

Julian Knight MP

Chair of the DCMS Select Committee

Via email: julian.knight.mp@parliament.uk



12 June 2020

Dear Mr Knight

Re: Report of the DCMS Select Committee Inquiry into impact of COVID-19 on charities

We write as a coalition of civil society organisations further to the DCMS Select Committee Inquiry into the impact of COVID-19 on charities and the subsequent report of the Committee. Thank you for referencing many of our concerns in your report and echoing the collective asks of the charity sector. Further to the Evening Standard article of 11 June 2020¹ which highlights a £4bn shortfall for London charities this year and in advance of the Secretary of State for DCMS, Rt Hon Oliver Dowden MP, reporting back to the committee, we would like to bring to your attention further points.

The role of civil society as essential to economic recovery

Government has rightly recognised the important role that civil society has in addressing the immediate crisis posed by Covid-19. As the government now focuses on planning for the post Covid-19 recovery, it's essential to the nation's economic and social recovery that Government includes, invests in and maximises civil society expertise, knowledge and networks to ensure a successful recovery. Civil society is an important economic actor in its own right, currently contributing over £17bn annually to the UK economy². Without the support that it provides to people and communities, the demand for support from the state will dramatically increase.

The latest evidence from Pro Bono Economics tracker survey indicates a £10bn funding shortfall over the next six months as demand for services rises³. These figures are broadly in line with emerging findings from an Institute of Fundraising, Charity Finance Group, National Association of Voluntary Organisations and PricewaterhouseCoopers joint survey, full details of which we hope to release next week. In the charity retail sector alone, there is a loss of £3.4 million in sales for each day that charity shops have been closed.⁴

Although welcome, the £750m emergency support package for charities announced by the Chancellor on 8 April is not enough to ensure charities can continue to deliver the same level of support. Many that survive will look very different in a few months' time, with a severely reduced capacity to provide the support that people rely on. Much of the emergency funding has yet to reach charities and their beneficiaries, two months on from the announcement and four months on from the start of the crisis.

¹ <https://www.standard.co.uk/news/london/coronavirus-charities-london-4-billion-shortfall-a4466161.html>

² 2019 NCVO Almanac

³ <https://www.theguardian.com/world/2020/jun/09/coronavirus-leaves-one-in-10-uk-charities-facing-bankruptcy-this-year>

⁴ Charity Retail Association data

The demand for the services delivered by charities to our most disadvantaged communities is increasing, and will continue to do so due to the resulting job losses and economic hardship that the country will experience. From food banks to housing shelters, care for disabled people, young people and the elderly, charities are never more needed.

Coronavirus Job Retention Scheme

Whilst we welcome the announcement to extend the Coronavirus Job Retention Scheme until October 2020 and the addition of greater flexibility, our concern is that many organisations still won't have had an opportunity to adjust by October. Furthermore, they will likely still be experiencing considerable losses to their income. The scheme was not designed with reference to charities operating in a different way to businesses, and, as the report of the Committee asserted *"to suggest that they should be treated the same ignores the fundamental principles upon which their work is based and the nature of their contribution to society."*⁵ It is imperative that in designing an exit to the scheme, the nature of civil society organisations delivering public benefit is considered.

Organisations where ability to generate income is constrained due to social distancing measures, such as fundraising, leisure and culture operations will continue to experience considerable challenges to their financial viability. The Creative Industries Federation (CIF), Hospitality UK and the Association of Leading Visitor Attractions (ALVA) also raise similar concerns. Even according to the government's current plan, these sectors will only be permitted to resume activities from July, later than the rest of the economy. From our latest survey, 45% of charities with staff on furlough said that they could not afford to re-employ all staff if furlough ends before the end of social distancing measures, 40% are likely to make redundancies and 43% will not be able to resume all charity services.⁶

We therefore propose that the following additional measures are considered:

Employers who will not be able to resume generating income due to social distancing requirements should be permitted to delay contributing to furloughed salaries in the Coronavirus Job Retention Scheme until such time as full activity can safely resume or government should otherwise make provision for additional targeted funding for these sectors, in order to ensure that charities can continue to deliver services and public benefit at a time when they are most needed and where they are uniquely able to meet emerging need.

Civil society will require additional financial support to ensure that it can continue to support those in most need and play its essential role in supporting the nation's economic, social and cultural recovery, especially in the event that stricter lockdown measures come back into place due to a significant rise in infections.

We ask that you consider these points in the response that the Secretary of State makes to the Select Committee and consider including in any communication you may make to the Prime Minister. We are very happy to meet or provide you with further information.

⁵ <https://committees.parliament.uk/publications/938/documents/7200/default/>

⁶ IoF/NCVO/CFG/PWC Survey v2 to be released w/c 15/6/2020

Yours sincerely,

Association of Charitable Foundations

Association of Chief Executives of Voluntary Organisations

Charity Finance Group

Charity Retail Association

Chartered Institute of Fundraising

Children England

Directory of Social Change

Lloyds Bank Foundation

Locality

National Association of Voluntary and Community Action

National Council of Voluntary Organisations

Small Charities Coalition

Wales Council for Voluntary Action

Please contact [Roberta Fusco, Director of Policy and Communications](#), Charity Finance Group, for any queries

Never More Needed Campaign website: www.nmn.org.uk