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How charities can survive the cost-of-living crisis and emerge stronger and more resilient?

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CAF Research: UK Giving and Charity Resilience Index



57% of charities have reported that demand has increased compared to last year
24% of charities say that demand for their services has increased "a lot"



Concerns around funding continue - 31% of charities are very confident in their funding
Concern about survival is dropping but still more than 50% of charities are worried



Regional disparity in impact of cost-of-living > North/South divide

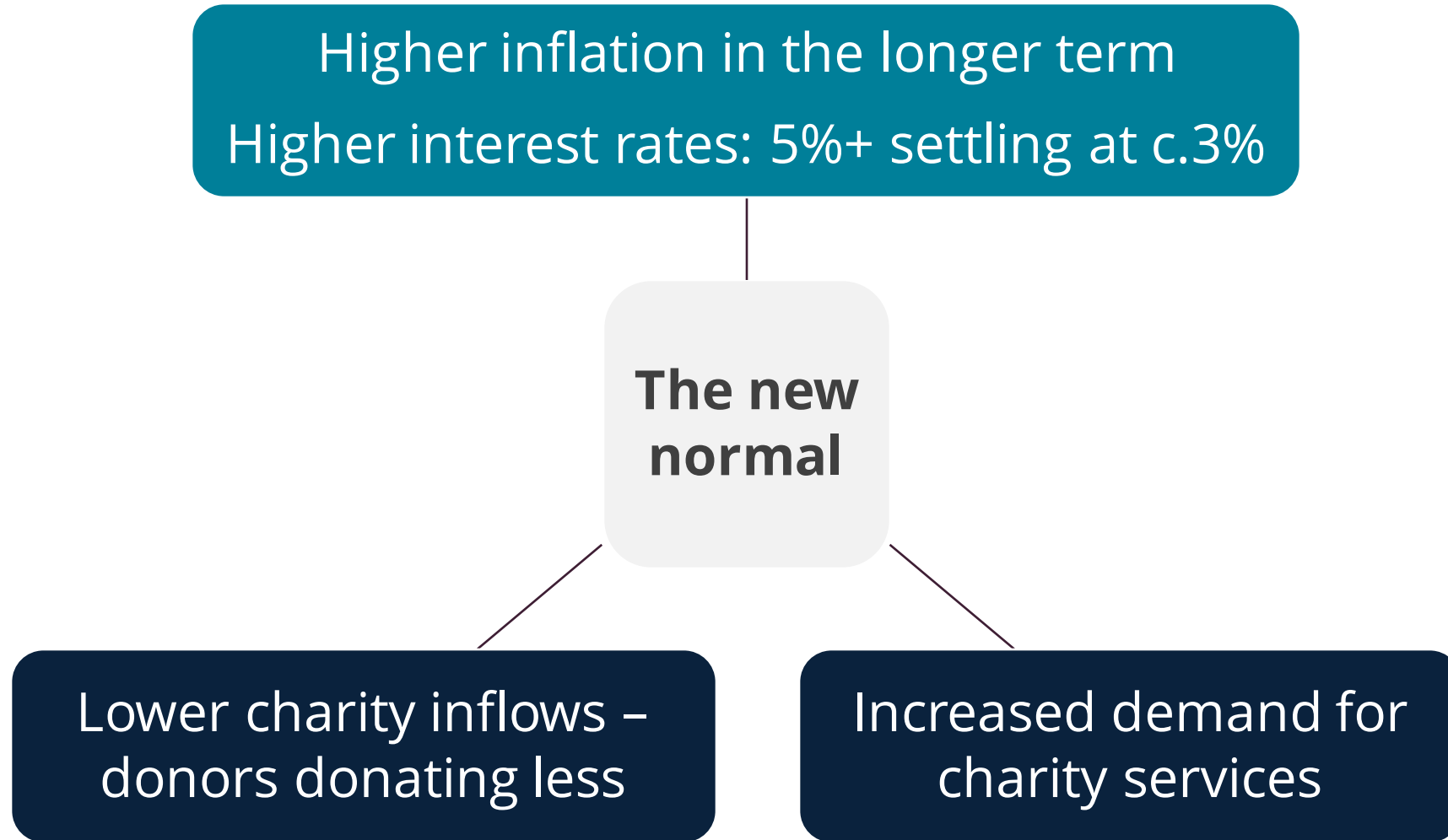


Total amount given in the UK to charity in 2022: £12.7bn (2021: £10.7bn)
People are donating more rather than more people donating
Need to consider the impact of inflation



Participation in charitable activities has not recovered to pre-pandemic levels
The cost of living crisis is having an impact on charitable giving:
- 17% likely to cut charitable donations to help manage bills
- 24% changing their charitable behaviours

This is no longer a “crisis”



Financial Resilience: Hints & Tips

Income

- ❖ **Know your numbers** – income, investments and cashflow, return on savings, assess underlying assumptions and monitor regularly.
- ❖ **Diversify income streams** – charging for services; diversify donor base
- ❖ **Diversify routes to new & existing donors** – digital fundraising; crowdfunding
- ❖ **Re-negotiate** income from contracted services
- ❖ **Consider collaborations** and best practice from other charities “like you”
- ❖ **Gift Aid**; Payroll giving; GAYE
 - A quarter of eligible donors say they do not use Gift Aid when they give to charity
 - Gift Aid is worth £1.3 billion to the charity sector, but every year more than £500 million goes unclaimed
- ❖ Focus on achieving **unrestricted donations**
- ❖ **Borrowing and blended finance** vs using own reserves

Costs

- ❖ **Line-by-line review of cost** base seeking efficiencies
- ❖ **Re-negotiate** contracts and tariffs where possible
- ❖ **Stress test** forecasted costs - find the breaking points and re-assess underlying assumptions
- ❖ **Consider collaborations** with others; sharing service provision; economies of scale where possible
- ❖ **Horizon scan** for threats and opportunities
- ❖ **Focus on investing in key staff** and critical roles
- ❖ **Management and Trustees** that understand the organisation's finances