

October 2020

PBE Covid Charity Tracker results

In partnership with Charity Finance
Group and the Institute of Fundraising

About

Pro Bono Economics helps charities and social enterprises understand and improve the impact and value of their work, matching professional economists who want to use their skills to volunteer with charities. Set up in 2009, PBE has helped more than 500 charities large and small, covering a wide range of issues including mental health, education, employment and complex needs.

Charity Finance Group 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.

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.

Key findings

- 44%** said the Christmas season is an important period for their annual income
- 25%** expect their Christmas donations to fall by over a quarter this year
- 78%** of charities who particularly rely on Christmas income expect it to fall this year
- 19%** don't think they will be able to deliver their services adequately over Christmas
- 68%** need additional financial support to deliver their objectives over the next year
- 10%** intend to make use of the government's Job Support Scheme

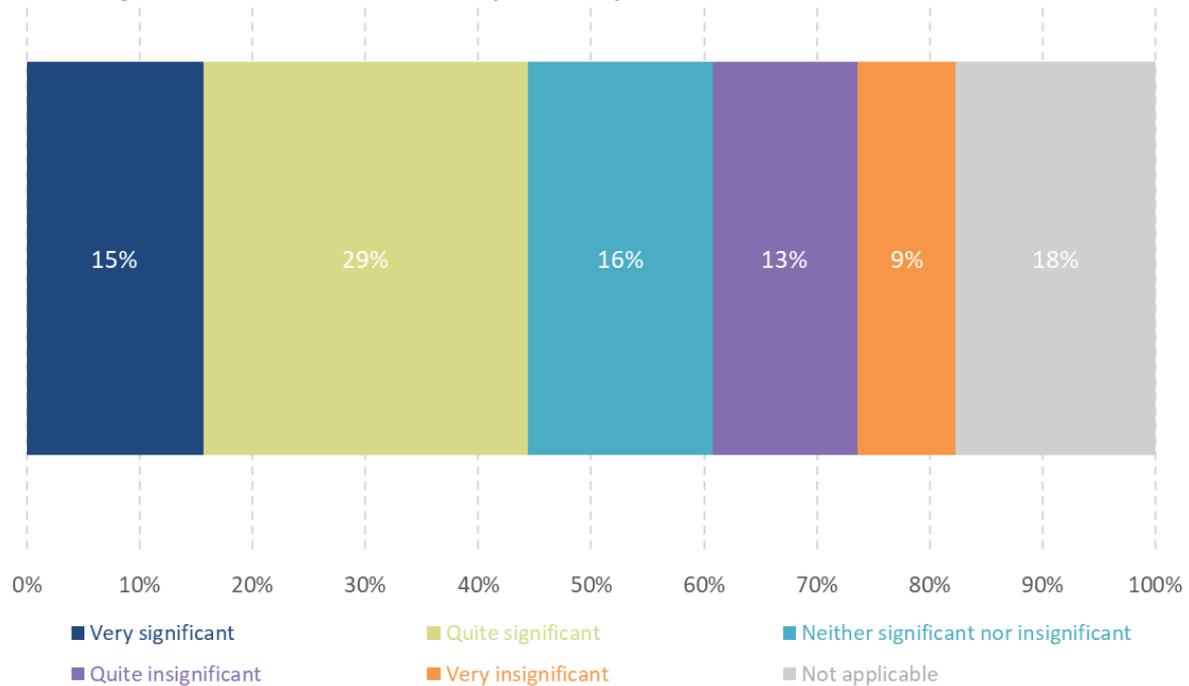
Since last month's Covid Charity Tracker Survey, Covid cases have continued to rise steadily in a clear "second wave" and greater lockdown restrictions have been implemented across much of the country. Our previous surveys found that the March lockdown made it difficult for many charities to deliver their services on the ground, at a time when need was very high – the "impact of social distancing on service delivery" was consistently the number one concern reported by charities over May and June.

As our previous surveys have highlighted, many charities have already taken a significant financial hit since March, with the closure of charity shops, cancellations of fundraising events and public donations being hit by the recession. We've previously estimated the sector could be facing a £10.1bn funding gap as a result of Covid.

With winter fast approaching, and lockdowns unpredictable, charities are now experiencing many of the same challenges. Those who deliver frontline services over Christmas may well find themselves facing uncertainty about how they will ensure people receive the support and services they need. Continued restrictions on large events will particularly affect those who rely on Christmas performances, fayres and collections for fundraising.

Christmas fundraising is vital for many charities, yet many expect to raise less this year. For many charities, Christmas is a key period for fundraising, either through an increase in public donations, spending in charity retail shops, or other fundraising activities. Chart 1 shows that **approaching half (44%) of survey respondents said that this period is either very or quite significant to their total annual income.**

Chart 1. Typically, how significant are public donations, spending (e.g. in charity retail) or other fundraising activities over the Christmas period to your annual income?



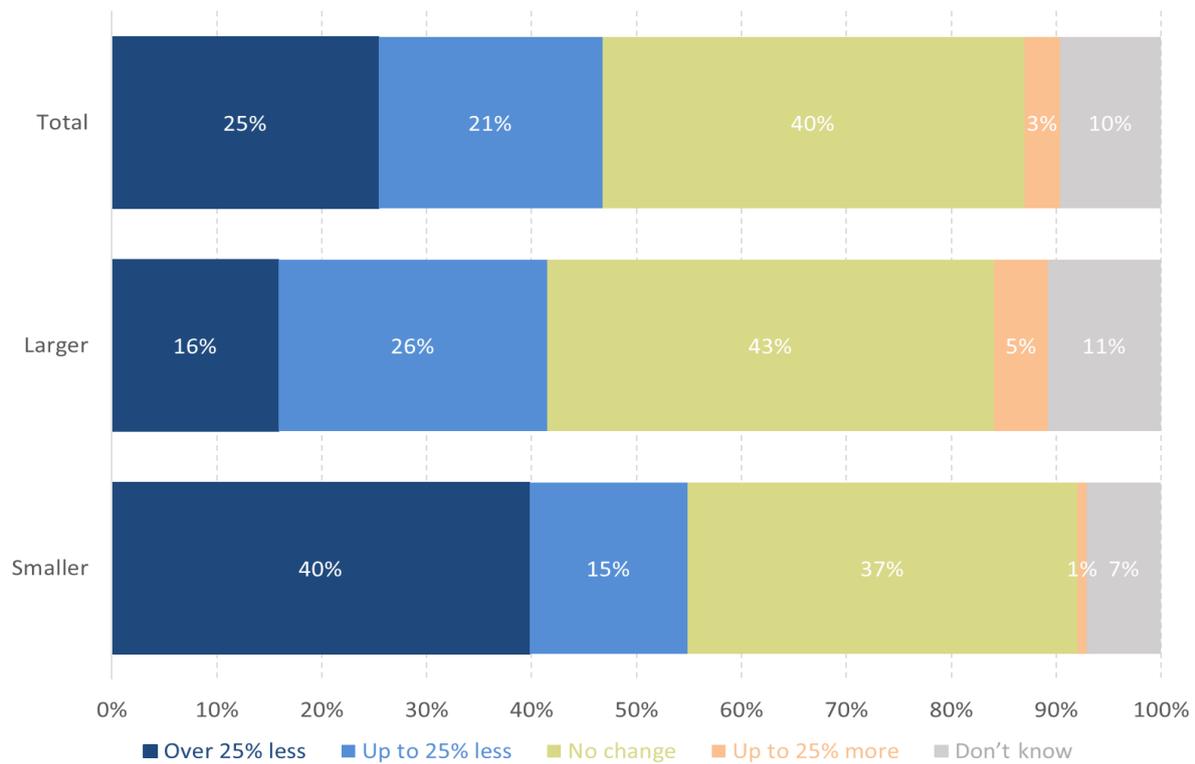
Note: n = 291. "Not applicable" refers to those who do not receive these types of income. Excludes "don't know" responses (1%). Source: PBE, Covid Charity Tracker Survey, 12-18 October 2020.

“ All of our Christmas fundraising events and functions have been cancelled. These were Carol Concerts, Bucket Collections and various Christmas Fayre stands, as well as our own Christmas Fayre. ”

However, chart 2 shows that a substantial proportion of charities are expecting falls in their donation income over Christmas. Overall, **a quarter said they expected donation income to be more than 25% lower than it was last year**, and just over a fifth expected it to be up to 25% lower. Very few expected increases.

Smaller charities were particularly concerned, with two-in-five expecting their donation income this Christmas to be more than 25% lower than it was last year. It is not clear why this is the case, but it may be related to the different fundraising approaches adopted by smaller charities.

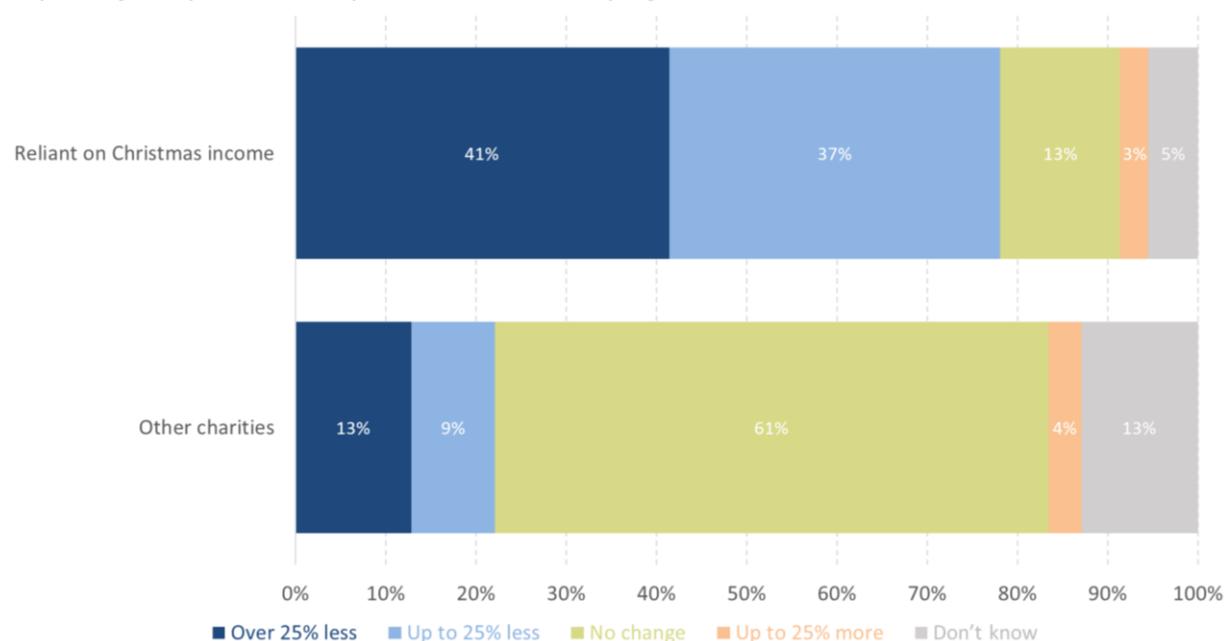
Chart 2. And for your donation income over this Christmas period, what difference roughly are you expecting compared to last year's Christmas campaign?



Note: n = 291 of which 113 were smaller (annual income of up to £500,000), 176 were larger (annual income of £500,000+), and 2 did not specify their size. Source: PBE, Covid Charity Tracker Survey, 12-18 October 2020.

Charities that are more dependent on income over Christmas were far more likely to report that they expected a fall in donations of 25% or more - 41% of charities who reported Christmas income being “very” or “quite” significant, versus 13% of other charities, as shown in Chart 3.

Chart 3. And for your donation income over this Christmas period, what difference roughly are you expecting compared to last year's Christmas campaign?

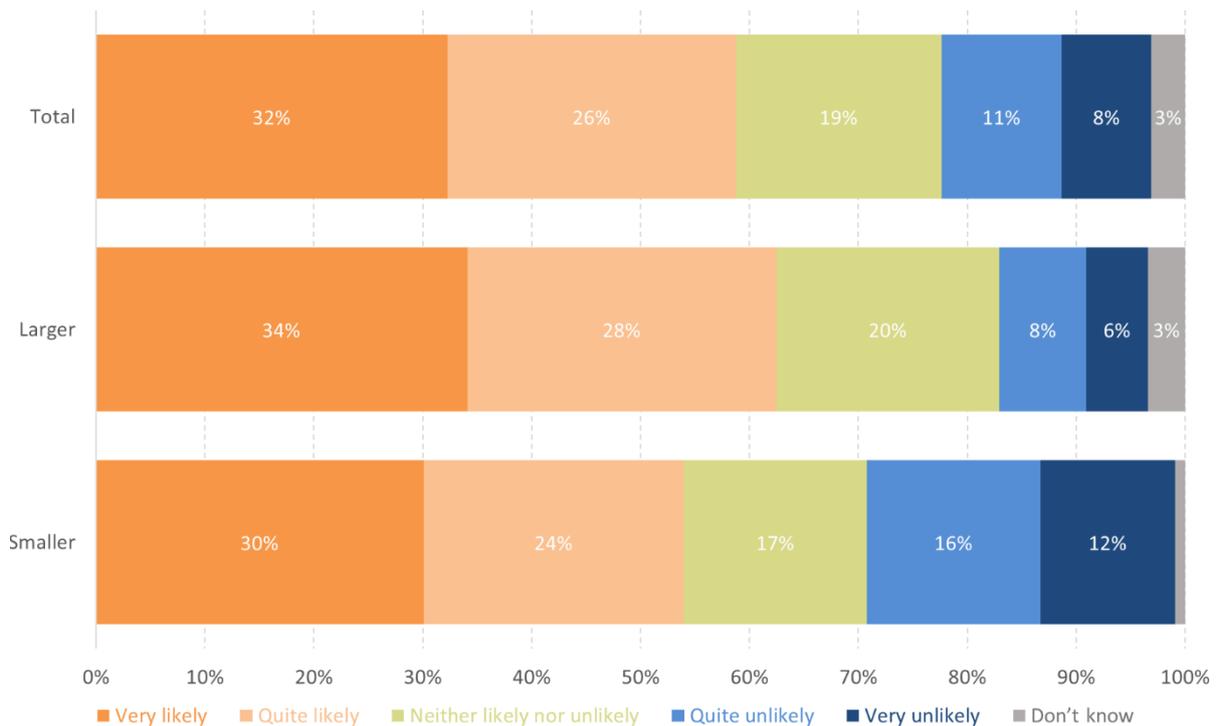


Note: n = 291 of which 128 are “reliant on Christmas income” and 163 “other”. “Reliant on Christmas income” are charities that responded “very significant” or “quite significant” when asked “Typically, how significant are public donations, spending (e.g. in charity retail) or other fundraising activities over the Christmas period to your annual income?”

Despite this, most charities (59%) said it was likely that they would be able to deliver their services adequately over Christmas – **but 19% believed they would not** (Chart 4) and another fifth said it was neither likely nor unlikely.

This suggests that many are going to be able to “make do” over this period, and impacts from lower donation income over Christmas may strike in 2021. This is perhaps not surprising, as it’s unlikely services will be delivered with funding coming in during the same time period.

Chart 4. How likely is it that you that you will be able to deliver your services adequately over Christmas?

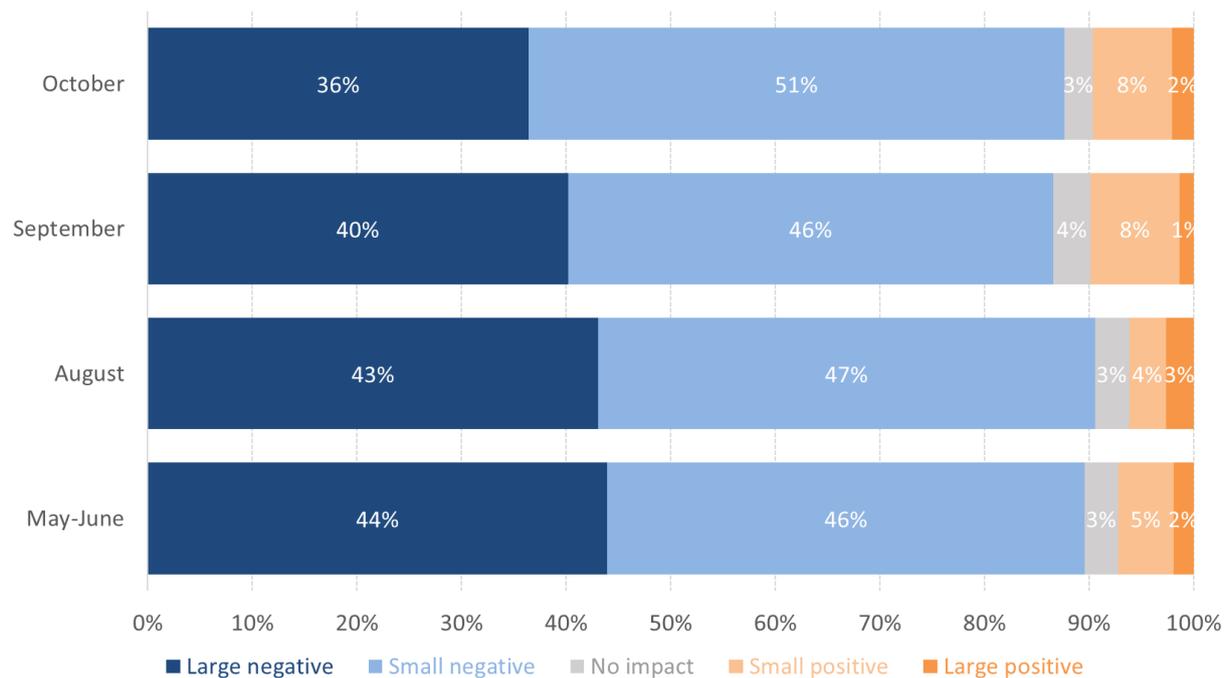


Note: n = 291 of which 113 were smaller (annual income of up to £500,000), 176 were larger (annual income of £500,000+), and 2 did not specify their size. Source: PBE, Covid Charity Tracker Survey, 12-18 October 2020.

Similar to our previous surveys, **charities remain overwhelmingly negative about how Covid-19 would impact their ability to deliver against their objectives over the next year.** Just under 90% report either a large or a small negative impact (Chart 5).

“here is a lot of pressure on Christmas fundraising, given the hit we've taken financially throughout the rest of the year and this being our busiest fundraising period, it truly is a 'make or break' period. If we don't raise what is forecasted we will have to eat through the remaining amount of our depleted reserves.”

Chart 5. How do you expect Covid-19 to affect your charity’s ability to deliver on its objectives in the next twelve months?



Note: n = 291 in October, 224 in September, 445 in August, 1,727 responses in May-June (cumulative). The May-Jun and September figures relate to a question that asked about “the next six months”, the August figures relate to “this financial year”. Source: PBE, Covid Charity Tracker Survey.

There does appear to have been a slightly improvement in the proportion of charities fearing a large negative impact since our surveys in May and June. This may reflect either an improving situation, a change of expectations, or less uncertainty. However we caution against inferring too much at this stage, as the question wordings relate to slightly different time periods (see note).

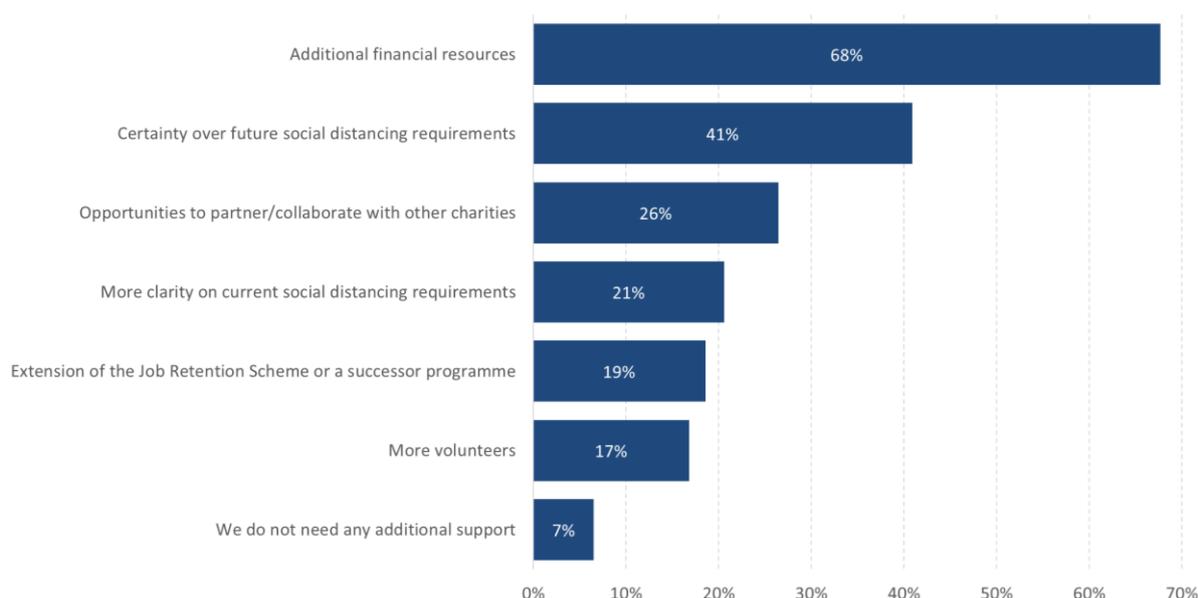
Most charities need additional support – ranging from financial support to more opportunities to collaborate

Unsurprisingly, **when asked what support would help them to deliver their objectives, the majority (68%) said that they needed additional financial resources**, reflecting our previous findings about funding losses and higher demand for services. Smaller charities were slightly more likely (73%) to say this than larger ones (64%).

“ As a small animal charity with just one paid employee, we have lost around 90% of our income from donations this year. With more people abandoning their animals than ever, our services are much needed, and yet we are ineligible for any financial help from the government at all. ”

Charities also highlighted uncertainty about social distancing as an important barrier to achieving their objectives - two fifths said that more certainty over future social distancing arrangements would help, and a fifth also needed more clarity over *current* social distancing arrangements. There also appears to be appetite for more collaboration within the sector - a quarter (26%) of respondents said more opportunities to collaborate with other charities would help them deliver on their objectives. Just 7% of charities said they did not need any additional support.

Chart 6. What additional support would help you deliver on your objectives in the next 12 months?



Note: n = 291. Source: PBE, Covid Charity Tracker Survey, 12-18 October 2020.

But few have accessed government backed loans

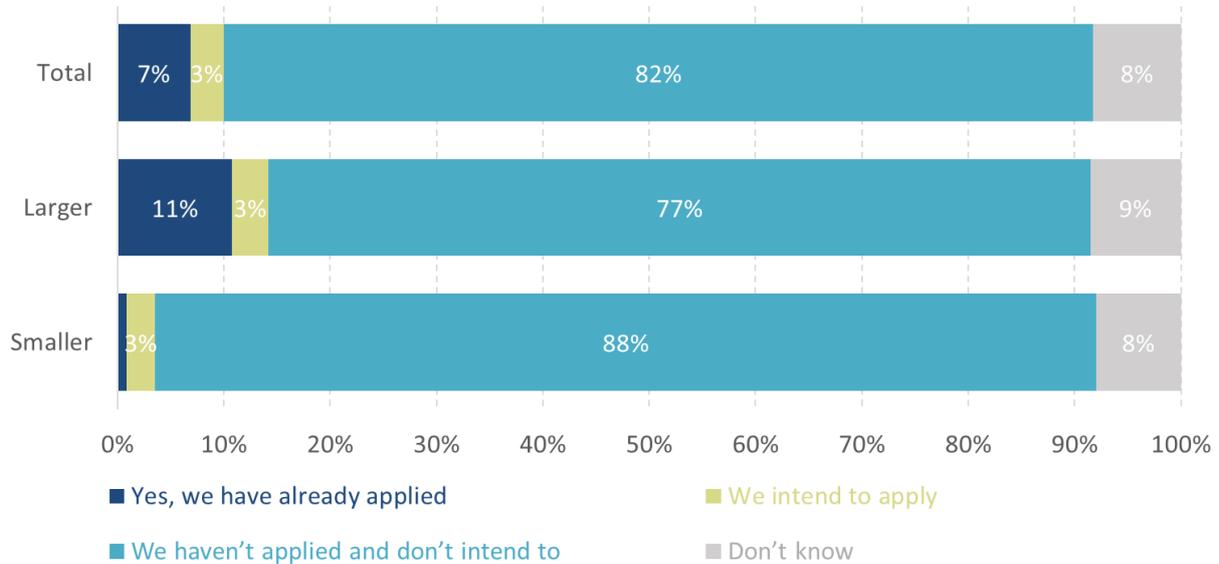
“ There has been a huge increase in demand for support from cancer patients and their families. Interestingly we are reaching people all over the world with our services. In the meantime, fundraising remains very challenging. All our events are cancelled. We have lost close to £750,000 in income, with an expenditure of close to £3m it is a huge hole to fill. We began a consultation on a proposed restructure in July which is about to come to a close with the loss of around 30 jobs from across the whole charity.”

In order to support businesses and charities, government has introduced four temporary loan schemes: the Bounce Back Loan Scheme, the Coronavirus Business Interruption Loan Scheme (CBILS), the Coronavirus Large Business Interruption Loan Scheme (CLBILS) and the Future Fund. **Few charities appear to be making use of these government loan schemes:** we found that just 7% of charities had used one of these schemes, and 3% plan to apply (Chart 7). Amongst smaller charities this is even lower: just 1% have applied. This is lower than use seen among businesses, for example, the Bank of England's monthly decision maker panel data reports that 19% of businesses are currently using, or plan to use, the CBILS or CLBILS.¹

¹ Source: Monthly Decision Maker Panel data - September 2020:

<https://www.bankofengland.co.uk/decision-maker-panel/2020/september-2020>

Chart 7. Have you already applied for, or intending to apply for a government backed loan scheme?

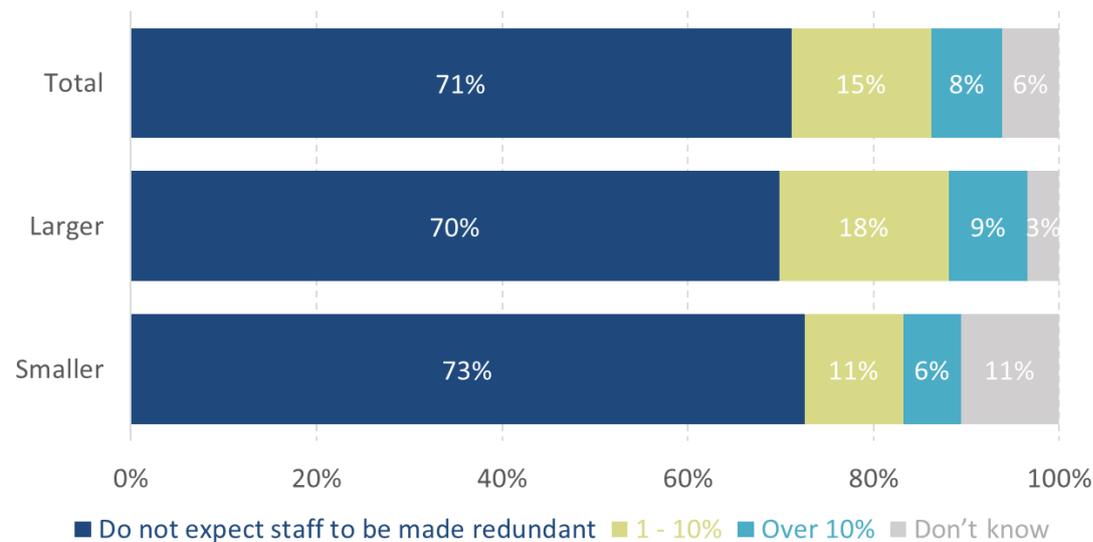


Note: n = 291 of which 113 were smaller (annual income of up to £500,000), 176 were larger (annual income of £500,000+), and 2 did not specify their size. Source: PBE, Covid Charity Tracker Survey, 12-18 October 2020.

And few expect to make use of the new Job Support Scheme – with more redundancies looming

With the Job Retention Scheme coming to a close at the end of this month, charities are now reaching a crunch point with regards to decisions on redundancies. Nearly a quarter (23%) expect to make staff redundant when the Job Retention Scheme ends. This is similar to the results September’s Covid Charity Tracker survey, when 19% said they expected to make redundancies after 31 October.

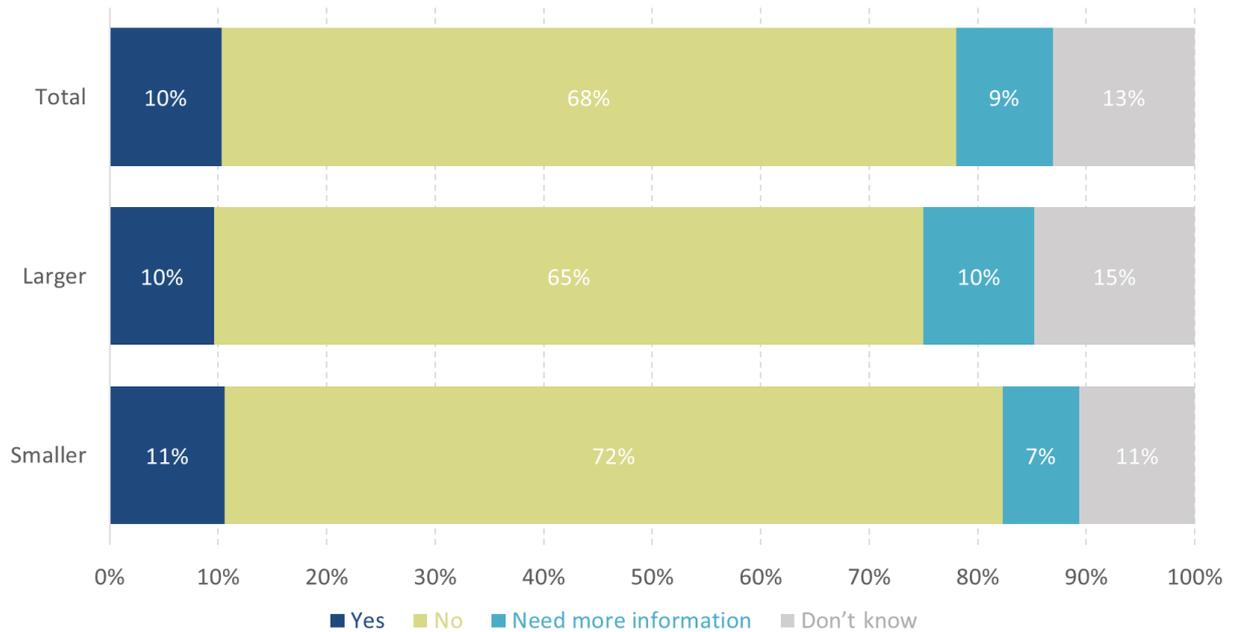
Chart 8. Approximately what proportion of your current headcount do you expect to make redundant as a result of the end of the Job Retention Scheme?



Note: n = 291 of which 113 were smaller (annual income of up to £500,000), 176 were larger (annual income of £500,000+), and 2 did not specify their size. Source: PBE, Covid Charity Tracker Survey, 12-18 October 2020.

The Job Retention Scheme will be replaced by a new Job Support Scheme, which allows employees to work part time, but pay for hours not worked can be split between the employer, the government, and the employee (through a wage reduction). One-in-ten charities told us they intend to use the scheme, but the majority (68%) do not (Chart 9). This is less than the one-in-five charities who said they would benefit from an extension to the Job Retention Scheme (Chart 6) - though some respondents did comment about issues with eligibility for government support.

Chart 9. Do you expect to use the government’s Job Support Scheme?



Note: n = 291 of which 113 were smaller (annual income of up to £500,000), 176 were larger (annual income of £500,000+), and 2 did not specify their size. Source: PBE, Covid Charity Tracker Survey, 12-18 October 2020.

Appendix

Methodology note

The Covid Charity Tracker Survey, run by PBE in partnership with Charity Finance Group and Institute of Fundraising, was live between 12-18 October and received 291 responses. The results have not been weighted in any way.

For the purposes of the below tables, **smaller** is defined as any organisation with a pre-Covid annual income of less than £500,000, and **larger** are those with £500,000 or more.

Percentages may not sum to 100% due to rounding.

Just under 40% of responses were submitted from CEOs, and another 16% were trustees. A further 36% worked in a finance or a fundraising capacity, and the remainder were split between HR, service delivery, and other types of roles.

Full Results

Table 1. How do you expect Covid-19 to affect your charity's ability to deliver on its objectives in the next six months? (May-October)

	May-June	August	September	October
Large negative	44%	43%	40%	36%
Small negative	46%	47%	46%	51%
No impact	3%	3%	4%	3%
Small positive	5%	4%	8%	8%
Large positive	2%	3%	1%	2%

Note: n = 291 in October, 224 in September, 445 in August, 1,727 responses in May-June (cumulative). The May-Jun and September figures relate to a question that asked about "the next six months", the August figures relate to "this financial year". Source: PBE, Covid Charity Tracker Survey.

Table 2. What additional support would help you deliver on your objectives in the next 12 months?

	Total	Smaller	Larger
Additional financial resources	68%	73%	64%
Certainty over future social distancing requirements	41%	38%	43%
Opportunities to partner/collaborate with other charities	26%	25%	27%
More clarity on current social distancing requirements	21%	19%	22%
Extension of the Job Retention Scheme or a successor programme	19%	15%	20%
More volunteers	17%	19%	15%
We do not need any additional support	7%	2%	10%
Don't know	1%	1%	1%

Note: n = 291 of which 113 were smaller (annual income of up to £500,000), 176 were larger (annual income of £500,000+), and 2 did not specify their size. Source: PBE, Covid Charity Tracker Survey, 12-18 October 2020.

Table 3. Approximately what proportion of your current headcount do you expect to make redundant as a result of the end of the Job Retention Scheme?

	Total	Smaller	Larger
Do not expect staff to be made redundant	71%	73%	70%
1 - 10%	15%	11%	18%
11 – 25%	4%	3%	5%
26 – 50%	3%	2%	3%
51 – 75%	0%	0%	0%
Over 75%	1%	2%	0%
Don't know	6%	11%	3%

Note: n = 291 of which 113 were smaller (annual income of up to £500,000), 176 were larger (annual income of £500,000+), and 2 did not specify their size. Source: PBE, Covid Charity Tracker Survey, 12-18 October 2020.

Table 4. Do you expect to use the government's Job Support Scheme?

	Total	Smaller	Larger
Yes	10%	11%	10%
No	68%	72%	65%
Need more information	9%	7%	10%
Don't know	13%	11%	15%

Note: n = 291 of which 113 were smaller (annual income of up to £500,000), 176 were larger (annual income of £500,000+), and 2 did not specify their size. Source: PBE, Covid Charity Tracker Survey, 12-18 October 2020.

Table 5. Have you already applied for, or intending to apply for a government backed loan scheme?

	Total	Smaller	Larger
Yes, we have already applied	7%	1%	11%
We intend to apply	3%	3%	3%
We haven't applied and don't intend to	82%	88%	77%
Don't know	8%	8%	9%

Note: n = 291 of which 113 were smaller (annual income of up to £500,000), 176 were larger (annual income of £500,000+), and 2 did not specify their size. Source: PBE, Covid Charity Tracker Survey, 12-18 October 2020.

Table 6. Typically, how significant are public donations, spending (e.g. in charity retail) or other fundraising activities over the Christmas period to your annual income?

	Total	Smaller	Larger
Very significant	15%	16%	15%
Quite significant	29%	29%	28%
Neither significant nor insignificant	16%	22%	13%
Quite insignificant	13%	12%	13%
Very insignificant	9%	8%	9%
Not applicable	18%	12%	22%
Don't know	1%	1%	1%

Note: n = 291 of which 113 were smaller (annual income of up to £500,000), 176 were larger (annual income of £500,000+), and 2 did not specify their size. Source: PBE, Covid Charity Tracker Survey, 12-18 October 2020.

Table 7. And for your donation income over this Christmas period, what difference roughly are you expecting compared to last year's Christmas campaign?

	Total	Smaller	Larger
Over 25% less	25%	40%	16%
Up to 25% less	21%	15%	26%
No change	40%	37%	43%
Up to 25% more	3%	1%	5%
Over 25% more	0%	0%	0%
Don't know	10%	7%	11%

Note: n = 291 of which 113 were smaller (annual income of up to £500,000), 176 were larger (annual income of £500,000+), and 2 did not specify their size. Source: PBE, Covid Charity Tracker Survey, 12-18 October 2020.

Table 8. How likely is it that you that you will be able to deliver your services adequately over Christmas?

	Total	Smaller	Larger
Very likely	32%	30%	34%
Quite likely	26%	24%	28%
Neither likely nor unlikely	19%	17%	20%
Quite unlikely	11%	16%	8%
Very unlikely	8%	12%	6%
Don't know	3%	1%	3%

Note: n = 291 of which 113 were smaller (annual income of up to £500,000), 176 were larger (annual income of £500,000+), and 2 did not specify their size. Source: PBE, Covid Charity Tracker Survey, 12-18 October 2020.

For more information contact the authors:

Anya Martin

Senior Research and Policy Analyst, Pro Bono Economics

Anya.Martin@probonoeconomics.com

Anoushka Kenley

Research and Policy Director, Pro Bono Economics

Anoushka.Kenley@probonoeconomics.com