



The future of the charity sector Will it be different post-Covid-19?

The Covid-19 pandemic has had a significant impact on everyone and all organisations, and we will inevitably be changed by this experience. But what will the future be for the charity sector and will things be different post-Covid? This was the topic of a webinar hosted by William Pringle of Berwick Partners in June 2020 at which the speakers were Sudhir Singh, National Head of Not for Profit at MHA and Jim Clifford OBE, CEO of Sonnet Advisory and Impact. Sudhir is a highly experienced Not for Profit specialist and has worked in the sector for 30 years. Jim Clifford has worked for over 35 years with organisations creating impact. His consultancy, Sonnet Advisory & Impact is a social enterprise working with organisations seeking to make social, environmental or economic change.

Set out below is a summary of the joint presentation that Sudhir and Jim gave, the purpose of which was to add to the current discussions regarding the future of the charity sector.

Opportunities at a time of challenge

Jim and Sudhir shared reflections gained from their conversations with clients, sector leaders, government and policy influencers, in order to help find solutions at a time when they are particularly needed.

Jim explained that Covid 19 and lockdown had presented huge challenges to the sector and had created significant additional challenges to many already disadvantaged and vulnerable people.

He explained however that this experience had also offered three key things:

A lens

It was certainly true that the disadvantaged and those in poverty have experienced a worsening situation, but everyone has been locked down and is experiencing hardship from the experience, financial vulnerability and significant emotional impact. Through this time, we have been able to see underlying needs and vulnerabilities of all people more clearly.

A catalyst

There has been an increased speed of decision making and a considerable mobilisation of resources. There has been more volunteering, changed societal behaviours and increased partnerships and collaborations between social, private and public sector organisations.

An opportunity

The situation has opened an opportunity to call out problems, provide solutions and point towards the changes needed. The social sector has provided great ideas for improvement, which now have a much greater likelihood of being made a reality or getting funded.

Thriving or just surviving

Sudhir spoke about the impact of the crisis on the sector. Whilst the experience has been shared, it has not impacted the sector evenly. He spoke about thriving or just surviving and the importance of remembering that weaker organisations in the sector have become weaker whilst it seems that those who entered the crisis stronger have remained successful and dealt with crisis more easily. Weakness in this context may have been their financial position, weak reserves or unsustainable business models, inadequacies in IT infrastructure or weak leadership and management with inadequate decision making.

Sudhir told the assembled group that the true financial impact of the crisis was yet to be realised or understood but those “place” organisations in the Arts, Culture and Heritage sector who relied so heavily on visitor income had been particularly badly hit.

Financial difficulties and existential concerns

Sudhir proceeded to talk about some of the challenges charities are facing around their access to liquidity and cash in order to pay their liabilities. He also explored some of the differences between the old and new rules of solvency following recent changes in insolvency legislation before briefly exploring the issue of going concern and financial reporting, the responsibilities of trustees and auditors, and increased expectations on all to adequately consider future uncertainties.



A time for Renewal, Re-focusing and Re-imagining

Jim spoke about looking forward, a time for taking stock and planning for the future as we start to come out of lockdown. He stressed the importance of emerging from this situation stronger, for the sake of all concerned.

Renewal

How can we learn from our recent experiences of the past few months, and learn quickly? How can we keep the good, adapt the potentially good and discard the problematic changes? And considering what new needs and resources have emerged.

Re-focusing

How can we refocus the organisation back onto the areas it was seeking to impact pre hiatus?

Reimagining

Reimagining the organisation for rising and more complex needs amongst beneficiaries and reduced financial resources, and the need to challenge and reimagine what we do from first principles.

Re-thinking financial management

Sudhir explored the need to rethink financial management for future funding challenges and opportunities. He communicated the need of organisations to ensure they have the right financial management capabilities in order to face fresh challenges for the future; the need to have more robust financial modelling and forecasting capabilities in order to be better prepared for future uncertainties and opportunity. Sudhir stressed the need for more comprehensive financial planning which would stand up to greater scrutiny but also allow swifter decision making and accountability. Finally, he spoke of the need for organisations to revisit their reserve and risk policies to ensure they are appropriate for the changed future.

Working Without Walls

Jim and Sudhir explored the concept of thinking outside the building, working without walls, and how charities are starting to learn to work without actual or perceived barriers. They explained the crisis has become a catalyst for change with some already looking at their service delivery models and reducing their costs through digital delivery. Operational, back office and HQ activities are being re-engineered with questions being asked as to whether organisations can move their physical location and lower cost.

We are seeing psychological barriers being changed with speedier decision making occurring and swifter analysis of problems. People are saying that they are understanding beneficiary need more clearly and thus able to see solutions to these needs more clearly too. Geographical limitations are no longer an issue and beneficiary support can be provided in new ways through the use of technology and digital channels.

So, whilst this crisis has certainly caused many not for profit organisations significant problems from a financial and funding view point, there are also opportunities that have already arisen and we should therefore not be too pessimistic for the future and diminished resources.

Charities are looking to replace fundraising events with virtual ones resulting in less fundraising costs and risk attached to those events. New business models are emerging. New resources are emerging, NHS Volunteers and skilled workers have come out of retirement to lend a hand. Donations to charity shops are again on the rise having for some time having been on the decline. New philanthropists have also come forward to support causes.

There seems to be a greater public trust and confidence in charities and public sector organisations as a whole and that this is redefining and rethinking our societal engagement.

The sector's relationship with government may be changing too. Public policy in recent years has arguably been ruled by political dogma, with little interest in on the ground evidence and charities being sidelined. However, what we have seen with the government's response to Covid is the statement that they are going to follow the advice of the specialists, the scientists – is that a changed attitude to evidence based public policy and if so is that an opportunity for charities to better influence that policy? Is this now the time for charities to lobby and campaign once more?

Scenarios and risks

Finally, Jim talked about risk analysis and planning needs – repositioning from focusing on causes to focusing on scenarios. He illustrated this with an example of the Four Worlds Scenario Planning approach and how this might help charities in the current environment.

The event ended with the hope that it had contributed to the current debate on the role that the charity sector will play post-Covid.

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