

# **THE ROAD AHEAD 2021**

## A REVIEW OF THE SECTOR'S OPERATING ENVIRONMENT

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**NCVO**  
**CHAMPIONING  
VOLUNTARY  
ACTION**

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## Introduction

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The Road Ahead is our annual analysis of the changing operating environment for anyone working in the voluntary sector. It identifies and explains forces and trends that are shaping the sector and are likely to have an impact on organisations in the future.

As in previous years, this report was developed using a PESTEL analysis to highlight the key drivers shaping the sector in six areas: political, economic, social, technological, environmental and legal. We used a wide range of information sources: from official statistics and research to the latest economic forecasts and futures analysis, as well as calling on the expertise of our colleagues at NCVO. We mainly focus on general trends and drivers likely to impact on a broad range of organisations in the sector.

The report begins with a commentary from Sarah Vibert, NCVO's director of membership, influencing and communications. She reflects on the six areas as a whole, and how they might combine to shape the future of voluntary organisations and voluntary action.

All of the issues highlighted in The Road Ahead present opportunities and challenges for voluntary organisations. Trustees and managers can benefit from using the analysis to explore the implications of these issues for their organisations when planning for the short and medium term. We have included some questions at the end of each section that may help you think about what these issues might mean for your organisation and move forward.

It's worth noting that this publication is only a starting point. There will be plenty of other issues and questions to consider that are more relevant to what your organisation does and the context in which it operates.

For help and guidance on strategic planning, there are many [resources available on the NCVO Knowhow website](#), including [guidance on how to do your own analysis](#) and tailor it to your needs. We can also offer in-house support with your strategic planning through [our consultancy services](#).

We have also included some specific sources of help and guidance in each section of the PESTEL analysis.

## The Road Ahead: Hopes and fears for the voluntary sector and volunteering

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Many of us working or volunteering in the voluntary sector must have asked ourselves how it is possible to have any hope for the future this year. So many lives lost. So many lives damaged. Communities shattered. Whole organisations, vital to community life, have been lost or gutted and many may never fully recover.

Yet the voluntary sector is born from the ability to hold both hope and fear simultaneously, and shy away from neither. We believe that our society can be better, we believe in the power of charities and volunteering to change lives, and we have no illusions about the reality of challenges we face.

History will undoubtedly be a more accurate judge of our collective response to the coronavirus crisis, but there can be little doubt the past year has exposed both the fractures in our society as well as the things that bond us together. Laying bare the systemic inequalities that continue to be our collective shame alongside quiet acts of heroism and kindness on a scale unseen by many generations.

This annual Road Ahead report from NCVO looks at the political, economic, social, technological, legal and environmental factors impacting charities. If in the past it has been useful reading for leaders in the sector, today it is essential. In response to sustained uncertainty, organisations will need to ensure they can be as responsive and adaptable as possible. This means moving away from long or even medium-term strategy, both as we grapple with the emergency response and rebuild society anew in the future. An up-to-date detailed analysis of the external environment is the first step towards developing an agile approach with a strong, clear purpose, good insight and an ability to make and execute decisions quickly.

### Influencing in covid's shadow

As we start the new year, the political context is very different from a year ago. The Brexit transition period is over, and a deal is now in place to define our future relationship with the EU. The prospect of a breakup of the UK is also perhaps more likely than before. The Scottish National Party is highly likely to win the Scottish parliament elections in May on a ticket of Scottish independence, reflecting a broader appetite for devolution that we have seen in the response to the pandemic from nations and regions across the UK.

Yet both Scottish independence and Brexit are perhaps overshadowed as the main political issues by the pandemic. It remains to be seen whether current divisions within the Conservative party over the government's response to the pandemic will remain in the longer term. Or what

the pandemic means for the fortunes of the government and the opposition at the general election in three years' time.

Covid, like Brexit, has clearly taken up significant MP bandwidth, making influencing more challenging. In contrast, the move to online meetings present opportunities for charities to access parliamentarians more easily. For those organisations seeking to influence policy, we should also not assume the EU will no longer have influence.

The role charities and volunteers have played during the pandemic has clearly been recognised among parliamentarians. We must celebrate and build upon this renewed engagement in the years ahead.

## **#NeverMoreNeeded**

Demand for charities' services has dramatically increased because of the economic and social impact of covid-19. Food and other essentials, as well as support for people facing mental health issues, debt, and homelessness are all areas where need is increasing. As the economy continues to contract, unemployment rises, and welfare support returns to pre-crisis levels, this trend is set to continue.

The March 2021 budget should further clarify on what support may be available for poorer households. In the longer term, the government will face the choice of a combination of spending cuts and tax rises to pay for covid-19 borrowing. As we have seen in recent years, public sector cuts (and failure to increase spending) would have a significant impact on charities.

For charities themselves, a year of social distancing has impacted on funding streams, particularly trading and community fundraising, meaning many start the year with dwindling reserves. Job losses and closures, already a feature of the sector, are set to continue. Many charities are facing a cliff-edge as emergency covid-19 funding finishes at the end of March. NCVO, along with our partners in the sector, continue to campaign for further support for charities, highlighting that the support they provide to people and communities is never more needed.

## **'We are all in the same storm, but not the same boat'**

The inequalities starkly highlighted and accelerated by covid, along with the Black Lives Matter movement and protests around the world sparked by the death of George Floyd, have added further weight to the Charity So White campaign driving the voluntary sector to become more equitable, diverse and inclusive. The public commitments by voluntary organisations to address systemic inequalities faced by people from marginalised groups and communities must now move to action.

The context of the pandemic has played to the strengths of the voluntary sector in terms of our ability to innovate and flex. Collaboration has become more of a prominent feature in how organisations work, a trend that looks set to continue.

It is a complex picture in terms of the impact of the pandemic on volunteer numbers. Many people came forward to help for the first time, spurred on by local mutual aid groups or national schemes such as NHS responders. People's desire to help – even when doing so might expose themselves to risk – has been inspiring. Others were no longer able to continue volunteering due to shielding or social distancing which has likely changed the profile of those who volunteer at least for the short term. There are certainly lessons to be learned from the crisis about barriers to volunteering, especially for disadvantaged groups, and how we can overcome them.

## **Embedding digital ways of working**

Many technological trends accelerated by covid are unlikely to reverse. The digital trend has many benefits, particularly increasing reach, being more accessible, and reducing inefficiency.

Yet the pandemic has also highlighted the existing charity digital skills and infrastructure gaps, making this transition particularly challenging, especially for smaller charities. Addressing the digital divide has become more pressing than ever, in terms of ensuring access for disadvantaged groups. Data protection and cybersecurity remain areas of particular concern.

While some services do not work well online, data analytics give huge potential for supporting the design of future services that meet the needs of people and communities.

Similarly, the need to be together physically with co-workers and fellow volunteers has not gone away, despite the success of remote working for many organisations.

## **Flattening the carbon curve**

It seems a safe bet that we will see an ever-increasing focus on the environment over the coming years. Calls for a green recovery are mounting, building on the drop in carbon emissions experienced during the pandemic. The impacts of climate change are already being felt, such as flooding and adverse weather. Charities and volunteers will continue to play an important role in campaigning for tougher action and supporting communities to adapt.

There is increasing recognition of the need to take an intersectional approach to climate change. This means acknowledging and responding to the disproportionate impact of and potential actions on climate change for working class, Black, Asian and Minority Ethnic communities and disabled people.

Charities have various roles to play in the climate change movement. We're seeing big organisations come together – as they have in past – to lead campaigns, particularly ahead of a global climate conference to be hosted by the UK in November. Charity shops have an important place in the ethical consumerism movement, as do anti-waste organisations such as Fareshare. But the environment is not an issue only for 'environmental charities' – all charities will want to consider action they can take to reduce their carbon footprint.

## Rights and regulations

It remains to be seen what lessons will be learned from the benefits and challenges of a greater relaxation of the regulatory environment during the pandemic. In some areas changes to the rules continue into 2021, for example in relation to new guidance issued by the Charity Commission during 2020 on serious incident reporting, mergers and collaboration. Many charities will continue to struggle financially as we go through the year ahead making a focus on effective governance more important than ever.

Changes to legislation heralded by the pandemic will also have an impact on people and communities. Most obviously, we have seen a huge expansion of the state and parallel curtailment of personal freedom. A backlog of legal cases and an increase of people needing recourse on issues such as housing, unemployment and debt are likely to increase demand for charity services.

Away from covid, leaving the EU will herald some of the biggest changes in our regulatory system for decades. Having a deal in place doubtless gives more certainty for charities in relation to areas such as data, workforce and rights, yet there will still be challenges adapting to the new rules for some charities.

## Building back better

There has been much talk during the pandemic about recovery, renewal and the sort of society we want to build post-Covid. The critical role of civil society in this endeavour cannot be underestimated. Beyond the pandemic charities and volunteers have an important part to play on issues ranging from devolution to climate change. Yet, at a time when the sector has never been more needed in terms of supporting people and communities, it has never experienced greater challenges in terms of reduced income.

This Road Ahead report aims to support charities and volunteers to navigate this challenging and uncertain external context. While the gravity and complexity of doing so should not be understated, our sector is founded on the belief that the world can be better tomorrow than it is today. Even through the most difficult of times, we must hold on to this.

Sarah Vibert

Director of Membership and Engagement

January 2021

## Political drivers

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### Adapting to post-Brexit arrangements

With a deal finally being agreed just before Christmas, charities are now adapting to new post-Brexit arrangements. The immediate impacts for charities appear to be limited, though it's worth looking at arrangements for processing data, and charities that procure goods that are manufactured overseas should continue to consider their supply chains. While the ending of free movement will have implications for charities seeking to recruit, particularly for very specialist roles, the coronavirus pandemic has led to large numbers of redundancies across all sectors, so labour shortages and recruitment challenges are less likely to present problems in the short-term, but may need to be considered in long-term planning.

While Brexit is requiring adaptation to new rules, it's important not to lose sight of some of the longer-term challenges and opportunities that organisations, particularly those seeking to influence policy, will need to be aware of.

The UK government prioritised a higher degree of control over policy in negotiations, which is reflected in the final deal. Because of the novel nature of this agreement, it's not clear how this will play out. Non-regression clauses will in theory avoid a rolling back of rights, but as they are linked to impacts on trade and investment rather than requiring strict alignment, may still provide significant room for manoeuvre. That means charities will need to be vigilant where the government decides to move away from EU rules. And that also means there will be opportunities for charities to shape new approaches where previously EU rules had made that virtually impossible. The immediate removal of the tampon tax (VAT on women's sanitary products) is the most obvious example, but other areas that charities might look at include procurement, and VAT more broadly.

It's also important to remember that UK law and policy will still be informed by the EU. That could be formally through non-regression clauses and other commitments made in the deal, but it could also be informally as a result of wanting to do business with our closest trading bloc. This means that campaigners shouldn't rule out the ability of the EU to set the agenda, and create change in the UK, through new rules. This will be particularly important for environmental organisations, where there is likely to be a degree of co-operation between the UK and the EU in any case, particularly with regard to climate change.

### A possible split of the United Kingdom

Charities will head into next year with a distinct possibility that having left the European Union, the United Kingdom could split over the next couple of years.

The Scottish National Party (SNP) are clear favourites to win the election in May on an unambiguously clear platform of holding a further referendum on Scottish independence. Consistent poll leads suggest if that vote does take place, there's a good chance we'd get the opposite of the result in 2014, though we should of course take polls conducted before a referendum has even been agreed, let alone a campaign being run, with a pinch of salt.

Arguably the biggest obstacle for Scottish independence could be the UK government, which must grant permission for a referendum to be held. Boris Johnson has so far been clear that he will not allow a new referendum to take place, and there are strong political reasons for the Conservatives to do so, but that position could be more difficult to maintain should the SNP win a majority in an election where independence is likely to feature heavily<sup>1</sup>.

With that in mind, charities should be thinking about a world in which Scotland is no longer part of the UK. Many national charities already have distinct governance arrangements and approaches towards Scotland, but if independence is secured, these may need to be re-examined.

Independence would also have a significant impact on UK politics more generally. Maintaining the union has been a major priority for the Conservatives, and there would almost certainly be calls for Boris Johnson to resign, assuming he remains prime minister. While it's difficult to say if that will happen, it would certainly weaken the government of the day.

As we've seen during the Brexit process, a Yes vote would also require a degree of negotiation of the relationship between Scotland and the rest of the UK. This would probably not be as challenging a task as agreeing a Brexit deal, but there are certainly issues, such as Scotland's currency, where the two governments are unlikely to see eye to eye.

There would also be an electoral impact. The Conservative Party has consistently performed better in England and Wales than in Scotland, and while the SNP's dominance of Scottish Westminster seats has made it harder for Labour to form a majority, this would close off the route of a Labour-SNP coalition. However, while this would make it more likely that the Conservatives will win future elections, Labour have won English majorities in the relatively recent past, including in 2005 when their majority was cut significantly overall after two landslide victories.

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<sup>1</sup> <https://www.newstatesman.com/politics/staggers/2020/09/why-conservatives-block-second-scottish-referendum-their-peril>

## Will covid-19 splits cause long-term problems for the Conservatives?

New chancellor Rishi Sunak has responded to the pandemic with a series of major interventions costing tens of billions of pounds to combat the coronavirus, and a range of other policy measures that would have seemed unthinkable at the start of last year.

The fact that the Conservatives adopted an orthodox economic approach to dealing with this pandemic however of course does not suggest a unified approach within the party or even the cabinet, with the chancellor himself having encouraged people back to work, and taking a number of steps to rein in covid spending because of long-term concerns about the level of national debt.

Though it is probably fair to say that even without coronavirus, spending would have increased as the party seeks to move away from austerity, one of the internal debates to watch out for within government is how quickly to address the debt and whether to do so with tax rises or cuts.

Growing scepticism about lockdowns on the Conservative backbenches has also caused problems for the government with criticism of restrictions mainly coming from the right of the party. The specific concerns they have expressed are likely to become less of an issue over the next couple of years as restrictions are eased, but they have shown that concerns over Boris Johnson's leadership are more widespread, and that managing backbench dissent is likely to be a major challenge in the run-up to the next election<sup>2</sup>. The internal problems the prime minister faces present both opportunities and challenges for charity campaigners – it's probably going to be easier to get backbenchers to speak out and back your campaigns, but could also make your asks vulnerable to significant backbench dissent.

## A return to the centre ground for Labour?

With Sir Keir Starmer now having been in place as Labour leader for around nine months, the question of whether he would seek to align himself more with the left or right of the party seems to have been answered fairly firmly to the latter. He has clearly sought to break with his predecessor Jeremy Corbyn and on the issues of the day has often disappointed many of those who supported Corbyn and Rebecca Long-Bailey in recent leadership contests<sup>3</sup>.

Labour's return to the centre is also obscured by the political circumstances they are facing. The scale of Labour's defeat in 2019 meant that a new leader who is not personally loyal to their predecessor was likely to draw a line under less popular elements of that leadership. But while the

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<sup>2</sup> <https://www.independent.co.uk/voices/boris-johnson-conservative-mps-coronavirus-rules-rebellion-andrew-grice-b716416.html>

<sup>3</sup> Eg [initially supporting the government's approach to covid, not whipping to vote against controversial bills on the behaviour of soldiers and undercover police](#), [his comments on Black Lives Matter](#)

battle for strategy and messaging seems to have been won by the right of the party, the real battles ahead will be on policy. Corbynism remains a strong force within the party, and support for a policy programme clearly further to the left than the Miliband years extends beyond that faction in any case. However, the party's frontbench may well choose to drop certain policies or otherwise shift policy rightwards, suggesting the kind of conflict we saw during the New Labour years between the frontbench and members, albeit with a different starting point.

One key difference in 2021 and for the next few years is the presence of a socialist campaign group, that, at over 30 members in the Commons, could be decisive if Labour were to form the government after the next election. It's hard to see an outcome where Labour is in government without left MPs being influential in forcing concessions on legislation, so charities should still continue to engage with all sections of the party even if one currently seems in the ascendancy, as would normally be good advice.

So while the next few years may look on the surface like a return to the normal battle over the centre ground, there remains significant scope for opportunities for charities to influence beyond mainstream party opinion, meaning a comprehensive approach to influencing is still required.

## **Covid-19 to change politics and our ability to influence**

The scale of government action required to deal with the public health, economic and logistical challenges presented by covid-19 has put significant pressure on government departments, though this may ease after a successful vaccine rollout. Brexit may also present additional capacity challenges in the early part of this year. Covid however has had less of an impact on the work of MPs than Brexit, so charities may find it easier to engage than in the 2015 and 2017 parliaments.

A longer-term concern for charities is what has been perceived as indifference towards the sector as a source of solutions to problems. Digital, culture, media and sport secretary Oliver Dowden's speech at the launch of the Law Family Commission on Civil Society did however acknowledge both the importance of civil society in addressing the fallout of the pandemic, and that there were gaps in the government's knowledge of civil society<sup>4</sup>. The standing of charities has probably improved within both government and parliament over the last year, but individual organisations will still have to demonstrate their value and credibility if they want campaigns to be listened to seriously, or to work with the government on implementing policy solutions.

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<sup>4</sup> <https://www.gov.uk/government/speeches/oliver-dowden-speech-to-the-law-family-commission-on-civil-society>

Politics could also become more accessible. Charities based outside of London have always found it more difficult to engage with politicians at a national level, but the forcing of MPs and campaigners to adopt online meeting platforms could lead to a shift in expectations about how engagement happens. It may be both more convenient for parliamentarians and allow them to meet a wider range of organisations, so it seems likely that online meetings are likely to at least remain an option once the pandemic allows face-to-face engagement to resume. And while face-to-face meetings still have advantages, closeness to the levers of power is often one justification of maintaining a London office, so it could impact future discussions around location.

Above all, the pandemic has been an opportunity for charities and politicians alike to reflect on what we value when it comes to engagement, and you should take time to think about what lessons you can take forward beyond the pandemic.

## Moving forward

Questions your organisation may want to consider:

- Which challenges arising from Brexit and covid-19 are likely to be temporary for your organisation, and which require more long-term planning to resolve or mitigate?
- Have you thought about what Scottish independence might mean for your organisation and your governance arrangements?
- If you're a national charity do you have relationships with a broad range of politicians reflecting the range of views across the parties?
- If you're a local charity are there more steps you could be taking to ensure local MPs are supportive?
- Does the widespread uptake of online meetings offer you opportunities to be more involved in politics and policy at the national level?

## Links and resources

- Read the Institute for Government summary [of the Brexit deal](#)
- Read the Institute for Government explainer [on a new Scottish independence referendum](#)
- Explore NCVO [resources on campaigning and influencing](#)
- Access Campaign Bootcamp's [resource hub](#) on campaign and activism
- Read the [Charity Commission's guidance on campaigning and political activity for charities](#)

## Economic drivers

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### Economic forecast

The unpredictable nature of the covid-19 emergency and the potential for future lockdowns means the financial outlook for 2021 remains volatile. This makes economic forecasting difficult.

Looking back to 2020 might provide some indication of what the coming year will hold. Between February and April 2020, gross domestic product (GDP) fell by a quarter. While the economy bounced back relatively quickly from the first lockdown, the second wave of the pandemic has slowed the UK's path to recovery. By the end of 2020 the UK economy was predicted to be around 10% smaller than before the pandemic took hold – the steepest decline in centuries<sup>5</sup>.

If the roll out of the covid-19 vaccine goes according to plan, we could see the UK economy bounce back relatively quickly, particularly if people start to spend savings accrued during lockdowns. In parallel with the potential for further restrictions is what the National Audit Office (NAO) predicts will be significant disruption to UK and EU trade following the end of the Brexit transition period in January<sup>6</sup>. This means charities and the people they support should plan for an uncertain and challenging economic environment for the foreseeable future. The legacy of the crisis will impact on the public finances for some years to come.

### How is the government responding?

You can't build an economic framework on shifting sand. This economic uncertainty led the chancellor to hold a single-year spending review in November – rather than the expected three-year settlement – postponing longer-term decisions until the economic environment becomes more certain<sup>7</sup>.

The government decided to bolster the economy by increasing public spending in the short-to-medium term, particularly on health, jobs, and infrastructure<sup>8</sup>. To replace money formerly provided through EU structural funds, the UK Shared Prosperity Fund (UKSPF) will be launched this year. This will begin with £220m for local areas to pilot programmes before ramping up to 'at least match receipts from EU structural funds, on average reaching around

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<sup>5</sup> <https://www.bbc.co.uk/news/business-55246706>

<sup>6</sup> <https://www.nao.org.uk/report/the-uk-border-preparedness-for-the-end-of-the-transition-period/>

<sup>7</sup> <https://www.gov.uk/government/publications/spending-review-2020-documents/spending-review-2020>

<sup>8</sup> <https://blogs.ncvo.org.uk/2020/11/25/spending-review-2020/>

£1.5bn per year<sup>9</sup>. The extent to which the UKSPF will focus on marginalised communities and the role charities will play in the pilots is yet to be determined.

Record levels of spending are in part made possible because of very low borrowing costs. These could become even cheaper if the Bank of England moves interest rates into negative territory in 2021<sup>10</sup>. While this could make it cheaper for charities to borrow money, it could also reduce the return on investments, savings and pension schemes. The likelihood of this happening hinges on how long coronavirus restrictions last and their impact on the economy.

With a reduced appetite for austerity measures among MPs, longer-term tax rises might eventually be required to tackle the UK's rising debt<sup>11</sup>. The questions for charities and the people and communities they support to consider are: when would this begin, how significant would any belt tightening be, what mix of spending cuts and tax rises would the government possibly opt for, and therefore which groups will the impact most likely fall on?

## Unemployment rising and likely to rise further

Unemployment is rising and is likely to rise further. While more than half of those furloughed during the first lockdown had returned to work by September, 9% had lost their jobs. Younger people, low-paid workers<sup>12</sup>, and Black, Asian and Minority Ethnic (BAME) communities have been hardest hit, with 19% of workers aged 18-24 and 22% of BAME staff losing their jobs<sup>13</sup>. Disabled people are more likely to be facing redundancy as a result of the pandemic – 27% compared with 17% of non-disabled people. This figure rises to 37% for people with a condition or impairment that has a significant impact on their daily life, and 48% of those who are classified as 'extremely medically vulnerable' to the virus<sup>14</sup>.

Analysis by the Institute for Government shows there is a regional dimension to job losses with London hit especially hard<sup>15</sup>. This reflects the importance of hospitality, leisure, entertainment and tourism to the capital, with many also working in low-paid and insecure jobs. Charities have been hit hard too. As of August 2020, Pro-Bono Economics estimated that 25,600 jobs have

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<sup>9</sup> <https://blogs.ncvo.org.uk/2020/11/25/spending-review-2020/>

<sup>10</sup> <https://www.thetimes.co.uk/article/covid-lockdowns-may-force-bank-of-england-into-negative-rates-bm3fwhxdn>

<sup>11</sup> <https://www.nao.org.uk/covid-19/cost-tracker/>

<sup>12</sup> <https://www.bbc.co.uk/news/business-55310850>

<sup>13</sup> <https://www.resolutionfoundation.org/publications/jobs-jobs-jobs/>

<sup>14</sup> <https://www.jrf.org.uk/report/financial-impact-covid-19-disabled-people-and-their-carers>

<sup>15</sup> <https://www.ifs.org.uk/publications/15145>

already been cut, and that a further 34,100 more people in the sector could lose their job by the end of the year<sup>16</sup>.

It remains to be seen what impact the current lockdown will have on unemployment levels, but the coming months will likely see a deterioration of an already gloomy outlook.

For the short term, the government has provided a £4.6bn package to help people back to work<sup>17</sup>, and extended its second Job Retention Scheme to March 2021. While the latter has provided a vital lifeline for many organisations, the scheme is ill-suited for charities wanting to support communities during a health emergency, rather than furlough their workforce.

Longer-term, it is unclear how policymakers will tackle the possibility of a recurring pandemic. The Institute for Fiscal Studies (IFS) says there could come a point when support is withdrawn, and serious thought given to a painful restructuring of the economy and labour market<sup>18</sup>. Some argue that the pandemic is already driving a structural change in the UK economy, with some jobs that have been preserved by furlough now obsolete<sup>19</sup>.

## **The livelihoods of beneficiaries have been hit hard**

Covid-19 has increased the gulf between rich and poor, with worse-off households seeing savings drop and debts rise. Those who cannot work remotely have been hit hardest, both in terms of health outcomes and job and income losses. The livelihoods of BAME communities have been hit harder than their white counterparts<sup>20</sup>. Disabled people are more likely to report household outgoings have increased as a result of the pandemic, with many covering the additional cost of PPE, safer travel options such as taxis, or more expensive food options to enable shielding<sup>21</sup>.

Drops in income have been more prevalent in sectors affected by social distancing measures and among younger workers. The IFS reports that the poorest UK households saw debts rise by an

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<sup>16</sup> <https://www.probonoeconomics.com/news/press-release-collapse-in-charity-provision-looms-at-moment-of-greatest-need>

<sup>17</sup> <https://blogs.ncvo.org.uk/2020/11/25/spending-review-2020/>

<sup>18</sup> <https://www.ifs.org.uk/publications/15145>

<sup>19</sup> <https://www.raconteur.net/hr/talent-management/labour-market-covid/>

<sup>20</sup> <https://www.resolutionfoundation.org/publications/caught-in-a-covid-trap/>

<sup>21</sup> <https://www.jrf.org.uk/report/financial-impact-covid-19-disabled-people-and-their-carers>

average of £170 a month during the pandemic. Of those still employed as of September 2020, 12% reported being paid less than they were at the start of that year<sup>22</sup>.

Even before the second wave took hold, the Resolution Foundation found that almost one in eight private renters were unable to meet their housing costs in full<sup>23</sup>. During the start of the pandemic, around half of people who used a food bank had never needed one before, with families with children hardest hit. As of November 2020, the Trussell Trust had given out a record 2,600 food parcels a day to children<sup>24</sup>.

There are various ways the government could support poorer households in 2021. Reforms to Universal Credit and other means-tested benefits could help increase the safety net for those worse off. This could include ending the minimum five-week wait for a first Universal Credit payment and retaining the current uplift of £20 a week due to end in April this year. Scrapping the two-child limit on child-related benefits – which the IFS has estimated would make about 700,000 households with children better off by an average of £3,000 per year – and removing the benefit cap which would help about 100,000 working-age families by an average of roughly £2,000 per year, would also be welcomed by many charities<sup>25</sup>. The budget on 4 March will hopefully provide more clarity on the government’s plans to support struggling households.

## The state of public services

Public services will continue to be significantly affected by the covid-19 crisis, with many areas facing increased demand. Charities delivering public services relating to loneliness, mental health difficulties, educational inequality, homelessness, unemployment and poverty will experience increasing demand. In parallel, the availability of funding is uncertain, particularly at a local level. In 2020, 59% of charities delivering public service contracts said they had to use other sources of income, such as fundraising, to successfully deliver contracts<sup>26</sup>. Since the pandemic, local authorities have experienced increased financial pressure with several, for example, reducing social care packages in response<sup>27</sup>. Many councils are warning of a risk of bankruptcy. The spending review in November 2020 announced a 4.5% increase in core spending, which is not

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<sup>22</sup> <https://www.ifs.org.uk/publications/15146>

<sup>23</sup> <https://www.resolutionfoundation.org/publications/coping-with-housing-costs-six-months-on/>

<sup>24</sup> <https://www.trusselltrust.org/news-and-blog/blog/>

<sup>25</sup> <https://www.ifs.org.uk/publications/14389>

<sup>26</sup> <https://www.thinknpc.org/resource-hub/stots2020/>

<sup>27</sup> <https://www.theguardian.com/society/2021/jan/06/were-being-impooverished-how-english-councils-have-cut-care-during-the-pandemic>

enough to prevent the financial failure of councils<sup>28</sup>. Without additional funding from government, public services will struggle to meet demand.

From January 2021 central government organisations are expected to use a new framework to account for social value in procurement exercises. Authorities will need to account for social value as they aim to achieve including covid recovery, economic inequality, wellbeing, equal opportunity, and climate change outcomes. While this framework only applies to central government departments and their executive agencies, this new approach may influence the way other public bodies – including local authorities – use and measure social value. Charities will want to consider how they can demonstrate that they are able to deliver social value across these five areas in bids.

There has long been a call for the UK to devolve more decision-making powers to regional and local government. In recent years we have seen the creation of metro mayors and devolution deals with, for example, Greater Manchester, West Midlands and North of Tyne authorities. The pandemic has exacerbated tensions between central and local government, demonstrated by the centralised approach to contact tracing which was ineffective and slow, and the imposition of local lockdowns which was fraught with challenges<sup>29</sup>. In 2020, the devolution white paper was postponed to 2021. Depending on the ambition of proposals, further devolution could provide the opportunity for charities shape local services and influence local decision making.

## Trends in giving

In terms of giving for the year ahead, it may be instructive for charities to reflect on trends seen in 2020. According to CAF, public donations increased by £800m between January and June 2020 compared to the same period in 2019. This was driven by a large increase in the number of people donating or sponsoring ‘hospitals and hospices’ causes during the height of the pandemic’s first wave, while around a fifth of people reported donating to charities which support the NHS. Conversely, there was a significant decline in the amount of money donated to other causes such as medical research during the same period. Meanwhile a decrease in face-to-face fundraising appears to have accelerated the trend towards cashless giving. The year ahead could see a continuation of this trend, with donors increasingly giving via a websites, apps and contactless payments, particularly if social distancing measures persist<sup>30</sup>.

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<sup>28</sup> [https://www.publicfinance.co.uk/news/2020/11/more-50-local-authorities-risk-financial-failure?utm\\_source=Adestra&utm\\_medium=email&utm\\_term=](https://www.publicfinance.co.uk/news/2020/11/more-50-local-authorities-risk-financial-failure?utm_source=Adestra&utm_medium=email&utm_term=)

<sup>29</sup> <https://www.instituteforgovernment.org.uk/blog/england-governance-crisis-coronavirus>

<sup>30</sup> <https://www.cafonline.org/about-us/publications/2020-publications/uk-giving-2020>

## A challenging funding environment for charities

The economic disruption caused by the pandemic will leave many charities under significant financial pressure in the year ahead. The fallout from two lockdowns has resulted in a significant drop in income with social distancing measures affecting trading and fundraising events in particular. As 2021 begins, some organisations will be struggling for survival as they try to support people while their reserves dwindle<sup>31</sup>.

Even before the second lockdown took hold, Pro Bono Economics predicted a significant decrease in both the number of charities and their ability to deliver vital services: 10% of charities say they were likely to close, while 80% expected a negative impact on delivering their planned objectives. A combination of lost income and increased demand has led to an estimated funding gap of £10bn across the sector over six months alone<sup>32</sup>. Charities will be hoping the prime minister makes good on his pledge to provide more support for the sector in the coming months<sup>33</sup>.

In 2021, the energy, creativity and ingenuity of the sector will be put to the test, with charities needing to invent new ways to help people in need. 2020 saw many funders – including trusts and foundations – doing their best to rise to the challenge with emergency support for charities affected by covid-19. This could continue this year, although it's difficult to predict how long funders can sustain current levels of support. Nonetheless, many will likely continue to transform how they work in response to the pandemic, with funding, evaluation and monitoring requirements adapting as funders and grantees work together to develop new ways of doing things. Where possible, charities themselves should seek to diversify their income streams and collaborate with sector partners where this results in efficiency savings and better outcomes for beneficiaries.

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<sup>31</sup> <https://www.probonoeconomics.com/news/press-release-collapse-in-charity-provision-looms-at-moment-of-greatest-need>

<sup>32</sup> <https://www.theguardian.com/world/2020/jun/09/coronavirus-leaves-one-in-10-uk-charities-facing-bankruptcy-this-year>

<sup>33</sup> <https://www.civilsociety.co.uk/news/pm-says-government-will-do-more-to-help-charity-sector-as-in-person-fundraising-is-off.html>

## Moving forward

Questions your organisation might want to consider:

- Have you thought about how low growth and the end of the Brexit transition period could affect your organisation's work and the lives of your beneficiaries over the coming years?
- Do you have plans in place for potential future lockdowns, including the effect these may have on various income streams?
- If your charity has received EU funding in the past, have you thought about how your organisation is positioned to participate on the UK Shared Prosperity Fund?
- How could a potential move by the Bank of England into negative interest rates territory impact on your organisation's finances?
- Considering the potential for future tax rises, have you reflected on how these might affect your organisation and the people you support?
- If you plan to bid for funding from central government bodies, have you considered what social value you bring in light of the new framework and priorities?
- Are you familiar with the various ways the government could support poorer households in 2021, including the need to monitor key fiscal events such as the budget in March?
- Have you considered the pandemic's impact on giving and other funding streams in 2020 and how this could help predict possible trends in the coming year?

## Links and resources

- If you're planning to diversify your organisation's income, have a look at our [income diversification planner](#).
- [Plan for and find new funding opportunities](#) during covid-19, including practical information about what funding is available from grant-making charities, government and other sources.
- Keep up-to-date on [trends in tax, benefits and household income](#).
- [Trends expected to define fundraising in 2021](#) and potential challenges the charity sector might face in the coming year.
- For regular updates on charity funding and finance issues, follow our [monthly blog](#).



discourage narratives that pit generations against each other<sup>39</sup>. More generally, voluntary organisations will need to reflect on how they are able to respond to growing demand and whether the services they provide and how they deliver them reduce or increase inequalities.

## Covid-19 and Black Lives Matter as a catalyst for change

Covid-19 has exacerbated racial inequalities and the need for change has never been clearer. Tackling racism and discrimination within the health and care system has become a priority, but addressing these issues is not the sole responsibility of current service providers. With health inequalities largely symptomatic of deeper inequalities in society, this is a much broader challenge. Covid-19 as well as the Black Lives Matter movement and protests around the world following the death of George Floyd have placed racial injustice in the spotlight. Both have prompted individuals to reflect on their attitudes and behaviours, and organisations on their practices particularly around leadership and employment. Both have given further momentum to the work of Charity So White, which drew attention last year to the underrepresentation of BAME people within the charity sector and the discrimination and racism that they face. The report Home Truths<sup>40</sup> published by ACEVO and based on the experiences of over 500 BAME people working in the sector highlighted the extent of the issue.

In this context, questions about equity, diversity and inclusion are rightly here to stay. Organisations will come under increasing pressure from employees as well as funders to raise their game and take decisive action. But organisations attempting to tackle these issues may face a backlash as shown by the recent reactions on social media when Barnardo's published its guide on white privilege for parents or when the National Trust discussed its links to slavery and colonialism.

## Far-reaching changes in working patterns

Remote working isn't new and over recent years more opportunities to work from home or on the move had become more frequent. However, the pandemic made this a widespread practice. Almost overnight, many people in roles that previously seemed impossible to carry out remotely switched to operating exclusively online. However, this shift has also brought to the fore inequalities as jobs that can be done remotely tend to be higher paying jobs, while those that require a physical presence are mostly lower paying or lower qualified jobs<sup>41</sup>.

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<sup>39</sup> <https://www.ageing-better.org.uk/blogs/generational-blame-game-will-only-hinder-our-recovery>

<sup>40</sup> <https://www.acevo.org.uk/reports/home-truths/>

<sup>41</sup>

<https://ir.citi.com/td2TMf%2FvvpzNPqaucEszMhDfq%2Fq%2ByImXWvzH61WVNip7Ecd1v7edrIrz6nCHdxkoR2AmAYyMDa4%3D>

The potential for remote working has impacted on people's views about where they want to live and whether they could move away from large cities to get more space for less money and avoid long commutes<sup>42</sup>. The impacts of remote working on employers and employees as well as volunteers, beneficiaries and users are numerous and mixed. It can provide employees with extra flexibility helping them to juggle the demands of work and home life demands. However, it can also lead to people experiencing stress and poor mental health because of an inability to switch off in their personal time, and isolation through the lack of contacts with colleagues<sup>43</sup>. Some employers have already announced that they will not be going back to their way of working pre-covid once the pandemic is over and are envisaging giving up their premises or sharing smaller spaces, many are considering a blended model which would allow more flexibility with employees dividing their time between home and the workplace. But they will still need to consider how they might address some of the pitfalls of remote working and how best to support employees.

## Increasing trust in charities

Before covid-19, a survey conducted for the Charity Commission<sup>44</sup> found that public trust and confidence levels had increased since 2018, but had not yet returned to pre-2014 levels. Public trust in charities has grown during the coronavirus pandemic, according to the latest Edelman Trust Barometer<sup>45</sup> – over half (54%) of respondents in the UK said that they trust charities 'to do what is right', a jump of 6% from January 2020 to April 2020. These findings chime with those in the last Giving Survey published by the Charities Aid Foundation<sup>46</sup> – in August 2020, 56% of people agreed that most charities are trustworthy, compared to an average of 50% in 2019 and 48% in 2018. This is a broad trend seen across different age groups and social grades.

The way local and national charities have responded to the pandemic crisis, providing services to communities in times of need, may have contributed to this increase. The public has shown their support by donating more between January and June 2020 than during the same period in 2019, despite challenging times for face-to-face fundraising<sup>47</sup>. We know that levels of trust in charities tend to fluctuate with external events. With the pandemic, many charities have gone above and beyond and been able to demonstrate how their work can make a huge difference to the most at risk. The challenge will be whether charities are able to meet the public's

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<sup>42</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/902943/Moving\\_out\\_to\\_move\\_on\\_report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/902943/Moving_out_to_move_on_report.pdf)

<sup>43</sup> <https://www.nuffieldhealth.com/working-remotely-whitepaper>

<sup>44</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/891221/Regulating\\_in\\_the\\_public\\_interest\\_research\\_report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/891221/Regulating_in_the_public_interest_research_report.pdf)

<sup>45</sup> <https://www.edelman.com/sites/g/files/aatuss191/files/2020-05/2020%20Edelman%20Trust%20Barometer%20Spring%20Update%20Global%20Report.pdf>

<sup>46</sup> <https://www.cafonline.org/docs/default-source/about-us-publications/caf-uk-giving-2020-covid-19.pdf>

<sup>47</sup> <https://www.cafonline.org/docs/default-source/about-us-publications/caf-uk-giving-2020-covid-19.pdf>

expectations in a context that will see many organisations struggle financially. The longer term challenge is to see how levels of trust can remain high when charities are likely to be less in the spotlight<sup>48</sup>. How they respond to broader issues in society such as climate change and inequalities may contribute to public perceptions in the future.

## Community mobilisation in all its forms

The pandemic led to mobilisation across the country at a scale that hadn't been seen for a long time. Very quickly local initiatives were set up to respond to the needs of communities and many people formed mutual aid groups to self-organise and support one another. Many examples involved activities around food and were aimed at those who were shielding or self-isolating. In most cases this happened with little help from any established organisation, at least in the beginning. Research has shown that as the pandemic evolved, some informal community groups moved towards more formal structures and processes, and some formal organisations adopted more informal ways of working<sup>49</sup>.

The urgency of the situation encouraged greater flexibility, innovation and collaboration. Clearly in some areas community groups, charities, infrastructure bodies and the local authority have worked together to good effect. While mutual aid groups have been praised for what they achieved, the evidence suggests that they have been most successful in communities with more established local infrastructure and 'anchor' organisations (such as universities and hospitals) that have the knowledge, experience and capacity to support new initiatives<sup>50</sup>. It is also important to note that research suggests that mutual aid groups may have reinforced existing inequalities in volunteer participation<sup>51</sup>. Moving forward, it will be important to see how community mobilisation can continue and how the factors that contributed to effective mobilisation can be nurtured and developed, particularly in areas that are disproportionately affected by the virus.

## Shifts in volunteering

In addition to the hundreds of mutual aid groups that emerged as soon as the first lockdown was announced, over 750,000 people signed up to the NHS Volunteer Responder scheme within days of its launch. In both cases, we saw the role of digital technology in reaching out to people and getting them on board. We also witnessed a rise in what has been called micro-volunteering – people volunteering to do small, time-limited tasks that can fit around existing commitments, such as work or family life.

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<sup>48</sup> <https://www.civilsociety.co.uk/news/trust-in-charities-surges-amid-coronavirus-crisis.html>

<sup>49</sup> <https://localtrust.org.uk/wp-content/uploads/2020/08/COVID-19-BRIEFING-4.pdf>

<sup>50</sup> <http://www.nlgn.org.uk/public/wp-content/uploads/Communities-Vs-Corona-Virus-The-Rise-of-Mutual-Aid.pdf>

<sup>51</sup> <https://publications.ncvo.org.uk/time-well-spent-diversity-and-volunteering/>

Many who had not previously volunteered came forward to help, but some existing volunteers were no longer able to continue volunteering because of the social distancing rules or because they were themselves shielding. Digital exclusion has also prevented some people from volunteering, particularly those from low-income backgrounds or those over a certain age. A recent evidence review has highlighted how volunteering is positively linked to enhanced wellbeing, from improved life satisfaction and increased happiness to decreases in symptoms of depression. This link is stronger for older volunteers<sup>52</sup>. In the context of the pandemic, social isolation has been particularly challenging for them and having to stop volunteering may have contributed to this in some cases. Organisations will need to put in place an age-friendly and inclusive approach to volunteering to help sustain and widen their supporter base<sup>53</sup> while exploring how they can create volunteering opportunities which match people's motivations and expectations. Clearly in this context, thinking about the safety and wellbeing of new and existing volunteers, of all ages, will continue to be a top priority.

## Moving forward

Questions your organisation might want to consider:

- How has covid-19 impacted on your service users? Who might you need to prioritise? Is the way you are delivering services reducing or increasing inequalities?
- How diverse are the leadership/board/staff/volunteers of your organisation? How can the organisation support staff and volunteers to engage with equity, diversity and inclusion? Does your organisation understand the different experiences of volunteers, staff and people who use your services? Does lived experience inform decision making throughout your organisation?
- Will remote working continue post-covid for your organisation? How might it affect the culture of your organisation and the level of support you provide people (staff, volunteers and service users)?
- What measures do you need to put in place to ensure your stakeholders (including funders, supporters and partners) continue to have trust in the work you are doing? How are you engaging with them and what information are you sharing with them?
- What can your organisation learn from mutual aid groups? How might you be able to work with them in local communities?
- How might your organisation be as inclusive as possible when recruiting volunteers, engaging and supporting people who are willing to give some of their time to help? How can you ensure they have a quality experience?

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<sup>52</sup> [https://whatworkswellbeing.org/wp-content/uploads/1920/10/volunteer-wellbeing-Oct-20\\_briefing.pdf](https://whatworkswellbeing.org/wp-content/uploads/1920/10/volunteer-wellbeing-Oct-20_briefing.pdf)

<sup>53</sup> <https://www.ageing-better.org.uk/news/new-guide-launched-help-community-organisations-future-proof-their-volunteer-base-wake-covid>

## Links and resources

- Explore NCVO's guidance on [equity, diversity and inclusion](#)
- Listen to Acevo's podcast miniseries on privilege – [Leadership worth sharing](#)
- Have a look at Superhighways's resources on [working remotely](#) and NCVO's guidance on [supporting staff working from home](#)
- Read government guidance on [how to safely and effectively involve volunteers](#) during the pandemic
- Use the practical tool by Centre for Ageing Better on [taking an inclusive approach to engaging older volunteers](#)

## Technological drivers

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### Challenges of digital transformation for charity operations

When the first covid-19 lockdown started, charities had to quickly reinvent frontline services for digital delivery. This has included a wide range of activities (including online antenatal classes<sup>54</sup>, virtual support services including webchats for parental advice<sup>55</sup>, and chatbots for people with arthritis affected by covid-19<sup>56</sup>) and allowed charities to respond faster to new and existing demands and cover greater distances.

The pandemic has hastened a long-term trend towards multiple charity operations moving online. Digital technology is likely to play a bigger role in volunteer recruitment, activities and management. Volunteer recruitment via charity websites continue to be complemented with digital brokerage like Do-It and the Royal Voluntary Service-administered NHS GoodSAM app offers valuable learning for the sector<sup>57</sup>. Online volunteering is becoming more common, from text message-based personal support<sup>58</sup> to mutual aid group activities being run on WhatsApp and Facebook<sup>59</sup>.

Fundraising events have transitioned online with activities ranging from virtual pub quizzes to growing models like gaming via Twitch and Tiltify<sup>60</sup>. Mind has started ‘Switch Off, Game On’ for online and offline gaming<sup>61</sup> while Comic Relief held a livestreamed celebrity Dungeons and Dragons boardgame event<sup>62</sup>. Due to reduced footfall, some charity shops have moved to online sales<sup>63</sup>.

This transition has been challenging for many charities, with some charity services difficult to replicate online. According to the 2020 Charity Skills Report, over a quarter (27%) of respondents have cancelled services due to the charity or users not having the necessary skills and technology<sup>64</sup>.

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<sup>54</sup> <https://econsultancy.com/how-digital-priorities-have-changed-for-charities-since-covid-19/>

<sup>55</sup> <https://zoeamar.com/2020/09/09/how-charities-can-use-digital-to-build-back-better-during-covid-19/>

<sup>56</sup> <https://www.charitytoday.co.uk/launch-of-uks-first-condition-specific-coronavirus-chatbot/>

<sup>57</sup> <https://charitydigital.org.uk/topics/topics/digital-platforms-to-recruit-your-next-volunteers-7364>

<sup>58</sup> <https://www.thinknpc.org/blog/digital-services-how-to-connect-in-a-time-of-crisis/>

<sup>59</sup> <https://blogs.lse.ac.uk/medialse/2020/03/30/solidarity-at-the-time-of-covid-19-another-digital-revolution/>

<sup>60</sup> <https://www.theguardian.com/gaming-for-good/2020/sep/24/this-is-the-future-of-fundraising-how-gaming-is-becoming-the-latest-big-charity-revenue-stream>

<sup>61</sup> <https://www.mind.org.uk/get-involved/donate-or-fundraise/do-your-own-fundraising/switch-off-game-on/>

<sup>62</sup> <https://www.charitytoday.co.uk/comedians-unite-for-comic-relief-gaming-event-for-covid-19-response/>

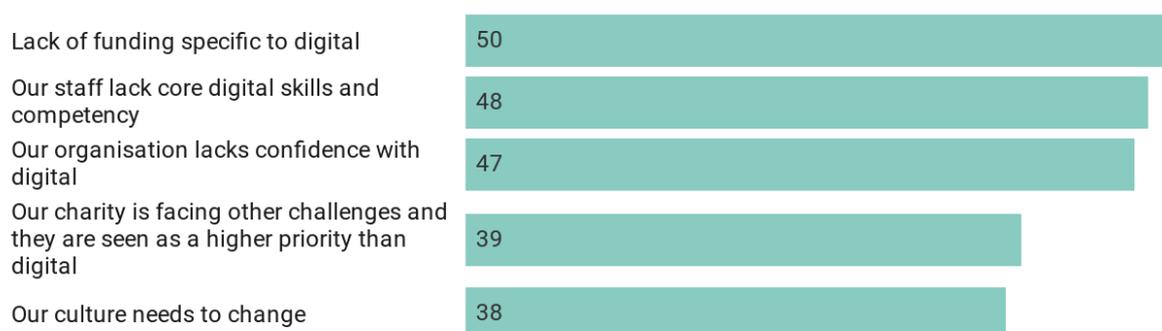
<sup>63</sup> <https://www.retailgazette.co.uk/blog/2020/06/government-urged-to-help-charity-shops-adapt-digital-first-innovations/>

<sup>64</sup> [https://www.skillsplatform.org/uploads/charity\\_digital\\_skills\\_report\\_2020.pdf](https://www.skillsplatform.org/uploads/charity_digital_skills_report_2020.pdf)

## Remote working and the importance of digital skills

The shift to online service delivery and remote working has highlighted a long-running digital skills gaps within the charity workforce. The 2020 Charity Skills Report highlighted that two-thirds of respondents were delivering work remotely and 61% intend to offer more online services in the future<sup>65</sup>. However, 83% rated themselves fair or poor at digital service delivery, 80% the same for developing digital products and 60% for low skills in AI. With covid-19 accelerating the trend towards online services, charities need to find ways to invest in staff skills and digital infrastructure or risk being left behind, but lack of funding specific to digital is considered a major barrier (50%).

Top five biggest internal barriers to getting the most from digital, 2020 (% of survey respondents)



Source: Charity Digital Skills Report, 2020 • Created with Datawrapper

## Data protection poses challenges for online services

Data protection is proving an ongoing challenge for charities delivering services online - two years after the introduction of the General Data Protection Regulation (GDPR).

With covid-19 and the increased adoption of technology such as remote working software, databases and CRM systems, and the rise of volunteer-led mutual aid groups, there is a need for greater awareness of GDPR and other data legislation, as well as considerations on digital ethics, safeguarding<sup>66</sup> and how to keep personal data anonymised during a public health emergency<sup>67</sup>. A ProPrivacy report on charity website ad trackers showed 92 of the top 100 most popular charities did not fully comply with GDPR opt-out requirements while 84 loaded marketing cookies and other non-essential trackers before consent was given<sup>68</sup>.

<sup>65</sup> [https://www.skillsplatform.org/uploads/charity\\_digital\\_skills\\_report\\_2020.pdf](https://www.skillsplatform.org/uploads/charity_digital_skills_report_2020.pdf)

<sup>66</sup> <https://charitydigital.org.uk/topics/the-ethics-behind-safeguarding-tech-7837>

<sup>67</sup> <http://theodi.org/wp-content/uploads/2020/06/ODI-2020-Anonymising-data-in-times-of-crisis.pdf>

<sup>68</sup> <https://proprivacy.com/privacy-news/exposing-the-hidden-data-ecosystem-of-the-uks-most-trusted-charities>

Data protection and cybersecurity will continue to be issues for charities, with about a quarter of charities experiencing a cyberattack last year<sup>69</sup> and many rating their skills in this field as fair or poor in cybersecurity (76% compared to 54% the year before<sup>70</sup>).

Data protection challenges are happening at a time when public concerns about data have continued to rise. While most governments have developed track and trace apps during the pandemic their uptake has been poor, which is likely linked to a lack of trust around data sharing. Civil society has a role to play in shaping debates on how data is collected, its purpose and who controls it. There have been calls for greater oversight via independent data trusts who could hold data on behalf of others to be accessed in an ethical, protected way<sup>71</sup>.

## Spotlight: Addressing the digital divide

While digital technology can address social distancing and expand the reach of charity services, many households are being excluded. Besides poor broadband and mobile network access in some parts of the country<sup>72</sup>, many people cannot afford computers, smartphones, or broadband, and are often dependent on pre-paid phone. For some, it is the choice between food or data<sup>73</sup>. This has implications for charities supporting people in need, for example those applying for and fulfilling Universal Credit obligations<sup>74</sup>. Many people also lack digital skills or face additional barriers to access digital services, including disabled people and older people<sup>75</sup>.

With many services likely to remain digital after the pandemic, there is an important role for charities in tackling the digital divide<sup>76</sup>. Examples of good practice have emerged from the covid-19 pandemic. Some have focused on designing practical, easily accessible digital services. This involves low-tech solutions like phonelines and text messaging systems, solutions that don't require service users to access digital technology like use of digital billboards to advertise homelessness services, arranging services such as food deliveries for isolating older people on their behalf, and providing digital support for service users<sup>77</sup>. Another examples of good practice

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<sup>69</sup> <https://www.civilsociety.co.uk/news/over-a-quarter-of-charities-experienced-cyber-attacks-last-year.html>

<sup>70</sup> [https://www.skillsplatform.org/uploads/charity\\_digital\\_skills\\_report\\_2020.pdf](https://www.skillsplatform.org/uploads/charity_digital_skills_report_2020.pdf)

<sup>71</sup> [http://theodi.org/wp-content/uploads/2020/04/OPEN\\_Designing-trustworthy-data-institutions\\_ODI\\_2020.pdf](http://theodi.org/wp-content/uploads/2020/04/OPEN_Designing-trustworthy-data-institutions_ODI_2020.pdf)

<sup>72</sup> <https://www.verdict.co.uk/uk-digital-infrastructure/>

<sup>73</sup> <https://www.theguardian.com/world/2020/apr/28/digital-divide-isolates-and-endangers-millions-of-uk-poorest>

<sup>74</sup> <https://www.jrf.org.uk/blog/coronavirus-response-must-include-digital-access-connect-us-all>

<sup>75</sup> <https://www.tnlcommunityfund.org.uk/news/blog/2020-07-08/loneliness-how-do-we-bridge-the-digital-divide>

<sup>76</sup> <https://charitydigital.org.uk/topics/topics/why-charities-should-be-championing-digital-inclusion----7755>

<sup>77</sup> <https://charitydigital.org.uk/topics/topics/how-charities-are-reaching-out-to-tech-averse-service-users-7515>

has been charities providing financial support like phone credit<sup>78</sup> and fundraising and working with local charities to provide cheap digital devices<sup>79</sup>, especially for those self-isolating.

However, many of these practices provide temporary solutions and will require long-term investment and activities that address the deeper causes of the digital divide.

## Digital technology as a means to empower civil society

In recent years, digital activities have become central to social action (for example, the use of Twitter during the Arab Spring). Lockdowns and social distancing have accelerated this trend. Online activism has been key to movements such as Black Lives Matter and Extinction Rebellion with, for instance, livestreamed events that people can follow and join from their own home.

Digital technology has been crucial in mobilising the general public during Covid-19. Mutual aid groups often organise entire activities via social media, particularly through Facebook and WhatsApp. The Taiwanese government's lauded covid-19 response relied on a strong online civic activist culture and existing civic tech platforms such as vTaiwan<sup>80</sup>, Slack and others to map information such as mapping facemask availability, and community-created apps to map likelihood of exposure to covid-19<sup>81</sup>.

Digital platforms will likely play a bigger role as a result of covid-19, with devolved authorities such as Scotland and the West Midlands Combined Authority already having created platforms for the public to feed into recovery proposals<sup>82</sup>.

However, civil society faces challenges around transparency and trust of social media platforms during times of crisis<sup>83</sup>. As social media platforms start to clamp down on misinformation, charities must be careful about supporting and verifying facts that they post online. As a trusted voice connected to communities, charities have taken a leading role in challenging misinformation in the age of fake news especially during the pandemic. This can be done effectively through having a strong communications strategy, verifying content and evidence sources, and encouraging data transparency<sup>84</sup>.

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<sup>78</sup> <https://www.theguardian.com/world/2020/apr/28/digital-divide-isolates-and-endangers-millions-of-uk-poorest>

<sup>79</sup> [https://media.futuredotnow.uk/wp-content/uploads/2020/06/Interim\\_impact\\_report\\_2\\_devicesdotnow\\_29\\_june\\_2020.pdf](https://media.futuredotnow.uk/wp-content/uploads/2020/06/Interim_impact_report_2_devicesdotnow_29_june_2020.pdf)

<sup>80</sup> <https://www.nesta.org.uk/feature/six-pioneers-digital-democracy/vtaiwan/>

<sup>81</sup> <https://www.foreignaffairs.com/articles/asia/2020-03-20/how-civic-technology-can-help-stop-pandemic>

<sup>82</sup> <https://www.involve.org.uk/resources/blog/opinion/time-more-democracy-not-less>

<sup>83</sup> <https://committees.parliament.uk/publications/1634/documents/17731/default/>

<sup>84</sup> <https://charitydigital.org.uk/topics/topics/how-charities-can-fight-back-against-the-covid-19-fake-news-epidemic-7477>

## Charities getting the most out of data

For the first time, the UK government released a national data strategy which emphasises the importance of data to empower civil society organisations to better reach those in needs, decrease costs and make effective interventions for those in need<sup>85</sup>. This could have implications for charities around data sharing and data quality especially in ensuring complete, unbiased, representative data to inform activities. The recent report by Danny Kruger MP also recommended that charities that benefit from public funds should be required to publish coherent, comparable data on their activities<sup>86</sup>.

As charities move their services and activities online, engaging in data analytics and user research is becoming more important to help design services that reflect user experiences and needs. However, the 2020 Charity Skills Report indicates that charities are not confident with handling data, with 91% of respondents rating themselves fair to poor in understanding how their audiences use digital and 87% as fair to poor skills at conducting user research<sup>87</sup>.

Yet, there are examples of good practice in user research in the sector. For instance, Parkinsons UK used user research, interview data and case management to understand needs and establish priority areas for its Parkinson's Connect Service during covid-19<sup>88</sup>. However, such examples likely reflect larger charities' financial and staff digital skills capacity to do this, highlighting the gap with smaller charities.

## Moving forward

Questions your organisation might want to consider:

- Which of your charities' operations could be delivered online? What activities would be better delivered face-to-face?
- What are the implications for moving services online for people who use your services? Are some users likely to be negatively impacted on by this change? How can you address this?
- What are the digital skills that your organisation and staff most need going forward and where are the current gaps? What opportunities are there for funding digital skills training?

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<sup>85</sup> <https://www.gov.uk/government/publications/uk-national-data-strategy/national-data-strategy>

<sup>86</sup> <https://www.dannykruger.org.uk/sites/www.dannykruger.org.uk/files/2020-09/Kruger%20.0%20Levelling%20Up%20Our%20Communities.pdf>

<sup>87</sup> [https://www.skillsplatform.org/uploads/charity\\_digital\\_skills\\_report\\_2020.pdf](https://www.skillsplatform.org/uploads/charity_digital_skills_report_2020.pdf)

<sup>88</sup> <https://www.thirdsector.co.uk/rapid-digital-upscaling-enabling-health-charities-meet-covid-19-challenges/communications/article/1683434>

- How does GDPR, other data legislation and cybersecurity apply to your charity's digital activities? What kind of processes do you have in place to assure your charity's legal compliance?
- How does your organisation use digital technology to influence civil society discussions and encourage mobilisation?
- What kind of data will most help your organisation's activities and demonstrate the impact you're having? How can your data analysis capacity be strengthened?

## Links and resources

- Take a look at NCVO's [Planning for Tomorrow's Workforce](#) on the digital skills gap in the charity workforce.
- [Explore NCVO's Knowhow website with resources on digital technology including assessing your current digital strengths and weaknesses, digital transformation and cybersecurity.](#)
- [Go to the](#) National Lottery Community Fund [blog on digital technology](#) in the charity sector.
- Read the National Cyber Security Centre's [Small Charity Guide](#).
- Read The Good Things Foundation's [report](#) on how to address the digital divide in terms of workplace and public online skills
- Take a look at Catalyst [resources on service delivery](#) and blogs on [engaging service users](#) and how to use [user research](#) to build impactful services.

## Environmental drivers

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### Greater political and public traction

Protecting the environment has emerged as one of the top political priorities. The government has signed up to the UN Sustainable Development Goals and the Paris Climate Accord, parliament declared a climate emergency, and the UK will be hosting UKCOP26 in Glasgow this year. The government's commitment to net zero carbon emissions by 2050 has become broadly got cross-party support.

Equally, there is broad public support for climate change solutions. Polling from Ipsos Mori shows that two-thirds of Britons see climate change as equally as serious as Covid-19 and support a green economic recovery built on moving towards net zero emissions<sup>89</sup>. Another Ipsos poll shows that the public prioritises renewable energy as the most popular sector for job creation (46% of respondents), followed by nature conservation (37%) and energy efficiency (35%).<sup>90</sup>

In terms of political and public shifts on climate change, civil society continues to play a prominent role. Campaigns like the Climate Change Coalition have taken on the role of a 'critical friend' of government.<sup>91</sup> Young people are also playing a major role setting the agenda. There has been a marked shift in tone and action for grassroots environmental activism within the last 5 years focusing and use of words like 'urgency' and 'emergency' – best seen with Extinction Rebellion and the Student Climate Network's school climate strikes<sup>92</sup>. The shift in tone and tactics including civil disruption will likely continue as key features of the climate change movement for the foreseeable future.

### The rise of sustainable consumption

As the environment and climate change grow as political issues, this will affect how charity activities are perceived by the public. Ethical consumerism continues to develop, with greater awareness and value of circular, repairable, recycled sourcing of goods, especially amongst younger generations.<sup>93</sup> This will benefit charity shops as existing suppliers of second-hand

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<sup>89</sup> <https://www.theguardian.com/environment/2020/jun/23/uk-public-supports-green-recovery-from-coronavirus-crisis>

<sup>90</sup> <https://www.cen.uk.com/polling>

<sup>91</sup> <https://www.theccc.org.uk/publication/letter-building-a-resilient-recovery-from-the-covid-19-crisis-to-prime-minister-boris-johnson/>

<sup>92</sup> <https://commonslibrary.parliament.uk/insights/the-rise-of-climate-change-activism/>

<sup>93</sup> <https://www.circularonline.co.uk/news/gen-z-londoners-lead-the-way-in-repair-culture/>,  
<https://www.bbc.co.uk/news/science-environment-46797396>

goods<sup>94</sup>. Civil society has featured through movements such as Fashion Revolution, while local networks such as Freecycle and the Right to Repair movement promote the use of reusable goods<sup>95</sup>. The Right to Repair is already influencing political change in the EU but also proving a major legal and human rights issue in the courts<sup>96</sup>.

The shift to ethical consumerism has implications for charities and their practices. Charities will want to start considering their impact on the environment and how they can plan for meaningful action to improve where necessary while avoiding accusations of ‘greenwashing’ that has already been used against corporate social responsibility. Actions could include building standards for net zero emissions<sup>97</sup>, supply chain transparency, setting emissions targets, carbon accounting, and greening activities such as installing solar panels on buildings, office recycling and green investments including reserves and staff pension funds.

## More integration with racial and social justice

In recent years, the climate change movement has grown and evolved, especially with emerging groups like Extinction Rebellion rising as part of a wider shift towards decentralised social movements like Black Lives Matter that demand more widespread institutional change.

Pressure has mounted for environmentalism to become more intersectional in proposing solutions to climate change. More than one year on from its global mass protests and actions, Extinction Rebellion is acknowledging criticism about its lack of attention to class and race in the context of an environmental movement that has historically been seen as white and middle class<sup>98</sup>. There have been calls for greater recognition of the disproportionate impact of climate change on working class and disproportionately Black, Asian and Minority Ethnic communities. Education, job insecurity and ethnicity are linked to the likelihood of living in polluted areas and feeling the impact of climate change-induced disasters in the Global South, yet whose voices are often marginalised<sup>99</sup>. In the context of Black Lives Matter, climate change has been inextricably tied to race.

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<sup>94</sup> <https://startdesign.com/insights/we-love-preloved-how-can-charity-stores-profit-from-the-rise-in-ethical-spending/>

<sup>95</sup> <https://therestartproject.org/right-to-repair/>

<sup>96</sup> <https://www.theguardian.com/world/2020/mar/11/eu-brings-in-right-to-repair-rules-for-phones-and-tablets>; <https://repair.eu/news/apple-crushes-one-man-repair-shop/>

<sup>97</sup> <https://www.ukgbc.org/wp-content/uploads/2020/01/Energy-performance-targets-for-offices-technical-report.pdf>

<sup>98</sup> <https://time.com/5864702/extinction-rebellion-climate-activism/>

<sup>99</sup> <https://www.theguardian.com/environment/2020/jun/18/environmental-justice-means-racial-justice-say-activists>; <https://climateanalytics.org/blog/2020/black-lives-matter-the-link-between-climate-change-and-racial-justice/>;

Some organisations suggest that any solutions to climate change must tackle structural imbalances to simultaneously address racial justice and poverty<sup>100</sup>. The RSA has advocated social, economic, environmental justice as interconnected, resilient systems<sup>101</sup>. Moving forward, charities will need to think about how their outlook on climate change links with wider economic and social considerations and how this informs their activities.

## The lessons of covid-19 for climate change

With covid-19 lockdown resulting in reduced commuting and air travel, carbon emissions have fallen locally and globally. With more people walking and cycling, local authorities have invested in schemes to boost cycling and walking space, including pop-up cycle lanes and pedestrianisation of city centre streets<sup>102</sup>. These temporary changes may well last beyond the pandemic<sup>103</sup>, illustrated by Common Wealth's visualisation of Glasgow showing how the impact of a green approach to urban planning would look like in daily urban life<sup>104</sup>. Sustrans, the custodians of the National Cycle network, are campaigning for a more permanent change in urban planning ethos in terms of measures to protect cyclists<sup>105</sup> while local groups are providing practical information and advocating for changes to local authorities<sup>106</sup>. However any urban planning changes must be inclusive, taking into account the impact of changes for accessibility including for disabled people.<sup>107</sup>

National and global responses to covid-19 have long-term implications on how to manage the impact of climate change. Former DfID Secretary Douglas Alexander and former Obama Official Alex Thier proposed a similar approach to climate change in terms of treating net zero emissions as 'flattening the carbon curve'. This, they argue, requires global leadership and local action including national and local government, charities and activists, preventative actions such as building new, resilient systems, and learning the right lessons from the crisis to set socioeconomic priorities going forward<sup>108</sup>.

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<sup>100</sup> <https://www.greenpeace.org/international/story/43895/2020-disruption-climate-crisis-racial-justice-blacklivesmatter-greenpeace-africa/>

<sup>101</sup> <https://www.thersa.org/discover/publications-and-articles/rsa-blogs/2020/05/climate-frames-covid>

<sup>102</sup> <https://www.theguardian.com/society/2020/sep/24/schemes-boosting-cycling-and-working-accelerate-across-the-uk>

<sup>103</sup> <https://www.economist.com/britain/2020/05/23/walkers-and-cyclists-are-using-the-covid-19-crisis-to-swipe-road-space>; <https://www.common-wealth.co.uk/interactive-digital-projects/gnd-glasgow/street-view>

<sup>104</sup> <https://www.common-wealth.co.uk/interactive-digital-projects/gnd-glasgow>

<sup>105</sup> <https://www.sustrans.org.uk/for-professionals/urban-design-and-planning/re-allocating-road-space-to-make-walking-and-cycling-safer-during-covid-19-and-beyond/>

<sup>106</sup> <https://camdencyclists.org.uk/covid-19/>

<sup>107</sup> <https://www.bbc.co.uk/news/av/uk-england-london-53670087>

<sup>108</sup> <https://www.kcl.ac.uk/news/flattening-the-carbon-curve-lessons-from-a-pandemic-for-the-other-existential-crisis>

## Charities helping to ‘build back better’

Politicians and policy thinkers have been debating ‘building back better’ with an emphasis on a green economic recovery<sup>109</sup>, Proposals include building and retrofitting infrastructure<sup>110</sup>, retraining workers in those high-emissions industries which were hit with redundancies like aviation into green jobs<sup>111</sup>, and redesigning the economy to become more circular and regenerative<sup>112</sup>. However, concerns have been raised that any stimulus must be well-targeted, with the New Economics Foundation prioritising speed, job creation, regional equality and social distancing<sup>113</sup>.

Civil society will likely play a crucial role in influencing any national green recovery package. On a policy level, there are calls to devolve decision-making. The Centre for Local Economic Strategies has advocated for a green, generative, place-based policy model that utilises local charities and social enterprises<sup>114</sup>. IPPR has recommended relying on community input for localised, green solutions<sup>115</sup>. Citizens Advice suggests best-practice green energy policies to reduce the cost impact on consumers<sup>116</sup>.

On a practical level, NPC has called for charities, funders, communities and environmental groups to consider how to transition to a green economy fairly and consider their own contributions to climate change<sup>117</sup>. There have also been calls for foundations to fund supporting civil society and green social movements, investment in green research and public education.<sup>118</sup>

Conservation charities will likely play a big role in carbon capture via forest and peatland maintenance and restoration<sup>119</sup>. However, facing the same financial challenges as the rest of the sector, and despite extra government funding, it is uncertain what their future will be.<sup>120</sup>

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<sup>109</sup> [https://www.theguardian.com/environment/2020/nov/17/boris-johnson-announces-10-point-green-plan-with-250000-jobs?CMP=Share\\_iOSApp\\_Other](https://www.theguardian.com/environment/2020/nov/17/boris-johnson-announces-10-point-green-plan-with-250000-jobs?CMP=Share_iOSApp_Other)

<sup>110</sup> <https://neweconomics.org/2020/07/building-a-green-stimulus-for-covid19>

<sup>111</sup> <https://neweconomics.org/uploads/files/aviation-workers.pdf>

<sup>112</sup> <https://www.greenpeace.org.uk/wp-content/uploads/2020/06/A-green-recovery-how-we-get-there-Greenpeace-UK.pdf> ; <https://medium.com/rsa-journal/regenerative-futures-b245c74b4f27>

<sup>113</sup> <https://neweconomics.org/2020/07/building-a-green-stimulus-for-covid19>

<sup>114</sup> <https://cles.org.uk/wp-content/uploads/2020/07/Own-the-future-revised-mutuals-copy.pdf>

<sup>115</sup> <https://www.ippr.org/files/2020-07/faster-further-fairer-ejc-interim-may20.pdf>

<sup>116</sup> [https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Lessons%20for%20net%20zero%20-%20What%20past%20energy%20efficiency%20and%20low%20carbon%20home%20improvement%20scheme%20tell%20us%20\(1\).pdf](https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Lessons%20for%20net%20zero%20-%20What%20past%20energy%20efficiency%20and%20low%20carbon%20home%20improvement%20scheme%20tell%20us%20(1).pdf)

<sup>117</sup> <https://www.thinknpc.org/blog/buildbackbetter-why-social-and-environmental-charities-must-work-together/>

<sup>118</sup> <https://fundraising.co.uk/2019/05/23/invest-more-funding-to-tackle-climate-change-scientists-urge-funders/>

<sup>119</sup> <https://commonslibrary.parliament.uk/insights/climate-change-solutions-the-role-of-nature/>

<sup>120</sup> <https://www.gov.uk/government/news/government-announces-40-million-green-jobs-challenge-fund>

## Spotlight: Charities and influencing local climate change solutions

Local authorities have been an important public voice on climate change in communities, with about two-thirds having declared a climate emergency in the UK. Internationally cities in the Netherlands and New Zealand have adopted the donut model of sustainable development, aimed at meeting socioeconomic needs within sustainable environmental boundaries<sup>121</sup>.

Just as with central government, charities and community groups have opportunities to hold local government to account as facilitators, advocates, and watchdogs as well as influence local solutions. For example Power to Change, led by Community Energy England, has produced a useful toolkit for community groups, local energy cooperatives and local authorities to work together to address climate change and create sustainable energy solutions<sup>122</sup>.

Likewise, local authorities can create platforms for the public to influence policies. Like the UK Parliament-commissioned Climate Assembly have recruited demographically representative members of the public to hear evidence and make recommendations<sup>123</sup>, local government has also used polling and consultation to allow people to feed in climate change proposals<sup>124</sup>.

Charities, community groups and campaign groups on a local level can learn from past examples like the Living Wage campaign started by London Citizens, part of Citizens UK – a coalition of faith leaders, unions and community organisations<sup>125</sup>. The campaign used a range of tactics, including marches, coalition building, and signing up organisations, companies and London mayoral candidates to a living wage pledge. This approach was successful in influencing the Greater London Authority back the campaign.

## Meeting social and resilience needs from climate change

Despite the push to stop climate change, its impact is already being felt and charities will have a role in meeting the needs of people most at risk as well as needing to adapt their own operations. The biggest concern is the impact of changing weather: increased temperatures and natural disasters will have an impact on food and water supplies and quality, diseases, and air pollution

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<sup>121</sup> <https://www.kateraworth.com/2020/04/08/amsterdam-city-doughnut/>;

<https://globalshakers.com/dunedin-becomes-latest-city-to-back-regenerative-doughnut-economics/>

<sup>122</sup> [https://communityenergyengland.org/files/document/397/1592407335\\_TransformingEnergy-ThePowerofLocalToolkit.pdf](https://communityenergyengland.org/files/document/397/1592407335_TransformingEnergy-ThePowerofLocalToolkit.pdf)

<sup>123</sup> <https://www.climateassembly.uk/report/read/final-report-exec-summary.pdf>

<sup>124</sup> <https://www.citizenlab.co/blog/civic-engagement/how-public-engagement-can-help-to-tackle-climate-change/>

<sup>125</sup> <https://www.citizensuk.org/the-living-wage-campaign-rix-u-igroucqykv7quhtg>

and allergens which would have a significant effect on those most at risk in terms of housing and shelter, food and public health<sup>126</sup>.

Changing weather has already seen the plight of climate refugees – of which there has been over 700,000 within Europe in the last decade – as the result of displacement due to coastal erosion and floods<sup>127</sup>. On this and other issues, central and local government and charities will need to consider the impact of climate change on public services and emergency response plans for floods and other disasters<sup>128</sup>. Given the changes in emergency response plans in recent decades, this will likely involve communities and plans to mobilise volunteers during emergencies and there will be valuable learning from how this was done throughout the covid-19 pandemic. Charities should consider the potential impacts of climate change into risk assessments and business planning<sup>129</sup>.

## Moving forward

Questions your organisation might want to consider:

- With climate change becoming a top political and public priority, what role do you see your charity playing in influencing this agenda?
- In what ways could your charity's trading activities benefit from ethical consumerism? Which of your charity's activities could become more environmentally sustainable?
- How does your charity's approach to climate change fit with your activities and outlook on economic, social and racial inequalities?
- Are there lessons from the covid-19 pandemic which could be used in your charity's response to climate change?
- What role do you see for your charity in influencing the green economic recovery? What changes in the sector?
- How could your charity support climate change solutions on a local level and who would you work with?

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<sup>126</sup> <https://commonslibrary.parliament.uk/insights/how-is-the-uk-adapting-to-climate-change/>

<sup>127</sup> <https://www.euronews.com/2020/02/26/extreme-weather-exiles-how-climate-change-is-turning-europeans-into-migrants>

<sup>128</sup> [https://www.london.gov.uk/sites/default/files/climate\\_change\\_risks\\_for\\_london\\_-\\_a\\_review\\_of\\_evidence\\_under\\_1.5degc\\_and\\_different\\_warming\\_scenarios.pdf](https://www.london.gov.uk/sites/default/files/climate_change_risks_for_london_-_a_review_of_evidence_under_1.5degc_and_different_warming_scenarios.pdf)

<sup>129</sup> <https://environmentjournal.online/articles/climate-resilience-its-time-for-businesses-to-act-now/>

## Links and resources

- Explore the NCVO Knowhow pages includes information on how to create a [green action plan](#) and how to create a [sustainable workplace](#).
- Take a look at [CAF guidance on sustainable charity investing](#) to incorporate environmental, social and governance factors into investment decisions.
- Check out the [Centre for Local Economic Strategies'](#) guidance on rebuilding green local economies centred on the role of local charities, social enterprises and cooperatives.
- Read CitizenLab's case studies of [public engagement](#) on local, national and international levels to address climate change.
- Read this [NPC blog](#) on what 'building back better' means for charities and funders.

## Legal drivers

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### A changed procurement environment

To cope with the demands of the pandemic last year, the government encouraged contracting authorities, whether local councils or central government departments, to offer support and flexibility to organisations delivering contracts. This was particularly important for charities delivering public service contracts.

Although we know implementation has not been universal, guidance issued<sup>130</sup> early in the pandemic has encouraged public bodies to, for example, relax key performance indicators and offer average payments for organisations struggling to deliver payment by results contracts. In addition to making sure service providers could stay afloat, this guidance supported public bodies' work in partnership with charities to deliver responsive support for communities. While this guidance was not extended beyond October 2020, it demonstrated the flexibility that is possible within the current system and how flexibility can enable better working relationships between public bodies and charities. Going forward, if public bodies do not take a supportive approach, charities could face more issues related to defaulting on contracts and failures in supply chains.

The government published a green paper<sup>131</sup> at the end of 2020 setting out proposals to change UK procurement post-Brexit. This does not represent a radical change to existing procurement regulation, but it does provide an opportunity to talk to government about better ways of delivering public services with charities. As ever, the major flaw in the green paper is that it does not recognise the difference between organising public services for people experiencing complex issues and, for example, purchasing office supplies.

### The role of the Charity Commission

One of the few certainties that charities have is that the current chair of the Charity Commission Baroness Stowell is standing down from her position in February, after having served only one term. This opens up the process of recruiting the next chair of the Commission and will inevitably attract a lot of attention from charity trustees and leaders given the importance of this role in setting the relationship between the regulator and the sector. Despite calls from a number of infrastructure bodies to change the process<sup>132</sup>, it is likely that the

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<sup>130</sup> <https://www.gov.uk/government/collections/procurement-policy-notes>

<sup>131</sup> <https://www.gov.uk/government/consultations/green-paper-transforming-public-procurement>

<sup>132</sup> <https://www.acevo.org.uk/2020/11/charity-commission-chair/>

appointment will reflect the government's priorities. The outgoing chair's regular references to the impact on public trust of individual charity failings and emphasis on a need to 'stay out of politics' when addressing pressing social issues such as racism and the UK's historic role in slavery have been unpopular across the sector<sup>133</sup>. It remains to be seen whether the next appointee will take a different approach.

In any typical year, the regulators such as the Charity Commission seek to implement new regulatory obligations that organisations must respond to. However, the past year has been far from typical. Regulators have ushered in a period of 'regulator forbearance', showing a willingness to identify where rules can be relaxed to allow organisations much needed flexibility during this period. In response to the unique circumstances of the pandemic, the Charity Commission has asked organisations whose annual accounts/reports filing will be impacted to contact them and has also issued new guidance on reporting serious incidents<sup>134</sup> during the pandemic as well as guidance on mergers and collaborative working<sup>135</sup>.

## The regulatory impact of the deal with the EU

Having a deal in place doubtless gives more certainty for charities in relation to regulatory areas such as data, product standards and workforce, yet there will still be challenges adapting to the new rules for some charities. The government has issued specific guidance for charities<sup>136</sup> as well as detailed guidance on the key issues such as products, environmental and data standards which will be relevant for many charities to consider.

On product standards, the new legislative framework<sup>137</sup> has introduced, for certain legislation, a UK regulatory mark that will be affixed to products or their packaging. The role of this UK conformity assessed (UKCA) mark<sup>138</sup> will be to support authorities and provide clarity to

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<sup>133</sup> <https://www.civilsociety.co.uk/news/charity-commission-chair-warns-charities-not-to-engage-in-culture-wars.html#:~:text=Baroness%20Stowell%2C%20chair%20of%20the%20Charity%20Commission%2C%20has%20said%20charities,not%20engage%20in%20culture%20wars.&text=As%20Stowell%20herself%20writes%2C%20%E2%80%9Call,party%20politics%20by%20doing%20so%E2%80%9D>.

<sup>134</sup> <https://www.gov.uk/guidance/reporting-serious-incidents-to-the-charity-commission-during-the-coronavirus-pandemic>

<sup>135</sup> <https://www.gov.uk/guidance/how-to-merge-charities>

<sup>136</sup> <https://www.gov.uk/government/collections/the-civil-society-sectors-from-january-2021>

<sup>137</sup> <https://www.gov.uk/government/collections/new-legislative-framework>

<sup>138</sup> <https://www.gov.uk/government/publications/prepare-to-use-the-ukca-mark-after-brexite/using-the-ukca-marking-if-the-uk-leaves-the-eu-without-a-deal>

manufacturers placing products on the market in the UK post-Brexit. The EU concept of 'harmonised standards'<sup>139</sup> will be transferred into UK law, now termed 'designated standards' and from exit day, the relevant secretary of state will cite these designated standards to provide assurances that UK product standards will be upheld as they are in the EU.

EU environmental law accounts for around 80% of UK domestic law on the environment. This covers air quality, waste and resources, water, wildlife and habitats, chemicals, and pesticides. The EU Withdrawal Act 2018<sup>140</sup> will ensure all existing EU environmental law continues to operate within UK law, with enforcement powers transferred to domestic institutions and the UK government has pledged to establish a new, independent body to ensure accountability for environmental issues. The UK has also agreed to maintain EU standards in relation to human rights.

The government has already enshrined GDPR in UK law. Formal agreement has yet to be reached on whether the UK will secure data adequacy, where a country is said to provide equivalent protection on personal data, so that data can flow freely to EEA countries without additional safeguards. A bridging mechanism has been put in place to allow this flow of data for up to six months. The government is recommending that UK organisations that transfer data to and from organisations in the EU put in place alternative transfer mechanisms. The UK Information Commissioner's Office (ICO) has been positive about the implications of the Trade Agreement<sup>141</sup>: The ICO has also undertaken to update its guidance to organisations to reflect the extended provisions. Charities will want to keep up to date with both the Government and ICO guidance on this matter.

## Employment and volunteering post Brexit

The Institute of Public Policy Research (IPPR) has cautioned<sup>142</sup> that changes in freedom of movement could affect the charity sector's ability to recruit EU citizens as well as pointing out the concentration of EU charity workers in social work and residential care. If a charity currently employs an EU, EEA or Swiss citizen, they must apply before 30 June 2021 for the EU

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<sup>139</sup> [https://ec.europa.eu/growth/single-market/european-standards/harmonised-standards\\_en](https://ec.europa.eu/growth/single-market/european-standards/harmonised-standards_en)

<sup>140</sup> <http://www.legislation.gov.uk/ukpga/2018/16/contents/enacted>

<sup>141</sup> <https://ico.org.uk/about-the-ico/news-and-events/news-and-blogs/2020/12/ico-statement-in-response-to-uk-governments-announcement-on-the-extended-period-for-personal-data-flows-that-will-allow-time-to-complete-the-adequacy-process/>

<sup>142</sup> <https://www.ippr.org/research/publications/the-charity-workforce-in-post-brexit-britain>

Settlement Scheme in order to continue living and working in the UK. There is also an employer toolkit<sup>143</sup> that has been created for organisations to support their workforce.

Charities may want to review hiring needs over the long-term. Considering whether they need to fill any skills gaps either because of EU staff choosing to leave the UK or because of reduced supply of EU workers. Although given high levels of unemployment in the UK, this is perhaps no longer as big an issue as it once was.

Volunteering is a ‘permitted activity’ for visitors to the UK<sup>144</sup> but that provision only covers a person volunteering up to 30 days in total and only if the main purpose of their visit is not volunteering. People who are visiting the UK to volunteer will need to obtain a ‘**Temporary Worker – Charity Worker**’<sup>145</sup> visa, which replaces the old Tier 5 visas.

## Good governance in bad times

It is a sad truth that more trustees than ever will be facing decisions about closure this year. Good governance is more important than ever and is about more than just legal obligations and finances.

NCVO has always made a strong case for issues such as ethics, integrity and diversity to be central tenants of charity governance. Recent changes to the Charity Governance code<sup>146</sup> have provided some recommended outcomes and steps charities can take. Designed to help Trustees ensure high standards of governance, the code has been updated after a consultation involving some 800 charities. The ‘refresh’ has focussed on the principles on ‘Integrity’ and ‘Diversity’ (now ‘Equality, diversity and inclusion’). The revised code includes the importance of values and power dynamics in decision making, as well as the need for boards to take a systematic approach to inclusion beyond their own composition.

The government issued new guidance for charities<sup>147</sup> on managing financial difficulties caused by the pandemic and changes have been introduced by the Corporate Insolvency and Governance Act 2020 (the Act)<sup>148</sup> to help organisations keep operating and try to avoid insolvency. These

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<sup>143</sup> <https://www.gov.uk/government/collections/eu-settlement-scheme-employer-toolkit>

<sup>144</sup> <https://www.gov.uk/guidance/immigration-rules/immigration-rules-appendix-visitor-permitted-activities>

<sup>145</sup> <https://www.gov.uk/temporary-worker-charity-worker-visa>

<sup>146</sup> <https://www.charitygovernancecode.org/en>

<sup>147</sup> <https://www.gov.uk/guidance/manage-financial-difficulties-in-your-charity-caused-by-coronavirus>

<sup>148</sup> <https://www.legislation.gov.uk/ukpga/2020/12/contents/enacted>

provisions apply to charitable companies and Charitable Incorporated Organisations (CIOs). The changes mean these organisations have some leeway from debt enforcement action so they can explore options for rescue or restructure. Termination clauses in contracts have been limited so companies and CIOs can ensure supplies and carry on operating.

One of the parts for the Act of importance for all charities is the provision to enable remote meetings, even where governing documents prohibit this. The general pivot to governing remotely via video conference has presented barriers, but for many charities it has been an enabler. Perhaps the biggest challenge of remote board meetings is that they do not afford trustees the opportunity to build relationships in the same way and so boards are finding they need to engineer this. It is likely to continue well into 2021 and may well be a feature of governance of the future.

## Legal implications of the pandemic impacting on people and communities

As a result of the pandemic, more people are likely to need legal advice and recourse on issues such as employment, housing and debt. For example, in July 2020 Citizens Advice reported that a 332% increase in demand for advice about rent arrears. Charities have been instrumental in securing and extending a ban on evictions until at least 25<sup>th</sup> January 2021 and continue to call for renters to be able to access financial support.

Before the pandemic, reductions in access to legal aid and a rising backlog of cases led to signs that the legal system was struggling. With Her Majesty's Courts and Tribunal Service moving to remote hearings, young people and those with learning difficulties have reported more negative experiences<sup>149</sup>. Trials in the magistrates' courts and Crown Court have not been able to progress remotely, meaning that victims and defendants wait longer for an outcome<sup>150</sup>. These challenges will be a concern for any charity supporting people to move through the justice system.

## Shrinking civic space

During the pandemic we have seen an unprecedented acceleration of law making as politicians cooperate beyond party lines and the public accept game-changing legal measures that would normally require greater scrutiny to pass on. The narrative of being on a 'war footing'<sup>151</sup> has in

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<sup>149</sup> <https://www.citizensadvice.org.uk/about-us/how-citizens-advice-works/media/press-releases/demand-for-citizens-advice-rent-arrears-advice-up-332/>

<sup>150</sup> <https://houseofcommons.shorthandstories.com/justice-coronavirus-impact-on-probation-prisons-courts-legal-professions/index>

<sup>151</sup> <https://www.reuters.com/article/us-health-coronavirus-britain-johnson/uks-johnson-puts-government-on-war-footing-to-fight-coronavirus-idUSKBN21439X>

effect enabled a significant erosion of individual rights and civil liberties. Disabled campaigners have spoken out against the ‘easements’ of Care Act duties, which significantly undermine rights to independent living<sup>152</sup>. In response rising demand for support, charities will continue to have a vital role to play in offering advice and guidance as well as campaigning.

This is of course all on the understanding that such erosion is temporary in nature but there are wider signs of restricting civic space which include calls to abolish the electoral commission<sup>153</sup> and potential changes to judicial review<sup>154</sup>. Judicial review has been an important tool for civil society to hold government to account, so charities will be concerned at any new restrictions. Given the direction of travel, it is not unreasonable to expect some continued shrinking of civic space and individual civil liberties. In turn, it may be that charities find themselves working with individuals and communities who find their lives increasingly restricted.

## Moving forward

Questions your organisation might want to consider:

- Have you spoken to the organisations or bodies you hold contracts with about the flexibility you or they need to deliver during the pandemic? How might the proposed changes to procurement regulations impact your organisation?
- Has your organisation considered the new approach to product, environmental and data standards and how these impact on you?
- Has your organisation thought about potential skills gaps or workforce shortages resulting from fewer staff/volunteers from EU countries?
- Has your organisation considered how it might support existing staff and volunteers from EU countries?
- Has your organisation reviewed the Charity Governance Code?
- If you’re experiencing difficulties, have you reviewed the Government guidance and taken advantage of the Corporate Insolvency and Governance Act 2020?
- Are the people you support or represent likely to experience any reduction in rights or civil liberties and if so, what does that mean for your organisation?

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<sup>152</sup> <https://www.disabilityrightsuk.org/news/2020/october/government-fails-restore-disabled-people%E2%80%99s-rights>

<sup>153</sup> <https://www.bbc.co.uk/news/av/uk-politics-52648347>

<sup>154</sup> <https://www.lawgazette.co.uk/legal-updates/government-announces-independent-review-of-judicial-review/5105287.article#:~:text=On%2031%20July%202020%20the,review%20process%20in%20the%20UK.&text=The%20terms%20of%20reference%20make,the%20executive%20branch%20of%20government.>

## Links and resources

- [Read about the changes to procurement rules](#) and the [Green Paper on transforming public procurement](#)
- [Read about how Brexit affects your organisation](#)
- [Stay up to date on how the use of personal data and data flows between UK-EU](#)
- [Review the Employer toolkit to ensure you understand your organisation's role in the EU Settlement Scheme](#)
- [Ensure you understand the rules around temporary visitors coming to the UK to volunteer if this is something which effects your organisation](#)
- Review the charity commission's [guidance on mergers](#) and also its [guidance on reporting serious incidents during the pandemic](#)

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