

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

- 46% of respondents reported a decrease in income (down 14% 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 **already be a reality** 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 impact on core costs and possible impact on beneficiary needs.
- When asked about actions undertaken to overcome challenges with respect to cash flow and/or use of reserves over the last six-months, the responses included actively pursuing innovating 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 levels of funding, particularly for increasing long-term sustainability and core costs, and clarity and advice on available support schemes.

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 be indicative of 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 in 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 distinct 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 support conversations between Members potentially considering or relying on this option in the coming months or years.