Merton Connected

State of the Voluntary and Community Sector in Merton 2021

Executive Summary

This document is an Executive Summary of the State of the Sector 2021 research report from Merton Connected published in July 2021. The full report can be sourced from Merton Connected online or by email request.

The Research

The research took place between January and May 2021. The research methodology included a mix of primary data collected through an online survey, surveys completed over the phone with researcher, online engagement workshops and one-to-one telephone interviews.

Secondary data was collected through accessing the Merton State of the Sector datasets from 2012 and 2016, recent South London CVS similar research, research reports from a range of regional and national organisations, Charity Commission Open Data and the London Datastore.

In total 47 Merton organisations took part in the research.

The VSC in Merton

The voluntary, community and faith sector in Merton is diverse and includes charitable organisations with a range of legal structures, organisations not registered as charities, and social enterprises including industrial and provident societies (Co-operative Societies and Community Benefit Societies).

There is no legal requirement for voluntary groups to register as a charity until their income reaches £10,000. Most London boroughs have double the number of community groups that are not registered as charities and these groups are unregulated.

The diversity of the sector, its range of structures and different regulators has always made capturing its true profile and value challenging. Using Charity Commission open data sources, local engagement, mapping and research, Merton Connected can present valuable insights into the local sector. The data is very much a snapshot in time complimented by the qualitative information gathered through a range of research methods.

The Charity Commission live data as of May 2021 provides an overview of the local charity sector. This is pre-pandemic and does not include any factors that can be attributed to its impact on the sector.

204 charities are physically based in Merton including schools and faith organisations.

- 24% are incorporated
- 8% registered in last 3 years (this figure has halved since 2016)
- 39% been around for over 21 years (this figure has fallen by 7% since 2016)
- 1,273 trustees
- 602 employees
- 4,432 volunteers
- £42,875,984 turnover in 2020

428 registered charities include Merton as an area of benefit although their central office is based elsewhere (ranged from neighbouring boroughs to other parts of England).

- 31% are incorporated
- 2,568 trustees
- 3,224 employees
- 13,513 volunteers
- £191,933,871 turnover in 2020

This data for Merton based charities indicates the sector in shrinking. There has been a reduction in new organisations that choose to register as a charity and some long-standing organisations have ceased to operate. A range of factors could contribute to this including:

- New groups are opting for non-charitable structures
- Funding pressures have forced the closure of some organisations
- Mergers and takeovers to increase sustainability may have played a role in the drop of organisations that have been around for many years
- New sub-regional and regional funding streams may have encouraged charities to widen their area of benefit in order to remain compliant

Funding

Income has been fairly stable over the last three years for the organisations that participated in the research, but there are significant nuances.

The organisations demonstrating growth over the last three years are those with an income between £5,000 and £100,000 and the two largest with turnover exceeding £1m. Small and micro organisations (often volunteer led) experienced falling incomes over the same period.

The pandemic has demonstrated the importance and value of organisations across the income spectrum. A healthy community is characterised by an environment that is equitable and fair for groups of all sizes – recognising individual value in diversity.

A wide range of funding sources is relied on, with LBM a dominant and very important funding source used by 44% of respondents in 2018/19, 46% in 2019/20 and 49% in 2020/21 (up to the point the survey concluded in April 2021.)

Across two funding phases the Merton Giving Coronavirus Fund awarded a total of £339,462 in 106 separate grants with an average grant value of £3,203, reaching an estimated 13,121 residents. Among respondents to our survey 65% made successful grant applications to at least one Covid-19 specific funding source. Within that 65% over half (54%) successfully applied to Merton Giving, and 25% have accessed other local funding sources. Exactly half (50%) have benefitted from the London Community Response Fund.

Smaller organisations, especially those from diverse communities, welcomed the increased accessibility and application success rates. They felt this was an acknowledgement of their value and hoped it will be sustained.

The last year has been difficult, and we learned how challenging some organisations have found their financial security. It is concerning that 62% of organisations told us their cash reserves would not last them a year, 13% could only survive for five months or less on cash reserves, and 8% had no cash reserves at all.

Despite the challenges of the last year 96% of organisations engaged said they are either very confident or mildly confident that their organisation would continue to exist, with just 2% unconfident and 2% not knowing. This positivity is a Merton characteristic evidenced in previous local research in 2012 and 2016.

Activity and Impact
The diversity of support to residents, animals and the environment is clearly evidenced through this profile of service chart.

Services provided

Service	Percentage
Housing	5%
Transport	5%
Regeneration	7%
Campaigning	9%
Environmental	9%
Heritage	9%
Vocational training	9%
Lifelong learning	9%
Substance misuse support	9%
Places of worship	12%
Early years/childcare	14%
Support to homelessness	14%
Community centre/facilities	14%
Non vocational training	16%
Employment support/employability…	19%
Youth services	21%
Older people's services	26%
Community services	26%
Sports & physical activities	28%
Volunteering/infrastructure	28%
Community development	28%
Counselling	28%
Advocacy	30%
Social welfare	30%
Health services	30%
Emotional/psychological support	40%
Arts and leisure	40%
Education	42%
Befriending / social activities	47%
Advice & information	67%

The experience, engagement, capacity and capability of the local sector in providing information and advice services, as well as generic and specialist emotional/psychological support is potentially a huge asset to pandemic recovery plans.

Across 43 organisations sharing their data, a total of **61,815** residents were supported. A growth of 36% since 2016 based on supplied data.
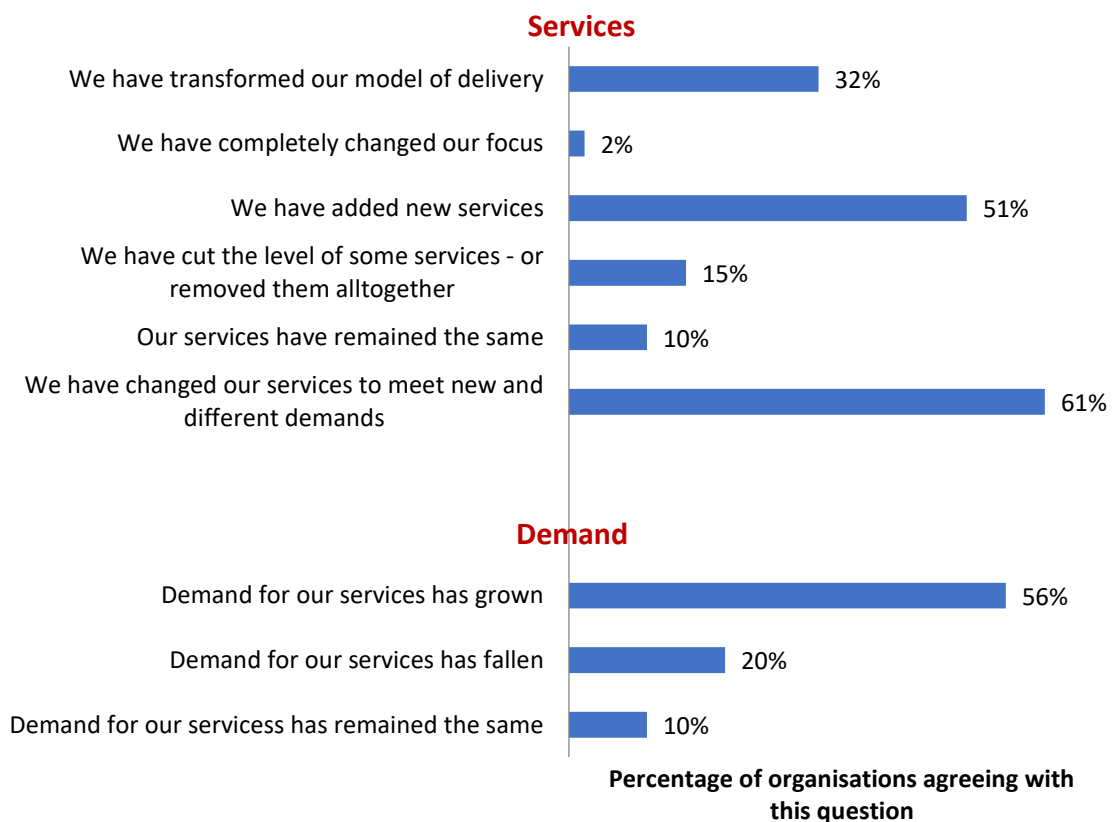
The New Economic Foundation (NEF) recently published a report of The Social Cost Benefit Analysis Study (May 2021). Studying social enterprises, all of whom respond to the disability employment gap; they found that they achieved a cost-benefit ratio in all cases, ranging from 1.8:1 to 116:1. These findings start to evidence the value of public sector investment in social enterprises. The voluntary sector now needs to start collecting similar impact data to validate its work and build the case for further investment.

Pandemic Impact

The varied impact of the pandemic on demand highlights how challenging it is for organisations to plan for current, never mind future demand.

To meet changing need, many organisations have had to transform their model of delivery, service profile and secure funding to enable change. The table below highlights the complexity found in the current operating environment.

Pandemic impact on demand and the nature of services provided

Services

We have transformed our model of delivery	32%
We have completely changed our focus	2%
We have added new services	51%
We have cut the level of some services - or removed them alltogether	15%
Our services have remained the same	10%
We have changed our services to meet new and different demands	61%

Demand

Demand for our services has grown	56%
Demand for our services has fallen	20%
Demand for our servicess has remained the same	10%

Percentage of organisations agreeing with this question

We asked organisations about the impact a number of issues had on them during the pandemic, and about the degree of impact these issues had on their activities. The most significant challenges were being able to strategically and operationally plan ahead (90%) and making the shift to digital delivery (79%).

Factors with significant effect on business model during the pandemic			
50% + drop in income (sales of goods and services, fundraising)	Securing income or charging for online delivery currently not a feasible option	Inability to raise unrestricted funds due to regulations	Recovery needed to cover £150k bounce back loan payments

Beneficiary engagement

Profiling support to meet emerging need was initially very focused on providing practical support such as food, money and medication. In the online survey 76% of respondents identified reduced or no client contact as a problem, and it was clear in our workshops carried out in April 2021 that this was still an ongoing issue for some organisations.

Organisations supporting people with specific disabilities, impairments that present communication barriers, learning disabilities or other cognitive impairments reported how hard it has been staying in touch with their users. Moving to telephone or digital engagement methods was not a solution for everyone. There was a real fear that the gap in connectedness will take a long time to recover, and this was an especially challenging problem for those already on the periphery.

Mental health and wellbeing

Almost two thirds of online survey respondents reported the negative impact the pandemic response is having on the wellbeing of trustees, employees, volunteers and beneficiaries.

Emergency response and longer-term transformation

The level of responsiveness, creativity and leadership demonstrated in Merton far exceeds comparative national data. 51% of organisations have added new services and 32% transformed the method of delivery. NVCO reports that only 38% of organisations nationally reported an increase in their range of services since the beginning of the pandemic.

Digital

Digital delivery, enabled by emergency grants for hardware and systems, has enabled many organisations to manage a 20-25% increase in demand within existing resources. In workshops several organisations confidently stated that their reach and activity participation numbers had been better online.

Developing strategies for future service profile and delivery methods is playing heavy on the minds of trustees and leaders across the VCS. Uncertainty matched with the inability to forecast income and fundraising capabilities is adding to the stress already well embedded.

The Sector's People

The current environment for volunteering looks positive. Nationally we recognise how citizens have stepped up and played a vital role supporting communities through the pandemic. mutual aid and social action have been greatly stimulated over the last eighteen months. The challenge is sustaining that new level of participation as well as replacing those volunteers who have had to step back from frontline roles due to their vulnerability.

The level of volunteering across our sample of 43 organisations is extremely healthy with an average of 36 volunteers per organisation.

However, the number of organisations seeing growth in volunteer engagement has fallen from 49% in the 2016 sample, to 33% in 2021.

1,541 volunteers

Average of 36 volunteers per organisation
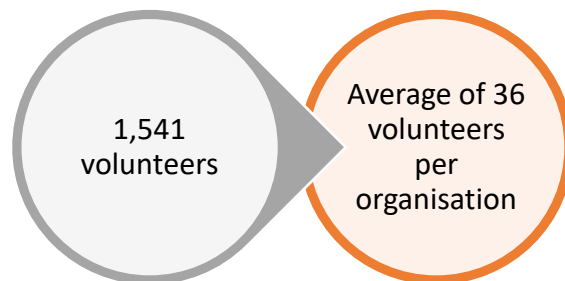
72% of the organisations we surveyed said they had paid staff. This is a huge increase on our finding for previous years (59% 2016 and 56% in 2012).

28% of organisations in our survey do not employ staff. This highlights the significant number of volunteer led organisations active in the borough.

265 trustees

£397,500 contribution to Merton

Average 6.2 trustees per organisation
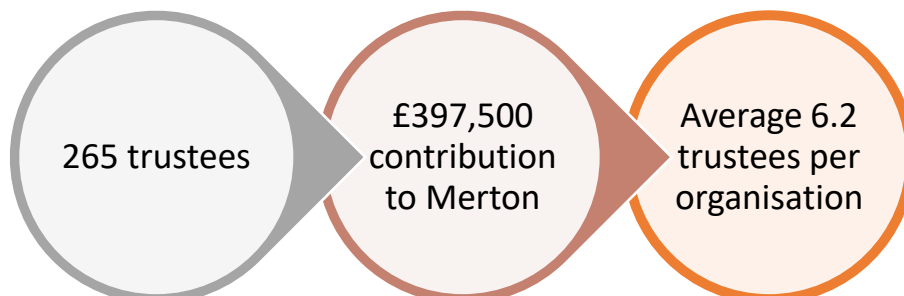
Ingredients for Recovery

The research helped identify some key requirements for the VCS to increase in resilience. Having a sector able to bounce-back and play an integral part in the socio-economic collaborative recovery activity is widely recognised in Merton.

Our engagement has helped identify some capacity and capability requirements:

- Address skills shortage in applying for big funding pots (individually or together)
- Increase knowledge, understanding and interpersonal skills required for collaboration
- Maximise access to and utilisation of technology
- Increase knowledge around charging for online activity
- Increase skills and capacity to raise unrestricted funds
- Support commissioners to change and trust more
- Creative approaches to volunteering

Inequality and Exclusion

Individuals and communities have been disproportionately affected by the pandemic due to characteristics such as ethnicity, disability, gender, poverty and pre-existing health inequalities. Add to that financial and digital exclusion, and structural and societal inequalities have become more evident and exposed during the pandemic.

Over 30% of organisations participating in our research were led by, or had a primary beneficiary group, based on characteristics such as ethnicity, disability, long-term health conditions and faith.

**Over 30% of participating organisations
represent Merton's diverse communities**

The pandemic has certainly heightened feelings of exclusion and inequality. This was evident from the engagement workshops, interviews and online contributions. Both individuals and organisations expressed concerns about a range of issues on these themes. This has never been raised before in previous State of the Sector research, especially with the consistency and passion noted this year. Some of the observations made by participants in our workshops bring some facets to light:

- Long-standing black Caribbean community numbers are falling and those remaining are feeling increasingly marginalised.

- Eastern European population potentially make up 12% of borough residents but since Brexit are feeling increasingly excluded and isolated.
- There is a growing Portuguese population displaced from Stockwell and Vauxhall as a result of rising property prices and welfare benefit reforms.
- The percentage mix of black and Asian communities means there is not large concentrations of people from a single nationality or country of heritage. This characteristic means there is not the concentration of people from many cultural backgrounds to stimulate new community organisations or mutual aid.

Representatives of diverse community led organisations taking part in workshop discussions expressed high levels of frustration and in some instances anger about the levels of exclusion, inequality and lack of recognition they experience.
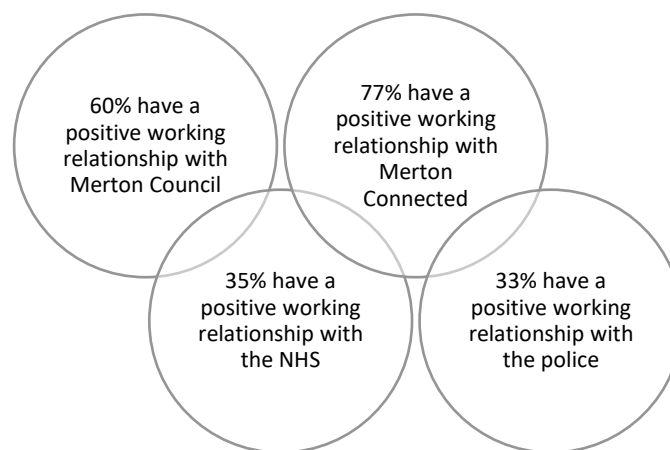
A number of key issues surfaced during the workshops:

- A perception that the council, police and NHS fail to recognise that equalities groups are not one homogenous cluster of people and that diversity of ethnicity, culture, faith, disability, sexuality and gender should be celebrated and recognised as a strength.
- Some newer communities struggle to know where to go for help as they don't have the benefit of existing community and organisational connections.
- Council systems were described in two workshops as hard to navigate for many residents.
- Access to housing, and its suitability and quality was a cross-cutting theme. Housing pressure was identified as a factor that will undermine recovery from the pandemic and further embed inequality.
- Post Brexit, some feel as though EU communities have been pushed aside, abandoned, neglected and no longer included in community engagement in Merton. Not featuring in GLA BAME categories further exaggerated that feeling.
- Many of the black, Asian and other minority ethnic community representatives described a feeling that the culture of good news stories in the borough failed to acknowledge people's lived experience. They described that often statistics are used in meetings to minimise or side-line the experiences of communities. Recognition of what people deal with in their day to day lives was identified as an important ingredient of community cohesion.
- In three workshops, participants described confusion about the role and function of BAME Voice. There was confusion as to whether it was there to support the sector or facilitate the views and lived experiences of residents from diverse communities. Regardless of role, it was noted that it's hard for the organisation to deliver impactful work with such small investment.
- Not having effective mechanisms to ensure that the voices of people of colour and other ethnically diverse communities are enabled is creating friction and frustration.
- Demographic change impacts the stability of BAME groups and longer standing communities.

The diversity led community organisations feel they have stepped up during the pandemic and began reaching out immediately to support their communities. They felt that the ease at which they got funding from Merton Giving and LCRF for once recognised their value and contribution. Given their focus on complex social issues many smaller charities were already in touch with these groups and communities. Public bodies and larger charities were able to maximise the impact of their own provision by working through these smaller charities.

Partnership

Merton has a long-established and award-winning partnership culture across all sectors and this has always been a matter of civic pride. 53% of organisations in our survey said they deliver services in partnership with other organisations (a fall from the 2016 figure of 67%). In addition, 58% said they thought partnership and collaborative working in Merton is good (a rise from the 2016 figure of 51%).

60% have a positive working relationship with Merton Council

77% have a positive working relationship with Merton Connected

35% have a positive working relationship with the NHS

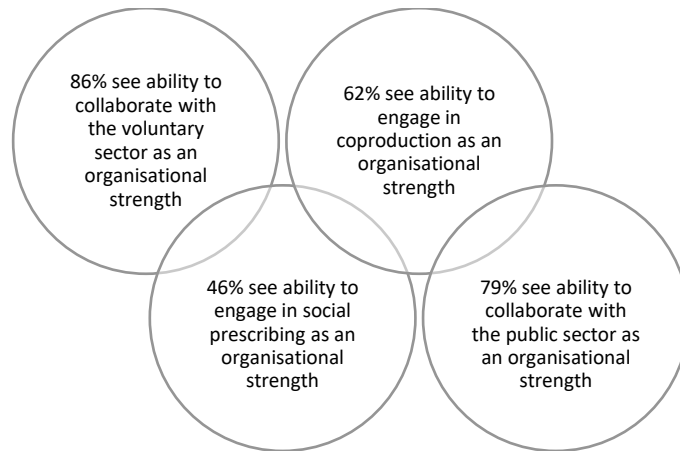33% have a positive working relationship with the police

Technical issues that relate to partnership and collaboration are often barriers to participation. Governance, diversity of organisational types, experience and the profile of collaborative activities are characteristics to be acknowledged and managed if collaborative working is to be fruitful.

The 2021 workshops really helped identify some of the key issues and anxieties at play locally when working in partnership. These include:

- A belief that every organisation (regardless of size and experience) knows who they can trust with client referrals based on values, culture, good communication, personal connection and positive joint working experiences.
- A commonly expressed sentiment that the imbalance in the voluntary sector between 4-5 big players and rest of the sector undermines growth and collaboration.
- Many of the smaller and diversity led groups described feeling exploited and patronised by larger groups.
- Established larger organisations feel there is a danger that they will become Council Version 2.0, fundamentally impacting their independence, flexibility and how other organisations view and interact with them.

- A perception or lived experience that some partnerships in Merton feel like 'cliques', marginalising or excluding some members.

86% see ability to collaborate with the voluntary sector as an organisational strength

62% see ability to engage in coproduction as an organisational strength

46% see ability to engage in social prescribing as an organisational strength

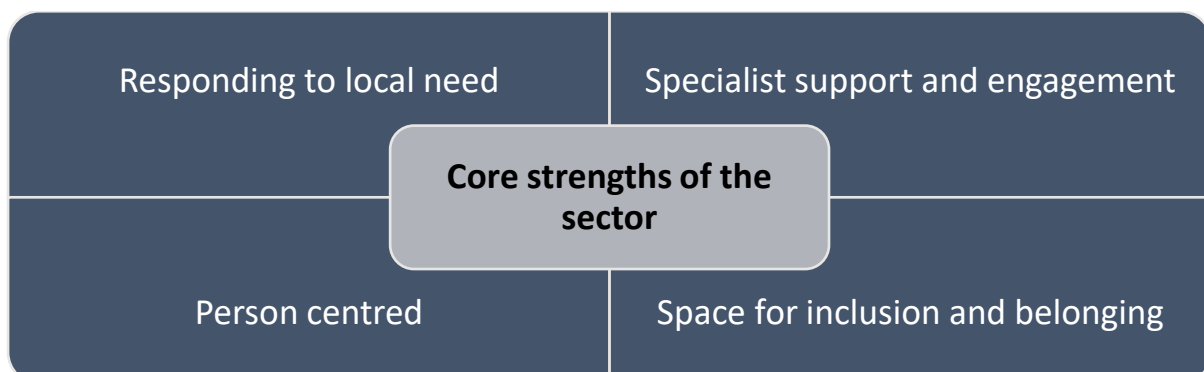79% see ability to collaborate with the public sector as an organisational strength

Premises

In Merton, the sector identified premises as the second highest challenge after funding. 59% of organisations struggle to source suitable affordable premises, manage buildings or agree terms for secure long-term use.

There needs to be a more collaborative approach to shared spaces and maximisation of community use of assets in the borough. Spaces which support inclusion and belonging, safe spaces where people are cared for, can access help, and in many cases get involved in helping others are required to help the sector regain its strength and confidence post pandemic.

Recognition

The 2021 research captured divergent views and experiences of organisations in the borough. Small, volunteer led and community organisations described a feeling of being undervalued and a lack of recognition for their role and contribution to the borough. At the same time, some had recently been recognised by The Mayor for their contribution to the pandemic response.

The complicated environment in which smaller groups work needs more exploration. Clarity about their contribution to society and core strengths was discussed in the workshops and presented in this table.

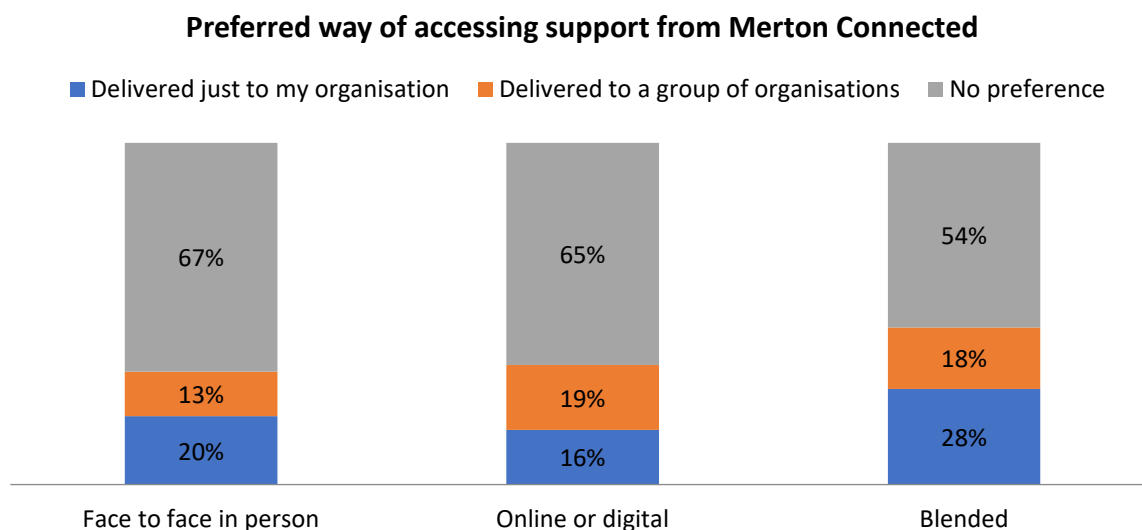| Responding to local need	Specialist support and engagement
Core strengths of the sector	
Person centred	Space for inclusion and belonging

Co-production as an achievable goal

The 2021 research explored coproduction and aspects of greater community control and accountability in making Merton a happy, healthy and rewarding place for everyone. The lack of knowledge, understanding and experience of these principles and strength-based approaches was evident.

The starting point for creating a new environment for collaboration and coproduction must be awareness raising, learning and exploration.

Infrastructure Support

The support organisations would like from Merton Connected and partners over the next 18 months to enable them to continue delivering services and recover from the pandemic was explored.

The methods to access support and its profile have been impacted greatly by the pandemic.

Preferred way of accessing support from Merton Connected

■ Delivered just to my organisation ■ Delivered to a group of organisations ■ No preference

	Face to face in person	Online or digital	Blended
No preference	67%	65%	54%
Delivered to a group of organisations	13%	19%	18%
Delivered just to my organisation	20%	16%	28%

Specific areas of support prioritised by groups was:

- Funding advice and support (grants, unrestricted fundraising, enterprise, online)
- More information about what is being delivered in borough to prevent duplication
- More core funding especially during the recovery
- Specific funding for the BAME communities (including white minority communities)
- Digital Awareness training and support
- Inclusive Covid-19 recovery strategy that reduces wider health inequalities
- Training opportunities, policy templates and guidance
- Data/trends information to support strategic planning and development
- Contribute to VCS strategic planning so we can align our business plans

Recommendations

1. Build the capacity and capability of Merton's small, volunteer and community led organisations

2. Develop new approach to engagement, support and recognition of small and diversity-led groups to maximise their potential

3. Address community concerns around crime, housing and inclusion in order to reduce the potential for inequality undermining effective collaboration

4. Support organisations to rethink volunteering, creating a more diverse and flexible range of opportunities

5. Focus on the mental wellbeing and recovery of people in the VCS as well as service users

6. Develop a new cross sector approach to maximising the physical assets in the borough to support social action and community-led solutions

7. Share skills, expertise and good practice around coproduction to increase engagement

8. Establish a funding pot to resource recovery and address increased pressures and instability caused by the pandemic in the medium term

9. Enhance digital inclusion and service delivery