



Covid-19 and the Charity Sector in NI

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www.co3.bz | info@co3.bz

Funded By:



Introduction

Six months into the pandemic, we issued a survey to leaders across the third sector in NI to understand and capture how Covid-19 has impacted on the sector. Charities and social enterprises large and small are citing sizeable losses in revenues and with at least six to nine months of continued restrictions it raises a range of challenges for the charities in Northern Ireland.

The purpose of this survey is to provide an update on the survey carried out in **April 2020** in order to keep the focus and awareness of how Covid-19 continues to impact on the charity sector, to the fore. It serves to reinforce our messages to the government and to politicians on the need to provide a tailored financial support package in order to protect the sector both in the short term and in the longer term.

CO3, in partnership with the **Chartered Institute of Fundraising** and with support from **Pro Bono Economics** launched the survey in September with 229 charity leaders responding sharing their insights and challenges. The survey was released prior to the details of the Job Support Scheme announcement and the details of the Department for Communities Social Enterprise fund

Executive Summary

We received **229** survey responses with **70%** stating that Covid-19 has caused financial difficulties as a direct result of the pandemic. The scale of the losses varies across respondents with the largest proportion **30%** stating losses of more than £200,000.

The majority **94%** are predicting further income losses over the course of the next six months. With **27%** predicting losses from **50%** to over **75%**.

The majority of respondents **44%** have **three months or less** of reserves. **41%** have six months or more of reserves.

Only **25** out of the 229 respondents to the survey had accessed the Covid-19 Department for Communities (DfC) charity grant. We know the actual figures are much higher with **499** organisations supported with £8,813,335 issued in grant support. Although a wide range of government schemes have been made available, for the majority in this survey they have not been able to access grant support to mitigate against income losses. A significant proportion of members had accessed the furlough scheme.

30% of respondents stated that they have stopped some of their charitable services to protect cashflow. This is always a difficult balance within the charity sector continuing to offer services, often to those most vulnerable in society or retracting services in order to protect the longer term sustainability of the sector. A further **48%** may have to reduce their service provision in the future. **22%** have been in a position to maintain their current level of service provision.

It comes as no surprise that there has been an increase in demand for charity services through the pandemic. **33%** have experienced up to 25% increase in demand and **41%** have experienced an increase of 50% or over in demand.

14% of respondents viewed the government support to date as either sufficient or entirely sufficient. However, a sizeable proportion **46%** consider support as insufficient. This survey was issued prior to the launch of the Social Enterprise fund.

A significant proportion of respondents **37%** are considering redundancies with a further **40%** stating that they may have to over the next six months. This paints a bleak picture for the overall sector in terms of job losses in the coming weeks and months ahead.

The impact of the pandemic has significantly impacted across a wide range of organisations, **31%** of respondents stated that their risk of closure is quite likely with a further **11%** stating it is neither likely nor unlikely. **48%** said that they are very unlikely to cease operating. It is also important to highlight that the survey was issued before the further restrictions were announced and the details of the Social Enterprise Fund.

Health and well-being of staff was a key concern for many respondents **54%**. A range of factors highlighted as contributing to the health and well-being concerns.

What is needed to protect the charity sector in NI?

Currently, there are **6,326** registered charities in NI, with a total income of over **£1.5billion** of income into our economy. However, we know the Charity Commission for NI (CCNI) is continuing to build the register therefore the actual picture on the value and worth of the sector is much bigger.

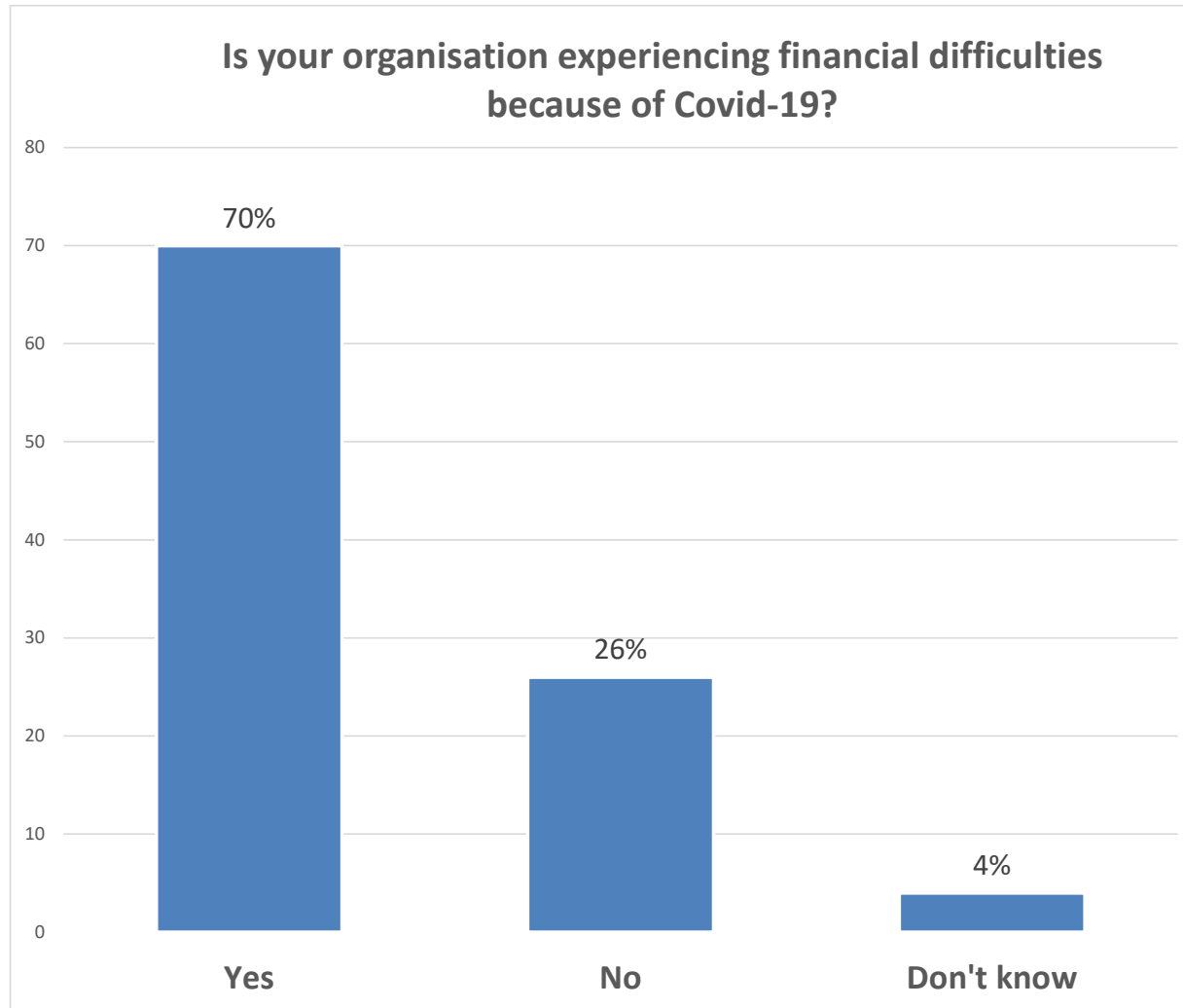
The sector continues to be under a range of significant pressures. Over the course of the past six months a wide range of members have adapted their operations to coordinate a wider range of support services. Against a backdrop of losses in income, an increase in demand for services and continued uncertainty, it paints a concerning picture for a wider range of charities and social enterprises. However, the results also demonstrate the resilience and determination of a sector to serve and protect the most vulnerable in society.

Key Asks

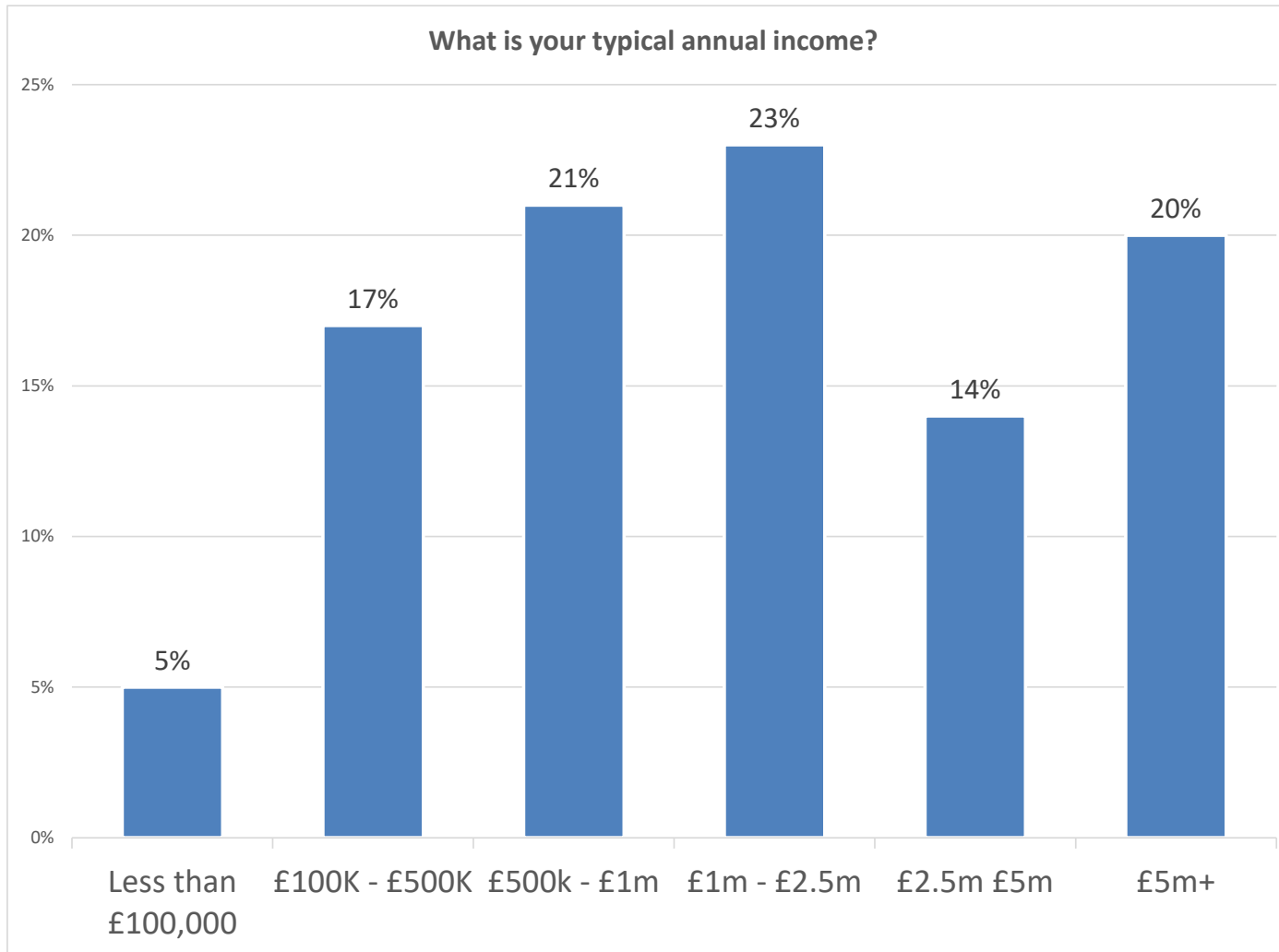
- 1. Re-open the Covid-19 DfC charity fund, widening the criteria to ensure that all charities who have experienced financial losses as a direct result of the pandemic are able to apply. There is a £6million underspend, it is important that this funding is protected for the charity sector who have lost income due to Covid-19.**
- 2. Prioritise the opening of the Dormant Accounts fund in order to support charities in the short and medium term to protect key services and to rebuild their organisations.**
- 3. In addition to the Dormant Accounts, set up a third sector resilience fund to support the rebuilding of the third sector. Building financial resilience through diversification, collaboration and digital support. As well as investing in the current and future leadership across third sector organisations.**
- 4. There are a range of funding pots from across government that the sector has had access to, a central point of information, which clearly states, the size of the pot, the criteria and a list of organisations who have benefited would provide clarity on the range of public sector funding that the sector has had access to through the crisis.**

The impact of Covid-19 on the Charity Sector in NI

Below is a more detailed look at each question and response.

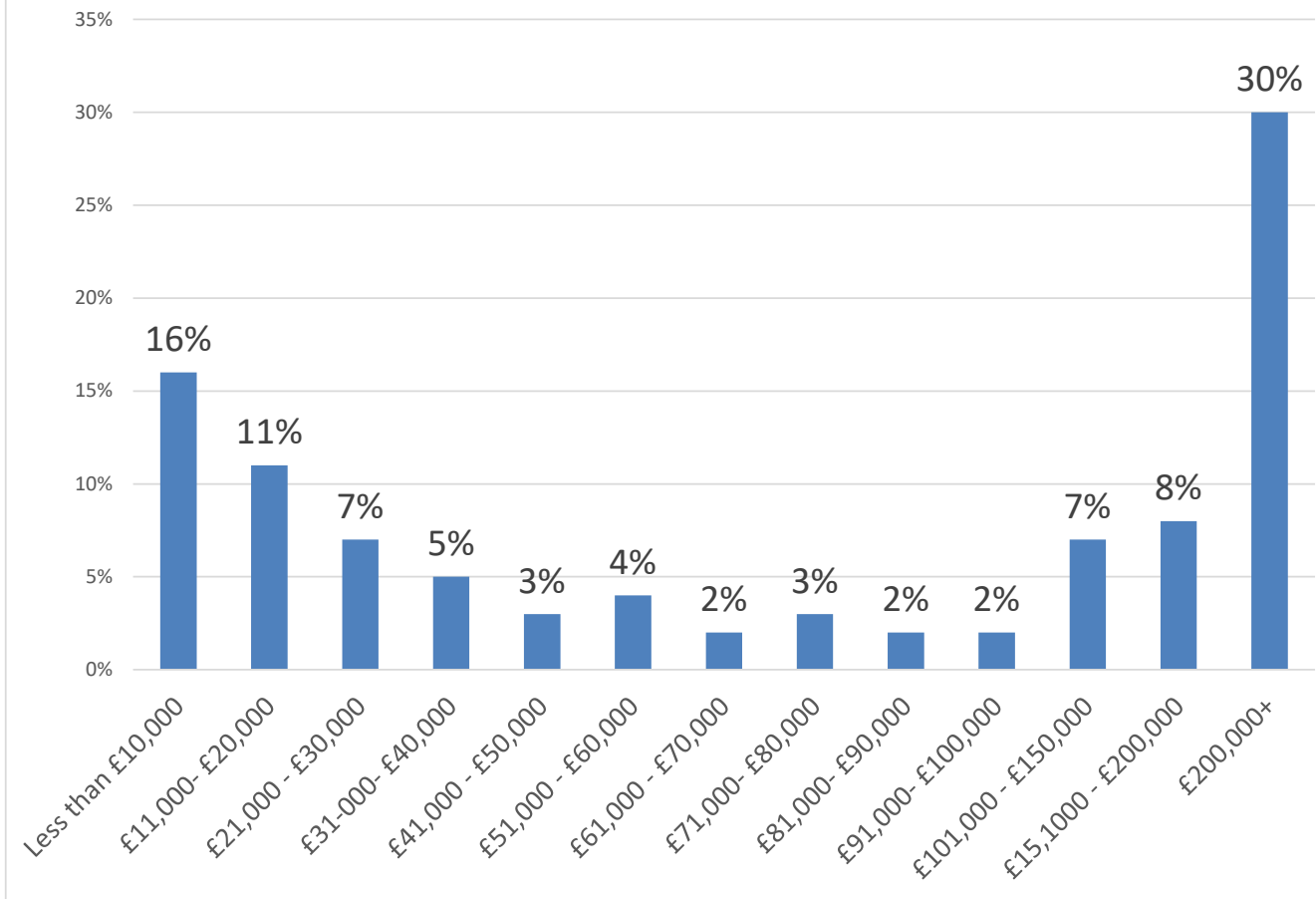


The impact of Covid-19 on the charity sector's income has been significant. **70%** of charities have stated that they are experiencing financial difficulties as a direct result of Covid-19. For many charities and social enterprises their income model has been severely impacted, especially for those who raise their income through community fundraising and events. Over the past six months the sector has played a key role in providing a range of support services across society, with many experiencing an increase in demand for their services.



The charity sector is made up of a diverse range of organisations. The majority of respondents in this survey have an income of £500K+.

How much income has your organisation lost to date due to the Covid-19 crisis ?



The scale of the losses vary across respondents with the largest proportion stating losses of more than £200,000.

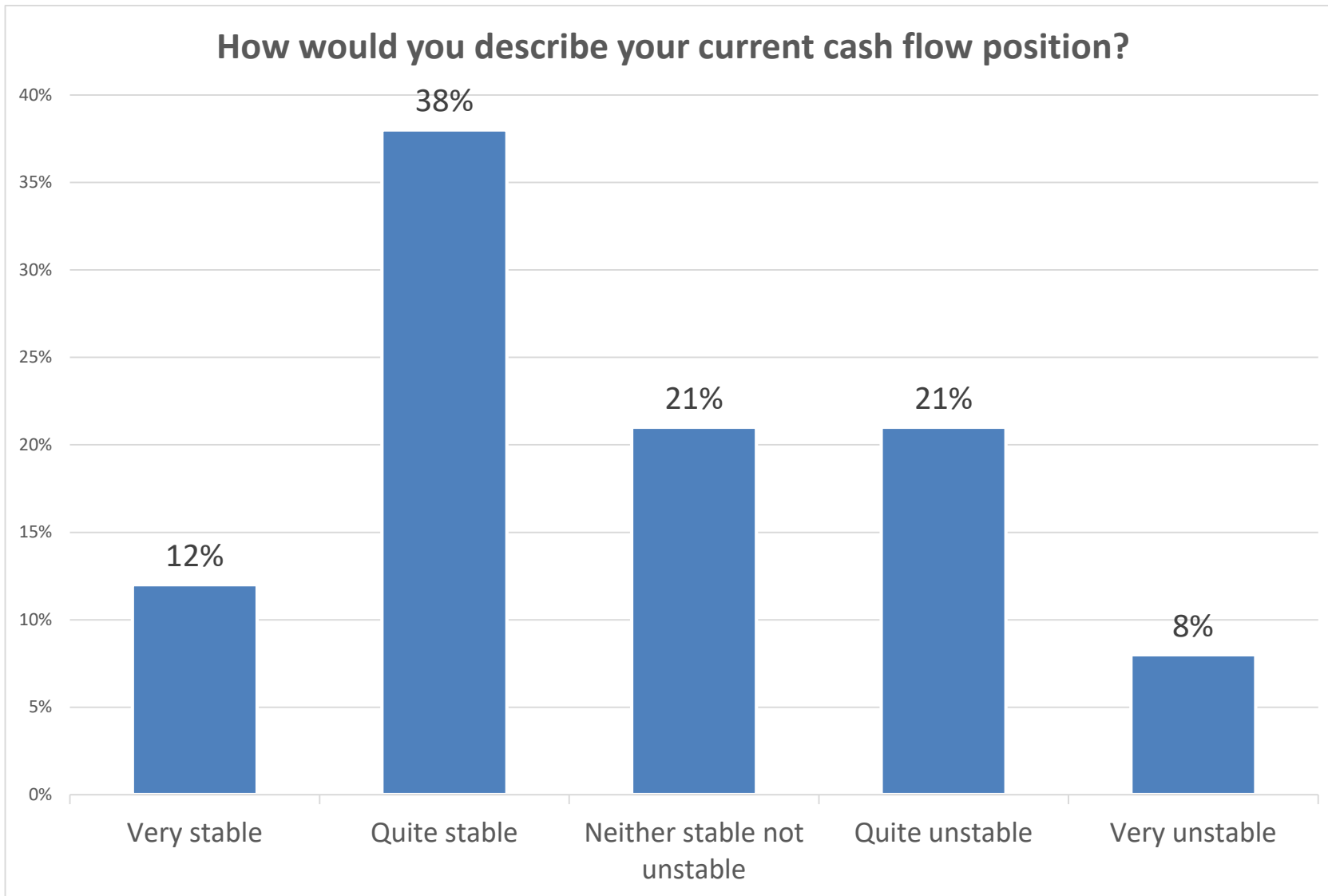
“Our loss is due to the impact of COVID on our funding. our funds are secure for 2020 and 2021 however we envisage a loss of £1m in 2022 as a direct impact of covid”

“loss of income, reduction in clients visits, staff costs to be paid, cost of PPE for every new client for every visit”

“We have incurred monthly losses of £100k per month”

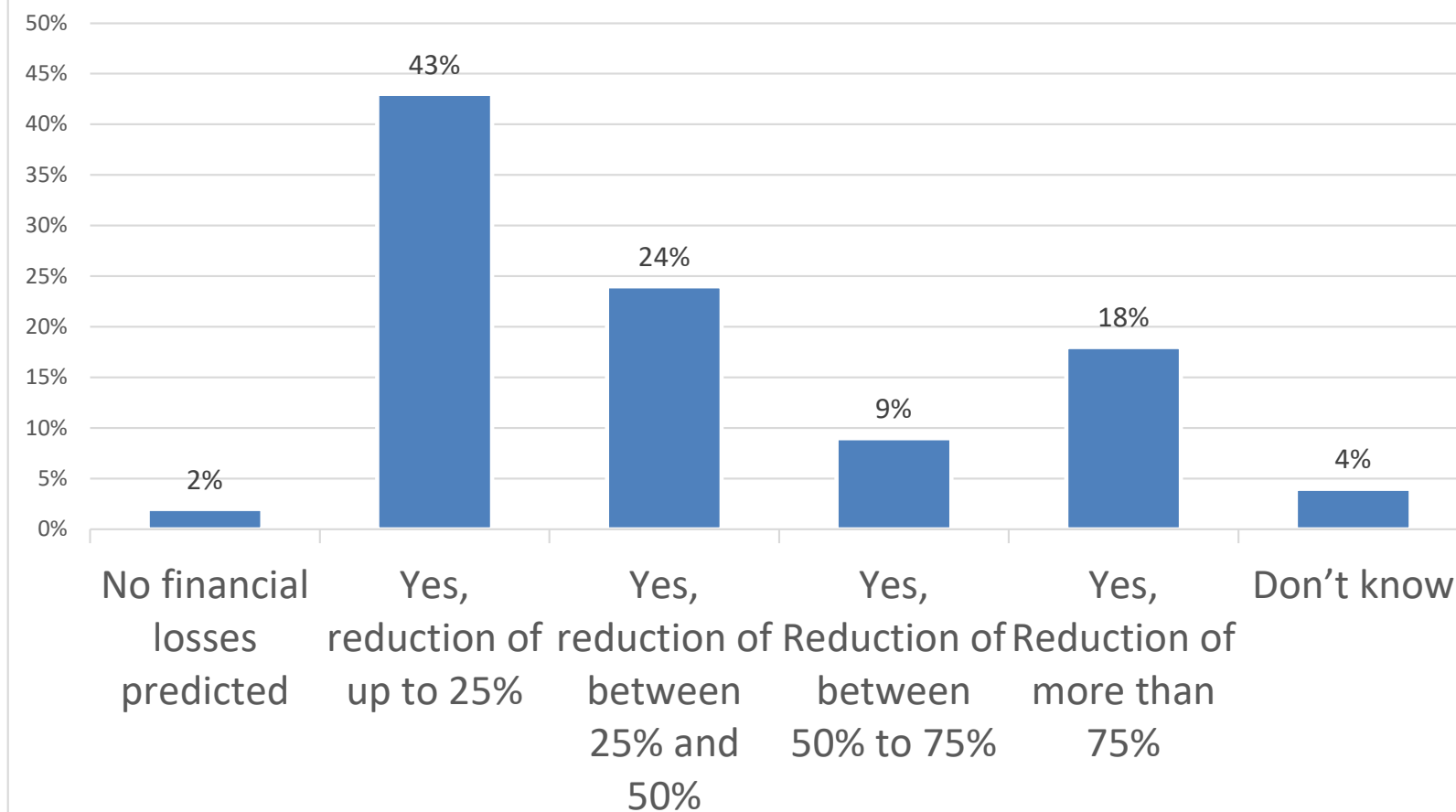
“We will have lost approximately £2m by the end of 2020”

“UK wide, we anticipate the net cost of Covid-19 to be £7.1m, around 20% of our overall annual income”



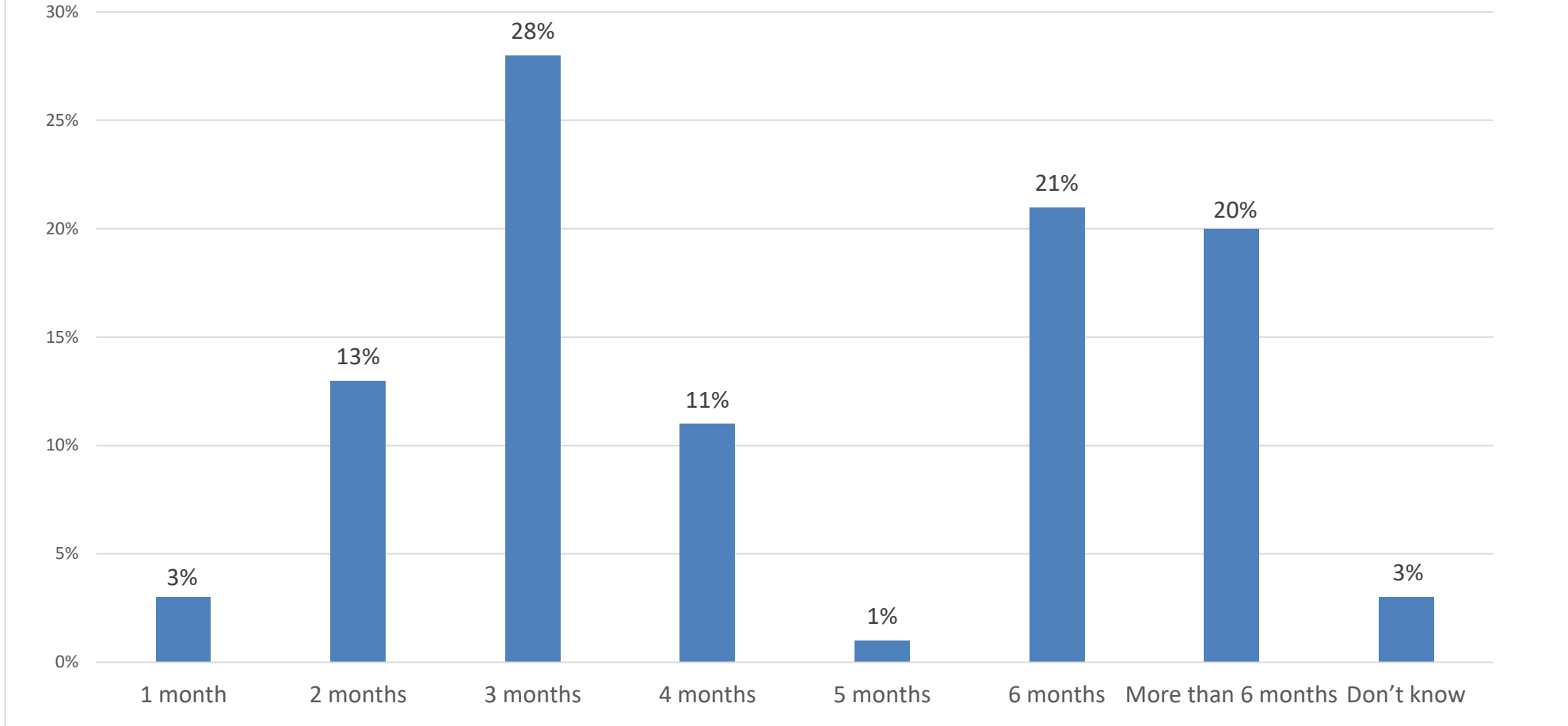
50% of respondents have described their cash flow position as very stable or quite stable. Given the income losses and the financial challenges sighted this is positive. However, there also is sizable proportion who have described their cash flow at either quite unstable or very unstable **29%**.

Do you expect further income reductions/losses over the course of the next six-months as a direct result of Covid-19?



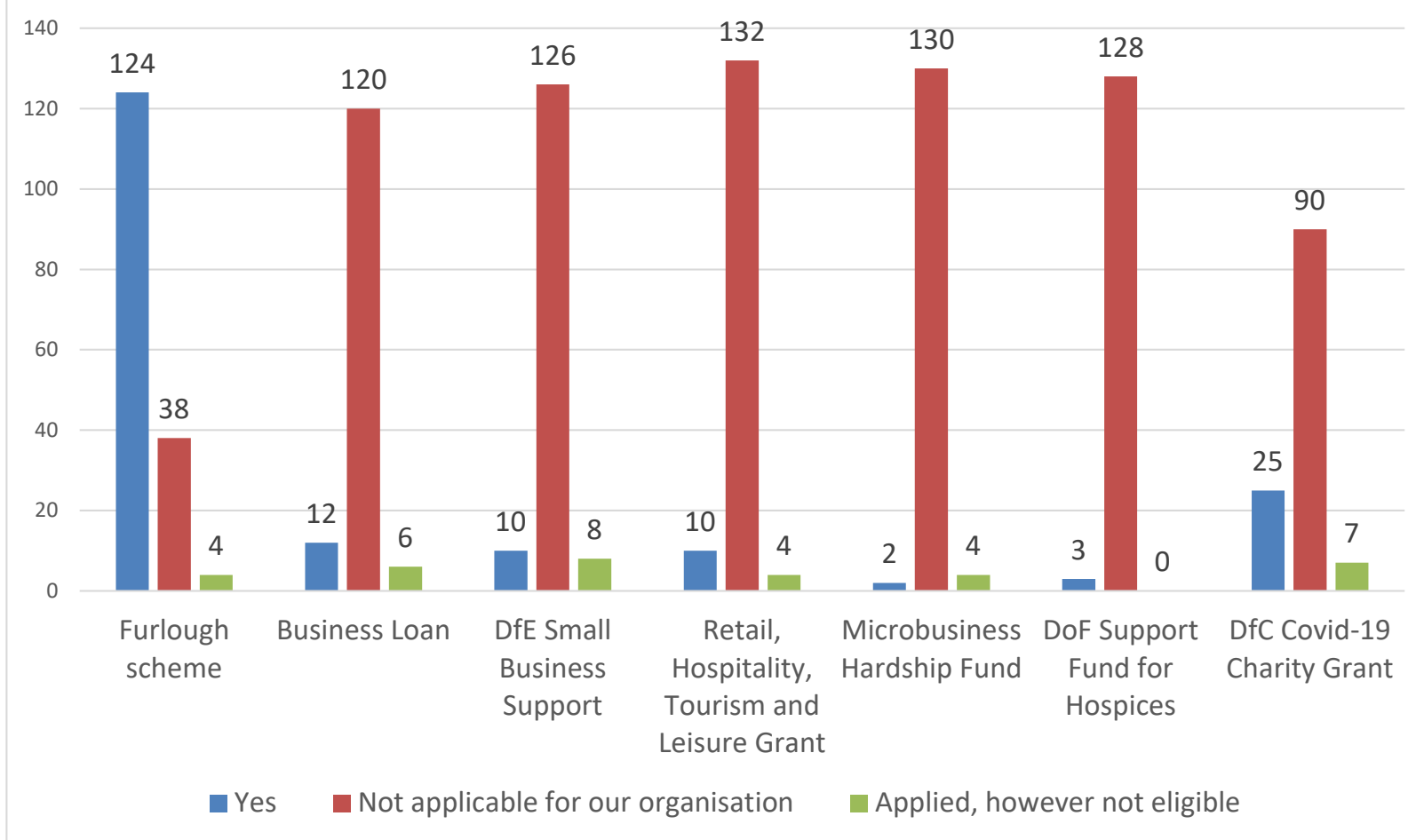
Only a small proportion (**2%**) are not expecting incur income losses over the next six months. **It is important to highlight that the survey was also issued prior to the government announcement of an extension to restrictions of between six to nine months. 43%** are predicting losses or reductions in income of up to 25% with **18%** predicting losses of more than **75%**. The survey was issued prior to the opening of the DfC Social Enterprise fund, which some respondents may be eligible to apply for.

What are your approximate reserve levels?

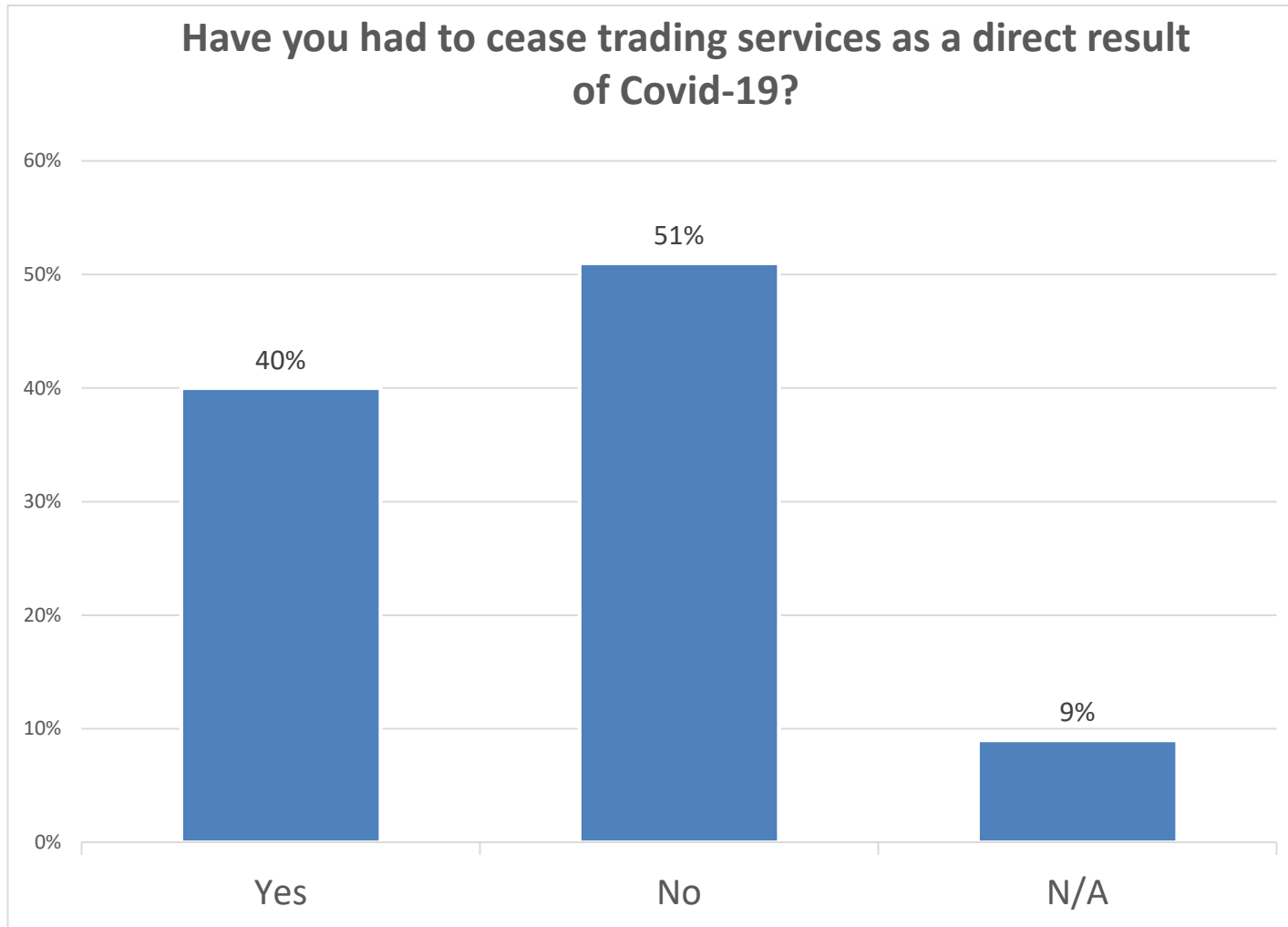


The majority of members have three months or less of reserves (**44%**). **41%** have six months or more of reserves which will help against the financial losses incurred. Through the crisis, for those organisations who have larger reserves it has served to protect their organisations in the short term. However, for those with bigger reserves they have been locked out of financial support because of the criteria set even though some have experienced significant drops in income because of the pandemic.

Have you been able to access the government interventions announced to date?

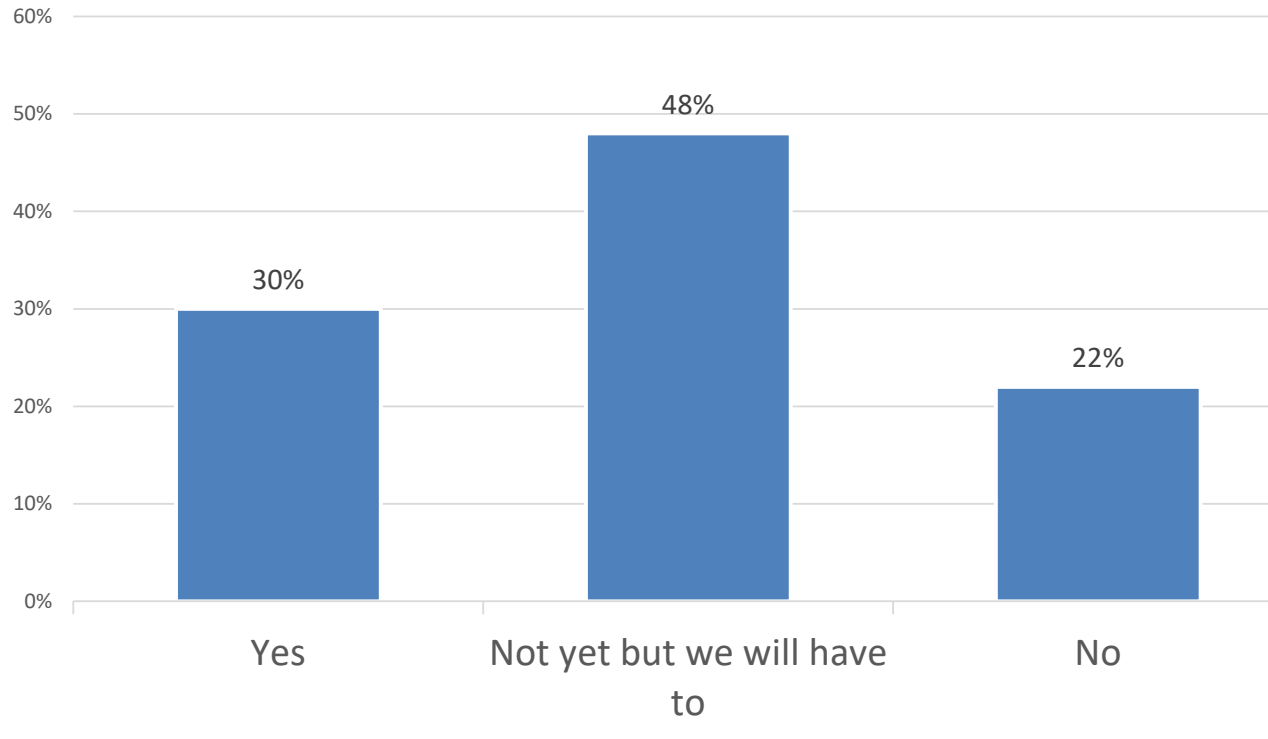


The majority of respondents have accessed the furlough scheme which has provided a 'lifeline' of support across the sector. However, a significant proportion of organisations have not been able to access other government grants. Only 25 respondents to the survey had accessed the Covid-19 DfC charity grant. We know 499 organisations were supported through the fund. Although a wide range of government schemes have been made available for the majority in this survey they have not been able to access grant support to mitigate against income losses.



A growing source of income for the wider third sector is raising income through social enterprise activity, charities have established a wide range of social enterprises generating profit from trading that is invested in their charitable purposes. **40%** of respondents have stated that they have had to cease trading services because of the pandemic. DfC have recently opened a Social Enterprise grant scheme, to support social enterprises who have incurred losses as a direct result of Covid-19. This fund was opened after the survey was issued. **9%** stated it was not relevant to them.

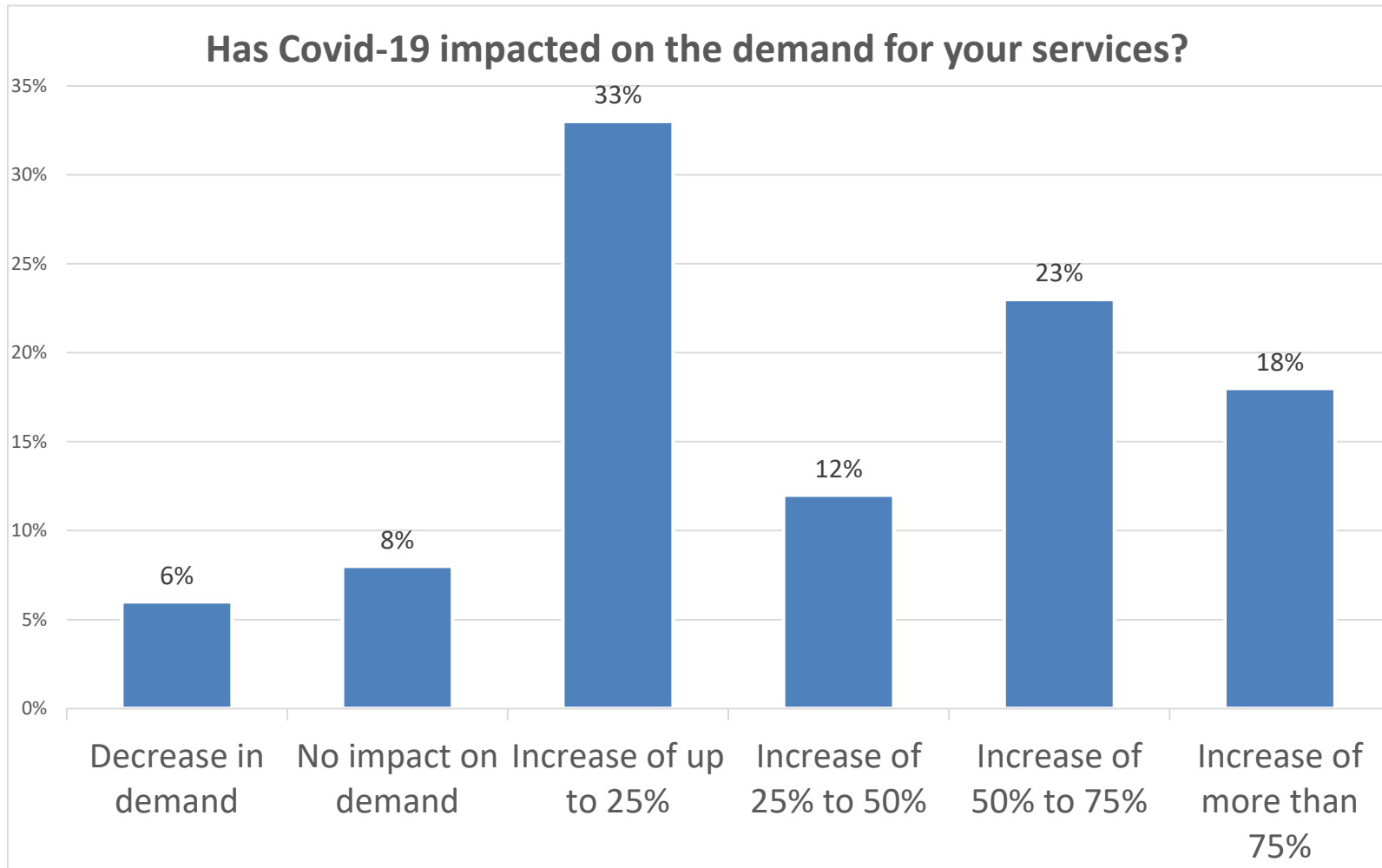
Have you had to cease some of your charity services to protect cash flow as a direct result of Covid-19?



“We have to reduce the range of services that we provide as it just not sustainable given the losses we have incurred. We have not been able to access government grants so we had to choice in order to protect us in the longer term”

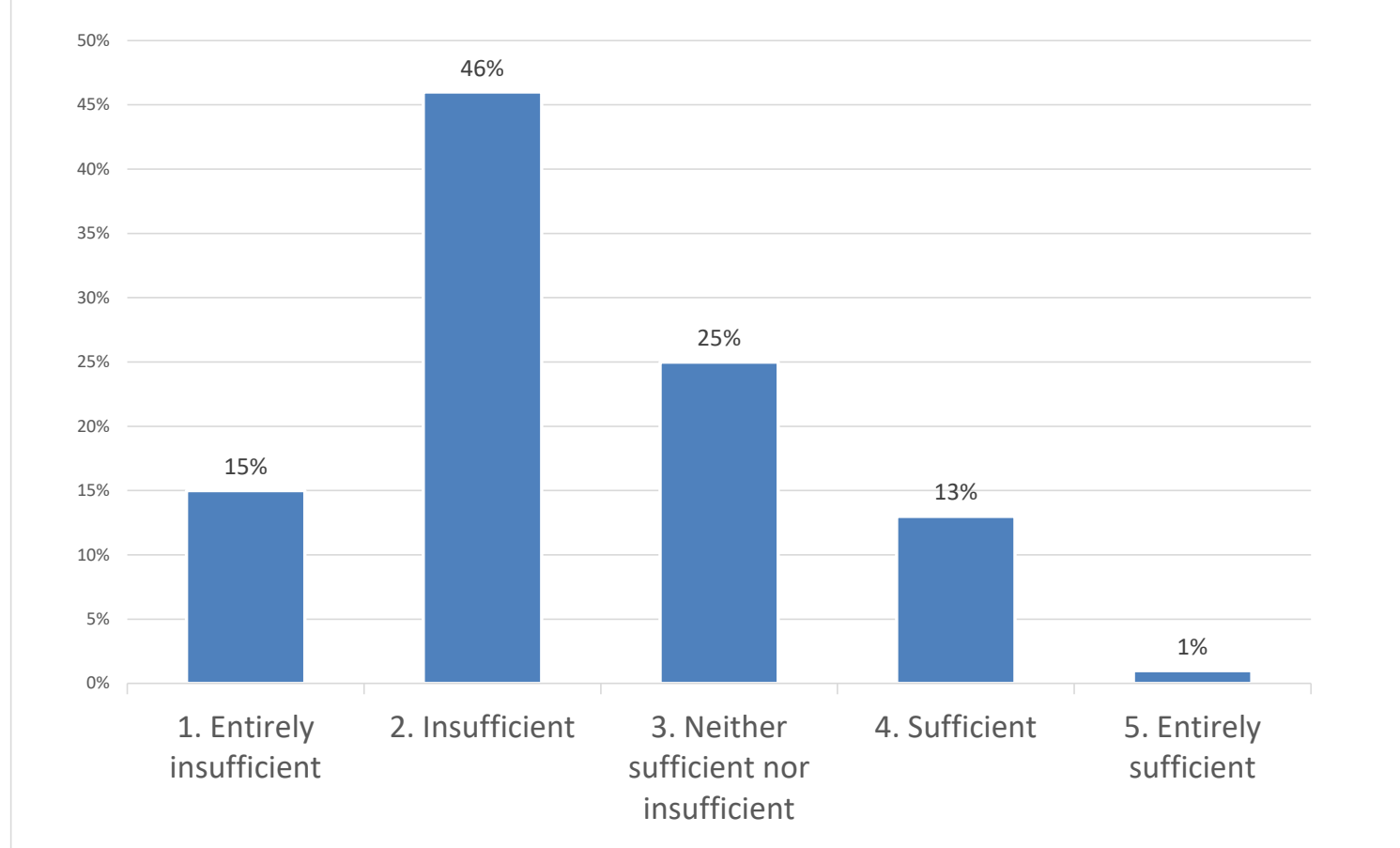
“We have experienced a huge increased demand for our services but have received no additional resources from government to deal with this demand, we simply don’t have the resources to offer the level of services we should be ”

The balance of protecting cash flow against income losses has resulted in a retraction in some of their services. **30%** of respondents stated that they have stopped some of their charitable services to protect cashflow. This is always a difficult balance within the charity sector continuing to offer services, often to those most vulnerable in society or retracting services in order to protect the longer term sustainability of the sector. A further **48%** may have to reduce their service provision in the future. **22%** have been in a position to maintain their current level of service provision.



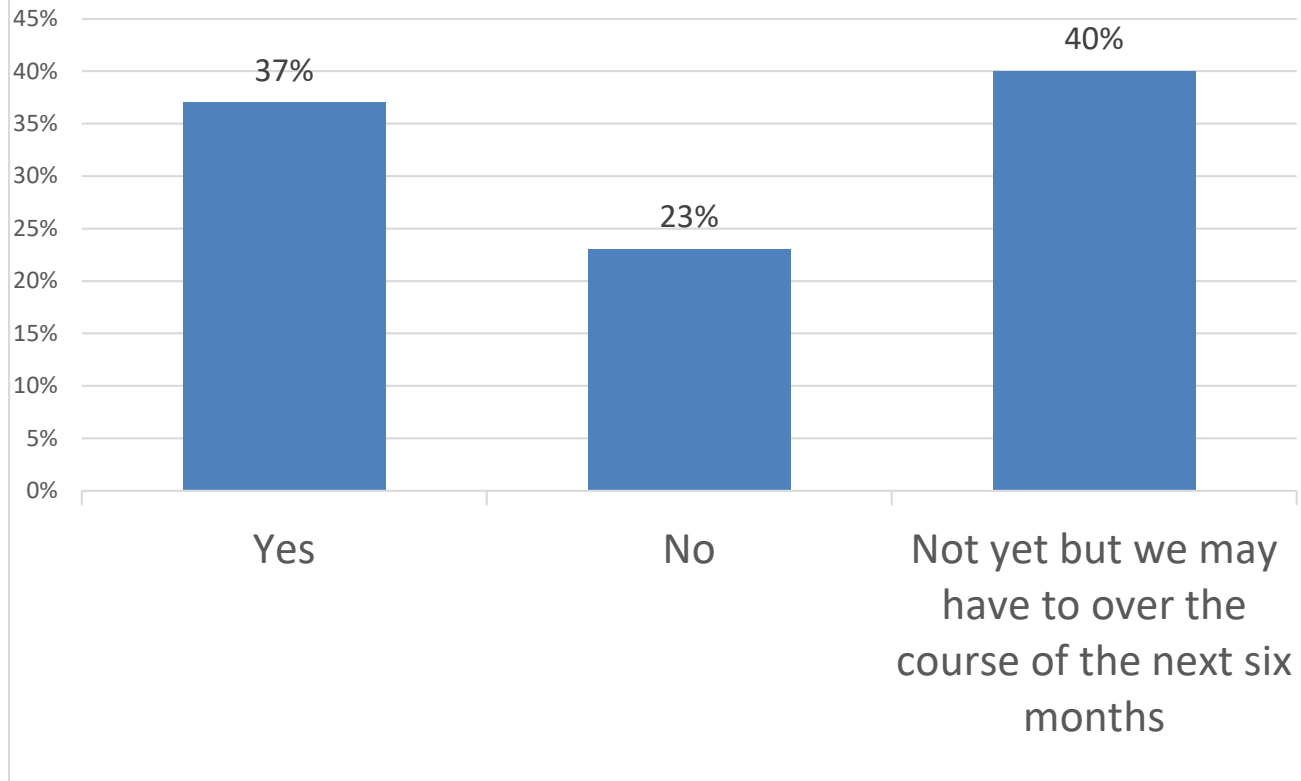
It comes as no surprise that there has been an increase in demand for charity services through the pandemic. **33%** have experienced up to 25% increase in demand and **41%** have experienced an increase of 50% or over in demand. This highlights the challenges many charities large and small have across the sector of responding to need balanced against the financial losses caused by Covid-19.

On a scale of 1-5 how would you score the financial help being provided by the government to the third sector during the covid-19 crisis?



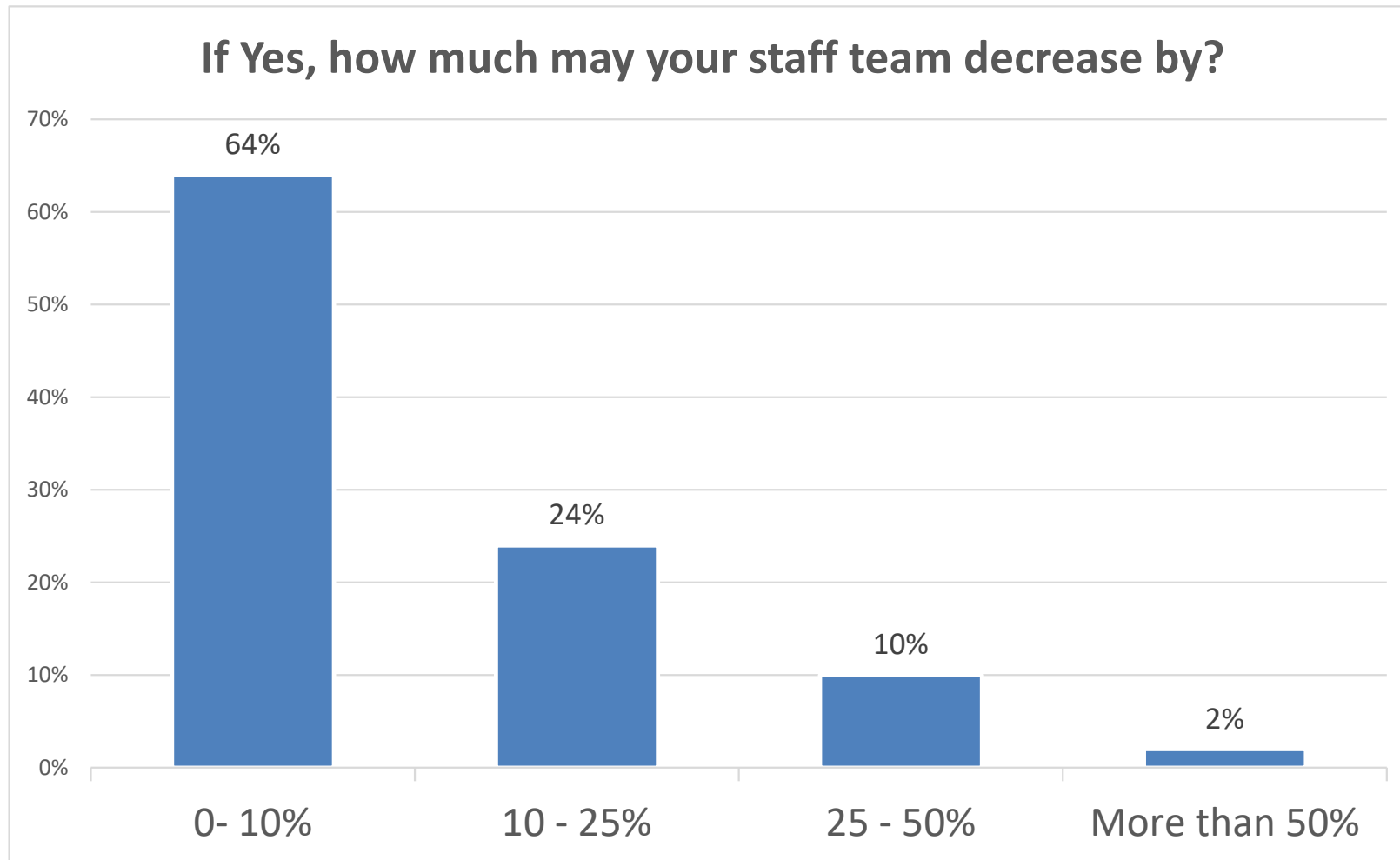
14% of respondents viewed the government support to date as either sufficient or entirely sufficient. However, a sizeable proportion consider support as insufficient **46%**. It does highlight a mixture of views, with many across the wider third sector not satisfied with the level of financial support that has been made available to date.

Are you considering redundancies to mitigate against the impact of Covid-19 on your organisation?



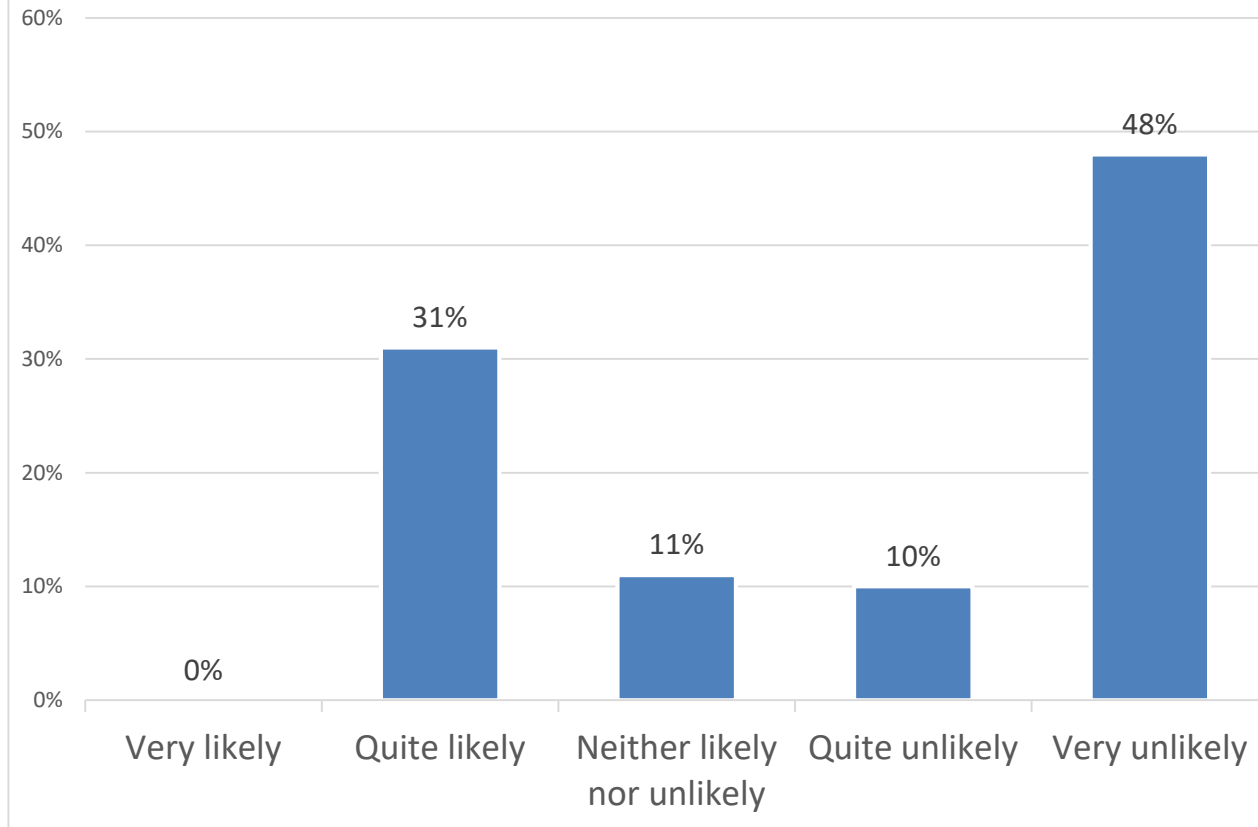
Given that furlough is due to stop at the end of October, a significant proportion of respondents are considering redundancies **37%** with a further **40%** stating that they may have to over the next six months. This paints a worrying picture for the overall sector in terms of job losses in the coming weeks and months ahead.

If Yes, how much may your staff team decrease by?



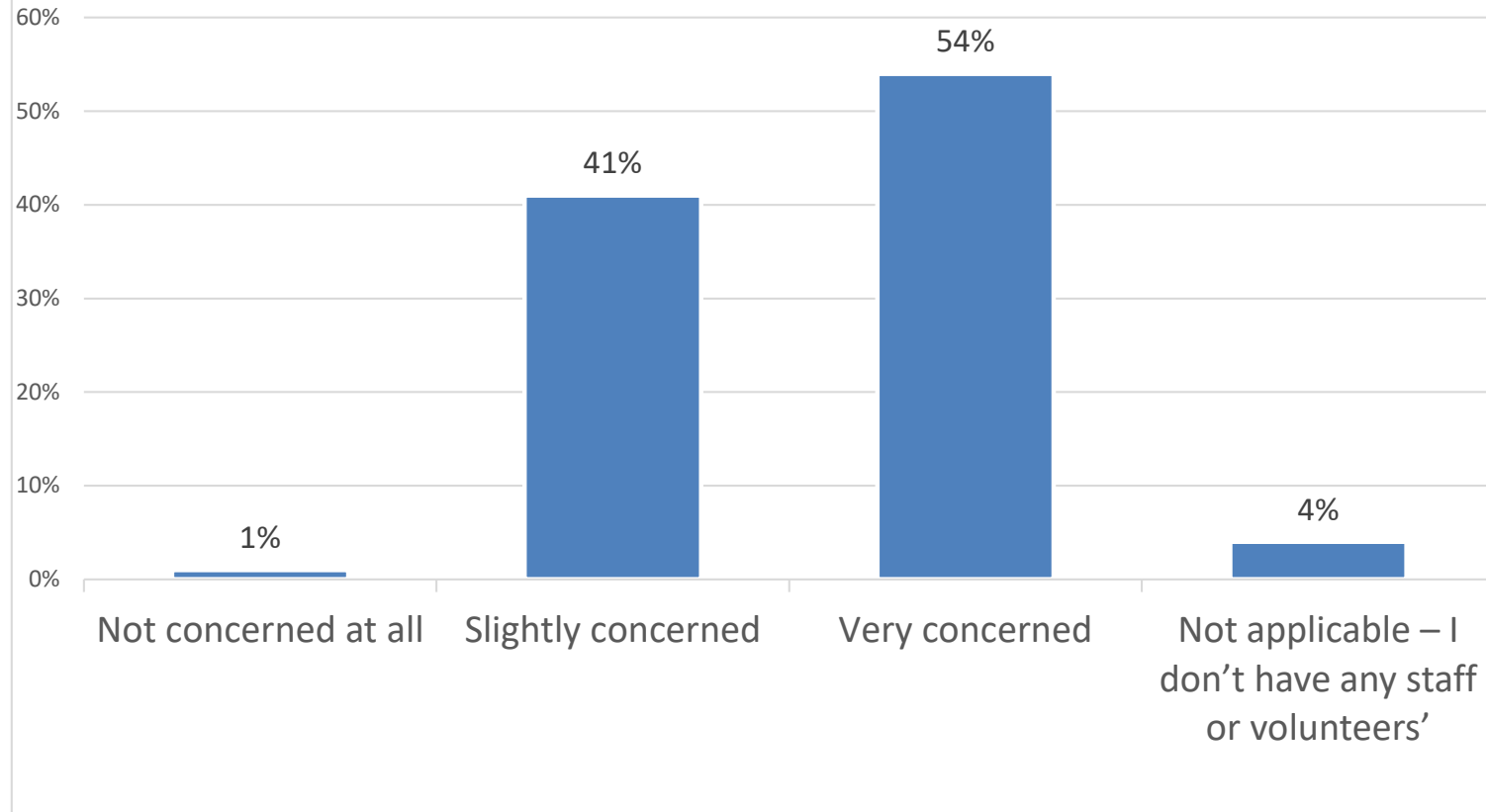
64% of respondents stated that job losses could be up to 10%, with **24%** stating potential losses of between 10%-25%

How likely is it that the financial challenges raised by Covid-19 will mean your organisation will no longer be operating in six months' time?



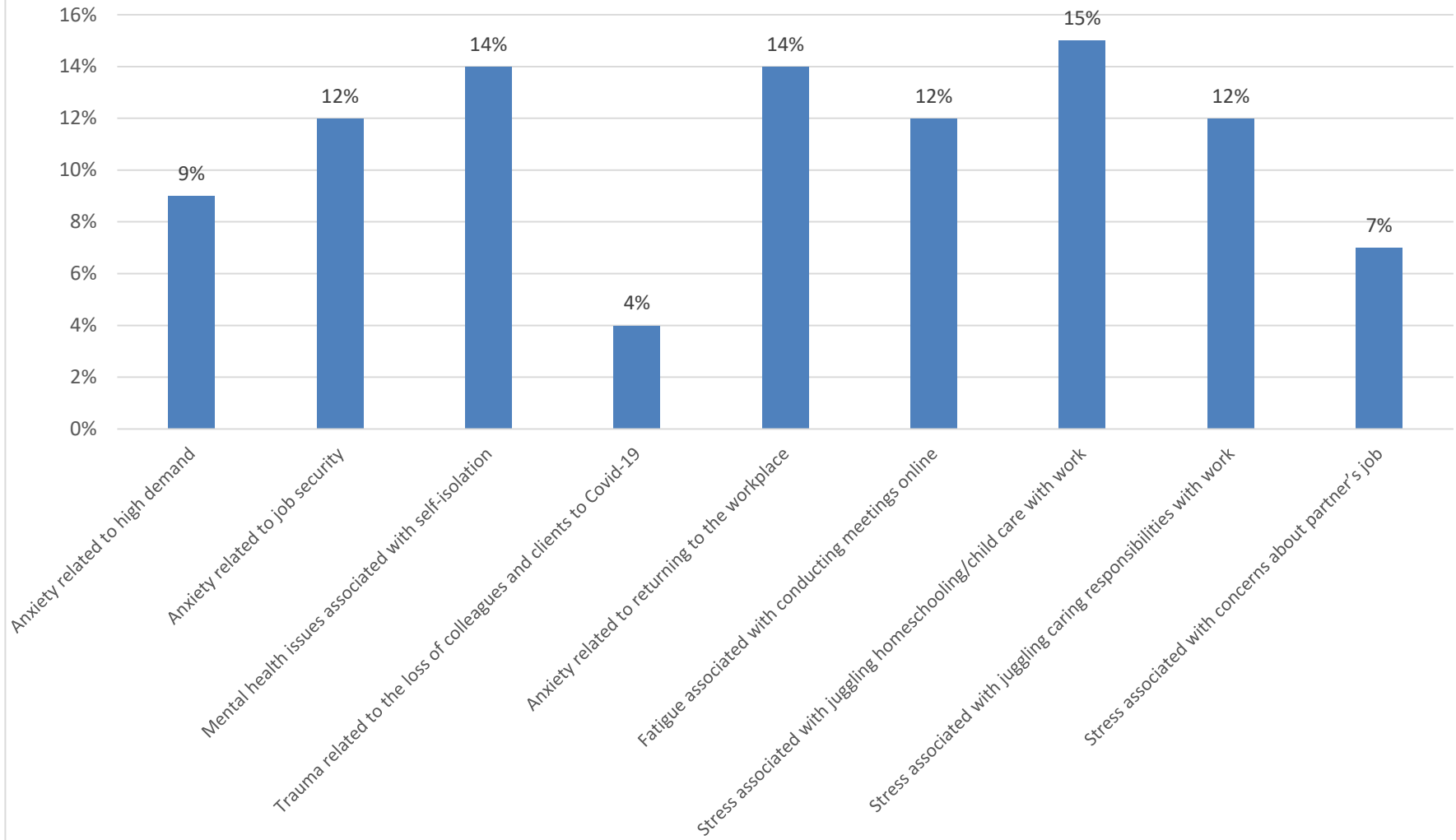
The impact of the pandemic has significantly impacted across a wide range of organisations, **31%** of respondents stated that their risk of closure is quite likely with a further **11%** stating it is neither likely nor unlikely. **48%** said that they are very unlikely to cease operating. **It is also important to highlight that the survey was issued before the further restrictions were introduced.**

How concerned are you about the health and well-being of your staff and volunteers through Covid-19?



In addition to the financial and service challenges of many across the sector, the health and well-being of staff remains a key concern also, with **54%** of respondents stating that they are concerned about the health and well-being of staff and volunteers, with a range of factors highlighted as contributing to the health and well-being concerns.

What are the factors that concern you?



Conclusions

It is still too early to predict the full impact of the pandemic on the wider third sector however six months on the survey presents a range of challenges. Although government support has been made available through a variety of funding pots, it falls short of what is needed to protect a wide range of charities and social enterprises. Based on these findings we believe funding is needed in the short, medium and longer term to protect a wide range of services that the sector provides to civil society.

Key Asks

- 1. Re-open the Covid-19 DfC charity fund, widening the criteria to ensure that all charities who have experienced financial losses as a direct result of the pandemic are able to apply. There is a £6million underspend, it is important this funding is protected for the charity sector who have lost income due to Covid-19.**
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To discuss any of the points within this report please contact:

Nora Smith, CO3 Chief Executive, nora@co3.bz | 078 2543 2333

Nadine Campbell, Chartered Institute of Fundraising, Nadine.Campbell@ageni.org | 078 4184 3454.

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