A photograph of two women in conversation. On the left, a younger woman with long dark hair, wearing a yellow knit sweater, is smiling and looking towards the older woman. On the right, an older woman with short white hair, wearing glasses and a dark green shirt, is also smiling and looking back at the younger woman. The background is a textured, light blue wall.

Reshaped by the  
pandemic: the way  
forward for charities



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# Introduction

Almost a year after the first Covid-19 lockdown, charities are still contending with the economic and social impact of the pandemic amid demanding restrictions – but what does the year ahead look like for the sector?

While the ongoing mass vaccination programme for Covid-19 offers light at the end of the pandemic tunnel, in the meantime charities still face depleted reserves, disrupted income streams, staffing issues and increased demands on services.

Yet, against the odds, many have shown incredible flexibility, innovation and resilience and have been proactively encouraging and supporting donor activity in order to continue operating and finding ways to replace lost income.

As the Covid-19 pandemic continues, charities anticipate demand for their services will grow even more in 2021 and, with many children schooling at home this past year, there's more pressure on children's charities in particular than ever before.

Many people using charities are doing so for the first time, with research commissioned by the Covid-19 Support Fund<sup>1</sup> showing 55% of people surveyed never expected to need charitable support before the pandemic.

Additionally, the safety and wellbeing of volunteers, staff and beneficiaries is paramount, and protecting them from Covid-19 continues to pose challenges for day-to-day operations.

In this report we look at the challenges faced by charities in the current economic and social environment and how they've successfully adapted and evolved to thrive in a demanding and shifting landscape.

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# Adapting to change

In response to the pandemic, many organisations have pivoted to new ways of working and adapted to online and remote delivery methods – often very successfully, as the case studies on Scouts and NSPCC in this report show.

Many charities have also been very innovative in their responses to cancelled and postponed conventional fundraising events by pivoting from physical to virtual events, both locally and nationally. A great example is Crohns & Collitis UK's 2020 Virtual Run the Night<sup>2</sup> fundraiser, which transformed a major annual meet in London into a multitude of socially distanced local runs by groups and individuals, with leader boards published on its website

Ultimately, however, to secure their long-term future, many charities need to look for new income streams, review their approach to reserves, streamline their operations and increasingly embrace digital technology and collaboration.

Many charities have also been very innovative in their responses to cancelled and postponed conventional fundraising events by pivoting from physical to virtual events, both locally and nationally



# The financial challenge

The pandemic took almost everyone by surprise and introduced massive changes to charities' cash flows and funding.

As it progresses through 2021, the sector faces an estimated £12.4bn annual funding shortfall<sup>3</sup>, and 83% of charities say they expect to see income decline over the next 12 months compared to pre-Covid projections.<sup>4</sup>

Vicky Browning, Chief Executive of ACEVO, points out: “For a long time, charities have been strengthening their financial positions by diversifying their income streams and finding new ways of raising income rather than relying on grant funding or government contracts.

“But during the pandemic, many of those income streams, whether membership fees, voluntary donations, investment income or trading activities, have been hit and are unlikely to recover to pre-Covid levels quickly.”

The current situation clearly highlights the importance of having robust cash reserves to weather financial crises and keep charities going as they rebuild and rethink their operating models in response to the crisis. Those with strong, available reserves have been able to buy themselves more time to respond to the implications of the pandemic.

It's essential for charities to regularly review their reserves and investment policies to protect themselves from a fall in income, provide sufficient working capital, fund new initiatives and provide a buffer against adverse situations, such as losing key staff.

Where reserves or access to investment funds aren't available, Barclays has of course been able to provide working capital via credit facilities and short-term overdrafts, as well as through government-funded schemes.

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# Positive signs

The good news is that donations to many charities have remained strong during the pandemic.

According to a special report by the Charities Aid Foundation, total UK giving between January and June 2020 increased by some £800m to £5.4bn, compared to the same period last year.<sup>5</sup> Furthermore, a report by data specialist Loqate shows 10% of charity supporters are donating more now, and nearly two thirds (63%) say the pandemic hasn't impacted on how much they're donating.<sup>6</sup>

The proportion of people giving to charity rose from 59% in the initial lockdown last year to 69% by October, the *Donor Pulse Report*<sup>7</sup> from Enthuse reveals. It also highlights the growing trend for one-off 'impulse' donations, with nearly a third of people now saying this is their preferred way to give, and that 18 to 24-year-olds donated more frequently during lockdown.

It's also possible that some of the £4.6bn package of support aimed at the retail, hospitality and leisure sectors announced by the Chancellor at the beginning of 2021, may filter through to certain charities – as might some of the £594m discretionary fund now available to devolved administrations and local authorities.

And reports are emerging<sup>8</sup> that the Chancellor is considering reviewing and extending the staff furlough scheme – a vital lifeline, for many charities – following calls for a fifth extension beyond April 2021 from the CBI and the British Chambers of Commerce.

Direct financial support is also available from a range of private sector businesses, including Barclays, through schemes like our 100x100 UK COVID-19 Community Relief Fund, where 100 UK charities each receive a donation of £100,000 from the bank. For example, this has enabled the Heel and Toe children's charity to provide one-to-one scheduled remote therapy sessions to 300 vulnerable children and their families in their homes via video link, and Scotland Autism to move its vital coaching and counselling services online.

We are also pledging to match any donations our employees make to officially registered charities that are actively supporting Covid-impacted communities.

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## Clearer purpose, greater agility

“To thrive in the relatively volatile social and economic landscape charities find themselves operating in, they need to have absolute clarity of vision,” says ACEVO’s Vicky Browning.

“By keeping an unwavering focus on a charity’s purpose, it should be easier to make difficult operational decisions and continue to move forwards.”

She adds: “At the same time, it’s also important for trustees and management teams to be as flexible and agile as possible.

“Indeed, a willingness to adapt and respond quickly – with technology and digital transformation playing a major supporting role – has already made many charities more agile and responsive and, in turn, should help make them more resilient in future.”





# Partnerships and collaboration

More charities will be working closely together, going forward.

“Partnership working between charities and between sectors is going to be key and we’re already seeing a really impressive number of collaborations. Going forward, we expect to see more strategic partnership-based collaborations emerging,” says Vicky Browning of ACEVO.

Indeed, half of UK charities are looking to collaborate more with others in their sector, with 30% reporting they were already doing so, according to PBE’s Covid Charity Tracker Survey.<sup>9</sup>

A good example of this is the launch of Action for Children, a group of children’s charities, including The Children’s Society, that have joined forces to form the See, Hear, Respond Partnership<sup>10</sup> that supports vulnerable children most affected by the pandemic.

Funded by the Department for Education, the charities’ combined expertise and resources provide targeted help for children at risk or whose health and wellbeing are being affected, while working alongside local authorities, police forces, schools and colleges, healthcare professionals and other services protecting vulnerable children.

Another successful collaboration has been our own partnership with emotional support charity Samaritans to bolster the organisation’s response to the pandemic. This is helping the charity to be there for those most at need at an extremely difficult time, by helping it to expand its services

through new and existing programmes of work, including digital and volunteering initiatives.

The sector also needs to develop a better partnership with government to ensure it really understands how charities work, the breadth of the sector and the differing business models operating within it.

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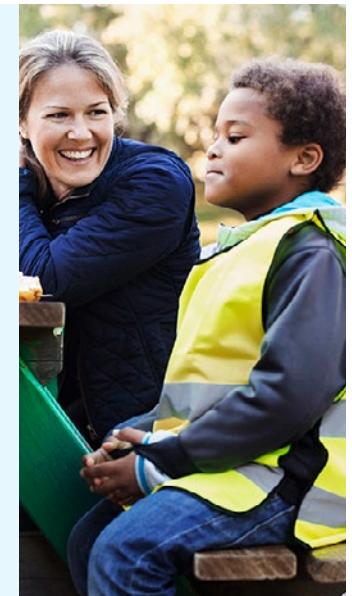
## How collaboration worked ‘For Me’

For Me is an innovative app launched by children’s charity the NSPCC that provides<sup>11</sup> counselling to young people in need of emotional support through their smartphones.

It offers one-to-one counselling, ‘Ask Sam’ problem pages and entrance to a private locker with a daily mood tracker where users can record their feelings.

The initial idea for the app came from four teenagers who wanted to put the charity’s Childline services directly into the hands of troubled kids, and was transformed from concept to reality through collaboration with Barclays.

We put a team of enthusiastic apprentice coders on the case whose efforts enabled Childline to offer exciting new services using a channel of communication often preferred by younger people.





# New ways of working emerging

The drive towards greater collaboration and agility requires the right people and right culture, so charities are working harder than ever to invest in a more diverse range of skills and mindsets, strengthen their governance, and build effective leadership teams.

Of course, the pandemic has already changed the way people work in the charity sector and will continue to do so. It has dramatically altered how people interact in the workplace, driven greater use of technology solutions and placed employee and volunteer wellbeing centre stage.

“Health, safety and wellbeing have never had a higher priority in the workplace,” says Dominic Johnson, Global Head of Health, Wellbeing and Industrial Relations for Barclays.

“Physical health impacts can arise from people not having an optimal working space and equipment set-ups. Additionally, managing workload can be an issue, with a tendency for people to work more hours at home without the usual work/life boundaries,” he says.

“Those still working in customer-facing situations have faced additional Covid-related mental and physical health pressures from continued public interaction, commuting, and supporting pandemic-impacted service users.”

Given these situations, charities are endeavouring to offer dedicated guidance, education and support around Covid-related physical and mental health issues using online resources.

In our experience it's very useful to carry out regular surveys to find out how people are coping, and making mental health awareness training mandatory for everyone in the business, an approach that could be equally beneficial to charities.

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# Case study: changing work patterns for the Aga Khan Foundation

Staci Frost, Global Lead, Organisational Performance for international development organisation the Aga Khan Foundation (AKF), explains the change to work patterns caused by Covid-19.

For AKF, the biggest challenge has been tackling the impact of Covid-19 while operating within the widely varying situations and contexts of a very diverse range of countries. Any response requires sensitivity to the local context – such as the host government’s view, cultural norms and the security situation in each country – while respecting international standards and donor expectations. Despite very differing situations, essentially the majority of staff have been working from home during lockdowns and have needed some form of support.

The charity has created a three-tier response framework outlining workers’ priorities during the pandemic, while launching a series of initiatives to help its people to achieve those aims and ensure their own wellbeing.

Frequent feedback meetings across the organisation provide vital information on

each country’s status, health situation and government response to help the charity define suitable ‘back-to-work’ policies and provide appropriate support for workers. A series of support webinars, videos and links have provided guidance on everything from operating a virtual office to maintaining emotional, physical and psychological wellbeing, and tips on Covid-related hygiene and prevention. There have also been efforts focused on peer support and building staff resilience for employees and their families.

An email hotline enables staff to request wellbeing and psychological support while 120 staff ‘wellbeing champions’ have been appointed and trained. Staff have access to world-class experts in psychiatry and psychology, bereavement counsellors, and specialist mindfulness, mediation and wellbeing practitioners.

Nevertheless, meeting people in person, where possible, remains vital to the charity’s work, as is protecting staff from exposure to illness and maintaining their wellbeing. Getting that balance right remains a major challenge.





# Diversity and inclusion

During 2020, the Black Lives Matter movement created headlines and intensified the focus on diversity and inclusion (D&I) in the workplace.

Many charities have long acknowledged the importance of D&I, a policy area strongly featured in the revised Charity Governance Code that aims to redefine and strengthen equality, diversity and inclusion principles.

Trustees are expected to assess and address power imbalances and ensure everyone in contact with the charity knows how to speak up and raise concerns. Organisations must define how equality, diversity and inclusion are important to them; set out tailored plans and targets; and transparently monitor and measure their success and publish progress.

Significantly, trustees are urged to proactively plan and work towards board diversity and create an inclusive culture.

Sian McIntyre, Executive Sponsor for the Barclays Black Professionals Forum, says the Parker Review, updated in 2020, stresses the importance of achieving greater diversity at board and senior management level.

She adds: “We’ve found that wider success in D&I requires the fostering of a collective understanding and adoption of D&I values, with buy-in from the top level and right through an organisation, to reflect and support the communities it serves. As well as being a beneficial social and moral imperative, pursuing D&I should be an integral part of every organisation’s commercial strategy.”

That argument is supported by Vicky Browning at ACEVO, who says: “Charities with a more diverse range of skills and people are tending to fare better in this current climate than those that don’t.”

...wider success in D&I requires the fostering of a collective understanding and adoption of D&I values



# Embracing tech and digital service delivery

Charities have already enjoyed a fair degree of success in embracing technology to build resilience in an operational landscape dramatically reshaped by the pandemic and this trend is set to continue.

Whether through the use of contactless payments or ecommerce, for many organisations the pandemic has already dramatically accelerated the adoption and deployment of technology, transforming interactions with beneficiaries, and helping to make their organisations more agile.

Figures from the PBE Charity Tracker<sup>12</sup> show over half of charities (54%) want to increase their use of technology and digital in back office functions, 77% want to make more services digital and more than two thirds intend to deliver new services remotely over the next 12 months.

Already, with shops and outlets closed because of the pandemic, more and more organisations are recognising the benefits of ecommerce and selling their products directly online. Take the British Heart Foundation (BHF), for example, one of a number of charities that has opened up an 'online shop' on fashion marketplace web platform Depop. Following a successful trial, the charity now trains its workers to upload items directly onto it.

Allison Swaine-Hughes, Retail Director at BHF, says that with Coronavirus having a big impact on the high street, Depop has been the ideal platform for the charity to raise money by enabling it to sell trend-led donated items and attract a new audience of fashion-conscious shoppers who are passionate about sustainability.<sup>13</sup>

Martin Runow, Global Head of Payments and Digital at Barclays Corporate Banking, points out that successful and sustainable technological progress within organisations normally requires an element of cultural change, investment in training and digital inclusion, and a willingness to accept a degree of risk when adopting new work practices.

The successful introduction of any agility-enhancing tech requires collaboration between client-facing staff and their tech colleagues, but also with beneficiaries, preferably involving them early in the development process.

“Critically, the experience of beneficiaries must always be placed at the core of any digital transformation,” Martin says. “If you build changes together, you’ll progress faster.”

At the same time, increased use of technology is also generating a greater awareness and implementation of cyber security systems to protect organisations, donors and beneficiaries against the growing threat of digital fraud perpetrated by cyber criminals.

Already, with shops and outlets closed because of the pandemic, more and more organisations are recognising the benefits of ecommerce and selling their products directly online







## Case study: Covid drives Scouts tech transformation

The pandemic saw Scouts switch to digital ways of working just three days after the first lockdown began, utilising the rapid, early implementation of an online framework it had been developing for eighteen months. As a result, through the movement's Great Indoors initiative, more than 500,000 families accessed activities online.

Given that Scouts is an inherently physical, interactive and essentially local community-focused movement involving hundreds of thousands of young people and adult volunteers and staff, switching to mass digital communications and home working was a tall order.

Yet, through the use of tech platforms like Zoom and user-friendly collaboration software called Mural, 85% of members now take part in national and local activities digitally.

The movement has successfully used tech platforms to hold national online, home-based events for members, potential members and their families such as The Great Indoors Weekender, a digital summer camp, which involved some 120,000 young people around the UK.

Scouts members and volunteers are being helped to become more digitally aware via Zoom-based webinars involving many thousands.

Despite these successes, digital inclusion continues to be an issue for the organisation – as it is for many charities – with 15% of its membership struggling to take part online for various reasons.

Volunteers are being trained on how to use Zoom to work with young people, a digital skills badge has been launched and a digital training school for leaders and scouts is being developed, along with an online volunteering programme.

Digital skills will be harnessed to enable leaders to carry out socially distanced, face-to-face 'blended' scouting activities within local groups, to maintain a balance between digital interactions and the physical activities deemed essential to scouting.

# Helping the helpers

Right now, the nation needs its charities to prosper and thrive – they have never been more vital.

Impressively, as this report shows, many have already stepped up, adapted rapidly and utilised all the resources and options at their disposal and will continue to do so – but they will also need ongoing help.

We're proud to support charities in these challenging times and our team of charities experts are available to help and advise.

In addition, we have a whole range of useful online resources on our website to help organisations tackle the challenges of the pandemic, covering areas including financial wellness and mental health, financial and cyber crime, and business continuity and resilience.

We're proud to support charities in these challenging times and our team of charities experts are available to help and advise







## Key takeaways

Charities need to continue to respond to the lessons of the pandemic and make the flexibility and innovation they've shown over the past year 'business as usual'.

Given the seismic changes the sector is experiencing all charities should consider the following key points:

- Review revenue streams and look to diversify income. Do you have sufficient free reserves to meet unexpected financial stresses? Consider your existing reserves policy – will your reserves ensure you can meet future unexpected demand?
- Strengthen your position by clarifying your core purpose, mission and objectives and ensure they are well communicated to beneficiaries, donors, staff and volunteers, as well as wider society.
- What are the opportunities for your charity? Have you identified them and set a plan to meet them? Are you seeking out productive new partnerships and collaborations? Are you getting the most from your existing donors and taking advantage of opportunities to attract new donors?
- Embrace technological change and new ways of working. Look at the possibilities the move to digital offers. Ensure you have a trustee with digital expertise to support your wider strategy.
- Wellbeing of staff and volunteers should remain front of mind. Consider how future working patterns will be affected by ongoing social distancing and the long-term impact this may have on wellness. Are you taking steps to ensure equality, inclusion and diversity are part of your organisation's DNA?
- Regularly review your governance structure to ensure you have robust processes and policies to protect and strengthen your organisation.
- What is the impact on your charity of the environmental, social and governance (ESG) agenda? Sustainability has come to the fore during the pandemic – have you thought about the impact on and role of your organisation?

# Contact

For further information on the topics covered in this report, or to find out how we can help, please contact:



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