

Financial support for charities during COVID19

Findings of DSC e-news survey, May 2020



1. Introduction

Between 1-11 May 2020, the Directory of Social Change surveyed readers of its daily e-news bulletin. This snap survey asked whether respondent charities had accessed various sources of financial support during the COVID19 pandemic, including schemes put in place by the UK Government, followed by a series of questions about the respondent organisation's financial size and focus of activity. 178 people responded to the survey, and 74 left written comments. A selection of comments is provided in section 3 below.

The main survey question asked:

Has your organisation had help from any of the following?

- Coronavirus Job Retention Scheme (furlough)
- Coronavirus Business Interruption Loan (CBILS)
- National Emergencies Trust (via your local Community Foundation)
- Other specific COVID19 funding programmes
- More support from an existing funder

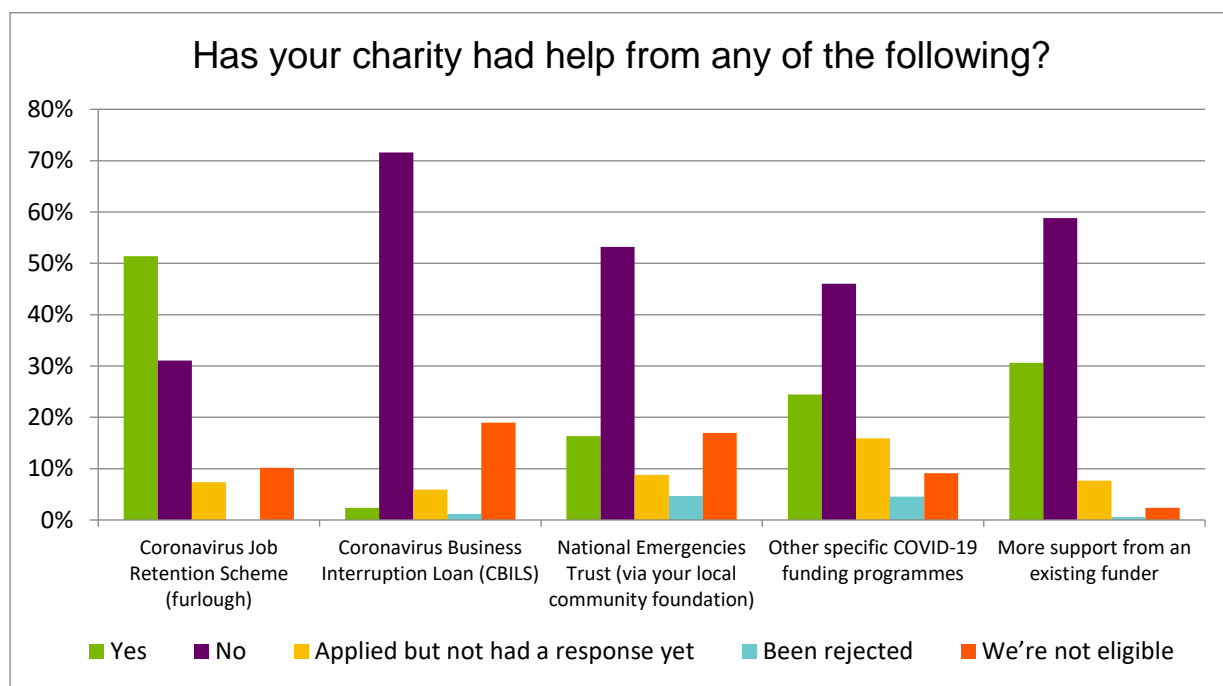
In response, respondents were asked to select: Yes / No / Applied but not had a response yet / Been rejected / We're not eligible.

Note that at the time the survey was launched it was not confirmed whether charities were eligible for government's 'bounce back' loan scheme (CBILS), a lower-value scheme similar to CBILS. Also, at this time there was a continuing lack of clarity about whether and how charities could receive Small Business Grants provided via local authorities.

2. Summary of key findings

- **Just over half of respondent charities have received support under the Government's Coronavirus Job Retention Scheme**, which pays 80% of wages for staff put on leave (commonly known as 'furlough');
- **The Government's flagship Coronavirus Business Interruption Loan Scheme (CBILS) is not seen as relevant or a viable option by the vast majority of charities;**
- **Independent funders are stepping up to help charities during the COVID19 crisis to an extent:**
 - 30% of respondents have received increased support from an existing funder
 - 25% of respondents have received support from COVID19-related funding programmes
- **These findings apply to a sample of mainly small charities, with over 70% of respondent charities having annual incomes of less than £1 million.**

3. Responses to the main survey question



4. Discussion of responses

The Government’s Coronavirus Job Retention Scheme was the most commonly accessed of the options presented, with just over half of respondents indicating they had received help from the scheme, along with 7% who had applied but were awaiting a response (presumably, at the time of writing, awaiting their first reimbursed payment for salaries under the scheme).

About one third of respondents said they had received ‘more support from existing funders’ and a quarter said they had received help from ‘other COVID-19 funding programmes’. Since the social lockdown began in mid-March, many foundations and other independent funders such as the National Lottery Community Fund (NLCF) have launched new programmes, amended or radically changed current criteria, or provided additional assistance to grantees, which likely accounts for these responses. There were low levels of responses concerning support from the National Emergencies Trust (NET), perhaps because much of this funding is still being rolled out, or respondents may not recognise that funds provided by intermediaries such as Community Foundations originate from the NET.

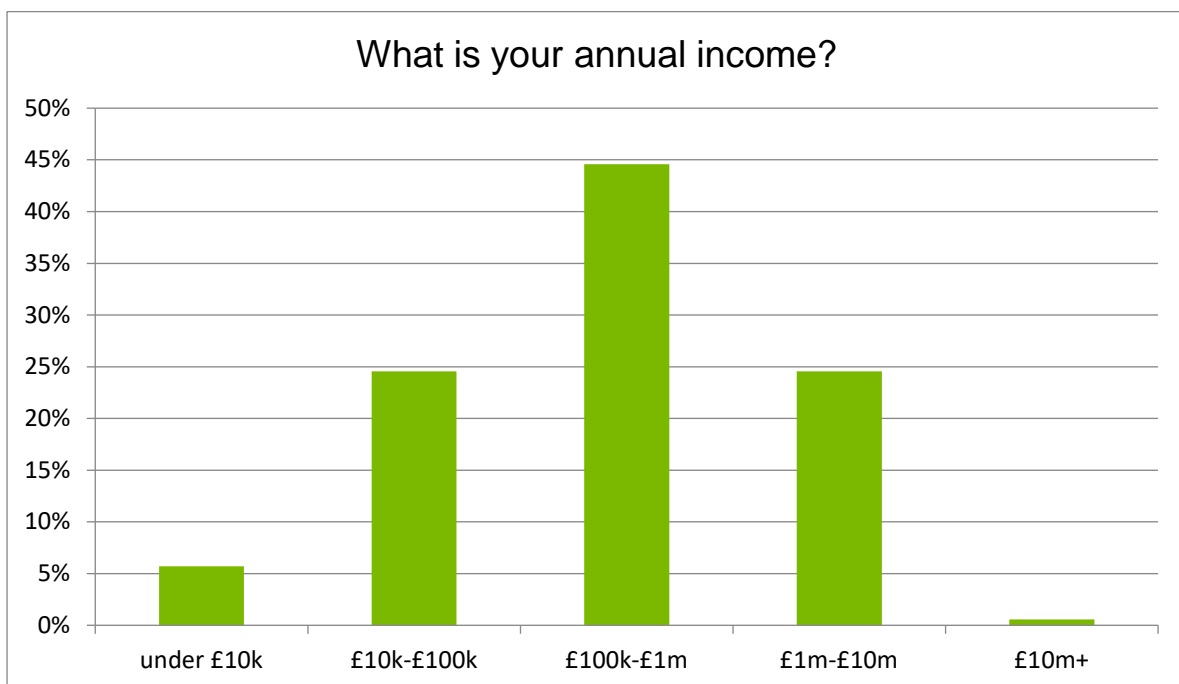
Just 6% of respondents had applied for loans from the Coronavirus Business Interruption Loan Scheme (CBILS), with only 2.3% indicating they had received a loan, and just under one fifth indicating they were not eligible for this scheme. The most common response of all the options in this question was ‘no’ in response to the question about applying to CBILS, with over 70% indicating ‘no’ in response to whether they had help from CBILS. Combined with the ‘not eligible’ responses, this data suggests that the government’s flagship COVID19

finance programme for business is not viewed as a realistic option or a likely source of support for the vast majority of charities.

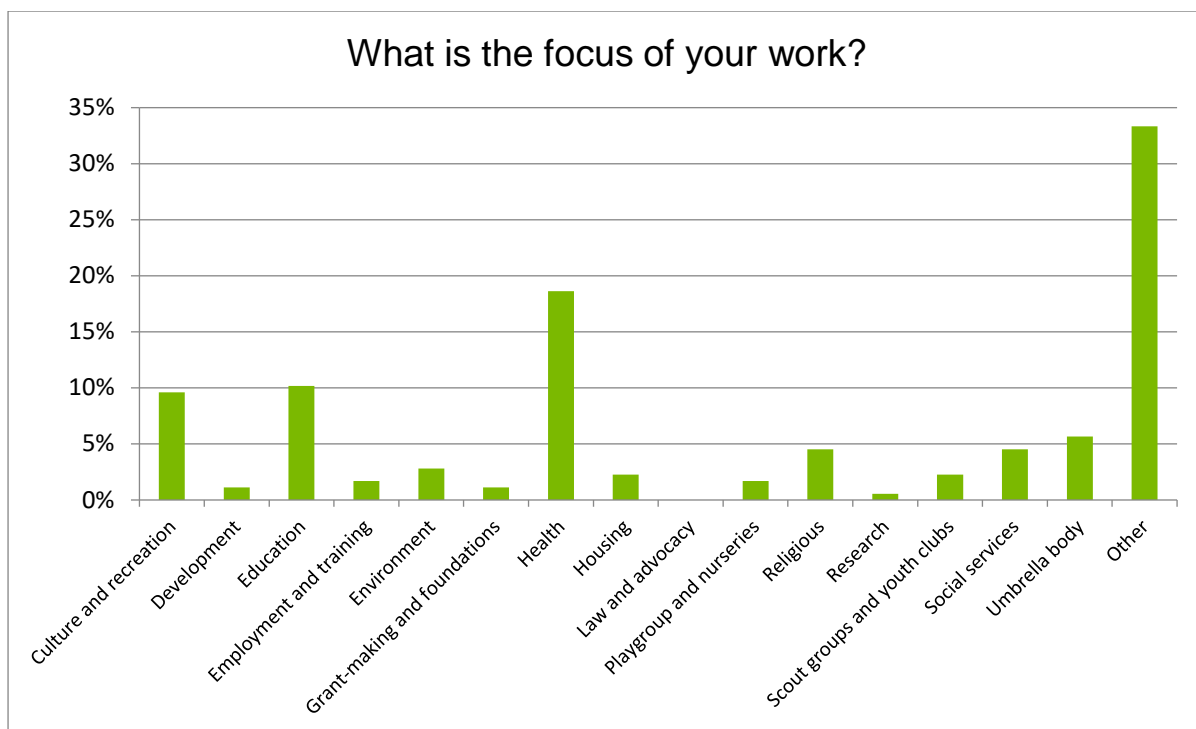
5. Characteristics of respondent charities

Respondents were asked about their level of annual income, with just under 75% reporting income as £1 million or less. The most common income band selected was £100k - £1m.

These organisations can be viewed as small to medium-sized charities; most probably have fewer than 30 staff and many will have fewer than 10 staff. Over 99% of respondent charities had incomes of less than £10 million, indicating that this sample almost entirely excludes responses from very large or ‘major’ charities.



Respondents were also asked about the focus of their work, and given a number of options to select. The most common response was ‘other’, usually indicating a range of different activities and specific charitable objectives that aren’t easily categorised, but nevertheless also included charities working with children and young people and older people across a range of areas. However, there were notable concentrations in Health, Education and Culture and Recreation; similar features have been noted in other surveys by DSC’s partner organisations.



6. Thematic list of comments left by respondent charities

A number of respondents commented on what they felt was a slow process of funding being awarded, a lack of transparency in how it was being rolled out, and the threat this posed to their beneficiaries and their charity's continued operation, whether funding was from the government, foundations, or the lottery:

The waiting for funding decisions has been unbelievable. We have applied to many trusts and foundations, but haven't had a response yet. It's disappointing that grants can't be released fast enough. Even existing funders are taking too long to carry out their assessments. [community hub]

Need guidance on what the criteria will be for the government funding through NLCF. We're working flat out to meet needs in our local communities that are growing each week. Multi-agency collaboration is working well, but funding is a major challenge for all of us. So many different forms to fill in for so many different funding programmes, many of which close quickly because they're overwhelmed by the number of applications. Thanks for all your work on campaigning and pulling information together - no doubt that our sector is #NeverMoreNeeded and will continue to be as we recover and rebuild. [social services charity]

A lot of Trustees of Trusts and Foundations aren't sitting currently so as that is our main source of income, that is becoming a problem as now we potentially have to start using reserves. As we provide help for offenders, being in prison under lockdown may not be seen as sufficient to gain from any pandemic funding available for charities [education charity]

Would be really good if Funders made quicker decisions. [health charity]

The government funding support for charities is not clear. [development charity]

Many respondents felt their cause or beneficiaries weren't considered as a priority for funding in the current crisis, often because they weren't considered 'frontline' or 'covid-related', despite the fact that even severe needs hadn't gone away, or might have worsened as a result of the pandemic:

We do not provide front-line services so we are not eligible to apply for funds which are now designated for Covid19 front-line responses although we are as busy as ever moving our activities online. A number of funders that we had intended to/had started to apply to for core/project funding pre covid have now closed funding streams to direct support to current grantees or covid emergency response. Our financial situation is ok for the current financial year (end June 2020) and we have been lucky to get extra funding from a couple of existing funders which is very helpful but we are still looking at substantial shortfall in funding for 2020/21 with significantly fewer funders to approach to make this up. This year is our 25th anniversary and we achieve a huge amount on a very small budget with a tiny staff team but we are likely going to have make significant cuts to survive next year and after that our future is uncertain. [refugee charity]

The majority of funding available seems to be directed towards frontline/direct response to COVID-19. There is no clarity around funding to ensure charities such as ours, unable to operate and run services during lockdown, will be able to resume services once lockdown is eased. [disability charity]

Dismayed that government Covid grant support goes to profit making business and 'frontline' charities. We are a charity and social enterprise working on the nature and climate emergency as declared by local and devolved government in the UK - the signal that has been given is that this has diminished value in society. Without support, we won't be around in 6 months to support a green recovery. The above situation with government is matched by charitable foundations prioritising charities working on short-term Covid needs rather than long-term societal challenges that won't go away. [environmental charity]

I feel that there could be a gap in the Covid19 funding support that is being promoted at the moment. Understandably very small charities on the verge of closing are getting support via the community funds and larger strategic health charities are also getting direct Government support. However as a middle of the road, medium size charity (that is still supporting blind, isolated people across the UK) we don't seem to fit into either category - yet find our regular funding just as negatively impacted. [health and disability charity]

It is really unfair that during this Covid-19 Pandemic times, when Domestic Abuse has increased significantly as result; the government funding only goes to bigger

organisations and black-led specialist services are not considered for funding. Yet, when it comes to support for victims it's irrespective of whether the organisation is big or small. [domestic abuse charity]

As a small national charity working across the UK supporting children with congenital heart disease, CHF has found itself ineligible for most COVID-19 funding which is local community focused. At the same time, several of our regular funders have diverted funding from CHF to those local community focused projects. [health charity]

We support vulnerable deaf children and have received over 350 new requests for help but no new funding or support from our local MP. Our income is reducing drastically and staff that we cannot furlough are exhausted. The public wrongly believe all charities are receiving government support or help from the most public appeals. This lack of transparency will have a negative impact for us and our beneficiaries for years to come. [education, disability charity]

We find ourselves in an extremely difficult and uncertain situation (I know other charities are too) for a number of reasons. Firstly, we rely heavily on income from retail (20 charity shops) and are unsure as to when we will be able to safely reopen these, particularly given that high percentage of the volunteers we rely on are in "vulnerable groups". Also, the children that we support, are vulnerable too and therefore even when the lockdown is relaxed, families will no doubt be less confident to travel to our centre for therapies. In addition income from fundraising events will be significantly reduced for this year and I estimate that currently we are looking at around £450k in loss of income. From this month we are providing support online (virtual therapies), however we appreciate that this will not work for everyone. [children's disability charity]

Oakthorpe Turkish School also known as OTS Education, in the next academic year (20-21) we are looking forward to celebrating our 25th Year, hopefully! But currently the status of our organisation seems to be the main issue in terms of getting the appropriate necessary supportive funding to overcome the difficulties we are currently facing due to the unfortunate position we find ourselves because of the "Lockdown". [education charity]

As a small charity not delivering front line services for covid 19 we do not seem eligible for any support. However our income will be impacted in the short term and longer term. [environmental charity]

Several respondents mentioned specific government schemes or policy reforms that would help:

Our core charity is adult learning which is part funded by our trading subsidiary which is hospitality but we haven't received any support for this hospitality business from the government other than furlough. If the furlough support goes and the social

*distancing restrictions remain in place we are unlikely to be able to operate.
[education charity]*

*We need some guaranteed funding through the Business Rates scheme like
businesses. Applying to funders is a lottery and support is by selection and not
guaranteed [youth and disability charity]*

*We haven't been massively affected, but are suffering some additional costs
associated with supporting staff to work from home. Even extending the business
grants to charities on the same basis as they are given to businesses (i.e. no need to
show fall in income) or to cover extra costs on the same income would make a big
difference. [human rights charity]*

*We are a community/volunteer run playgroup. We solely survive on early years
funding and fundraising events. We remained open for as long as we could to
support key worker/vulnerable families, until the children were kept at home safely
with their families. We have applied for the Small Business Grant but told we were
not eligible because we pay charitable rates. In 2015 our building was closed due to
the floor collapsing and we had to use our entire savings built up over 15 years to pay
for the work to be completed and since then we have been trying to build this back
up. This pandemic is proving to be a struggle for us, as well as everyone else.
[children's charity]*

*We would be very interested to know where the funding announced will go. We
anticipate a massive increase in demand for advice as the government support
programme ends/is phased out. [advice charity]*

*As a community radio station that does not occupy premises eligible for business
rates, we're apparently ineligible to apply for any of the support offered to general
businesses and charities. DCMS have just announced the redirecting of the existing
Community Radio Fund towards supporting community radio stations that may fold
due to COVID-19. We're not in that situation, as we have significant unrestricted
(although designated) funds we're building to fund a relocation. We're now having to
use those funds to pay operational costs. And we now won't be able to apply to the
Community Radio fund for a grant we were planning on applying for, as all business-
as-usual grants have been stopped to fund the COVID-19 issue. So we're hit twice -
unable to access COVID-19 support, and not able to make application as usual as
funds redirected! [health charity]*

*what would be a huge help is being given 20% rates relief this could save us please
lobby for this for all charities [arts education charity]*

Some respondents stated that they found finding funding for their cause difficult at the best of times, and the current situation was only making that worse:

*We have struggled to find information on funding that we would be eligible for.
[culture and recreation charity]*

It is a challenge to find funders who specifically respond to our challenges. [mental health charity]

We are a social-religious group. We run senior citizen lunch and discussion group from a rented lease hold property. We have to pay rent but no income for last two months [culture and recreation charity]

Our International division is unable to access government or statutory funding and limited trust funding [education charity]

Adversely affected by Covid-19 but unable to access any support [community hub]

We have many challenges like lack of funding, limitations on movements, no government support, lack of health requirements in order to fight Covid -19 Pandemic and lack of enough food for poor or needy people and need financial Support. [social services charity]

We desperately need funding, and would appreciate any help we can get. Thank you [housing charity]

A number of respondents pointed to the longer-term impact of the pandemic, including the end of lockdown and lasting damage caused, rather than the immediate crisis:

For us we aren't expecting national funders to be our salvation so efforts are in sustaining local relationships- local government austerity Mark 2 is the biggest threat to us - both income and demand [local infrastructure organisation]

For us the real difficulty will come when the lock down is relaxed. Estimate that 1/3 of our service users are in high risk categories and will be shielding for some time. [social services charity]

The crisis that is about to emerge as lockdown is eased at personal level, with relationships breakdowns, debts and unemployment rising to record levels as the wider economy tries to recover. Grants of £1,000 or less will not help address these issues for people. I'm also deeply concerned about the charities that are not on the front line of this that provide vital work that we will lose e.g. environmental charities [housing charity]

The environment is currently a neglected issue as people are concentrating on emergency responses. Climate change etc has not gone away and is just as big a threat long-term. [environmental charity]

Our mission is to use history to challenge teachers and students to stand up to bigotry and hate. We know there are going to be huge challenges for us to face as we emerge from this pandemic including assessing the rise in xenophobia and hate crimes. But, we are not specific community focused or 'front line / immediate need'

so we are off the radar of any funders and schemes right now. It doesn't mean our work isn't important. [education charity]

Other respondents suggested they were getting through the difficult situation by relying on reserves, or ramping up and possibly changing fundraising methods to keep services going:

We currently have sufficient reserves and through partial repurposing of activities have the support of our current funders to continue to make use of their donations even if the outcomes will not be the same. We are waiting for the Ministry of Justice proposals for emergency/revised payments under the contracts awarded through the Prison Education Dynamic Purchasing System. Depending on that proposal we may be having to revisit our financial position and consider whether additional help is needed. [prisoner rehabilitation charity]

Grant funding linked to delivering specific services during the lockdown has been straightforward to find, but getting help with core costs, including paying key staff who support all our services, is more of a challenge but vital when the flow of unrestricted funds from community fundraising activities, marathon runs, etc, has fallen drastically due to the lockdown [autism charity]

Difficult to quantify the impact on our charity, other than lost fundraising income. [bereavement support charity]

Unable to provide our service due to Covid lockdown, our income has almost wholly ceased. We are pursuing a five point fundraising action plan to counter this existential challenge, centred largely around trusts & foundations. [youth charity]

Finally, a few respondents said that whilst they had been affected by income loss or increased demand, they were doing ok all things considered, with some even starting to provide services for free using reserves or other assets:

Our income has suffered little at present but we expect it to go down once furlough scheme ends and some people lose jobs [religious charity]

We are operating our community transport for free to ensure our elderly and vulnerable customers are supported i.e. prescriptions/food parcels/weekly telephone calls to check on their wellbeing etc. [community transport charity]

We are not able to support vulnerable people so do not feel it is morally right to seek support and thus possibly deny it to others in greater need. [museum charity]

We used to work closely with schools, and that has dried up. We may have considerable increase in demand as lockdown ends, but might lack capacity to respond. The charity has reserves to cope with a period of financial difficulty. [education charity]

As the Centre is closed and our staff are furloughed, along with the fact that our Trustees have worked incredibly hard to get our reserves where they need to be, we have not been seen as priority. Our outreach work in response to Covid-19 has been funded through our reserves and our volunteers own pockets. [health charity]

7. Conclusion

The charity sector is obviously diverse and respondents to this survey are no exception. Although these respondents were mostly from small and medium-sized organisations, charities of all sizes and types are facing unprecedented challenges. They are responding in different ways depending on their particular circumstances and strengths, and what their beneficiaries need.

The comments above are notable in how they illustrate the serious affects the pandemic and lockdown are having on charity beneficiaries, but also in how charities are dealing with those challenges, and the degree to which the available support has been utilised (or not).

Funders, politicians and government policy-makers should take note of these findings and comments directly from charities – in particular the insight into how:

- Urgent needs are not entirely or even predominantly related to the 'COVID19 frontline'; pre-existing, critical needs are being exacerbated by the current crisis. Tying all financial or other support directly to the pandemic may inadvertently damage the ability of other areas to provide crucial support for people.
- The immediate effects of the pandemic may not necessarily be the most traumatic or difficult to address; medium-longer term impacts are still to come. Social problems are being built up during the crisis that may come to the surface once society returns to 'normal'. The wider impact on our society and economy is unclear.
- Funders need to act more quickly and flexibly if they are to prevent further damage to people and the organisations that support them because of the crisis. This feedback, along with other evidence, suggests that too many are not. Funders need to adjust their appetite for risk, expectations, processes, and engagement.

DSC will be using the findings from this survey as further evidence to press the government and other influencers to make the case for more and better support for the sector as part of the #NeverMoreNeeded campaign. Thanks to all who took the time to respond!