

Introduction:

In late April LINK conducted a survey of its 39 members to assess the impact of Covid-19 on them and their operations. This survey painted a clear picture of the severe impact of the covid-19 crisis on a significant proportion of the environmental NGO sector in Scotland. While major short-term shocks are impacting on member bodies, most are dealing with these by cutting expenditure as much as possible, and through uptake of the furlough scheme. While this provides some short-term relief, not all expenditure can be halted and for organisations where costs continue for upkeep of land, premises and collections for example, members are now spending financial reserves. The biggest concern however is the looming longer-term challenge in the next 6- 12 months, if current crashes in funding, membership subscriptions, revenue and charitable giving are not quickly reversed. Because of this, all member organisations are expecting to have to utilise their financial reserves within the next 12 months. Nine (33%) members have less than 4 months of reserves. The percentage of members unable to operate past 6 months on current reserves rises to 46% of respondents. This will have a significant and lasting impact on the ability of Scotland to deliver on our environmental and well being ambitions, where in Scotland the environmental NGO's are a significant deliverer or agent of delivery for Scottish Government.

The pandemic has illustrated that today, people need nature more than ever before. The pandemic has brought people closer to nature in our urban areas with clearer birdsong and clearer skies. And this connection with nature on daily exercise routines is helping to keep people safe and well.

This is also the time when nature needs us more than ever. Without the ongoing work of LINK member organisations continuing to strive to protect Scotland's nature, land and seascapes, the fight against the nature crisis will be lost. There is increasing concern in the eNGO sector, and beyond, that while the climate emergency and nature crisis have not gone away, the drive towards tackling them has dissipated as a result of the pandemic. This is understandable. It is equally imperative, however, that action towards these global issues must be maintained and renewed in order to deliver locally the 'Green Recovery' we all wish.

Impact of Covid-19:

The Covid crisis has impacted severely on five of the nine main income sources for eNGOs in Scotland:

- Corporate giving and related support has decreased substantially because of the halt in corporate activity,
- income generated by fieldwork / survey **and** income generated by visitors, event and activities have all ceased completely during a period when generation through these mechanisms is usually at its strongest
- membership contributions and donations have decreased as people cut spending and make savings.
- charitable trusts and foundations have suffered reductions in income, which we have been advised will reduce, in some cases severely the cash available for distribution in the next 12 - 24 months.

- The lockdown period is also using up the last precious months when EU funds, from the SRDP and LIFE nature amongst others are available, and it is still very unclear what if anything will be available to replace these. Scotland has historically succeeded 'above its weight' in winning such funds.

This leaves government and agency support, notably SNH and NLHF as the remaining sources of funding least affected. This is going to bring increased pressure on these few remaining sources.

Financial impact on the sector:

The initial **estimated** financial losses from those members who responded (in April) for Scottish operations was around £5 million for the next 12 months. Their estimated losses range from £10,000 to £2 million. However, not all members were able to respond and we now know that there is an additional expected loss across the sector of at least £35 million. It is fair to say that on present evidence the sector as a whole is probably looking at a minimum of a **£40 million financial loss over the next 12 months**.

Emergency support from NLHF

NLHF have announced 2 phases of Emergency funding: in the first phase, only 3 LINK members applied, citing 2 reasons. Firstly, with so many staff on furlough they did not have time to investigate and apply for emergency funding. In terms of eligibility, a specific challenge raised is that the short term 4 month window does not represent the true cash flow impact of the significant income already lost since March due to Covid-19. With staff on furlough and limited staff capacity, members prioritised applications to funds with better chance of success. And secondly, unless they are already in receipt of NLHF support, they were ineligible. The second phase of emergency funding amended the eligibility criteria to include those in recovery at any point over the last 10 years. This is most welcome but may have come too late for some organisations reduced to a skeleton staffing.

There are concerns that the pre-covid-19 focus NLHF had on landscapes and nature will now be removed, just at a time when investment in nature is being proven to be crucial to a green recovery and to the nation's health.

Specific concerns highlighted since the Link survey are that the sector is now struggling and finding it difficult to plan as funding programmes are closed or withdrawn with no indication of when they will go live again and what their priorities will be. This includes NLHF and SNH funding programmes. Issues have also been raised with me about submitted applications having been returned, which means that eNGOs do not have projects in the pipeline for next year onwards. Finding matching funds in such cases will be harder for Land and Nature projects due to the loss of EU grant options. Further concerns are that when grant programmes are re-opened, competition for the remaining limited funds will be severe and funders will be inundated, leading to further delay and higher levels of rejection.

Unfortunately SNH has not been able to open a grant programme to help environmental NGOs weather this difficult period, so they can continue to partner, and often lead the delivery of biodiversity, nature and wellbeing programmes.

Scale

The ability to initiate and support large scale conservation projects has been severely compromised by the Covid-19 pandemic. Larger eNGOS are eating into financial reserves, which will impact severely on their ability to lead, take risks and underwrite further large scale projects. Once these financial reserves start to deplete, as is predicted, the ability to take on new projects which carry financial risk will be minimised. One of the biggest challenges in Scotland is finding match funding for big transformational conservation projects – this is supported by the **EFN report – where funding opportunities in Scotland are more constrained than in England.**

For example: government support for conservation delivery could be used by the sector in green recovery projects to match big funders like NLHF and in addition, enable larger eNGOs to lead projects that take advantage of the last gasp of LIFE.

In the past, sector has managed sometimes to negotiate match funding on a case by case basis but this is even harder now, and the indications from SNH at the moment are not good. This means that the probability of the sector being able to provide the delivery mechanisms and leverage in of funds we have traditionally secured is going to diminish significantly, and perhaps for some years, which will impact on Scotland's ability to meet climate and biodiversity targets. Examples of some of the projects in development and currently at risk but which if supported would contribute to a green recovery across Scotland plus meet biodiversity and climate targets are below.

Action	LINK Group / member	Timescale	How can it be implemented?	What will be achieved?
Saving Scotland's Rainforest project	WTS and Plantlife leading but part of the Atlantic Woodland Alliance with LINK member crossover	Immediate	Prioritise and resource sustainable grazing levels and INNS control at a landscape scale in the rainforest zone// Recognise the rainforest as a nature-based solution to the nature and climate crisis.	Restoration of a globally important habitat that is unique to Scotland; sustainable job creation, increased wildlife tourism, investment in Scotland's natural capital;
Saving Morven's Rainforest Project: Aligned to wider Saving Scotland's Rainforest project	RSPB	Life Concept note to be submitted July 2020, if successful project starts Autumn 2021	Via communities, contractors, landowners and managers, education and tourism projects. Will deliver rural jobs and opportunities for vols and tourism, skills development etc.	Ambitious £3 mil project to clear entire Morven peninsular of rhododendron, expand native forest, control deer - working closely with the local community, landowners, partners. Submitting Concept Note to EU Life programme July
Joining the Dots for Nature: to build bigger, better well-connected habitats across Scotland's farmed landscapes	Soil Association Scotland (in partnership with Buglife Scotland & Plantlife Scotland)	Immediate	Investment in development of a Nature Network (using LINK's policy paper as evidence) should be a priority especially restoring and connecting habitats across farmed landscapes. (Farmland is often the weak link in the chain of ecological connectivity.)	Increase: in biodiversity (inc. priority species), ecological connectivity & ecosystem health; knowledge & skills for nature & climate friendly farming; area of farmed land put under long-term sustainable management; sustainably produced food; people actively participating in citizen science; opportunities for people to connect with nature -

			Future funds should seek to target weak links and identify best opportunities for nature and people (using tried and tested EcoCo model).	delivering health & well-being benefits
Renewing rural areas: briefings plus input to FPPFG	Food and Farming Group	prep 2020 - 2024; implementation 2024	UK Committee for Climate Change highlights the need for transformative land use change if Scotland and the UK is to meet its climate change targets. The current CAP (Common Agriculture Policy) is worth around £500m per year. Refocusing this with a stronger emphasis on investing in natural capital to address the twin challenges of biodiversity and climate change will make land based businesses more resilient to economic and environmental challenges.	Pivot rural support, formerly CAP, into stewardship and payment for non market supported activities, ie public goods
Landscape Leadership - developing leadership skills needed to make transformative environmental change at a landscape scale	Soil Association Scotland	Immediate	Fits with Regional Land Use Partnerships and Plans. Pilot funded through charitable donation. Funding (possibly public and private) should be made available to deliver this workstream	Pilot in progress - already demonstrating impact. Primary objective is to build natural capital across managed landscapes, address climate change and biodiversity loss, and deliver <u>inclusive</u> economic and social benefits.
Landscapes for a green recovery	LINK coordinated	At proposal stage	eNGOs have specialist skills and knowledge; practical on-the-ground conservation capability; and they are able to attract large-scale funding from members, philanthropic funds and the private sector, which can be used as match funding against Government support. Leveraging in large amounts of conservation spending offers the most efficient means of delivering large scale environmental enhancement and rural development and business opportunities at the same time.	We are looking for new time limited funds for NGO partners to deliver and scale up their services such as sustainable farming advice (benefiting nature and food supply chains), habitat creation and enhancement, planning, surveying and monitoring, education and access (benefiting people's health and well-being) and improving natural capital (contributing to economic and social resilience).

Citizen Conservation Apprenticeship scheme	Wildlife Group	At proposal stage	eNGOs have access to a large volunteer and citizen scientist workforce and can host and build vital landscape skills for the future. Many conservation projects lend themselves to skill sharing and building and can be undertaken safely while adhering to social distancing, in the open air, with relatively low finance requirements compared with traditional hard infrastructure projects.	Support environmental charities to develop Conservation Apprenticeships, learning from past projects, to undertake a variety of work, targeted by an independent board, ideally through Regional Land Use Partnerships.
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What could NLHF do?

Our members recognised that, at the start of the pandemic, NLHF funds were, rightly, geared towards organisations in short-term crisis. However, there are very high levels of concern that, as a result, the very significant medium and longer term impacts on environmental organisations could be overlooked. Furthermore, some of the larger organisations, whilst severely impacted, have a degree of resilience and were actively not applying to these funds in order to preserve the vital lifeline support for smaller heritage organisations. They note however that there remains a real risk hanging over some larger projects, often landscape scale partnership (see above).

When asked about wider support from NLHF, 78% of members agreed that wider support would be very helpful, indeed critical to achieving a successful transition as restrictions are lifted.

They specified a number of specific areas, where support would be useful:

Operational	Project
Full cost recovery of staff and related operational costs to retain staff and organisational viability given that there will be a slow to return to 'normal' affecting ability to raise income. Anything to help cashflow basically	Support for projects that need to be delivered in a different way to usual, particularly projects that had previously been able to self-fund via income generation models, or by the use of volunteers, which may not viable in the short to medium term due to Covid-19 restrictions eg citizen science
End of restrictions and end of furlough may not coincide and that would cause a lot of problems in relation to funding to keep organisations afloat and operating.	Funds to match support larger projects badly impacted, particularly if they involve smaller partners and deliver against Govt targets, eg landscape scale projects, which cannot be rescued by large eNGOs using their own resources.
In addition to emergency funding, there will be a need to look beyond the immediate crisis requirements, particularly in relation	An extension to timescales for projects, plus early payment of awards

to continuity of mainstream grant programmes.	
Funding to help support resumption of activity and cover unanticipated costs e.g. vandalism, fly tipping, fires, or the refitting of visitor centres and other facilities to open safely in the post Covid world.	Additional financial support for existing and projects going through their development phase because of difficulty in finding match funding. Longer term, interest free loans for projects that have future revenue generating potential would also be helpful.
Training and new ways of networking	Funding to support development of new activity and to grow the long term resilience of nature and environment bodies

Other support identified included help in marketing activities to diversify and enable members to reach wider audiences. Concerns were also raised on the need to protect those grant programmes that were prioritising the environment pre Covid to meet the climate emergency and nature crisis, which are both still happening. Members are also seeking reassurance that funders remain committed to these issues and offer understanding and flexibility. These would be:

- (a) for funders to provide **flexibility** in the deadlines and outcomes expected from projects and work which they are funding. Some projects may need to be deferred for a year, without penalties, to enable work to be carried out at the right time of year
- (b) for grant providers to offer where possible **replacement funding** for both projects where match funding has dried up and to help cover lost revenues lost through closures around the virus, plus emergency funding for organisations that are struggling.

Overall, replacement funding is the top issue where organisations feel that funders could help them in this crisis.

Sources:

LINK member survey, available on request, already shared with NLHF Scotland and Stuart Housden.

Email correspondence between Deborah Long and member CEOs.

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