




PBE Covid Charity Tracker

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

November 2020





Pro Bono Economics is a research charity that helps charities and social enterprises understand and improve the impact and value of the 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.

Summary

As 2020 draws to a close, there has been much talk about the economic scars the UK – and indeed the world – will bear as a result of this year. After the 2008 financial crisis, it took years for real incomes and living standards to return to pre-crisis levels. The Covid pandemic has created the worst recession on record. The number of employees on payroll has already fallen by 782,000 and the Bank of England forecasts the peak in unemployment is unlikely to be reached until the spring or early summer of 2021.¹ Turnover is down year on year for 49% of businesses in the country.² There is a long road of recovery ahead for the economy.

But there are also increasing concerns about the social scars the UK is accumulating, from mental health and isolation to domestic abuse and fraud. Charitable and voluntary organisations are a key component of the balm the country requires to soothe that social scarring over the months and years ahead. Yet these organisations are under substantial pressure, and this month's Covid Charity Tracker reveals they anticipate that pressure will last well into the next year.

Charities are experiencing rising demand, with 63% reporting they currently face higher levels of demand compared to last year – and 15% facing more than 25% higher demand. We have identified five separate – though deeply interconnected – fronts through which this demand is likely being driven:

- **Pre-pandemic problems:** the ongoing sources of rising demand charities were experiencing prior to Covid
- **Direct covid consequences:** the immediate increase in and intensification of demand resulting from the pandemic
- **Build-ups and backlogs:** the pent-up demand that has not been serviced as a result of social distancing requirements, some of which has intensified need as a result of delay
- **Crisis spillover effects:** the ongoing increases in demand that result from the worsening economic situation
- **Shrinking supply:** the transfer of demand as a result of other service closures or cuts.

While a vaccine has been a cause for much optimism, and we may see the additional demand from the direct impacts of lockdown and

¹ Bank of England Monetary Policy Committee, Monetary Policy Report, August 2020

² ONS, Coronavirus and the latest indicators for the UK economy and society: 12 November

social distancing diminish over the second half of 2021, few other demand fronts appear likely to decrease rapidly over the next year. The expectation in the charity sector is that demand will remain high: three quarters (75%) of charities expect to manage higher levels of demand over the coming year.

Meanwhile, resources in the sector are tight, which poses a difficulty for charities managing backlogs, spillover and the ongoing consequences of the pandemic. Throughout 2020, charities have reported decreases in their income from public donations, fundraising and earned income.³ Looking ahead, 83% of charities now forecast a decline in their income over the next 12 months relative to their pre-crisis expectations, and most charities (69%) think it will take more than a year to return to pre-crisis income levels.

This combination of multiple fronts of demand and declining incomes raises concerns about the capacity of the charity sector to help everyone who needs it over the next 12 months. Even more concerning is the prospect that, as it struggles with current demand, individuals see their circumstances worsen without intervention.

As the government considers how to soothe the social scars Covid has created, charitable organisations can be a core ingredient of the balm the country needs. But without additional resource to meet its multiple fronts of demand, the charity sector will not be able to fulfil its full potential to help everyone it can.

³ PBE, Covid Charity Tracker September 2020



Key Findings

63%

of charities surveyed
are experiencing higher
demand for their help
right now compared to
last year

75%

expect demand to
continue
increasing over the
year ahead

39%

say that demand was
driven both by more
people needing help
and existing clients
needing more help

83%

are forecasting a lower
income over the next year
compared to their pre-
crisis expectations

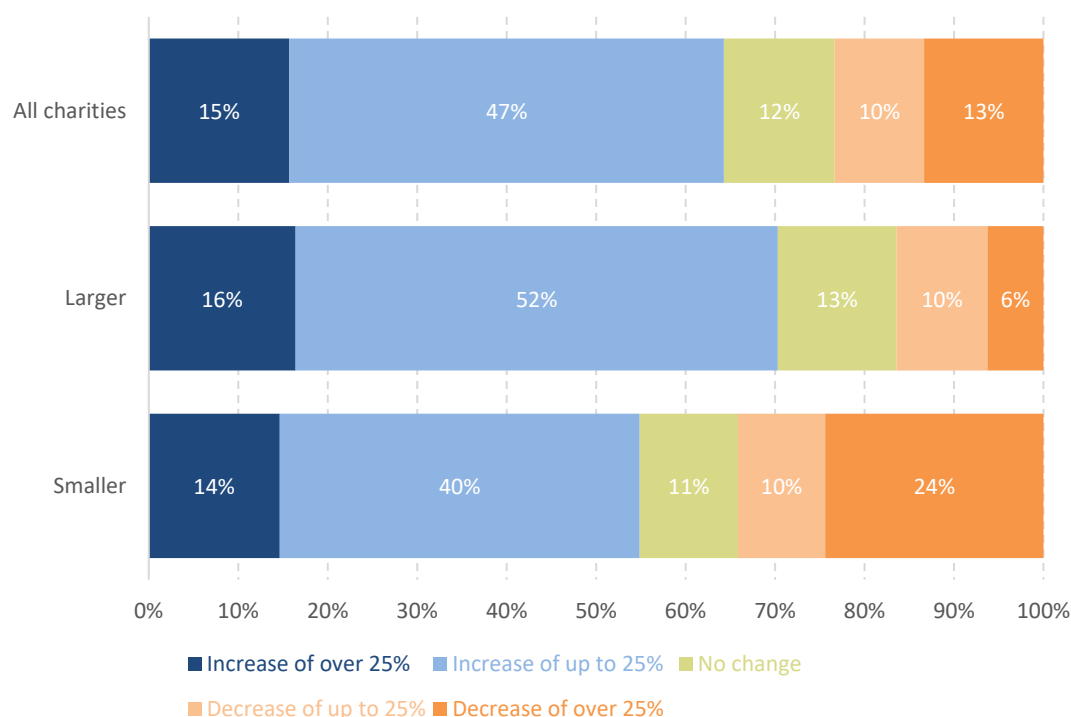
69%

think it will take
more than a year to
return to pre-crisis
income levels

Charities are facing increased demand for their services, and expect that demand to continue into 2021

In this month's Covid Charity Tracker, almost two thirds (63%) of charities report currently experiencing higher levels of demand compared to this time last year and one-in-seven say they are experiencing an increase of more than 25%. Just under a quarter (23%) are experiencing less demand than this time last year.

Figure 1. What level of demand for your services are you currently experiencing, compared to this time last year?



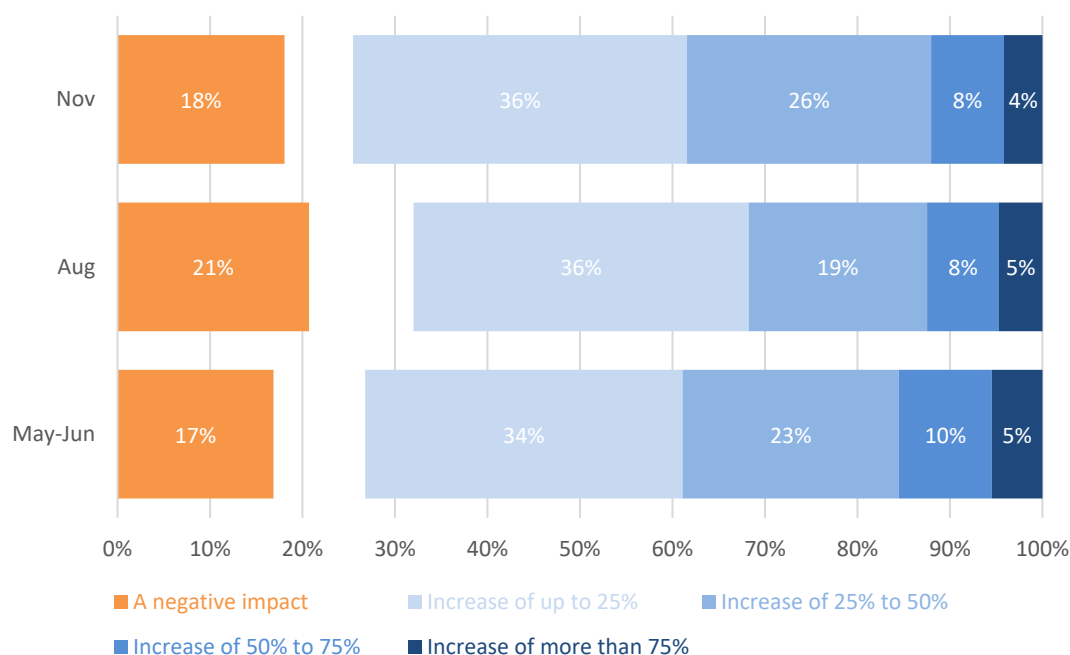
Note: PBE Covid Charity Tracker, 9-15 November. n = 216 of which 83 are smaller, 132 are larger and 1 unknown size. Residual is "don't know".

This increased demand for services is expected to continue over the medium-term. 75% of respondents expect an increase over the next twelve months, and 38% expect that to be an increase of over 25% of their usual levels of demand. 18% believe demand will be lower next year than pre-crisis expectations (see Figure 2).

Expectations about future need are remarkably consistent over time. This month, most charities are predicting higher levels of future demand (over the next 12 months) similar to their predictions in May and June (for the next 6 months). The picture was slightly improved in August – potentially due to many social distancing restrictions being lifted at the time – but

increased expectations of a vaccine have not, as yet, produced a similar bump in optimism.

Figure 2. Roughly what impact do you expect Covid-19 to have on demand for your organisation's services relative to your pre-crisis expectations?
6 month forward look May-June and August, 12 month forward look November



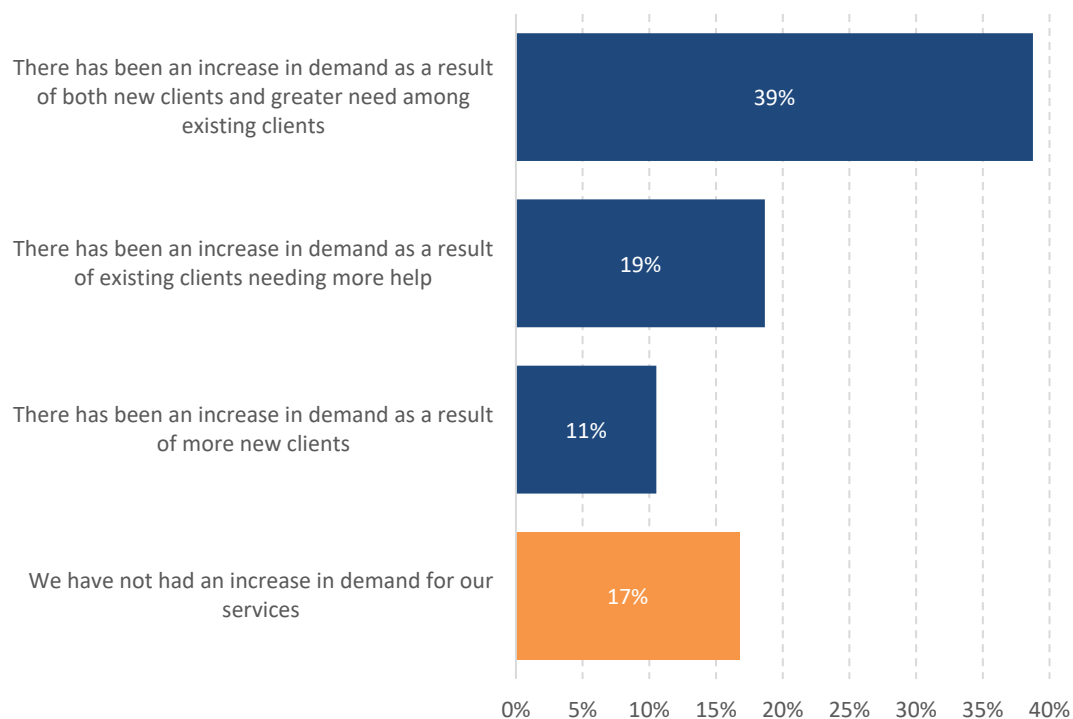
Note: PBE Covid Charity Tracker, 9-15 November (n = 216), 03-07 August (n = 425), and average of surveys in May/June (cumulative responses 676). May/June and August questions relate to "next six months", November relates to "next twelve months". Residual is no impact.

The demand for charities' services appears to be forming on multiple fronts

Given the ongoing economic challenges and rising levels of unemployment triggered by Covid, it is important to understand where the demand stems from. One of the ways of identifying this is to understand the individuals that are requesting charitable services: is demand originating from a widening pool of clients in need, or driven by existing clients needing more support than previously?

39% of charities report that increased demand had been driven by both. One-in-five say it is due to existing clients needing more help, and one-in-ten say it is due to new clients. This implies both that the pandemic and economic crisis has led both to more people needing support, as well as need being greater where it exists. This could suggest that economic and social problems are becoming deeper and more widespread.

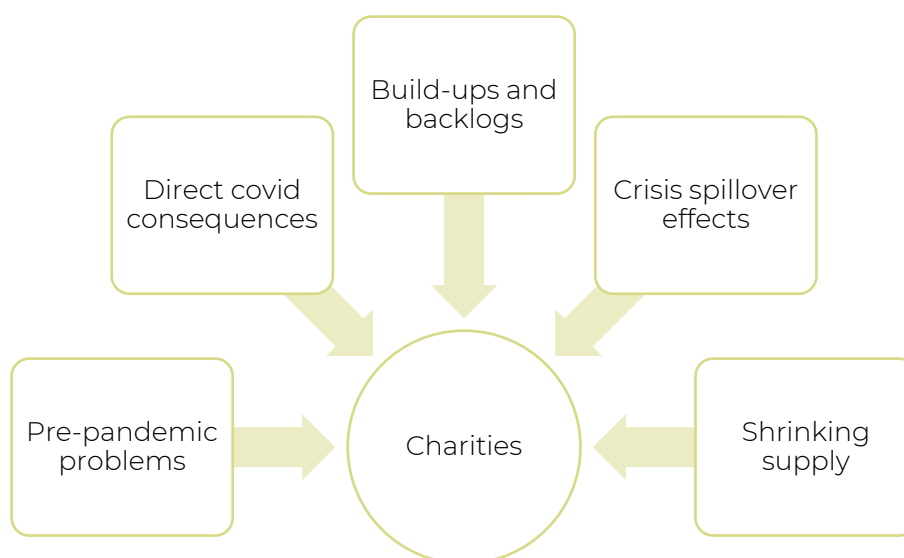
Figure 3. In the last six months, has any increase in demand for your services as a result of the Covid crisis been from existing clients needing more help, or an expanding group of clients needing help?



Note: PBE Covid Charity Tracker, 9-15 November. Excludes charities that do not deliver frontline services to people in the UK.

Examining what charities have reported anecdotally, survey data and wider trends, five separate but deeply interconnected fronts of demand emerge.

Figure 4. The five fronts of demand on charity services



Pre-pandemic problems - *The ongoing sources of rising demand charities were experiencing prior to Covid*

Even before the pandemic, four in five charity leaders stated that demand for their organisation's services increased in 2019.⁴ A prime example of this is homelessness in England. There has been a rapid growth in rough sleeping over the last decade, as well as other forms of homelessness such as those living in temporary accommodation. "Core homelessness" (the most extreme homeless situations) rose from 120,000 people on a typical night in 2010 to 153,000 by 2017⁵, and many housing charities struggled to cope with the increases in need⁶.

While public funding for housing vulnerable people has increased, charities working with rough sleepers in England have warned that they still anticipate this pre-crisis trend will continue.⁷

Direct Covid consequences - *The immediate increase in and intensification of demand resulting from the pandemic*

Both the pandemic and the subsequent lockdowns had major impacts on our way of life, which have resulted in direct – and often immediate – increases in demand for charitable services. Many people experiencing loneliness have cited Covid as one of their main concerns for their wellbeing⁸ and more than half of adults reported a worsening of their mental health during the first lockdown.⁹ Domestic abuse charity Refuge also reported that calls to their helpline were up 80% in June, as lockdown trapped women at home with abusive partners, and common escape routes such as the school run were cut off.¹⁰

One commonly raised direct impact of the pandemic is a new form of demand: for the technology required to access services at all. The vulnerable and disadvantaged groups many charitable organisations serve have substantive overlaps with the 5.3 million people in the country who do not have regular access to the internet¹¹ – disabled adults, for example, were

⁴ CAF and ACEVO, [CAF Charity Landscape 2019](#), April 2019.

⁵ S Fitzpatrick, H Pawson, G Bramley, J Wood, B Watts, M Stephens & J Blenkinsopp (2019) [The homelessness monitor: England 2019](#).

⁶ L Tickle, "London youth homelessness charity struggles to cope with growing demand" in *The Guardian*, 30 September 2019.

⁷ GLA, Rough sleeping in London (CHAIN reports)

⁸ E Rees & R Large, [Coronavirus and loneliness, Great Britain: 3 April to 3 May 2020](#), Office for National Statistics, 8 June 2020.

⁹ Mind, [The mental health emergency: How has the coronavirus pandemic impacted our mental health?](#), June 2020.

¹⁰ J Kelly and S Graham, "Coronavirus: Domestic abuse helpline sees lockdown surge" in *BBC News*, 23 July.

¹¹ ONS, Exploring the Digital Divide

substantially less likely to be recent internet users in 2019 (78% vs 95% of not disabled adults).¹² 66% of charities were delivering work remotely by mid-July but this required investment to achieve.¹³

Build-ups and Backlogs - *the pent-up demand that has not been serviced as a result of various levels of social distancing requirements, some of which has increased demand as a result of delay*

Services being put on pause has created a backlog that needs to be handled in parallel with new need. Our previous Covid Charity Tracker found that 89% of charities were concerned about the impact of social distancing on their service delivery, and 27% of charities have cancelled services this year because either they or their users didn't have the necessary skills or technology.¹⁴

In many cases, these backlogs and gaps in service risk creating more severe problems further down the line. A key example stems from the millions of healthcare appointments that were postponed or cancelled during the peak of the crisis, including almost 26,000 patients who did not start their cancer treatment when it was identified as necessary.¹⁵ Many charities provide essential and supplementary health and support services for those suffering from medical conditions, including cancer. These delays in the detection and treatment of illnesses may lead to a higher need for their support.

But these backlogs are not limited to health. Charities involved in family mediation, domestic abuse and youth offending have all anecdotally warned of fewer opportunities for early intervention leading to greater demand for more substantial intervention further down the line.

Crisis spillover effects - *The ongoing and accelerating knock on demand that results from the worsening economic situation*

The Covid crisis sent the UK into the most sudden and severe recession ever recorded, and the economic impacts are likely to remain for some time. Lower income households were at drastically higher risk of seeing their sectors shut down¹⁶, while many of those on higher incomes were able to save money on travel expenses by working from home and entertainment. The impacts are already being felt in a direct and serious

¹² ONS, Internet users, UK: 2019

¹³ C Green, "Charity Digital Skills Report reveals the impact of COVID-19" in *Charity Digital*, 14 July 2020.

¹⁴ C Green, "Charity Digital Skills Report reveals the impact of COVID-19" in *Charity Digital*, 14 July 2020.

¹⁵ K Cooper, "Call to tackle backlog built up by COVID-19" in *BMA*, 12 July 2020.

¹⁶ The IFS Deaton Review, [Covid-19: the impacts of the pandemic on inequality](#), 5 June 2020

way: benefits claims spiked and tens of thousands of people have had to rely on food banks for the first time.¹⁷

Unemployment can have longer term impacts on peoples' life chances, especially for those who have recently left education and need to start building their career.

Financial vulnerability also has knock-on impacts on other social issues and potentially for the long term, for instance through making it harder for domestic abuse victims to escape from their abusers, or through aggravating mental and physical health problems.

Shrinking supply - *The transfer of demand as a result of other services closures*

Our Covid Charity Tracker Surveys have shown that many charities are in difficult financial situations owing to the crisis. The most recent figures from NCVO state that one-in-ten organisations expect they are likely to have stopped operating by this time next year.¹⁸ A number, like the Norman Laud Association which provides respite care for children and adults with special needs in Sutton Coldfield, have already reported that they will have to close imminently if they are unable to close the funding gaps caused by their inability to fundraise during the crisis.¹⁹ Others still have closed, such as Age UK in Suffolk.²⁰

In the event that charities do close, this either means that demand for their services – potentially from people in great need – will go un-serviced, while some will be transferred to other charities or services. These surviving charities then risk having to meet additional demand, potentially while facing similar financial difficulties to the previous provider.

¹⁷ M Bulman, "Tens of thousands forced to turn to food banks for first time as demand soars during pandemic, figures show" in *The Independent*, 15 September 2020.

¹⁸ NCVO, Respond, recover, reset: the voluntary sector and Covid-19

¹⁹ C Paxton, "Thousands back call to save lifeline Birmingham charity on brink of closure" in *BirminghamLive*, 18 November 2020.

²⁰ O Sullivan, "Age UK Suffolk to close – 143 to lose jobs", *East Anglian Daily Times*, 16 July 2020.

What charities are saying about demand

The Arch-Way Project, Halifax

"2021 is going to be challenging as we anticipate the return of existing service users with greater need than before lockdown and an influx of referrals for new service users who have suffered mentally throughout the epidemic."

Helpline, Northumberland

"The shape of the demand has shifted. Demand is coming from increased levels of emotional distress, despair and – worse – caused by all the 'usual' things but amplified by the pandemic. Problems with money, debt, gambling, and alcohol and substance misuse all seem worse, and recently we've had more calls from younger people worried about school, college and university."

The Pace Centre, Aylesbury

"Working with children and young people with neurodisabilities such as cerebral palsy, we've seen demand for therapy services for children and their families. These families have been isolating - and isolated – and while NHS Community Therapy Services have lacked resources and been slow to deliver digitally through teletherapy, we've stepped in. These services have been stretched for a long time, but it does seem to be more acute than ever now."

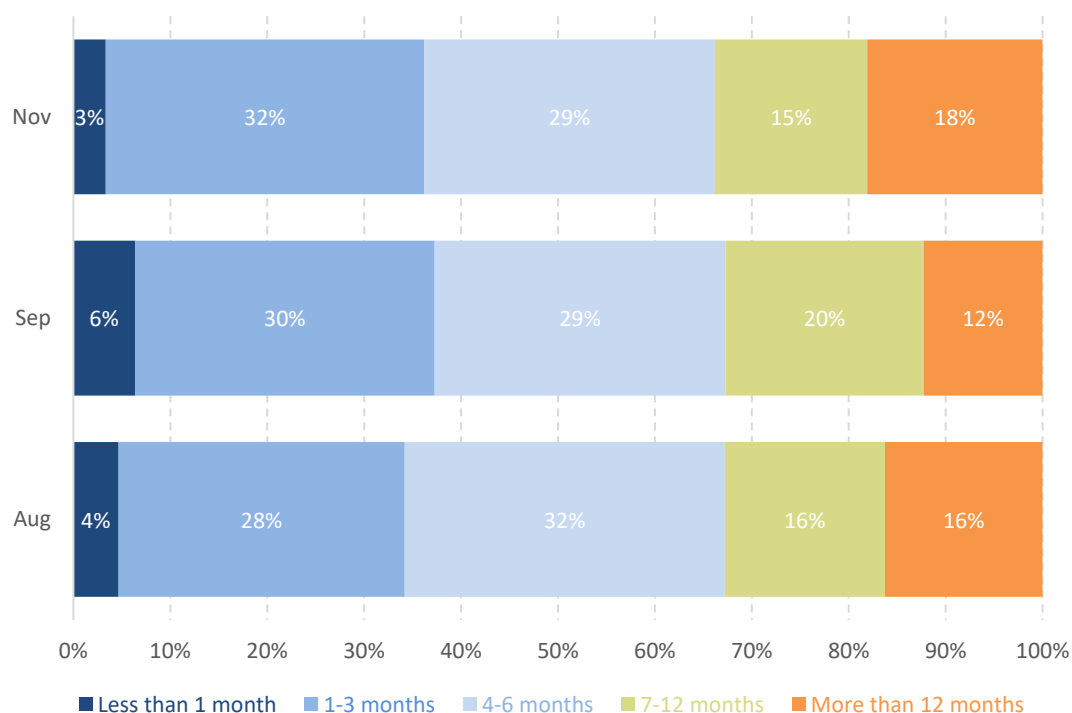
Ashford Mediation Services, Ashford

"During the lockdown in Spring, the pressure on the communities we serve was building up like a shaken lemonade bottle. Neighbour disputes, family problems and child access issues weren't resolved. Then once it was released, the top was taken off the bottle and exploded, landing in our laps. And with essential hubs like community centres closed, we're just not getting the same leads we normally would so we can help nip issues like anti-social behaviour in the bud before it becomes more serious criminal activity."

Charities will have to deliver more with less into 2021 and beyond

Charities are often advised to hold a few months' operating costs in reserve, in case income is temporarily affected. Advisors tend to suggest anywhere between three and nine months', depending on the charity's own circumstances.²¹ Our survey finds that only a third have reserves of over six months', and another third have three months' or less.

Figure 5. How many months' reserves do you currently hold? (August-November 2020)

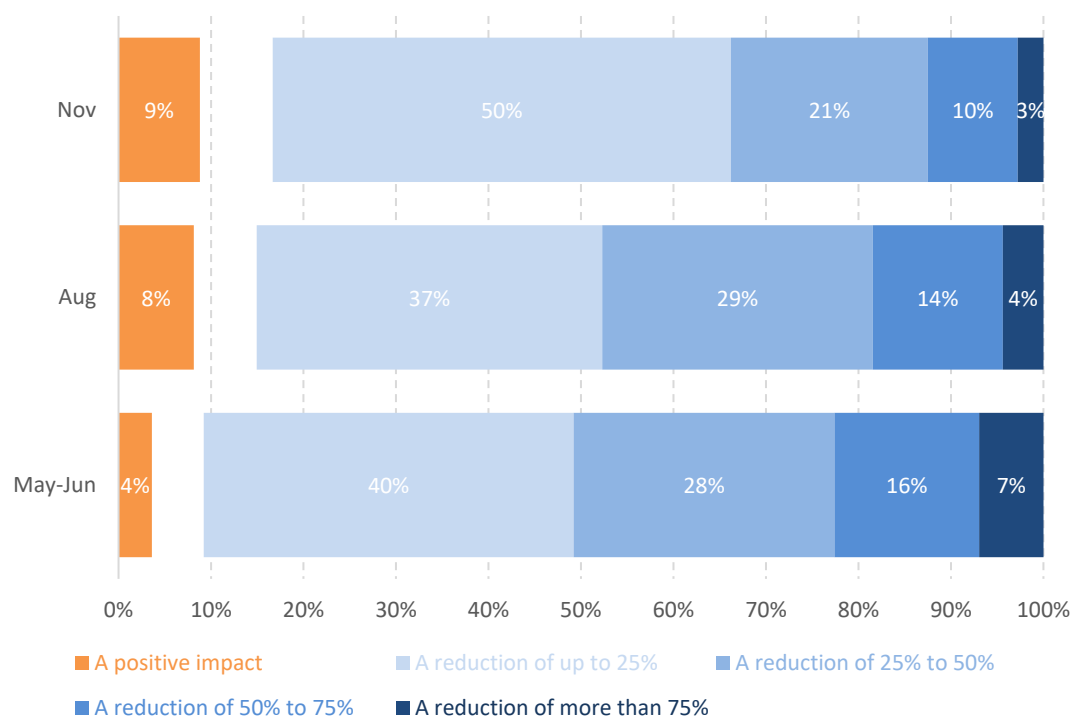


Note: PBE Covid Charity Tracker, 9-15 November (n = 216), 15-20 September (n = 224), 03-07 August (n = 455). Excludes "don't know".

Despite rising need, charities remain in a challenging financial situation. Looking ahead, 83% forecast a decline in their income over the next 12 months, relative to their pre-crisis expectations. Just over a third expect their income to decline by more than 25%.

²¹ S Salman, "How much money should your charity hold in reserve?" in *The Guardian*, 11 May 2016.

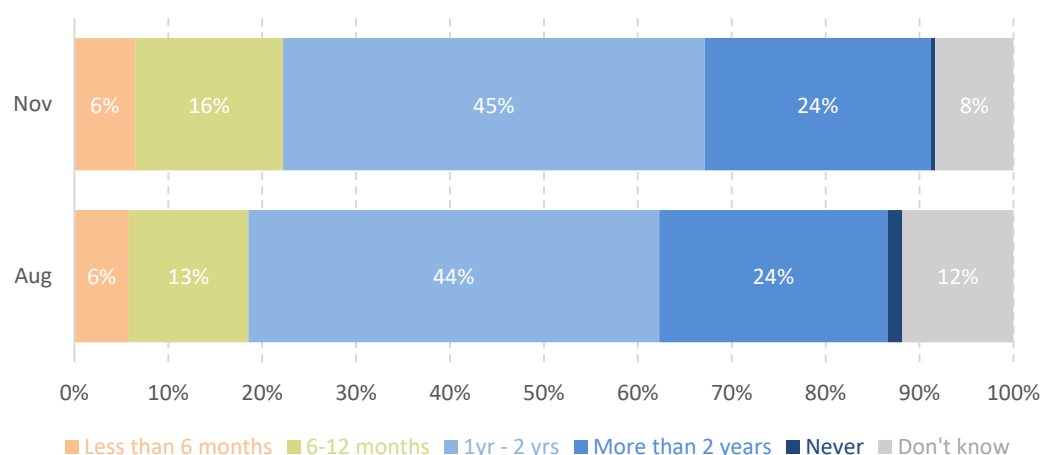
Figure 6. What impact do you expect Covid-19 to have on your organisation's income over the next 12 months, relative to your pre-crisis expectations?



Note: PBE Covid Charity Tracker, 9-15 November (n = 216), 03-07 August (n = 455), and average of surveys in May/June (cumulative responses 1,727). May-June questions relate to "next six months", August to "this financial year", and November to "next twelve months".

Most charities (69%) think it will take more than a year to return to pre-crisis income levels – similar to what they told us in August.

Figure 7. How long do you expect it will take your organisation to return to pre-crisis income levels?



Note: PBE Covid Charity Tracker, 9-15 November (n = 216), 03-07 August (n = 455).

What charities are saying about income

The Arch-Way Project, Halifax

"We started 2020 ambitious about helping our service users build their confidence to re-enter the job market or get some training under the belt. But we've had to strip our focus back to real fundamentals: tackling the rise in loneliness and the fear people have about leaving the house. We would have liked to supply all 70 people we help with mobile tablets to use Skype to keep in touch with each other, but budgets would not allow for more than 25."

Community Charity, Leicester

"2021 is going to be a challenging year. We will not be going back to what was before Covid, so we need to change. We need to join up to share solutions and resources, in order to move forward as a sector and a country. The government need to invest in our sector as a key to the solution. We need the coordination to be effective."

DeafBlinkUK, Cambridge

"As a charity, we are very nervous about how the need for support will grow and how we will be able to fund this. We took the decision to sell our offices so that we have some money in the bank to continue our work. However, this leaves us without the asset and when that money has gone, we could be in a very difficult position. We really need help with getting people online by making broadband affordable for them, or even just to allow a three month trial so the people we support can conquer that first hurdle to the online world."

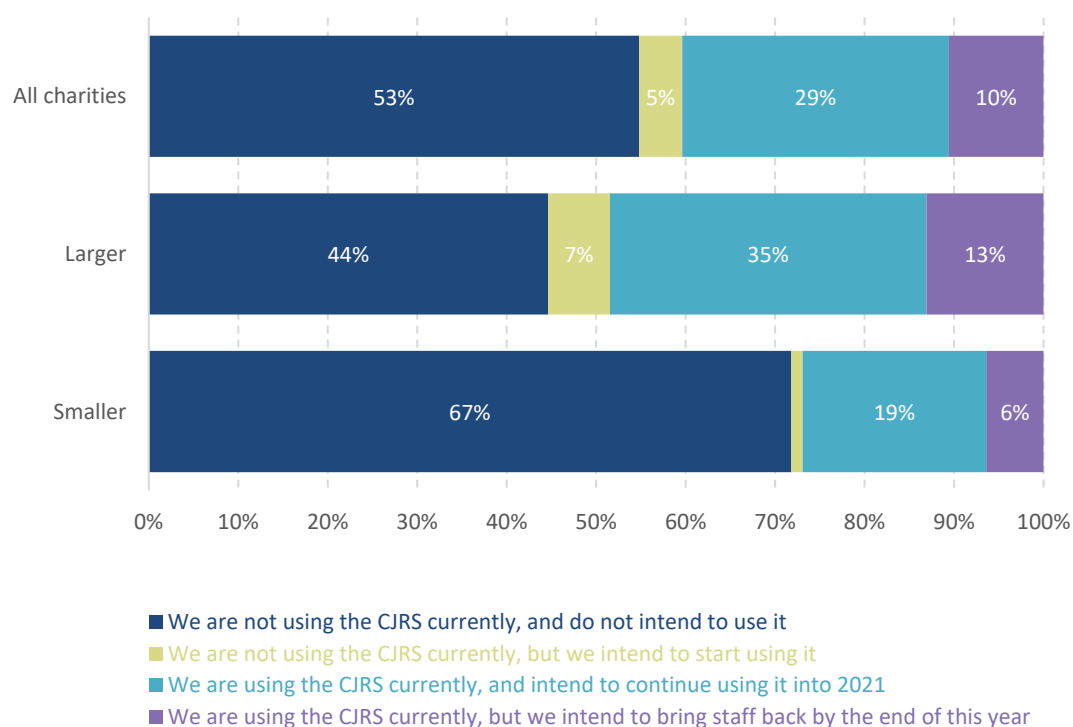
Brandon Centre, London

"Many of our service users come from low-income backgrounds, and IT hardware to access virtual support is out of reach for them. We need to raise extra money to make that possible, so we've embarked on a major restricted fundraising effort to help us to provide our young people individually with as many tablets as possible (plus user help/support) and thereby enable unbroken and continuous access to our clinical services."

Around a third of charities still have staff on furlough – and around a quarter of those said the reduced staffing means that demand is going unmet

Just under a third of charities still have staff on furlough using the Coronavirus Job Retention Scheme (CJRS) and intend to continue using it into 2021, while 10% intend to bring staff back from it this year. Overall, 39% of charities have furloughed staff – higher than the proportion of employers across the country that had done, so according to the latest available data in August (33%).²²

Figure 8. Following the recent extension of the Coronavirus Job Retention Scheme (CJRS) to March 2021, which of the below best describes your organisation's use of it?



Note: PBE Covid Charity Tracker, 9-15 November. n = 216 of which 83 are smaller, 132 are larger and 1 unknown size).

Of the 39% of charities that are making use of the furlough scheme, 63% say that they were able to meet demand, despite lower staff numbers. Nonetheless, almost 4 in 10 say that demand for their services is going unmet because they had to put staff on furlough.

²² See "Table 2a: CJRS claims by sector as at 31 August 2020 – employer level" in HM Revenue & Customs (2020) [Coronavirus Job Retention Scheme statistics: October 2020](#). Note that the 33% for all employers includes charities, so the real difference will be greater.

Our Covid Charity Tracker in September found that charities were putting employees from a range of role types on furlough. Many of these were service delivery staff, but a proportion were also from fundraising, finance, HR, charity retail, or other roles. It is possible that the reason service delivery has not been directly impacted for many is because charities have opted to focus resources on delivering services now, at the expense of future income streams.

We also asked charities what difference it would make if furloughed staff were able to choose to volunteer back to the charity. A quarter said it would improve their capacity to deliver services, and a fifth said that it would give them more capacity to fundraise.

Conclusion

As the government considers how to soothe the social scars Covid has created, charitable organisations can be a core ingredient of the balm the country needs.

But in the context of the combination of multiple fronts of increasing demand and declining incomes, this report raises concerns about the capacity of the sector to help everyone who needs it over the next twelve months. Even more concerning is the prospect that, as it struggles with current demand, individuals see their circumstances worsen without intervention.

The trends that we have seen in both demand and income have been relatively consistent throughout this year. Now 2021 is shaping up to be a year of sustained high pressure for charities across the UK.

Appendix

Methodology note

The Covid Charity Tracker Survey, run by PBE in partnership with Charity Finance Group and Institute of Fundraising, was live between 09-15 November and received 216 responses. Charities from across the United Kingdom were represented. 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.

44% of responses were submitted from CEOs, and another 17% were trustees. A further 28% 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. Roughly what impact do you expect Covid-19 to have on demand for your organisation's services in the next 12 months relative to your pre-crisis expectations?

6 month forward look May-June and August, 12 month forward look November

	May-Jun	Aug	Nov
A negative impact	17%	21%	18%
Zero impact	10%	11%	7%
Increase of up to 25%	34%	36%	36%
Increase of 25% to 50%	23%	19%	26%
Increase of 50% to 75%	10%	8%	8%
Increase of more than 75%	5%	5%	4%

Note: PBE Covid Charity Tracker, 9-15 November (n = 216), 03-07 August (n = 425), and average of surveys in May/June (cumulative responses 676). May/June and August questions relate to "next six months", November relates to "next twelve months". Residual is no impact.

Table 2. In the last six months, has any increase in demand for your services as a result of the Covid crisis been from existing clients needing more help, or an expanding group of clients needing help?

	All charities	Smaller	Larger
We have not had an increase in demand for our services	17%	21%	13%
There has been an increase in demand as a result of more new clients	11%	10%	11%
There has been an increase in demand as a result of existing clients needing more help	19%	20%	18%
There has been an increase in demand as a result of both new clients and greater need among existing clients	39%	30%	45%
N/A – we do not deliver frontline services to people in the UK	15%	20%	13%

Note: PBE Covid Charity Tracker, 9-15 November (n = 216) of which 83 are smaller, 132 are larger and 1 unknown size.

Table 3. What level of demand for your services are you currently experiencing, compared to this time last year?

	All charities	Smaller	Larger
Increase of over 25%	15%	14%	16%
Increase of up to 25%	47%	40%	52%
No change	12%	11%	13%
Decrease of up to 25%	10%	10%	10%
Decrease of over 25%	13%	24%	6%
Don't know	3%	1%	3%

Note: PBE Covid Charity Tracker, 9-15 November. n = 216 of which 83 are smaller, 132 are larger and 1 unknown size.

Table 4. What impact do you expect Covid-19 to have on your organisation's income over the next 12 months, relative to your pre-crisis expectations?

6 month forward look in May-June, financial year forward look in August, 12 month forward look in November

	May-Jun	Aug	Nov
A positive impact	4%	8%	9%
Zero impact	6%	7%	8%
A reduction of up to 25%	40%	37%	50%
A reduction of 25% to 50%	28%	29%	21%
A reduction of 50% to 75%	16%	14%	10%
A reduction of more than 75%	7%	4%	3%

Note: PBE Covid Charity Tracker, 9-15 November (n = 216), 03-07 August (n = 455), and average of surveys in May/June (cumulative responses 1,727). May-June questions relate to "next six months", August to "this financial year", and November to "next twelve months".

Table 5. How long do you expect it will take your organisation to return to pre-crisis income levels?

	Aug	Nov
Less than 6 months	6%	6%
6-12 months	13%	16%
1yr - 2 yrs	44%	45%
More than 2 years	24%	24%
Never	2%	0%
Don't know	12%	8%

Note: PBE Covid Charity Tracker, 9-15 November (n = 216), 03-07 August (n = 455).

Table 6. How many months' reserves do you currently hold?

	Aug	Sep	Nov
Less than 1 month	4%	6%	3%
1-3 months	28%	30%	32%
4-6 months	32%	29%	29%
7-12 months	16%	20%	15%
More than 12 months	16%	12%	18%
Don't know	4%	2%	3%

Note: PBE Covid Charity Tracker, 9-15 November (n = 216), 15-20 September (n = 224), 03-07 August (n = 448).

Table 7. Following the recent extension of the Coronavirus Job Retention Scheme (CJRS) to March 2021, which of the below best describes your organisation's use of it?

	All charities	Smaller	Larger
We are not using the CJRS currently, and do not intend to use it	53%	67%	44%
We are not using the CJRS currently, but we intend to start using it	5%	1%	7%
We are using the CJRS currently, and intend to continue using it into 2021	29%	19%	35%
We are using the CJRS currently, but we intend to bring staff back by the end of this year	10%	6%	13%
Don't know	4%	6%	2%

Note: PBE Covid Charity Tracker, 9-15 November. n = 216 of which 83 are smaller, 132 are larger and 1 unknown size.

Table 8. If you currently have staff on furlough, what impact is this having on your ability to deliver services?

	All charities
We are still able to meet demand, despite lower staff numbers	63%
Demand for our services is going unmet, due to lower staff numbers	37%

Note: PBE Covid Charity Tracker, 9-15 November. n = 87.

Table 9. If furloughed staff were able to choose to volunteer back to your charity, what difference would that make?

Multiple choice

	All charities	Smaller	Larger
More capacity to deliver services	25%	20%	27%
More capacity to fundraise	20%	12%	25%
Other	6%	4%	7%
None of the above	13%	7%	16%

Note: PBE Covid Charity Tracker, 9-15 November. n = 216 of which 83 are smaller, 132 are larger and 1 unknown size.





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