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How to support civil society facing the COVID-19 crisis?

Observations from the UK on advocacy efforts and government response

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The United Kingdom's voluntary sector is vast in comparison to other countries, with a total income of £50.6bn in 2016/17, of which almost half comes from the general public (£22.9bn, or 45%). The second biggest source of income comes from government (£15.8bn, or 31%). Just under half (49%) is generated through contracts, fees and services and fundraising activities. Voluntary income (donations, legacies, grants) makes up 43% of the sector's income.¹ Its wider contribution to the economy could potentially be as high as £200bn per year.²

The immediate impact of COVID-19 on voluntary sector income

During the months leading up to the pandemic, one of the topics the Charities

Aid Foundation (CAF) was looking at was whether there is an emerging trend of a decline (or at least a plateauing) in giving, in particular in Western countries including the UK.³ One of the aspects raised when discussing the topic with experts was the question of whether fundraising in the UK appeared to have become more transactional over time and less based on a deeply-rooted commitment by supporters to one particular charity. We do not know for certain if this is the case and there are multiple and interrelated causes at play. What we do know is that COVID-19 has put a gaping hole into the budgets of all types of charities across country, many of them established household names.

Many of the activities that generate income for charities require face-to-face contact with donors and customers. These include door-to-door and street fundraising, outdoor and indoor events (from small summer parties with raffles to large-scale mass participation events like the London Marathon). Many charities sell their services or earn income in other ways such as through running cafes or charity shops that exist on every British high street.

¹ NCVO (2019): UK Civil Society Almanac. Financials. Online: <https://data.ncvo.org.uk/sector-finances/>

² Third Sector (2020): Economic worth of the sector 'chronically undervalued', report concludes. Online: <https://www.thirdsector.co.uk/economic-worth-sector-chronically-undervalued-report-concludes/policy-and-politics/article/1682078>

³ Third Sector (2019): Daniel Fluskey and Rhodri Davies: What can we do about falling donor numbers? Online: <https://www.thirdsector.co.uk/daniel-fluskey-rhodri-davies-falling-donor-numbers/fundraising/article/1660280>

Income generated through these activities requires face-to-face engagement with a charity worker or volunteer. This complex funding ecosystem was heavily hit by the lockdown and social distancing measures. Given the suddenness of the impact of the crisis, charities across the board face immediate cash-flow problems in the short-run and issues of financial survival in the medium and long-term. At the same time, many charities saw a rise in service demand by different groups of beneficiaries that were hit by the crisis and were looking for additional support. Many of the charities providing frontline services to particularly vulnerable groups saw a strong uptick in demand as well. This meant they were experiencing a ‘double whammy’ – a funding crisis while having to respond to the large-scale societal impacts of the pandemic.

In response to the crisis, Government introduced a raft of measures, including a furloughing scheme for businesses (employers can send staff home without firing them and government pays up to 80% of employees’ salaries in the meantime), which was subsequently confirmed to include charities. It quickly became evident that even very large charity brands needed to use the scheme due to their financial situation – an early indicator that things were not going well for the sector as whole.

Data as a crucial element underpinning advocacy efforts

The National Council for Voluntary Organisations (NCVO), the main UK umbrella body representing a wide spectrum of civil society organisations, collects information on income and spending by the sector, which is published through its online Almanac. By the end of March, it estimated that the wider sector could face an income loss of over £4bn in the following 12 weeks due to the crisis.⁴ Others, including the Royal Society of Arts (RSA)⁵, estimated that the number could be as high as £10bn.⁶

Some charities could be weathering the crisis better than others thanks to contracts being rolled over, good levels of reserves, the public continuing to give and other solutions to fundraising kicking in, charities pivoting and some services still being provided and purchased, as well as funders stepping up and the furloughing scheme making a difference.⁷ But we also know that there are many charities that are experiencing an enormous financial squeeze and that there are many charities (which were perhaps already facing financial pressures) for which demand is rising and income is either static or falling and which are now pushed to the brink.^{8 9}

⁴ NCVO (2020): ‘Everyday counts’ as charities still wait for government support. Online: <https://www.ncvo.org.uk/about-us/media-centre/press-releases/2748-every-day-counts-as-charities-still-wait-for-government-support>

⁵ Royal Society of Arts <https://www.thersa.org/>

⁶ Royal Society of Arts/Anthony Painter (2020): Coronavirus: respond at scale, build bridges to the future. Online: <https://www.thersa.org/discover/publications-and-articles/rsa-blogs/2020/03/coronavirus-respond-at-scale-build-bridges-to-the-future> ; Ainsworth, David (22/03/2020, 17:24). Online: <https://twitter.com/daveainsworth4/status/1241883400295809025>

⁷ David Ainsworth (2020): What is lockdown really going to cost charities? Online: <https://www.thecatalyst.org.uk/blog/what-is-lockdown-really-going-to-cost-charities>

⁸ ACEVO (2020): New measure shows massive deterioration in the financial health of charities. Online: <https://www.acevo.org.uk/2020/05/new-measure-shows-massive-deterioration-in-the-financial-health-of-charities/> ; Pro Bono Economics/Civil Society Media: Survey results 28 & 29 April 2020. Online: https://www.probonoeconomics.com/sites/default/files/files/04%20April%2028-29%20results_0.pdf

⁹ Then there is the wider question as to what counts as the sector. One could also apply a wider definition of the ‘social sector’ which was used in the Government’s 2018 Civil Society Strategy and includes along the voluntary organisations also social enterprises. According to Social Enterprise UK social enterprises make up 3% of the economy (£60bn) and saw a 50% decrease in turnover equating to an economic cost of £2.5bn per month during the lockdown. <https://www.socialenterprise.org.uk/wp-content/uploads/2020/05/Social-Enterprises-and-COVID19-research-report-May-2020.pdf>

The debate around the true financial impact – despite an overwhelming and ongoing response by individuals, philanthropists and funders, as well as many businesses stepping up in various forms to help charities in need – has shown that charitable giving alone could not fill the gap.

Importantly, having a number to use and repeat publicly helped the NCVO to position itself early on in the debate on how much government support is needed. Armed with a firm estimate, they worked to gain the attention of the Government and parliamentarians to highlight the urgency of the issue facing charities.

Telling a relatable story about the impact on the sector

Representing thousands of organisations across different sub-sectors enabled the NCVO to gather information and views from a wide range of organisations for their intense lobbying effort. When telling the story about the impact of the crisis on the sector to decision-makers there was an early focus on using case studies of charities that ticked a few key boxes: they not only experienced a massive drop in income, but were also known to many individuals regardless of any political leanings, and they do work that people see as high value given how the virus was changing their lives and those around them.

In this case, it was hospices and charities that provide community health services which featured prominently. At the same time, while the NCVO had a leading role, many other umbrella bodies were engaged and coordinated among themselves to support each other and the wider lobbying

effort. The value of cohesive infrastructure was never more apparent than during these times of crisis. In a disparate sector with numerous umbrella and infrastructure bodies there was a strong desire to tell the story of how organisations were affected by the crisis, and significant debate about how best to ask Ministers for support while focussing messages on the role of the voluntary sector in helping the government, and the wider society get through this crisis. With a few exceptions, the wider British media landscape also seemed to either understand the value of charities and their need for support or were not inclined to torpedo their messaging towards government (something which is not often a given).

Lobbying efforts included a two-pronged campaign with internal discussions with decision-makers combined with public messaging and making the case for support on social media and other outlets. A parliamentary Select Committee hearing, organized at the end of March 2020 over the level of Government support needed to ensure the survival of charities as a result of pressures caused by the pandemic, provided another public platform to make the case for government support.¹⁰ This was alongside an official inquiry by the Select Committee, with the Government required to officially respond in June. At the same time the current Minister for Civil Society, Baroness Barran, showed a deep understanding of the issues affecting the sector and was perceived by many as an ally.

Early successes and open questions on civil society's role in the crisis response

In early April, after several days of rumoured assistance, the Government intro-

¹⁰ UK Parliament/House of Commons (2020): DCMS Committee to hear from charity sector over current crisis. Online: <https://www.parliament.uk/business/committees/committees-a-z/commons-select/digital-culture-media-and-sport-committee/news/impact-covid-19-on-charity-sector-news-19-21/>

duced a tailored stimulus package of £750m.¹¹ This money is going mainly to frontline charities and those helping groups particularly impacted by the crisis (e.g. elderly people), as well as Citizen's Advice bureaus, which help individuals to identify services available in their local communities (including those provided by the voluntary sector) – and are therefore fulfilling a valuable local role.¹² Some of the money is going through specific government departments, with a significant amount going to hospices and domestic violence charities. Roughly half of the funding is designated to support smaller charities and will be distributed via the National Lottery Community Fund.¹³ A further £20m of match funding was provided for the TV fundraising event the Big Night In, which raised £67m for National Health Service (NHS) charities.¹⁴

When looking across Europe, a tailored financial support package is unique. While some countries have introduced support packages for sub-sectors, it appears the only other state that has introduced a COVID-19 support package specifically for community and voluntary organisations and charities (as well as social enterprises) is Ireland.¹⁵

From an internal point of view, many in the sector welcomed the package but also feel that more is needed – some certainly argue that it has been inadequate compared to the size of the sector. From the outside the UK might look like a 'centre of excellence' but there are issues with logistics and questions

over how government can support the longer term rebuilding of the charitable sector.

Where to go from here?

While financial support is available, there are some other emerging issues. One is difficulties designing and delivering the funding schemes made available.¹⁶ There are wider questions on how different government departments will distribute their share and using which criteria. And while general funding and support infrastructure is still available, much of the infrastructure for specific sub-sectors has been drastically reduced over time. There is also insufficient data available on local financial need and demand (on the side of charities and beneficiaries) to decide how much funding should go to whom and where. Infrastructure is still present (in particular the National Lottery Community Fund) but other sub-sector specific infrastructure lacked support and funding in the past.

However, when it comes to the overall governance of the UK, centralism could prove to have upsides. In Germany for example, responsibilities (both regulatory and fiscal) for civil society seem to sit across a wide range of ministries on the federal and state-level run by different types of governments, as well as legislators that are all composed of different party lines. This could mean that decision-makers might shift accountability between levels of government, resulting in low levels of support. Or a wide patchwork of policy measures will support civil society very differently depend-

¹¹ UK Government/HM Treasury (2020): Chancellor sets out extra £750 million coronavirus funding for frontline charities. Online: <https://www.gov.uk/government/news/chancellor-sets-out-extra-750-million-coronavirus-funding-for-frontline-charities>

¹² NCVO (2020): Government funding for charities: an important start but more is needed. Online:

<https://blogs.ncvo.org.uk/2020/04/09/government-funding-for-charities-an-important-start-but-more-is-needed/>

¹³ The National Lottery Community Fund is a non-departmental public body responsible for distributing funds raised by the National Lottery for 'good causes'. <https://www.tnlcommunityfund.org.uk/about>

¹⁴ BBC (2020): BBC One's The Big Night In raises £67,110,010 for charities. Online:

<https://www.bbc.co.uk/mediacentre/latestnews/2020/big-night-in-further-total>

¹⁵ Government of Ireland/Department of Rural and Community Development: Ministers Ring and Canney launch €40 million COVID-19 support package for community and voluntary organisations, charities and social enterprises. Online: <https://www.gov.ie/en/news/b5752f-ministers-ring-and-canney-launch-40-million-covid-19-support-package/>

¹⁶ NCVO/Karl Wilding (2020): Government support: getting the balance right. Online: <https://blogs.ncvo.org.uk/2020/05/12/government-support-getting-the-balance-right>

ing on the state in which it is located. In the UK, centralism comes with its downsides, but in times of crisis there is at least a smaller set of decision-makers that one has to lobby to get some level of agreement on the need of supporting civil society – which it needs not only to ensure its survival post-pandemic but also to have a more robust response to the crisis itself.

Although the Government's package for charities is welcome, the sheer scale of the funding crisis facing charities right now means that more support will be needed in both the short and long term, something that government itself has acknowledged. At CAF we have tried to engage positively and produce proposals which could unlock some of the philanthropic capital that already exists in the system. We believe philanthropy and charitable giving can play an important role in supporting civil society through and after the current crisis, but to mobilise generosity of the scale necessary will require additional Government support and stimulus.

N.B. CAF has released a briefing paper called 'COVID-19 Philanthropy Stimulus Package' which sets our policy recommendations. It can be accessed [here](#).

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