



# **Christmas, Charities & Coronavirus:**

**How the pandemic is affecting the UK not-for-profit sector this festive season.**

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**theBigGive**

## Introduction

This unique report outlines the prospects for charities this Christmas time during the global Coronavirus pandemic.

A number of studies have highlighted the central role of charities in supporting people and communities during the pandemic that grips our nation. Others have also underlined the crisis that charities themselves are suffering, with overstretched services and decreasing donations.

For example, in June 2020, consultancy firm, Pro Bono Economics (PBE), calculated that [UK charities were facing a £10.1 billion funding gap over the six months](#) between Summer and Christmas as a result of Covid-19. Caused by a combination of a drop in income of £6.7 billion, and a rise in demand equivalent to £3.4 billion (Pro Bono Economics, 2020a). The National Emergencies Trust (NET) meanwhile, outlined the increase in demand for essential services and support provided by charities for people right across the UK. NET [estimated that one in six people living in the UK \(seven million people\) sought charitable support in recent months](#), nearly two thirds for the first time in their lives (National Emergencies Trust, 2020).

At the same time, charities' income from a number of sources has decreased, leading to a crisis of confidence within the sector about their future survival. A Charities Aid Foundation (CAF) survey of charities over the first lockdown from March to May found that [14% of charities estimated that without additional financial help from the Government or elsewhere they would probably have to close within six months](#), with 29% closing within twelve months. The same survey also found that over half (53%) of charities said that donations from the public had decreased since the start of the crisis (Charities Aid Foundation, 2020a).

The effects are diverse across the sector. [CAF's UK Giving 2020](#) (Charities Aid Foundation, 2020b) study showed that giving patterns by the public have changed during the pandemic, with large increases to new NHS charities and decreases for animal shelters, disability support groups and homeless shelters. The study also showed that smaller charities, which often rely on event fundraising, are also missing out, leading [the BBC to declare](#) that "*small charities face 'slow death'*" due to Covid-19 (BBC, 2020).

Additionally [it has been shown that](#) more than one in five charities with an income of over £500k have less than a month's financial reserves (Clifford & Mohan, 2020).

With a second UK lockdown now in place, and winter approaching, this Christmas will be a crunch time for many thousands of charities. Throughout October and November 2020, the Big Give surveyed 1,011 charities to determine how Coronavirus has affected the charity sector with a specific lens of how charities would be impacted during the Christmas period.

The survey was conducted as part of research for the [Big Give Christmas Challenge](#), the UK's largest online match funding campaign. Since 2008, the Big Give has raised over £135m for charities through match funding. At a critical time for the sector, the 2020 campaign will support over 750 charities across a broad range of sectors, geographies and size.

## Key findings

- **Christmas is a critical time for charity fundraising.** One in five charities (22%) report that more than a quarter of their voluntary income is usually secured during the Christmas period. Small charities, in particular, rely on Christmas fundraising.
- **Many charities' income over this Christmas period is expected to be lower than usual.** In 2020 charity income has already been badly impacted by Coronavirus, with 63% of charities reporting a decrease of, on average, 43%. Nearly two-thirds (63%) of the sector is also expecting a decrease in voluntary income over the next 12 months. Of those charities which reported a decrease in income since the pandemic hit, 4 in 5 expect a further decrease in the next 12 months.
- **Coronavirus has already led to increased demand for charities' services and Christmas will bring additional increases.** 55% of charities have reported an increase in demand for their services since Coronavirus hit, while two in every five (40%) charities expect an increase in demand for their services over the Christmas period.
- **Homelessness and refuge charities and charities supporting people's mental health are particularly vulnerable this Christmas.** Almost a third (31%) of charities across the sector have already experienced a "double whammy" of decreased voluntary income and increased demand for services since the pandemic. Amongst these, Homelessness/refuge and mental health charities are set to experience the greatest crunch this Christmas, with

both sectors expecting large increases in demand over the festive period. Homelessness/refuge charities are also particularly reliant on Christmas fundraising which is likely to be affected by Coronavirus this year.

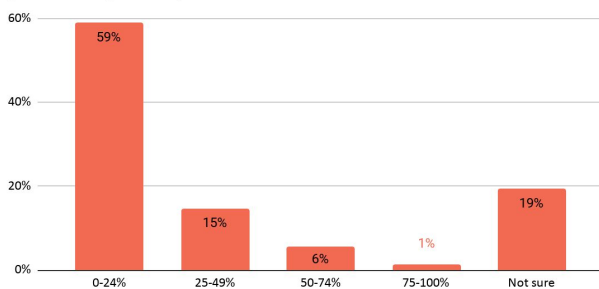
- **The net effect of Coronavirus has been a decrease in volunteering.** Over half (57%) of charities report a decrease in volunteering since the pandemic. Just 14% of charities have reported an increase. **Volunteering at Christmas is likely to be affected as well.** The worst-affected sectors include: Cancer (82%), Hospitals/hospices (79%), Medical research (69%), Animal welfare (67%) and Older people (64%).
- **Charities are using a variety of tactics to cope but thousands could close.** Many charities are spending down on reserves (41%), reducing service delivery (24%) and restructuring (23%) to cope with the impacts of Coronavirus. 6% of charities are considering mothballing or closing completely. Extrapolated across the sector, this could mean the closure of around 10,000 charities. Smaller charities are particularly vulnerable.



# The importance of fundraising at Christmas

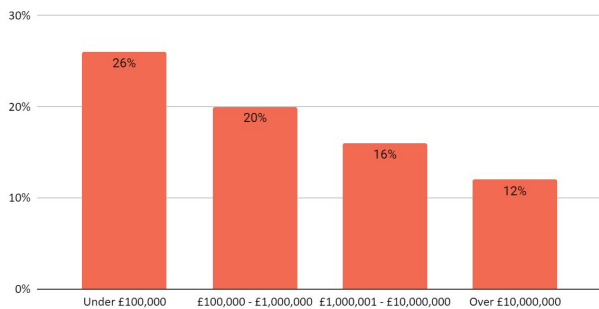
**Christmas is a critical time for fundraising.** One in five charities (22%) rely on the Christmas period to deliver at least a quarter of their annual voluntary income.

Approximately how much of its annual voluntary income does your charity usually raise in the month of December?



Smaller charities tend to raise more of their annual income around Christmas time, so stand to be more affected by any disruption this year.

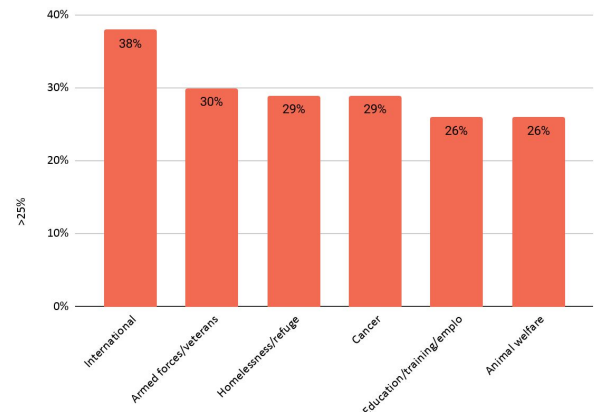
Percentage of charities which raise more than a quarter of annual voluntary income in December



Christmas fundraising is of particular importance to charities working in the following sectors which rely on the month of December for at least a quarter of their annual voluntary income:

- International development/humanitarian aid (38% of charities)
- Armed forces/veterans (30%)
- Homelessness/refuge (29%)
- Cancer (29%)
- Education/training/employment (26%)
- Animal welfare (26%)

Approximately how much of its annual voluntary income does your charity raise in the month of December? By % of charities in each cause



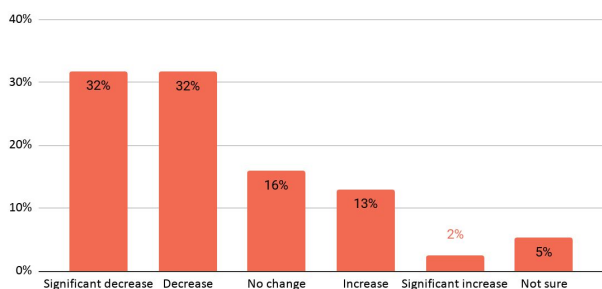
Christmas fundraising is of greater importance to charities in Yorkshire/Humber (31%), West Midlands (28%) and Scotland (26%) where charities rely on December for at least a quarter of their annual voluntary income.

***"We raise the majority of our publicly raised funds in December, from World AIDS Day (1 December) and activities around Christmas. We have lost over 75% of our fundraised income and donations, along with revenue raised from delivering training." Charity respondent***

## How Coronavirus could affect Christmas fundraising

**Charity income has already been badly impacted by Coronavirus.** Nearly two-thirds (63%) of charities report a decrease in voluntary income since the pandemic hit. Almost 1 in 3 charities (32%) report a “significant” decrease in voluntary income.

How has Coronavirus affected voluntary income at your charity, to date?



Small charities (income under £100k) seem to be the worst affected with 69% of charities reporting reduced income compared to 60% of medium (income £100k-£1m) and larger charities (income £1m-10m).

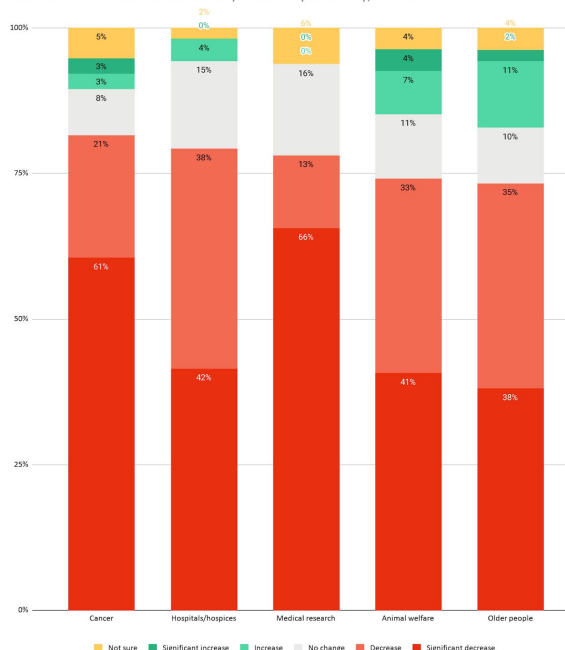
Some areas have been worse affected than others with more charities reporting a reduction in income in the South West (76%), East Midlands (69%) and Wales (69%)

***“We are teetering on the edge of collapse if we can’t raise enough funds this Christmas.”***  
**Charity respondent**

The worst hit sectors in terms of a reduction in income are the following:

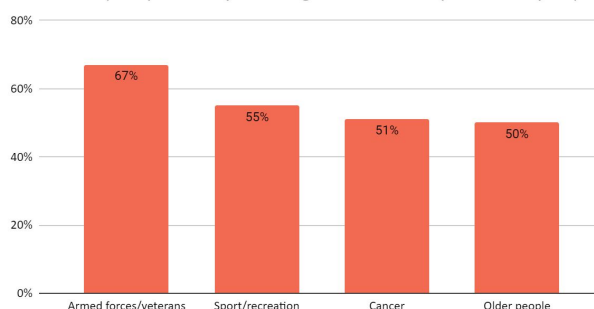
- Cancer - 82% of charities report a decrease
- Hospitals/hospices - 79%
- Medical research - 78%
- Animal welfare - 74%
- Older people - 73%

How has Coronavirus affected voluntary income at your charity, to date?



**The drop in income has been substantial.** For charities which reported a decrease in income, the drop has been substantial (averaging 43%) compared to either the same period the previous year or budgeted income. This decrease has hit smaller charities harder than larger ones, with the smallest (income under £100k) reporting an average decrease of around half (51%) of their total income. Those cause areas experiencing the largest drops in income so far have been Armed forces/veterans, sport/recreation, cancer and older people.

If voluntary income has decreased, approximately how much has it decreased (compared to your budget or the same period last year)?...



**The year ahead looks even tougher.** 4 in 5 charities which reported a decrease in income since the pandemic hit are also forecasting a further decrease over the next 12 months. 63%

of the sector as a whole is expecting a decrease in voluntary income over the next 12 months. This blow could be particularly crushing at Christmas.

*"Due to the virus we have had less opportunities to raise money through events and we are having to organise virtual fundraising to support the charity. For the Christmas period this is proving especially difficult. Especially with the new lockdown, we often rely on food donations and donated items to be given out to our service users over the Christmas period, we predict that these donations will decrease because of the new restrictions." Charity respondent*

## Increased demand for charities' services

**Coronavirus has, on the whole, led to an increased demand for charities' services.**

The majority (55%) of charities have reported an increase in demand for the services they provide since the pandemic hit.

The sectors which have seen the greatest increases in demand have been homelessness/refuge (81% of charities reporting an increase) and mental health (77%).

Conversely, some sectors have seen decreases in demand for their service, likely affected by lockdowns and social distancing. Those most affected were sports/recreation (55% of charities reporting decrease) and arts/culture/heritage (54%).

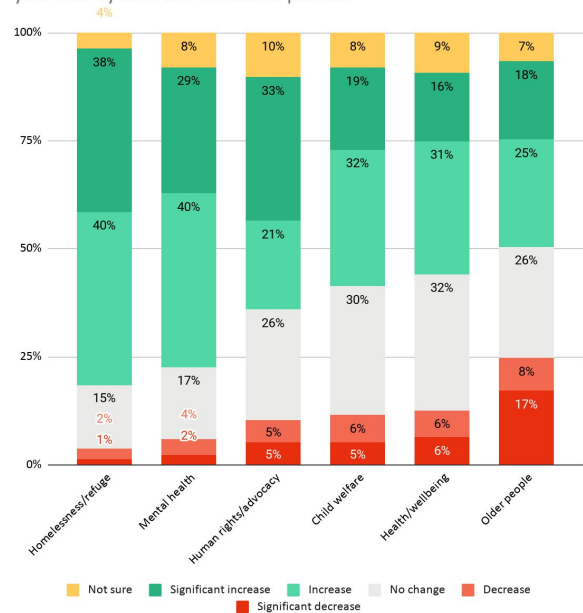
*"Our charity is unable to deliver its normal services due [to] social distancing... whilst we have introduced some new services the uptake has been very little." Charity respondent*

**Christmas will bring additional demands on the charity sector.** Two in every five charities (40%) expect Christmas to bring an increase in demand for their services.

The sectors which expect to see the largest increases in demand for their services over the Christmas period are:

- Homelessness/refuge (78% of charities)
- Mental health (69%)
- Human rights/advocacy (54%)
- Child welfare (51%)
- Health/wellbeing (47%)
- Older people (43%)

Do you anticipate any changes to demand for services offered by your charity over the Christmas period?



Almost a third (32%) of charities across the sector have already experienced a **"double whammy" of decreased voluntary income and increased demand for services since the pandemic. Homelessness/refuge and mental health charities will experience a particular crunch this Christmas**, having already experienced increased demand due to Coronavirus and expecting another increase over the festive period. Homelessness/refuge charities are also particularly reliant on Christmas fundraising which may well be affected by Coronavirus this year.

*"At the beginning of the first Lock down in March we saw an 65% increase in people needing the food bank... We are now expecting this to rise with the second lock down and Christmas ."* Charity respondent

## The effect on volunteering

**The net effect of Coronavirus has been a decrease in volunteering.** Over half (57%) of charities report a decrease in volunteering since the pandemic. Just 14% of charities have reported an increase.

*"As both of our schemes require face-to-face contact with volunteers, approximately two-thirds of our current volunteers have been unable to volunteer over this period. Our greatest need at present is for new volunteers without underlying health conditions who will be able to volunteer and meet the increasing demand for our services."* Charity respondent

**Some sectors were hit more than others** by a reduction in volunteering. Those sectors where a reduction in volunteering was more prevalent include:

- Cancer (82% of charities)
- Hospitals/hospices (79%)
- Medical research (69%)
- Animal welfare (67%)
- Older people (64%)

Volunteering at Christmas is also very likely to be affected by continuing Coronavirus issues

*"We cannot provide our service at all while social distancing is required. We expect to lose a number of volunteers due to the lengthy period of inactivity. We are unable to train new ones while we don't function and significant longstanding volunteers are feeling their age!"* Charity respondent



## How charities are coping

**Charities are using a variety of tactics to cope with the disruptions due to Coronavirus, but 1 in 4 charities are considering reducing service delivery.** Some of the tactics being considered by charities are:

- Spending down on reserves (41%)
- Reducing service delivery (24%)
- Investing in other income streams (24%)
- Restructuring the charity (23%)
- Staff redundancies (16%)

Worryingly 1 in 4 charities (24%) are reported to be considering reducing service delivery which will come as a blow to those communities which rely on their services.

**Smaller charities (income under £1m) were most likely to be spending down any reserves at this point** (43% are doing this), whereas larger charities (income £1m-£10m) are most likely to be investing in other income streams e.g. trading income (38%).

*“Unfortunately if this situation goes on for much more than the next 12 months, the centre will have to mothball...it would be a great loss to the local community.”*

*Charity respondent*

**Thousands of charities could close their doors.** 6% of charities are considering mothballing or closing completely. **Extrapolated across the sector, this could mean the closure of approximately 10,000 charities.** This is likely to affect twice as many small charities (income under £100k) than medium or large charities (income £100k-£10m).

Looking ahead to the next 12 months, is your charity considering any of the following measures? (Closing/mothballing the charity) By size (£ total annual income)



## Conclusions

Christmas 2020 is set to be “a grim time” and a “crunch time” for many charities. Considerable numbers of charities are battling with increased demand, decreased income and fewer volunteers. Thousands of vital charities may well face closure if something doesn't change. This would undoubtedly leave holes in the support net for many vulnerable beneficiaries at a time when they most need extra care.

Of course, charities do not have an inherent right to stay in business. They exist for the beneficiaries they serve and support; for civil society. Charities often provide support and care where there are crucial gaps in public and private provision. Some charities will inevitably go to the wall during this global pandemic. The important issue to consider is how those in need in society will then access the help that they require. The challenges the sector faces this year therefore offer a critical opportunity for everyone in civil society to reflect on exactly what kind of role charities can and should play in helping “build back better”, and how we can all support this.

It should also be remembered that all is not doom and gloom. Many charities have been able to, at least partially, adapt to the new normal with innovative ways of delivering vital services and support to those most in need.

***“When the lockdown hit us in March, we transformed our ways of working almost overnight, certainly within a few days and over those early weeks, we worked in partnership with many in the village so we could offer and provide a support network. [We had an] absolutely amazing group of people who joined [our] Facebook group – the Coronavirus Volunteers who joined forces with [the local Care Group] which resulted in the whole community pulling together turning what could have been one of the hardest hitting times our village had***

***witnesses into a truly positive experience.”***  
***Charity respondent***

***“We faced a choice to pause or to pivot. [We] pivoted and set up a free Helpline that could be accessed by all men leaving our partner prisons. What started as a temporary response to covid has now become a vital service that we plan to embed permanently within our programme for as long as there is demand.”*** Charity respondent

The authors of this report believe charities to be critical to the fabric of our civil society, and would make the following recommendations:

- For the government, we would encourage a rapid and consultative implementation of the recommendations from MP Danny Kruger's September 2020 report: [Levelling up our communities: proposals for a new social covenant](#) (Kruger, 2020). While the Kruger report was widely welcomed by the sector, many point to the fact that charities need more direct financial support than they have so far been given, and have pressed for more urgent action on this, particularly the *#NeverMoreNeeded* campaign.
- For the public, we would encourage those who can to support charities with their money, time and skill, where the pandemic allows. Campaigns such as the Big Give Christmas Challenge provide an opportune moment for supporters to achieve a larger impact.
- For philanthropists and funders, we would encourage a moment of reflection on how to make the biggest impact with the resources at their disposal. Matched funding opportunities such as the Big Give Christmas Challenge give funders the chance to make money go further. Grant makers might also consider signing up to one of

the learning and collaborative funding groups such as the Funders' Collaborative Hub (<https://www.funderscollaborativehub.org.uk/>) and the Funders Pledge (<http://www.covid19funders.org.uk/>).

- For the media, we would encourage a positive attitude towards charities whose vital work keeps our country running during good times and bad. The press has a very influential role to play in building back better, and encouraging everyone to be positive in their support for charities.

Many charities will be relying on The Big Give Christmas Challenge this year to boost their income when they most need it, to serve and support more vulnerable individuals across the country through this difficult festive period. The Big Give Christmas Challenge matches donors' gifts, effectively doubling the money that goes to charities, and making everybody's pound stretch twice as far. Previous research by The Big Give has shown that matched funding appeals encourage more people to give and to give more.

***"The Big Give Christmas Challenge 2020 is more important to our fundraising than ever, due to the Covid-19 pandemic putting a stop to all of our fundraising events this year..." - Charity respondent***

## About this survey

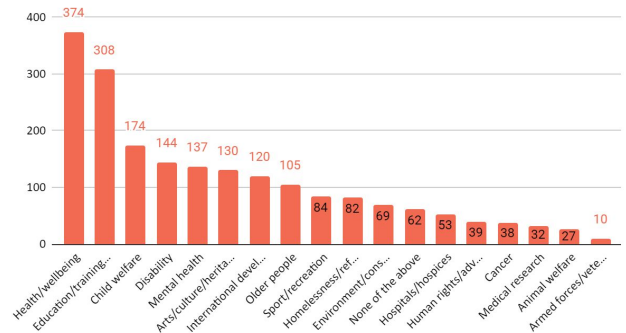
Throughout October and November 2020, the Big Give surveyed 1,011 charities to determine how Coronavirus has affected the charity sector with a specific lens of how charities would be impacted during the Christmas period. The sample was drawn from: charities already registered for the Big Give's Christmas Challenge, charities registered with theBigGive.org and a list of registered charities (minimum annual income over £25k); plus those responding to a callout on social media.

In total, 375 (37%) had an income under £100k, 451 (45%) had an income between £100k and £1m, 159 (16%) had an income between £1m and £10m, and 26 (3%) had an income over £10m. All survey questions were completed by the full 1011 sample except for the question around the proportion of income decrease which was answered by the 656 charities to whom this was relevant.

While this does not pretend to be a representative sample (at less than 1% of the total number of registered charities in the UK), the survey achieved a good spread of charities in terms of income/size, geography and cause area. Compared to a representative sample (National Council for Voluntary Organisations, 2020) this sample has an under-representation of charities with an income of under £100k, and a slight over-representation of charities operating in the East Midlands.

In terms of cause area, the sample is probably over-weighted towards charities working in the health/wellbeing and education/training/employment realms.

Number of charity respondents by cause



In addition, possible biases may be inherent in a sample which is largely made up of charities registered with theBigGive.org. Most relevantly, those registered for the Christmas Challenge may be more predisposed towards fundraising at Christmas.

It should also be borne in mind that, given the large number of charities suffering disruptions at this time, including staff being furloughed, this sample may represent those charities which are doing slightly better at this time than others.

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