



As the independent regulator of charities in England and Wales, the Charity Commission has carried out a representative survey of more than 1000 charities to determine how the economic downturn is affecting the sector. This is a follow-up to a previous survey we carried out in September 2008.

### How severe is the impact of the economic downturn on charities?

- The impact of the downturn is becoming more widespread: 52% of all charities say they have been affected. This has increased by a third from the previous survey in September 2008 (when 38% said they had been affected by the credit crunch).
- The impact varied across different sizes of charity; small and medium-sized charities were least likely to be affected whilst larger charities were most likely to report a very significant impact (14% of charities with an income of between £100,000 and £1million in that income bracket did so).
- Furthermore, 64% of charities with an annual income of over £1m say that they are concerned that their services or funding might be greatly affected.

### How are charities being affected?

Many charities face a “double whammy” as demand for services rises whilst income falls.

- 20% of charities say demand for their services has risen, and of these, 21% say they will not be able to meet this increasing demand.
- At the same time, of the 52% of charities who say the downturn has affected them, 58% say they have experienced a drop in income because of it.
- 22% of charities identified investment income as being the source of income most affected.

### What steps are charities taking in response to the economic downturn?

Overall, 32% of charities have put some measures in place to combat the effects of the downturn. 14% have looked to reduce costs on items such as stationery and telephone bills; 11% have increased their fundraising efforts and 10% have reviewed their risk policies. 6% of charities say they have drawn on reserve funds. Although this is not a step that should be taken lightly, the Charity Commission would remind trustees that reserves are there to be used in difficult times, and now is the rainy day they have been saving for.

### Are charities working together in response to the downturn?

We were surprised at how few charities said they had considered collaborating with another charity, forming a consortium or merging. Only 6% of charities say they have considered any of these measures. As the regulator, we would advise all trustees to consider seriously the opportunities that collaborating could bring in terms of sharing costs and facilities as a positive way forward.

Our survey results give detailed information about how different sizes of charity are affected, how different income streams are holding up, and what measures charities are taking to cope.

The full results are available on the main Charity Commission website at [www.charitycommission.gov.uk](http://www.charitycommission.gov.uk). We can also provide you with a list or map of about charities in your constituency, and some regional analysis of the charity sector.

We would be very happy to meet you to brief you in more detail. Please contact our Public Affairs Manager, Lindsay Owen, on 020 7674 2464 or by email at [lindsay.owen@charitycommission.gsi.gov.uk](mailto:lindsay.owen@charitycommission.gsi.gov.uk).