



House of Commons
Digital, Culture, Media and
Sport Committee

**The Covid-19 crisis and
charities**

First Report of Session 2019–21

*Report, together with formal minutes relating
to the report*

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The Digital, Culture, Media and Sport Committee

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Summary

The UK's charity and voluntary sector is highly diverse in terms of size, structure and services offered. Many charities perform vital work supporting the vulnerable in society. Their contribution is needed now more than ever as the country responds to the challenge of Covid-19. Charity workers are some of the real heroes of the response to the pandemic, with many working with great courage on the frontline of the crisis.

Yet many charities are fighting for survival. Traditional methods of generating income have dried up overnight. Social distancing is making delivering services harder and more costly. Reserves are running out. Smaller charities, in particular, are at risk of imminent closure if adequate support is not provided.

The outbreak of Covid-19 has seen people come together to support one another, and their communities at large, on a tremendous scale. People and businesses are generously supporting charities at this challenging time, and we commend them for all they are doing; however, the scale of the need is such that individual efforts are not enough. Moreover, at a time of such generosity, it would be perverse and highly regrettable if small and local organisations that usually serve to channel charitable endeavour collapsed due to a lack of adequate support.

We therefore welcome the Government's announcement of £750 million of emergency support for charities. However, we are concerned that the support announced to date is not enough, and that a lack of transparency in how these funds are being allocated means deserving charities will lose out.

We have made it a priority of our work during this crisis to listen to the charity sector's concerns and to hold the Government to account for its response. Not all charities are experiencing the same impact of Covid-19. The Government's support has so far prioritised those charities directly assisting the health and social care services on the frontline of tackling Covid-19, as well as those supporting vulnerable people to cope with the crisis. However, there remain many charities that do not fit these categories, and others doing work that, while not necessarily responding to Covid-19, none the less enriches our society and will be needed once the crisis is over. Where they face financial need, such charities also require support.

We therefore call on the Government to increase the support available to charities through a comprehensive stabilisation fund, and to ensure that support is made available to charities that are not directly working on tackling Covid-19 but facing financial hardship. The Government must also adapt existing support schemes for businesses to ensure they provide appropriate support for the charity sector. It must take these steps urgently, within a month, to prevent charities from folding.

1 Introduction

1. In March 2020, as individuals, communities and organisations across the UK responded to the threat of Covid-19, we became aware of a mounting crisis within the charity and voluntary sector. Charities were facing a dramatic fall in income, and were not adequately covered by measures that had already been announced by the Government to support workers and businesses.¹ Furthermore, many charities were facing increasing need for and demands on their services as a consequence of the crisis.

2. We therefore held an urgent evidence session—the first virtual hearing in Parliament to be streamed live using video conferencing software—to hear directly from charities and umbrella bodies about the challenges they were facing. We also received more than 70 pieces of written evidence from charities of all sizes, and individuals who benefit from their services, detailing the impact of Covid-19 on their ability to support people across the country. We are grateful to all those who contributed to this work at what was a busy and uncertain time.

3. After the evidence session, we wrote to the Chancellor of the Exchequer, the Rt Hon Rishi Sunak MP, outlining our concerns. We called for both emergency and stabilisation funding for the charity sector, as well as reforms to existing support schemes for businesses to enable charities to benefit fully from them.² The next day, the Chancellor announced a £750 million package of emergency support for charities. We welcome the Government's recognition of the need for dedicated support; however, significant questions remain around the extent of the support on offer. We put these questions to the Secretary of State for Digital, Culture, Media and Sport, the Rt Hon Oliver Dowden MP, when he gave evidence to us remotely on 22 April.

4. There are more than 160,000 registered charities in the UK, and the majority are small organisations with an annual income of less than £100,000.³ The sector is highly diverse, comprised of organisations of vastly different sizes, operating under different funding models, with varying levels of reserves, and providing a tremendous range of services. The breadth of the sector is such that the country benefits from the work of Macmillan nurses and hospices providing vital end-of-life care, the advice and support provided by Age UK or the Samaritans, and the first aid training of St John Ambulance volunteers, as well as the availability of local animal sanctuaries, nature reserves and arts initiatives—along with, of course, the international humanitarian work of NGOs such as Oxfam and War Child. It is also interconnected, with a range of organisations often offering complementary support to individuals.⁴ Taken together, these characteristics mean that a one-size-fits-all approach to supporting the charity sector is unlikely to work, and a collapse in one aspect of provision will have consequences across the sector.

1 Q1, 3, 9

2 [Letter](#) to Rt Hon Rishi Sunak MP, Chancellor of the Exchequer, re Urgent support needed for charities, 7 April 2020

3 NCVO (COV0047)

4 Unseen (COV0029)

2 The impact of Covid-19 on charities and voluntary organisations

5. The sheer diversity of the sector means that not all charities and voluntary organisations are being affected by Covid-19 in exactly the same ways, and not all are experiencing the same degree of hardship. However, the evidence we have received details the impact the crisis is having on a number of different charities' finances and operations, indicating that the sector faces a consistent and widespread, if not universal, challenge.

Financial implications

6. The National Council for Voluntary Organisations (NCVO) estimates that charities will lose approximately £4 billion in projected income in the three months from March 2020.⁵ This is because social distancing measures have resulted in an immediate loss of two key sources of income for many: fundraising and trading. The Motor Neurone Disease Association's Director of Engagement, Chris Wade, told us that while the charity has previously generated much of its income through community fundraising, the cancellation of marathons, sponsored skydives, fêtes and similar activities means that this income stream has dried up. Moreover, this is happening at the busiest time of the year for community fundraising: spring and summer.⁶ Similarly, charities that generate income through charity shops have been hit by enforced closures: Age UK reports that the closure of its 400 charity shops resulted in a loss of "one-third of its income overnight"—just under £900k a week.⁷ CLIC Sargent, which supports children and young people with cancer, also states that access to previously predictable income streams such as trusts and legacies is "becoming more challenging".⁸

7. Many charities are taking difficult decisions to address these financial pressures, including drawing on their reserves. The impact of Covid-19 on CLIC Sargent means that:

We are projecting to lose £8m over the year, which is a third of our annual costs. We have had to make big decisions over staff and stopping all non-critical work. Senior staff have taken voluntary pay cuts, 24% of our workforce has been furloughed, while another 29% have seen a reduction in hours—these changes affect our social care staff too. Even with these short-term measures in place, by the end of September, our reserves will have been reduced by [two-thirds].⁹

In oral evidence, the Secretary of State told us that he expects, in this crisis, "charities, like businesses, should be taking advantage of their reserves".¹⁰ Many larger charities will be in a position to do so; however, the NCVO estimates that nearly one quarter of charities do not have any reserves at all.¹¹ Even those that do, such as St John Ambulance, are cautious

5 Q1
 6 Q52
 7 Age UK (COV0033)
 8 CLIC Sargent (COV0036)
 9 CLIC Sargent (COV0036)
 10 Oral evidence taken on 22 April 2020, HC 157, Q8
 11 Q7, 37

about depleting them too drastically, given the risk of a second peak or prolonged period of social distancing, and warn that they are finite: its CEO told us that St John Ambulance would have to start borrowing heavily should the crisis continue beyond August.¹²

The role of philanthropy and charitable giving

8. It is important to acknowledge the crucial role that philanthropy and charitable giving will play in supporting the sector in the short term and in helping it to rebuild. People and businesses across the country have responded with admirable initiative and ambition to support charities during this crisis. Going forward, Charities Aid Foundation states that mobilising “generosity of the scale required will require additional government support and stimulus” and makes a number of recommendations including: removing declaration requirements so that any donation automatically receives Gift Aid until the end of 2021; offering one-off tax credits for individuals to be donated to a civil society organisation of their choice; and introducing incentives for industry to roll out payroll giving.¹³ In addition, while some charities have mobilised successful fundraising campaigns in response to Covid-19, not all charities are able to generate income in the same way. Karl Wilding, CEO of the NCVO, told us that that there are:

large swathes of our sector that have always found it difficult to fundraise and indeed will carry on finding it difficult to fundraise. A good example would be women’s charities that work on issues such as domestic violence and rape crisis centres. They find it very difficult to fundraise at the best of times, and it is not a solution for them.¹⁴

In Mr Wilding’s view, a stabilisation fund in the region of £4 billion is therefore needed to secure the future of charities and voluntary organisations whose finances have been impacted by Covid-19.¹⁵

9. We commend all those who are fundraising for, and donating to, charities during this crisis. Members of the public and businesses alike have stepped up to support this vital sector. Going forward, small and local charities will be invaluable in nurturing this community spirit; yet these are also the charities likely to face the most immediate financial pressures. It would be a perverse and highly regrettable outcome of the Covid-19 crisis if a lack of adequate support were to mean that, at this time of tremendous charitable endeavour, the nation lost the scale and diversity of organisations that makes the charity and voluntary sector so valuable to our society.

Increased demand for services

10. The Covid-19 crisis has resulted in many charities, especially those working with vulnerable persons, facing increased demand for their services. This work looks different depending on the organisation. Some are working directly alongside public services to fight Covid-19 or assist people with medical conditions who need to shield. Other charities, while not on the medical frontline, are providing advice and support to help people deal with its wider consequences and so find their services more important than ever. Martin

12 Q37, 26–27

13 Charities Aid Foundation (COV0023)

14 Q6

15 Q2

Houghton-Brown, CEO of St John Ambulance, told us that 20,000 of its volunteers were preparing to deploy to provide additional capacity alongside NHS staff and ambulance services, at a cost of £1.6 million a week.¹⁶ Similarly, we heard from numerous charities, large and small, that have experienced an increase in workload as they deliver support to people with underlying health conditions or other needs, such as those who are socially isolated or homeless.

11. Charities working on the frontline tackling Covid-19 face similar pressures to the health and social care system, including a need for adequate supplies of personal protective equipment (PPE) and testing.¹⁷ Marie Curie, which delivers palliative and end-of-life care, states that “confusion in both central and local Government about who should be supplying PPE to non-NHS frontline services” has resulted in the charity facing “a critical shortage” of PPE. The charity told us:

This is having a direct impact on patient care—with visits to dying patients having to be cancelled because we don’t have the PPE to deliver care safely.¹⁸

Charity workers beyond the medical frontline are also in need of adequate PPE. For example, homelessness charity Centrepoin asks that “homelessness accommodation providers are added as a priority to the supply chain for Personal Protection Equipment”.¹⁹

The consequences of these pressures

12. Many charities need immediate support to plug the funding gap. More than 70% of charities surveyed by the Directory for Social Change reported that without financial support they will “go bust” before the end of 2020.²⁰ While smaller charities are particularly vulnerable, with many facing imminent closure, Martin Houghton-Brown also explained the impact that failure to adequately support charities such as St John Ambulance will have on the UK’s ability to recover from the crisis.²¹ He told us:

I cannot emphasise enough that, if we are financially depleted, I am not sure how quickly we will be able to get back to certifying the nation so that they can go back to work. [...] I am quite sure that we will all need a really good sports game or recreational concert to go to and relieve the pressure of this nightmare. We provide the first aid for those, too. If we are disadvantaged through delivering for our nation’s health at this moment of crisis, we will stand in the way of being able to rebuild the nation’s culture and community when we recommence.²²

13. The financial and operational pressures of Covid-19 have also impacted charities’ wider activities, such as supporting life-saving research. The Association of Medical Research Charities states that more than half of its members “have stopped, paused or delayed the majority (75–100%) of their clinical trials”.²³ Chris Wade from the MND

16 Q20, 25

17 GMCVO and GM VCSE Leadership Group (COV0075)

18 Marie Curie (COV0049)

19 Centrepoin (COV0042)

20 Directory of Social Change (COV0053)

21 Q14, 41

22 Q32

23 Association of Medical Research Charities (COV0054)

Association told us that the need to furlough workers will mean stopping research into treatment and a cure for the disease.²⁴ Similarly, the Asthma UK and British Lung Foundation Partnership states:

Up to 50% of the clinical research we are funding has been paused, delayed or stopped to date. Delays to clinical studies could mean delays to potentially life-saving therapies and therefore unnecessary deaths.²⁵

14. At this time of unprecedented uncertainty and upheaval, many sectors of the economy—including others under our remit—face financial pressures that threaten their survival.²⁶ However, supporting charities is not just about protecting the 870,000 jobs in the voluntary sector (some 2.7% of the UK workforce).²⁷ Rather, it is about protecting the services many charities provide to the most vulnerable in society. Indeed, Karl Wilding told us that while he does not think “charities have some sort of right to survive”, he does believe that “people have a right to the services that we provide.”²⁸ As Age UK West Cumbria states:

The fundamental issue is not about saving charities or charity jobs but the beneficiaries that rely on the safety net that charities provide.²⁹

This is arguably even more significant given the recent trend towards public services being delivered through partnerships with charities and voluntary organisations.³⁰ Given the central role that charities play in delivering public services, we were concerned that the Secretary of State echoed the Chancellor in stating that

we cannot save every single business, and that would include not being able to save every single charity.³¹

15. The committee is concerned at this answer from the Secretary of State, given the scale of the loss the sector is warning of, or the impact it would have on those in society who rely on charities’ support. Moreover, charities are not the same as businesses, and thus 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. In particular, it undermines the efforts of the many charity workers whose commitment to serving the public is demonstrated by the efforts they are making, and risks they may be taking, to assist others. Many charities and voluntary organisations perform essential work that, while not directly tackling Covid-19, underpins the fabric of our society. Losing their services in either the short term or after the country emerges from this crisis will cause untold damage to individuals and communities. It cannot be allowed to happen.

24 Q44

25 Asthma UK and British Lung Foundation Partnership (COV0038)

26 We are gathering evidence on the impact of Covid-19 on other sectors under the Department for Digital, Culture, Media and Sport’s remit and intend to examine related issues in the coming weeks.

27 NCVO (COV0047)

28 Q15

29 Age UK West Cumbria Ltd (COV0056)

30 Q12

31 Oral evidence taken on 22 April 2020, HC 157, Q4

3 The Government's support for charities

16. Since the start of this crisis, the Government's support for the charity sector has involved a combination of access to business support schemes and dedicated funding announced by the Treasury and other Departments. Furthermore, non-departmental public bodies, including those that distribute National Lottery funds for good causes such as Arts Council England and Sport England, have made additional support available, including to charities and voluntary organisations under their remit. However, the evidence we have received makes the case for further support to be made available.

Challenges for charities in accessing Government support for businesses

17. In correspondence to us on 30 March, the Secretary of State for Digital, Culture, Media and Sport confirmed that "Charities are eligible to access many of the measures announced for businesses by the Chancellor", including the Coronavirus Job Retention Scheme and the Coronavirus Business Interruption Loan Scheme.³² In oral evidence, the Secretary of State outlined the principle that such schemes are "horizontal interventions, so the support should apply to all sectors equally".³³ However, barriers to charities benefiting from such support illustrates that, in reality, it does not apply to this sector equally.

18. The need for many charities to continue to deliver services throughout the Covid-19 crisis means that they are limited in the extent to which they can make use of the Government's Coronavirus Job Retention Scheme. As Karl Wilding explained:

The problem is that the furloughing scheme, or laying staff off, means that you are standing down staff at exactly the time when you want them to step up.³⁴

This problem also applies to charities that do not deliver frontline services but require staff to keep working to maintain facilities or collections, for example in the museum and heritage sectors.³⁵ Charities that facilitate sailing trips for disadvantaged children, as another example, cannot furlough those who maintain the vessels, despite a collapse in income.³⁶ Ocean Youth Trust South therefore calls for "a more flexible furlough scheme with salary support allowing small charities to reduce staff hours, rather than the current choice between working or not working at all".³⁷ Furthermore, charities that receive a combination of public funding alongside other income are ineligible for the Coronavirus Job Retention Scheme, leading the NCVO's Karl Wilding to conclude that:

Even if the intent is right, the design simply does not work for vast swathes of the charity sector.³⁸

32 [Letter](#) from Rt Hon Oliver Dowden MP, Secretary of State for DCMS, re Covid 19 and the creative and charitable sectors, 30 March 2020

33 Oral evidence taken on 22 April 2020, HC 157, Q3

34 Q3

35 The Mary Rose Trust (COV0021), Birmingham Museums Trust (COV0063)

36 Association of Sail Training Organisations (COV0034)

37 Ocean Youth Trust South (COV0046)

38 Q3

The umbrella body estimates that a “maximum of one in three charities can deploy the furloughing scheme”.³⁹

19. Many charities also identify what the NCVO has termed an “unintended consequence of the design of the scheme”, whereby workers who have been furloughed from one charity are able to volunteer their time and services to another charity, but not back to their main employer.⁴⁰ The Minister for Civil Society, Baroness Barran, told the House of Lords that this rule is to prevent fraudulent claims and to protect workers⁴¹; however, We The Curious, an educational science centre in Bristol, makes the case for greater flexibility, stating:

We understand the concern that businesses should not benefit from government support for private gain, but as a charity we operate for the benefit of the public [...] This change to the job retention scheme would not result in any additional cost to the Government, as we would still eventually be left with no choice but to put all staff on furlough. The overwhelming benefit of this change to the furlough rules would be that thousands of charity staff can mobilise for social good at a time when the British public needs us the most.⁴²

Those organisations that are using the scheme to furlough workers also urge the Government to provide forewarning and clarity as and when the scheme comes to an end, to enable them to plan for any subsequent staffing changes.⁴³

20. Initially, to be eligible for the Coronavirus Business Interruption Loan Scheme an organisation had to generate at least 50% of its income from trading. This excluded “a large proportion” of the charity sector, with just 7% of charities surveyed by the Directory of Social Change saying that they qualified for the scheme.⁴⁴ In oral evidence, the Secretary of State acknowledged this challenge and confirmed that the Department was working with HM Treasury to address it.⁴⁵ The British Business Bank, which oversees the scheme, has since amended the eligibility criteria to clarify that registered charities are exempt from the requirement.⁴⁶ However, adjustments to the scheme still do not make it viable for many charities. As the National Church Institutions of the Church of England explains, many charities that may be eligible for the loan scheme:

are not in a position to take on debt finance as they do not generate the level of surplus income with which to repay loans and service interest.⁴⁷

21. The Coronavirus Job Retention Scheme and Business Interruption Loan Schemes promptly addressed an urgent need across the economy; however, with the Government consistently referring to them as a solution for charities in financial hardship, there is a clear need to ensure such measures are suited to the particular needs of the charity and

39 Q3

40 Q4

41 HL Deb, 30 April 2020, [col 324](#)

42 We The Curious (COV0073)

43 National Church Institutions of the Church of England (COV0037)

44 Q9, Directory of Social Change (COV0053)

45 Oral evidence taken on 22 April 2020, HC 157, Q16

46 British Business Bank, [FAQs FOR SMEs: CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME \(CBILS\)](#), accessed 4 May 2020

47 National Church Institutions of the Church of England (COV0037)

voluntary sector. To that end, we welcome the exemption for charities from the 50% trading requirement under the Business Interruption Loan Scheme. This approach indicates a willingness to flex the schemes to ensure charities can benefit; however, in the longer term, charities, like many other sectors, also need clarity about the Government's intentions for the support schemes. *We recommend that the Department for Digital, Culture, Media and Sport works with the charity sector and HM Treasury immediately to review the measures in place to support businesses, and to ensure they fully meet the needs of the charity and voluntary sector. In particular, the Government should introduce a separate Coronavirus Job Retention Scheme for charities within four weeks. The scheme should enable furloughed employees of charities to volunteer for their organisations providing appropriate safeguards are met. We also ask the Government to guarantee that six weeks' notice will be given of the Coronavirus Job Retention Scheme ending so that charities can plan accordingly, and to phase the ending of the scheme to support any charities that are unable to return immediately to full capacity.*

A dedicated package of support for charities

22. On 8 April, recognising the limitations of existing support schemes for charities and the need to increase support for those dealing with Covid-19, the Chancellor announced an additional £750 million for the charity sector. This included £370 million for small, local charities supporting vulnerable people during the outbreak, to be distributed by the National Lottery Community Fund, £360 million of direct Government support to charities providing essential services related to the Covid-19 pandemic, including up to £200 million for hospices, and a commitment to matching public donations to the BBC's 'Big Night In' appeal, including £20 million for the National Emergencies Trust.⁴⁸ On 22 April, the Secretary of State told us that, in his view, the package, when combined with the other measures for businesses, "does the job".⁴⁹ This seemed a curiously downbeat reflection on the Government's long-awaited response to the sector's calls for support. Implying 'job done' wrongly, and perhaps inappropriately, conveyed that the crisis in the charity sector has been solved. It has not.

Concerns about the level of support available

23. Given that the sector says it stands to lose £4 billion in income over the next quarter, the NCVO told us that the Government's intervention of £750 million "will not be enough to prevent good charities around the country from closing their doors". Moreover, it states:

Many of the charities which do survive will look very different in a few months' time, with severely reduced capacity to provide support that people rely on at a time when their contribution to recovery will be vital.⁵⁰

While the Secretary of State observed that such "support is pretty unprecedented", with the closest equivalent being the £40 million provided by the then Labour Government in 2009 to help charities during the financial crisis, we have heard that the size of the sector, its role in delivering public services and the scale of the impact that Covid-19 is having on its finances mean that the sector's needs at this time are similarly unprecedented—hence

48 HM Treasury, [Chancellor of the Exchequer, Rishi Sunak on economic support for the charity sector](#), 8 April 2020, accessed 22 April 2020

49 Oral evidence taken on 22 April 2020, HC 157, Q3

50 NCVO (COV0047)

the need for a substantial stabilisation fund.⁵¹ In oral evidence to us, the Secretary of State also denied that the sector had ever been in line for a higher package in the region of £1 billion, indicating that the Department had not made the case to HM Treasury for such an amount.⁵²

24. We welcome the £750 million of support for charities delivering frontline services and assisting vulnerable people during the Covid-19 outbreak. Difficult decisions are being taken about which charities should benefit from Government support at this time, however, as the level of financial assistance announced to date falls short of the sums the sector says it needs, the Government must not assume that the problem has been solved or that the crisis facing charities will not grow as reserves are depleted. The Department for Digital, Culture, Media and Sport must demonstrate that it is making the ongoing case to HM Treasury for the charity sector to get the support it needs. We back the charity sector's calls for a stabilisation fund to secure the long-term financial health and organisational diversity of the sector. It also needs to be recognised that some organisations may take time to recover following the ending of the crisis and may need support beyond that point to get to a sustainable position. In addition to the support that has already been announced, the Government should establish further funding to assist charities and voluntary organisations to stay afloat throughout the Covid-19 crisis. This should be available to organisations facing financial pressures, even if they are not involved in the frontline response to Covid-19. We request that the Secretary of State updates us, preferably via an oral hearing as well as in the Government's written response to this Report, on what progress has been made in securing additional support for charities and tailoring the business measures to them, as well as the Department's plans for monitoring the ongoing impact of this crisis on the charity sector's financial resilience. Given the urgency of the matter, we request that we receive this update by Friday 5 June.

Concerns about eligibility and how to apply

25. Many charities are concerned that the parameters for the funding laid out by the Government, in essence restricting it to those working on the Covid-19 response, mean that they will not be eligible for support. Clinks, which supports voluntary sector organisations working in the criminal justice system, states that:

the focus on organisations working specifically in response to the COVID-19 pandemic risks omitting organisations affected by the crisis that provide vital services but are not specific to the COVID-19 response.⁵³

The Association of Medical Research Charities observes that:

Medical research charities are unlikely to benefit from the support package for charities announced by the Chancellor as they do not provide commissioned frontline services, despite supporting vulnerable patient

51 Q12, 43

52 Oral evidence taken on 22 April 2020, HC 157, Q7

53 Clinks (COV0057)

communities through this crisis. AMRC members are concerned that the announcement may falsely reassure the public and others that the charity sector as a whole is being financially supported.⁵⁴

The Directory of Social Change therefore calls for support for charities to be “unrestricted and not confined to only those charities dealing with COVID-19 responses”.⁵⁵ There are also calls for funding to be targeted to address the needs of marginalised groups and communities, with the NCVO stating that:

there is currently no clarity on what, if any, consideration will be given to equality and equity, including the need to fund organisations that represent marginalised communities. Furthermore, clarity is required on how the fund will address significant regional inequality across the UK. Some poorer areas of the country have populations that are more reliant on charities and will feel the impacts of a reduction in services far more than wealthier parts of the country.⁵⁶

Stonewall, which campaigns for LGBT equality, calls on the Government to ensure equality impact assessments inform the allocation of funds, and that particular consideration is given “to marginalised communities and the organisations that represent them”. Highlighting the impact of Covid-19 on racial inequalities, the charity also supports calls “for ringfenced funding for civil society organisations representing people of colour”.⁵⁷

26. The general lack of clarity about how the £750 million will be allocated means that charities are unclear about their eligibility and how they should apply. For example, Children and Families Across Borders, which works to reunite families around the world, calls “for greater clarity on the eligibility criteria for this funding and an indication of the prioritisation principles”.⁵⁸ Headway, which works with people with acquired brain injuries, states:

There is, as yet, no guidance on eligibility criteria or how applications can be made. This needs urgent attention as even a short delay could lead to smaller charities, such as local autonomous local Headway charities, folding in the intervening period.⁵⁹

27. The Secretary of State confirmed to us that the Department was working with the National Lottery Community Fund to determine the criteria for the £370 million it will distribute, which would then be published before the scheme opens to applications.⁶⁰ He indicated that a charity’s financial position, including its reserves, would be a factor in assessing eligibility, as well as the work a charity is doing to respond to Covid-19.⁶¹ The Secretary of State also explained that other Departments have been asked to identify which charities should benefit from the £360 million of central Government funding.⁶² When pushed on how charities should make their needs known to Departments, the

54 Association of Medical Research Charities (COV0054)

55 Directory of Social Change (COV0053)

56 NCVO (COV0047)

57 Stonewall (COV0035)

58 Children and Families Across Borders (COV0059)

59 Headway (COV0060)

60 Oral evidence taken on 22 April 2020, HC 157, Q12

61 Oral evidence taken on 22 April 2020, HC 157, Q9

62 Oral evidence taken on 22 April 2020, HC 157, Q10

Secretary of State suggested that it would be up to individual charities to contact the relevant Department.⁶³ When we expressed concern that the lack of guidance was putting organisations, such as Citizens Advice, under increased pressure, the Secretary of State assured us that he was “very conscious of the need for speed”.⁶⁴

28. Some two weeks after HM Treasury outlined £750 million of support for charities, the Secretary of State was still unable to provide sufficient detail or clarity about the eligibility criteria for allocating that funding. An announcement of support is of limited benefit if charities facing imminent closure and workforce pressures are unclear whether they are eligible or how to apply. While we recognise that the Government is working under considerable pressures to deliver support to charities at speed, we are concerned that £360 million is being allocated through conversations between Departments, rather than clear engagement with the sector. The onus should not be on individual charities to make their needs known to Departments, and there remains a lack of clarity at sector-level about how the Government is determining which charities should receive support. It seems inevitable that this lack of transparency means deserving charities will miss out on much-needed support. *We urge the Department for Digital, Culture, Media and Sport and the National Lottery Community Fund to publish clear and comprehensive guidance about the criteria that will be used when allocating support, and how organisations can apply for it, without delay. Going forward, such guidance should be published to coincide with the announcement of public funding to minimise uncertainty within the sector.*

63 Oral evidence taken on 22 April 2020, HC 157, Q11

64 Oral evidence taken on 22 April 2020, HC 157, Q17

Conclusions and recommendations

The impact of Covid-19 on charities and voluntary organisations

1. We commend all those who are fundraising for, and donating to, charities during this crisis. Members of the public and businesses alike have stepped up to support this vital sector. Going forward, small and local charities will be invaluable in nurturing this community spirit; yet these are also the charities likely to face the most immediate financial pressures. It would be a perverse and highly regrettable outcome of the Covid-19 crisis if a lack of adequate support were to mean that, at this time of tremendous charitable endeavour, the nation lost the scale and diversity of organisations that makes the charity and voluntary sector so valuable to our society. (Paragraph 9)
2. The committee is concerned at this answer from the Secretary of State, given the scale of the loss the sector is warning of, or the impact it would have on those in society who rely on charities' support. Moreover, charities are not the same as businesses, and thus 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. In particular, it undermines the efforts of the many charity workers whose commitment to serving the public is demonstrated by the efforts they are making, and risks they may be taking, to assist others. Many charities and voluntary organisations perform essential work that, while not directly tackling Covid-19, underpins the fabric of our society. Losing their services in either the short term or after the country emerges from this crisis will cause untold damage to individuals and communities. It cannot be allowed to happen. (Paragraph 15)

The Government's support for charities

3. The Coronavirus Job Retention Scheme and Business Interruption Loan Schemes promptly addressed an urgent need across the economy; however, with the Government consistently referring to them as a solution for charities in financial hardship, there is a clear need to ensure such measures are suited to the particular needs of the charity and voluntary sector. To that end, we welcome the exemption for charities from the 50% trading requirement under the Business Interruption Loan Scheme. This approach indicates a willingness to flex the schemes to ensure charities can benefit; however, in the longer term, charities, like many other sectors, also need clarity about the Government's intentions for the support schemes. *We recommend that the Department for Digital, Culture, Media and Sport works with the charity sector and HM Treasury immediately to review the measures in place to support businesses, and to ensure they fully meet the needs of the charity and voluntary sector. In particular, the Government should introduce a separate Coronavirus Job Retention Scheme for charities within four weeks. The scheme should enable furloughed employees of charities to volunteer for their organisations providing appropriate safeguards are met. We also ask the Government to guarantee that six weeks' notice will be given of the Coronavirus Job Retention Scheme ending so that charities can plan accordingly, and to phase the ending of the scheme to support any charities that are unable to return immediately to full capacity.* (Paragraph 21)

4. We welcome the £750 million of support for charities delivering frontline services and assisting vulnerable people during the Covid-19 outbreak. Difficult decisions are being taken about which charities should benefit from Government support at this time, however, as the level of financial assistance announced to date falls short of the sums the sector says it needs, the Government must not assume that the problem has been solved or that the crisis facing charities will not grow as reserves are depleted. The Department for Digital, Culture, Media and Sport must demonstrate that it is making the ongoing case to HM Treasury for the charity sector to get the support it needs. *We back the charity sector's calls for a stabilisation fund to secure the long-term financial health and organisational diversity of the sector. It also needs to be recognised that some organisations may take time to recover following the ending of the crisis and may need support beyond that point to get to a sustainable position. In addition to the support that has already been announced, the Government should establish further funding to assist charities and voluntary organisations to stay afloat throughout the Covid-19 crisis. This should be available to organisations facing financial pressures, even if they are not involved in the frontline response to Covid-19. We request that the Secretary of State updates us, preferably via an oral hearing as well as in the Government's written response to this Report, on what progress has been made in securing additional support for charities and tailoring the business measures to them, as well as the Department's plans for monitoring the ongoing impact of this crisis on the charity sector's financial resilience. Given the urgency of the matter, we request that we receive this update by Friday 5 June.* (Paragraph 24)
5. Some two weeks after HM Treasury outlined £750 million of support for charities, the Secretary of State was still unable to provide sufficient detail or clarity about the eligibility criteria for allocating that funding. An announcement of support is of limited benefit if charities facing imminent closure and workforce pressures are unclear whether they are eligible or how to apply. While we recognise that the Government is working under considerable pressures to deliver support to charities at speed, we are concerned that £360 million is being allocated through conversations between Departments, rather than clear engagement with the sector. The onus should not be on individual charities to make their needs known to Departments, and there remains a lack of clarity at sector-level about how the Government is determining which charities should receive support. It seems inevitable that this lack of transparency means deserving charities will miss out on much-needed support. *We urge the Department for Digital, Culture, Media and Sport and the National Lottery Community Fund to publish clear and comprehensive guidance about the criteria that will be used when allocating support, and how organisations can apply for it, without delay. Going forward, such guidance should be published to coincide with the announcement of public funding to minimise uncertainty within the sector.* (Paragraph 28)

Formal minutes

Monday 4 May 2020

Julian Knight, in the Chair

Kevin Brennan	Julie Elliott
Steve Brine	Rt Hon Damian Green
Philip Davies	Rt Hon Damian Hinds
Clive Efford	Giles Watling

Draft Report (*The Covid-19 crisis and charities*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 28 read and agreed to.

Summary agreed to.

Resolved, That the Report be the First Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No.134.

[Adjourned till Tuesday 5 May at 9.00 a.m.]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Tuesday 31 March 2020

Karl Wilding, Chief Executive Officer, National Council for Voluntary Organisations [Q1–19](#)

Martin Houghton-Brown, Chief Executive Officer, St John Ambulance [Q20–42](#)

Chris Wade, Director of Engagement, Motor Neurone Disease Association [Q43–65](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

COV numbers are generated by the evidence processing system and so may not be complete.

- 1 Rainbow Trust Children's Charity (COV0001)
- 2 Charity Finance Group (COV0002)
- 3 Locality (COV0003)
- 4 ACEVO (COV0004)
- 5 In Kind Direct (COV0005)
- 6 Equally Ours (COV0007)
- 7 Small Charities Coalition (COV0008)
- 8 Changing Lives (COV0009)
- 9 Lloyds Bank Foundation for England & Wales (COV0010)
- 10 Back Youth Alliance (COV0011)
- 11 Scope (COV0012)
- 12 Social Enterprise (COV0013)
- 13 MS Society (COV0014)
- 14 War Child (COV0015)
- 15 Barnardo's (COV0016)
- 16 Sue Ryder (COV0017)
- 17 Association of Charitable Foundations (COV0018)
- 18 Macmillan Cancer Support (COV0020)
- 19 The Mary Rose Trust (COV0021)
- 20 Charities Aid Foundation (COV0023)
- 21 The Matthew 25 Mission (COV0024)
- 22 My Life My Choice (COV0025)
- 23 Age UK East Sussex (COV0026)
- 24 Breast Cancer Haven (COV0027)
- 25 Dr Samantha May (COV0028)
- 26 Unseen (COV0029)
- 27 National Space Centre (COV0030)
- 28 Countryside Education trust (COV0031)
- 29 Ponteland Memorial Hall (COV0032)
- 30 Age UK (COV0033)
- 31 ASTO (Association of Sail Training Organisations) (COV0034)
- 32 Stonewall (COV0035)
- 33 CLIC Sargent (COV0036)
- 34 National Church Institutions of the Church of England (COV0037)
- 35 Asthma UK and British Lung Foundation Partnership (COV0038)

- 36 Rage Arts (COV0039)
- 37 Spencer Contact (COV0040)
- 38 Centrepont (COV0042)
- 39 360Giving (COV0043)
- 40 Irish Community Services (in Greenwich, Bexley and Lewisham) (COV0045)
- 41 Ocean Youth Trust South (COV0046)
- 42 NCVO (COV0047)
- 43 Frank Sudlow (COV0048)
- 44 Marie Curie (COV0049)
- 45 Social Investment Business (COV0050)
- 46 The Brightwell (COV0052)
- 47 Directory of Social Change (COV0053)
- 48 Association of Medical Research Charities (AMRC) (COV0054)
- 49 International Centre for Life Trust (COV0055)
- 50 Age UK West Cumbria Ltd (COV0056)
- 51 Clinks (COV0057)
- 52 W5, Belfast (COV0058)
- 53 Children and Families Across Borders (CFAB) (COV0059)
- 54 Headway – the brain injury association (COV0060)
- 55 Cystic Fibrosis Trust (COV0061)
- 56 Action with Communities in Rural England (ACRE) (COV0062)
- 57 Birmingham Museums Trust (COV0063)
- 58 Macmillan Cancer Support (supplementary) (COV0064)
- 59 North Wales Science Ltd (COV0067)
- 60 Breast Cancer UK (COV0069)
- 61 Association for Science and Discovery Centres (COV0070)
- 62 LGBT Foundation (COV0071)
- 63 Coeliac UK (COV0072)
- 64 We The Curious (COV0038)
- 65 Association for Science and Discovery Centres (supplementary) (COV0074)
- 66 GMCVO (Greater Manchester Centre for Voluntary Organisation) and GM VCSELeadership Group (COV0075)
- 67 Children’s University Trust (COV0076)
- 68 KIDS (COV0077)
- 69 Hackney Council and Hackney Community and Voluntary Sector (Hackney CVS) (COV0078)
- 70 Third Sector Research Centre (COV0079)
- 71 People’s Postcode Lottery (COV0080)

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

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First Special Report BBC Annual Report and Accounts 2018–19: TV licences for over 75s: Government and the BBC's Responses HC 98