

Charities Aid Foundation – Written Evidence (LBC0109)

1. About CAF

1.1 The Charities Aid Foundation's ("CAF") mission is to 'make giving go further' and to motivate society to give ever more effectively and help transform lives and communities in the UK and around the world. We work to stimulate philanthropy, social investment and the effective use of charitable funds by offering a range of specialist financial and philanthropic services to charities and donors, and through advocating for a favourable public policy environment. In 2018/19 we distributed [£646m to charities in the UK and 95 countries around the world](#).

1.2 CAF's research team publishes landmark reports such as [UK Giving and the World Giving Index](#), and has provided analysis and insight on the [impact of COVID-19 on the charity sector](#). CAF's in-house think tank, Giving Thought, undertakes policy research and analysis to understand the macro trends affecting philanthropy and the work of charities. We also campaign on a range of issues affecting charities and civil society. We are, for example, part of a coalition of charities and umbrella bodies calling for a [Gift Aid Emergency Relief Package](#).

1.3 From our position in the sector we see how philanthropy and charitable giving can play a crucial role in supporting civil society through the current crisis, and in helping it to recover and rebuild over the longer term. However, mobilising generosity on the scale necessary will require additional Government support and stimulus. It is from this perspective that we are submitting evidence on the long term implications of COVID-19, both in terms of the immediate pressure we are seeing on charities, and the wider societal shifts and emerging social issues with which the sector is intrinsically interwoven.

2. The shape of the charity sector going forward

2.1 In this time of unprecedented uncertainty and instability, civil society continues to do vital work across society. It is at the heart of community responses to the crisis: helping the most vulnerable to withstand the impacts of the pandemic; releasing pressure on our national service; continuing to provide vital services, and connecting people and communities across the country.

2.2 All the while, civil society organisations (CSOs) are facing the double hit of a drop in income (due to cancelled fundraising activities, closure of charity shops, changes to funders' activities etc.) at the same time that demand for their services is increasing due to the impact of COVID on their beneficiaries. Social distancing and other measures are also forcing changes in operations and resulting in increased costs. CAF's [charity polling](#) three months into lockdown found that demand for charity services was still increasing, and that still [half](#)

[surveyed were reporting](#) that they would not survive more than a year without further support.

2.3 The [shape of the charity sector going forward](#) will be defined both by CSOS' ability to continue supporting communities affected by coronavirus now and in the immediate future, and the extent to which government and funders pitch in with a longer term perspective to ensure that there is a strong charity sector able to respond to national needs once the peak of the pandemic has passed. The remainder of this submission will cover how the charity sector may adapt and respond to some of these changing 'national needs', the challenges and opportunities brought by the pandemic implicating its ability to do so, and the support it will require from Government.

3. Can we build on the outpouring of mutual and volunteering?

3.1 The initial response to the current pandemic saw a surge of new mutual aid networks springing up across local areas. In the UK voluntary sector, there is a distinction to be made between two clear (if overlapping) traditions: a charitable/philanthropic one and a mutualism/self-help one. The former involves notions of altruism and seeking to address problems one is not oneself affected by, while the latter is refers more to people of a similar socio-economic status or within a given community of identity collectively supporting one another. The pandemic is unlike almost any crisis in living memory in that it affects all of us (even if not equally), thus placing more emphasis on the idea of mutual aid and complicating our traditional understandings of fundraising and charitable giving. Beyond COVID-19, the interesting question is whether this will herald a wider shift towards notions of mutualism, cooperation and collectivism.

3.2 Whilst many traditional charities and CSOs have been integral parts of local and national responses to the pandemic, there have also been new organisations emerging that employ decentralised, non-hierarchical or 'networked' models and have garnered a great deal of support and attention (e.g. [Covid Mutual Aid UK](#)). The proliferation of these models could be explained by the public's desire for participation and immediacy in their social action. The mobilisation around volunteering is an area that Government can seek to encourage and support as a new normal going forward. Furthermore, instead of being viewed as competition, the more traditional civil society sector has an important role to play in addressing some of the challenges of new 'disintermediated' models of giving (e.g. crowdfunding, direct giving), for example, in determining 'deserving' recipients of donations, accountability mechanisms etc. (questions explored in detail in our CAF paper [Networking Opportunities: Rediscovering Decentralisation in Philanthropy and Civil Society?](#))

3.3. Another question is the whether we will see a growing tension between philanthro-localism and philanthro-globalism. On the one hand the pandemic is

global in scale, and it is clear that if we are to be better-prepared for similar events in the future more coordination is required at the global level. On the other hand, people are seeing and feeling the effects of the pandemic at a hyper-local level, and travel restrictions and social distancing measures are forcing us to focus far more on our immediate surroundings. This could result in a longer-term shift in attitudes towards how we balance giving to local, national or international causes. [CAF has explored the potential for place-based approaches to giving](#) and the idea of civic philanthropy through our policy work for a number of years. Government has recognised the potential impact of place based giving, and has invested in further exploring this topic by providing £770,000 to the [Growing Place-Based Giving Fund](#), which CAF delivered. The programme helped enable six (most of them early stage) place based giving schemes to develop their sustainability and resilience.

3.4. At this time when we are more confined to our local area and perhaps engaging more in our more immediate communities, the value of place based charitable giving and services is coming into sharp relief. We are witnessing the benefits of a kind of giving that brings people together to benefit from a local service, with mutual aid and solidarity emerging as some of the most immediate and capable instruments to get communities through these difficult times. This all provides for interesting lessons on the value of a decentralised approach in galvanising philanthropic resources and the value this can bring to local civil societies.

4. Will enforced digitisation stick?

4.1 As a result of travel restrictions and social distancing measures, a vast number of CSOs have had to pivot towards using digital tools to enable remote working, communication and the delivery of services in innovative ways. The question is how much of this enforced digital transformation will stick in the longer term. Will remote working become far more common and result in a more geographically-distributed charity sector workforce? Will some services that were thought to be possible only in person but are now being provided virtually remain so beyond this crisis?

4.2 COVID-19 has not only accelerated the digital transformation needed for civil society to adapt to the 'new normal', but has also heightened the way technology relates to social issues that CSOs address. [When we asked charities what changes they had made to adapt to the current crisis](#), 4 in 10 (39%) said they had found an alternative or innovative way to deliver a service, and a quarter (25%) reported that they had found a new way to reach their beneficiaries, largely by relying on technology to keep in touch.

4.3 But we also know from our own research that many CSOs struggle with making full use of even existing digital solutions: [a CAF survey among almost](#)

[400 UK-based charities](#) showed that roughly a quarter of charities (23%) cannot take any kind of digital donations, which will make it harder for them to adapt to the more cash-free environment post-pandemic.

4.4 It is also crucial to recognise that not all service delivery is conducive to a digital-first approach, and many examples exist where the increased use of technology or digital transformation may in fact reduce the quality of the service provided. The lack of digital access and skills across different geographical areas and different communities raises the concern that CSOs turning digital may only exacerbate exclusion and inequality in some cases, if beneficiaries have to rely increasingly on access to technology to make use of charity services. At the very least, as more parts of society digitise charities will have to be increasingly on hand to address newer social problems arising from a growing 'digital divide'.

4.5 As the coronavirus pandemic changes the way we rely on the use of technology, charities will need support from government, the tech industry and forward-thinking funders to develop the skills and resources needed to realise the potential of new digital ways of working for social and environmental good. Charities often give voice to the most marginalised in society, so it is vital that they have a seat at the table when it comes to exploring the potential negative impacts of technology and what can be done to mitigate or avoid them. Civil society has a strong role to play in ensuring that 'going digital' always has in mind minimising harm and avoiding unintended negative consequences, and that new technologies are designed in such a way as to make processes and ways of working ever more sustainable and equitable.

5. Emerging social issues relevant to the charity sector

5.1 In addition to changing perceptions of civil society and opening up opportunities to do things differently, the COVID-19 crisis is likely to create new problems that civil society organisations will be called upon to address in future.

5.2 For instance, there may be significant mental health impacts – both on those working on the front line of the pandemic response, who may suffer forms of post-traumatic stress, or on society more broadly as social isolation measures and increases in anxiety take their toll. There may be major challenges to address among children and young people, whose development and longer-term life chances could be affected by the disruption we are seeing to schools and other services. Changes to policy and legislation around surveillance and data collection made in the interests of short-term public health needs lead to longer-term civil liberties issues. We have already seen the statements from domestic violence charities signalling their sharp increase in demand, and from cancer charities concerned about the affects of postponed health treatment on their beneficiaries in the context of the pressure on the health service.

5.3 Much of the responsibility for dealing with these issues – wherever there are gaps in the general provision – will fall on charities and CSOs. Many of these organisations are already under significant pressure simply to maintain or rebuild their core operations in the face of the financial difficulties resulting from lockdown, so they will need extra support from Government if they are to fulfil their vital role in supporting people and communities facing changing needs in the years to come.

5.4 The pandemic has also shone a harsher light on existing issues: from the outrage and protest around racial justice (in light of the Black Lives Matter movement and the disproportionate impact COVID-19 has been having on BAME communities), to heightened awareness of the human impact on our environment and climate (as we observe changes to emissions, air quality and wildlife in response to our changing behaviours).

5.5 It is thus important that the sense of urgency with which we call for resources to the sector does not lead us to overlook the need to ensure that philanthropic or government funding does not simply replicate or reinforce systemic injustices and inequalities, but instead aims to overcome them by addressing structural and root causes. Policy measures and funding allocation should therefore reflect existing discussions around equity, diversity and inclusion and sustainability instead of reaching for 'tried and tested' approaches for the sake of expediency.

6. How further giving in the UK can be unlocked to help civil society respond to the crisis and rebuild effectively to play its vital role in these issues

6.1 Despite the [Government's package for charities – which was welcomed](#) – the sheer scale of the funding crisis facing charities and the emerging social issues which will come to fall at their feet means that more support will be needed in both the short and long term. The Government can also consider targeted policies to support and nurture people's ability to give and unlock philanthropic resources towards the sector, as outlined in CAF's [Philanthropy Stimulus Package](#).

6.2 This covers, for example, Government support for giving: coordinating 'pledges', offering 'supporting civil society' credits for individuals and introducing 'living legacies.' It also outlines ways Government could repurpose public and private charitable assets, such as releasing assets of the National Fund, repurposing dormant charitable trusts or redirecting state-controlled fines levied on companies. The calls made to philanthropic bodies on their funding approaches and behaviour (many of which have already changed in the light of the crisis) – such as providing agile, unrestricted and flexible criteria and application processes, open sourcing data and funding foresight – can also be

applied to government grantmaking. Government may also have a role in encouraging or incentivising foundations and charitable trusts to spend-down a greater proportion of endowed assets.

6.3 Umbrella bodies have also gathered their key asks for reform under the [#NeverMoreNeeded](#) banner, calling for policy changes and support that would enable charities to better serve their beneficiaries and causes, in particular those most impacted by the pandemic. One campaign, led by a coalition of civil society sector bodies supported by a growing number of charities, is the call for a [Gift Aid Emergency Relief Package](#).¹

7. The relationship between the state and civil society and future preparedness

7.1 Underpinning much of these observations is the ongoing question of the relationship between the state and civil society. The pandemic may bring about shifts in public expectations of state versus philanthropic provision; currently, it is hard to know which way this pendulum will swing. The nature of the crisis has highlighted the importance of state intervention, but at the same time [the response of many governments around the world](#) has been criticised for being inadequate in both scale and speed. We have seen [incredible generosity from the public](#) when it comes to giving to support medical staff and other key workers on the front line of the response, yet at the same time many question whether the need to draw on charitable giving simply highlights longer term underfunding of our services (health and others). Meanwhile many philanthropic funders, donors and companies have stepped up their efforts, and showing an ability to be flexible, responsive and quick has put them at the forefront of efforts to respond to COVID19.

7.2 Civil society has played a vital role throughout the crisis, but more can be done to consider how civil society and philanthropy can be leveraged as *strategic* elements and partners now and in response to future crises. Beyond just getting enough funding to support charities, Government must also work to improve the distribution of funds such that they are more effective and equitable, reaching those most in need, marginalised cause areas and communities and with a mind to existing gaps and inequalities in society.

7.3 Lastly, the case for long-term vision and preparedness, mechanisms for collaboration, foresight and resilience (both on the side of the state and important private stakeholders such as funders and other CSOs) must be made now, as the cost of delaying evidently ends up being borne by the most vulnerable in society.

¹ We are proposing Gift Aid be raised from 20% to 25% and that the Small Donation scheme that makes claiming gift aid easier for small charities be extended to many more. Our The proposals for Gift Aid Emergency Relief would go some way to keeping charity services running and enable charities to get through the crisis who otherwise would have to shut their doors. A briefing on the proposal can be found here: <https://www.cafonline.org/gift-aid-emergency-relief>

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