

December | 2021

Charity Insight

In this issue:

Has the pandemic resulted in Brits donating more to charity?

91% of English & Welsh charities not anticipating to make any redundancies next year

Voluntary workforce grew 20% in the past decade



Hawsons

Big firm expertise,
small firm personal attention



Simon Bladen Partner



Introduction

Welcome to the latest edition of our charity newsletter.

As I write this the dark nights are drawing in as we rapidly approach the festive period. Unfortunately, the emergence of the new Omicron variant has loomed over the run up to Christmas as some restrictions are re-introduced with future ones seemingly on the horizon. The role of the charity sector remains crucially important during this period and the sector will once again no doubt rise to the challenges presented as we prepare to welcome 2022.

In this edition of our charity newsletter we discuss how the pandemic has increased Britain's generosity to charities. The large increase in UK volunteers in the last decade and the anticipated decrease in redundancies. We also discuss the increased tax rises next year and HMRC's fall in tax takings due to the pandemic.

We hope you enjoy the contents of this newsletter and as ever please do not hesitate to get in touch if you have any questions. Finally, from the team at Hawsons have a Merry Christmas and a Happy New Year – see you in 2022!



WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK

A member of HLB UK Ltd., which is a member of HLB International. A world-wide network of independent professional accounting firms and business advisers, each of which is a separate and independent legal entity and as such has no liability for the acts and omissions of any other member. HLB International Limited is an English company limited by guarantee which co-ordinates the international activities of the HLB International network but does not provide, supervise or manage professional services to clients. Accordingly, HLB International Limited has no liability for the acts and omissions of any member of the HLB International network, and vice versa.



Has the pandemic resulted in Brits donating more to charity?

According to a recent survey, 34% of British people commented that the pandemic has resulted in them being more generous to charities. In its Generosity and Giving 2021 report, Paypal surveyed 2,000 respondents. The survey found that the pandemic increased people's motivation to support charities. The most popular types of charities to donate to were:

- Animal Welfare (22%)
- Hospital and Hospices (21%)
- Homelessness (21%)
- Mental health care (21%)

Interestingly, despite this increase in generosity, 60% of those surveyed said that they would never volunteer themselves for a charity.

Geographical generosity

Paypal's study found that Scottish people are the most generous with Aberdeen being the most generous city in the UK. It was found that on average British people donate £103.41 per year to charities they care about. In Aberdeen, this figure is almost double the national average at £193.76 per year. Edinburgh (£138.38) and Liverpool (£125.64) were the next most generous cities in Britain.

How generous do we think we are?

31% of respondents believe that they are generous but 24% feel that they could be more generous still.

The survey found that the top reasons for not being more generous were:

- Money worries (28%)
- Increasing cost of living (25%)
- Covid-19 lockdown measures (23%)
- Donors being concerned about how charities are spending the money (19%)

Increase in virtual giving

Perhaps unsurprisingly, Paypal's report found that online donations are increasing as 24% of adults are using online platforms such as JustGiving and GOFundMe to raise money for charity. Younger people are much more likely to donate via this method as 54% of GenZ and 38% of Millennials donate via this method.



Keep up to date
with our latest news and updates





IFS predicts millions to be worse off next year due to tax rises

The Institute for Fiscal Studies (IFS) has predicted that millions of people will be worse off in 2022 as a result of spiralling costs and tax rises.

Responding to the Autumn Budget, the IFS predicted that low-income families will be squeezed by a rise in the cost of living. The Office for Budget Responsibility (OBR) recently warned that the cost of living is set to rise at its fastest rate in 30 years.

The IFS stated changes to income tax and National Insurance, alongside rising household bills, will mean slow growth in living standards.

Paul Johnson, Director of the IFS, said:

‘With, in the words of the OBR, inflation quite possibly hitting its ‘highest rate in the UK for three decades’, millions will be worse off in the short term. Next April benefits will rise by just over 3%, but inflation could easily be at 5%. That will be a real, if temporary, hit of hundreds of pounds a year for many benefit recipients.

‘We are not at 1970s levels of inflation, but we are now experiencing enough inflation that real pain will be felt as low income households – most of whom have next to nothing in the way of financial assets – wait more than a year for their incomes to catch up. For some in work that may never happen.’



HMRC's tax take falls by billions due to pandemic

HMRC saw a drop of almost £30 billion in tax revenues in the latest financial year because of the pandemic, according to its annual accounts.

In its 2020/21 annual report, HMRC reported that it had collected £608.8 billion in tax revenues, which is down from £636.7 billion collected in 2019/20.

HMRC said the drop was due to the ‘unprecedented economic circumstances caused by COVID-19, and because pandemic restrictions meant HMRC had to reduce its compliance activity’.

The reduction in compliance activity resulted in a drop of 18% in the additional tax generated by HMRC’s work tackling avoidance, evasion, and other non-compliance. This fell from £36.9 billion to £30.4 billion. The tax authority has estimated that the tax gap is now 5.3%.

HMRC reported that it delivered £60.7 billion in grants through the Coronavirus Job Retention Scheme (CJRS).

Jim Harra, HMRC’s First Permanent Secretary and Chief Executive, said:

‘Throughout this exceptionally challenging year, we kept all our core services running and ensured customers could access the right help when they needed it. To do this, we had to make choices about how we balanced our resources – for example, we took the conscious decision to divert some of our skilled advisers from PAYE and Self Assessment services to provide COVID-19 support because that’s what individuals and small businesses needed from us most urgently at a time of crisis’





91% of English and Welsh Charities not Anticipating Redundancies Next Year

New research from the Covid-19 Survey 2021 (published by the Charity Commission) has found that 91% of charities do not plan to make any staff redundancies over the next 12 months. The same percentage of charities revealed that Covid-19 has impacted them negatively (as expected) however most made less than a quarter of their staff redundant.

For charities, the largest issue the pandemic has caused has been a hit to services and delivery (85%).

Almost 60% of survey respondents said that planned work and events had been cancelled due to the pandemic, as the majority lost income from charitable activities (60%).

Charities frustrated by uncertainty

The general consensus was that charities were frustrated by the uncertainty of when their operations could return to a level of 'pre-covid' normality. To help counteract this some charities decided to adapt their services during the restrictions while others used their financial reserves and paused operations temporarily.

What about the future?

Over a third of charities predict that they will generate less revenue in 2022 from donations and fundraising. Many charities foresee their immediate financial viability under threat over the next 12 months. This could see some charities forced to make more tough decisions in the short term to ensure their future.

20% of charities have accessed funding support via their local authorities and 14% via national government schemes. Respondents said that additional clarity on funding and how to access it would be beneficial, going forward.

Positives

Whilst the pandemic presented many challenges for charities, positives can be taken. Many have increased their use of digital technology and streamlined their operations to increase the frequency of online events and digital giving. Others have taken the opportunity to improve infrastructure in a period where they could never have anticipated so much downtime and are now better positioned to deliver their services. Overall, the sector has proven itself to be resilient and adaptive to a changing environment which should give confidence as we move into 2022.

UK Voluntary Sector Workforce Grew 20% in the Past Decade

Figures from the UK Civil Society Almanac 2021 show that the UK voluntary sector workforce has increased by 20% over the past decade. In addition, the report showed that income for the voluntary sector hit record levels in the 2018/19 financial year.

The statistics show that the number of employees working in the voluntary sector increased from 792,000 in September 2010 to 952,000 in September 2020. The growth in the voluntary sector was higher than growth in both the private and public sectors which saw 16% and 3% increases respectively over the same period.

Statistics from the NGVO demonstrate that in the year to September 2020 the workforce in the UK voluntary sector increased by 32,000 (3%) despite the Covid-19 pandemic. The proportion of the UK population employed by the UK voluntary sector has remained at a consistent 3% over the 10-year period.

In the 2018/19 financial year, the annual income for the UK voluntary sector hit a new record of £56bn, an increase of £800m compared to the previous financial year. Despite the fact that the government's contribution decreased by £300m.

These statistics are a promising sign for the UK voluntary sector as this demonstrates steady growth before the pandemic hit. However, the full effects of the pandemic may not have been truly realised and it is currently unknown whether the sector will return to a similar level than before the pandemic.

Get in touch



Our charity experts

At Hawsons we recognise that not-for-profit organisations have very different requirements from other businesses and are currently exposed to a challenging economic climate.

Our dedicated team fully understands the complex, ever-changing regulatory requirements of the charity and not-for-profit sector. Irrespective of your size we wish to support you to maximise the benefits you could achieve through our specialist professional advice.

Charities & not-for-profit organisations are currently facing extensive changes in their regulatory and legal framework. Given the additional pressures on fundraising, complex tax regimes, internal risk exposure, and stakeholder demands, it has never been more important to obtain specialist professional advice.



Simon Bladen
Partner
0114 266 7141
slb@hawsons.co.uk

Sheffield Office
Pegasus House
463A Glossop Road
Sheffield, S10 2QD



Richard Burkimsher
Partner
01604 645600
RichardBurkimsher@hawsons.co.uk

Northampton Office
Jubilee House
32 Duncan Close, Moulton Park
Northampton, NN3 6WL



Paul Wormald
Partner
01302 367 262
paw@hawsons.co.uk

Doncaster Office
5 Sidings Court
White Rose Way
Doncaster, DN4 5NU



HLB UK is a member of HLB International. A world-wide network of independent accounting firms and business advisers.



WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK

Sheffield: Pegasus House | 463a Glossop Road | S10 2QD

Doncaster: 5 Sidings Court | White Rose Way | DN4 5NU

Northampton: Jubilee House | 32 Duncan Close | Moulton Park | NN36WL

www.hawsons.co.uk