By the Waves Charity Consultancy

www.bythewaves.co.uk

Covid-19: What just happened?

The impact of Covid-19 on the UK economy, the charity sector and charity fundraising; with learnings, recommendations, and case studies.

By Leesa Harwood
By the Waves Charity Consultancy

Peer Reviewed by
Sarah Hughes
Charity 21

Contents

Note:

Short Term in this report refers to the 6-month period between March and end August 2020, while Medium Term focuses on the projected 3-year recovery timeline from September 2020 through to 2023.

Executive Summary

The Perfect Storm

Never in memory have we seen a collective crisis on such a scale, in this country and around the world. In the past 6 months we have witnessed all the underlying issues affecting the UK charity sector exacerbated to the point of breaking.

In an attempt to chronicle and understand how the Covid-19 pandemic played out across the UK not-for-profit sector, its impact and what we can learn from this period I have selected from many sources of data, insight and opinion to create this report. Rather than claim to create a single source of the truth I have tried to identify common themes across a myriad of sources, focusing on facts and credible information. Then, I have made recommendations to help charities learn from the initial impact and build back stronger.

By the time the scale of the Covid-19 impact became clear in March 2020 the sector already faced some significant challenges. Asking for money in a crowded market was delivering diminishing returns. Fewer donors were giving to charity and individual giving had plateaued. Demand for services showed no sign of letting up whilst securing and retaining talent was challenging. Reputationally, the sector had taken some damaging body-blows. Trust in charities was not easily won and even harder to keep.

In some charities there was a lack of financial resilience and after years of walking a fine line between maintaining enough reserves to mitigate financial risk whilst staying on the right side of tabloid headlines meant that many charities maintained low levels of reserves. Charities had been slow to adopt technology as a critical operational enabler and still saw it as a communication or fundraising channel.

Against this backdrop, in March 2020 lockdown led to a chaotic combination of catastrophic income loss, a significant increase in demand for services, immediate home working for all staff and volunteers, inadequate technology and serious risks to short-term cashflow. This was the perfect storm.

Short-Term Challenges

Whilst Government funding was slow to arrive, other funders stepped up and charities stitched together a patchwork of emergency funding solutions, ran emergency appeals and cut costs. As sector leaders lobbied the Government for financial relief it soon became clear that charities would need to find alternative ways to survive the immediate crisis. Government funding would not plug the estimated £12 billion hole in the sector, although the option to furlough staff proved to be an important, short-term, lifeline.

By 12th May, The Association for Chief Executives of Voluntary Organisations (ACEVO) published a Charity Health Check[1] that painted a bleak picture of the sector. The report publishes a composite score reflecting the health of the charity sector each month. A score above 50 means an improvement, a score of 50 indicates no change and a score of below 50 means a deterioration. The score for May 2020 was 30.8 out of a maximum of 100. This is evidence that charities had an extremely bad April and expected an equally challenging May.

The sector worked flat out to survive the summer and by September it was possible to peer through the dust at the outlook for the rest of 2020 and identify key themes:

- A tough 6 to 12 months is expected, with the possibility of a double-dip recession
- Efforts to mitigate the impact of high unemployment (forecast of 8% by year end) will be key
- Negative GDP growth is almost certain (forecasted between -10% and -13% GDP growth in 2020 by Price Waterhouse Coopers)

[1] *ACEVO Charity Health Check*. May 12 2020. https://www.acevo.org.uk/2020/05/new-measure-shows-massive-deterioration-in-the-financial-health-of-charities/

Building Back

Whilst there is no doubt that 2020 will be difficult for the charity sector, the charities that survive into and beyond 2021 will see a recovery of sorts. Experts identify three, key factors that will influence the nature and speed of a 3-year recovery:

- Covid-19 resurgence and restrictions
- Levels of unemployment and consumer spending
- The impact of the terms of the Brexit deal at the end of 2020

Scenario planning around various combinations of these factors will help charities to understand the challenges and opportunities they will face over the coming months.

As the broader economic scenarios play out there are some difficult sector specific questions to answer too:

- Why, when there was a pandemic boom in trust, have charities not seen the benefit?
- Are we wasting a crisis? Should we address this time with more inward investment and better external collaboration?
- Why do so few charities have early warning systems and resilience plans, and do they have a moral obligation to be more rigorous?
- Are we so old school that we cannot adapt to technology and will leave progressive solutions to organisations outside our sector while we defend the traditional models?

On the subject of not wasting a crisis, it is important to point out that there have been glimmers of light and inspiration across the sector throughout the Covid-19 pandemic. There are positive themes and pockets of good practice to build on as we reset and reinvigorate:

- Volunteering increased
- Collaboration improved. Examples include lobbying on behalf of the sector (e.g. #NeverMoreNeeded), income generation (e.g. 2.6 Challenge) or the sharing of data (360Giving)
- Innovative business models emerged from difficult times, proving that necessity is often the mother of invention (e.g. Crisis Venture Studio).
- We did what we said couldn't be done with technology. From supporting mass home working, to running remote fundraising events.

So, the question for sector leaders now is when do they stop reacting and start rebuilding? Should they aim to replicate or reset? Covid-19 is a crisis that must not be wasted. By stepping back and revisiting how the pandemic played out and what we have learned from it, it is possible to build back with a new vision. But for that leaders will need to acknowledge some significant shortcomings and reframe what the charity sector needs to be and needs to do in the post-pandemic world. The lessons are there for those willing to learn.

Leesa Harwood
October 2020

Background

On 23rd March 2020, the British Prime Minister announced measures[2] to slow the spread of the Global Covid-19 Pandemic. These measures, and those that followed, triggered a series of events with far-reaching social, political, environmental, health and economic consequences across all sectors and communities of the UK. This report explores the impact on fundraising in the charity sector from March 2020, then explores future scenarios and recommendations for charities navigating their way through the pandemic and beyond.

Pre-Covid-19 Charity Income Trends

By the end of 2019, doubts about the sustainability of the traditional fundraising model gained traction and support across the sector. As early as January 2019, sector media published opinion pieces reflecting a need for transformation. From Joe Jenkins' view that "We need major changes to the fundraising model"[3] to Brian Carlin's call to "Innovate Your Fundraising Model or Die"[4], sector leaders continued to debate the financial health and sustainability of the charities

By March 2019, the emergence of movements like Extinction Rebellion challenged the entire operating model at the heart of traditional charity infrastructure. Extinction Rebellion's self-organising system[5] - based on distributed authority, inter-connected self-organising circles, and radical transparency - countered established assumptions about how to organise people and resources to bring about change.

The Charities Aid Foundation Charity Giving trend report published in May 2019 said that key measures of giving were on a downward path. Individual giving had plateaued in value, but with significantly fewer donors giving for the third year in a row. Trust in charities was down from 51% in 2016 to 48%. In 2012/13 total donor income was £10.4 billion across the charity sector. By 2018 it was £10.1 billion (see Table 1 below).

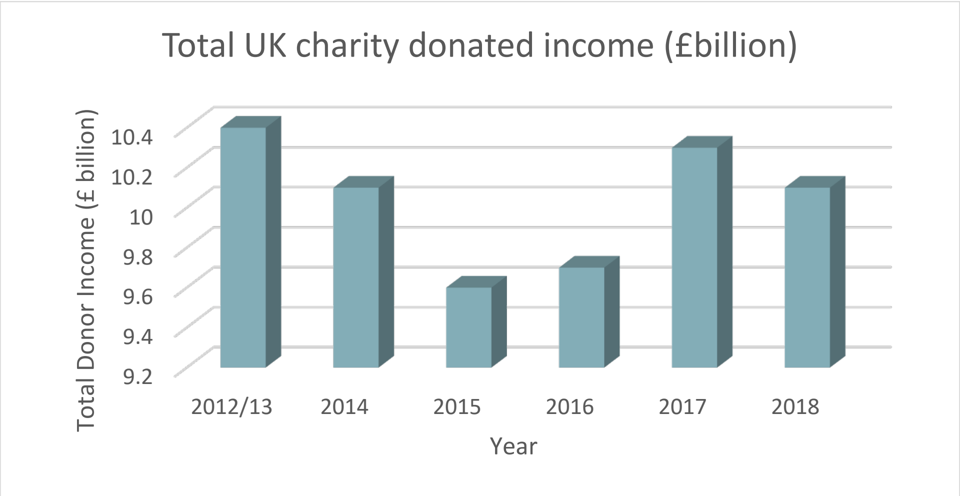

Table 1

[2] Prime Minister's statement on the Coronavirus, 23rd March 2020. https://www.gov.uk/government/speeches/pm-address-to-the-nation-on-coronavirus-23-march-2020
[3] Third Sector https://www.thirdsector.co.uk/joe-jenkins-need-major-changes-fundraising-business-model/fundraising/article/1523422. Joe Jenkins, Director of Supporter Impact and Impact at The Children's Society. January 21st 2019
[4] Third Sector https://www.thirdsector.co.uk/brian-carlin-innovate-fundraising-model-die/fundraising/article/1524969. Brian Carlin, CEO, Aspire. February 6th 2019
[5] Extinction Rebellion Self-Organising System. September 2019 https://extinctionrebellion.uk/wp-content/uploads/2019/09/Self-Organising-System-One-Pager.pdf

Other traditional income streams also struggled to deliver substantial growth. Cash giving had declined for three successive years whilst direct debits remained relatively constant. Events made marginal increases then plateaued over the past 3 years, whilst buying increased more significantly but dropped off in 2018. Membership and online both levelled off in 2017 and dropped by 4% and 7% respectively in 2018 (see Table 2 below)[6]

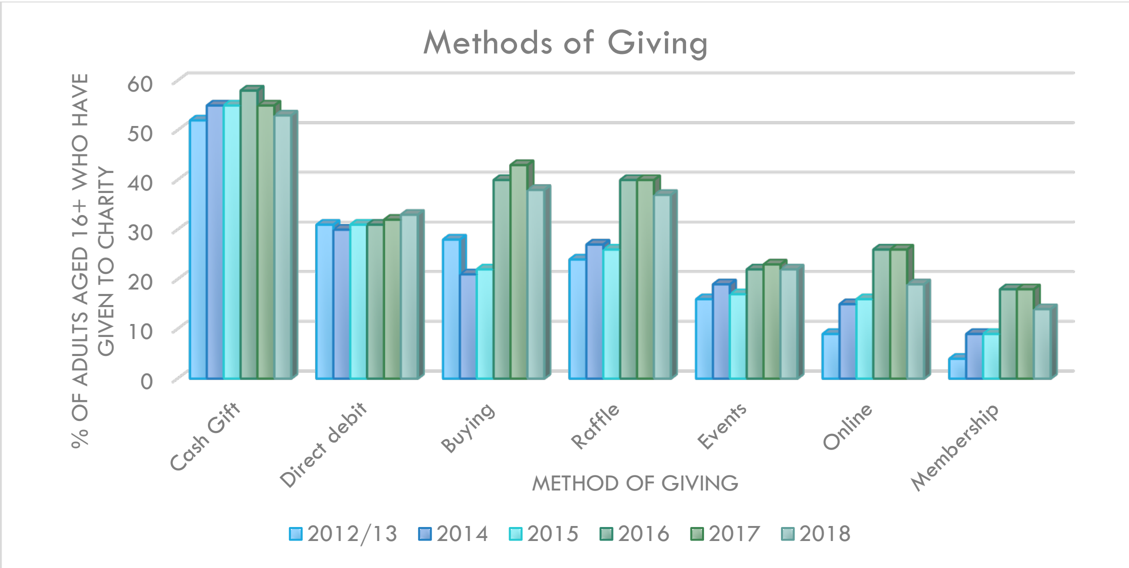

Table 2

By 2019 traditional corporate giving was also in decline. According to CAF, total donations from the FTSE 100 have continued to fall year-on-year by 11% since 2014, and by 26% from 2013, down to £1.9 billion in 2016.[7] This trend was highlighted in other reports suggesting that the recovery of corporate giving to pre-2008 levels was unlikely. The National Council for Voluntary Organisations Charity Giving Almanac used data from 7,600 registered charities, reflecting a similar picture.[8]

Giving via online platforms had become increasingly popular, with 58% of those using web or app platforms electing to give via a third-party facility (e.g. Just Giving or Facebook 'donate') compared with 46% giving directly through a charity's own website. Crowdfunding rapidly emerged as another digital channel showing significant financial growth for social good prior to the Covid-19 pandemic. In 4 years, donations to 'good causes' through UK crowdfunding rose from £800,000 in 2013 to £41 million in 2017[9]. Traditional charities made up only a small proportion of this new income, with crowdfunders classified as businesses, social enterprises, and individuals. According to Nesta, by 2016 only 0.5% of charitable giving came from crowdfunding in the UK[10]. Despite the growth in digital engagement, as the Covid-19 pandemic hit (and at the very point that digital capability would prove critical to income generation), confidence amongst charities that they were making best use of digital had declined from 70% in 2017 to 59% in 2020.[11]

Legacy income remained a financial mainstay, representing 4% of total sector income in 2019 and generating around £2.9 billion in gifts[12]. This was in spite of a 12% decline in the number of charitable estates (33,120) to its second lowest level within the last decade (ending a general 5-year increasing trend) and a £1.3 billion drop in the estates market value from £17.8 billion in 2018 to £16.5 billion in 2019.

[6] Charities Aid Foundation *UK Giving Reports 2012/13, 2014, 2015, 2016,2017, 2018* and *2019*).
[7] *Corporate Giving by the FTSE 100* – Charities Aid Foundation. January 2018.
[8] *NCVO Almanac 2018 – 2016/17* data. Published May 2018. https://data.ncvo.org.uk/a/almanac18/methodology-2015-16/
[9] www.statista.com Donation Based Crowdfunding in the UK - March 2019
[10] *Crowdfunding and Good Causes*. Nesta. Peter Baeck and Jonathan Bone. June 2016
[11] *The State of the Sector 2020*. NPC. https://www.thinknpc.org/resource-hub/stots2020/
[12] *Smee and Ford 2019 Legacy Trends* – published June 2020

Trusts and foundations had performed well. While 2017/18 saw a levelling off from the all-time high of £3.2 billion of grant making by the top 300 trusts and foundations in 2016/17, this represented real annual growth of 9.9% (when the disproportionately large Wellcome Foundation grants were removed.) Family and personal foundation income also grew by 4%.[13] See Table 3 below for overall trends.

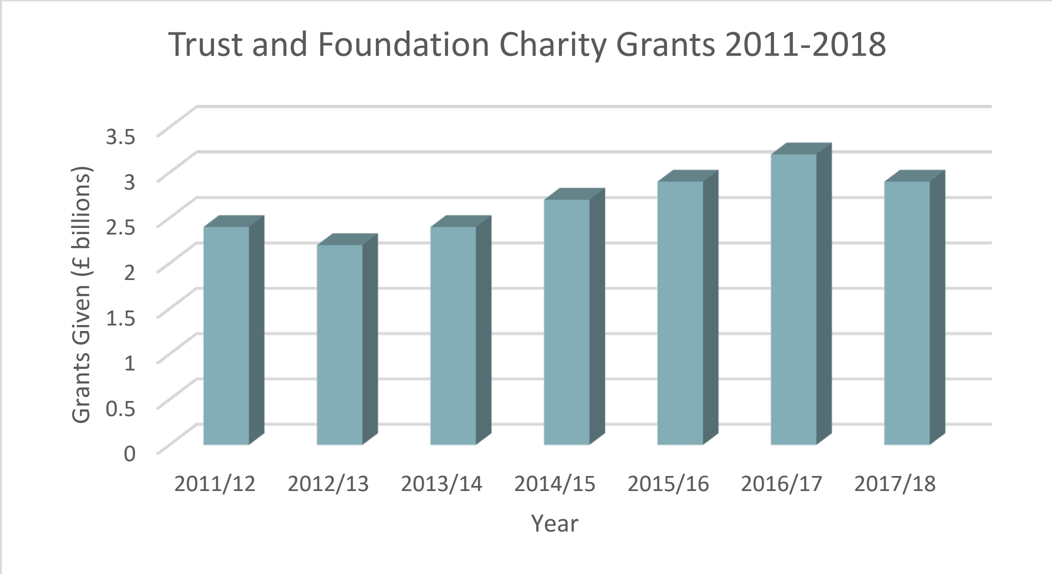

Table 3

Finally, Government income had been declining prior to the Covid-19 pandemic. By 2018, Government funding as a proportion of total income was at its lowest point at 29%.[14]

Data from the NPC State of the Sector Report published in May 2020, based on telephone surveys conducted with 300 small, medium and large charities, suggested that charities were 'Stretched too thin before the pandemic'[15]. The Top 100 Fundraisers' Spotlight from Charity Financials[16], published on 14th May, well into the Covid crisis also concluded that the pre-Covid fundraising environment was already challenging. During 2018/19, worth £5.8 billion, fundraising income to the top 100 charities fell short of the previous year's total by about £92 million in real terms.

In summary, it was a mixed bag in terms of the pre-Covid-19 sector diagnostic. Some traditional models and income streams were experiencing a prolonged period of stagnation, decline or loss of momentum. Other traditional areas like Trusts, Foundations and Legacies underpinned losses elsewhere. The Top 100 Fundraisers Spotlight concluded that:

> *'At a time when many donors also see shrinking disposable incomes, charitable donations are taking a toll. The results show how legacy income has come to the rescue for many in 2018/19, but although this is very much welcomed, the findings should also sound a warning bell. Legacies are principally the expression of past goodwill and wealth. Relying on legacies may not be a sustainable strategy in a period of faltering global growth, with the effects of the COVID-19 crisis difficult to predict. Income growth is likely to prove an elusive target for some time.'*

Not only were charities feeling pressures on all fronts before the pandemic, they were ill-equipped to deal with what would happen when it arrived.

---

[13] *Foundation Giving Trends 2019,* Association of Charitable Foundations (ACF). Study of the top 300 grant giving trusts and foundations, representing 90% of UK Trust and Foundation giving. October 2019. https://www.acf.org.uk/downloads/publications/ACF_Foundation_Giving_Trends_2019.pdf

[14] *UK Civil Society Almanac* (2017/18)

[15] Third Sector, May 2020. https://www.thirdsector.co.uk/charities-stretched-thin-pandemic-says-npc-report/management/article/1683543

[16] *Top 100 Fundraisers Spotlight* – Charity Financials https://go.wilmingtonplc.com/rs/936-FRZ-719/images/Charity%20Top%20100%20Fundraisers%20Spotlight%20report%20April%202020%20final%20%28002%29.pdf

The Short-Term Impact of Covid-19 on the UK Economy

Within 6 weeks of lockdown, significant economic disruption could be felt. The IHS Markit UK Composite PMI survey[17] showed the fastest downturn in UK private sector output since the survey began in 1998. Duncan Brock, Group Director at the Chartered Institute of Procurement & Supply, said,

> *'The services sector reached a stasis in April as the engine of business was put to sleep and the flow of new customers was cut off amidst public health concerns. The PMI graphs visibly show cataclysmically low levels of domestic and export new orders, along with outstanding business as companies simply shut up shop.'*

The situation was unprecedented. Over time, more data emerged to illustrate the gravity of the situation. The period from April to June 2020 saw the most dramatic movement in earnings growth. Nominal regular pay growth was negative for the first time since records began in 2001, at negative 0.2%. The decrease in employment on the quarter was the largest drop since May to July 2009 with both men and women seeing decreases.[18]

UK gross domestic product (GDP) was estimated to have fallen by a record 20.4% between April and June 2020, marking the second consecutive quarterly decline after GDP fell by 2.2% in the previous quarter (see graph below). This was the largest contraction in the UK economy since Office for National Statistics (ONS) quarterly records began in 1955. Compared with the same period in the previous year, the UK economy fell by 21.7%.[19]

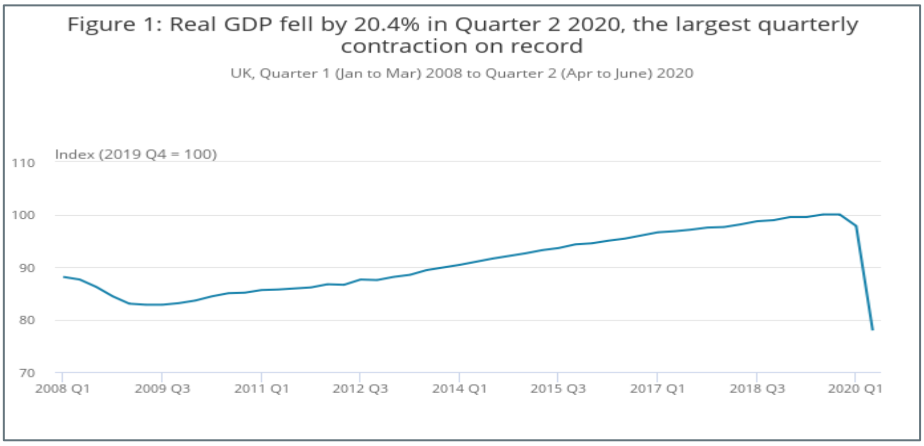

Table 4

As the summer progressed, the Office for National Statistics continued to monitor progress and by July, the economy had started to show signs of recovery as GDP grew by 6.6%, reflecting a crawl back from the 20% contraction in April, followed by growth of 2.4% in May and 8.7% in June.[20]

The short-term economic crash turned into what experts were describing as a long, hard climb back to recovery. But uncertainty over the spread of Coronavirus and potential resurgences made forecasting beyond the short-term difficult.

---

[17] IHS MARKIT / CIPS UK SERVICES PMI® survey 5th May 2020 https://www.markiteconomics.com/Public/Home/PressRelease/429ff7c4e6724cf1a2e354b690c728f0

[18] *Labour Market Overview: August 2020*. Office for National Statistics. https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/august2020

[19] *GDP First Quarterly Estimate, UK: April to June 2020*. Published August 2020. https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpfirstquarterlyestimateuk/apriltojune2020

[20] Office of National Statistics monthly update. Released 11th September 2020.

The Short-Term Impact of Covid-19 on the UK Charity Sector

In the UK charity sector, the situation deteriorated quickly. Whilst the prospect of a global pandemic came entirely from left field, few charities had disaster recovery plans for severe losses to income and operational infrastructure.

Reserves

Three days after lockdown, sector headlines reflected the severity of the impact. Oxfam UK furloughed two thirds of its UK workforce and closed all shops. Research by the Ubele Initiative reported that 87% of BAME led organisations (as defined by NCVO) did not have sufficient reserves to last more than 3 months, equating to the loss of services and support to almost 20,000 clients each week across the regions that responded.[21] The lack of sufficient reserves was echoed across the sector.

By 12th May, The Association for Chief Executives of Voluntary Organisations (ACEVO) published a Charity Health Check[22] that painted a bleak picture of the sector. The report publishes a composite score that reflects the health of the charity sector each month. A score above 50 means an improvement, a score of 50 indicates no change and a score of below 50 means a deterioration. The score for May 2020 was 30.8 out of a maximum of 100. This is evidence that charities had an extremely bad April and expected an equally challenging May.

Cashflow

One of the most critical measures of the ACEVO Charity Health Check was cashflow. This is an indication of a charity's ability to pay staff, settle bills and remain a viable day-to-day operation. The Health Check report showed that by 12th May a majority of respondents struggled to balance their immediate operating budgets. New business and donations were down for 70% of the respondents, whilst cashflow had worsened for 59%. Reserves had deteriorated for 61% of respondents.

Continuity

Continuing the ACEVO forecasts, a Pro Bono Economics survey[23] at the end of May from a sample of 196 respondents found that:

- 90% said they expected Covid-19 to have a negative impact on their ability to meet their charity objectives over the next six months, with nearly half (47%) saying they expected it to be a "large" negative.
- 95% said they expected Covid-19 to reduce their income over the coming six months relative to previous plans. 40% said they expected a reduction of up to 25%; 27% thought their income would be 25% to 50% lower; 18% thought the drop would be 50% to 75%; and 10% said they expected income to be down on previous plans by more than 75%.
- 64% said they had reduced their activity in a "significant" way.
- When asked to rate the sufficiency of the government's financial support for civil society in the face of Covid-19 (where 1 = entirely insufficient and 10 = entirely sufficient), the average score across all respondents was 4.4. 71% scored the response at five or below, with 43% scoring it 1-3 and 8% scoring it 8-10.
- One-in-ten said they thought it was "likely" that the financial challenge associated with Covid-19 would cause their organisation to stop operating altogether in six months' time.

---

[21] *Impact of Covid-19 on the BAME Community and Voluntary Sector*. Karl Murray. The Ubele Initiative. April 2020 https://www.ubele.org/news/2020/4/30/9-out-of-10-bame-micro-and-small-organisations-set-to-close-if-the-crisis-continues-beyond-3-months-following-the-lockdown

[22] *ACEVO Charity Health Check*. May 12 2020. https://www.acevo.org.uk/2020/05/new-measure-shows-massive-deterioration-in-the-financial-health-of-charities/

[23] *Pro Bono Economics/Civil Society Survey* 20th May 2020. https://www.probonoeconomics.com/sites/default/files/files/05%20May%2019-20%20results_1.pdf

In Northern Ireland, the Northern Ireland Council for Voluntary Action survey[24] painted an equally challenging picture across the province:

- Almost all respondents (98.3%) indicated that the crisis was impacting their organisation.
- Over 43% reported that managing their staff, volunteers, and activities was posing major challenges, while over half (53.6%) said that funding/income was likely to be lost, and over a third (33.7%) indicated that funding had already been lost.
- Nearly one in four said that the survival of their organisation was threatened.
- Based on responses from 456 organisations, almost half (45%) reported they had already stopped services and activities affecting over 100 service users per week.
- Based on responses from 544 organisations, more than one in six respondents reported they had no more than 5 weeks' worth of reserves to sustain them through the COVID-19 crisis, while over two-thirds (68.4%) reported they had no more than 20 weeks reserves.

In Scotland, The Office of the Scottish Charity Regulator published a survey[25] in June 2020 reflecting the impact of Covid-19 on charities in Scotland:

- charities have been active in countering the impact of COVID-19 on their organisation, with 95% having taken some type of action
- cancelling or postponing planned work or events was the single most common impact of COVID-19 and the associated lockdown upon charities, with 78% affected in this way
- over half of the charities (51%) had lost income from fundraising. Two in five (42%) had lost income from other sources such as trading
- nearly a third (29%) of charities had seen a decrease in the number of volunteers with which they engaged
- one in five (20%) reported a critical threat to their financial viability in the next 12 months
- one in five (20%) Scottish charities predicted that they would be unable to do the work they were set up to do at some point in the next 12 months.

In Wales, an Institute of Fundraising Survey[26] involving 91 charities concluded that:

- Seven in 10 respondents (70%) say that they expect their charity will have to make cuts to the services they deliver.
- 86% of respondents either have low confidence or no confidence at all that they will be able to achieve their individual financial targets during this financial year.
- An overwhelming 96% of respondents say the government has not done enough to support charities which are losing fundraising income.
- Available government schemes are making a difference but there are gaps in funding: 59% of respondents say the proposed government support will help their charity, whilst 41% say that none of the proposed government schemes will help their charity.

Job Losses

Estimates of job losses across the sector were projected at 60,000 jobs (approx. 7.5% of the total sector paid workforce) against a 42% drop in raised voluntary income and a 43% increase in demand for

[24] *Northern Ireland Council for Voluntary Action Covid-19 Impact Survey*. March 30th 2020 https://www.nicva.org/article/nicva-covid-19-impact-survey-2020
[25] *OSCR Covid survey*. 5th June 2020. https://www.oscr.org.uk/news/impact-of-covid-19-on-scottish-charities/
[26] *Institute of Fundraising Covid 19 Survey* 6th May 2020 https://www.institute-of-fundraising.org.uk/news/coronavirus-impact-on-welsh-charity-sector/

charitable services.[27] Even if charities could cope with the immediate cashflow crisis, experts predicted there would be significant mid to long-term challenges to maintaining sustainable income and service delivery.

In summary, across the UK charities were bracing for a perfect storm of diminishing income, increasing demand in some areas, general economic shut-down, furloughing of staff, and uncertainty about future survival. A significant number of charities perceived an existential threat to their financial viability over the next 12 months and planned for deficit budgets compounded by diminished reserves.

[27] *Chartered Institute of Fundraising, NCVO and Charity Finance Group report*. https://www.institute-of-fundraising.org.uk/news/charities-are-facing-a-124bn-shortfall-in-income-for-the-year/

The Short-Term Impact of Covid-19 on Charity Fundraising

Immediate Impact

On 18th March, in light of social distancing measures, the Fundraising Regulator and Institute of Fundraising recommended that all charities reflect seriously on whether to continue with public and face to face fundraising, then called for financial relief for the third sector in the face of exceptional financial risk[28]. Amidst financial relief packages for other sectors and promises of financial support, NCVO Chief Executive Karl Wilding and other sector leaders gave virtual evidence at the Department of Culture, Media and Sport Select Committee saying,

'*Income has disappeared overnight. Literally every day counts here.*'

As income streams collapsed following lockdown, sector headlines began to reflect fundraising forecasts from charities across the sector (see table 5):

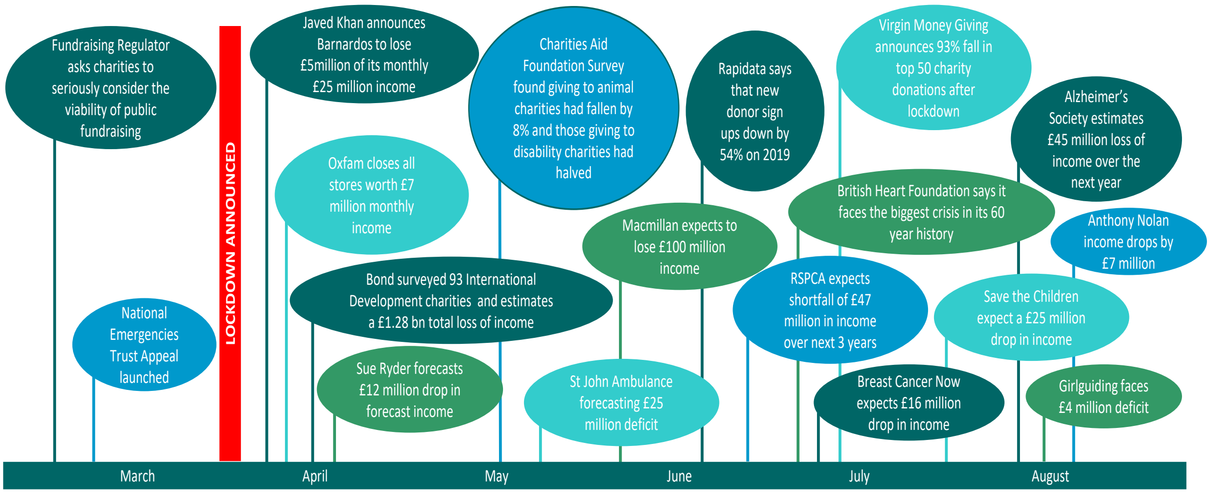

Table 5

Emergency Appeals

Facing the prospect of cancelled face-to-face and spring/summer events, charities large and small launched emergency appeals[29]. Some raised money to survive, others to meet escalating demand for their services. Some charities not associated with the immediate provision of frontline Covid-19 services 'stood back', delaying the launch of emergency appeals in an attempt to prevent the saturation of donor markets and leave space for frontline charities facing a drop in income *and* an increase in service demand.

March 18th saw the launch of the National Emergencies Trust Appeal for NHS charities and organisations on the frontline of delivering support to those directly affected by Covid-19, once again proving the responsiveness and mobilisation of the UK charity sector. To date over £87 million has been pledged, £66 million distributed, and over 9,200 organisations supported.[30]

---

[28] *Coronavirus Statement* – The Fundraising Regulator and Institute of Fundraising. 18th March 2020. https://www.fundraisingregulator.org.uk/more-from-us/news/coronavirus-covid-19-statement-fundraising-regulator-and-institute-fundraising

[29] *Fundraising UK- First Appeals to Launch*. 25th March 2020. Howard Lake. https://fundraising.co.uk/2020/03/25/covid-19-the-coronavirus-fundraising-appeals/

[30] *NET Update*, August 14th 2020. https://nationalemergenciestrust.org.uk/coronavirus-appeal-update-august-14th/

Digital Lifelines

As in many aspects of life during lockdown, technology played a vital part in the generation of charity income. Crowdfunding increased significantly as charities started to optimise digital platforms. Four doctors launched Masks for NHS Heroes, raising £2.3 million from over 36,000 supporters in 65 days for PPE. Crowdfunder set up the Pay It Forward campaign for community businesses affected by the pandemic. In some areas, Matched Crowdfunding was used to support charities, micro businesses, Community Interest Companies and Social Enterprises affected by Covid-19 (e.g. Dorset Impact Support Fund and Crowdfund Solent).

Peer-to-peer fundraising gained traction. Captain Tom Moore began a campaign that would raise £32.7 million for NHS Charities Together and The 2.6 Challenge launched to plug gaps left by the London Marathon (usually raising over £66 million for UK charities), raising over £11 million so far.

Government Support

Financial support from the Government was slow to emerge.

After alluding to a financial aid package for weeks, on 8th April Rishi Sunak announced £750 million of support for charities, plugging a small portion of the £12 billion hole identified by the Institute of Fundraising, NCVO and Charity Finance Group the previous month[31]. Academic Dr Tim Brown pointed out that one of the biggest omissions was provision for food banks. The Independent Food Aid Network was already reporting a 100% increase in demand from a third of its members when comparing the same period in 2019 with February and March 2020. The Trussell Trust also reported providing double its usual volume of food packages during the period immediately following March 23rd.[32]

As late as July 2020, more than 3 months from the date of Chancellor's announcement, it was believed that only 1% of the funding to be allocated by the National Lottery Community Fund had been distributed.

By August 2020 the Government response was largely felt to be too little too late by sector commentators and leaders. Rachael Maskell, Labour and Co-operative MP for York Central accused the Government of giving the sector "*loose change at the bottom of the pocket*"[33] and expressed concerns about a servant master relationship between Charities and the Government whereby charities working on Government contracts were afraid to "bite the hand that feeds", and where the move of the Office for Civil Society from the Cabinet Office to the Department of Culture, Media and Sport in 2016 had created a sector-wide (political) marginalisation.

In Scotland the response was quicker. On 18th March, the same day of the Fundraising Regulator and Institute of Fundraising's call for emergency relief, the Scottish Government's Communities Secretary launched a detailed £350 million relief package[34], of which a minimum of £70 million was explicitly available to charities and voluntary organisations.

Emergency Funds

Meanwhile, a range of Institutional funders began to respond to the crisis by launching emergency funds and flexing restricted criteria on existing grants.

One of the early institutional funders to respond was Arts Council England, announcing a £160 million emergency fund on 24th March. The Charities Aid Foundation launched a Coronavirus Emergencies Fund. Aimed at small charities, they received over 5,000 applications in the first 8 days, requesting £39 million of emergency funding. The fund ultimately provided grants of £6.4 million to 1,250 charities. The levels of over-

---

[31] https://www.institute-of-fundraising.org.uk/news/charities-are-facing-a-124bn-shortfall-in-income-for-the-year/
[32] https://www.theguardian.com/society/2020/may/01/uk-food-banks-face-record-demand-in-coronavirus-crisis
[33] https://www.thirdsector.co.uk/government-given-sector-loose-change-bottom-pocket-shadow-minister-says/policy-and-politics/article/1692704?bulletin=third-sector-am&utm_medium=EMAIL&utm_campaign=eNews%20Bulletin&utm_source=20200826&utm_content=Third%20Sector%20AM%20(90)::&email_hash=
[34] https://www.gov.scot/publications/supporting-communities-funding-statement/

subscription to most emergency funding opportunities was a good indicator of the scale of the crisis on the finances of charities across the UK.

A pick and mix of funding opportunities started to emerge as charities pieced together eclectic funding portfolios, from Money Saving Expert Martin Lewis' emergency £1 million fund (total funds distributed currently stand at £3.4 million[35]) to local funders like the Liverpool City Region Cares Fund.

Corporate funders and foundations began to contribute emergency funds. Virgin Money Foundation made £850,000 available for community organisations affected by the Covid-19 pandemic. The Barclays Bank Community Foundation committed £100 million to charities struggling to serve communities during the Covid-19 crisis; £50 million was donated to communities in the UK and Barclays international markets including India and the USA. The second £50 million pot consisted of employee matched donations. Aviva UK pledged £5 million to NHS Charities Together and £10 million to the British Red Cross.

Philanthropists also responded to the crisis. Julian and Hans Rausing had already given £16.5 million to their preferred charities to help them survive the immediate impact of the crisis, before opening a bidding process for a new £10 million Survival Fund, aiming to provide up to 200 charities with grants of between £5,000 and £250,000. The fund received 2,000 applications before its closure in July 2020.

By the end of June 2020 many charities had started to find ways through the financial implications of the crisis. The Charities Aid Foundation's survey[36] found that, whilst charities had addressed the short-term cashflow crisis, they still faced serious challenges to ongoing income generation. 53% said that donations had decreased. With fewer people carrying cash, charities were forced to consider their ability to take cashless donations. While 3 in 5 charities were able to take cashless donations, 1 in 5 expressed a concern about a shortfall of cash donations and 1 in 10 charities could not afford the technology to accept cashless contributions.

As lockdown measures began to ease, 75% of charities said it made no difference to their ability to cope with the crisis according to the CAF survey. The survey also reported that by June, 13% said that their biggest concern was possible closure due to lack of funds. One fifth of small charities expected a 50% loss of income as a result of Covid-19, against a £6.4 billion loss of planned 2020 income across the sector over 6 months.[37]

So, three months after lockdown, planned fundraising activities had been affected across the sector, emergency funds had been released from Government but, along with other donor sources had been significantly over-subscribed, and some charities had launched survival appeals to ease their cashflow crisis. For the charities that survived the immediate short-term impact, the next challenge was how to plan income generation in a highly restrictive and unpredictable future.

[35] https://blog.moneysavingexpert.com/2020/05/martin-lewis--my-coronavirus-fund---p3-4m-donated--to-415-charit/

[36] *Charities Aid Foundation – Coronavirus Briefing – Three Months After Lockdown How are Charities in the UK Faring?* https://www.cafonline.org/docs/default-source/about-us-publications/caf-charity-coronavirus-briefing-june-2020.pdf

[37] *Pro Bono Economics weekly analysis* 9th June 2020. https://www.theguardian.com/world/2020/jun/09/coronavirus-leaves-one-in-10-uk-charities-facing-bankruptcy-this-year

Lessons Learned from the Immediate Impact of Covid-19

By August 2020 it was possible to peer through the dust of the initial Covid-19 storm and learn lessons. What did the survivors have in common? Which golden threads ran through the plans, mitigations and approaches of the charities that weathered the Covid-19 crisis?

Crisis Management

Early crisis response
Many charities failed to trigger their crisis management processes quickly enough. Driven by a reluctance to inappropriately generate panic, and in some cases plain denial, many Boards and Executive Teams waited until the announcement of lockdown before deploying their crisis procedures. One of the most challenging aspects of crisis management is acknowledging the start of the crisis then triggering a response. Organisations that convened their crisis management teams to deploy plans weeks before the announcement of lockdown were better prepared and had already started to contact donors and funders to mitigate financial losses.

Crisis Preparation
Some charities are exceptionally good at responding to a crisis in the context of their charitable activities (earthquakes, floods etc). Fewer charities' business operations are as crisis ready. A small proportion of organisations with tried and tested business continuity and operational crisis plans had already rehearsed for existential threats like Covid-19. By regularly rehearsing combinations of risks and 'perfect storm scenarios' some charities had already ironed out any snags and rehearsed their responses to crisis situations. They made sure that their policies were accessible, familiar, and up to date, with clarity around roles and responsibilities during crisis scenarios. These charities minimised the chaos by following robust, tried and tested processes as the crisis unfolded.

Financial Model

Line of sight between income and expenditure
Drawing a direct line between money raised and money spent would have clearly and accurately estimated the financial risk caused by an increase in demand for services, an increase in costs and a loss of direct funding to those services. Charities able to join these financial dots quickly and transparently were able to rapidly submit evidence-based bids for emergency funding. They were also able to have more focused and compelling conversations with donors and funders and secure funds early in the pandemic.

Clear Reserves Policy
The ability to articulate the rationale behind the reserves policy and approach to risk during the crisis became critical when applying for emergency funding. Funders scrutinised reserves as part of the emergency application process and required clarity and transparency around the use of reserves to offset financial losses.

Fixed vs Variable Costs
If income dries up, the ability to cut costs quickly is important. However, if the expenditure budget mainly consists of fixed costs, there is little scope for efficiencies. Cutting jobs incurs redundancy payments while negotiating property and rental costs is time consuming and limited by contractual terms. Financial agility can mean the difference between life and death for a charity. During this crisis, organisations with higher ratios of variable costs were able to scale down quickly, easing short term cashflow problems in the early stages of the crisis.

Risk Management

Routine, disciplined monitoring of risk to income

Whilst it is unlikely that many charities had a global pandemic on their risk register, most had logged the threat of diminishing income streams. On that basis, scalable, evidence based, multi-year pipelines should have been in place as an early warning system for the extent of risk to income across all streams. Organisations with robust income pipelines and a culture of routinely interrogating pipelines and habitually offsetting high-risk gaps with low risk income were able to react quickly to assess financial gaps, identify risk and manage poor performance. The charities with these tools and ways of working were able to quickly understand and apply the right balance of cutting costs and offsetting income loss from other sources wherever possible.

Up to date, robust risk registers and plans

Risk management can become a box-ticking exercise. But, in addition to crisis preparation, regular interrogation of risks on the organisational risk register is important in preparing for a major or high impact crisis. Organisations that had regularly and meaningfully updated, debated, delegated and discussed risk as a matter of routine at all levels were better prepared and accustomed to the process of risk management. Even if the specific risk of a global pandemic had not been identified, the processes for quickly assessing and responding to the risk would have been in place, enabling a speedy response and robust governance.

Fundraising in a Crisis

Supporter Engagement

Charities with meaningful donor relationships were able to communicate quickly and honestly with them as soon as the crisis began to unfold. In some charities, Major Donor fundraisers were able to contact their supporters immediately with a clear articulation of need and a specific request for help. Transparent conversations with engaged supporters delivered excellent results and uplift in donations for charities with a culture of relationship building and ongoing communication. Some charities deployed clear, staged plans, asking Major Donors and Trusts to first unrestrict their pledges to enable charities to alleviate short-term cash flow problems, then move on to additional asks when the scale of financial losses became apparent. The better the relationship before the crisis, the easier these conversations were during the crisis.

Communication

An important rule of crisis management is to keep communicating. Fundraisers with constant access to a reliable information flow about their charity's situation and requirements were able to provide their donors with important, real time information as they asked for their support. Agility and accurate information are essential for front line fundraisers in a crisis. A constant flow of real time financial and impact data to the fundraising teams proved invaluable during the early days of the Covid-19 pandemic. During the crisis 71% of charities increased their use of social media to keep information flowing.[38]

Horizon Scanning

As the crisis played out, the need for fundraising teams to scan the horizon quickly became apparent. Most 'steady state' bidding processes were soon replaced with new, emergency funding opportunities. For the first 6 weeks after lockdown fundraisers struggled to write bids and stay abreast of new funding opportunities at the same time. Charities with insight teams or roles were able to generate leads for fundraisers and bid writers and populate emergency pipelines for them to convert. For smaller charities without insight or research resources, organisations like the Directory of Social Change and NCVO, alongside sector consultants, posted news and updated funding directories daily.

---

[38] *Navigating times of crisis to protect regular giving.* Rapidata & Access. July 2020. https://rapidataservices.com/wp-content/uploads/2020/07/Navigating-times-of-crisis-to-protect-regular-giving-2020-online.pdf

Resourcing Fundraising Activities during a Crisis

Some charities furloughed all fundraisers during the crisis, removing income generation resources overnight. Others ran skeleton income generation teams, with fundraisers multi-tasking and engaging with different donor audiences for the first time. Strategic resourcing in a crisis is critical, but there is rarely enough time to make these decisions in a considered way once a crisis begins. Some charities had already cross-trained fundraisers and prepared scale-down plans as part of a risk management and contingency process. These leaders were able to deploy pre-prepared plans to reduce costs and optimise return across fundraising teams, making decisions within hours based on existing scenario plans. There was no single solution for all charities in relation to whether and how to cut fundraising costs. But Fundraising leaders with robust decision-making processes in place were able to quickly identify and deploy optimal emergency fundraising resources and structures for their organisation.

External Orientation

PESTEL

At the best of times charities can become too internally focused, losing sight of external influences. During a crisis this is particularly dangerous because the external environment will be the dominant factor in terms of risk and opportunity. So, whilst everyone is understandably pre-occupied with developing cases for support, budget sheets and campaigns, it is vital to prioritise an understanding of the external environment during a crisis. During the Covid-19 crisis the external environment changed significantly, so past assumptions and insight proved unreliable. Covid-19 reminded charity leaders that to be agile enough to mitigate and manage the implications of an uncertain world it is important to stay aware of political, environmental, social, technological, environmental, and economic developments. Throughout the early stages of the Coivd-19 crisis every single element of a PESTEL analysis was in play, presenting serious threats, or significant opportunities. Context-sensitive charity leaders were able to maintain their external orientation and guide their organisations accordingly.

Collaborative Advantage

The Covid-19 crisis was a perfect example of how the social sector can achieve more by working towards a collaborative advantage, in terms or mission delivery, advocacy and sector survival. It's easy to underestimate infrastructure or membership organisations like NCVO, the Institute of Fundraising or ACEVO during times of stability, perceiving them as training organisations or conference organisers. During Covid-19, they played (and continue to play) a vital role in lobbying the Government for financial support and providing crucial information and insight into trends, funding sources, compliance, and policy advice.

Charities working on behalf of specific communities were able to collaborate and campaign with one voice. Domestic violence organisations and food banks worked together to raise awareness of urgent problems exacerbated by lockdown. NHS Charities Together and the National Emergencies Trust demonstrated how a single brand could generate and distribute significant income to front line Covid- 19 services.

The sector has a long way to go before it fully optimises its collaborative advantage. More progress is required during routine times rather than simply through the necessity of a crisis. But sharing resources, speaking with a common voice and strengthening advocacy organisations and networks proved to be the difference between life and death for many charities and the communities they served during this pandemic.

The Role of the Board

The Board of Trustees has a clearly defined role and The Charity Commission provides guidance.[39] But during the Covid-19 crisis some Boards were more proactive and supportive than others. Chief Executives have come under enormous pressure during this period and all required support and advice from their Chairs and Board members for financial, legislative and strategic decisions. Proactive Trustees can help with income generation

[39] The Essential Trustee: What you need to know. What you need to do. The Charity Commission of England and Wales https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/866947/CC3_feb20.pdf. OSCR Trustee Duties – The Scottish Charity Regulator.https://www.oscr.org.uk/managing-a-charity/trustee-duties#:~:text=%20Additional%20duties%20for%20charity%20trustees%20include%3A%20,control%20of%20how%20their%20charity%20fundraises.%20More%20

by optimising their connections and networks, as well as supporting their charities by becoming advocates for the charity and communities it serves amongst influential contacts and colleagues outside and inside the charity sector.

The Medium-Term Impact of Covid-19 on the UK Economy

The 2020 Economy

By July 2020 the GDP growth forecasts for the remainder of 2020 were pessimistic. The July Price Waterhouse Coopers economic scenario said,

> *Our estimates for GDP growth in 2020 now range from -10% to -13%. There should be a gradual recovery later this year and in 2021, although a deeper contraction in Q2 could hold back the speed of the recovery in the UK after the initial bounce from leaving lockdown. We estimate that the level of GDP may still be around 1% to 7% below pre-crisis trends by the end of next year.'*[40]

By September 2020, the Business Impact of Coronavirus Survey by the Office of National Statistics[41] reported some recovery across key areas of business and society. 84% of businesses were trading, 80% had been trading for the last two weeks and the number of daily voluntary dissolution applications had declined from 1008 to 940.[42] The ONS Director of Economic Statistics, Darren Morgan explained that the UK remained in its deepest recession for decades,

> *"While it has continued steadily on the path towards recovery, the UK economy still has to make up nearly half of the GDP lost since the start of the pandemic.*
> *"Education grew strongly as some children returned to school, while pubs, campsites and hairdressers all saw notable improvements. Car sales exceeded pre-crisis levels for the first time with showrooms having a particularly busy time.*
> *"All areas of manufacturing, particularly distillers and car makers, saw improvements, while housebuilding also continued to recover. However, both production and construction remain well below previous levels."*

For context, on 11th September 2020 the economy was at a similar level as in 2013 during the Cameron/Osborne period of austerity and the Eurozone debt crisis. And there are factors at play within the growth figures as well as risks to consider for the remainder of the year, as Tom Stevenson, Investment Director, Personal Investing at Fidelity International outlined in response to the ONS September statistics,

> *"Attention now turns to the sustainability of the upturn. August's GDP print will show the impact of the popular 'Eat Out to Help Out' scheme. We already know consumer spending in August exceeded last year's level for the first month since lockdown began, but with social distancing still in place some sectors are struggling to get back on their feet. We are far from out of the woods yet. Covid-19 cases are on the up again, the government is re-imposing restrictions on social gatherings and this, combined with the end of the furlough scheme next month, leaves the outlook uncertain. Deteriorating relations with the EU make a no-deal Brexit in January more likely, adding to the UK's economic challenges and to downward pressure on the pound."*

Experts forecasted a difficult end to 2020 and a double-dip recession was not ruled out. HM Treasury compared 18 independent forecasts and published the average projections on 10th September. The report reflected average projections of a 10% contraction in GDP, and an 8% unemployment rate by the end of the year.[43]

---

[40] *PWC UK Economic Update on Covid-19*. 22nd July 2020 https://www.pwc.co.uk/services/economics/insights/uk-economic-update-covid-19.html

[41] *Business Impact of the Coronavirus (Covid-19) Survey*, 24th August-6th September. Published 24th September 2020. Office of National Statistics.
https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/bulletins/coronavirustheukeconomyandsocietyfasterindicators/24september2020

[42] From week ending 18th September compared with Q3 July to September. Business Impact of the Coronavirus Survey. Office of National Statistics.

[43] *Treasury forecasts for the UK economy*. Published 10th September 2020.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/919323/Forecomp_September_2020.pdf

The Economy Beyond 2020

Treasury forecasts for 2021 suggested some gradual economic recovery to an average GDP growth of 7% and a Q4 unemployment rate of 6.5% by the end of 2021.[41] Alongside the unpredictability of Covid-19 resurgences and restrictions, experts identified two additional key factors as they assessed the post 2020 economic prognosis: Brexit and Consumer Spending.

- Brexit

  The real challenge was understanding the combination of a potential Brexit 'no deal' compounding the ongoing impact of Covid-19. For example, increased costs for businesses at the end of the Brexit transition on 31st December 2020 would slow down any growth and compound any damage done by the pandemic. With cashflows already under pressure, businesses would be less able to mitigate increased tariffs in Q1 2021 by stockpiling in advance. By September 2020 the economy was already being shored up by sectors less affected by Covid-19 (e.g. agriculture). But a 'no deal' Brexit could impact these sectors most. A report from ING[44] suggested that bureaucratic, border spot checks would disproportionately target plant and animal certification, affecting agricultural exporters, reducing their ability to drive economic growth next year. Nevertheless, by October 2020 there was still some optimism about the negotiation of an 'off-ramp' extension in 2021, easing the impact of Brexit for businesses and the economy.

- Consumer Spending

  Even with the threat of a 'no deal' Brexit and Covid-19 restrictions, to see a dramatic drop in GDP in 2021 consumer spending (which comprises almost two thirds of the UK's GDP)[45] would also need to drop considerably. So, the 2020 year-end jobs market and keeping unemployment down was likely to become a Government priority and would massively influence the UK's economic health in 2021.

  With consumer spending inextricably linked to unemployment, analysts kept a close eye on the risk of mass unemployment as the Government furlough scheme ended in October 2020, triggering the risk of a bow wave of job losses. By 2nd October 2020, the Office for Budget Responsibility had produced a report indicating a sharp rise in unemployment to 11.9% during Q4 of 2020[46]. The same report forecast a levelling out to unemployment rates of 3.5% throughout 2021. These figures were swiftly adopted by the Department of Work and Pensions to inform their thinking as they attempt to head off the twin threats of unemployment and reduced consumer spending).

Forecasts for 2021 and Beyond

So, the three factors of consumer spending, the legacy of previous and future Covid-19 lockdowns and a managed Brexit will dictate how quickly the economy recovers from a projected double dip recession in 2021. There was little certainty of the scale of any of these factors at the beginning of Q4 2020. But three things had become clear, the UK would remain in recession, unemployment would increase, and trading terms with the EU would become less favourable in the face of slow progress with the creation of new agreements with non-EU trading partners.

It is difficult to find any forecasts beyond 2021 because of the uncertainty around key factors. But in his speech[47] on 4th September, Michael Saunders (external member of the Bank of England Monetary Policy Committee) set out a middle-of-the-road, 3-year scenario, assuming that a Covid-19 vaccine is found during the next 3-6 months and there is a reasonably smooth Brexit solution,

> *"… the MPC assumed that improvements in vaccines and treatments would allow the direct impact of Covid-19 on economic activity to gradually decline during next year and fade by the end of next year.*

---

[44] *UK: What Brexit Means for the Economy in 2021.* ING. Published 3rd September 2020. https://think.ing.com/articles/uk-what-brexit-means-for-the-economy-in-2021

[45] Financial Times https://www.ft.com/uk-econ-tracker

[46] *HR Review Report* – October 2nd 2020. https://www.hrreview.co.uk/hr-news/uk-unemployment-predicted-to-hit-11-per-cent-in-uk-after-furlough-scheme-ends/127672

[47] *The Economy and Covid-19: Looking Back and Looking Forward*. Michael Saunders. Sept 4th 2020. Quote from page 14. https://www.bankofengland.co.uk/-/media/boe/files/speech/2020/the-economy-and-covid-19-looking-back-and-looking-forward-speech-by-michael-saunders.pdf?la=en&hash=028D7A5F3A8D04F69ABC37B71EB5D45CD403881F

> *Conditioned on that, and assuming that the UK moves smoothly to a CETA-like trade deal with the EU at the end of this year, the central forecast in the MPR was that the economy will gradually recover such that excess capacity emerges in about two years, lifting inflation a little above target three years ahead."*

The Price Waterhouse Coopers economic update published at the end of September 2020 presented two, forecasts based on 'contained spread' and 'further outbreak' scenarios,

> *'Under our 'contained spread' and 'further outbreak' scenarios, the expected contraction in GDP ranges from around -11% to -12% in 2020 before returning to growth of around 10% and 4% in 2021. Our expectation is that the UK economy would recover to the pre-lockdown levels by the end of 2021 under the 'contained spread' scenario, and in the middle of 2023 under the 'further outbreak' scenario.'*

It could be a slow, three-year road to economic recovery with high degrees of uncertainty and several conditional solutions in place (including Covid-19 vaccinations and reasonable Brexit negotiations). Navigating these waters will require resilience, agility and effective contingency planning across all sectors.

Whilst this report focuses on the direct impact of the Covid pandemic on the UK, it is worth including a brief note on global forecasts, particularly around poverty. Growing domestic poverty is compounded by a rise in global poverty and all its implications for international charities too. In May, the World Bank revealed that the pandemic could push 60 million more people into extreme poverty (living on less than $1.90 per day). The pandemic is "erasing much of the recent progress made in poverty alleviation," according to World Bank President David Malpass.

So, there is no single solution to recovery, nor is there a single problem. Rather a combination of complex, interdependent factors at play. This lack of certainty presents challenges to all but the most agile organisations able to exploit opportunities and mitigate threats that will emerge as scenarios evolve over the coming months and years.

The Medium-Term Impact of Covid-19 on the UK Charity Sector

By the end of 2020 charities should have moved beyond the short-term, cashflow crisis with longer term strategic, operational and financial plans. That said, a second winter lockdown cannot be ruled out, prolonging financial pressures as Christmas fundraising events are hit hard and household spending drops at a time of year that can usually be relied on for peak giving. Notwithstanding more lockdown disruption at the end of this year, experts are forecasting up to a three-year financial recovery and the possibility of a permanently scarred UK economy. There will be lasting implications for civil society as demand for services continues to increase amidst a challenging income generation environment.

Delivering More with Less

Demand for services is expected to continue with more than 7 million people expected to seek help from charities in 2021[48], particularly in relation to living arrangements and employment. Early indications suggest that it will be a diminished charity sector that attempts to meet this growing need in 2021 and beyond. By the end of September 2020 there were 5,698 publicly announced redundancies in the charity sector. 55% of these are in the arts and culture sector and 25% in the charity health sector.[49] More are expected as the Government furlough scheme ends at the end of October 2020. A survey by Pro Bono Economics, published in August, suggested that the real redundancy figure could be as high as 25,000 with another 34,100 jobs expected to go by the end of 2020 (6.6% of the sector workforce).[50] According to the Pro Bono Economics survey, 68% of charities expect to see demand for their services increase but at the same time 58% expect to scale back their provision because of lost income.

Continuing Collaboration

Opportunities exist, as demonstrated by some of the sector collaborations seen at the start of the pandemic, to harness the dramatic change and use it to strengthen our individual positions, by being more agile or innovative, or our collective positions and resources. Better collaborative lobbying, along the lines of NCVO, Acevo and the Charity Finance Group, effective resource sharing, consolidating support functions, re-skilling and cross training of staff are all examples of opportunities to cut costs, effort or duplication, without compromising impact. Collaboration need not stop with the early lobbying for Government financial support or Never More Needed. The Charity Finance Group and other sector infrastructure and membership organisations are already lobbying the Government on charity tax and VAT relief[51] – a potential, post-pandemic game changer.

Improved Donor/Charity Collaboration

As the crisis hit the charity sector in March and April, many institutional and philanthropic funders relaxed their requirements as they quickly improved their understanding of the importance of supporting core costs as well as programmatic activity. They paid out faster and increased capitalisation from endowments. They were truly capable of pulling out the stops and adapting. There should be a lasting legacy of understanding across this donor market that should enable more honest conversations and depth of engagement for many charities and key funders. It will be important to continue these conversations throughout the pandemic and beyond.

Persistent Financial Impact

The Bank of England's prediction that broad, economic impact is expected to persist for three years is reflected somewhat in sector assessments. The Pro Bono Economics second wave survey suggests that 70% of charity respondents think that it will take more than one year for income to return to pre-pandemic levels,

---

[48] *National Emergencies Trust/Opinium survey*. August 26th 2020. https://nationalemergenciestrust.org.uk/seven-million-expect-to-seek-charity-support-in-the-next-year-due-to-pandemic/
[49] *NPC Covid-19 Charity Redundancies Monitor* https://www.thinknpc.org/resource-hub/covid-19-charity-redundancies-monitor/
[50] *Weathering the Storm: PBE Charity Tracker*. Pro Bono Economics. First Wave – 3rd to 7th August 2020. Survey of 455 charities.
[51] https://www.cfg.org.uk/Tax_after_coronavirus

26% expecting it to take more than 2 years. Larger organisations are more pessimistic than their smaller counterparts, with 30% predicting a two-year or more recovery rate compared to 17% of charities with annual incomes below £500,000.

Some specific areas, such as medical research, are predicting a longer recovery period. A survey by the Association of Medical Research Charities suggests that charity spending in this field (equating to 51% of all public spending on medical research) will take 4.5 years to return to its pre-Covid levels.[52]

Crowded Funding Markets

Demand for funding is high as charities chase opportunities to close income gaps left by the collapse of major fundraising streams. Foundation Scotland announced a 92% increase in organisations receiving funding across its funding programme between March and September 2020[53] compared with the same period last year. Thanks to additional funding from the National Emergencies Trust they were able to meet the extraordinary increase in demand. Other funders have been similarly over-subscribed, and the trend shows no sign of abating in the medium-term.

Trust in and Relevance of Charities

Since the last significant drop in public trust in charities to 53% during 2015, trust scores have recovered to 63% in November 2019.[54] However, despite a general pandemic public boom in trust, and at a time when it would make sense for trust in charities to increase as a result of the support they provide during difficult times, trust in charities dipped to 61% in May and to 59% by the end of August. For context, this is at the same time as trust in the Government, Banks, Supermarkets, the NHS and The Royal Mail is reported to have increased. Cian Murphy from nfpSynergy explains,

> *"One explanation could simply be that the pandemic response is seen as an issue that is too big for charities and the public struggle to see the role of charities in reacting to the crisis.*
> *However, another, slightly uncomfortable, explanation is simply that the public has not been that impressed with the work of charities during the pandemic so far. Our polling with the general public on the subject of the coronavirus and charities suggests that around half (53%) of the public have been impressed by the response of charities to the pandemic. While we in the sector know the quality of work being done by charities every day in helping society through the panic, our evidence suggests that not enough is being done to communicate this to a public that is overloaded with information about the pandemic."*[55]

Whilst this is a short-term statistic, this impact could persist, affecting medium term recovery efforts by charities. It is one to watch and definitely worth a mention on organisational risk registers in the medium term. With diminishing opportunities to get in front of people at events and one-to-one engagements, alongside a noisy social and traditional media environment, charities will have to work harder over the coming months and years to stand out and make their voices heard. Despite diminishing budgets, and considerable competition from the substantial communications firepower of the commercial sector, not to mention a growing surge of social purpose organisations, they will need to demonstrate and communicate that they are not victims of the Covid-19 pandemic, but providers of solutions and sustainable support for people and communities affected by the crisis.

Reframing Technology

For years, most charities have taken a tactical view of technology, reducing its role to a semi-integrated set of functional tools such as digital fundraising platforms, communication/broadcast channels, intranets, e-mail, websites, CRM systems, financial systems and tools to enable research and data processing. But few charities have made the paradigm shift and decided to exist and thrive in the digital ecosystem where technology

---

[52] *AMRC Survey*. June 2020. https://www.amrc.org.uk/covid-19-the-risk-to-amrc-charities
[53] *The Press & Journal* September 2020. https://www.pressandjournal.co.uk/fp/news/scotland/2515660/significant-increase-in-community-funding-applications-across-grampian-and-highlands-during-pandemic/
[54] *nfpSynergy survey*. % of people claiming to trust charities 'quite a lot' or 'a great deal'.
[55] Cian Murphy Blog. '*Why have charities not benefitted from the pandemic boom in trust?*' September 2020. https://nfpsynergy.net/blog/why-have-charities-not-benefitted-pandemic-boom-trust

underpins the delivery of their charitable objectives. During the Covid-19 pandemic, technology has provided a lifeline without which many charities would not have survived. Forced to reframe technology as a fundamental way of working, charities have started to make the cultural paradigm shift. There has been an insidious, even debilitating, impact on productivity and energy and effectiveness that comes from using poor, wrong or missing tools, holding charities back with a cumulative effect. Thanks to a Covid jolt, charities are starting to understand that technology is not a tactical tool limited by restricted budgets and lack of technical capability but a way of working that brings opportunity, cultural transformation, inclusion, and agility. It throws up all kinds of questions and opportunities from whether to adopt a universal working from home approach, how to deliver services online, the use of Artificial Intelligence and integrity around data sharing. It has also opened the doors to myriad new ways to deliver social good without having to set up a registered charity.

Ongoing Uncertainty and Risk

The Covid-19 pandemic has affected different communities in different ways and although there have been many common challenges, there is no single playbook for how to navigate a global pandemic. As national experts explore scenarios and try to issue guidance, charity leaders are forced to operate in a volatile environment of uncertainty and risk, making tough decisions with limited time, information and means. The next 2-years will likely remain uncertain, with heightened levels of uncertainty and risk. Charity leaders will need to learn to operate in this new and unfamiliar environment, whilst reassuring the communities they serve and the donors that support them that they can continue to deliver impactful results. They will need to enact tremendous self-care as well as care for their beneficiaries and stakeholders in all their forms.

Sharing the Social Good Space

The rise of social enterprise, corporate social responsibility and the impact of businesses on social good is nothing new. But the Covid-19 pandemic has seen a rush of companies keen to grow and amplify their social and environmental credentials. Charities are not the sole purveyors of social good, nor can they match the financial firepower of these new entrants as they secure media space and drive awareness. Getting into the 'attention economy'[56] to rapidly win hearts and minds will continue to be difficult for charities. Headlines like '10 Companies Putting People Before Profits During Covid-19'[57] have tapped into the public's concern for ethical business behaviour. Some businesses are effectively fundraising on a social good ticket while others are delivering a tangible public benefit (nfpSynergy's findings that the most trusted charities are the ones providing clear, tangible services)[58]. For example, BrewDog launched its final Equity for Punks crowdfunding campaign[59] to generate income to maintain its carbon negative status, raising £1.4 million in the campaign's first 48 hours. Meanwhile the value of social bond issuance almost doubled in the year up to May 2020 against the same period in 2019. S&P Global Market Intelligence reported that,

> *"The COVID-19 pandemic has led to surging demand for bonds that finance social projects. Market participants say this spike is likely to last beyond the crisis as the coronavirus has given the social bond market a sense of purpose and clear goals that it previously lacked."*[1]

Boundaries will continue to blur between Government, charities and socially active businesses. Commercial activity in the social good space will continue to gain momentum, the social enterprise sector will grow, and traditional funding markets will become more crowded. Not-for-profits must think carefully about how they share this space and whether they compete or collaborate with their commercial and hybrid counterparts over the next 3 years.

---

[56] Nielsen Norman Group – definition of attention economy. https://www.nngroup.com/articles/attention-economy/

[57] Forbes September 21st 2020. https://www.forbes.com/sites/blakemorgan/2020/09/21/10-companies-putting-people-above-profits-during-covid-19/#153df35fc040

[58] https://nfpsynergy.net/free-report/trust-charities-and-why-it-matters

[59] BrewDog Equity for Punks Tomorrow Campaign https://www.brewdog.com/uk/equityforpunks/tomorrow-raise/welcome?code=R453458

The Medium-Term Impact of Covid-19 on Charity Fundraising

The disruption to fundraising at the beginning of the crisis was significant. As charities begin to move from crisis management to recovery, there are some key trends and priorities to consider when developing sustainable, mid to long-term income generation strategies.

Charity Income – Recovery Period

Long term, historical data shows that charity income recovers even after the steepest of recessions. It can take up to five years after particularly severe economic contraction. However, it is worth remembering that the post Covid-19 recession has not been provoked by financial decline. Triggered by a persistent, global, humanitarian health crisis which then caused financial instability, this situation is unprecedented, and economies might behave differently. Compound that with the fact that prior to the crisis, charitable giving levels struggled to achieve growth as a percentage of GDP means that a net 'giving plateau' during and beyond a potential 3-5-year recovery period is likely.

Key Income Predictions

General Charitable Giving

General charitable giving tends to track economic growth, but we can learn from previous recessions. According to the Institute of Fundraising[60] the recession of 2007/08 led to a 1.1% drop in fundraised income (against a 3.6% drop in GDP) the following year. According to the Institute of Fundraising 'Reframing the Ask' report[61] we could see a 25% drop in fundraised income next year. This means losses of between £6.3 billion and £8.4 billion based on the Treasury's lowest and highest GDP projections.

Individual Giving

A survey of senior fundraising experts and leaders by the Management Centre[62] showed 54% of respondents predicting a decline in individual giving beyond 2020. This was slightly less than the corresponding survey in the USA where the outlook was more optimistic. One of the things to consider is the impact of Covid-19 on households with the highest propensity to give. The Institute of Fundraising 'Reframing the Ask'[63] report identifies these as households where the head is self-employed or employed full-time, or amongst the retired where 'per-person' giving is higher.

Spending is 8 times as high in the top 10% of households by disposable income as in the bottom two bands. However, with household disposable incomes contracting it may be very specific types of giving that are sustained while others decline (81% of Management Centre respondents were expecting growth in major donors). New donor acquisition has been particularly difficult over the last 6 months and, if unemployment levels rise, this trend may continue. So, targeted retention of existing supporters will be critical to avoid high attrition rates.

There has been, nonetheless, some encouraging data around Generation Z giving as found by Enthuse in their Donor Pulse report of Autumn 2020[64],

> *'Typically, older age groups tend to be the most generous, but over the period of lockdown it's actually the youngest cohort who were most likely to give. As Figure 2 shows 84% of 18-24-year olds have made a donation in the last three months. Even if donations to the NHS are removed because of the*

[60] *Reframing the Ask. Trends which will shape giving and fundraising post Covid-19'.* Institute of Fundraising, Cass Business School. University of Dundee. June 2020.
[61] *Reframing the Ask*. Institute of Fundraising, Cass Business School, University of Dundee. June 2020
[62] What does the Future Hold for Fundraising in the UK? Senior Fundraiser Component. The Management Centre. July 2020. (UK version) - https://fundraising.co.uk/2020/08/11/what-does-the-future-hold-for-fundraising-in-the-uk/
[63] *'Reframing the Ask. Trends which will shape giving and fundraising post Covid-19'.* Institute of Fundraising, Cass Business School. University of Dundee. June 2020.
[64] Enthuse – Donor Pulse, Autumn 2020: Impact of Covid-19 on Donor Behaviour.

exceptional circumstances, the data shows that nearly three quarters (73%) of 18-24 year olds made donations.'

Trusts and Foundations

Whilst this market has provided a short-term lifeline to charities during the Covid-19 crisis, it is not necessarily sustainable. 50% of respondents to the Management Centre survey thought foundation income would remain the same, with 31% believing it would grow. The balance saw a potential to shrink- though the pace of decline may depend on stock market values. The Institute of Fundraising 'Reframing the Ask' report is inconclusive about Trust and Foundation giving but recognises that it is the most resilient during times of recession, and that this market has been able to respond well to sector needs, so clearly has a will to continue to do so.

Legacies

77% of the Management Centre Survey[65] respondents forecast a growth in legacy and bequest income in the medium-term. Recent updates from the Legacy Foresight Consortium project a drop of between 1% and 15% during 2020 (with an average estimate of 8%). They suggest a recovery period during 2021getting back on track with pre-Covid-19 growth projections to between £3.5 billion and £3.9 billion by 2024. That said, a steep (12%) decline in the number of charitable estates in 2019 is still an anomaly to watch, pending further research from Legacy Foresight and Smee & Ford.

Statutory Income

Statutory funding (non-voluntary income) has been falling since 2014. Whilst committed contracts will be honoured, it is likely that statutory funding will decline over the next 5-years as cash-strapped public sector budgets fail to stretch. We already know that during periods of public sector austerity, grants to charities are usually subject to cuts.

Events and Community

This was one of the most hard-hit income streams during the period immediately after lockdown. Unpredictable restrictions and multiple waves of Covid-19 mean that these income streams will continue to suffer for the next 12 to 18 months. There is some evidence that digital, virtual engagement can replace some activity (e.g. 2.6 challenge, Macmillan's virtual coffee mornings and the virtual Great North Run.) But market saturation is a risk without the face to face engagement from staff and volunteers to convert interest into actions.

[65] What does the Future Hold for Fundraising in the UK? Senior Fundraiser Component. The Management Centre. July 2020. (UK version) - https://fundraising.co.uk/2020/08/11/what-does-the-future-hold-for-fundraising-in-the-uk/

Recommendations for the Medium-Term Impact of Covid-19

Deploy Robust Plans, Risk Management and Financial Management Tools

- One of the biggest threats to charities since the beginning of the Covid-19 crisis is an inability to quickly and adequately identify risk, assess the implications and develop considered mitigation plans due to fire-fighting and reduction in staff numbers. Charities are usually good at creating mission delivery plans, but less effective at proactively managing business factors. This important checklist will help to set up systems and processes to quickly identify and mitigate risks to income and organisation survival:
- Use 3-year prospect and income pipelines so that you can quickly identify risks to income, forecast the fallout and monitor data in real-time to prioritise mitigation activities. Aggregate pipelines up from individual fundraisers to senior leaders to enable immediate and accurate risk assessments at all levels of the fundraising team.
- Use detailed risk logs, linked to income and prospect pipelines, so that all medium and high-risk income prospects have pre-planned mitigation options before a crisis strikes. Allocate each risk to responsible individuals so that everyone is clear about who does what when a crisis strikes, or risk plays out.
- Scenario plan against combinations of active risks on your risk registers – the perfect storms. Hold table-top sessions and review the performance of teams as they practice triggering financial crises and risk scenarios. Make sure that your team have rehearsed working together on a crisis before a real one arises.
- Make sure that all fundraisers are proficient at budgeting, forecasting and managing financial P&Ls. The Covid-19 crisis uncovered a lack of financial competency and discipline in some fundraising teams that hindered effective mitigation at a critical point early in the process. Build your fundraisers' budgeting and forecasting competencies. Set accuracy targets as part of their performance management and reward good performance in this area to focus their efforts.

Develop a Simple, Top-Line Funding Model

- Work across departments and silos to join up funding streams and expenditure lines so that high priority, core charitable activities are not funded with high risk income streams. Plan the right mix of restricted and unrestricted income. Make sure that impact measures are in place across all charitable activities, especially those funded by restricted income sources.
- Link the organisation reserves policy with crisis plans and fundraising risk logs so that fundraisers can speak with confidence to funders about reserves and the rationale for the reserves policy in a crisis.
- Make sure that there is a direct line of sight between money raised and money spent to clearly demonstrate the impact of losing income on specific services and outputs (see table 6).

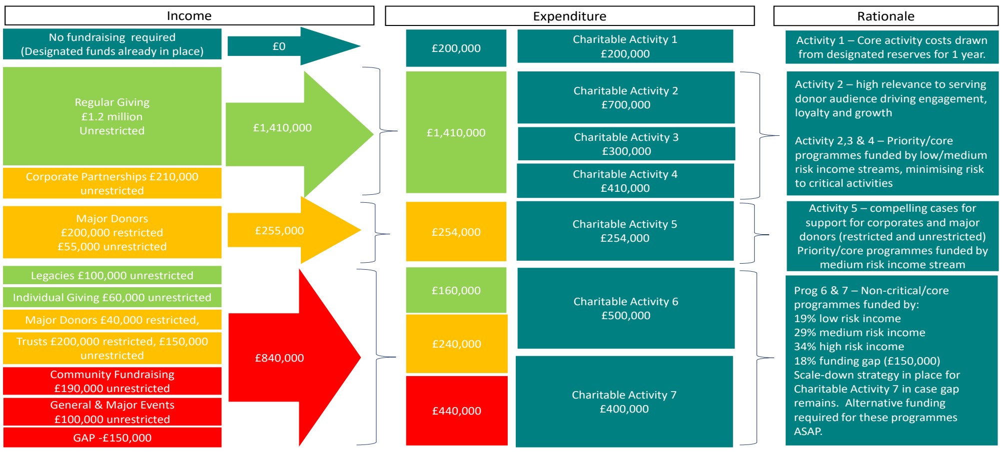

Table 6

Build Risk Mitigation and Crisis Planning into Routine Supporter Engagement Activity

- Build high quality engagement with your supporters during stable times, so that when a crisis hits they are responsive and ready for crisis communications.
- Share your risk strategies with major funders as a routine part of the funding relationship so that they are already familiar and comfortable with your approach to risks and crises.
- Continuous communication is important from the earliest hint of a problem to the epicentre of a full-blown crisis and beyond. Communicate with your supporters regularly and frequently as a major crisis unfolds.
- Don't worry about slick campaigns. Honest, simple communication works just as well during a crisis. It will help differentiate crisis campaigns from normal campaign activity.
- If short-term cashflow is a problem, contact existing major donors or Trusts and Foundations about unrestricting existing donations and grants to re-direct them to financial gaps.
- When the crisis is over seek feedback from your supporters so that you can improve your plans for the next crisis.

Build a Flexible, Scalable Fundraising Resourcing Model

- Cross train fundraisers so that all are proficient in more than one fundraising function. This will make scaling-down in times of a financial crisis easier and improve flexibility to resource up during peak demand.
- Ensure your prospect pipelines are detailed and regularly updated (monthly during stable times and weekly during a crisis), and accessible to your fundraisers so that they can easily access accurate information and seamlessly take over donor or audience portfolios from colleagues.
- Plan phased, scaled down/skeleton structures and campaign resources for risks on the risk register that would require a reduction in fundraising expenditure.

Protect Existing Income and Supporters

- Focus on building supporter loyalty to buffer unemployment rises and recession. Listen to and understand your regular supporters and invest in your relationship with them for the medium and long term.
- Invest in digital communication and competency across your organisation and fundraising team. Digital channels will continue to play a critical part in the medium-term recovery period.[66]

Keep Testing and Innovating

- Even if your recovery plan involves reduced budgets, ringfence at least 10% of your fundraising budget for diversification activities. Traditional income streams had plateaued before the crisis, so plan to mitigate this along and beyond the Covid-19 recovery period. This will require ongoing testing and innovation over the next 2 to 3-years to allow diversification to deliver results and reduce pressure on diminishing returns from traditional streams from 2023 onwards.
- Use data from the Covid-19 crisis to identify new and successful income generation activities. Charities were forced to innovate during the crisis, so find examples of innovative practice within and outside your own organisation and use them to kick start your diversification tests.
- Look outside the charity sector for innovative fundraising ideas. Think beyond traditional or charity sector developments. Look to social enterprise and socially driven businesses already successfully fundraising from stakeholders.
- Bring yourself up to date with tech for good initiatives[67] and scan the market every 2 months for disruptive ideas or technologies

---

[66] *Navigating times of crisis to protect regular giving.* Rapidata & Access. July 2020. https://rapidataservices.com/wp-content/uploads/2020/07/Navigating-times-of-crisis-to-protect-regular-giving-2020-online.pdf
[67] https://charitydigital.org.uk/topics/topics/the-best-tech-for-good-projects-happening-now-6525

- Understand how agile working practices can benefit your operational efficiency, software and processes and culture

Prepare for Recession

Continued impact of Covid-19 seems unavoidable and the likelihood of debilitating regional lockdowns and a national lockdown threatens economic stability again. Despite the Chancellor's recent announcement of a new Job Support Scheme, significant levels of unemployment seem inevitable and 'Wishful thinking about a V-shaped recovery is fading rapidly'.[68] So it makes sense to prepare for a prolonged and deep recession. By studying the impact of the last recession[69] it is possible to make some assumptions:

- Charitable giving dropped by 11% during the 2008 recession, so plan to spend at least 10% less than original 2020-23 budgets. The existential nature of this recession might mean an even higher shortfall as unemployment rates dwarf those in 2008 and significantly affect household income and spending.
- Not all charities or causes are impacted equally during a recession. Identify a benchmark group of charities that share your cause and/or target audiences, demographics, and pre-Covid-19 trajectories. Scrutinise and monitor donor behaviour and giving trends so that you can evaluate and proactively plan for impact, as well as differentiating between trends unique to your charity and general trends across multiple charities.
- Make sure legacy pipelines are robust and validated externally if legacies make up more than 30% of organisational voluntary income. Legacy income will be critical during the recession, but the 2019 significant drop in the number of charitable estates could mean unexpected implications or risks over the next 4 years. Monitor these trends carefully if legacy income is to offset losses in other streams.
- Continue to ask for support during the recession but plan to change messages and channels as supporter circumstances and propensity to give changes. Monitor giving trends in key income streams (i.e. any stream delivering 15% or more of overall voluntary income) frequently, using leading indicators as well as lagging, cash metrics and actuals to give early warnings of unexpected drop off or spikes.
- Prepare for a crowded market as more charities make more asks in diminishing markets and social purpose organisations carve out new ways of activating generosity. Consider collaboration with partner charities to reduce noise and achieve economies of scale or expenditure efficiencies wherever possible or to present unique solutions from combined approaches.
- Prioritise expenditure and immediately close zombie projects to save money. Agree scale-down or closure processes and plans for medium and low priority activities with full costs, savings, communication (internal and external) plans and implications. Do this now so that plans can be triggered quickly with minimum delay if required. If a second financial crisis emerges in 2021 or 2022 there will be little time to build these plans from a standing start.

Invest in and Support Talent

So far, the charity sector has suffered at least 5,000 redundancies, with forecasts of many more as the furlough scheme ends at the end of October 2020. As with donors, it is more economical and productive to retain good fundraising talent than acquire and induct new fundraisers in such an unstable environment. So, identify your most talented fundraisers and work hard to motivate, support and keep them:

---

[68] *'The Winter Economy Plan is Coming'*. The Spotlight Foundation. 25th September 2020. https://www.resolutionfoundation.org/publications/the-winter-economy-plan-is-coming/?utm_source=RF+Mailing+List&utm_campaign=0826d26cc1-EMAIL_CAMPAIGN_2020_09_25_01_39&utm_medium=email&utm_term=0_c0e8a99f92-0826d26cc1-313006357&mc_cid=0826d26cc1&mc_eid=5ca4ce3ee0

[69] *The Impact of the (2008) Recession on Charitable Giving in the UK.* NCVO and Charities Aid Foundation. https://www.cafonline.org/docs/default-source/about-us-publications/ukgivingreport2009.pdf

- Working remotely and from home requires more proactive reassurance, communication and support from managers. Transitioning from managing an on-site team to remote teams requires a change in management styles and approach. Make sure objectives for line managers reflect these changes during this period.
- Flex to accommodate people's non-work circumstances during this pandemic. Like never before, people are balancing family responsibilities, their own health and wellbeing and financial worries. Employers can support staff to juggle all these demands without compromising their commitment or contribution to the charity. The best employers will retain their staff by proactively seeking to support them in this way.
- Sacrificing learning and development provision in a crisis is a false economy. Fundraisers will need to be even more innovative, capable, and proficient to generate income over the next 3 years. So, ringfence a development budget and invest in your income generators if you want them to deliver under these challenging circumstances.
- Recruiting from a diverse pool of candidates is a moral and ethical imperative. It is also a sound business decision. Diversity of funding, outlook, thought and culture has never been more important to survival and sustainability across all sectors. If recruitment practices during and after the Covid-19 crisis are the same as they were before, you are missing an opportunity to bring essential new skills and knowledge into your charity. Thinking differently and reaching out to new communities will be an essential component to the diversification and growth of your supporter base over the next 5 years and a diverse recruitment process is the first step in that process.
- Make sure that performance management is robust and transparent. Clarity around expectations and deliverables are important. Regular monitoring and support, as well as addressing performance issues, will be necessary to achieve optimal productivity and return on investment over a 5-year period. Equally, recognising and rewarding good performance is important too when people achieve and exceed their goals. Run development plans alongside performance management processes so that everyone has the opportunity to improve and shine.

Cut Complexity

Complexity is the antithesis of agility and efficiency. During difficult times, delivering more with less and adapting to a quicker pace is the difference between surviving and recovering from the Covid-19 recession or not.

Constantly monitoring external threats and opportunities, then leveraging internal strengths and mitigating weaknesses, accordingly, will be critical over the next 3 to 5 years. Bureaucratic and complex processes will not only compromise an organisation's ability to adapt and respond but will waste valuable time and money. Take every opportunity to identify and cut complexity and waste in your organisation. Burning platforms often provide an opportunity and impetus to change ways of working that have previously been perceived as too difficult or even impossible (as we know from the sector's ability to move to home working and adapt technology). So, whilst the Covid-19 pandemic presents numerous challenges, it also provides impetus and opportunities to press the reset button on outdated and inefficient practices.

Build a Confident Narrative

Securing, maintaining and growing public trust will require a confident tone of voice across the sector. A shift from talking about the survival of the sector to a focus on the sector's role in solving post-pandemic problems as a critical part of the solution will be important. Demonstrate how charities can reset the post-Covid-19 world, not that they will barely survive it. Balance fundraising narratives carefully so that the focus is on rebuilding the future, not rescuing the charity.

Case Studies

The Covid-19 pandemic has highlighted solutions as well as problems. This section presents case studies to demonstrate 'what good looks like'. It is by no means exhaustive but highlights pockets of good practice and innovation.

The Product Giving Alliance

Example of	Collaboration, use of technology, efficiency, clarity of need and mission, making it easy for supporters to support.
Established	May 2020
More information	www.fareshare.org.uk/product-giving-alliance

A collaboration between four charities, Charity Digital, FareShare, International Health Partners and In Kind Direct, The Product Giving Alliance makes it easier for companies, manufacturers, and retailers to support communities both during the coronavirus pandemic and in the longer term.

During the pandemic The Product Giving Alliance provided digital support and training, food, essential consumer goods and medical supplies worth almost £60m to charities in the UK and overseas. This has included digital support to 175,000 charity professionals, 36m meals, 3.5m medical treatments, and 5.9m handwashes.

Association of Learning Technology

Example of	Shared knowledge capital, efficiency and open standards and technology.
Established	1993
More information	www.alt.ac.uk

Not all examples of best practice evolved during the Covid-19 pandemic. The Association of Learning Technology had been around since 1993, but came into its own in 2020. With a clear pledge to its members the ALT stated:

- We pledge to make our intellectual property openly and freely available to the world to support educators, students and decision-makers, to help educational organisations survive and thrive, and to build a fairer and more resilient education system.
- We pledge - where possible - to openly license or dedicate to the public domain our intellectual property

Providing a lifeline of resources including webinars, consultants, commercial services and community resources, The ALT served its 3,500 charity and education sector members well at a time when technology became critical in the world of education.

360 Giving

Example of	Open source sharing, collaborative advantage. Technology. Real-time funding data. The power of ecosystems.
Established	2014
More information	www.threesixtygiving.org

Set up to make grant making in the UK more informed, effective, and strategic 360 Giving works with funders to publish their funding data to a set of open standards. Over 140 funders now subscribe making it easier for funders and applicants to better understand if and how to apply for funding against clear and transparent criteria. Grant making has become more joined up, informed and effective, saving grant makers and recipients time and money in the application process. In 2020 360 Giving published a Covid-19 related grants tracker, updated every day, helping funders and applicants to track funding opportunities using accurate, real time data. It was one of the only real-time resources of its kind at that time.

BrewDog #EquityForPunks

Example of	Raising funds, environmental campaigning, building communities, attracting investment from non-traditional markets. Breaking the rules.
Established	September 2020
More information	www.brewdog.com/uk/equityforpunks/tomorrow-raise/welcome

Who in their right mind would launch an environmental equity release in the middle of a global pandemic and at the beginning of one of the worst recessions on record? BrewDog! After 48 hours they had raised over £1.2 million of a £7.5 million campaign as over 2,400 people bought equity. #EquityForPunks is an ongoing campaign at BrewDog, raising over £79 million from over 145,000 investors since 2009. But this one is different because all money raised will go directly to making to carbon neutral company carbon negative. Planting trees, transforming their plant infrastructure and working with suppliers to also become carbon negative is what this crowdfunding campaign will fund. By the end of September, they had reached £4.9 million with another 115 days to go. Crowdfunding at its best – and a great model for the charity sector.

2.6 Challenge

Example of	Fundraising, collaboration, digital engagement.
Established	April 2020
More information	www.twopointsixchallenge.co.uk

This was one of the biggest collaborative fundraisers during lockdown. Designed to compensate for the loss of the London Marathon – raising around £66 million every year for charities, the campaign challenged people to fundraise around the number 2.6 or 26. The list of charity, infrastructure and corporate partners collaborating on the 2.6 Challenge is huge and a tribute to the clarity of message, proof of need and simplicity of the campaign. It is one of the best collaborative campaigns of the year and proof that when the sector collaborates well it delivers extraordinary results. The campaign has raised £11.1 million by the end of September 2020.

Crisis Venture Studio

Example of	Collaboration, innovation, start up support, new business development.
Established	September 2020
More information	www.crisis.org.uk/get-involved/venture-studio

Crisis has a long track record of working to end homelessness. In September they launched Venture Studio, to accelerate the development of innovative solutions to end homelessness. At a time when many charities were scaling down or closing down their innovation teams, Crisis launched a collaborative incubator to bring together and provide access to deep subject expertise, a test bed with experts by experience, funding and a range of technical, business and product support to accelerate businesses on a mission to end homelessness.

Looking to collaborate across sectors Crisis will use (and sell) their knowledge and expertise on homelessness to develop partnerships with others and turn ideas into investment-worthy, social start-ups.

This is new, so no updates yet. But one to watch as Crisis turns a solid knowledge asset into a way of generating income and creating cross-sector partnerships.

Written and compiled by:

by the waves

funding advice for charities and philanthropists

Leesa Harwood

By the Waves Charity Consultancy
www.bythewaves.co.uk
leesaharwood@bythewave.co.uk
07463 768656

By the Waves provides a bespoke service for charities and philanthropists. Helping to create sustainable solutions for social and environmental problems. Working with charities to optimise their impact and generate income. Helping philanthropists to get the most from their philanthropic and social investment portfolios.

Peer reviewed and edited by:

Sarah Hughes, Lean Impact Advisor,

Charity 21

Sarah Hughes is a strategist focused on lean and agile ways of working for purpose-driven organisations. She works with clients to deliberately do more with less!