



COVID-19 Impact on Charities (Wave Two)

November 2020

The Scottish Charity Regulator: COVID-19 Impact on Charities Research

This summary report details the top line findings of the second wave of the Scottish Charity Regulator's research into the impact of COVID-19.

As in the first wave conducted in May 2020, the objectives of the research were to:

- understand the impact that COVID-19 had had on charities at the time of the research
- quantify what sources of support were being considered and used
- explore the most effective ways in which OSCR and others can support the sector throughout this time

Representatives of all charities on the Scottish Charity Register were invited to participate in the research, with the following few exclusions:

- Individuals who were the contact for multiple charities were invited to participate only once
- Charities for whom OSCR had no email address on record

The research was conducted between 3rd and 15th November 2020, with 2,548 charities participating.

While many of the questions and answer options are similar to the survey conducted in May, they have been updated to reflect the fact that the situation has moved on considerably. Many questions contain new or updated wording or coded answers. Comparisons included in this report to the May survey findings reflect an overall indication of trends and are not directly comparable.

Summary of findings

Overall impact: In November 2020, 92% of Scottish charities reported some form of negative impact from COVID-19 and the connected restrictions. While still representing an overwhelming majority of charities, this figure is down slightly from 98% in May 2020.

- The most common impact (90% of charities) was upon charities' ability to deliver their services (92% in May 2020).
 - Cancelling or postponing planned work or events remained the single most common impact with 66% affected in this way (78% in May)
 - Forty-five per cent were prevented from working or delivering services due to the restrictions
 - A third (33%) reported disruption of services to beneficiaries (35% in May 2020)
- Seventy-nine per cent had seen an impact on their finances (75% in May 2020).
 - Fifty-six per cent reported lost income from fundraising (51% in May 2020)
- Three quarters (75%) saw a negative impact on staffing and administration (96% in May 2020).
- 8% of charities said they had seen no impact at all or did not know what impact there had been

Actions taken: Eighty-four per cent of charities had taken action to mitigate the impact of COVID-19.

- Seventy-seven per cent had changed the way in which they deliver their service. The most common of these changes were:
 - Adapting their services to meet restrictions (43%)
 - Temporarily halting operation (31%)
 - Adapting how they deliver services to suit beneficiaries' needs (30%)
 - Offering a different type of service (20%)
- Fifty-nine per cent had made changes to the way they approached finances, most commonly:
 - Accessing their financial reserves (37%)
 - Applying for additional funding (25%)
- Just over half (53%) had adapted their approach to staffing and/or administration, most commonly:
 - Reducing the use of volunteers (32%)
 - Providing support to staff and their wellbeing (22%)
- Fifteen per cent of charities had furloughed staff in the period from June to November 2020. Fifty-nine per cent of those with 11+ employees had furloughed staff.
- Three per cent of charities had made, or started the process of making, one or more members of staff redundant, increasing to 7% for charities with an income over £25,000 and 21% for charities with 11+ employees. A further three per cent expected to make redundancies within the next year (7% for charities with paid staff). Fourteen per cent of charities don't know whether redundancies

will be made in the next year. A quarter (24%) of charities with paid staff do not know whether redundancies will be made.

Operational challenges: Uncertainty was the most commonly referenced operational challenge for charities, with 60% feeling frustrated that they do not know when they will be able to resume its usual activity and 50% feeling unable to plan long term because of the pandemic.

Impact on beneficiaries: Seventy per cent of charities reported increased negative outcomes for their beneficiaries, with 7% saying that while they had beneficiaries they had not been negatively affected by the pandemic. A further 23% stated that the question was not applicable to their charity (these charities may feel that this question was not suited to their beneficiaries e.g. their purpose may be to provide a service of facility).

- Mental health matters were the most commonly observed impact on beneficiaries (63%), including: increased loneliness or isolation (51%); anxiety about the future (43%); and, worsened mental health and wellbeing (38%)
- One third (30%) reported beneficiaries with threatened financial security
- One quarter (27%) noted a negative impact on beneficiaries' physical health and wellbeing

Impact on number of volunteers: A third (33%) of charities had seen a decrease in the number of volunteers with which they engaged, with only 9% seeing an increase in volunteers used.

Positive changes: Despite the strain caused by the pandemic, just under three quarters (71%) of charities identified at least one positive benefit stemming from their response to it. Most commonly charities reported improved use of digital technology among staff and volunteers (47%) and amongst beneficiaries (28%).

Financial impact: The financial impact of COVID-19 remained severe into November 2020.

- Nine per cent of Scottish charities foresaw a critical threat to their finances at some point within the next 12 months. This is down from 20% in May 2020. When considering the next two years, this increased to 12% of charities.
- Eighty-nine per cent of charities raised income from donations and fundraising. Of those, seventy nine per cent witnessed a decrease in donations and fundraising in 2020, with 55% considering this a 'significant decrease'. This is compared to only 8% seeing an increase and a further 11% seeing no difference in donations and fundraising.
- Similarly, trading income fell in 2020. Trading was reported as a source of income for 71% of charities and 83% of charities with this income source reporting lower trading income, with 63% seeing a 'significant decrease'. Six per cent saw an increase and a further 9% saw no difference in the amount raised through trading.
- Charities also saw a decrease in income through contracts in 2020, although only 32% of charities raised funds in that way (68% did not). Fifty-three per cent of those with income from contracts saw a decrease in this revenue, with 36% seeing no difference and 5% seeing an increase.
- Grants and government funding was the least impacted income type of those tested. Sixty-six per cent of charities receive income from this source, with 29% of those seeing decreased income in this way but 33% seeing an increase. A third (33%) reported no difference in the amount raised through grants and government funding.

- When asked to project into 2021 and 2022, very few charities foresaw an increase in revenue through any source to the level received before the pandemic (January 2020).

Ability to operate: One in six charities (17%) felt that they would be unable to do the work they were set up to do at some point in the next two years. Twelve per cent foresaw this taking place in the next three months.

Fundraising methods: Use of online fundraising platforms was the area of most increased effort. This method was used by 40% of charities and increased for 29% of those. In person events saw the largest decrease. Sixty-one per cent of charities fundraise this way but for three quarters (77%) of those efforts to raise funds this way stopped completely.

Financial support: Just under half (45%) of those charities who felt they had been negatively impacted by the pandemic had accessed financial support before November 2020. The most common sources of financial support were local authority funding (21%), Scottish Government funding (18%) and independent grant funding (16%).

Looking ahead, 68% of charities who felt they had been negatively impacted by the pandemic believed that they would benefit from seeking financial support in the future. Again, local authority funding (38%), Scottish Government funding (36%) and independent grant funding (33%) were felt to be the most useful sources.

Non-financial support: A little under half (49%) of charities who felt they had been negatively impacted by the pandemic had accessed non-financial support¹ before November 2020. The most common types of non-financial support sought were information on the financial support available (23%) and additional guidance on how charities should adapt to the pandemic (23%).

Looking to the future, just under half (49%) of charities who felt they had been negatively impacted by the pandemic said they would benefit from information on the financial support available.

¹ From a set list of non-financial support available to the sector

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