



PBE Covid Charity Tracker

*In partnership with Charity Finance Group and
the Chartered Institute of Fundraising*

February 2021



Pro Bono Economics helps charities and social enterprises understand and improve the impact and value of their work. It enables professional economists from across the private, public and third sectors to volunteer their skills to tackle some of the most pressing issues in society. We have worked with over 400 charities across the third sector since our inception in 2009.

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.

2020 was a tough year for charity fundraising. With events cancelled and shops closed for a substantial portion of the year, many normal income streams were compromised. In our previous Covid Charity Tracker reports, PBE found that charities are facing serious financial challenges, as well as a period of heightened need for their services.

For around a third of charities, the winter holidays are an important fundraising period with seasonal public appeals going out, festive events being held and retail activity picking up through sales of Christmas cards and gifts. But with social distancing restrictions preventing many of these activities taking place, winter fundraising opportunities last year were more limited than usual. In this flash survey, we asked charities to reflect on fundraising over 2020 and the Christmas period in particular.

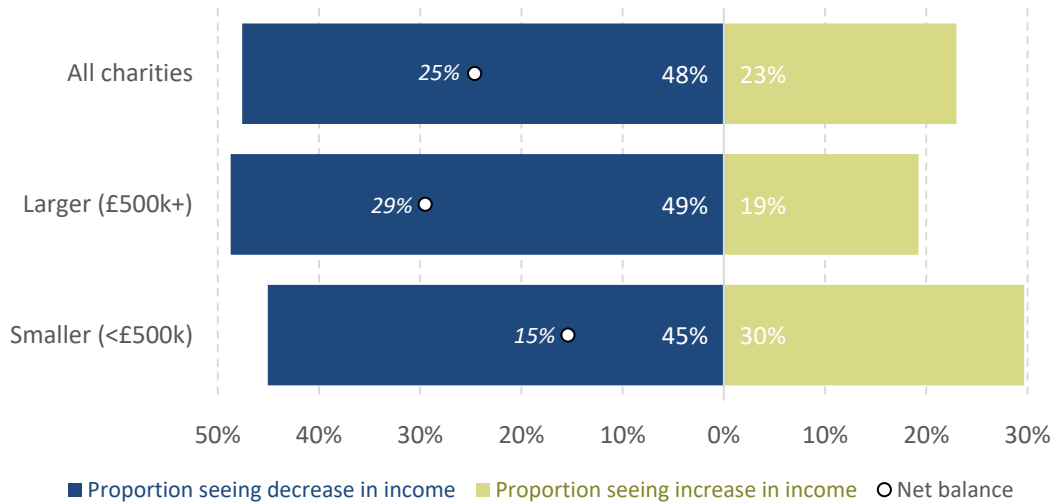
We found that despite unprecedented economic challenges, over 2020 almost one in four charities saw their incomes increase from the year before (Figure 1). This could be from government and foundations stepping in to make up income lost as a result of social distancing - previous Covid Charity Tracker results found that grants (from government, trusts and foundations) were one of the few income streams where more charities saw an increase since the start of the crisis¹ - or from public generosity. Previous research by CAF identified that the British public gave an additional £800 million to charity in the first half of 2020, compared to the year before. Much of this went to health related charities such as hospitals and hospices.²

However, the overall picture shows many charities saw their income decline in 2020. Almost half of charities saw a decrease in their income in 2020. More than twice as many charities saw their income decrease than increase. 16 per cent reported no change.

¹ A Martin and A Kenley, "PBE Covid Charity Tracker results", *Pro Bono Economics, Charity Finance Group and the Chartered Institute of Fundraising*, September 2020.

² CAF, "UK Giving and Covid-19: A Special Report", *Charities Aid Foundation*, October 2020.

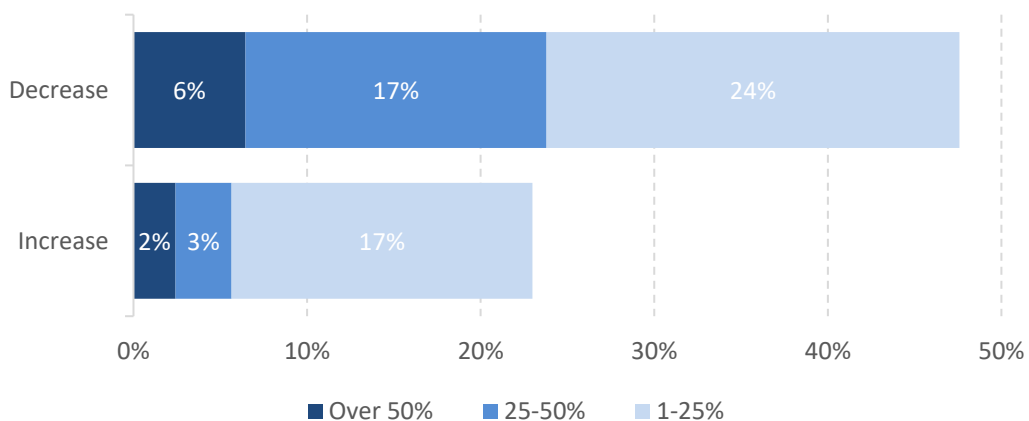
Figure 1. Half of charities saw their income decline in 2020
Proportion of charities seeing decreases/increases in income in 2020 compared to 2019, by organisation size (with net balance)



Notes: Residual is “about the same” and “don’t know”
 Source: PBE survey, 11-18 January 2021. n = 248 of which 156 larger charities (pre-Covid annual income of £500k+) and 91 smaller (pre-Covid annual income of <£500k)

Moreover, the sums lost by those charities facing declines far outweighed that gained by those whose incomes increased. Four in ten charities saw their income fall by more than 10 per cent and, as Figure 2 shows, nearly a quarter of charities saw their income fall by more than 25 per cent. Conversely, increases tended to be much smaller, with just one in 20 charities reporting increases of more than 25 per cent.

Figure 2. The magnitude of income declines far outweighed income gains
Size of decrease/increases in income between 2019 and 2020, all charities



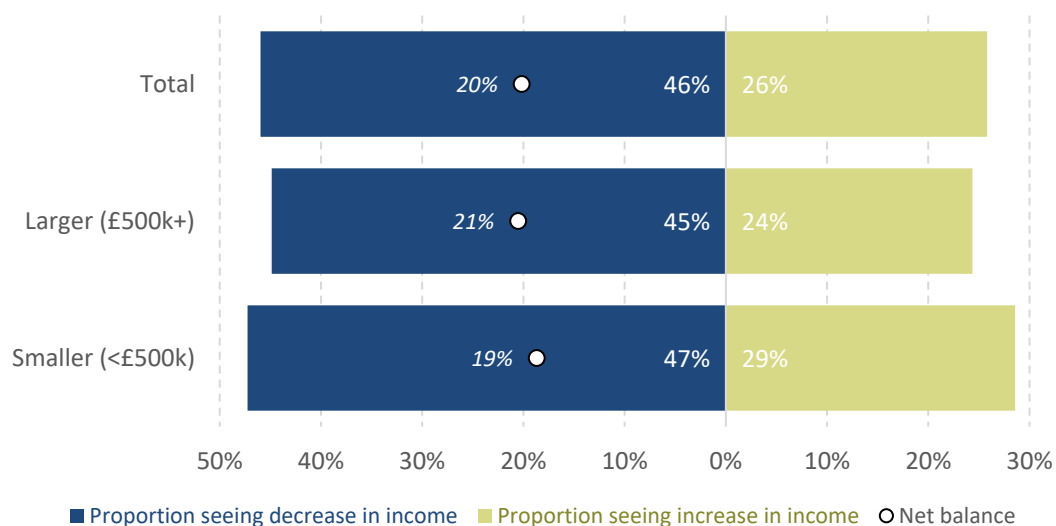
Note: Residual is “about the same” and “don’t know”
 Source: PBE survey, 11-18 January 2021. n = 248

Christmas is a particularly important period for charities doing fundraising. Just under a third of charities receive a disproportionate share of their income in November and December, with one in five usually taking over a quarter of their yearly income in these two months.

The fact that 46 per cent of charities saw their fundraising over the winter period decline in 2020 relative to 2019 is therefore especially concerning (Figure 3). Only one in four (26 per cent) charities reported a year-on-year increase.

Figure 3. Almost half of charities saw their winter fundraising decline in 2020

How much total income did you raise in November and December 2020, compared to the same period last year?



Note: Residual is "don't know"

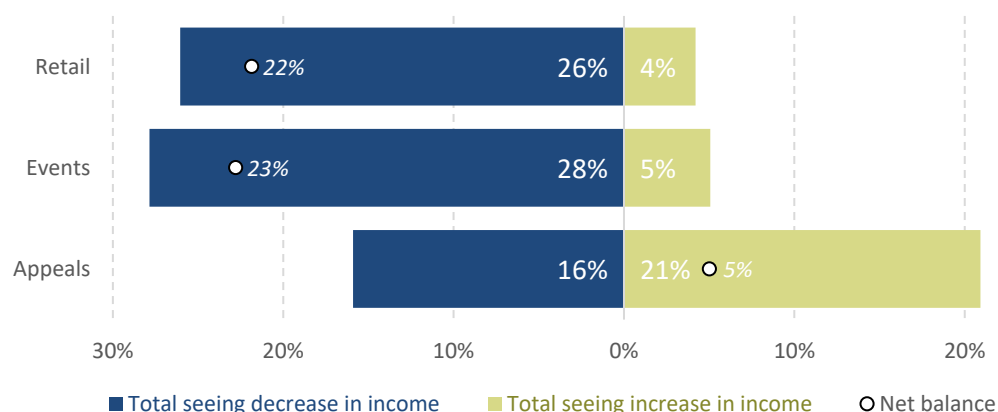
Source: PBE survey, 11-18 January 2021. n = 248

As a result, PBE estimates that charity losses over the winter period are likely to amount to at least £200 million.

While charities reported a reduction overall, the outcome was driven primarily by their experience in relation to income from Christmas/winter fundraising events and from retail income (from charity shops and online sales). As Figure 4 shows, around one in four charities reported falls in income from these sources. Just one in 20 charities said they'd made more income from these sources compared to the same period in 2019.

In contrast, more charities reported an increase in income from appeals than reported a decrease. The implication is that the public responded generously to calls for help, but that this was more than offset at the aggregate level by the cancellation of events and closure of shops.

Figure 4. Retail and events winter income took a big hit in 2020, but fundraising appeals performed better than the previous year
How much did you raise in November and December 2020 in the following activities compared to last year? (with net balance)

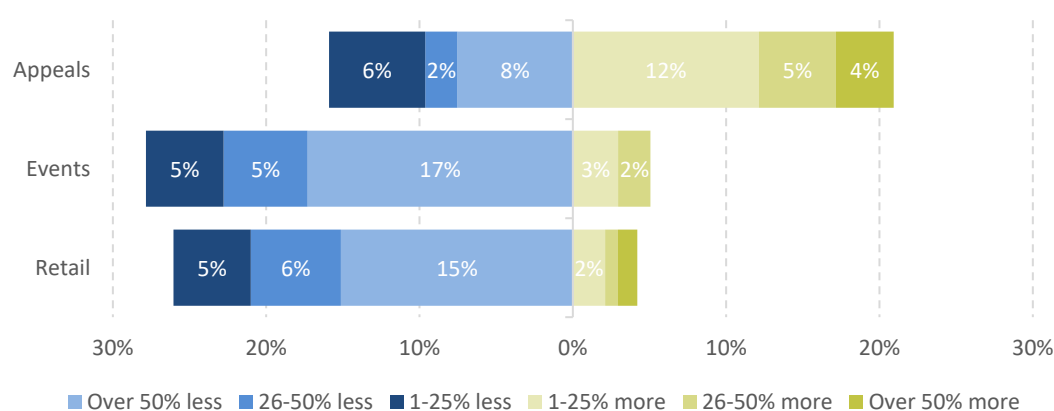


Note: Residual is “no change”, “don’t know”, and charities which did not receive income from these sources in 2019 and 2020.
 Source: PBE survey, 11-18 January 2021. n = 248

Looking at the size of the increases/decreases in income, the magnitude of events and retail income declines were significant. One in six charities reporting losses of over half of their winter income from these sources, compared to 2019.

Christmas/winter fundraising appeals were a mixed picture, with nearly one in 10 charities generating more than 25 per cent more income in 2020 than in 2019, but a similar number seeing this income more than halve.

Figure 5. One in six charities saw winter income from events and retail more than half, though one in ten saw their appeals income increase more than 25 per cent
How much did you raise in November and December 2020 in the following activities compared to last year?

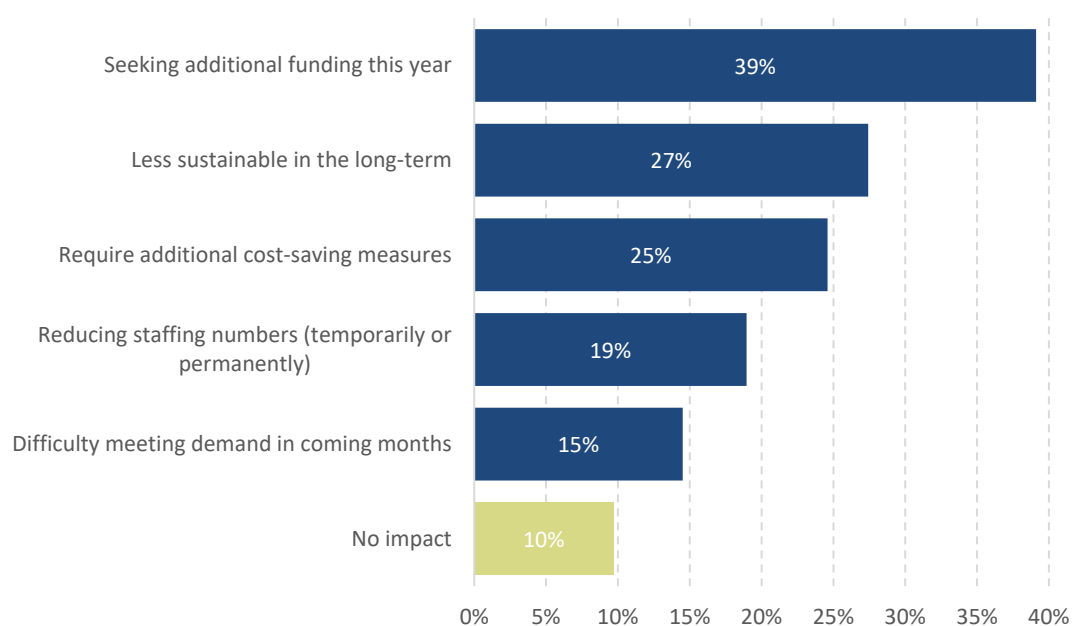


Note: Residual is “don’t know” and charities which did not receive income from these sources in 2019 and 2020.
 Source: PBE 11-18 January 2021. n = 248

We asked charities who had raised less income over winter 2020 what impact they expected this to have on their organisation. Figure 6 presents the results. It shows that almost two fifths (39 per cent) said that they would be seeking additional funding, while a quarter (25%) said they would need additional cost saving measures. There are also implications for service delivery, both in the immediate and the longer terms: just under a fifth (19 per cent) said they would reduce staffing temporarily (for instance, through the furlough scheme) or permanently, and over a quarter (27 per cent) reported that they would be less sustainable over the long term.

Only one tenth (10 per cent) said they did not expect there to be an impact from the income hit.

Figure 6. Over a quarter of charities who saw their winter income decline expect to be less sustainable in the long-term as a result
If you raised less income in November and December 2020 compared to last year, what impact do you expect this to have on your organisation?



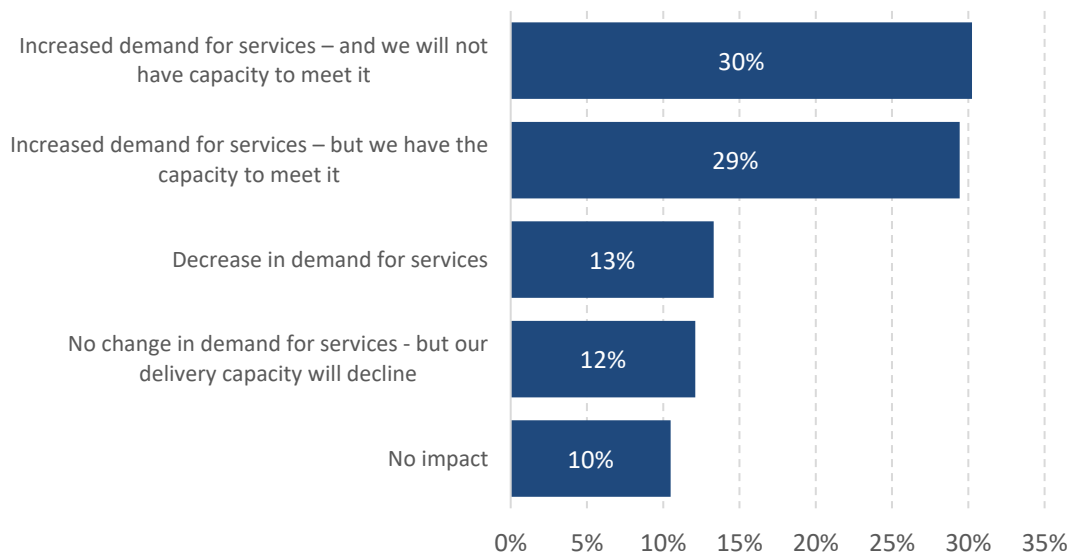
Notes: responses of charities who reported income losses in November and December 2020, compared to the same period in 2019

Source: PBE survey, 11-18 January 2021. n = 248

While 15 per cent of charities whose winter income declined expect this to impact their delivery capacity in the coming months, the cumulative impacts of 2020 driving up demand for charities' services and hollowing out delivery capacity, point to serious delivery challenges in the year ahead. Four in ten charities (42 per cent) do not expect to be able to meet demand for their services in the first quarter of 2021 (Figure 8).

Figure 7. Four in ten charities don't expect to be able to meet demand in the first quarter of 2021

What do you expect to happen to demand for your services over the first quarter of 2021, compared to the last quarter of 2020?



Note: Excludes "don't know"

Source: PBE survey, 11-18 January 2021. n = 248

As Figure 7 highlights, while many charities expect demand to increase in the coming months, only a small proportion expect their delivery capacity to decline - suggesting that any impact from loss of income over winter may take some more time to feed through into challenges for their service delivery.

But income losses experienced over the winter add pressure to organisations that were likely to have been hit hard by financial challenges throughout 2020, and that were already struggling with increasing demand and reduced capacity. While our survey shows a mixed picture of how charities have been impacted, it is clear that many are starting 2021 from a difficult position.

Key Findings

42%

of charities surveyed are experiencing demand to outweigh their capacity to service it this quarter

4 in 10

charities saw their income fall by more than 10% over Winter

1 in 5

of the charities that experienced income drops over Winter anticipate having to reduce staffing numbers further

We estimate that the income drop over November and December is likely to be at least

£200m

22%

experienced a drop in retail sales from shops or online stores

Appendix

Methodology note

The Covid Charity Tracker Survey, run by PBE in partnership with Charity Finance Group and Institute of Fundraising, was live between 11-18 January 2021 and received 248 responses. Charities from across the United Kingdom were represented. The results have not been weighted in any way, except the estimate of the sector's income drop which is weighted using NCVO Almanac data.

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.

Full results

Table 1. "What was your total income in 2020 compared with 2019?"

	Total	Smaller (<£500k)	Larger (£500k+)
Over 50% less	6%	12%	3%
26-50% less	17%	19%	17%
1-25% less	24%	14%	29%
Total proportion seeing decrease	48%	45%	49%
About the same	16%	15%	17%
1-25% more	17%	23%	14%
26-50% more	3%	4%	3%
Over 50% more	2%	2%	3%
Total proportion seeing increase	23%	30%	19%
Don't know	13%	10%	15%

Note: Figures may not sum due to rounding

Source: PBE survey, 11-18 January 2021. n = 248 of which 156 larger charities (pre-Covid annual income of £500k+) and 91 smaller (pre-Covid annual income of <£500k)

Table 2. "In a typical year, what percentage of your total annual income comes through in November and December?"

	Total	Smaller (<£500k)	Larger (£500k+)
None	1%	2%	1%
1-15%	40%	30%	46%
16-25%	8%	8%	9%
26-35%	6%	8%	6%
36-50%	3%	5%	2%
51-75%	2%	1%	1%
Over 75%	9%	9%	9%
Don't know	30%	37%	26%

Note: Figures may not sum due to rounding

Source: PBE survey, 11-18 January 2021. n = 248 of which 156 larger charities (pre-Covid annual income of £500k+) and 91 smaller (pre-Covid annual income of <£500k)

Table 3. "How much total income did you raise in November and December 2020, compared to the same period last year? (this includes all income streams)"

	Total	Smaller (<£500k)	Larger (£500k+)
Over 50% less	12%	20%	6%
26-50% less	12%	10%	13%
1-25% less	22%	18%	25%
Total proportion seeing decrease	46%	47%	45%
About the same	15%	16%	15%
1-25% more	14%	16%	13%
26-50% more	3%	2%	4%
Over 50% more	8%	10%	8%
Total proportion seeing increase	26%	29%	24%
Don't know	13%	8%	16%

Note: Figures may not sum due to rounding

Source: PBE survey, 11-18 January 2021. n = 248 of which 156 larger charities (pre-Covid annual income of £500k+) and 91 smaller (pre-Covid annual income of <£500k)

Table 4. "If you raised less income in November and December 2020 compared to last year, what impact do you expect this to have on your organisation?"

	Total	Smaller (<£500k)	Larger (£500k+)
No impact	10%	13%	8%
Difficulty meeting demand in coming months	15%	19%	12%
Reducing staffing numbers (temporarily or permanently)	19%	10%	24%
Require additional cost-saving measures	25%	15%	29%
Less sustainable in the long-term	27%	22%	30%
We did not raise less income this year compared to last year	37%	37%	37%
Seeking additional funding this year	39%	37%	40%

Note: Figures may not sum due to rounding

Source: PBE survey, 11-18 January 2021. n = 248 of which 156 larger charities (pre-Covid annual income of £500k+) and 91 smaller (pre-Covid annual income of <£500k)

Table 5. "How much did you raise in November and December 2020 in the following activities compared to last year?"

	Retail (including charity shops and online retail)	Christmas/Winter fundraising events	Christmas/Winter fundraising appeals
Over 50% less	15%	17%	8%
26-50% less	6%	5%	2%
1-25% less	5%	5%	6%
Total proportion seeing decrease	26%	28%	16%
About the same	4%	5%	9%
1-25% more	2%	3%	12%
26-50% more	1%	2%	5%
Over 50% more	1%	0%	4%
Total proportion seeing increase	4%	5%	21%
Don't know	4%	2%	3%

Note: Figures may not sum due to rounding

Source: PBE survey, 11-18 January 2021. n = 248 of which 156 larger charities (pre-Covid annual income of £500k+) and 91 smaller (pre-Covid annual income of <£500k)

Table 6. “What do you expect to happen to demand for your services over the first quarter of 2021, compared to the last quarter of 2020?”

	Total	Smaller (<£500k)	Larger (£500k+)
Increased demand for services – but we have the capacity to meet it	29%	24%	33%
Increased demand for services – and we will not have capacity to meet it	30%	37%	26%
No change in demand for services - but our delivery capacity will decline	12%	11%	13%
Decrease in demand for services	13%	12%	14%
No impact	10%	12%	10%
Don't know	4%	3%	5%

Note: Figures may not sum due to rounding.

Source: PBE survey, 11-18 January 2021. n = 248 of which 156 larger charities (pre-Covid annual income of £500k+) and 91 smaller (pre-Covid annual income of <£500k)



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