reduction in paid staff (28.4%, up 5% since May), and a reduction in service delivery (27.9%, up 8% since May).
- In the **longer-term** (between two and five years), the most commonly reported risks were the financial stability of organisations being compromised (41.2%, up 8% since May 2021), cash reserves being completely depleted (36.8%, up 5% since May), and merging with another organisation (35.8%, up 6% since May).

## Challenges

- When asked what the greatest risk or concern facing respondents over the next six months was, themes in the qualitative responses related to organisations' income generation, ability to meet beneficiary needs, and the potential of further lockdowns.
- When asked whether and how the closure of the furlough scheme has impacted organisations operationally or financially, most respondents indicated that they had not experienced an impact; on the other hand, some respondents drew attention to the effects on core costs and possible impact on beneficiary needs.
- When asked about actions undertaken to overcome challenges concerning cash flow and use of reserves over the last six months, the responses included actively pursuing innovative ways of applying for external funding, analysing and reducing expenditure (for example, on staff costs), and utilising the furlough scheme.

- When asked what other external support measures would help respondents sustain or improve efficiency in relation to Covid-19, responses included reference to increased funding levels, particularly for increasing long-term sustainability and core costs, and clarity and advice on available support schemes.

## Recommendations

While the survey results show an improvement in certain income streams, the challenge over the next six months will undoubtedly be balancing sustained levels of high beneficiary need with generating income, as government grants income has reduced.

Additionally, although income streams are improving, many respondents also report increased expenditure levels. While this may indicate a return to more normalised operation for some, it may also indicate the impact of increased beneficiary need and numbers, as reported by many respondents.

Additionally, Members delivering mental health and wellbeing support continue to experience very high (and for many respondents, growing) levels of beneficiary demand for critical and broader services, and such Members need continued support.

DSC recommend that short-to-medium term support for Members should include help finding and applying for funding opportunities where they are available. This is especially timely, as many trusts, foundations and companies are starting to resume more typical grants programmes following the distinct changes observed during the height of the pandemic. Yet, both competition for grants and tracking opportunities (with typically short windows of opportunity) remains a particular challenge for some Members. Support in this area is recommended.

Medium to long-term support plans should focus on providing Members with information on organisational mergers. This could include supporting conversations between members who might consider this option in the coming months or years.

## Characteristics of respondents

Figure 1 shows a breakdown of all 71 respondents membership types. The vast majority (87.3%) were full members of Cobseo (including Regimental Associations), and 12.7% were associate members.

In total, 26.8% of respondents identified themselves as Veterans Scotland Members, all of whom were also Cobseo Members.

Figure 1

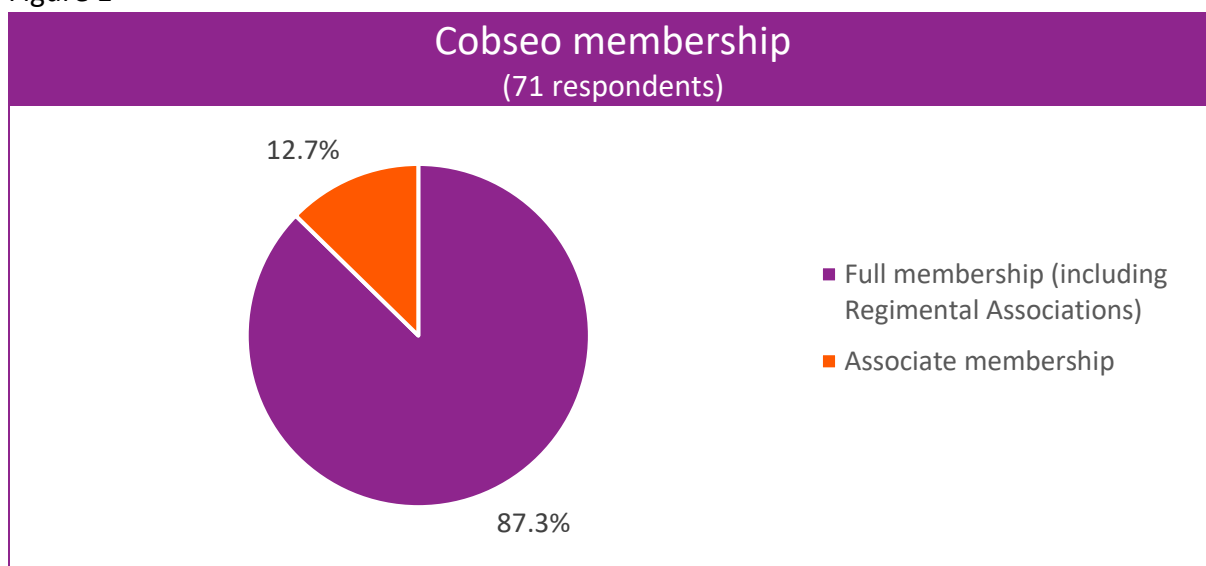


Figure 2 shows which geographic location which Members are operating within. Most commonly, this was England (84.5%), followed by Wales (64.8%), Scotland (66.2%), and Northern Ireland (56.4%). Several organisations also operated outside the UK (43.7%).

Figure 2

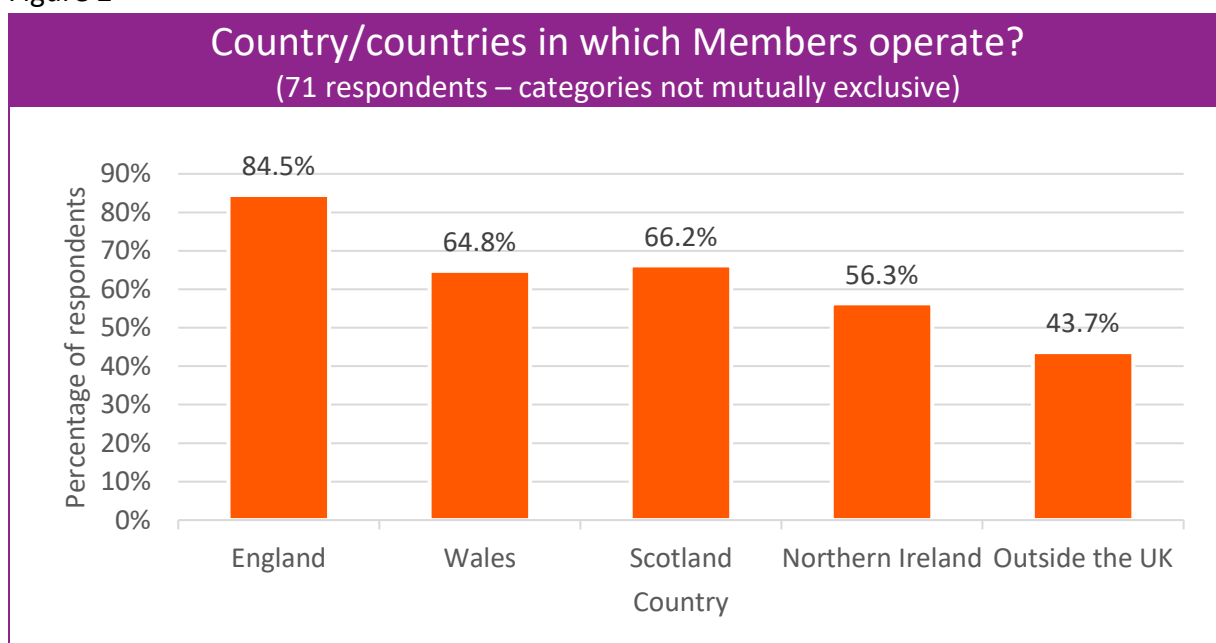


Figure 3 shows the types of organisations represented by respondents. The vast majority (94.4%) identified themselves as Registered Charities or CIOs.

Figure 3

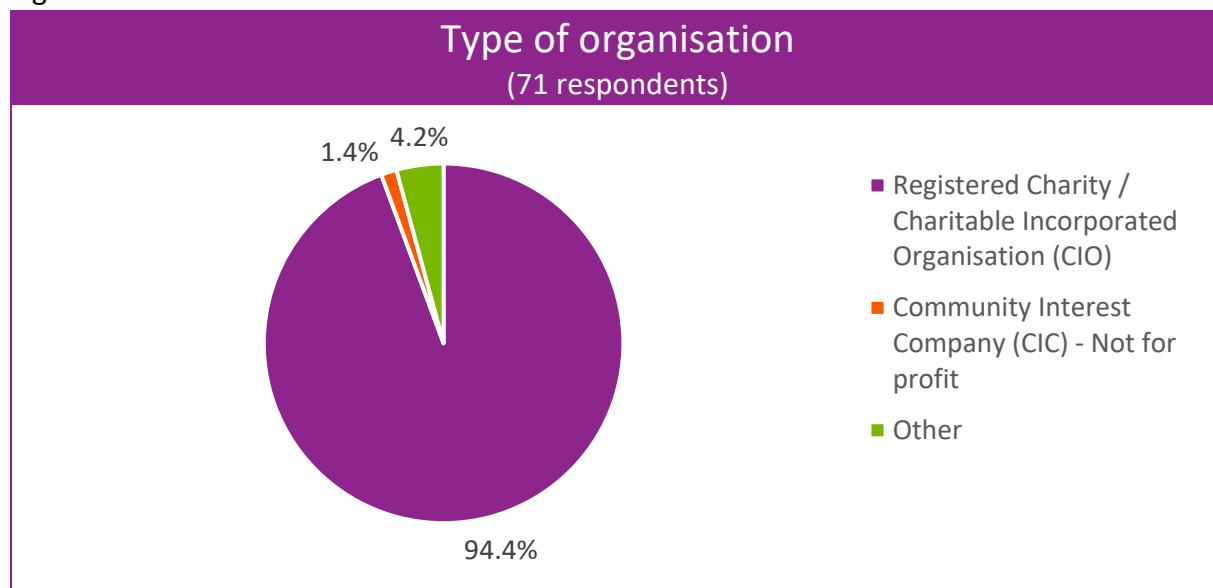
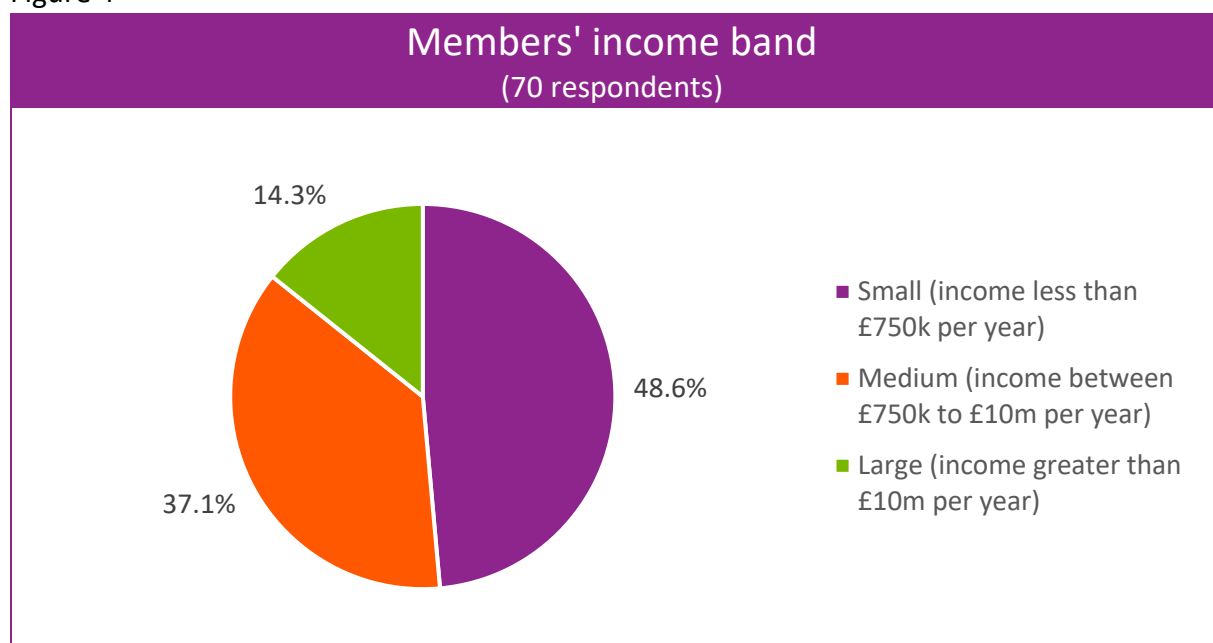


Figure 4 shows the income bands of respondents' organisations. Just under half (48.6%) reported having a 'small' income' (less than £750,000 per year).

Organisations with 'medium income' (£750,000 to £10 million per year) represented 37.1% of respondents, and 'large income' (£10 million or more per year) organisations accounted for 14.3%.

Figure 4



## Section 1 – Serving beneficiaries

Members were asked whether they were experiencing any changes in beneficiary demand in several areas over the last six months (since May 2021).

The same questions were asked in previous surveys, and the charts presented show a comparison between surveys. The figures for November 2021 appear in orange. It should be noted that although each survey is of Cobseo Members, the sample is not identical each time.

Figure 5 shows the reported change in demand for mental health support. The percentage of respondents reporting increased demand for mental health support is 71.9% (up 4% since May 2021). Meanwhile, 21.1% reported ‘no change’ in mental health support over the past six months (down 9.7% since May), and 7% reported a decrease (up 6% since May).

Figure 5

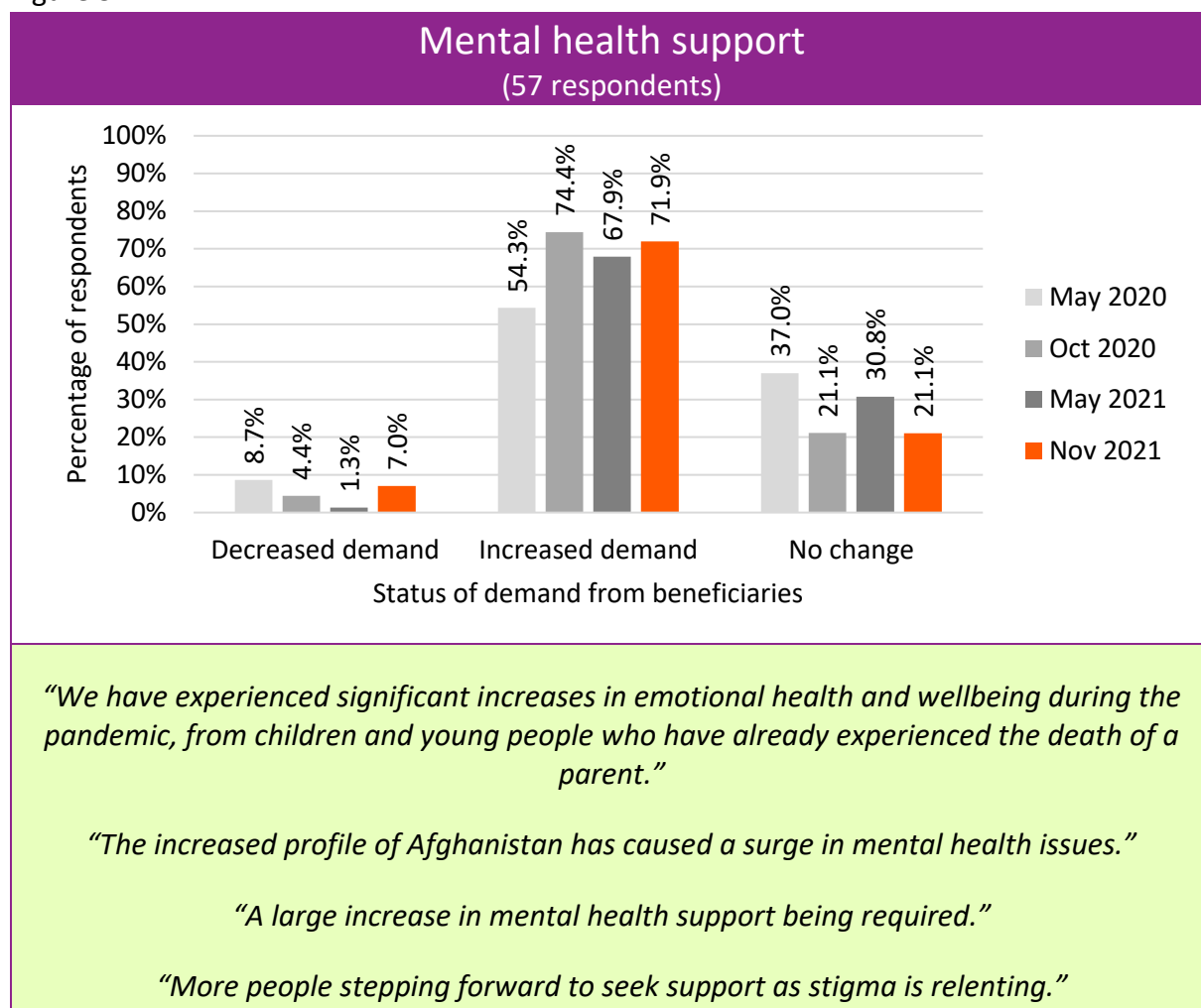




Figure 6 shows the reported change in demand for loneliness support. The percentage of respondents reporting an increase in demand for loneliness support is 68.4% (up 4% since May 2021). Similar to mental health, the percentage of respondents reporting ‘no change’ was lower (24.6%) than in May (32.9%), whilst the percentage reporting a decrease in demand was higher (7.0%) than in May (2.7%).

Figure 6

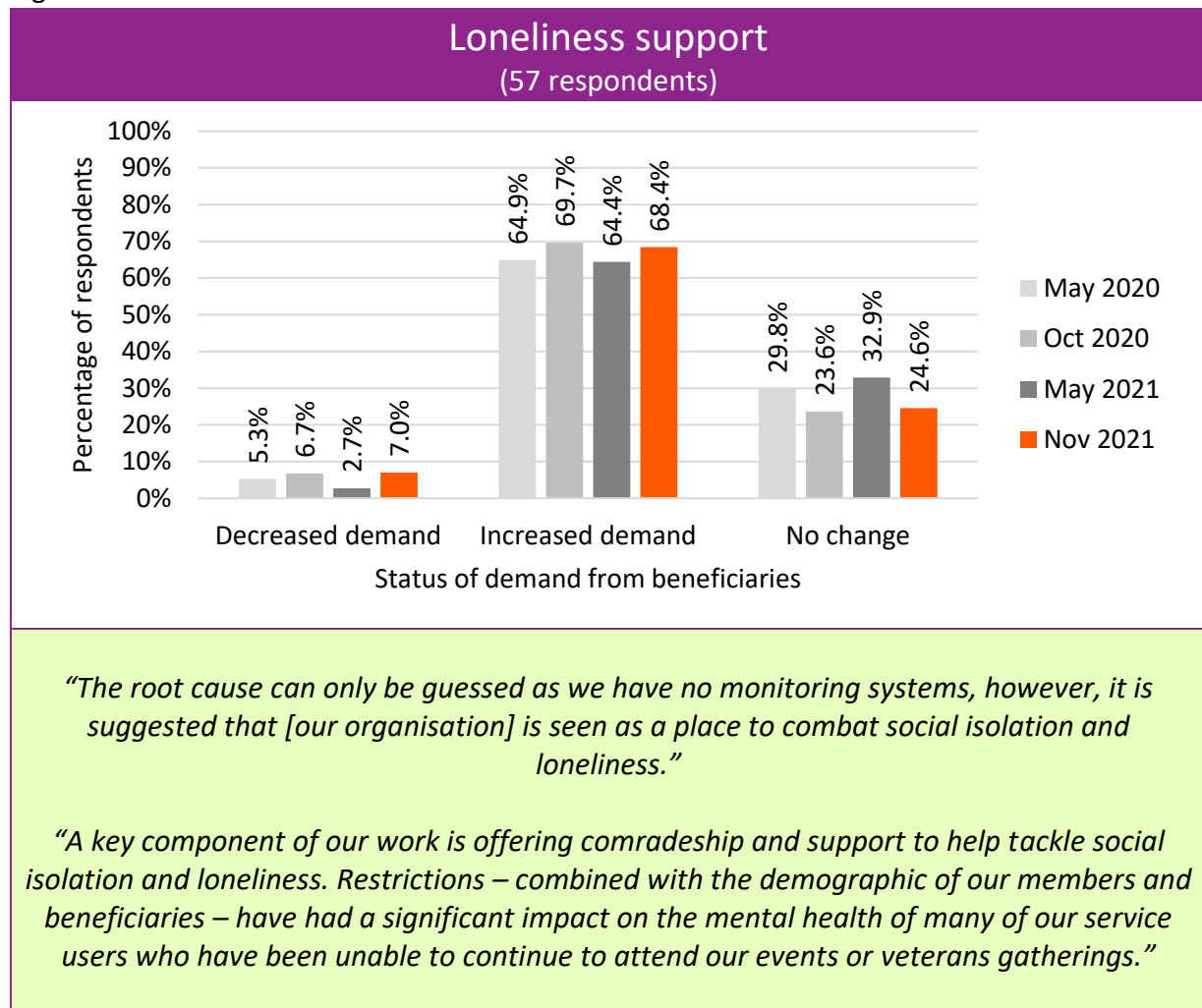


Figure 7 shows changes in reported demand for family and employment support. Close to two-fifths of respondents delivering family support reported ‘increased demand’ (37.0%, down 6.5% since May 2021). ‘No change’ was reported by 44.4%, suggesting that demand from beneficiaries remains heightened. However, respondents reporting ‘decreased demand’ was more common in this survey (18.5%, up 14.2% since May 2021).

Figure 7

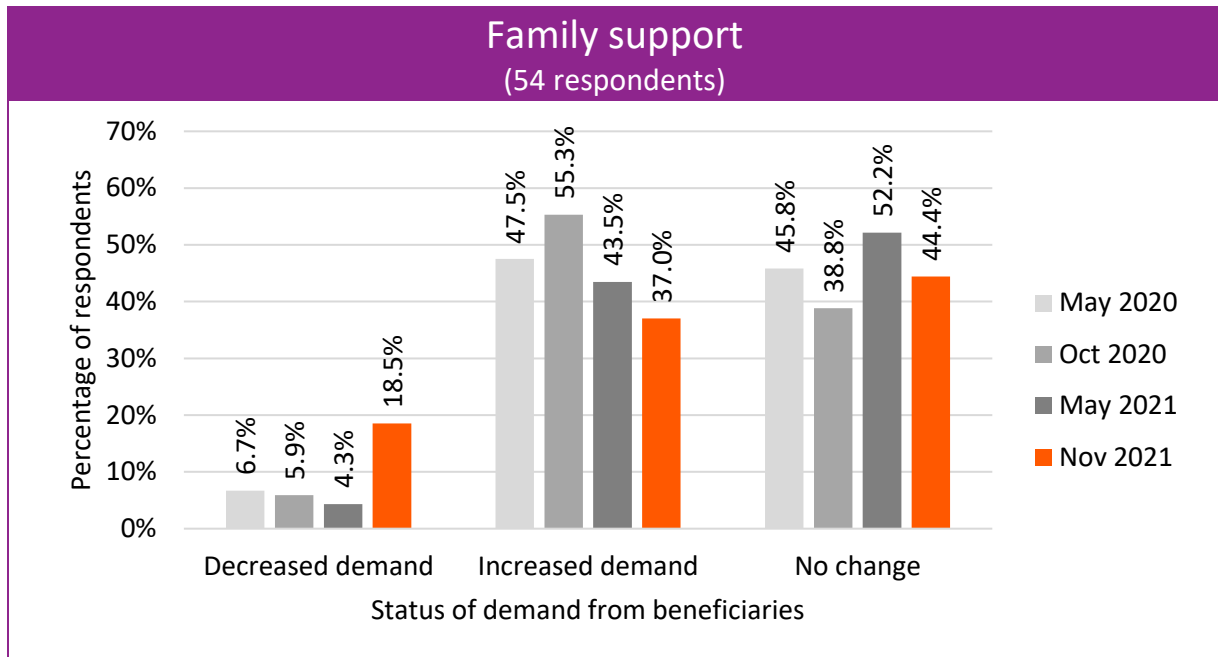


Figure 8 shows changes in reported demand for employment and unemployment support. Of those providing such support, 40.8% reported increased demand (no difference to May 2021). Additionally, figures for those reporting no change (51.0%) were not significantly different to May 2021 (up 2.5%).

Figure 8

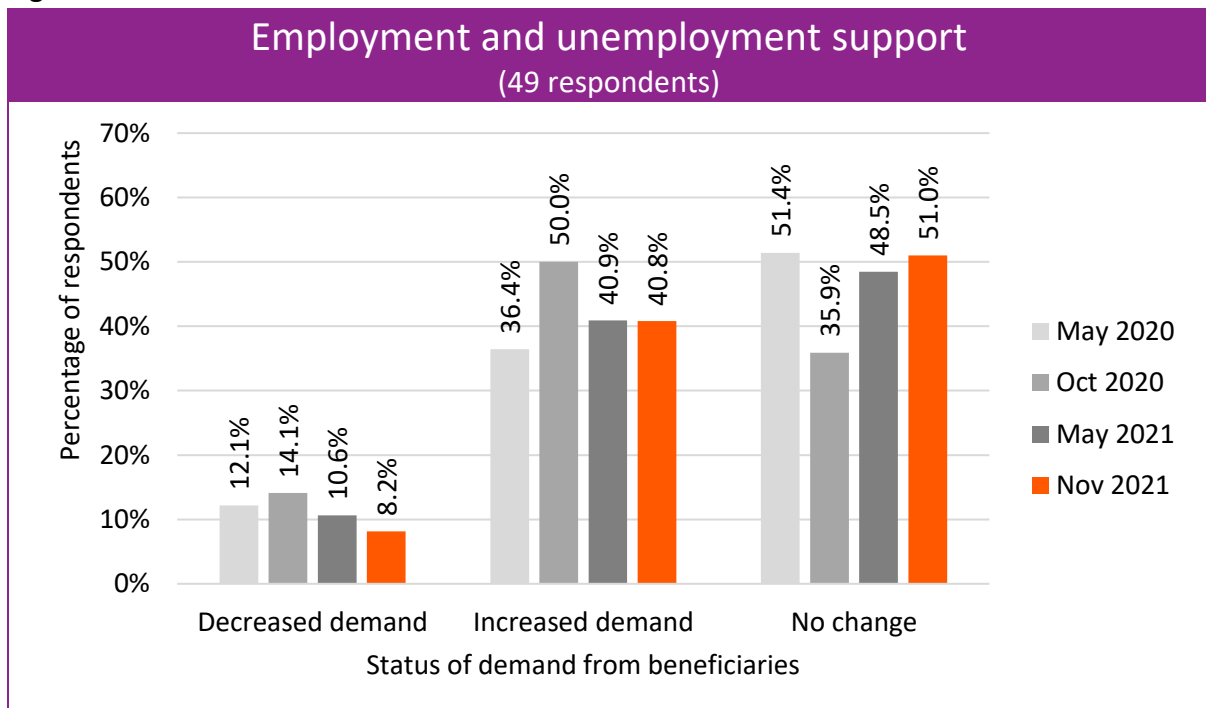
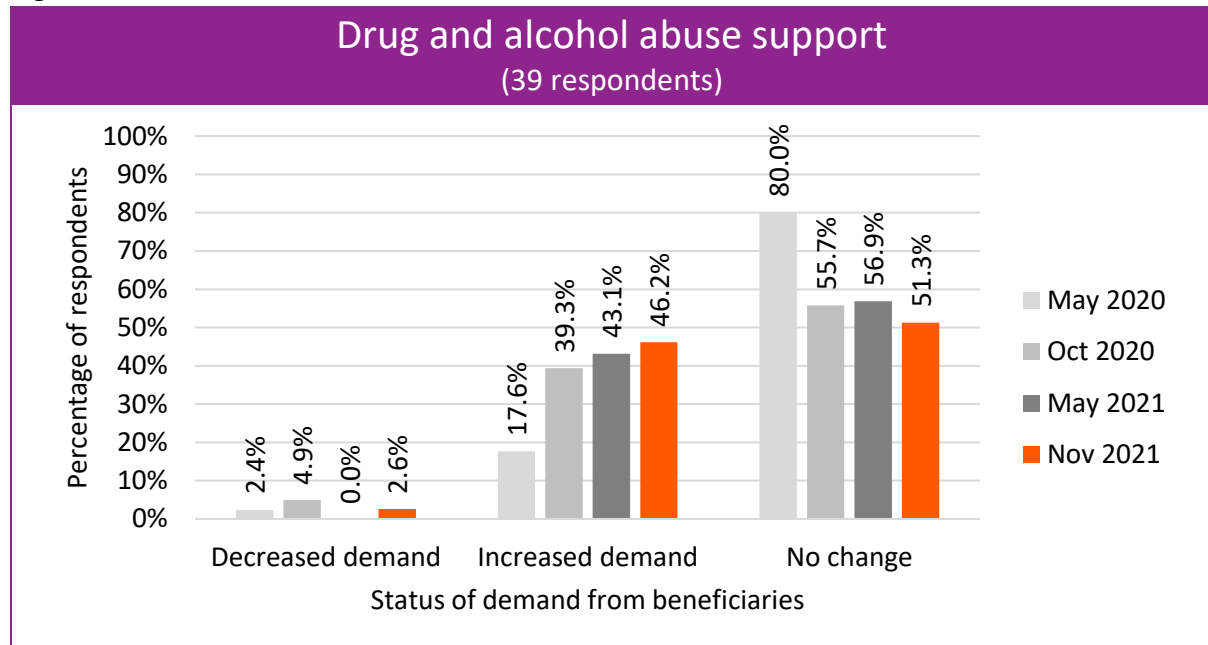


Figure 9 shows changes in reported demand for drug and alcohol abuse support. Over two-fifths reported an increase in demand (46.2%, up 3.1% since May 2021). An additional 51.3% reported no change over the past six months (up 5.6% since May 2021), again suggesting that demand from beneficiaries remains heightened. Additionally, only 2.6% of respondents reported 'decreased demand', consistent with previous surveys.

Figure 9



Figures 10 and 11 show changes in reported demand for domestic abuse and physical health support. Reports of 'decreased demand' for domestic abuse remained at 0%, suggesting that demand remains mostly unchanged (74.3% of respondents).

Figure 10

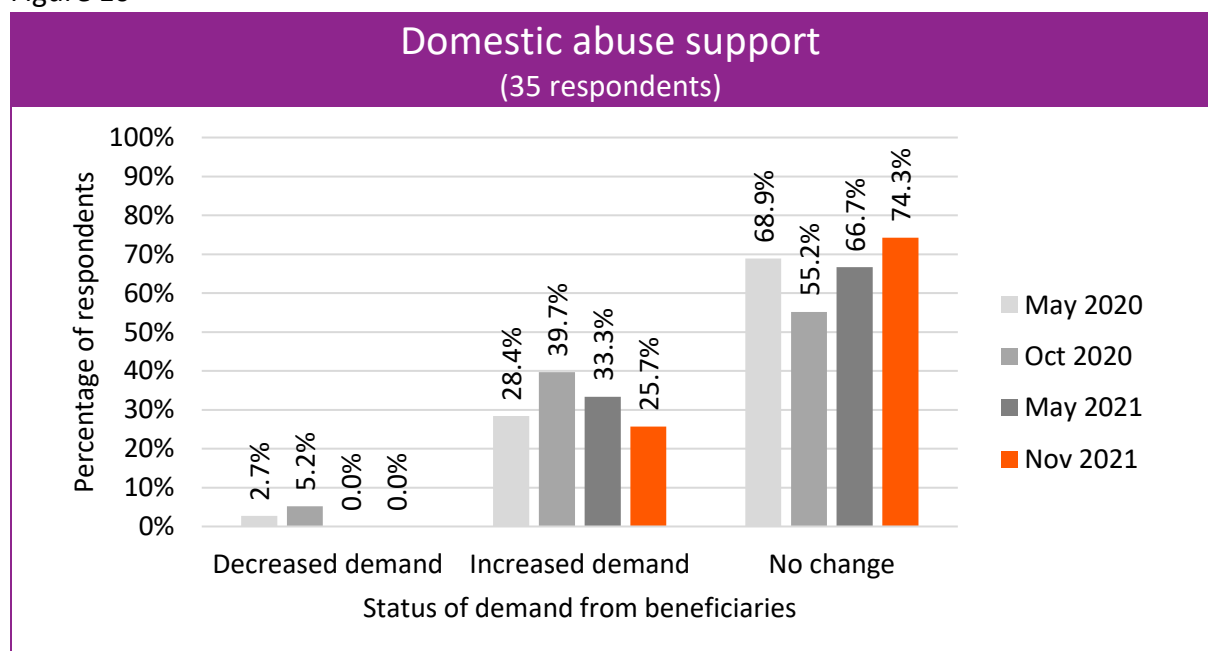


Figure 11 shows that over one-quarter of respondents delivering physical health support reported 'increased demand' from beneficiaries (27.5%, down 4% since May 2021). Almost two-thirds reported 'no change' over the past six months (64.7%, up 1.7% since May).

Figure 11

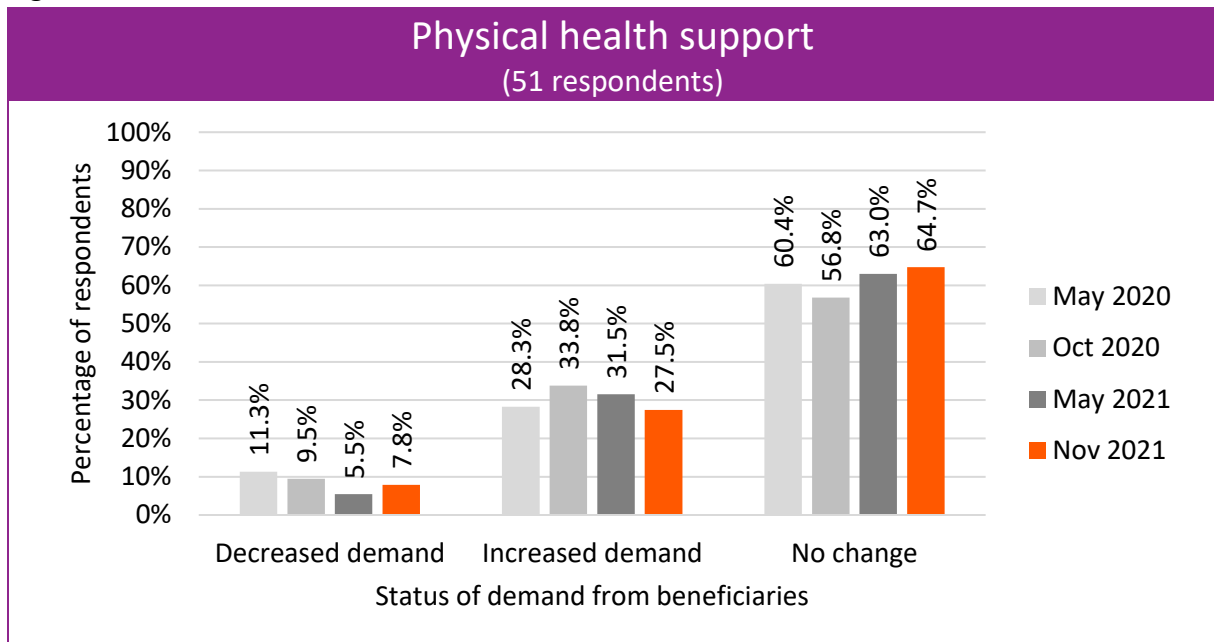


Figure 12 shows demand for poverty or financial support, for which almost half of the respondents reported 'increased demand' (49%, up 9% since May 2021), with fewer respondents reporting 'no change' in demand over the past six months (29.4%, down 16.8% since May). Additionally, 21.6% of respondents reported 'decreased demand' (up 7.8% since May), which overall suggests that financial support is starting to see slightly less demand.

Figure 12

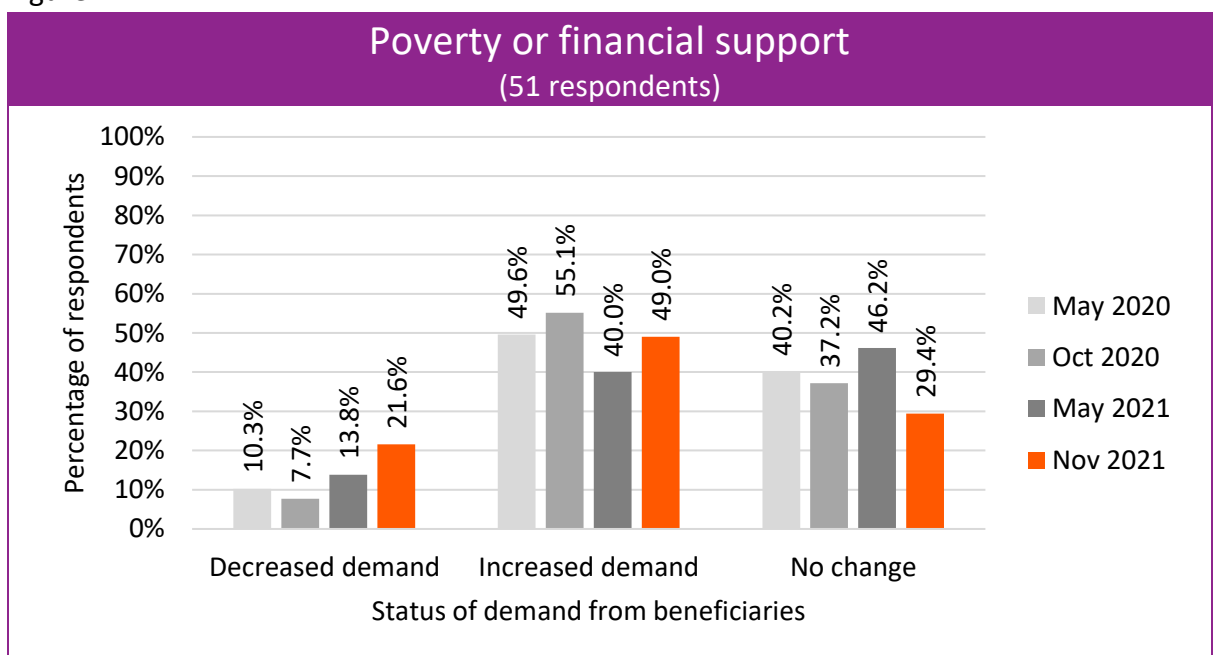
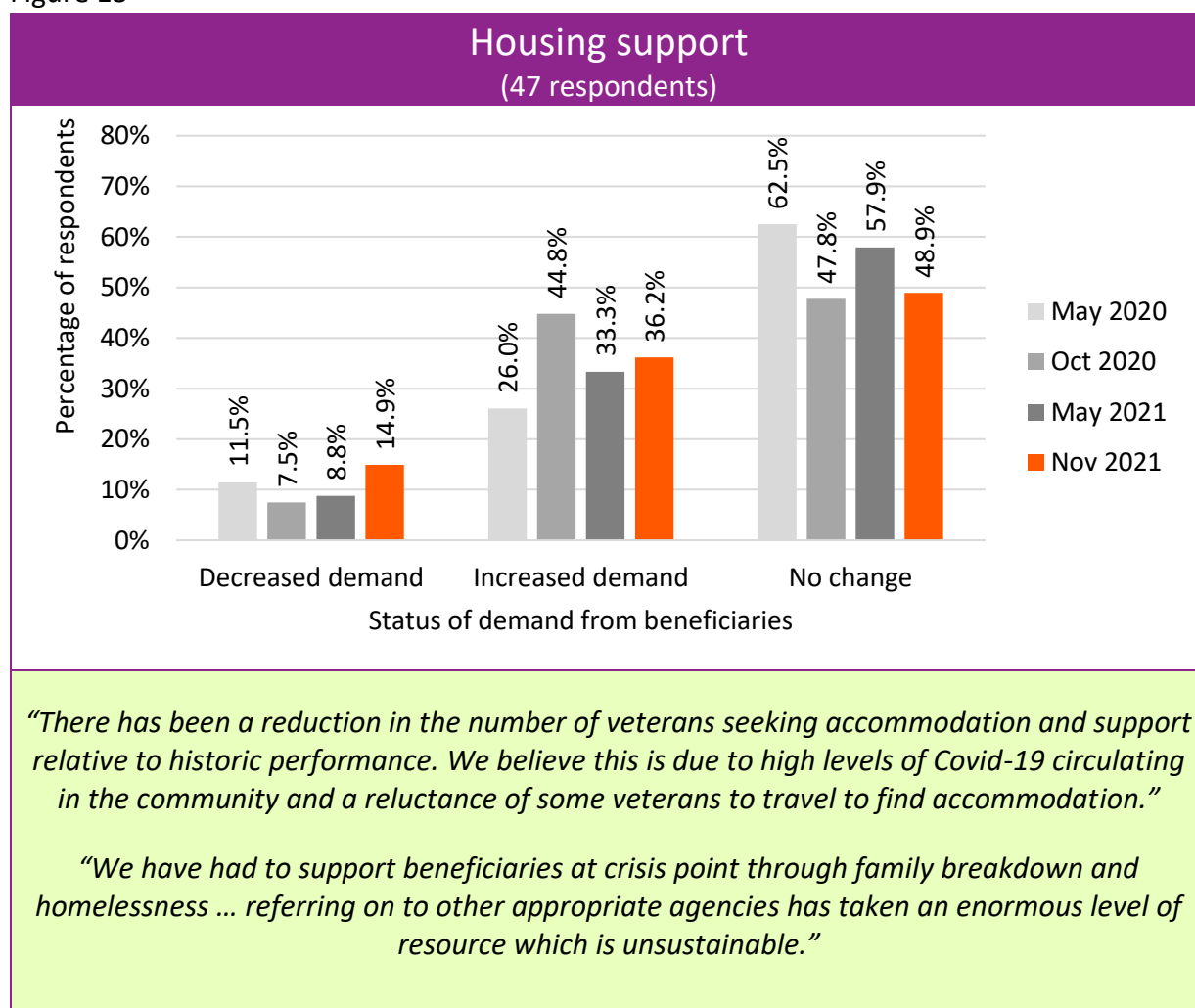


Figure 13 shows changes in reported demand for housing support. Over one-third of respondents reported 'increased demand' (36.2%, up 2.9% since May 2021), with close to half reporting 'no change' in demand over the past six months (48.9%, down 9.0% since May).

Housing support was reported to be showing a slight shift in 'decreased demand' (14.9%, up 6.1% since May 2021). Overall, the results indicate that although demand has seen a slight decrease, demand remains close to levels seen over the past 12-months.

Figure 13



Members were asked to estimate the number of beneficiaries they served in the last year. Over half (56.7%) reported serving less than 1,000 beneficiaries, a further 28.4% reported serving between 1,000 and 9,999, 13.4% reported serving 10,000 to 99,000, and just one respondent stated serving 100,000 or more.

Respondents were further asked to estimate the overall increase/decrease in beneficiaries requesting (or referred for) support. Figure 14 shows that the most common experience was seeing a 1% to 49% increase (45.7%, up 15.0% since May 2021).

Conversely, (20.0%, up 15.5% since May 2021) reported a -50% to -100% decline in beneficiary numbers. However, 54.3% of respondents overall reported an increase in beneficiaries over the past six months (up 10% since May 2021).

In contrast, 12.9% reported no change in beneficiary numbers (down 8.7% since May 2021). However, for the majority who saw increased demand, this tends to be at a 1% to 49% increase level.

Figure 14

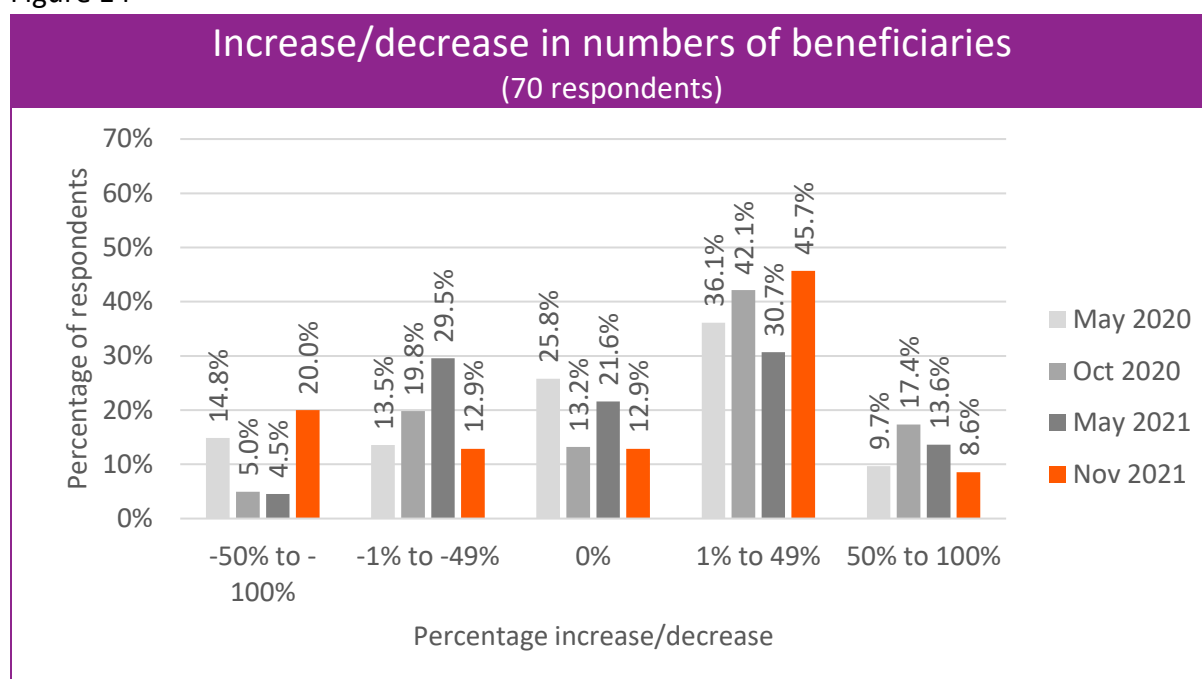


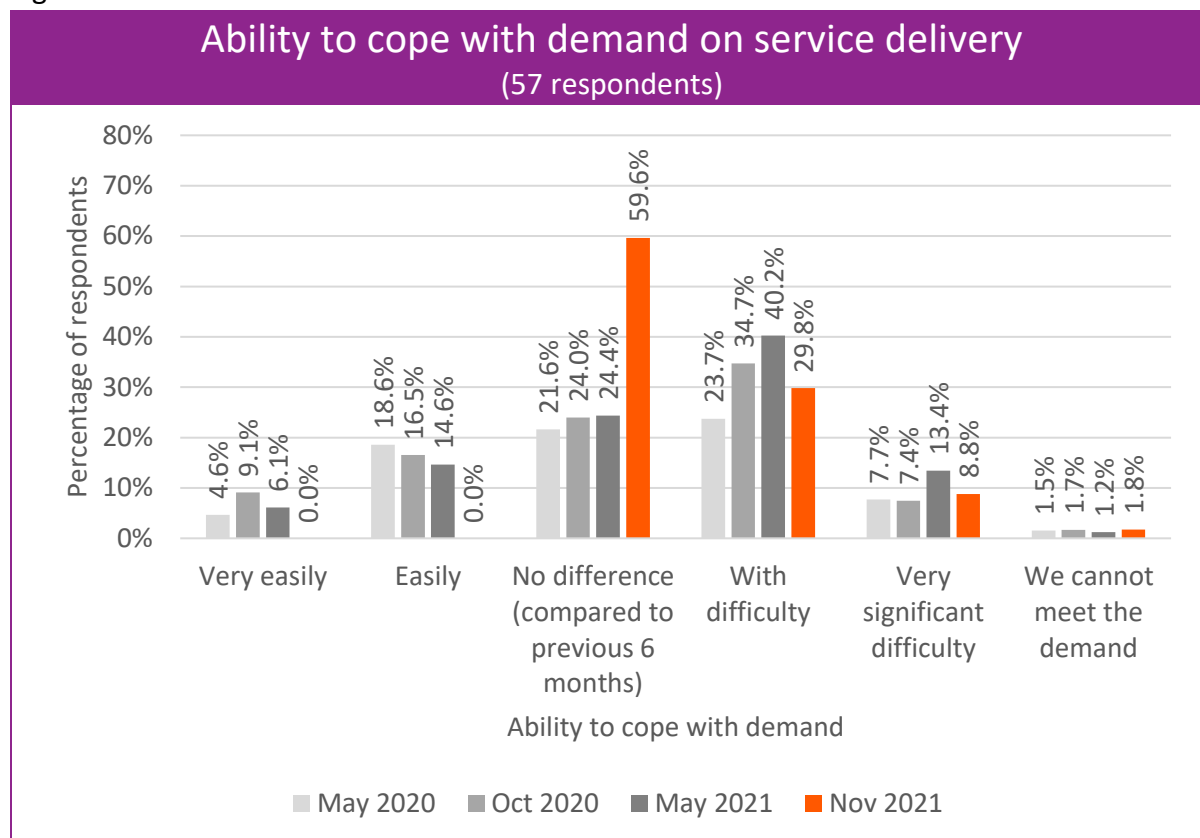
Figure 15 shows respondents reported ability to cope with demand on service delivery. Approximately three-fifths (59.6%) responded that there was no difference compared to the previous six months, since May 2021 (up 35.2 % since May).

This substantial shift may be due to the change in the wording of this question, which previously asked respondents to compare their ability to cope with before the Covid-19 pandemic. This was changed as comparisons to 18-months prior were likely to become less reliable in this survey and any subsequent surveys.

No respondents reported being able to cope easily or very easily; this represents a significant change since May, in which 20.7% of respondents said they were coping easily or very easily. On the other hand, coping with difficulty (29.8%) or very significant difficulty (8.8%) was lower than observed in May 2021.

Overall, this trend shows that while three-fifths of members are experiencing an unchanged level of need (59.6%), the remaining two-fifths (40.4% combined) are still experiencing difficulties meeting need.

Figure 15



Respondents were also asked whether they had noticed any changes in the drivers behind beneficiaries’ support needs during the last six months (since May 2021), for example, in relation to changes in Universal Credit or the furlough scheme (Coronavirus Job Retention Scheme). A range of responses has been included in the box below.

### Noticeable changes in the drivers of beneficiaries’ support needs

*“Very much so. The reduction in UC has hit many Veterans very hard... People on low incomes have got used to an extra £80-£100 per week and are now struggling severely since its removal. Many are referred/self-referred to us having not eaten for several days, have no power/heating and inadequate clothing for the winter months.”*

*“The inability to seek face to face support elsewhere or to manage virtual communications such as a Universal Credit “journal” has caused severe problems.”*

*“Not during the previous six months, although with the removal of the UC uplift of £20, and the end of the furlough scheme, we predict this will now have an impact on Veterans seeking support, as they are affected financially.”*

*“Direct requests for financial support remain lower than pre-pandemic, but levels of emotional stress are higher. It is too early to tell whether the end of the £20 uplift to UC or the end of furlough is going to have a significant impact.”*

*“Universal credit has had an effect on some of our families.”*

*“Slight increase in demand now UC has ceased and also the secure tenancy arrangements being removed. But no bow wave of requests.”*

## Section 2 – Critical services

The following section explores the impact of Covid-19 on critical service delivery for nine critical services. Critical services were defined in the survey as ‘services to beneficiaries, without which individuals would face a significant or serious challenge to their wellbeing’.

Percentages are calculated excluding respondents who indicated that the critical service did not apply to their organisation; therefore, the data presented below relates only to those who deliver such critical services.

Figure 16 shows respondent data on which critical services were identified as experiencing ‘no impact’ over the past six months. For each critical service area, the percentage of respondents reporting ‘no impact’ was lower than in May. In other words, fewer respondents are not experiencing an impact on critical services. Notable changes between May and November 2021 include support with the criminal justice system, support for service families, and support with housing. Meanwhile, mental health and employment stood out as areas that reported experiencing the lowest instance of no impact on critical services.



Figure 16

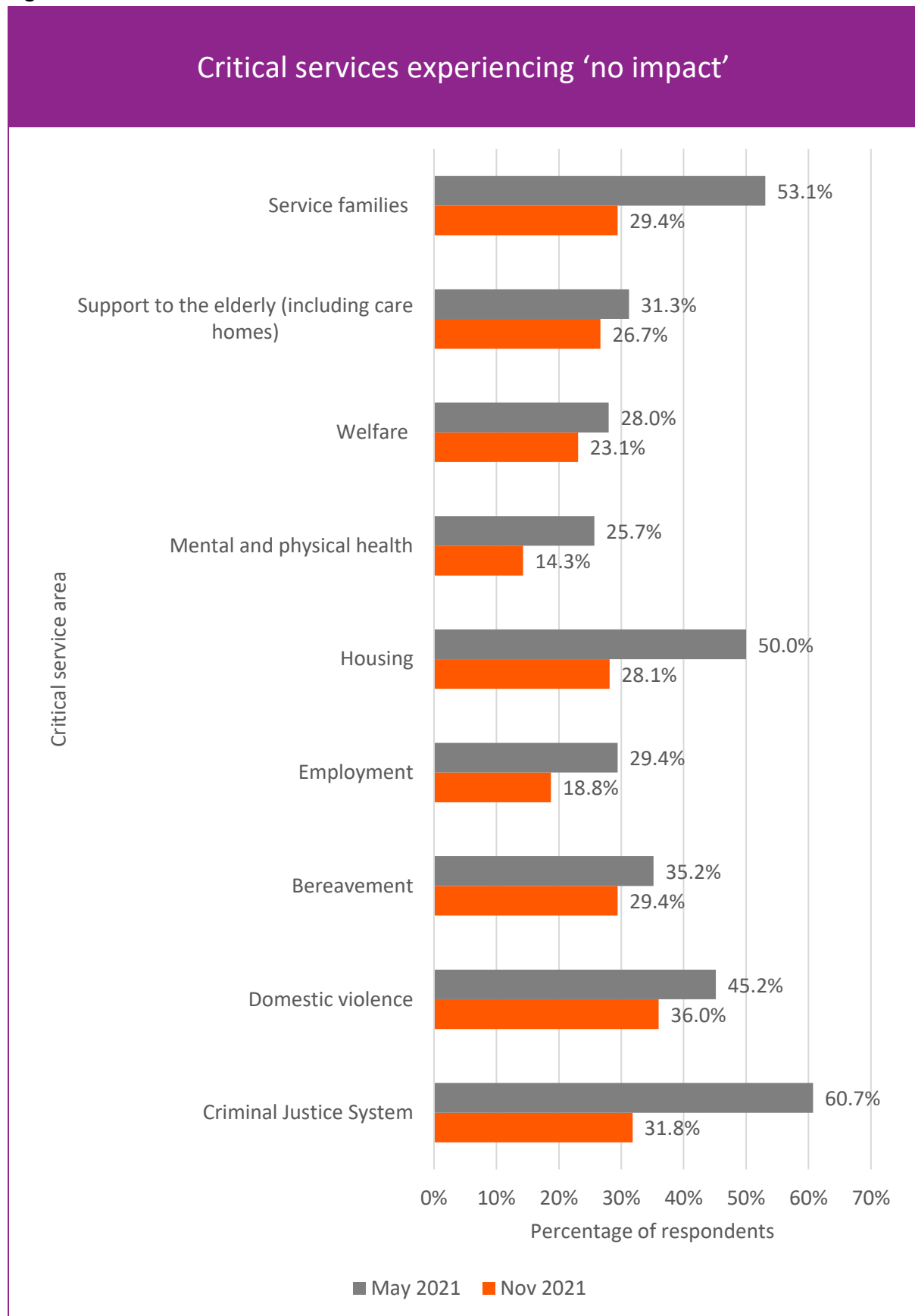


Figure 17 shows data on critical services experiencing a ‘minimal to moderate’ impact on service delivery over the past six months. Mirroring the results described above, it is notable that for every critical service area, there has been an increase in the percentage of respondents reporting a ‘minimal to moderate’ impact compared to May 2021.

Domestic violence (56.0%) and bereavement (55.9%) were the critical services most commonly experiencing ‘minimal to moderate’ impact. Meanwhile, criminal justice (45.5%, up 27.6% since May 2021) and Service families support (47.1%, up 26.7% since May) were the critical service areas that showed the greatest proportion of respondents reporting increases compared to May.

Figure 17

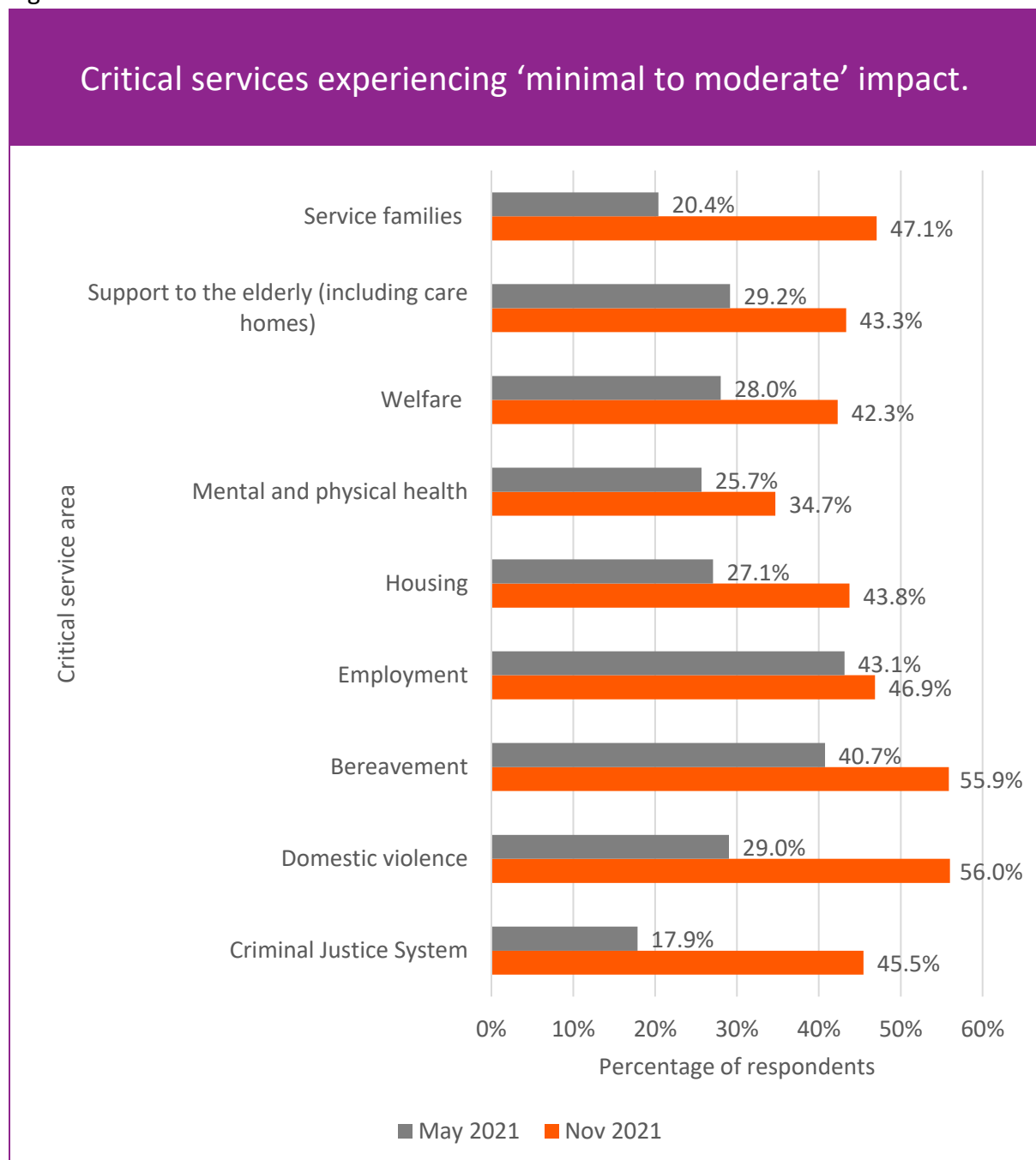


Figure 18 compares responses to critical services experiencing a 'significant' impact between May 2021 and November 2021.

Mental health support (49.0%, up 3.1% since May 2021) was the critical service with the highest incidence of experiencing a 'significant' impact. Similarly, both housing (28.1%, up 7.3%) and employment (34.4%, up 6.9%) saw reported increases in significantly impacted critical services for beneficiaries.

While still high, services including welfare (34.6%) and support to the elderly (30.0%) saw a small drop of around 3% to 5%. However, bereavement (24.1%, down 9.4%) and domestic violence support (25.8%, down 17.8%) saw the largest drop in reporting significant impact compared to May 2021.

Figure 18

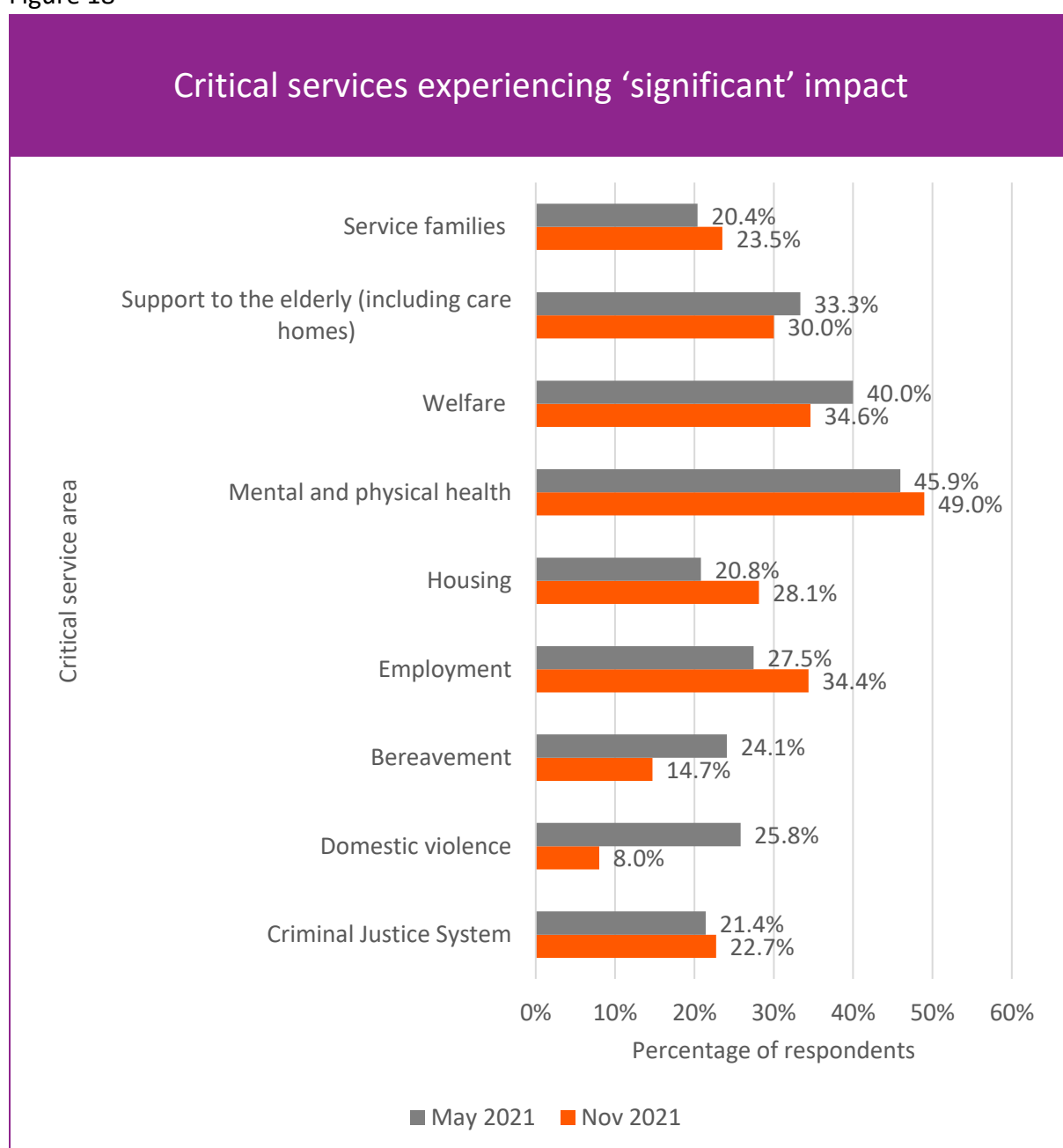
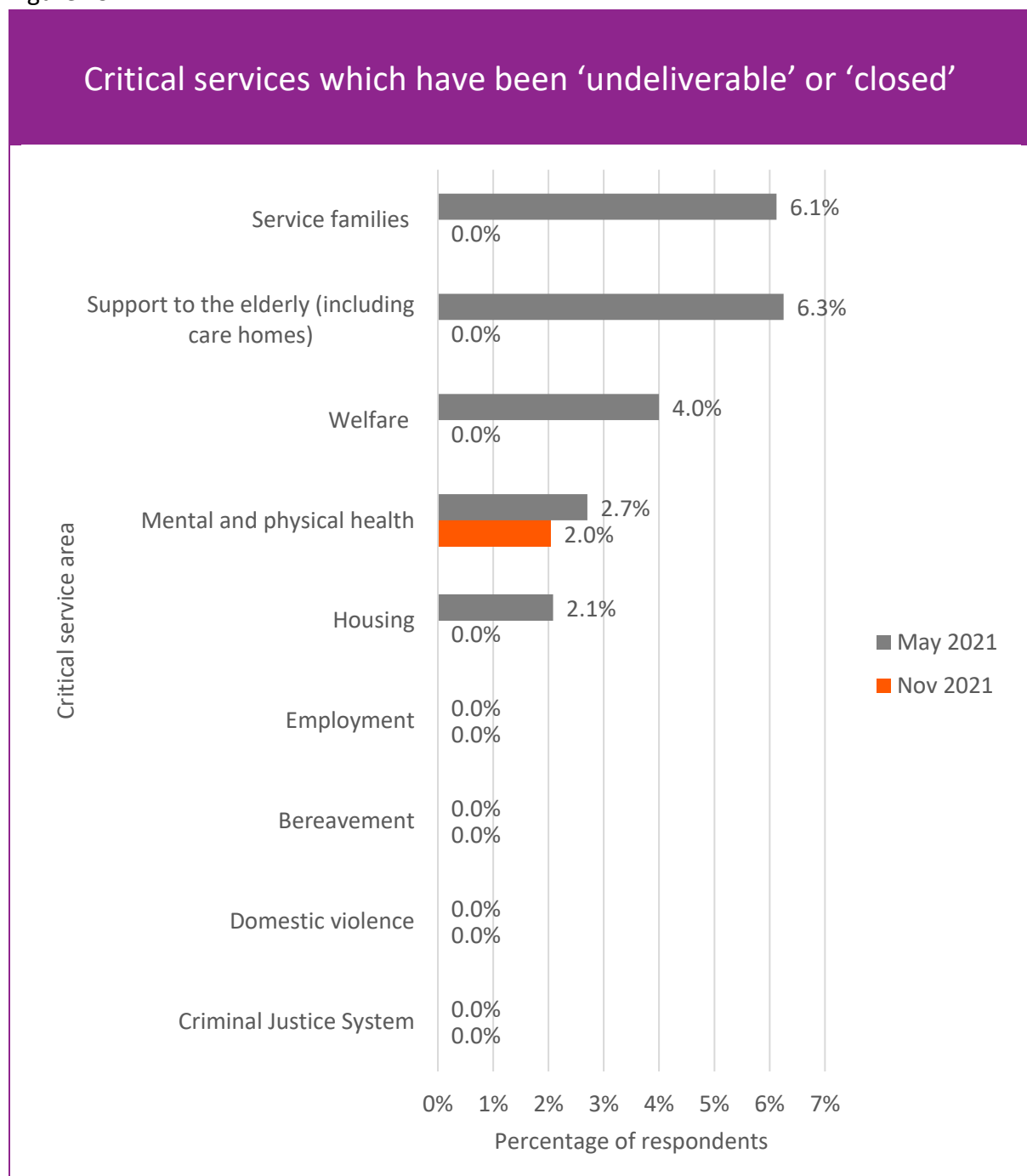


Figure 19 shows a comparison of responses to critical services being ‘undeliverable’ or ‘closed’ between May 2021 to November 2021. Mental health (2.0%, down 0.7% since May 2021) was the only critical service area to report undeliverable or closed services.

A total of four critical service areas which reported undeliverable or closed services are no longer reporting this. As noted above, our survey does not necessarily track the same respondents over time; therefore, it is important to note that this data does not show whether these services are now functioning again or have since closed (at the service or charity level) since the last survey.

Figure 19



Members were asked how critical services delivered by their organisation were being impacted during the ongoing Covid-19 crisis.

## Ways in which critical services have been impacted

*“The increase in demand as COVID-19 restrictions were lifted has added pressure to our welfare team stretching resources.”*

*“The lack of face-to-face engagement reduces the ability to help manage beneficiary anxiety, as well as the effectiveness of rehabilitation.”*

*“Our critical residential mindfulness courses have not been delivered for many months. We were eventually able to reopen them in May 2021 and are now trying to get through a backlog of people needing to attend.”*

*“Continued workaround solutions in place to cover areas where there are shortages of caseworkers.”*

*“Difficulties retaining those people who volunteered to support beneficiaries as furlough ends and other environmental pressures mount”*

*“Applications for financial support via Benevolence Funds have taken longer to complete due to client inertia in providing essential information. Referrals for medical treatment have stalled due to lack of face-to-face engagement and reduction in the availability of clinical practitioners.”*

*“Direct support to older beneficiaries has been challenging as many of them do not engage online or are comfortable speaking on the phone, so it has been difficult to find a suitable substitute for face-to-face contact and visits at the height of restrictions.”*

*“Numbers of alcohol addiction cases are almost unsustainable and impacting ability to undertake preventative work. The number of requests for AFCS tribunal support has tripled in recent months, making it hard to be timely. The NHS is referring complex mental health cases to us because of resource problems meaning we have had to source new therapists - we worry that the number available is finite.”*

*“We are impacted by case working issues. [An organisation] have lost many caseworkers and are struggling to replace them. As a result, we are not receiving the usual number of requests for assistance.”*

*“Overall service delivery has been maintained by remote working, but in the past six months, we have seen a return to more face-to-face meetings which have been better for the more vulnerable veterans.”*

## Section 3 – Cashflow: Income

The following section explores respondents' current cash flow situation. Respondents were asked whether they were experiencing changes in income during the Covid-19 crisis, in terms of 'decreased', 'increased' or 'no change' over the past six months (since May 2021).

Responses are limited to those who generate each area of income; therefore, percentages are calculated on the number of responses to each question. The same questions were also asked in both previous surveys, and the charts below show this data as a comparison. It should be noted that respondents are not identical between surveys.

Figure 18 shows that 60.4% of respondents reported a decrease in fundraising events income (down 22.0% since May 2021). This is the first significant change in reported income levels in 18-months of collecting survey data. Importantly, figures also show a rise of 23.0% (currently 24.5%) in respondents reporting increased income levels over the past six months. In total, 15.1% reported no change, consistent with the previous 18-month's survey trends.

Figure 18

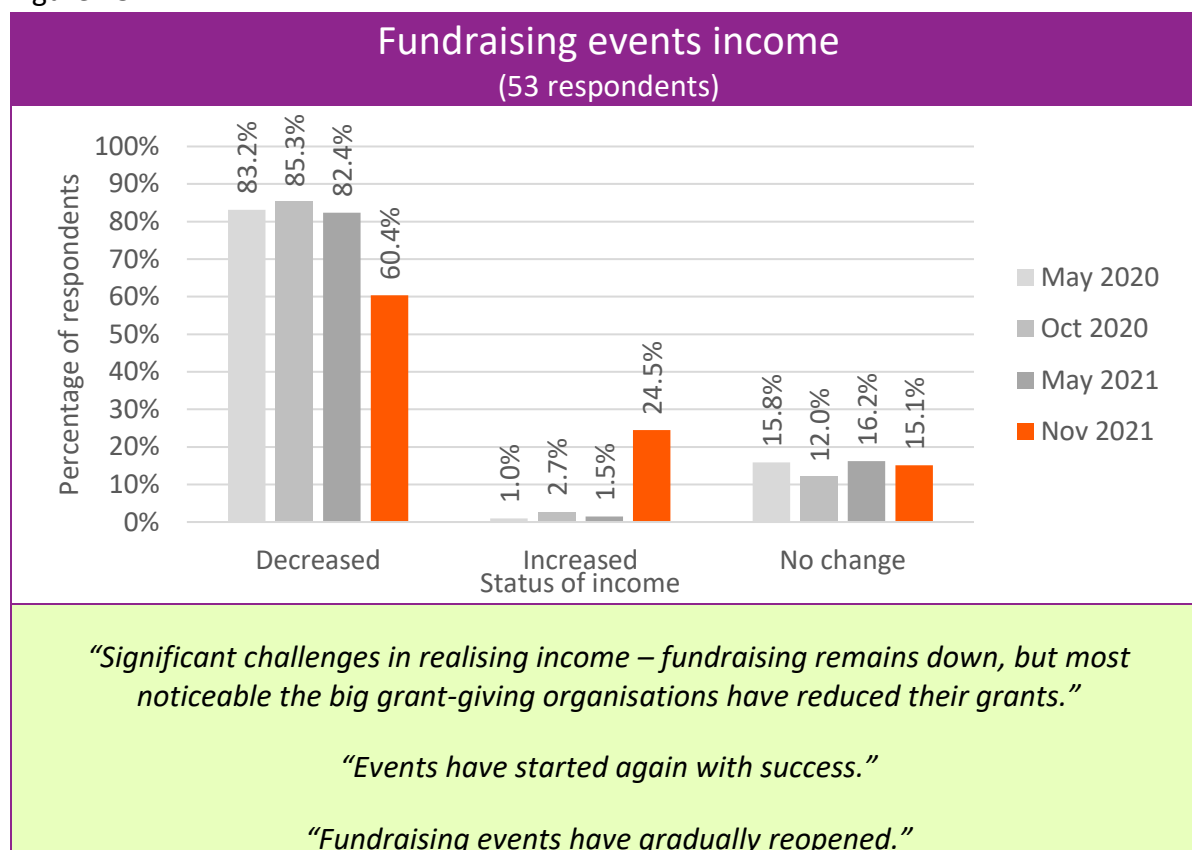


Figure 19 shows that 25.8% (up 15.3% since May 2021) reported an increase in public donations income. In keeping with this trend, 35.5% (down 19.8% since May) reported decreased income. This is an encouraging finding, which appears to show an upswing in public donations; however, it should be highlighted that 38.7% of respondents (up 4.5% since May) reported no change in their public donation income over the past six months.

Figure 19

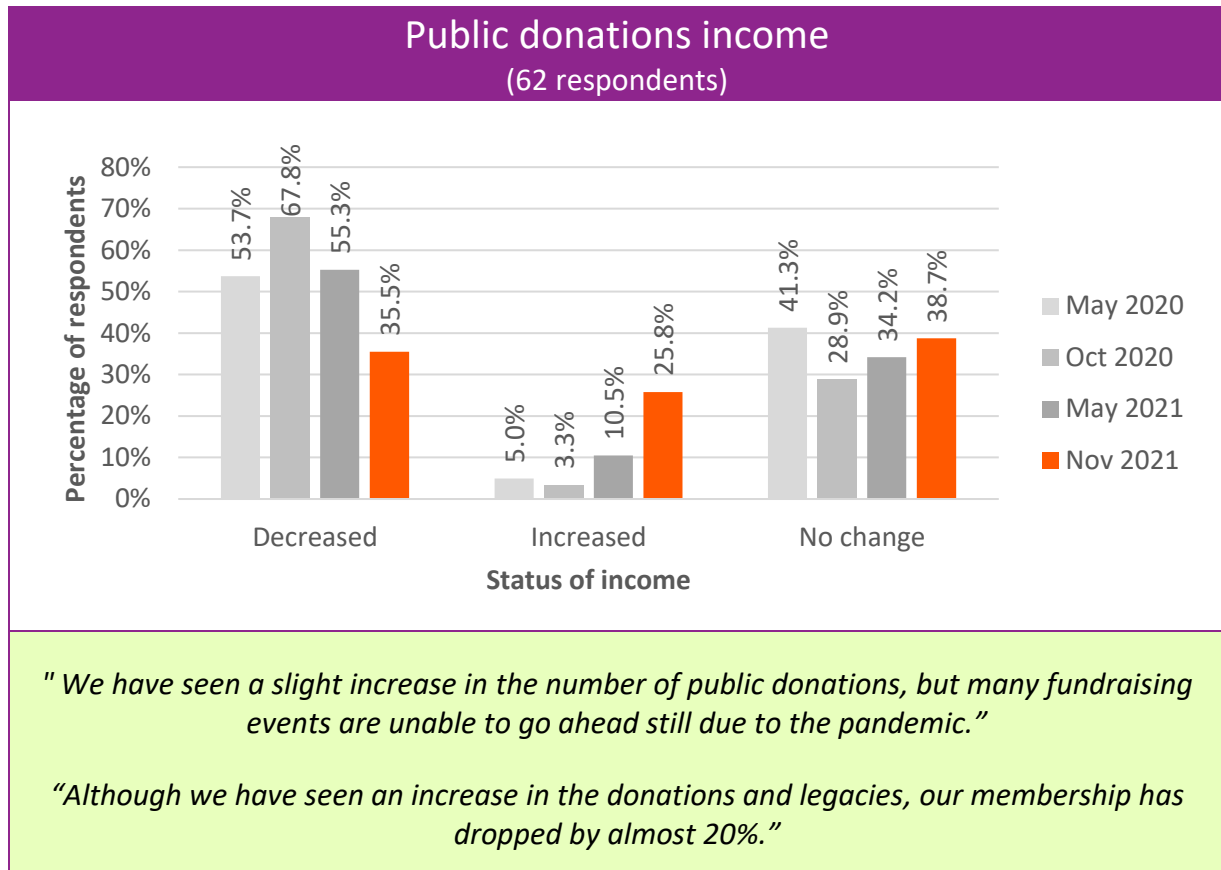


Figure 20 shows an increase in Sponsorship income (16.7%, up 14.8% since May 2021). However, half of the respondents (50.0%, up 9.6% since May) reported no change in this income stream.

Figure 20

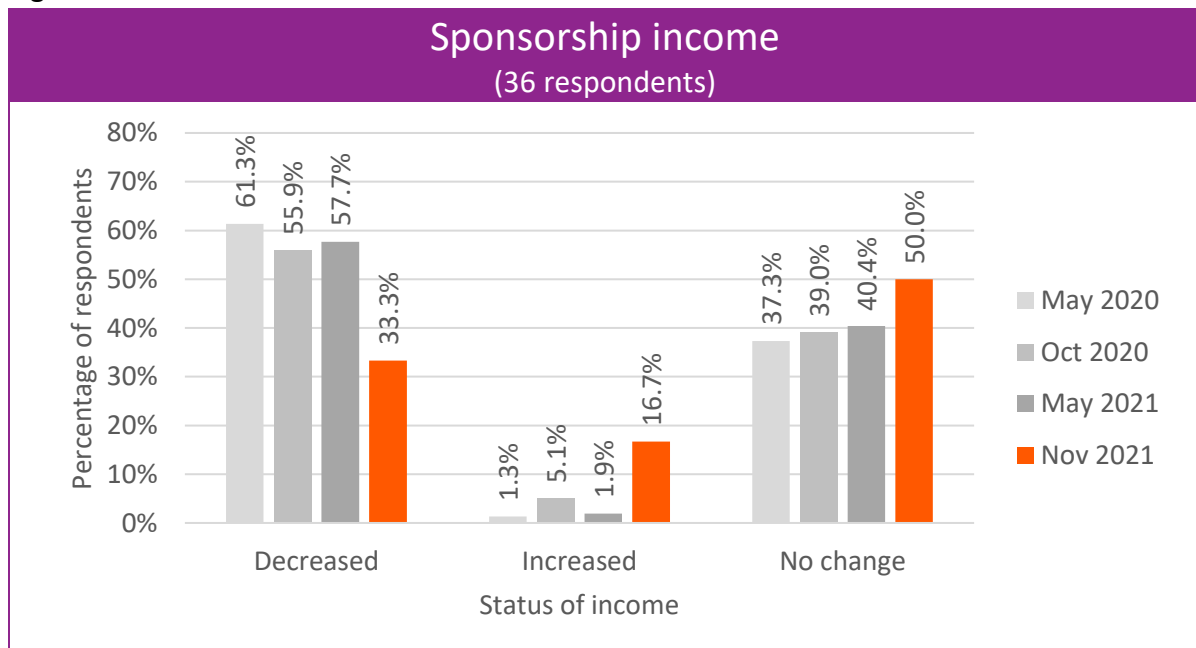


Figure 21 shows an increase in trading income (17.1%, up 8.4% since May 2021). Two-fifths of respondents (40.0%, up 0.9% since May) reported no change in this income stream.

Figure 21

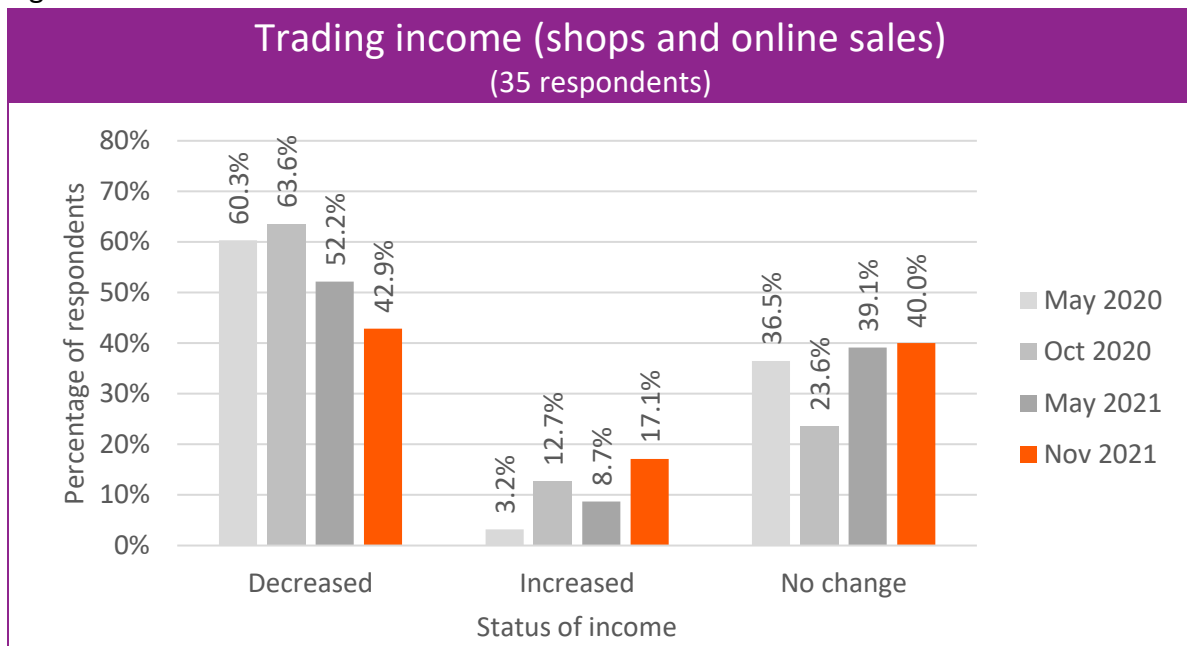
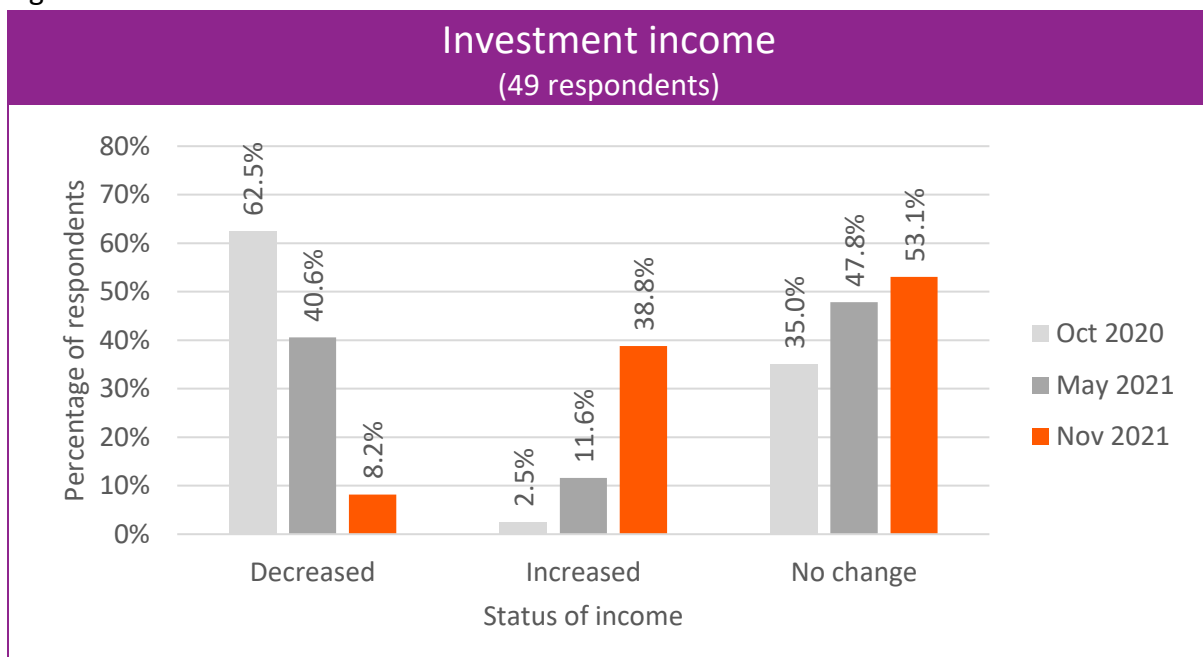


Figure 22 shows 38.8% of respondents (up 27.3% since May 2021) experienced an increase in investment income. While this is a significant increase, over half of respondents (53.1%, up 5.3% since May) reported experiencing no change in investment income over the past six months.

Figure 22





*“Investments are strong as per the markets.”*

*“Our investments have recovered well above what we expected after the initial pandemic crash.”*

Figure 23 shows legacy income, for which 22.7% of respondents (up 8.4% since May 2021) reported an increase. Over the last 18-months, there has been a gradual decline in reporting no change in legacy income. This trend continues with 54.5% (down 2.6% since May) of respondents reporting no change in this income stream over the past six months.

Figure 23

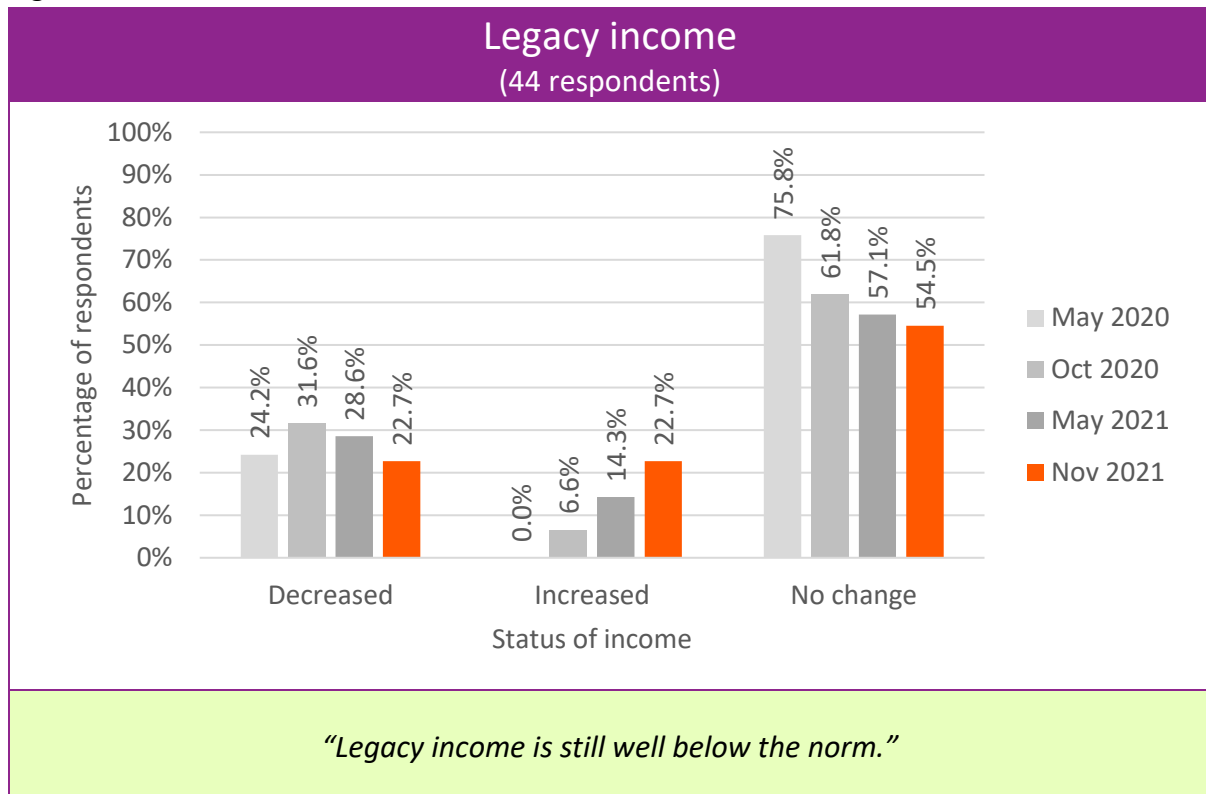


Figure 24 shows fees for services income. Unlike the graphs above, this income stream has not seen an increase, with only 11.0% (down 4.9% since May 2021) reporting an increase. Overwhelmingly, over three-quarters of respondents (77.8%, up 7.8% since May) reported no change to this income stream over the past six months.

Figure 24

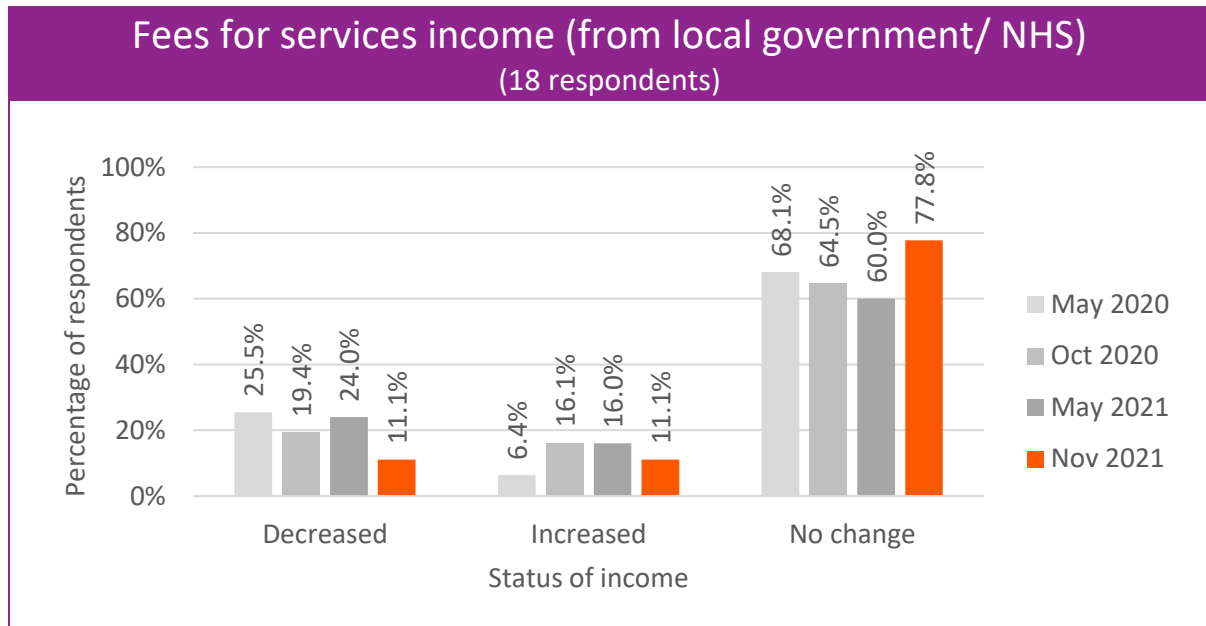
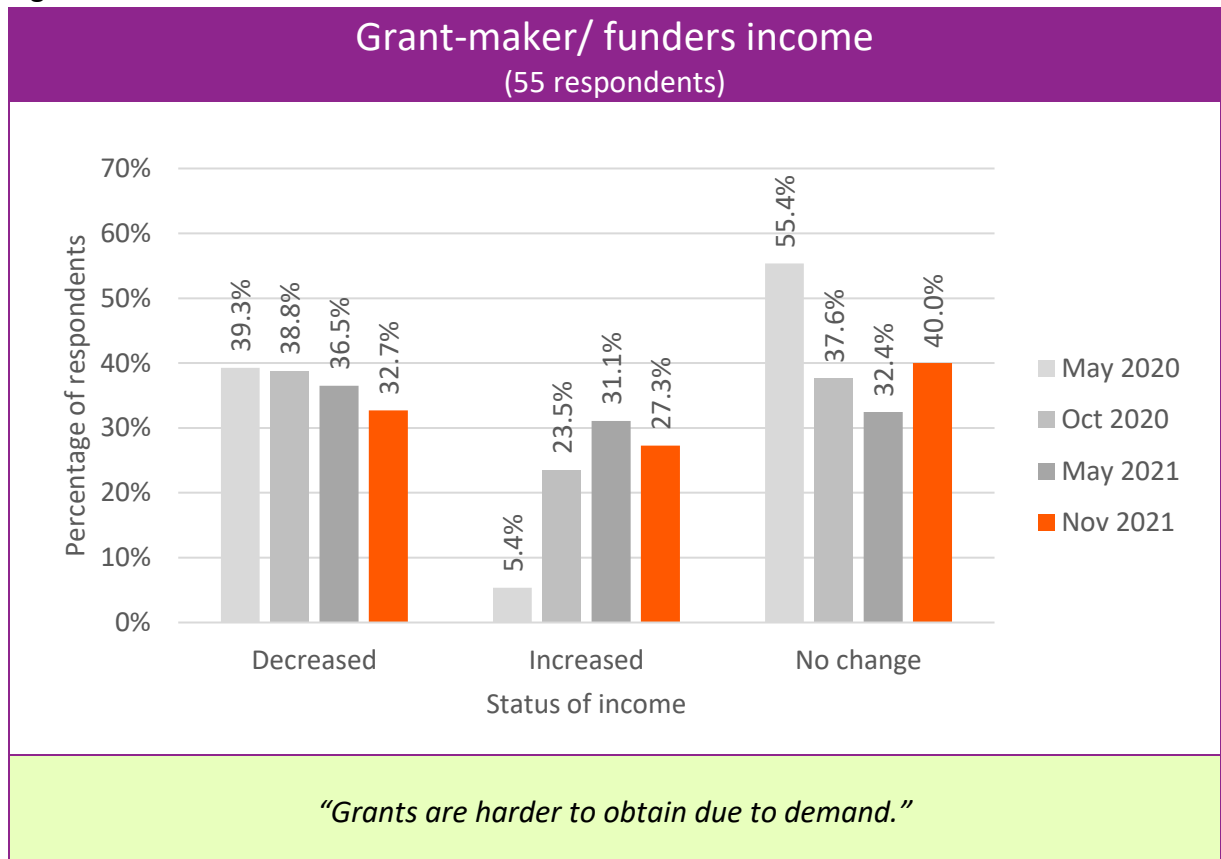


Figure 25 shows grant-maker/ funders income trends over the past 18-months. Since May 2020, reported grants income has been steadily decreasing (32.7%, down 3.8% since May 2021). While 27.3% of respondents (down 3.8% since May 2021) reported increasing income from grants, two-fifths (40.0%) reported no change (up 7.6% since May).

Figure 25

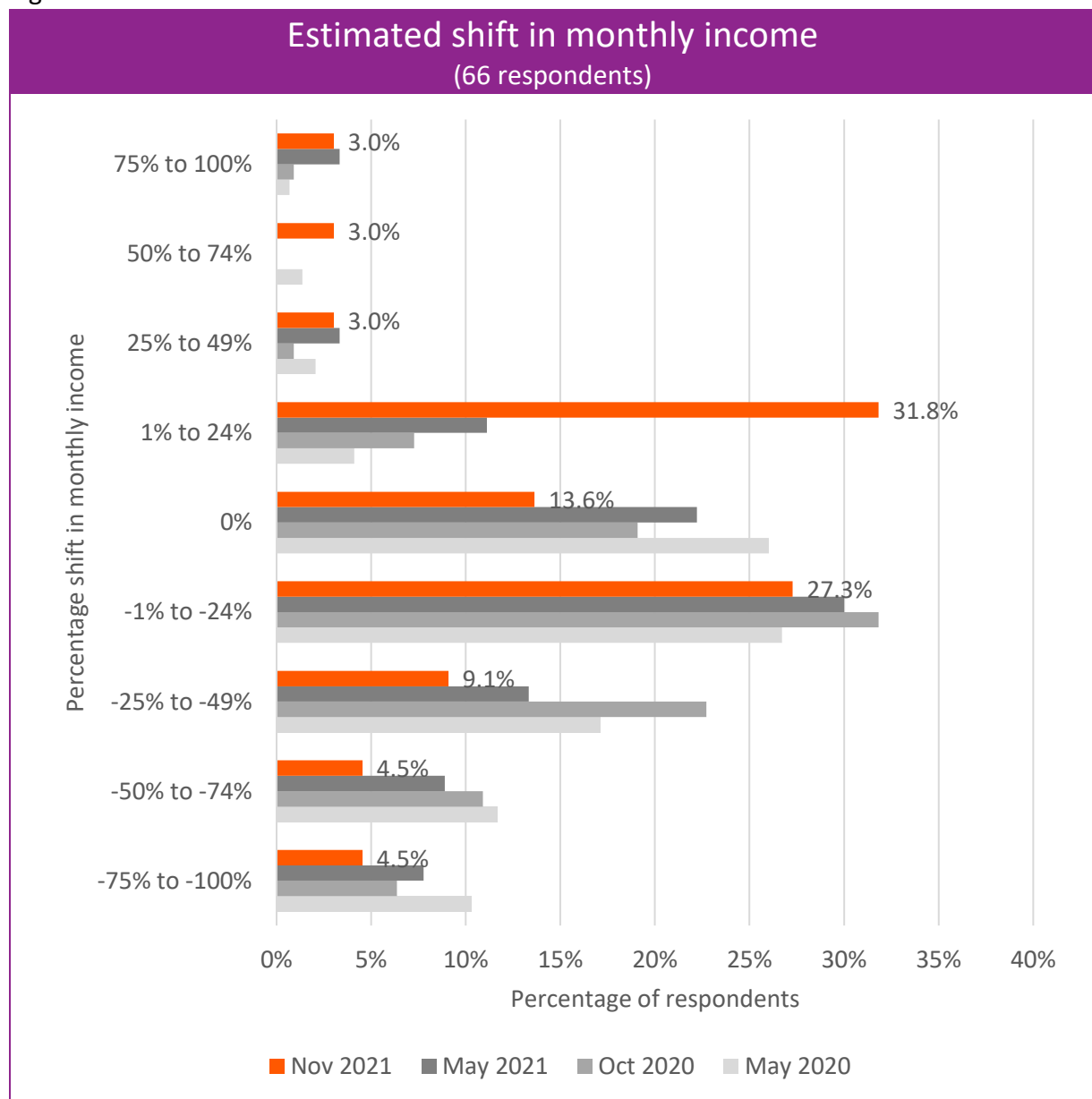


Respondents were asked to estimate the overall increase/decrease in monthly income over the past six months. The same questions were asked in all four surveys, and the charts presented below show this data as a comparison. It should be noted that groups of respondents across each survey are not identical.

Figure 26 shows that 45.4% of respondents collectively reported a decrease in income in November 2021 (down 14.6% since May 2021), with over one-quarter (27.3%) reporting a 1% to 24% decline in income in the past six months. Conversely, 40.9% collectively saw an increase in income (up 23.1% since May 2021).

Overall, this shows that while many are still struggling to generate income, there is an improvement at the 1% to 24% increase levels. While this is very encouraging, close to half of the respondents still report experiencing a decline in income, commonly around the -1% to -49% level (36.4% collectively).

Figure 26



## Section 4 – Cashflow: Expenditure

Respondents were asked whether they were experiencing ‘decreased’ or ‘increased’ expenditure or ‘no change’ over the past six months (since May 2021).

Responses are limited to those who commit expenditure in given areas. Therefore, percentages are calculated based on the number of responses to each question. The same questions were asked in all four surveys, and the charts presented show this data as a comparison. It should be noted that respondents to each survey are not identical.

Figure 27 shows the shift in reported service delivery costs over the past six months (since May 2021). A total of 39.4% reported an increase (up 12.1% since May and 18.0% since October 2020). A total of 43.9% of respondents (up 1.9% since May 2021) reported ‘no change’ to service delivery costs.

Figure 27

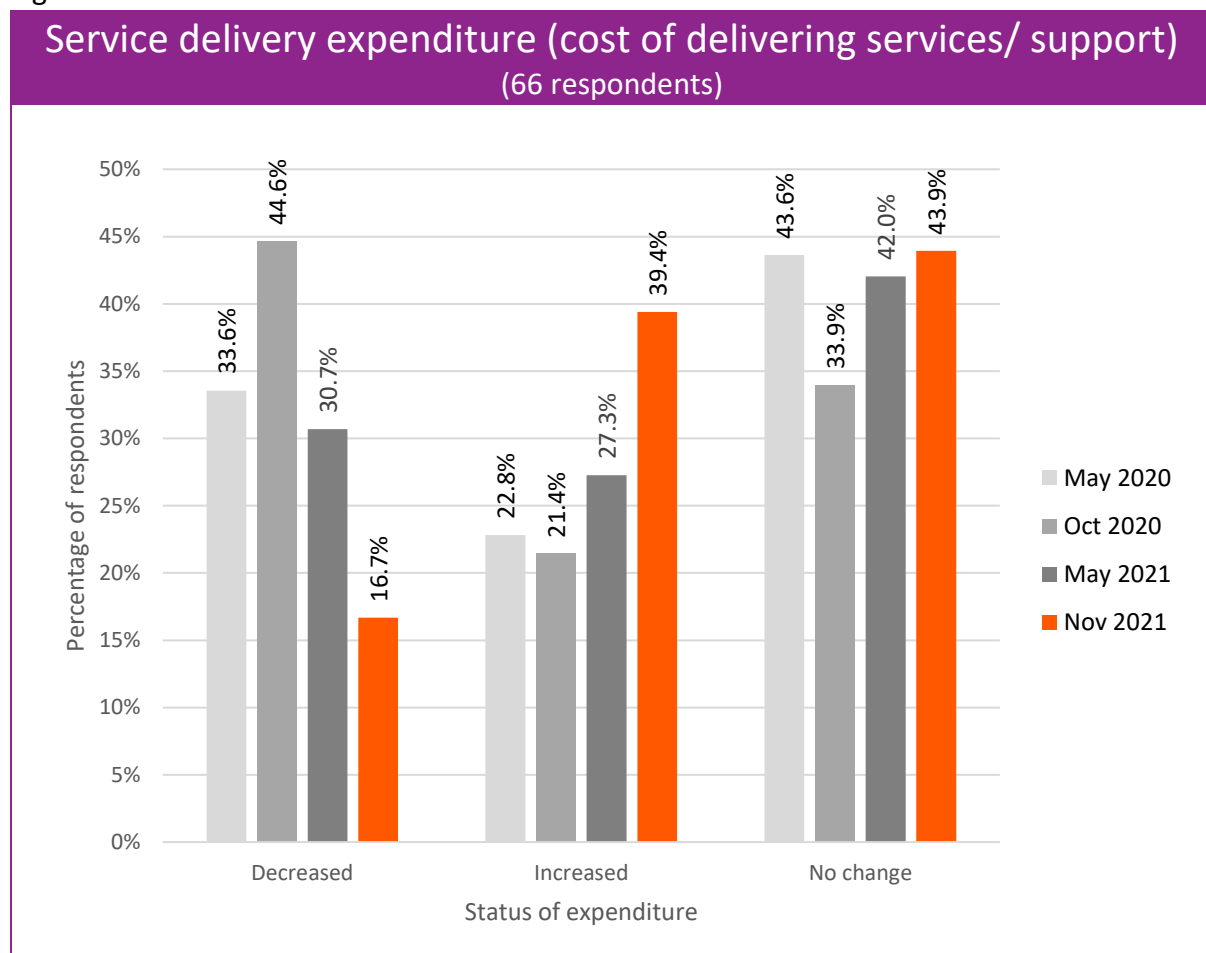


Figure 28 shows the shift in reported overhead costs. In the past six months, most respondents (53.2%, down 11.4% since May 2021) reported no change in their overhead costs. Over one-quarter (25.8%, up 2.6% since May) reported an increase in such costs, keeping with the observed trend of gradual increase over the past 18-months.

Figure 28

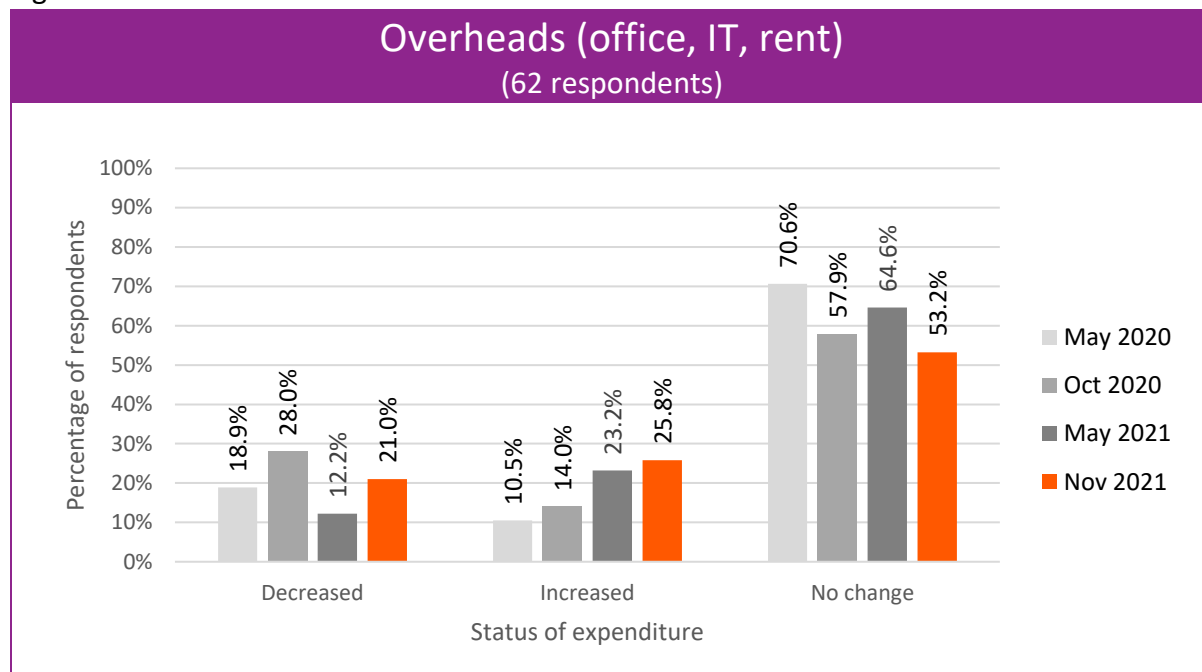


Figure 29 shows the shift in reported staff and volunteer costs. In total, 30.5% (down 9% since May 2021) reported increased staff costs. However, most respondents (57.6%, up 0.6% since May 2021) reported no change in staff costs.

Figure 29

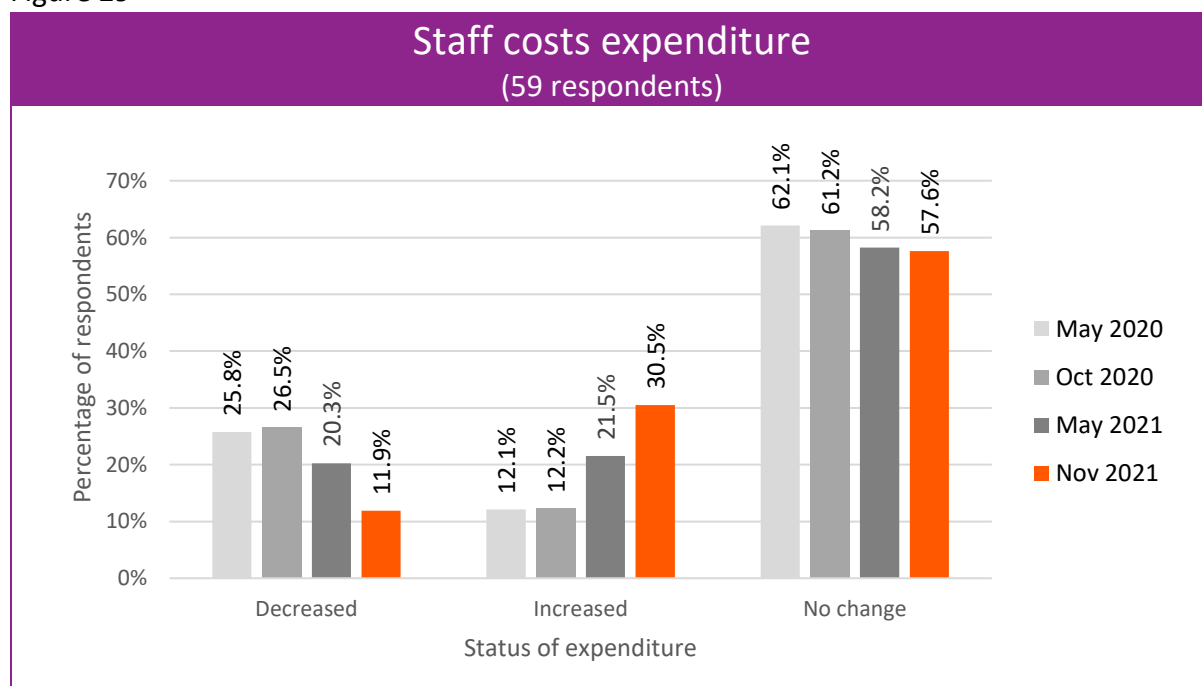


Figure 30 shows the shift in reported volunteer management costs. While one fifth (20.5%, up 13.5% since May 2021) reported an increase in such costs, the majority (69.2%, up 0.8% since May) reported no change in volunteer management costs over the past six months.

Figure 30

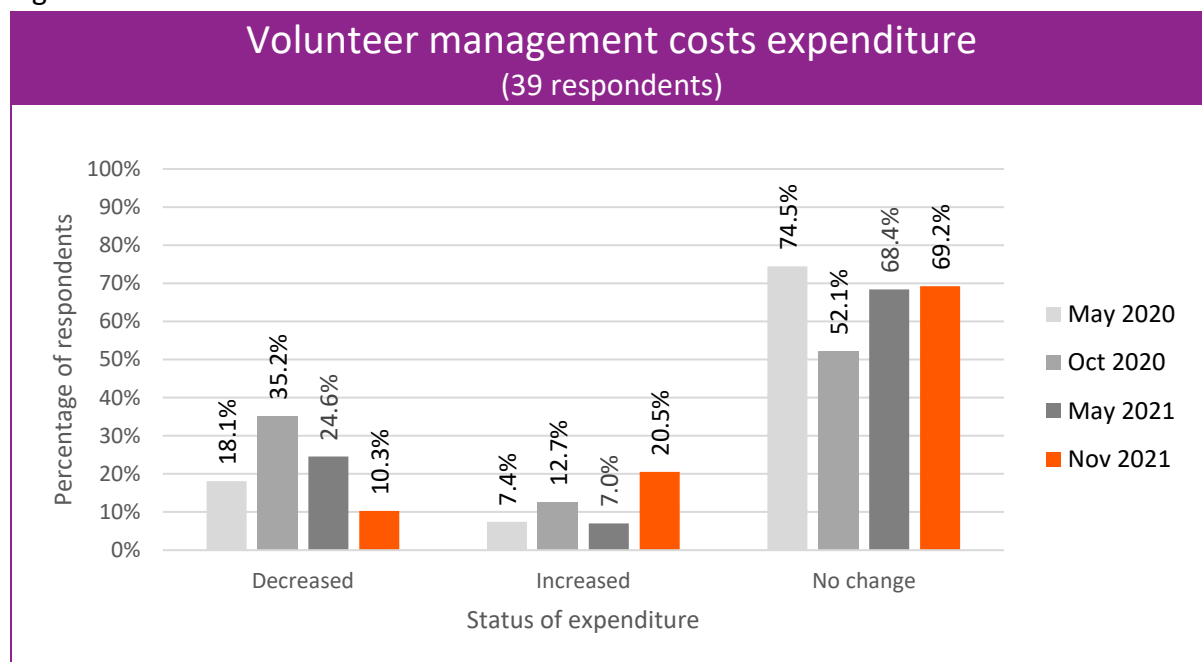


Figure 31 shows the shift in reported governance costs. The vast majority of respondents (80.0%, down 4.8% since May 2021) saw no change in governance costs over the past six months. However, 15.0% (up 9.9% since May) reported an increase in such costs over the same period.

Figure 31

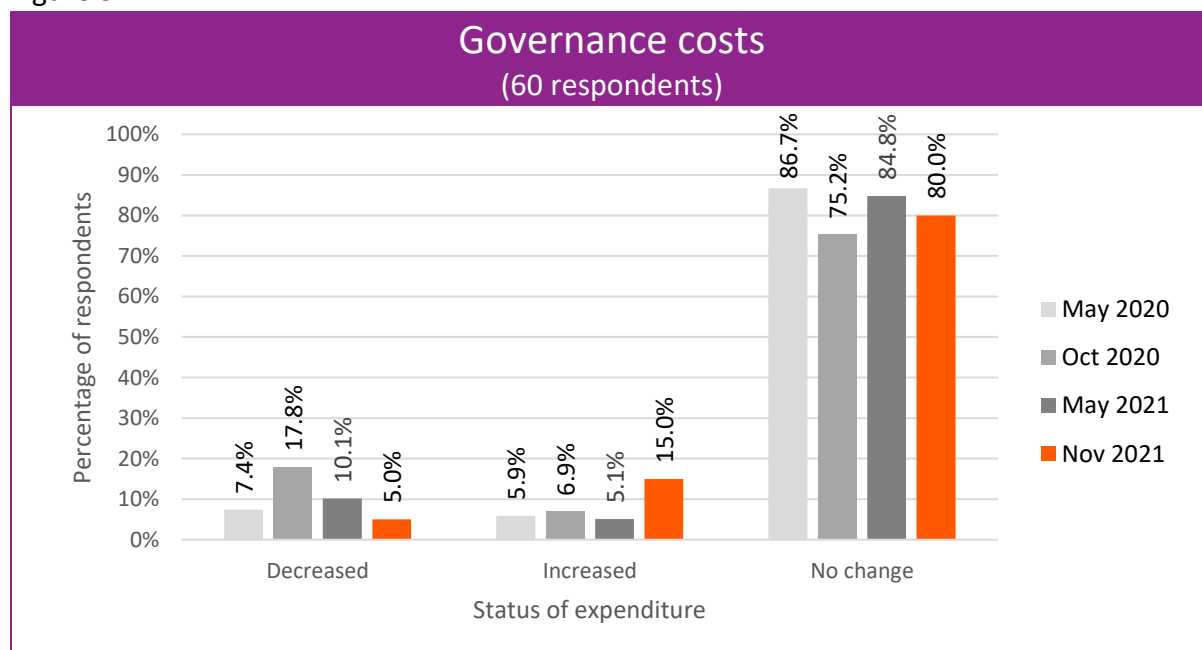
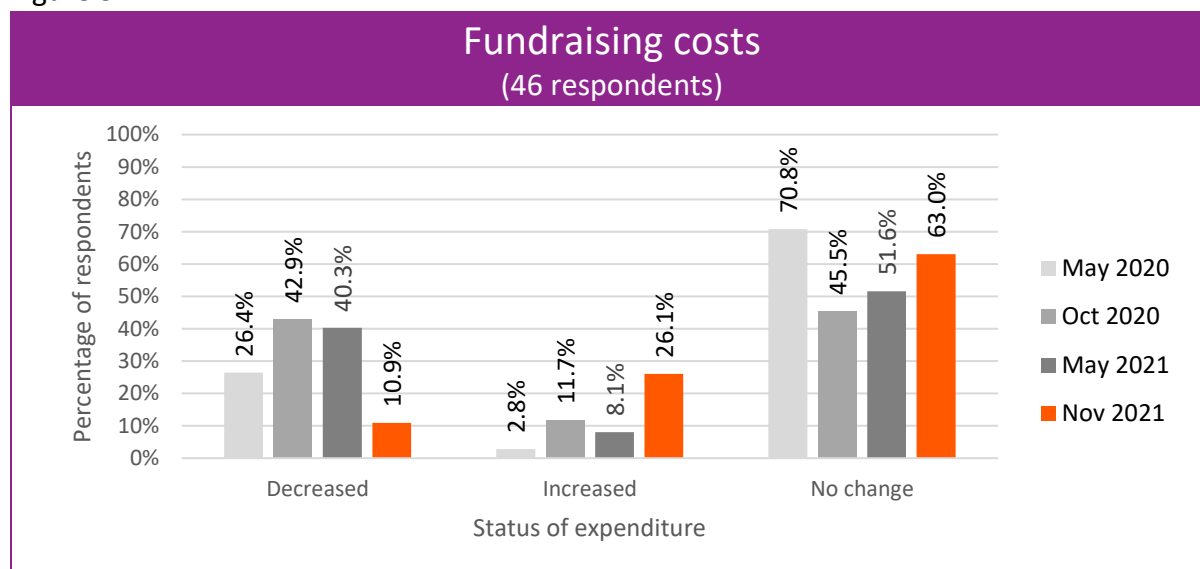


Figure 32 shows the shift in reported fundraising costs. Over three-fifths (63.0%, up 11.4% since May 2021) reported no change in such costs. In contrast, 26.1% (up 18% since May 2021) reported an increase in fundraising costs.

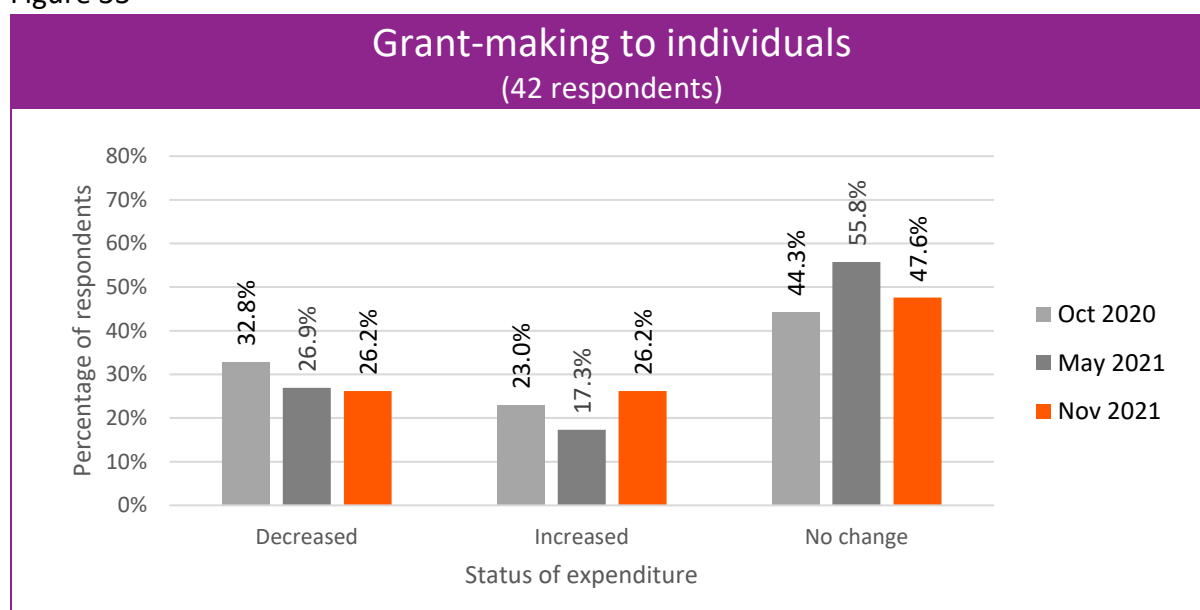
Figure 32



Respondents were asked about the pandemic’s impact on costs of grant-making to both individuals (figure 33) and organisations (figure 34). Data was not collected on these topics in May 2020, so data from the past three surveys are presented in the following graphs.

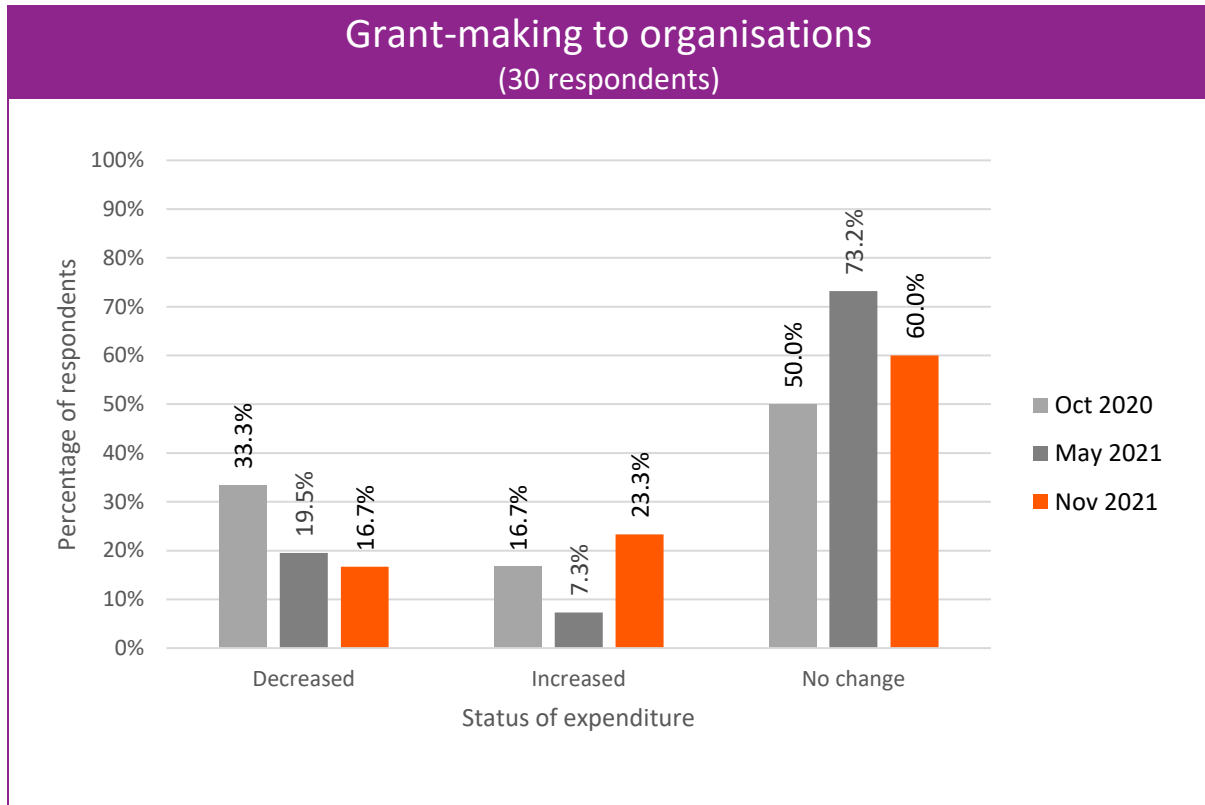
Figure 33 shows that most commonly, respondents saw ‘no change’ (47.6%, down 8.2% since May 2021) in costs for grant-making to individuals; however, 26.2% (up 8.9% since May) reported an increase in such costs.

Figure 33



Grant-making to organisations (figure 34) responses showed that three-fifths (60.0%, down 13.2% since May 2021) saw 'no change' in costs of grant-making to organisations. By contrast, 23.3% reported an increase in such costs (up 16.0% since May 2021).

Figure 34

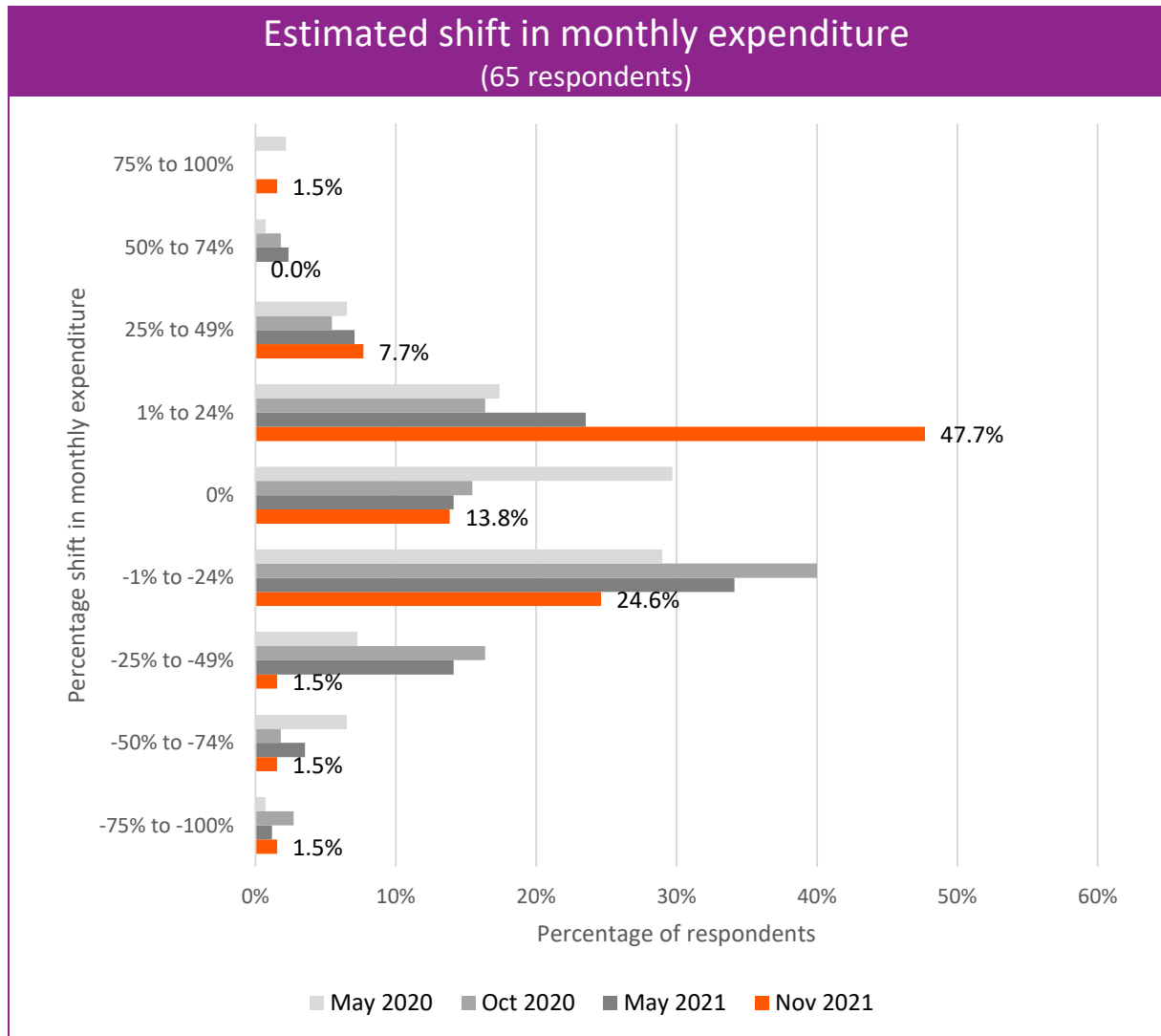


Respondents were asked to estimate the overall increase/decrease in expenditure over the past six months. The same question has been asked in all four waves of the survey to allow for comparison.

Figure 35 shows that a combined 29.1% of respondents (down 23.8% since May 2021) reported a decline in expenditure, of which 24.6% reported a -1% to -24% decrease. Conversely, a combined 56.9% (up 23.9% since May) reported an increase in expenditure, of which 47.7% (up 24.2% since May 2021) reported a 1% to 24% increase.



Figure 35



A selection of respondents' comments on cash flow is presented below.

### Respondents' comments on cash flow

*"We have seen a slight increase in the number of public donations, but many fundraising events are unable to go ahead still due to the pandemic. We have received one legacy donation in the past six months. Grants are harder to obtain due to demand."*

*"Costs are definitely increasing and will continue to do so into 2022, not least with, for example, the 1.25% increase in NI from Apr 22 (so staff costs will go up next year). During the lockdowns, the cost of delivering services dropped dramatically due to no travel, accommodation, all training being done online etc.; with more face-to-face activity, these costs are going up again. Costs of IT continue to increase significantly."*

*“Earned income decreased due to inability to get learners on courses.”*

*“Events have started again with success. Investments are strong as per the markets.  
Trading has not been as good as hoped. Otherwise, no change.”*

*“Although we have seen an increase in donations and legacies, our membership has dropped by almost 20%. Membership fees are a significant proportion of our income, so this has had a negative impact on cash flow.”*

*“Fundraising events have gradually reopened. Legacy income is still well below the norm.”*

In this survey, DSC also asked respondents whether and how the closure of the furlough scheme (Coronavirus Job Retention Scheme) affected respondents' organisations operationally or financially. A sample of the answers provided can be found below.

### Whether and how the closure of the furlough scheme affected organisations operationally or financially

*“Not at all, we worked through due to the welfare needs of our beneficiaries.”*

*“Its closure has been well forecast, and therefore we have planned for it.”*

*“Doesn't impact staff but definitely will impact beneficiaries but not yet evident scale.”*

*“Furloughed staff brought back full-time at the end of the scheme, as there are now sufficient tasks to complete.”*

*“It has been difficult, though not insurmountable as we could see it coming and put in place measures to mitigate any negative impact.”*

*“We have had to bring to an end some employment contracts that were being subsidised by the furlough scheme, but now that the scheme has closed are just an unjustifiable cost.”*

*“Massively as 5 out of six staff on furlough from Apr 2020 to Sep 2021. Charity now paying full wages before events business climbs to pre-pandemic level.”*

*“Will make it more difficult, financially, due to the larger fundraising activities still not available.”*

*“It has meant that we have had to close part of our organisation as the revenue in that area had dropped to a level that could not sustain the team.”*

## Section 5 – Risks and challenges

### Risks facing Members

The following section explores risks facing Cobseo Members and presents a series of risks to Members and the time frame in which respondents believe those risks may become a reality.

Comparison data is displayed where available, as new risks have been added since the initial survey in May 2020. It is once again important to note that respondents to each survey are not identical.

Table 1 shows the five most commonly reported risks within three timeframes: already a reality, one month to one year, and two to five years. There is substantial overlap between the risks that are already a reality and those believed to become a reality within one year, including significantly increasing beneficiary need/ numbers, reduction in paid staff, reduction in service delivery, and sale of assets to raise funds.

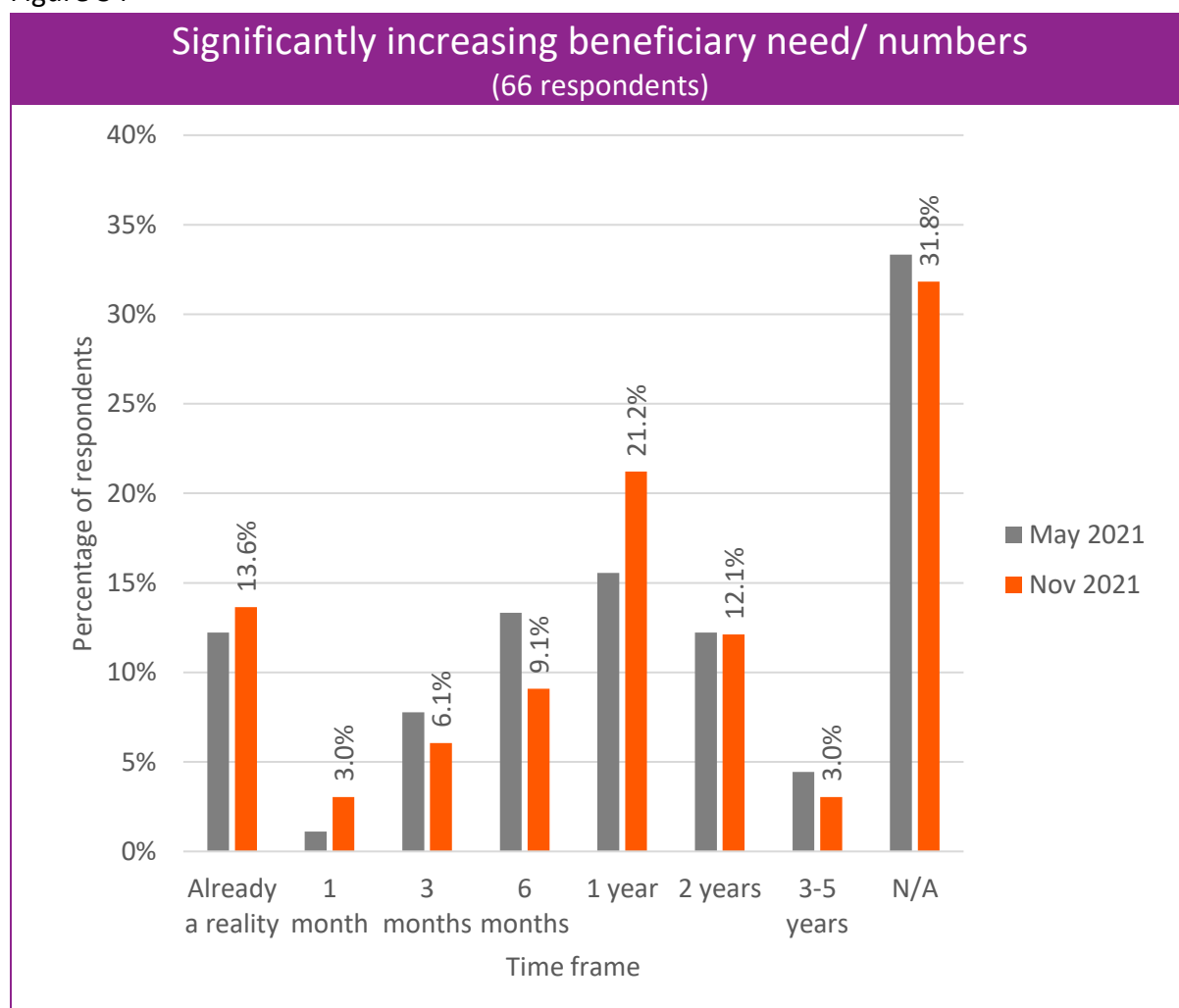
There is less overlap with the typically longer-term risks, including compromised financial stability, cash reserves being completely depleted, merging with another organisation, and permanent closure. Reduction in paid staff recurs as a risk in each timeframe.

Table 1

Time frames in which respondents believe risks may become a reality: Top-five			
	Already a reality	One month to one year	Two to five years
Top 5 risks	1. Significantly increasing beneficiary need/ numbers	1. Significantly increasing beneficiary need/ numbers	1. Financial stability of organisation compromised
	2. Reduction in service delivery	2. Reduction in paid staff	2. Cash reserves being completely depleted
	3. Reduction in paid staff	3. Reduction in service delivery	3. Merging with another organisation
	4. Reduction in critical service delivery	4. Sale of assets to raise funds	4. Organisation closing (permanently)
	5. Sale of assets to raise funds	5. Beneficiary need/ numbers being unmanageable	5. Reduction in paid staff

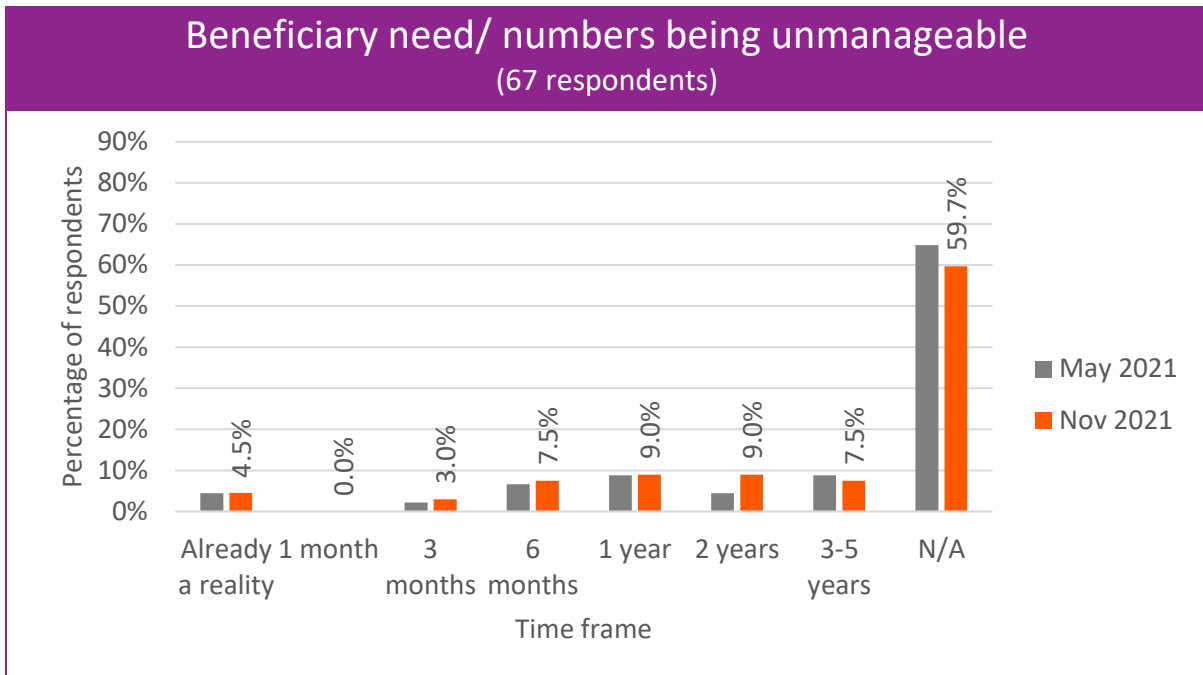
As was the case in May 2021, the current survey shows that the most pressing risk to Members was significantly increasing beneficiary need/ numbers. 13.6% of respondents reported that this is already a reality, and a combined 39.4% reported that they believe this may become a reality within one year (up 1% since May 2021).

Figure 34



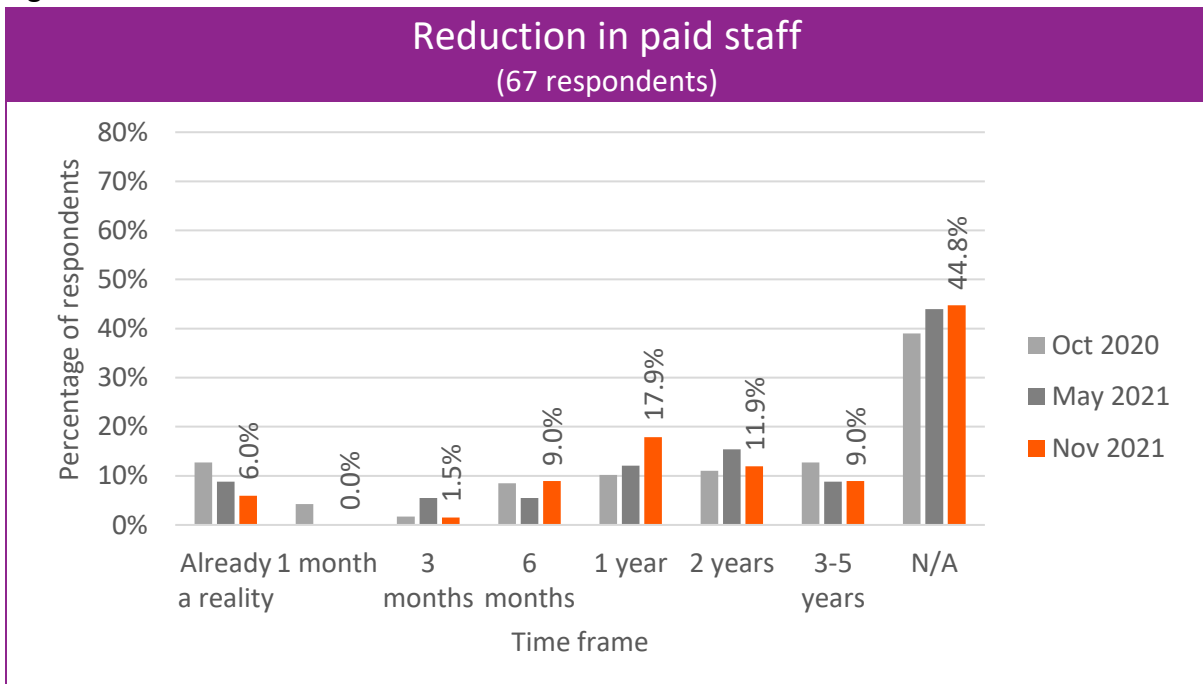
Whilst a substantial proportion of respondents believed that significantly increasing beneficiary need/ numbers was a risk, a comparatively smaller proportion reported that beneficiary need/ numbers becoming unmanageable was a risk: a total of 19.4% combined believed this risk might become a reality within 12 months (up 1% since May), and 4.5% reported that this risk is already a reality (no change since May). The majority (59.7%) reported that the risk of beneficiary need/ numbers being unmanageable did not apply to their organisation.

Figure 35



Turning to the risk of a reduction in paid staff, figure 36 shows this was ‘already a reality’ for 6% of respondents (down 2% since May 2021 and down 6% since October 2020). Meanwhile, a combined 28.4% of respondents believed this risk would become a reality within one year (up 5% since May). Under half (44.8%) of respondents reported that the risk of a reduction in paid staff did not apply to their organisation.

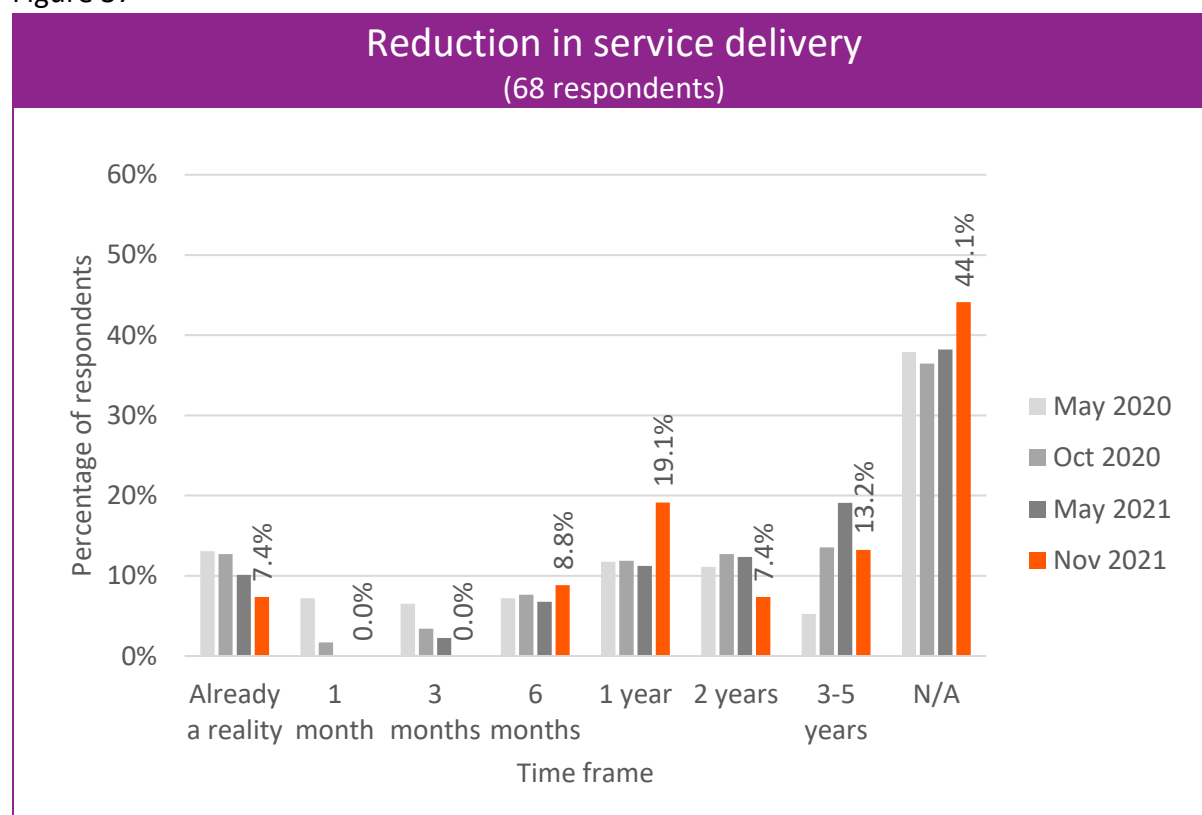
Figure 36



“[Our greatest concern is a] reduction of some strategic funders - which would swiftly result in redundancies.”

The risk of a reduction in service delivery (shown in figure 37) was reported to be already a reality by 7.4% of the respondents (down 3% since May and down 6% since October 2020). Despite a decrease in those reporting this risk already being a reality, compared to May 2021, there has been a combined increase in respondents reporting this risk may become a reality within one year (27.9%, up 8% since May). Under half (44.1%) reported that the risk of a reduction in service delivery did not apply to their organisation, up 6% since May.

Figure 37



We now turn at the risk of reducing critical service delivery (defined as services to beneficiaries, without which individuals would face significant or serious challenges to their wellbeing).

Figure 38 shows that 6% of respondents reported that this risk was already a reality, and altogether 19.4% combined believed this risk would become a reality within one year (down 2% since May 2021). The majority (56.7%) of respondents reported that the risk of a reduction in *critical* service delivery did not apply to their organisation.

Figure 38

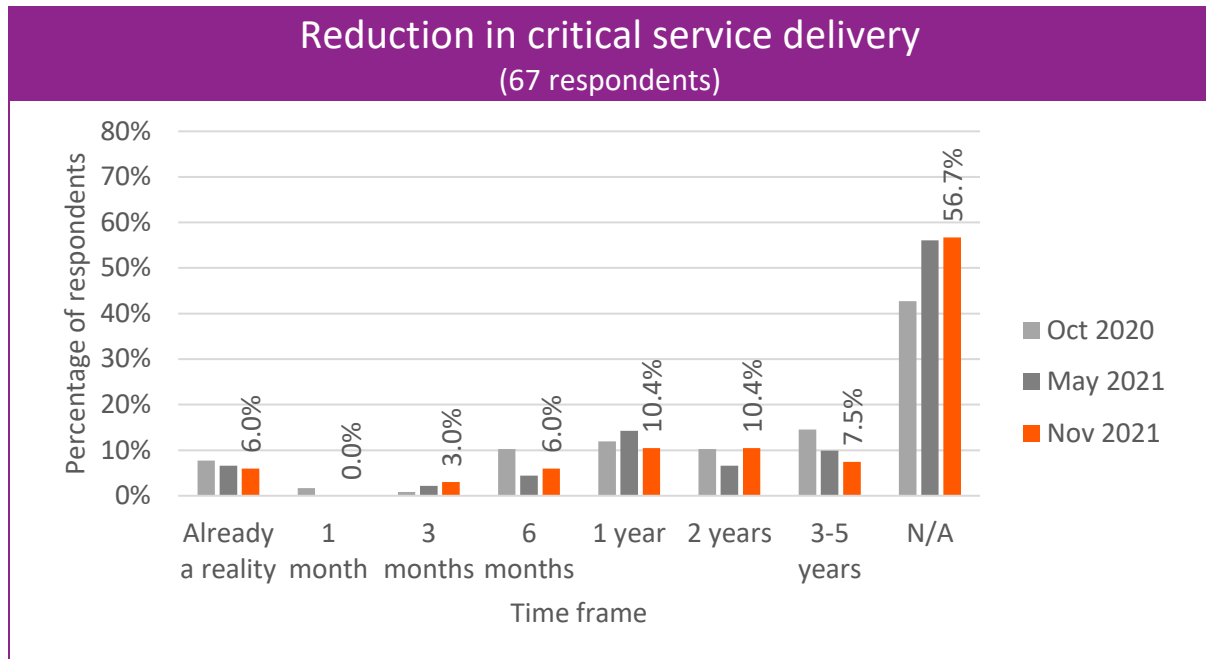
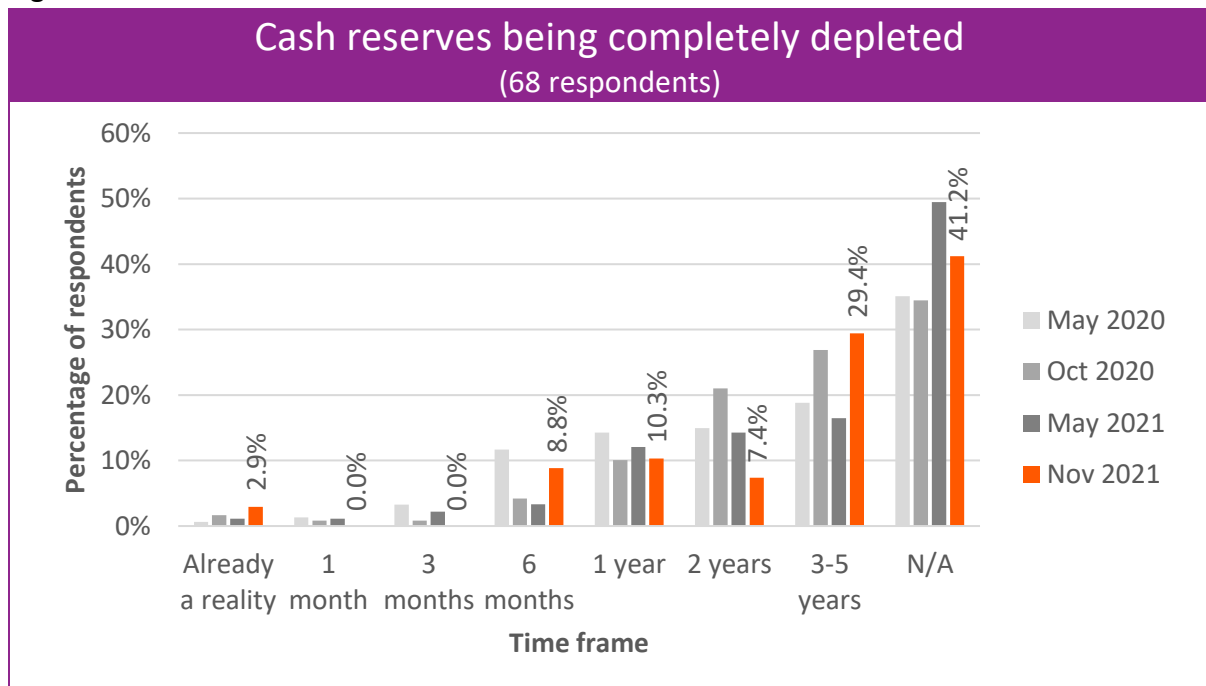


Figure 39 shows that a combined 19.1% of respondents placed the risk of cash reserves being completely depleted within a one-year timeframe of occurring. On the other hand, cash reserves being completely depleted was the risk for which the greatest percentage of respondents believed would become a reality within three to five years (29.4%, up 12% since May 2021). Under half (41.2%) reported that this risk did not apply to their organisation, down 9% since May.

Figure 39



As shown in figure 40, a combined 14.7% of respondents believe that their organisation's financial stability may be compromised within one year (down 5% since May 2021). In addition, over two-fifths (41.2%) of respondents combined believed this risk would become a reality in two to five years (up 8% since May). Just over two-fifths (42.6%) of respondents reported that this risk did not apply to their organisation.

Figure 40

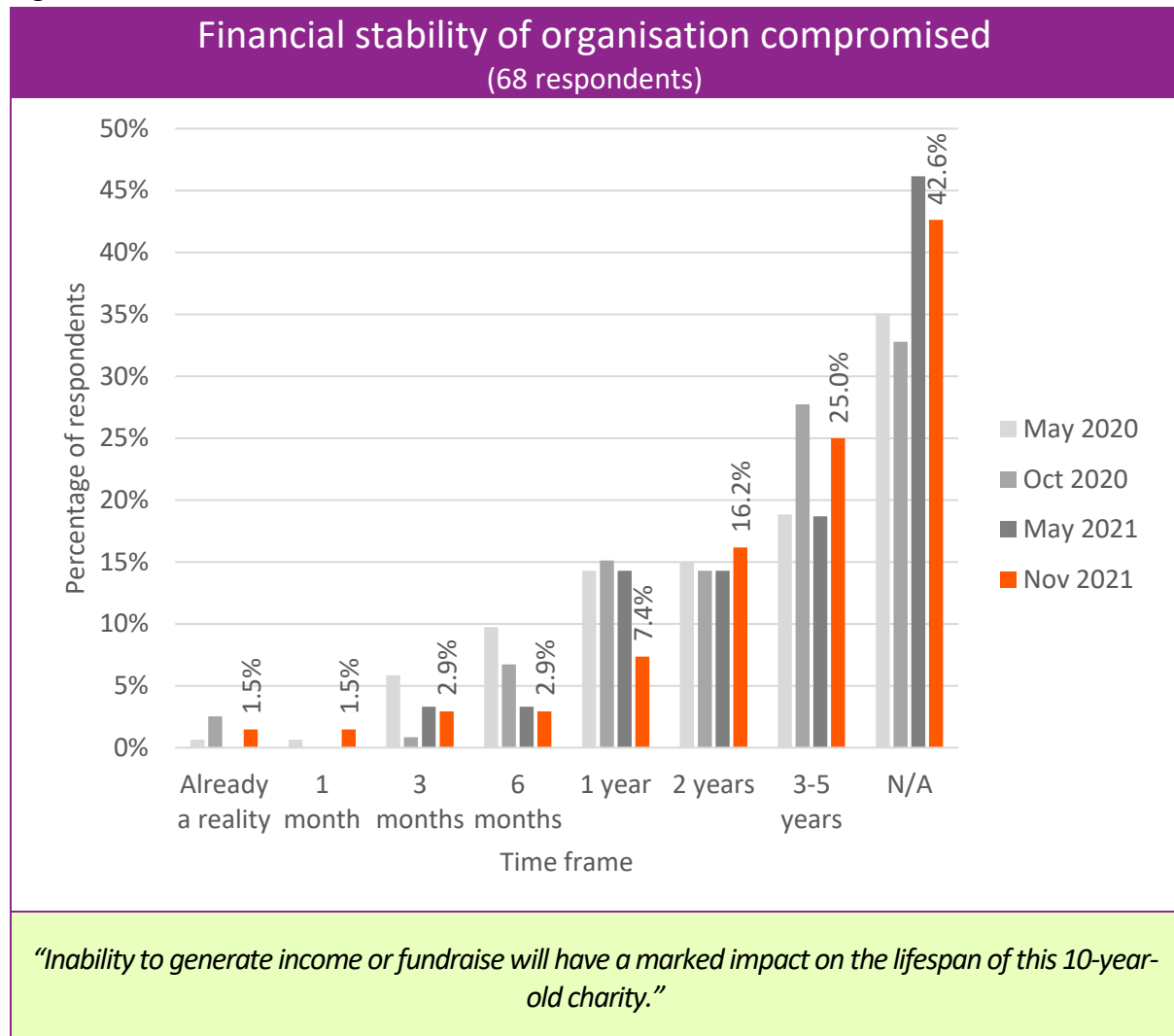
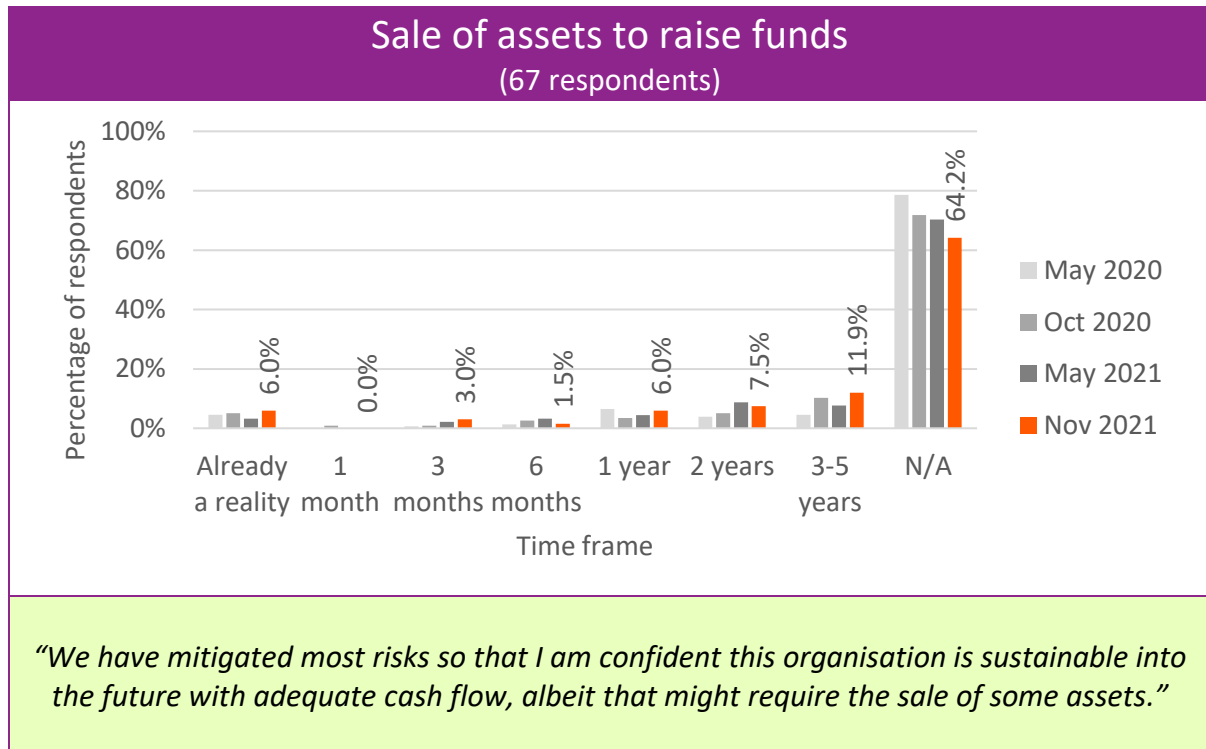


Figure 41 shows that, for most respondents (64.2%), the sale of assets to raise funds did not apply to their organisation. Nevertheless, 6.0% of respondents reported that this risk was already a reality, and 19.4% combined believed this risk will become a reality within two to five years.

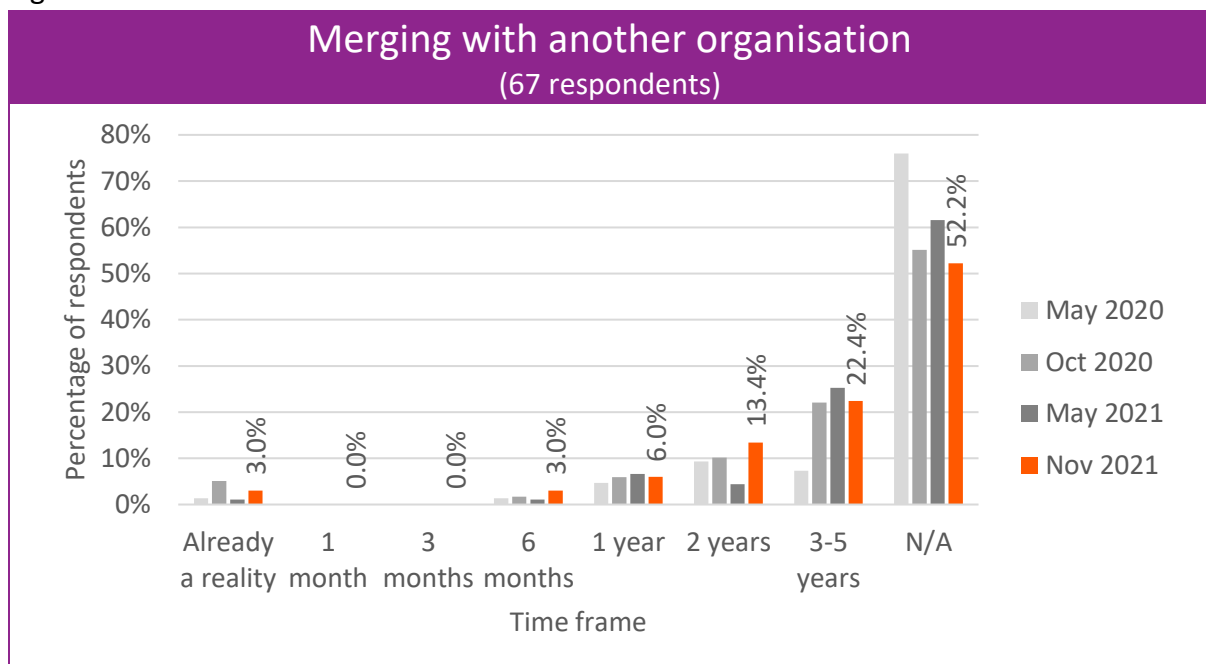


Figure 41



Merging with another organisation was primarily seen as a longer-term risk to the organisations surveyed: 3% reported this was already a reality, and a combined 9% believed it would become a reality within one year. Additionally, a combined 35.8% reported this risk would become a reality within two to five years (up 6% since May). Compared to May, a notably lower percentage of the respondents reported this risk was not applicable (52.2%, down 10% since May).

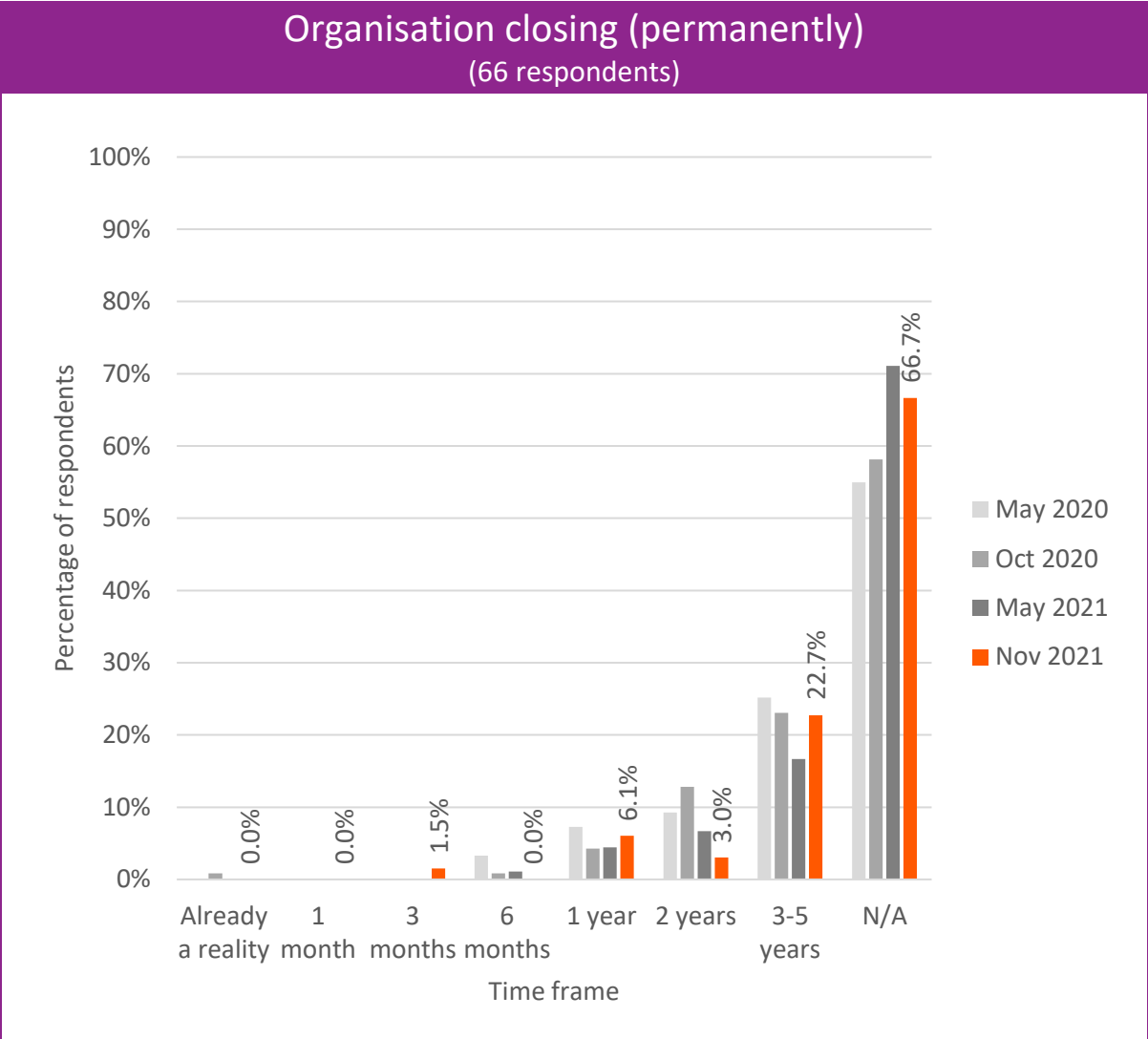
Figure 42



*“Merger with another organisation is an opportunity that we will continue actively to pursue.”*

The risk of the respondent’s organisation closing (permanently) was also typically seen as a longer-term risk, with 22.7% reporting this risk would become a reality within three to five years, compared to 7.6% combined placed this risk within a one-year timeframe. However, for two-thirds of respondents (66.7%), the risk of the respondent’s organisation closing (permanently) was reported to be not applicable.

Figure 43



*“We anticipate that like many smaller effective charities that without sustainable survivability or core funding which is directed currently towards the larger charities with the bigger profile, that this charity along with others will cease to exist in the next 12-24 months, impacting on local interventions for vulnerable veterans.”*

## Challenges facing Members

DSC's survey asked respondents whether they had experienced any challenges due to changes in their cash flow during the previous six months (since May 2021). Respondents who had experienced such challenges were asked to briefly explain their actions to overcome them. The box below illustrates some of the answers provided.

### Actions undertaken to overcome challenges in cash flow during past six months

*"Challenges in cash flow were overcome with support from the major maritime funders for which we are extremely grateful."*

*"Significant challenges in realising income - fundraising remains down, but most noticeable the big grant-giving organisations have reduced their grants. The trustees have had to realise investments to keep the level of activities and number of beneficiaries supported up."*

*"Where possible expenditure has been reduced to offset the drop in membership income."*

*"Continual tight control on costs, limited ability to reward our amazing staff financially."*

*"One part-time staff member has had their hours decreased."*

*"The previous 18 months have been incredibly challenging, and our positive financial position has only come because of some very innovative work by the team and the support of key funders/grants."*

*"Reducing the level of programmes."*

*"We are currently undergoing a detailed strategic review to understand the costs drivers better."*

*"5 out of 6 staff placed on furlough. Reserves depleted. Successful application for Recovery Loan."*

Respondents to the survey were asked to detail what they thought were the greatest risks or concerns facing them over the next six months. A selection of responses to this open-ended question has been reproduced below.

## Greatest risk or concern over the next six months

*“Greatly increased need for services, with income not rising to meet demand.”*

*“Reduction of some strategic funders - which would swiftly result in redundancies.”*

*“Greatest concern is the possibility of any further lockdowns.”*

*“That we are not reaching all those who could benefit.”*

*“Income generation to sustain service delivery and operational functionality which will impact on the need to use reserve capital which will impact on medium to long term survivability.”*

*“Greatest concern is not knowing if the membership is supported as much as they should be.”*

The survey also asked respondents to provide their perspectives on the external support needed to help sustain or improve the efficiency of Member organisations as they transition to a post-Covid-19 environment. A selection of respondents' answers has been reproduced below.

## External support needed to help sustain or improve the efficiency of Member organisations as they transition to a post-Covid-19 environment

*“Easy links and understanding of new initiatives from the government in order to ensure beneficiaries are accessing all state support possible.”*

*“Continued funding to offset the additional operating costs of providing Covid-19 'safe' services (additional staff, cleaning, and PPE consumables).”*

*“Willingness by NHS to enter into a meaningful discussion of how, collectively, we can increase impact and reduce costs going forward.”*

*“Support with reviewing and developing fundraising strategies and business plans in a post-Covid world.”*

*“A commitment from parts of the public sector to fund some of the charitable services that we currently provide for free; otherwise, they may become unsustainable in a much more difficult financial climate.”*

*“We could really do with additional funding which can be used as a recovery/growth fund to help build infrastructure for a more sustainable charity long term.”*

*“Cobseo information about available grants is good but could be better. The time it takes to keep abreast of all the incentives is crippling...”*

*“From our perspective, it is not about funding the sector from government money unless this is directed at activities which will be sustainable. Concern remains more public funding which plugs short-term holes rather than ensuring the sector remains sustainable.”*

*“Governmental/Core Funding support which is not linked to a project/ programme to support the sustainability and survivability of our charity.”*

*“Clarity on the government's funding injections. Restoration of the Veterans Mobility Fund at this critical juncture.”*

## Conclusions

### Beneficiary demand

Beneficiary demand remains heightened and growing, with 54% reporting an increase in beneficiaries in the past six months (up 10% since May 2021). Mental health and loneliness support showed particularly high demand, with 72% reporting increased demand for mental health support (up 4% since May) and 68% for loneliness support (up 4% since May).

Overall findings suggest that beneficiary demand is not reducing; instead, for many Members, it is increasing or remaining as it has been since May 2021. However, there appears to be a slight easing in respondents' ability to cope with demand for both critical and wider services. However, as above, mental health and wellbeing support continue to be a challenge in terms of demand and ability to serve beneficiaries.

### Cash flow

Respondents reports on their financial situation have gradually improved since the previous survey in May 2021. In terms of reported decrease income, 46% of respondents reported a decrease, but this was a 14% improvement since May 2021. While 60% reported fundraising income was reduced, this was reported by 23% fewer respondents than six months ago.

Additionally, 41% reported an increase in income (up 24% since May 2021). This was largely due to the rise in investment income (39%, up 27% since May) and public donations (26%, up 15% since May). However, grants income has been reduced (27%, down 4% since May).

Overall, these findings suggest that incomes have started to incrementally improve over the past six months, in some income areas more than others. However, while this is showing an improvement, income remains a distinct challenge for many respondents, with 57% reporting an increase in expenditure (up 24% since May). Service delivery costs (39%, up 12% since May) and staff costs (31%, up 9% since May) were also significant contributors.

### Risk

The majority of reported risk was centred around serving beneficiaries in the short term and more existential risks, particularly financial risk in the longer term. Both of these findings were supported by qualitative insights from respondents.

Many respondents cited an increase in beneficiary need as a continuing risk. Short-term risks (expected to become a reality in up to one year) included significantly increasing beneficiary need/ numbers (39.4%), which saw no change in responses since May 2021.

Longer-term risks (expected to become a reality in between two and five years) included the financial stability of organisations being compromised (41.2%, up 8% since May), cash reserves being completely depleted (36.8%, up 5% since May), and merging with another organisation (35.8%, up 6% since May).

## Recommendations

While the results of this survey show an improvement in certain income streams, the challenge over the next six months will no doubt be balancing sustained levels of high beneficiary need with generating income, as government grants income has reduced.

Additionally, although income streams are improving, expenditure levels are also reported to be increasing by a significant number of respondents. While this may indicate a return to more normalised operation for some, it may also indicate the impact of increased beneficiary need and numbers, as reported by many respondents.

Additionally, Members delivering mental health and wellbeing support continue to experience very high (and for many respondents, growing) levels of beneficiary demand for critical and wider services, and such Members need continued support.

DSC recommend that short-to-medium term support for Members should include help finding and applying for funding opportunities where they are available. This is especially timely, as many trusts, foundations and companies are starting to resume more typical grants programmes following the distinct changes observed during the height of the pandemic. Yet, both competition for grants and tracking opportunities (with typically short windows of opportunity) remains a particular challenge for some Members. Support in this area is recommended.

Medium to long-term support plans should focus on providing Members with information on organisational mergers and supporting conversations between Members potentially considering or relying on this option in the coming months or years.

## Acknowledgements

DSC wishes to thank all those Members who took part in this wave of the survey. As the pandemic's effects continue to shift, it is a vital challenge for Cobseo to continue monitoring how these changes impact Members.

This survey, in particular, has illuminated some significant trends in how the pandemic is bearing on Members. These insights would not be possible without the continued investment of Members' time and effort to be part of this important evidence-gathering process, which remains crucial to Cobseo's strategic thinking, planning, and influencing.