

Committee: Overview and Scrutiny Committee

Date: 11 November 2020

Wards: All

Subject: Voluntary and community sector capacity

Lead officer: Hannah Doody, Director of Community and Housing

Lead member: Councillor Edith Macauley, Cabinet Member for Community Safety, Engagement and Equalities

Contact officer: Lysanne Eddy, lysanne.eddy@merton.gov.uk; 020 8545 3882

Recommendations:

- A. That the Overview and Scrutiny Committee note the update on current voluntary and community sector capacity in Merton and the council's proposed short and long term strategy for supporting the sector.
-

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report provides an update on the current picture around voluntary and community sector capacity in Merton and sets out the Council's proposed short and long term strategy for supporting the sector in Merton.

2. BACKGROUND

- 2.1 Merton benefits from a vibrant and active voluntary and community sector (VCS). According to latest available figures, there are over 650 VCS organisations in the borough working to address the needs of Merton residents.
- 2.2 Over the past five years the council has provided funding of over £60 million to the voluntary sector and in 2019-20 increased the level of funding for the second year in a row. This demonstrates the Council's continued recognition of the vital role that the voluntary sector plays in the borough and the services that it provides.
- 2.3 In 2019/20 support totalled £10,041,217 in grants, commissioned services, notional funding and discretionary rate relief. A number of funded organisations are providing services in some of the more deprived areas of Merton, as part of the council's priority to bridge the economic gap between the east and west of the borough.
- 2.4 In October 2018, the Council launched an expanded Strategic Partner Funding Programme 2019-22 based on a commissioning approach, comprising of five elements:
- information and advice
 - voluntary sector infrastructure support
 - wellbeing services
 - a carers' service, and
 - Healthwatch Merton

Each element had a separate funding pot and there was no reduction in funding. A total of 15 voluntary organisations received funding through the Strategic Partner programme, with funding totalling £3,858,059 for 2019-22.

3. DETAIL

- 3.1 Local voluntary and community sector organisations have played a vital role in helping Merton's communities to deal with the impact of Covid-19. Their specialist knowledge and expertise has been crucial in helping to address the urgent and emerging needs of Merton residents throughout the Covid crisis. This help has ranged from health and social care support through to assistance for those affected by the enormous socio-economic consequences of Covid-19.
- 3.2 The voluntary and community sector is often uniquely positioned to respond to local challenges, as evidenced through the key role it has played in mobilising the Merton COVID-19 Community Response Hub. The service has been widely acclaimed for its rapid mobilisation, collaborative approach and impact on residents. The running of the service has now been transferred entirely to the voluntary sector.
- 3.3 The response to the pandemic has also seen thousands of new volunteers mobilised to support vulnerable households. It is clear from feedback that the VCS response in Merton has been larger and faster than many other London boroughs linked to the council's long-standing commitment to working in partnership with the sector. There is a notable opportunity to capture and grow this new community resource linked to the Council's Recovery and Modernisation Programme.
- 3.4 However, just as the sector has seen increasing need for and demands on its services, it is at the same time experiencing significant financial and service delivery pressures as a consequence of the coronavirus crisis.
- 3.5 At a national level, the National Council for Voluntary Organisations (NCVO) estimated that charities lost out on around £4bn worth of income in the first 12 weeks since the start of the crisis. In particular VCS organisations lost income due cancellation of fundraising events, a loss of trading income, and lower investment income¹.
- 3.6 There are indications that the local VCS in Merton, including strategic partners, are continuing to face a significant loss of income, which is likely to lead to a reduction in what it can deliver for Merton communities. An impact survey conducted by Merton Voluntary Service Council (MVSC) in May, along with further focused interviews with representative VCS organisations during September, found that a large majority of respondents had incurred significant impact on their finances and services and that there is a great deal of uncertainty around longer term sustainability.

Furthermore, 14% of May respondents felt that their organisation could face closure as a result of the pandemic. A number of these were smaller organisations and/or organisations led by or serving BAME communities.
- 3.7 Merton Council also conducted a light touch survey of its grant funded organisations in early May to gain a better understanding of the financial

¹ <https://publications.ncvo.org.uk/impact-covid-19-voluntary-sector/>

impact of Covid-19. The reported losses incurred were in line with the MVSC survey. At the same time, 62% of organisations responding had seen increases in expenditure. Central reserves for all organisations were limited at most to between 3-6 months, while some had no reserves.

- 3.8 There is also evidence of a large increase in service demand linked to Covid and lockdown. For example, Merton's largest advice provider Citizens Advice Merton and Lambeth, is experiencing a significant jump in advice demand across Merton as a result of Covid-19.
- 3.9 Merton Council has stepped in to provide additional support to the sector since the early days of the Covid crisis. Council funded organisations were advised to contact their commissioner to discuss diverting current grant funding to Covid-19 work or extra requests for funding.
- 3.10 Additional grant funding was provided to two key advice services to cover extra staffing costs to meet large increase in demand. Discrete new services were also commissioned to respond to current need, such as the Age UK Merton At Home Food and Welfare Service.
- 3.11 Merton Council also signed up to a London Funders [joint statement](#) pledging to offer support to voluntary and community sector (VCS) groups affected by the coronavirus outbreak.
- 3.12 The Council also donated an initial £50,000 to the dedicated Merton Giving Coronavirus Fund launched in April. Fundraising from the local business community was also matched with contributions from other funders including Wimbledon Foundation and Clarion.
- 3.13 To date this fund has provided £210,640 of financial support to organisations working locally that are delivering Covid-19 front line services or whose operations have been impacted by Covid. It is targeted towards smaller organisations and a representative proportion of successful bids have been from BAME led organisations/those supporting BAME communities. A total of 75 organisations have received funding through 81 grants.
- 3.14 Phase 1 bidding paused in September and it is anticipated that Phase 2 will launch in mid-November, subject to final confirmation of Big Lottery funding. An additional £50k has been allocated by the Council from the Defra Local Authority Emergency Assistance Grant for Food and Essential Supplies and a further £30k from the Council's winter pressures budget.

4. A VCS recovery package for Merton

- 4.1 The indications from the local surveys and case studies are that the sector is continuing to see significant financial and service delivery pressures as a consequence of the coronavirus crisis and some organisations may face imminent closure. This is of significant strategic concern to the council as a sizeable and unmanaged contraction of the VCS would impair both the borough's short term ability to respond to Covid-19 and our longer term 'Merton the Place' ambition to create more self-reliant and supportive communities.
- 4.2 The Council has been working to develop a short term and long term approach to take us through the immediate crisis and to help create a more sustainable and effective VCS going forward.

4.3 The short term strategy agreed by the Council's Management Team is to support the sector to live within the resources available to it, including a managed contraction in scope and organisations where appropriate. This will need to be informed by a much more detailed understanding of the current state of the local sector including the available assets and the challenges and capacity issues faced going forward and the impact on specific types of organisations and the communities they serve.

4.4 The longer term strategy is to create a more sustainable funding position, building on successful models including the Community Response Hub and social prescribing, with the potential focus on creating a community help prevention model. Once further exploratory work has been undertaken, we will bring this back to Overview and Scrutiny in mid-2021 for further input.

5. ALTERNATIVE OPTIONS

5.1 There are no alternative options as this report is for information and update only.

6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 This paper is informed by the results of a VCS impact survey conducted by MVSC in and a council survey undertaken with grant funded organisations, as well as more recent case studies.

6.2 A range of stakeholders will be engaged as part of the proposed next stages of support for the VCS.

7. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

7.1 None specific to this report.

8. LEGAL AND STATUTORY IMPLICATIONS

8.1 None specific to this report.

9. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

9.1 None specific to this report.

10. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1 None specific to this report.

10.2 The proposals outlined in this document work in conjunction with wider recovery plans for the Council.

11. APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

11.1 None for the purposes of this report.

12. BACKGROUND PAPERS

12.1 Key Decision Report - Strategic Partner Programme 2019/22 25/02/2019
<https://democracy.merton.gov.uk/ieDecisionDetails.aspx?ID=714>

12.2 Key Decision Report - Strategic Partner Programme 2019/22 18/12/2018
<https://democracy.merton.gov.uk/ieDecisionDetails.aspx?ID=687>