

September 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

As a result of Covid:

- 94%** of charities are worried about the impact of the recession on their finances
- 55%** may not be able meet demand for their services over winter
- 52%** have seen public donations fall as a result of Covid
- 47%** have revised down their financial forecasts since July
- 43%** are cutting jobs, with the biggest cuts falling in service delivery roles

Results

Charities remain under significant pressure from the financial impact of the recession and the delivery challenges created by Covid

The September Covid Charity Tracker Survey run from 15-20 September, as Covid cases had begun to rise rapidly and new restrictions and social distancing requirements were expected. The number of employees on payroll across the economy had fallen by just under 700,000 since March¹ and the Chancellor had not yet announced the government's intentions to extend employment support beyond October. While GDP grew for the third consecutive month since the last lockdown had been eased, output remained significantly below February 2020 levels.

This context continued to create significant pressure for charities - with the recession taking its toll on finances and the prospect of further lockdowns bringing fresh challenges in service delivery.

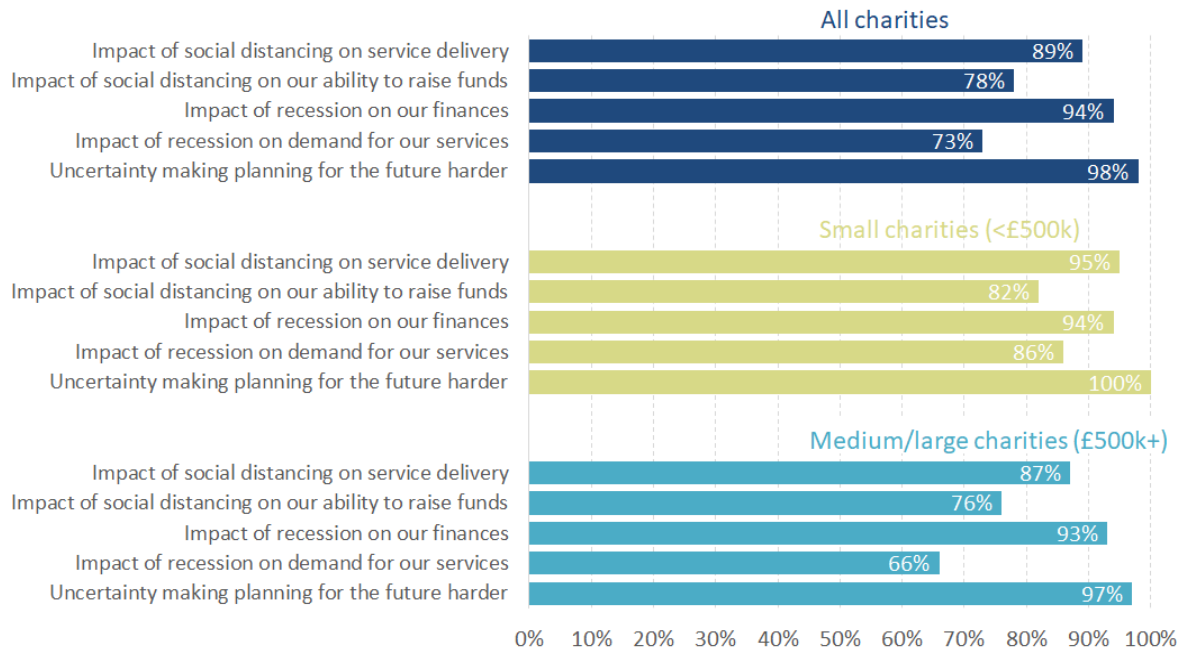
As in previous months, charities are overwhelmingly negative about their ability to deliver on their objectives

Consistent with previous months, charities overwhelmingly expected Covid to have a negative impact on their ability to deliver on their objectives over the next six months – nine in ten expect a negative impact.

While uncertainty about the future is the most universal concern, as Chart 1 shows, almost all charities are also concerned about the impact of the recession on their finances, and with more lockdown restrictions looming, nine in ten are concerned about the impact of social distancing on service delivery.

¹Earnings and employment from Pay As You Earn Real Time Information, UK: September 2020, ONS <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/earningsandemploymentfrompayasyouearnrealtimeinformationuk/september2020>

Chart 1. How concerned are you about these issues affecting your ability to deliver against your objectives? (15-20 September 2020, chart shows organisations that are ‘somewhat’ or ‘very’ concerned)



Note: n = 224, of which 71 are small charities and 153 are medium/large charities.

Source: Covid Charity Tracker Survey, 15-20 September 2020

“The government funds have given us time to assess the future, but the uncertainty makes it very difficult to plan forward... which will result in jobs being lost and us not being able to provide the services that we would wish to.”

- Survey respondent

And the economic outlook for many is getting worse, rather than better

Charities have almost all taken a financial hit: just 6 per cent said that they were not facing any financial challenges due to Covid and in June, PBE estimated the sector was facing a £10.1bn funding gap.

While some commentators hoped to see a “v-shaped” recovery once the wider economy started to re-open, since July almost half (47 per cent) of charities responding to our survey have further revised down their financial forecasts. The situation was most stark for smaller charities, with 58 per cent reporting downwards revisions compared to 42 per cent of larger organisations. Around a fifth reported that their forecasted income had improved since July, and just under a third reported that it had stayed the same.

As set out in Table 6 in the appendix, sources of income that have been most affected are public donations, fundraising and earned income (other than commissioned services), where more than half of respondents have seen these sources of income fall due to Covid, and around a third of organisations have seen these income sources fall by more than 25 per cent.

“The main problem for us is major donors delaying decisions to commit because of Covid 19 related uncertainty.”

- Survey respondent

Grants from trusts and foundation have broadly held up, with about a third of organisations seeing a fall and another third seeing an increase. Around half of organisations have seen no change in income from corporate giving, government grants, commissioned services or investment income – though of these, government grants is the only income source where more organisations have seen income increase than decrease.

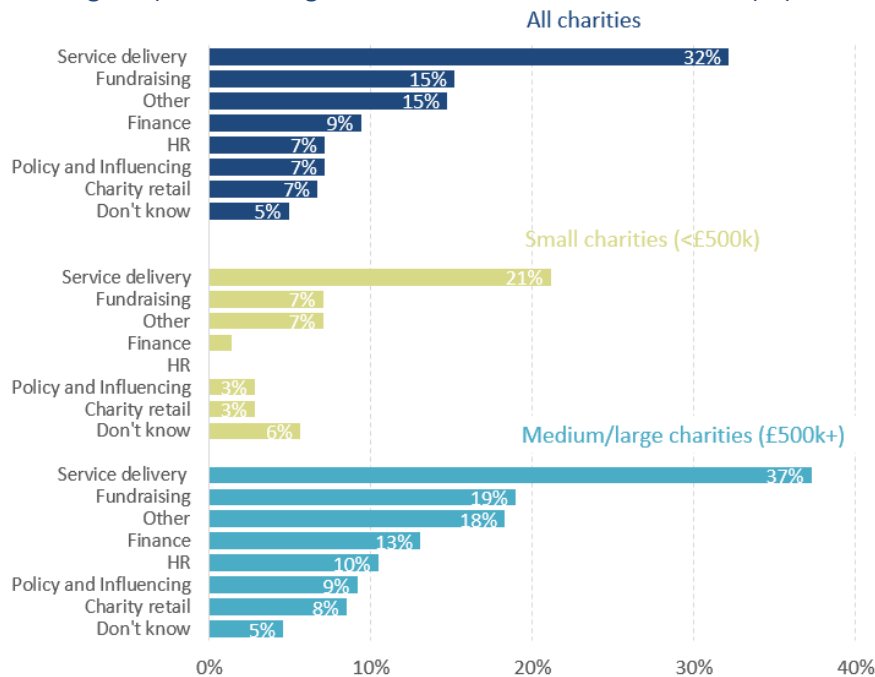
The picture is slightly different for smaller and medium/large charities – in particular, smaller organisations were more likely to see public donations fall by more than 25 per cent (half of small charities reported this, compared to a quarter of larger organisations).

Income hits are translating into job losses

PBE has previously estimated that 60,000 jobs could be lost in the sector due to Covid. In this months’ survey, over a quarter of organisations told us they had made staff redundant, and a fifth reported that they expected to have to make redundancies when the Job Retention Scheme ends on the 31 October. Job losses appear to be more likely in larger organisations – a quarter expect to make further redundancies, compared to one in twenty small charities. Considering both redundancies and unfilled vacancies, 43 per cent of organisations told us they are cutting jobs.

This has serious implication both for short term service delivery capacity, with a third of organisations cutting service delivery roles, and for long term organisational sustainability, with one-in-six organisations telling us are cutting fundraising roles, as Chart 2 shows.

Chart 2. In organisation that reported jobs cuts, from which functions in your organisation have or are jobs being cut (either through redundancies or unfilled vacancies)? (15-20 September 2020)



Note: n = 224, of which 71 are small charities and 153 are medium/large charities. Source: Covid Charity Tracker Survey, 15-20 September 2020. 52% of all charities (63% of small charities and 46% of medium/large charities) reported that jobs are not being cut in their organisation.

And with weaker finances and fewer staff, many charities will face real difficulties meeting demand for their services over winter

During the previous period of lockdown, charities stepped in to provide vital services – from food parcel deliveries to mental health support. Since then, many organisations have faced declines in income and staff losses.

“There will be marked increase in demand from those just about managing but who will need on-going support, but there is no recognition of the cost of providing this support.”

- Survey respondent

Asked what they anticipated would happen to demand for their services over the next three months if there was a further increase in cases and localised lockdowns, 55 per cent believe they would be unable to meet demand, either because of an increase in demand that they could not meet (29 per cent), or because of a fall in their own delivery capacity (26 per cent). Just over a fifth said that they would be able to meet any increase in demand for services, while 14 per cent said that they expected a decrease in demand.

Small charities were more likely to expect an increase in demand without the capacity to meet it (37 per cent compared to 25 per cent for larger organisations).

While more charities have accessed the government’s emergency support for frontline charities, few expect to take part in the Kickstart Scheme

Seven-in-ten organisations have applied for financial support from the government, including furloughing staff. As Chart 3 shows, compared to last month more organisations told us they have both applied for, and secured, access to the government’s emergency funding for frontline charities. 36 per cent had applied and received the money this month, compared to 20 per cent in August, though four-in-ten had not applied and, as in August, one-in-ten had made an unsuccessful application.

Chart 3. For those organisations that have applied, gave you been able to access the Government’s Covid-19 emergency funding for frontline charities? (August to September 2020)



Note: August n = 455, September n = 224. Residual is “have not applied” (56% in August, 40% in September) or “don’t know” (not an available option in August, 4% in September).

Source: Covid Charity Tracker Survey, 15-20 September 2020

The government has recently implemented the Kickstart Scheme, which provides funding for employers to create six-month job placements for young people who are at risk of long-term unemployment. Organisations must provide at least 30 placements to benefit and can partner with other organisations to do so.

Our survey found that only one in ten charities expect to be able to make use of the scheme. A fifth said that they could provide fewer than 30 placements but did not have a partner to help them reach the necessary 30. And a third said that they didn’t have the resource to provide placements, potentially losing them valuable additional support.

Appendix

Methodology note

The Covid Charity Tracker Survey, run by PBE in partnership with Charity Finance Group and Institute of Fundraising, was live between 15-20 September and received 224 responses. The results have not been weighted in any way.

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

Percentages may not sum to 100% due to rounding.

Ability to deliver against objectives

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

	Total	Small	Medium/large
Large negative	40%	54%	34%
Small negative	46%	38%	50%
No impact	4%	3%	4%
Small positive	8%	6%	10%
Large positive	1%	0%	2%

Notes: n = 224 of which 71 are small and 153 medium/large. Source: Covid Charity Tracker Survey, 15-20 September 2020

Table2: How concerned are you about these issues affecting your ability to deliver against your objectives? [All organisations]

	Very concerned	Somewhat concerned	Not concerned	Don't know
Impact of social distancing on service delivery	43%	46%	11%	0%
Impact of social distancing on our ability to raise funds	45%	33%	21%	1%
Impact of recession on our finances	57%	37%	6%	0%
Impact of recession on demand for our services	38%	35%	25%	2%
Uncertainty making planning for the future harder	56%	42%	2%	0%

Notes: n = 224 Source: Covid Charity Tracker Survey, 15-20 September 2020

Table 2a: Small organisations only: How concerned are you about these issues affecting your ability to deliver against your objectives?

	Very concerned	Somewhat concerned	Not concerned	Don't know
Impact of social distancing on service delivery	51%	44%	6%	0%
Impact of social distancing on our ability to raise funds	52%	30%	17%	1%
Impact of recession on our finances	62%	32%	6%	0%
Impact of recession on demand for our services	51%	35%	14%	0%
Uncertainty making planning for the future harder	62%	38%	0%	0%

Note: n = 71 Source: Covid Charity Tracker Survey, 15-20 September 2020

Table 2b: Medium/large organisations: How concerned are you about these issues affecting your ability to deliver against your objectives?

	Very concerned	Somewhat concerned	Not concerned	Don't know
Impact of social distancing on service delivery	39%	48%	13%	0%
Impact of social distancing on our ability to raise funds	42%	34%	24%	1%
Impact of recession on our finances	54%	39%	6%	1%
Impact of recession on demand for our services	31%	35%	31%	3%
Uncertainty making planning for the future harder	54%	43%	3%	0%

Note: n = 153 Source: Covid Charity Tracker Survey, 15-20 September 2020

Table 3: 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%

Note: n = 224 of which 71 are small and 153 medium/large. Source: Covid Charity Tracker Survey, 15-20 September 2020

Finance

Table 4: How many months' reserves do you currently hold?

	Total	Small	Medium/large
No cash reserves	1%	1%	1%
Less than 1 month	5%	6%	5%
1-3 months	30%	31%	30%
4-6 months	29%	35%	27%
7-12 months	20%	13%	24%
More than 12 months	12%	14%	11%
Don't know	2%	0%	3%

Note: n = 224 of which 71 are small and 153 medium/large. Source: Covid Charity Tracker Survey, 15-20 September 2020

Table 5: 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%

Note: n = 224 of which 71 are small and 153 medium/large. Source: Covid Charity Tracker Survey, 15-20 September 2020

Table 6: 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%

Note: n = 224. Source: Covid Charity Tracker Survey, 15-20 September 2020

Table 6a. Small organisations: How have each of these sources of income been impacted by Covid-19?

	Decrease over 25%	Decrease up to 25%	No change	Increase up to 25%	Increase over 25%	Don't know
Public donations	48%	10%	32%	8%	0%	1%
Income from fundraising other than donations	42%	15%	30%	3%	0%	10%
Grants from trusts and foundations	15%	23%	30%	25%	4%	3%
Government grants	6%	10%	56%	17%	6%	6%
Corporate giving	20%	17%	51%	3%	0%	10%
Income from commissioned services	15%	8%	59%	1%	1%	14%
Other earned income	32%	23%	37%	3%	0%	6%
Investment income	6%	18%	56%	0%	0%	20%
Other sources of income	10%	23%	48%	1%	0%	18%

Note: n = 71. Source: Covid Charity Tracker Survey, 15-20 September 2020

Table 6b. Medium/large organisations: How have each of these sources of income been impacted by Covid-19?

	Decrease over 25%	Decrease up to 25%	No change	Increase up to 25%	Increase over 25%	Don't know
Public donations	25%	25%	27%	15%	3%	5%
Income from fundraising other than donations	32%	22%	34%	3%	0%	9%
Grants from trusts and foundations	10%	16%	30%	28%	11%	5%
Government grants	3%	7%	48%	20%	16%	7%
Corporate giving	14%	20%	53%	6%	2%	6%
Income from commissioned services	10%	14%	56%	8%	1%	10%
Other earned income	28%	33%	27%	3%	0%	9%
Investment income	7%	31%	47%	3%	1%	12%
Other sources of income	10%	20%	45%	3%	1%	21%

Note: n = 153. Source: Covid Charity Tracker Survey, 15-20 September 2020

Table 7. What actions have you taken in response to any financial challenges that Covid-19 have presented to your organisation? (Tick all that apply)

	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%

Note: 224 of which 71 are small and 153 medium/large. Source: Covid Charity Tracker Survey, 15-20 September 2020

Jobs

Table 8: 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%

Note: 224 of which 71 are small and 153 medium/large. Source: Covid Charity Tracker Survey, 15-20 September 2020

Table 9: Approximately what proportion of your organisation has been made redundant so far?

	Total	Small	Medium/large
Up to 10%	17%	6%	23%
11 – 25%	8%	10%	7%
26 – 50%	2%	3%	1%
51 – 75%	0%	0%	0%
Over 75%	0%	0%	0%
Don't know	0%	0%	1%

Note: n = 224 of which 71 are small and 153 medium/large. Source: Covid Charity Tracker Survey, 15-20 September 2020

Table 10. 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%

Note: n = 224 of which 71 are small and 153 medium/large. Source: Covid Charity Tracker Survey, 15-20 September 2020

Table 11. 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	Small	Medium/large
Up to 10%	11%	4%	14%
11 – 25%	7%	1%	9%
26 – 50%	4%	3%	4%
51 – 75%	0%	0%	0%
Over 75%	0%	0%	0%
Don't know	15%	14%	15%

Note: n = 224 of which 71 are small and 153 medium/large. Source: Covid Charity Tracker Survey, 15-20 September 2020

Table 12. From which functions in your organisation have or are jobs being cut (either through redundancies or unfilled vacancies)? (Tick all that apply)

	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%

Note: n = 224 of which 71 are small and 153 medium/large. Source: Covid Charity Tracker Survey, 15-20 September 2020

Table 13. Of these, which function is seeing the highest proportion of cuts in your organisation? (Question only answered by those reporting that jobs are being cut, as set out in table 12).

	Total	Small	Medium/large
Fundraising	19%	9%	21%
Finance	1%	0%	1%
HR	1%	0%	1%
Service delivery (eg Events, Training, Helpline, Front line)	59%	68%	56%
Policy and Influencing	6%	9%	5%
Charity retail	7%	9%	7%
Other	11%	14%	11%
Don't know	4%	0%	5%

Note: n = 97. Note that the statistics split by organisation size have small sample sizes and should be treated with caution. Source: Covid Charity Tracker Survey, 15-20 September 2020

Government support

Table 14. Have you been able to access the Government’s Covid-19 emergency funding for frontline charities? (including funding from Scottish, Northern Ireland or Welsh governments)

	Total	Small	Medium/large
Have not applied	40%	35%	42%
Yes – applied successfully and money has been received	36%	38%	35%
No – applied successfully but money has not yet been received	2%	3%	1%
No – have applied but have not yet had a response	5%	6%	5%
No—unsuccessful application	13%	17%	11%
Don’t know	4%	1%	5%

Note: n = 224 of which 71 are small and 153 medium/large. Source: Covid Charity Tracker Survey, 15-20 September 2020

Table 15. Do you intend to provide work placements to young people through the Kickstart scheme?

	Total	Small	Medium/large
Yes – we can provide 30 placements or more	4%	1%	5%
Yes – we have a partner organisation helping us provide fewer than 30 placements	8%	6%	9%
No – we could provide fewer than 30 placements but we do not have a partner organisation to help	18%	13%	20%
No – we do not have enough resource within our organisation to provide any placements	33%	45%	28%
No – there is not enough information	8%	10%	8%
Don’t know	13%	7%	15%
No - we do not want to use the Kickstart scheme	16%	18%	14%

Note: n = 224 of which 71 are small and 153 medium/large. Source: Covid Charity Tracker Survey, 15-20 September 2020

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