**For immediate release: Friday 25 September 2020**

**GLOOMY WINTER AHEAD FOR CHARITY SECTOR**

*Lockdown worries for 55% of charities as 2020 takes its toll*

As new restrictions are announced by government in preparation for a second wave of Covid-19, over half of charities warn demand for their services may outstrip their ability to deliver - suggesting many people will be left without access to vital services they came to rely on during the previous lockdown.

In June, PBE estimated the sector was facing a £10.1bn funding gap. Since then, *a*lmost half (47%) of the UK’s charities have revised down their financial forecasts over the last two months in anticipation of a tough winter ahead, according to the latest Covid Charity Tracker published today by Pro Bono Economics, in partnership with the Institute of Fundraising and the Charity Finance Group.

Nearly all (94%) charities say that Covid-19 has posed a financial challenge, with drops in earned income, public donations, and money associated with fundraising activity like lotteries and auctions proving especially problematic. More than half of the survey respondents say public donations have fallen, with one-in-five reporting a drop in such income of more than 25%. However, funding from public sector contracts, trusts and foundations has broadly held up to date.

The overall drop in charity income has forced organisations to make cuts to the frontline support they offer. The survey, which was conducted ahead of the governments’ announcement on a new wage subsidy scheme, found that more than one-in-four charities had already made redundancies, and one-in-five expected to make cuts once the government’s Job Retention Scheme is withdrawn. Among those reducing their headcount, 59% say that service delivery functions such as helplines, events and training are bearing the brunt. Fundraising capacity is also being cut, with 19% of those who are shedding jobs saying that fundraising teams are most likely to be affected.

**Matt Whittaker, CEO of Pro Bono Economics, said:**

“While some parts of the economy are on the up after a tough first half of the year, charities have yet to see the light at the end of the tunnel. The updated jobs support package set out by the Chancellor yesterday will likely provide some relief for the sector, but against a backdrop of an economic recession, and the looming tightening of lockdown, for many organisations it will do little to square the circle of rising demand for help and shrinking capacity – with very serious consequences for all of us.”

**Caron Bradshaw, Chief Executive of** **Charity Finance Group, said:**

“The findings of our latest survey are not surprising but are deeply troubling. Social change organisations play an enormous role in our communities, providing crucial services to millions of people every day, nationwide. A significant number now face an increasingly uncertain future. Our capacity to deliver for both the short and long term is shrinking fast at a time it is never more needed.

“We are calling on government to take action now to address the fragility of the organisations working at the heart of our communities; working on the frontline, helping to mitigate the worst effects of the Covid-19 crisis. We must ensure that charities and social enterprise are supported to meet the public need and sustain healthy communities.”

**Peter Lewis, Chief Executive of the Chartered Institute of Fundraising, said:**

“This research further confirms the significant scaling back of charitable services and activities just when people across the UK need them most. Fundraised income continues to be hit despite the valiant efforts of our members and the fundraising community around the UK, and tragically many fundraisers are facing redundancy as their organisations are forced to make incredibly difficult decisions. Politicians and policy makers need to act now to safeguard vital charity-delivered services and activities around the UK.”

**Key findings:**

**FORECASTED INCOME**

**Since July, have you amended your forecasted income for this financial year?**

|  |  |  |  |
| --- | --- | --- | --- |
|   | **Total** | **Small** | **Medium/large** |
| **Our forecasted income is higher than it was in July** | 22% | 20% | 23% |
| **Our forecasted income is the same as it was in July** | 28% | 21% | 31% |
| **Our forecasted income is lower than it was in July** | 47% | 58% | 42% |
| **Don’t know** | 3% | 1% | 4% |

**FINANCES**

**What actions have you taken in response to any financial challenges that Covid-19 have presented to your organisation?**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  **Total** |  **Small**  | **Medium/large**  |
| **Reduced activity in a significant way** | 48% | 49% | 47% |
| **Applied for financial support from government (including furloughing staff)** | 68% | 49% | 76% |
| **Sought other additional sources of funding** | 72% | 70% | 73% |
| **Made staff redundant** | 29% | 17% | 34% |
| **Renegotiated rent, sold property or reduced office space** | 27% | 27% | 27% |
| **Merged with another organisation** | 1% | 1% | 1% |
| **Applied for a loan** | 13% | 4% | 18% |
| **Other** | 13% | 11% | 14% |
| **No action** | 2% | 1% | 3% |
| **We have not faced financial challenges as a result of Covid-19** | 6% | 8% | 5% |

**How have each of these sources of income been impacted by Covid-19? [All organisations]**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Decrease over 25%** | **Decrease up to 25%** | **No change** | **Increase up to 25%** | **Increase over 25%** | **Don’t know** |
| **Public donations** | 32% | 20% | 29% | 13% | 2% | 4% |
| **Income from fundraising other than donations\*** | 35% | 20% | 33% | 3% | 0% | 9% |
| **Grants from trusts and foundations** | 12% | 18% | 30% | 27% | 9% | 4% |
| **Government grants** | 4% | 8% | 50% | 19% | 13% | 7% |
| **Corporate giving** | 16% | 19% | 52% | 5% | 1% | 7% |
| **Income from commissioned services** | 12% | 13% | 57% | 6% | 1% | 12% |
| **Other earned income** | 29% | 29% | 30% | 3% | 0% | 8% |
| **Investment income** | 7% | 27% | 50% | 2% | 0% | 14% |
| **Other sources of income** | 10% | 21% | 46% | 3% | 0% | 20% |

**REDUNDANCIES**

**Has your organisation made staff redundant since 23 March, as a result of Covid-19?**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Total** | **Small** | **Medium/large** |
| **No** | 73% | 80% | 69% |
| **Yes** | 27% | 20% | 31% |

**Do you expect to make any redundancies after October 31st, as a result of the end of the Job Retention Scheme?**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Total** | **Small** | **Medium/large** |
| **Yes** | 19% | 6% | 25% |
| **No** | 64% | 75% | 59% |
| **Don’t know** | 17% | 20% | 15% |

**From which functions in your organisation have or are jobs being cut (either through redundancies or unfilled vacancies)?**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Total** | **Small** | **Medium/large** |
| **Fundraising** | 15% | 7% | 19% |
| **Finance** | 9% | 1% | 13% |
| **HR** | 7% | 0% | 10% |
| **Service delivery (eg Events, Training, Helpline, Front line)** | 32% | 21% | 37% |
| **Policy and Influencing** | 7% | 3% | 9% |
| **Charity retail** | 7% | 3% | 8% |
| **Other** | 15% | 7% | 18% |
| **Jobs are not being cut** | 52% | 63% | 46% |
| **Don't know** | 5% | 6% | 5% |

**LOCKDOWNS**

**If there are more localised lockdowns and an increase in Covid-19 cases over the next 3 months, what do you anticipate will happen to demand for your services?**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Total** | **Small charities** | **Medium/large charities** |
| **Increased demand for services – but we will have the capacity to meet it** | 22% | 24% | 21% |
| **Increased demand for services – and we will not have capacity to meet it** | 29% | 37% | 25% |
| **No change in demand for services - but our delivery capacity will decline** | 26% | 18% | 30% |
| **Decrease in demand for services** | 14% | 14% | 14% |
| **No impact** | 5% | 3% | 6% |
| **Don’t know** | 4% | 4% | 3% |

**24September 2020**

**Notes to editors:**

* **The September 2020 PBE Covid Charity Tracker was conducted between 15 and 20 September. 224 charities responded to the survey.**
* More information on Pro Bono Economics’ estimate that the charity sector stands to lose 60,000 jobs can be found here <https://www.probonoeconomics.com/news/collapse-charity-provision-looms-moment-greatest-need>

**About Pro Bono Economics:**

PBE uses economics to support the social sector and to increase wellbeing across the UK. The charity combines project work for individual not-for-profits and social enterprises with policy research that can drive systemic change.

**About Charity Finance Group:**

Charity Finance Group (CFG) is the charity that inspires a financially confident, dynamic and trustworthy charity sector. We do this by championing best practice, nurturing leadership and influencing policy makers.

**About the Chartered Institute of Fundraising:**

The Chartered Institute of Fundraising is the professional membership body for UK fundraising. We support fundraisers through leadership and representation; best practice and compliance; education and networking; and we champion and promote fundraising as a career choice. We have over 6,000 individual members and over 600 organisational members who raise more than £10 billion in income for good causes every year.

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