

Goodwill hunting

The pandemic, cost of living crisis and dwindling donor trust have all impacted the charity sector. Here's what organisations can do to come back swinging in 2023. Words: Emily Wilson

With temperatures plummeting and the price of energy and other outgoings on the rise, January is often the time when the charity sector is most reliant on donations and gifts. The difference this year? Aside from the worsening cost of living crisis, trust among donors is decreasing.

In 2020, hearts and wallets were graciously opened for humble serviceman, Sir Captain Tom Moore, raising £38m for the NHS. However, his heroic efforts were later overshadowed by The Captain Tom Foundation. The foundation accounts were investigated by The Charity Commission following a board distributary request of a £100,000 salary to Moore's daughter, alongside other exploitatively profitable involvements from the family business, as well as numerous consultancy fees.

These stories produce a lasting impact on public perception, which in turn, negatively affects other charities and NGOs that are committed to ethical practices. And to make matters worse, charities are still dealing with the catastrophic effects of the pandemic.

"We didn't know it at the time, but our annual income was about to fall by 53% as the restrictions effectively cancelled all of our traditional fundraising events," says Emma Riley, philanthropy and special events manager at Child Bereavement UK (CBUK). Despite quick diversification by adding online services, CBUK suffered monumental financial strain while demand from its service users increased significantly. "We were unable to provide our services face to face and instead had to ramp up our online training and remote support capacity."

The other challenge for charities has been the fact that many companies around the UK have been forced to scale back their fundraising

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initiatives since employees are now spending less time in the office. "This has an effect on the traditional staff fundraising activities that were usually done in person," says Wendy Bray, corporate partnerships manager at CBUK. But that's not the only issue. "Now, many companies are reluctant to ask staff to fundraise because of the cost of living crisis and, quite rightly, are very much focused on their wellbeing. Cost cutting has also meant that some of our long-held relationships aren't there anymore."

These factors have a ripple effect across the sector, particularly as

competition for donations is on the rise, with 169,000 charities currently registered across the UK. In addition to this, people are now more vigilant than ever about how they spend their money, especially in the current economic landscape when donors are being more frugal than ever. And with trust dwindling, cold-calling has become an increasingly less effective strategy for many charities.

So what can charities do to restore donor faith? For CBUK, the charity strives to remain accountable to supporters and communicates with them frequently. Emma explains: "Transparency for donors

is of vital importance and we work hard to engender trust and strong relationships. We continue to be very open with donors, reporting regularly to them and sharing our outputs and impact, as well as giving them opportunities to meet beneficiaries and front-line staff."

Red Nose Day peaked when it raised an enormous £108m in 2011, but in 2022, it generated just £42m. With Statista reporting that donations to charities from 35-49-year-olds have dropped 20% in nine years, down to 62%, it's clear that the challenges facing the sector aren't going away anytime soon.



▲ As the cost of living crisis intensifies, donors are being more frugal than ever PHOTOGRAPH: GETTY