

Covid-19 second wave and beyond: a briefing for charitable foundations



October 2020

Background

Foundations responded quickly to the Covid-19 crisis in the spring, keeping funds going to the causes they work to support, relaxing rules and seeking to help those groups they had a close relationship with. Following that initial reaction, many also announced new or refocused funds to meet emerging needs arising from the crisis.

Foundations have now also been thinking more deeply about the recovery period. ACF has been working with partners to set up the Funders Collaborative Hub. This is designed to bring together knowledge, skills, expertise and resources from foundations and civil society to help inform and amplify the contribution individual foundations can make in response to Covid-19. The Hub aims to achieve this by promoting the benefits of foundation collaboration, supporting foundations to think collaboratively, and enhancing the connectivity of existing and emerging collaborations responding to Covid-19. There is more information at <https://www.acf.org.uk/policy-practice/funders-collaborative-hub>.

In addition, ACF continues to bring together its members to help them to think about current challenges. As part of this, this briefing provides an overview of some of the emerging issues that foundations and those they work with face. Foundations are thinking ahead to the recovery period but the resurgence of Covid-19 over the winter may mean a renewed focus on responding to immediate emergency need. It is also becoming clearer that social distancing rules are likely to remain for many months.

There are three risks for foundations' work with those they fund:

1. Charities are not able to manage the downturn in income and either cease to exist or have to severely scale back their services. The end of the limited emergency funding from government and the end to the furlough scheme are particular risks, combined with charities running out of reserves at the same time.
2. The loss of skills within organisations funded by foundations as they shed skilled and experienced staff.
3. The parlous state of local authority finances, which threatens joint working at a local level and support available for new and already existing mutual aid and voluntary action groups at a local level.

With this in mind, ACF continues to support the Never More Needed campaign for more support for charities at this time.

The campaign is calling for:

1. Continued support for employers affected by Covid-19 restrictions on their operations
2. A Gift Aid Emergency Relief Package
3. Repurposing and accessing stranded funds to support charity services
4. Effective and efficient distribution of the Shared Prosperity Fund (the UK replacement for EU funding)
5. Strengthening long-term financial sustainability of local authorities by increasing core government funding

The details of this five-point plan for the sector is on the Never More Needed website¹. In this context, it is worth also bearing in mind the limits of what foundations can do compared to government. Only twenty foundations give more than £20m a year in grants, and the overall foundation's sector's giving of £6.5bn is dwarfed by total government spending of £818bn.² But foundations' giving (and their advocacy and convening role) can have an impact beyond monetary value, particularly where foundations can collaborate to achieve more (see the developing work on the Funders' Collaborative Hub for more details³).

The following briefing sets out some of the impacts that Covid-19 and measures to restrict its transmission are having, and some questions for foundations to consider.

Economy, employment and welfare

- There are 695,000 fewer employees on UK payrolls in August compared to March 2020. There has been a 19% fall in hours worked.⁴ The number of vacancies is rising but still below the pre-Covid period⁵ but that could change when the furlough schemes ends on 31st October (13% of workforce were on furlough leave). Redundancy concerns have also risen as an issue searched for on Citizens Advice website over the lockdown period and the number of redundancies is at its highest level in over ten years.
- There has been a large rise in those claiming benefits for being out of work (some of this is due to the Government changing the rules for Universal Credit so more people are now covered). The claimant count has more than doubled since March.⁶ There is some evidence that increases in applications for Universal Credit are higher in areas

¹ <https://nmn.org.uk/2020/09/23/five-point-plan-to-help-support-work-of-charities-updated-ahead-of-winter-second-wave/>

² Foundation Giving Trends 2019

³ <https://www.acf.org.uk/policy-practice/funders-collaborative-hub>

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<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/september2020>

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<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/jobsandvacanciesintheuk/october2020>

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<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/september2020>

where there were lower levels previously.⁷ Universal Credit has massively risen as an issue raised by people with Citizens Advice. Welfare benefits are no longer seen as being for a specific group in society but now as relevant for the many who are worried about losing employment (or seeing reduced hours) and declining incomes.

- In the three months to August 2020, employment among those aged 16 to 24 years decreased by 156,000 to 3.63 million (with a record decrease of 146,000 for those aged 18 to 24 years), while those aged 65 years and over decreased by 92,000 to 1.28 million (with a record decrease of 79,000 for women in that age group).⁸ It remains to be seen if the Government's Kickstart scheme (for six-month placements for 18-24 year olds) to help them will have an impact. Workers under the age of 25 are two and half times as likely as those over age 25 to work in sectors that were closed down in the lockdown and which are struggling to reopen, and face likely further restrictions as Covid-19 cases rise.⁹
- There will be a longer-lasting impact on this cohort of young people which will last for many years with higher rates of unemployment and lower incomes lasting beyond the crisis, as well as short-term higher numbers of those not in employment, education or training.¹⁰
- The arts, entertainment and recreation sector had the largest proportion of the workforce furloughed, at 51%, compared with 13% across all industries.¹¹ These are the organisations likely to face most problems when the scheme ends. The arts, entertainment and recreation sector, and the accommodation and food service activities both had 23% of their businesses reporting their risk of insolvency was severe to moderate, compared with 11% across all industries. Areas most dependent on employment in these services are likely to be most affected. The Institute for Fiscal Studies suggests that while "left-behind" areas will be hit less by Covid-19 than some other areas, there are some areas where these sectors are important that fall into this category – seaside resort areas like the Isle of Wight and Margate on the one hand, and some northern and Scottish cities like Newcastle, Manchester, Liverpool and Glasgow.¹²
- That said, retail spending is recovering and traffic levels are at similar or higher levels to pre-lockdown, suggesting some parts of the economy are recovering well¹³ -

⁷ (<https://www.thinknpc.org/resource-hub/our-analysis-of-covid-19-data-from-turn2us/>)

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<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/september2020>

⁹ <https://www.ifs.org.uk/publications/14816>

¹⁰ <https://www.ifs.org.uk/publications/14816>

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<https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/bulletins/coronavirusandtheeconomicimpactsoneuk/27august2020>

¹² <https://www.ifs.org.uk/publications/15055>

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<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/bulletins/coronavirustheukeconomyandsocietyfasterindicators/27august2020>

though even the most optimistic forecasts do not suggest the economy recovering to pre-Covid levels till mid-2023.¹⁴

- Policy so far has been focused on just saving businesses, mostly with universal schemes or some financial help targeted at sectors most at risk as restrictions prevent their operation. As the disease is now endemic and with a vaccine some months off and still unknown in its impact, it is likely that restrictions will be around for some time. The question about whether (and how) to shift workers in sectors struggling with social distancing rules to those where there is more potential for growth will start to be raised.
- **Issues and questions for funders:**
 - How should funders respond to rising needs around young people not in employment, education or training? What opportunities can civil society offer to give young people valuable experience in the absence of private sector employment opportunities?
 - How should funders respond to rising numbers of people in employment who are seeing cuts in hours and income?
 - What support can be provided for older people losing their jobs, for whom there may be less opportunity to find new jobs before formal retirement age if the recession and rising unemployment carries on for some time?
 - Should funders engage in debates about how the economy and different sectors (eg arts, heritage) should shift in response to Covid being endemic and social distancing rules continuing for the foreseeable future? Or should funders seek to help organisations in these sectors to survive until social distancing rules are relaxed and people are confident to return to pre-Covid ways of engaging with arts and heritage?

Society

- Death rates among those confirmed to have Covid-19 have declined as medical treatment has developed and as more people with Covid-19 are being tested¹⁵
- The age-standardised excess death rate from Covid is twice as high in most deprived areas compared to least deprived.¹⁶ (Though the number of people who have died from Covid-19, as measured by the excess deaths method is equal across all deprivation deciles in England before applying age-standardisation)¹⁷
- The optimism that Britain would be more united after the pandemic than before has evaporated – the percentage of adults who thought that Britain would be more united after the pandemic declined by 29 percentage points (from 57% in April to

¹⁴ <https://www.ifs.org.uk/publications/15078>

¹⁵ <https://www.cebm.net/covid-19/the-declining-case-fatality-ratio-in-england/>

¹⁶ <https://www.health.org.uk/news-and-comment/news/higher-covid-19-deaths-amongst-more-disadvantaged-groups-sadly-nothing-new>

¹⁷ <https://www.tomforth.co.uk/coronavirusanddeprivation2/>

28% by the end of June) so that there was no difference in the percentage of people who thought that Britain would be united before the pandemic compared with those who thought it would be united after.¹⁸

- But people still think that Britain will be kinder afterwards – it's declined from 67% in April to 56% at the end of June but there were still more people who thought that people in Britain would be kind after the pandemic than thought that people were kind before it (46%).¹⁹
- Rough sleeping doubled in the decade before pandemic. The Government's "Everyone In" scheme and work by local authorities led to claims that all rough sleeping ended in the lockdown as hotels and other accommodation was turned over to rough sleepers. Not all rough sleepers could be accommodated and provision on offer did not necessarily meet the needs of all those accommodated. Core reasons for homelessness remain and the recession and looming employment crisis (and end to the ban on no-fault evictions) means higher risks of homelessness and rough sleeping.
- There are continued concerns about well-being and mental health – just under half say that their well-being has been affected, particularly around worries about the future and stress/anxiety. Boredom and loneliness are also issues.²⁰ Younger people and women are more likely to say that Covid has had a negative impact on their mental health (53% of 18-24 year olds say it has had a negative impact compared to 34% of over-65s; 48% of women say the same compared to 39% of men).²¹
- There are particular worries about hidden mental health issues for children, particularly as children adapt to being back in formal educational settings after six months away (see call for investment in support from Children's Commissioner: <https://www.theguardian.com/society/2020/aug/28/time-for-a-nightingale-moment-for-englands-children-says-watchdog>). The Children's Society Good Childhood report says UK children already had the lowest life satisfaction levels in Europe.²²
- Half of those with pre-existing medical conditions have had reduced care or had care cancelled during the lockdown. A quarter of these say their health has got worse as a

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<https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/bulletins/unityanddivisioningreatbritain/24aprilto28june2020>

¹⁹ Ibid

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<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandwellbeing/bulletins/coronavirusandthesocialimpactsongreatbritain/17july2020#indicators-of-well-being>

²¹ <https://yougov.co.uk/topics/health/survey-results/daily/2020/10/09/26286/2>

²² <https://www.childrenssociety.org.uk/what-we-do/resources-and-publications/good-childhood-report-2020>

result.²³ Cancer Research estimate the screening backlog at 3 million and that 350,000 missed referrals for urgent cancer treatment during the lockdown.²⁴

- Local authority social services have had reduced contact with clients (adults, children and care leavers) during the lockdown and more people may be at risk as a result.²⁵ Many of those facing domestic abuse have also been at home during the lockdown, increasing the risk of abuse and without the escape of working away from home. Refuge reported an 80% increase in calls during June.²⁶
- **Issues and questions for funders**
 - Covid-19 has shown the importance of medical research in both rapid sharing of information between health sector and researchers and in developing new treatments and vaccine development. Foundations involved in medical research have played an important role and good partnership working with universities, the NHS and the government is important.
 - The burst of volunteering and mutual aid does seem to have continued but the hopes of a more united society do not seem to have lasted, and trust in government (and potentially other institutions) has not been maintained. But there may be opportunities to build on informal networks built up over the lockdown period and sustain them so they can help new and emerging needs in the recovery period, and build on the goodwill towards others that was a feature of the initial lockdown period. These networks may also be needed if further localised lockdowns are put in place. What role can funders play in supporting these new networks?
 - How should funders support efforts to identify and support those who have had reduced medical care during the lockdown and to catch up with the backlog of medical care that is needed, particularly as many charities working for people with conditions are facing significant funding pressures?
 - The mental health of adults, children and young people as a result of the impacts of Covid-19 will be of concern for some time. Can funders support new ways to provide help within socially distanced rules?

Equalities

- There has been a clear gender divide in terms of workers who need to provide childcare and home education with women much more likely to be doing this. There is some evidence that women are more likely than men to be furloughed for

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<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandwellbeing/bulletins/coronavirusandthesocialimpactsongreatbritain/24july2020#health-and-well-being>

²⁴ <https://scienceblog.cancerresearchuk.org/2020/09/11/whats-happened-to-cancer-services-during-the-covid-19-pandemic/>

²⁵ <https://www.standard.co.uk/news/london/london-lockdown-childrens-services-missed-a4519261.html>

²⁶ <https://www.bbc.co.uk/news/uk-53498675>

childcare reasons.²⁷ 44% of working mothers say their mental health has suffered versus only 28% of working fathers.²⁸ Men and women have been put on furlough at similar rates.²⁹

- The impacts on children reflect inequalities. Children from BAME communities and from low income families are much less likely to have access to gardens and greenspace and much more likely to have not enough desk space to do school work from home.³⁰ Similar inequalities exist around access to laptops/tablets to be able to do school work from home. Localised school lockdowns will exacerbate inequalities, particularly if local lockdowns are in areas where educational outcomes are already behind the national average (as has been the case so far). There is evidence that the gap in educational outcomes between those from disadvantaged backgrounds and others was already starting to increase in some areas.³¹
- Covid-19 has had a disproportionate direct impact on BAME communities. The following is taken from the Health Foundation summary of why this may be the case and is worth quoting in full:
 - Ethnic inequalities in health in the UK have been extensively documented before COVID-19. A wide variety of explanations for these have been examined, ranging from upstream social and economic inequalities to downstream biological factors. Teasing out the contributions made by different factors is difficult, particularly because they do not all act independently; for example, living in more deprived areas which have more air pollution increases the risk of having an underlying respiratory illness. Given the complexity of the systems that produce poor outcomes for black and ethnic minority groups, there is a real risk that the imprudent use of statistical adjustment techniques in studies of COVID-19 deaths may obscure the role of some upstream issues.
 - Experts in the field point to racism as a ‘fundamental cause’, affecting health in multiple ways. A strong evidence base has demonstrated that racial discrimination affects people’s life chances through, for example, restricting access to education and employment opportunities. Black and minority ethnic groups tend to have poorer socioeconomic circumstances which lead to poorer health outcomes. In addition, the stress associated with being discriminated against based on race/ethnicity directly affects mental and physical health through physiological pathways.
 - Studies of COVID-19 so far have suggested that people from black and minority ethnic communities are more likely to be exposed to the virus because they tend to live in more densely populated urban areas where the virus has spread fastest, and are more likely to be key workers, especially in

²⁷ <https://wbg.org.uk/wp-content/uploads/2020/04/FINAL.pdf>

²⁸ <https://twitter.com/benatiposmori/status/1299365930900893697?s=20>

²⁹ <https://www.gov.uk/government/publications/coronavirus-job-retention-scheme-statistics-july-2020/coronavirus-job-retention-scheme-statistics-july-2020>

³⁰ <https://www.childrenscommissioner.gov.uk/2020/08/22/how-lockdown-has-affected-childrens-lives-at-home/>

³¹ <https://epi.org.uk/publications-and-research/education-in-england-annual-report-2020/>

London (Figure 2). Some minority ethnic groups are more likely to live in over-crowded accommodation increasing risk of transmission within households. Once infected, many of the pre-existing health conditions that increase the risk of having severe infection are more common in black and minority ethnic groups.³²

- Unemployment is higher among most BAME communities than in the White population (4% of White people were unemployed in 2018, compared with 7% of people from all other ethnic groups). After the 2008 recession, unemployment among Black people rose higher than the overall rate (though rates rose at similar levels for most other ethnic groups).³³
- There are also likely to be issues around how social distancing rules and local lockdowns are enforced with Black communities in particular facing heavier policing than other groups.³⁴
- The age-standardised death rate (after accounting for other differences) among Disabled people is about twice as high as for non-disabled.³⁵ Inclusion London's report³⁶ on the experience of Disabled people during the pandemic reported that:
 - Over 60% of Disabled people questioned said they had struggled to access food, medicine and necessities
 - Over 35% of respondents talked about increasing levels of psychological distress
 - Nearly half of the respondents talked about inaccessible information, confusing guidance and lack of advice
 - Social care is being cut, reduced or failing to provide protective equipment
- **Issues and questions for funders:**
 - Many charitable foundations have a long history of commitment to social justice, reducing inequality and countering prejudice in society. Many are active, long-term funders of organisations and initiatives that support those whom society has most marginalised. But recent research has found that BAME-led organisations are highly vulnerable to the financial impact of Covid-19. A survey of 137 BAME-led micro and small organisations by the

³² https://www.health.org.uk/news-and-comment/charts-and-infographics/emerging-findings-on-the-impact-of-covid-19-on-black-and-min?gclid=Cj0KCQjw-af6BRC5ARIsAALPIIXwFLPbIRbQKTmlvwWBmOIGN4JJ228MyxjnhyQ-kW8-GXvPYUDOZeMaAvwNEALw_wcB

³³ <https://www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/unemployment-and-economic-inactivity/unemployment/latest>

³⁴ <https://www.ethnicity-facts-figures.service.gov.uk/crime-justice-and-the-law/policing/stop-and-search/latest>

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<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/articles/coronavirus-relateddeathsbydisabilitystatusenglandandwales/2marchto15may2020>

³⁶ <https://www.inclusionlondon.org.uk/disability-in-london/coronavirus-updates-and-information/campaigns-news-during-coronavirus-crisis/abandoned-forgotten-and-ignored-the-impact-of-covid-19-on-disabled-people/>

Ubele Initiative, a social enterprise, found that 87% do not have sufficient reserves to last more than three months, and therefore risk closure.

- As part of coordination efforts between the DCMS and non-government bodies and funders, an equity and inclusion working group was established earlier in 2020, including ACF. The group has published recommendations for integrating a Diversity, Equity and Inclusion lens to inform and support funding focused on the response to Covid-19 and in the recovery period – see <https://www.acf.org.uk/news/good-practice-recommendations-for-funders-in-a-covid-19-context>
- It is clear that disadvantaged groups are paying a heavier price from the direct impacts of the illness and then from the economic and social impacts on top. What can funders do to mitigate short-term impacts and to address more fundamental long-term structural inequalities that lie behind the differential impact of Covid-19?

The voluntary and community sector and social enterprises

- One in eight people living in the UK – equivalent to seven million people – expect to seek support from a charity or voluntary body in the next 12 months as a direct result of challenges created by the Covid-19 pandemic. For 61% of these, it will be the first time they have ever sought charitable support. Just over half (51%) of those who anticipate seeking external support expect to ask for charitable help with nursing and personal care, 44% with caring responsibilities and 35% with support for their own mental wellbeing.³⁷
- Pro Bono Economics (with Charity Finance Group and Chartered Institute of Fundraising) suggest that there will be 60,000 redundancies from charities over the next three months. Almost half of respondents to their survey have or will cut jobs. Almost 60% expect an increase in demand for services.³⁸
- Community businesses have thus far proven their resilience to the impact of the Covid-19 pandemic. Only 1% of participants in a Power to Change project ceased operating and did not anticipate reopening. Community businesses in rural areas and shops appear to have fared best in the challenging circumstances, and multi-activity providers and those in urban areas fared worse. Over half expected to open up a new line of trading activity or diversify their products/services once the pandemic ends. However, nearly three-quarters were less confident about their future and most had received some form of financial support.³⁹
- Mutual aid groups developed rapidly during lockdown but research from New Local Government Network suggests that these relied a lot on working age people who were furloughed or had more time available. Local councils played a role in

³⁷ <https://nationalemergenciestrust.org.uk/seven-million-expect-to-seek-charity-support-in-the-next-year-due-to-pandemic/>

³⁸ <https://www.thirdsector.co.uk/60000-charity-jobs-lost-end-year/article/1692141>

³⁹ https://www.powertochange.org.uk/wp-content/uploads/2020/08/CBM-Initial-Analysis_Final.pdf

supporting these groups. Further cuts to local authority funding and the ending of the furlough scheme may threaten the long-term viability of these new informal networks.⁴⁰

- **Issues and questions for funders:**
 - What sort of sector will emerge after Covid-19?
 - Should funders be thinking about supporting mergers or more collaboration, for instance joint support services for different charities?
 - How can social enterprises and community businesses be supported to take advantage of new demands for their services as the economy and society adapts to life after Covid-19 (eg change in working patterns, personalised services)
 - Should funders try and support mutual aid groups to become more established or find ways to be more sustainable, or will that lose the willingness to take part?
 - What role should funders play alongside councils in support local voluntary action and mutual aid?
 - Can the mutual aid and volunteering seen in the spring be replicated if there are localised lockdowns or new rules around social distancing?

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⁴⁰ <http://www.nlgn.org.uk/public/2020/new-research-mutual-aid-groups-have-been-an-indispensable-in-covid-response-heres-how-we-build-them-into-our-future/>