



## Covid-19: Challenges Facing the Charitable and Voluntary Sector

### Debate on 30 April 2020

On 30 April 2020, the House of Lords is due to debate a motion moved by Lord Addington (Liberal Democrat) that “the Virtual Proceedings do consider the fundraising and organisational challenges faced by the charitable and voluntary sector during the Covid-19 pandemic”.

#### Summary

[Many charities are facing increased levels of demand](#) for their services because of the Covid-19 outbreak in the UK. At the same time, the sector could lose a considerable proportion of its revenue following the closure of charity shops and other venues and the cancellation of fundraising events. The National Council for Voluntary Organisations has estimated [charities overall may lose around £4 billion over a 12-week period](#) as a result of the pandemic. It has warned this would result in charities becoming unable to provide essential services at a time of increased need.

The Chancellor of the Exchequer, Rishi Sunak, announced [a £750 million package of support](#) for charities. This support is targeted at charities providing services for people affected by Covid-19, such as hospices and the St John Ambulance. Part of this funding is also intended for small and medium-sized charities. Both the National Council for Voluntary Organisations and the Labour Party have welcomed this increased funding. However, both have argued more government support would be needed to enable the sector to continue to operate.

Government departments have also announced additional funding for [charities supporting the victims of domestic violence](#), for [mental health charities](#) and for [charities working to prevent the spread of Covid-19 in the developing world](#). The [National Lottery Community Fund](#) has also announced all its funding decisions for the coming six months would be devoted to addressing the Covid-19 pandemic.

There has been an [increase in the number of people wanting to volunteer](#) during the pandemic. The Government has worked with the voluntary sector to increase support for the NHS in England. [Over 750,000 individuals have volunteered to act as NHS volunteer responders](#), carrying out tasks to support people with underlying health conditions isolating themselves at home.

Edward Scott | 22 April 2020

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## Role of charities during Covid-19 crisis

In the 2016/17 financial year, the voluntary sector contributed £17.1 billion to the UK economy, around 0.85% of UK gross domestic product.<sup>1</sup> The sector employs approximately 870,000 people.

Many charities are facing increased levels of demand because of the Covid-19 outbreak in the UK. A survey of over 500 charities found that 43% of charities reported an increase in demand for their services so far. The survey was conducted by the Institute of Fundraising in partnership with the Charity Finance Group and the National Council for Voluntary Organisations.<sup>2</sup>

The Charity Commission, in its guidance to charities on responding to the pandemic, has identified the following kinds of services they might be able to provide:

- the relief of poverty;
- the relief of need, hardship, or distress;
- the relief of the elderly;
- the advancement of education or advancement in life of young people; and
- the advancement of health.<sup>3</sup>

The Charity Commission has suggested charities should consider how to provide these services within the objectives of their existing governance documents. It has also offered advice to charities on how to amend these governance documents so that they are able to provide new kinds of support.

## Financial impact of the crisis on charities

At the same time as this increase in demand, the sector is expected to lose a considerable proportion of its revenue following the closure of charity shops and other venues and the cancellation of fundraising events. For example, the London Marathon, due to take place on 26 April 2020, has been postponed.<sup>4</sup> The previous year, this event raised £66 million for charities. Cancer Research UK has estimated it may lose a quarter of its fundraising income in the next financial year as a direct result of the pandemic, a loss of around £120 million.<sup>5</sup> The National Council for Voluntary Organisations has estimated charities overall may lose around £4 billion over a 12-week period as a result of the crisis.<sup>6</sup>

Many charities are experiencing challenges maintaining services during the crisis. The Institute of Fundraising survey found over half (52%) of charities had reduced existing or previous levels of

<sup>1</sup> National Council for Voluntary Organisations, '[UK Civil Society Almanac 2019](#)', accessed 15 April 2020.

<sup>2</sup> Institute of Fundraising, '[Coronavirus impact survey results: Charities cannot meet the surge in demand for services without urgent funding from the Government](#)', 30 March 2020.

<sup>3</sup> Charity Commission, '[Coronavirus \(Covid-19\) guidance for the charity sector](#)', 7 April 2020.

<sup>4</sup> Patrick Butler, '[Charities face cash crisis as virus fears hit fundraising](#)', *Guardian*, 16 March 2020.

<sup>5</sup> Cancer Research UK, '[Cancer Research UK estimates 25 percent drop in fundraising income due to coronavirus](#)', 30 March 2020.

<sup>6</sup> National Council for Voluntary Organisations, '[Government funding for charities: An important start but more is needed](#)', 9 April 2020.

service.<sup>7</sup> A further 12% intended to reduce levels of service in future. The youth workers' charity UK Youth has also published a survey of charities working with young people.<sup>8</sup> Most respondents (88%) said they expected that they would have to reduce the services they provided. Just under a third (31%) of those surveyed said they were expecting to have to make redundancies, while 17% said they may have to close permanently.

In his evidence to the House of Commons Digital, Culture, Media and Sport Committee inquiry into the impact of Covid-19 on the charity sector, the chief executive officer of the National Council for Voluntary Organisations, Karl Wilding, warned only about a quarter of charities held enough reserves to support them through a three month period without income.<sup>9</sup> He said the lack of income would have a negative impact on small charities in particular and argued that many might not be able to survive the crisis. He warned this would result in charities becoming unable to provide essential services at a time of increased need.

### **UK Government financial support**

On 8 April 2020, the Chancellor of the Exchequer, Rishi Sunak, announced a £750 million package of support for charities.<sup>10</sup> As part of the package, UK government departments will directly allocate £360 million to charities in England identified as providing services and support to vulnerable people during the pandemic. This would include £200 million of support for hospices.<sup>11</sup> The chancellor confirmed that the remainder of this funding would go to charities including the St Johns' Ambulance, the Citizens Advice Bureau and those supporting vulnerable children, victims of domestic abuse, or disabled people.

Mr Sunak announced £370 million from the same package would be provided to small and medium-sized charities in England working with vulnerable people. These charities would include those providing services such as delivering food and medicines and providing financial advice. This would include a grant to the National Lottery Community Fund. Mr Sunak said £60 million would also be provided to Scotland, Wales, and Northern Ireland through the Barnett formula.<sup>12</sup>

The chancellor also announced the Government would match the money raised by the BBC's 'Big Night In' charity appeal on 23 April 2020, including a contribution of at least £20 million to the National Emergencies Trust coronavirus appeal.<sup>13</sup>

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<sup>7</sup> Institute of Fundraising, '[Coronavirus impact survey results: Charities cannot meet the surge in demand for services without urgent funding from the Government](#)', 30 March 2020.

<sup>8</sup> UK Youth, '[The Impact of Covid-19 on Young People and the Youth Sector](#)', March 2020, p 6.

<sup>9</sup> House of Commons Digital, Culture, Media and Sport Committee, '[Oral Evidence: Inquiry into the impact of Covid-19, HC 281](#)', 31 March 2020, Q7.

<sup>10</sup> HM Treasury, '[Chancellor sets out extra £750 million coronavirus funding for frontline charities](#)' and '[Chancellor of the Exchequer, Rishi Sunak on economic support for the charity sector](#)', both 8 April 2020.

<sup>11</sup> HM Treasury and Department for Digital, Culture, Media and Sport, '[Letter to MPs and Peers: £750m Coronavirus Funding for Charities](#)', 9 April 2020.

<sup>12</sup> Further information on how this funding is to be allocated is provided in Office of the Secretary of State for Scotland, '[Funding boost for Covid-19 charities](#)' (8 April 2020).

<sup>13</sup> HM Treasury, '[Chancellor sets out extra £750 million coronavirus funding for frontline charities](#)', 8 April 2020.

In addition to this funding, the chancellor confirmed charities were eligible for other forms of support the Government had announced. Charities would be eligible to access the business interruption loan scheme if over half of their income came from trading. Charities would also be able to access the coronavirus job retention scheme, enabling employees to be 'furloughed' on 80 percent of their pay. Several charities have announced that they will be furloughing staff, including Ronald McDonald House, Parkinson's UK, Breast Cancer Now, Teenage Cancer Trust and Action on Hearing Loss.<sup>14</sup>

### Other funding announcements

In addition to the funding announced by the chancellor, the following ministers have announced funding for charities:

- The Home Secretary, Priti Patel, has announced £2 million of funding for organisations providing online support services and helplines for the victims of domestic abuse.<sup>15</sup>
- The Secretary of State for International Development, Anne-Marie Trevelyan, has announced £200 million of funding for UK charities and international organisations to combat the spread of Covid-19 in developing countries.<sup>16</sup> Of this funding, £50 million would go to the Red Cross and £20 million would go to other non-governmental organisations, including UK charities.
- On 29 March 2020, the Minister for Mental Health, Nadine Dorries, announced a £5 million grant for mental health charities, to be administered by the charity Mind.<sup>17</sup>

The National Lottery Community Fund has also announced that all its funding decisions for the coming six months would be devoted to addressing the Covid-19 crisis.<sup>18</sup> It said this would result in an additional £300 million of National Lottery funding being made available to charities dealing directly with the crisis.

### Reaction to Government support

The National Council for Voluntary Organisations welcomed the additional funding announced by the chancellor.<sup>19</sup> However, it warned this would not meet the charities' expected financial shortfall. It noted this funding would be targeted at charities dealing directly with the Covid-19 crisis but said it was not yet clear how cases would be prioritised. The Shadow Chancellor, Anneliese Dodds, also welcomed the chancellor's announcement but likewise argued more funding would be needed to meet the shortfall faced by charities.<sup>20</sup> She said the Government should look for further measures to provide support for the sector.

<sup>14</sup> *Civil Society News*, '[More charities to furlough staff to deal with lost income due to Covid-19](#)', 14 April 2020.

<sup>15</sup> Home Office, '[Home Secretary outlines support for domestic abuse victims](#)', 11 April 2020.

<sup>16</sup> Department for International Development, '[UK leads global fight to prevent second wave of coronavirus](#)', 12 April 2020.

<sup>17</sup> Department of Health and Social Care, '[New advice to support mental health during coronavirus outbreak](#)', 29 March 2020.

<sup>18</sup> National Lottery Community Fund, '[Our funding during Covid-19](#)', 3 April 2020.

<sup>19</sup> National Council for Voluntary Organisations, '[Government funding for charities: An important start but more is needed](#)', 9 April 2020.

<sup>20</sup> Labour Party, '[Charity funding falls far short of financial black hole many organisations facing—Dodds](#)', 8 April 2020.

Following the chancellor's announcement, the Government and the National Lottery Community Fund have been identifying which charities should be prioritised to receive this funding.<sup>21</sup> The National Council for Voluntary Organisations has said it understands the majority of funding for small and medium-sized charities would go to organisations with incomes under £1 million and that most grants were likely to be up to £100,000.<sup>22</sup> It has also said the National Lottery Community Fund would consider diversity and inclusion issues when making funding decisions.

On 17 April 2020, *Civil Society News* reported criticism by the charity Directory for Social Change about the rate of progress made in establishing how the funding would be distributed.<sup>23</sup> The director of policy at the organisation, Jay Kennedy, accused the Department for Digital, Culture, Media and Sport and the National Lottery Community Fund of entering into "bureaucratic wrangling" over how the funding would be released, leading to delays.<sup>24</sup>

The National Council for Voluntary Organisations has argued some of the other forms of government support announced would only help a minority of charitable organisations. Karl Wilding told the House of Commons Digital, Culture, Media and Sport Committee on 31 March 2020 that, while the inclusion of charities in the Government furloughing scheme was welcome, he estimated only a third of charities might be able to make use of the scheme.<sup>25</sup> He said that it would support charities such as arts and heritage organisations where social distancing rules had led to the closure of venues. However, he said most charities were looking to mobilise as many staff as possible to deal with the impact of the Covid-19 epidemic.

## Volunteering

There has been an increase in the number of people wanting to volunteer to help with the impact of the Covid-19 crisis. The National Association for Voluntary and Community Action has said that over 250,000 people have registered at charity volunteer centres since the start of the outbreak.<sup>26</sup> Covid-19 Mutual Aid UK, a group established to coordinate volunteers forming mutual aid groups, has compiled a list of over 4,000 such groups around the UK.<sup>27</sup> These groups are made up of volunteers providing support for people self-isolating during the crisis and are established outside of the formal frameworks of charities, NGOs and government.<sup>28</sup> The National Council for Voluntary Organisations has welcomed the increase in the number of volunteers and argued that coordination of these volunteers was vital to ensure they are used effectively.<sup>29</sup>

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<sup>21</sup> National Council for Voluntary Organisations, '[Contingency planning and financial implications: Charity funding from the Government](#)', accessed 20 April 2020.

<sup>22</sup> *ibid.*

<sup>23</sup> *Civil Society News*, '[Lottery and Government 'not moving swiftly enough' on coronavirus funds](#)', 17 April 2020.

<sup>24</sup> *ibid.*

<sup>25</sup> House of Commons Digital, Culture, Media and Sport Committee, '[Oral Evidence: Inquiry into the impact of Covid-19, HC 281](#)', 31 March 2020, Q3.

<sup>26</sup> *Civil Society News*, '[Quarter of a million people register to volunteer for local charities during Covid-19](#)', 14 April 2020.

<sup>27</sup> Covid-19 Mutual Aid UK, '[Covid-19 mutual aid groups](#)', accessed 20 March 2020.

<sup>28</sup> Covid-19 Mutual Aid UK, '[Frequently asked questions](#)', accessed 20 April 2020.

<sup>29</sup> Karl Wilding, '[Supporting charities and volunteers during coronavirus](#)', National Council for Voluntary Organisations Blog, 18 March 2020; and Oliver Chan, '[Five lessons from the past about spontaneous volunteering in emergencies](#)', National Council for Voluntary Organisations Blog, 9 April 2020.

The Government has worked with the voluntary sector to increase support for the NHS in England. On 18 March 2020, the Secretary of State for Digital, Culture, Media and Sport, Oliver Dowden, announced that he was in discussions with civil society organisations including the National Emergencies Trust, the National Council of Voluntary Organisations and the British Red Cross.<sup>30</sup>

On 24 March 2020, NHS England announced it was looking for 250,000 members of the public to become NHS volunteer responders.<sup>31</sup> The drive for volunteers would be supported by the Royal Voluntary Service and the GoodSam Responders app. These volunteers would carry out tasks to support people with underlying health conditions isolating themselves at home during the outbreak. Tasks would include delivering medicines from pharmacies; checking-in with people in self-isolation by phone; and transporting patients to appointments and bringing them back from hospital. Within the first day of the call going out, over 400,000 people had volunteered.<sup>32</sup> As a result, the NHS extended its target for volunteers to 750,000. On 29 March 2020, NHS England announced it had reached this new target and was pausing the drive for volunteers.<sup>33</sup>

### Further information

- National Council for Voluntary Organisations, '[UK Civil Society Almanac 2019](#)', accessed 15 April 2020

*Statistics on the size of the voluntary sector in the UK and its contribution to the UK economy.*

- HM Treasury, '[Chancellor sets out extra £750 million coronavirus funding for frontline charities](#)' and '[Chancellor of the Exchequer, Rishi Sunak on economic support for the charity sector](#)', 8 April 2020

*Details of the support announced by the UK Government for charities.*

- HM Treasury and Department for Digital, Culture, Media and Sport, '[Letter to MPs and peers: £750m coronavirus funding for charities](#)', 9 April 2020

*Letter to MPs and peers providing further information on how the funding announced by the chancellor on 8 April 2020 would be allocated.*

- National Council for Voluntary Organisations, '[Government funding for charities: an important start but more is needed](#)', 9 April 2020

*Response to the measures announced by the Government on 8 April 2020.*

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<sup>30</sup> Department for Digital, Culture, Media and Sport and Office for Civil Society, '[Culture Secretary works with charities to galvanise Covid-19 volunteers](#)', 18 March 2020.

<sup>31</sup> NHS England, '["Your NHS Needs You"—NHS call for volunteer army](#)', 24 March 2020.

<sup>32</sup> NHS England, '[Over 400,000 people join NHS army of volunteers in one day](#)', 25 March 2020.

<sup>33</sup> NHS England, '[NHS volunteer responders: 250,000 target smashed with three quarters of a million committing to volunteer](#)', 29 March 2020.

- Cancer Research UK, '[Cancer Research UK estimates 25 percent drop in fundraising income due to coronavirus](#)', 30 March 2020

*Estimates of the impact of the Covid-19 crisis on fundraising by Cancer Research UK.*

- National Emergencies Trust, '[Coronavirus Appeal](#)', accessed 15 April 2020

*Information on the appeal launched by National Emergencies Trust to support those affected by the crisis.*

- House of Commons Digital, Culture, Media and Sport Committee, '[Impact of Covid-19 on the Charity Sector Inquiry](#)', accessed 15 April 2020

*Information on the committee's ongoing enquiry into the effect of Covid-19 on the charitable sector. The committee has so far held an [oral evidence session](#) on 31 March 2020.*

### Parliamentary debate, statements and questions

- [Oral Question on 'Covid-19: Charities'](#), HL Hansard, 24 March 2020, cols 1682–5
- A selection of written questions from both Houses: [32042](#) (2 April 2020); [33659](#) (31 March 2020); [30006](#) (30 March 2020); [32741](#) (27 March 2020); [32155](#) (27 March 2020); and [HL2961](#) (16 April 2020)

### Press articles and comment

- Civil Society, '[Charities set to lose £4bn over 12 weeks due to Covid-19 pandemic](#)', 20 March 2020
- Charles Hymas, '[Charities of all sizes face closure in coronavirus cash crisis, warns head of UK's biggest children's charity](#)', *Telegraph* (£), 4 April 2020
- Baroness Stowell of Beeston, '[The importance of charity and the British public's generosity have never been more evident—but charities are still struggling](#)', *Telegraph* (£), 6 April 2020
- Patrick Butler and Steven Morris, '[Cancer charities say coronavirus shortfall will set back research](#)', *Guardian*, 7 April 2020
- Frances Perraudin, '[Rishi Sunak heeds calls to help charities with £750m extra funding](#)', *Guardian*, 8 April 2020
- Harry Yorke, '[Charities bailout: £750m package will not be enough to save them all, Rishi Sunak admits](#)', *Telegraph* (£), 8 April 2020
- Adam Forrest, '[Help the Hungry: More than 4,000 'mutual aid' groups set up across UK to help struggling neighbours get food](#)', *Independent*, 8 April 2020
- *Independent*, '[Letters: Helping charities in this time of crisis will help us all in the long run](#)', 13 April 2020
- *Civil Society News*, '[More charities to furlough staff to deal with lost income due to Covid-19](#)', 14 April 2020

- *Civil Society News*, [‘Most foundations have relaxed reporting requirements for charities, poll finds’](#), 16 April 2020
- Boudicca Fox-Leonard, [‘There are no easy answers’: how charity sector workers have been hit hard by the coronavirus crisis’](#), *Telegraph* (£), 19 April 2020