



# The full-year impact of the COVID-19 crisis on the nature sector

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July 2021

Wildlife and  
Countryside





## EXECUTIVE SUMMARY

The COVID-19 crisis and our ecological crisis are closely connected. Human intrusion into our natural world may well have caused the pandemic in the first place. While the disease continues to afflict us, millions of people have taken solace in nature, but millions more have suffered from lack of access to nature in our tower blocks and inner cities. At the same time, tackling this global threat has caused many to reflect on how the twin environment crises will affect our country and our planet.

If we have learned one thing from the pandemic, it is the vital importance of the right action at the right time.

Our message for public policy makers is that, unless swift action is taken to fill the funding and delivery gap in environmental action left by COVID-19, the chances of meeting climate and nature targets will be severely curtailed. The long tail of financial losses from the pandemic could mean that delivery of nature's recovery and nature-based solutions to climate change could be set back by years. Nature and net zero targets are already pressing; this kind of delay could mean failure, and ultimately increase the chances of future global crises, deepening the state of environmental emergency. We must not let one global disaster spiral into more.

Our research shows that now, in the wake of COVID-19, the nature sector is struggling from reduced resources and reduced capacity to a degree never experienced before, even in the 2008/9 financial crash. If the sector is to deliver the right action within the right time frame, to help meet 2030 nature targets and 2050 climate targets, serious public policy intervention will be needed to support action for nature.

This research shows some positives. Emergency fundraising campaigns have been vital in keeping nature charities afloat, and in general the drop-off in memberships has not been as dramatic as feared. But the figures also show a bleak balance book for many income streams. Visitor site income is down an average 90%, two-thirds of charities face reduced access to grants, and face-to-face fundraising is down by almost 60%.

This is having a huge knock-on effect for nature. Planned actions to clear our rivers, replant woodlands, re-establish declining wildlife, tackle flooding, restore vanishing habitats and put more green spaces on our doorsteps, have all taken a blow. Animal welfare and rescue capacity has also been dramatically diminished, which is very worrying given the rise in issues like puppy-farming and an anticipated rehoming crisis.

Nature charities are doing their best to do more with less. But we have lost, on average, 20% of our funding and more than one in ten staff. The scale of nature restoration, animal welfare, climate and access action needed, requires major investment. Yet the COVID crisis has set us back by potentially five years in the funding we can raise for nature. With predictions of reduced grant funding, donations and other income until 2026.

So while emergency funding support from Government and grant providers has been vital and appreciated, it is not meeting the funding shortfall from the pandemic. The question now is where is the money going to come from to prevent nature and climate catastrophe? The Government's preferred option of blended finance with business investment can play a part. But the sector faces huge hurdles with this new approach with corporate sponsorship and partnership currently making up a tiny proportion of nature charity income and given that a third of organisations are struggling to meet match and partnership funding requirements.

With global climate and nature talks and the Comprehensive Spending Review on the horizon the time is right to learn from the COVID-crisis and act on the looming nature and climate crises. Investment in nature can deliver thousands of jobs in the constituencies across the country that need them the most, save billions of pounds in the long-term on climate and nature damage, and improve people's wellbeing through our Natural Health Service.



## THE RESEARCH

Between 14 May – 14 June 2021 Wildlife and Countryside Link (Link) worked with colleagues in NI Environment Link and our members across England and the rest of the UK, to produce a full-year evaluation of how the COVID-19 crisis has affected the nature sector. This follows on from two previous shorter-term impact surveys produced in March 2020 and January 2021.

We received responses from 22 environment, animal welfare and access organisations. Their responses detail the impact that the COVID crisis has had on their organisations, their finances, and their work for nature since March 2020. Financial data has been given for the 2019/2020 and 2020/2021 financial years to demonstrate the year-on-year impact from the crisis on the financial health of the sector and the implications this has for vital animal welfare, monitoring, conservation and nature restoration work.

There were a higher number of respondents than in our survey the end of last year, when 15 organisations were able to respond. But it is only 40% of the response level we had to our initial survey in March 2020, which 55 charities undertook. Many of our members said they wanted to respond to our full-year survey, but were too overstretched as a result of COVID, with staff reductions or continued furloughing and urgent funding bid requirements reducing their capacity too much to take part.

Another reason cited by several members for not responding was that they do not feel the Government is adequately heeding the issues the sector is facing, particularly the scale of the financial need for nature to meet key targets. This is important to note, given the reduced incomes within the sector, the expected minimum 2-5 year financial recovery period, and the funding shortfall for projects needed to help towards 25 Year Plan targets.

22 is a relatively small sample size, but the respondents form a fairly representative spread of our membership, including a variety of scale, from very large to small charities. These include 3 very large organisations with over £100m in annual income, 3 large organisations with an income of £20m-£100m, 5 medium organisations with an income of between £2m and £20m, and 11 small organisations with an income of under £2m. Eighteen of the organisations have a UK wide remit, one covers England Wales and Northern Ireland (NI), two cover England and Wales, another England, Wales and NI, and one is NI only.

We have seen a higher proportion of smaller organisations in this survey allowing us to look more effectively at how smaller groups are faring in the pandemic.



We are very grateful to the National Lottery Heritage Fund for its support for our Covid-19 survey work and for its wider support for the sector in this difficult period.

## KEY FINDINGS

### *Topline organisational impact for nature organisations:*

- The majority of the nature sector (60%) has experienced a decrease in income. Some have lost up to half their funding. The average for those with a decrease is a **20% reduction in income**
- Almost half of nature charities (45%) have made staff reductions since the start of the pandemic, **losing an average 10.8% of staff**. Others predict they will need to make redundancies later this year
- Most nature charities estimate it will take **at least 2 years for their finances to recover** to pre-COVID levels, with around half of those who responded estimating it **could take 3–5 years**

### *Reduced capacity for nature, welfare, access & engagement:*

- Almost three quarters (**72.2%**) of organisations said projects in one or more areas of nature expertise **would be postponed, reduce or abandoned** this year due to the COVID-19 financial/staffing impact
- 3 out of 10 say their **capacity to engage with government and industry has also been reduced**
- **Work to improve waterways and tackle invasive species will be reduced this year** with a third of charities having to reduce work in both areas, and one in six reducing work on natural flood mitigation
- A huge volume of important nature monitoring and assessment has been unable to be progressed since March 2020, with 72.7% unable to conduct field work. 55.6% of nature charities say their work in this area will also be reduced in 2021/22, meaning **monitoring is an ongoing concern**
- It is worrying that in a nature ‘super-year’ with COP15 and COP26, half of organisations say their **ability to engage with the community will be reduced** and **1 in 6 are delivering fewer public access creation or access management projects**
- Almost **6 in 10 charities working with animals have seen a reduction in the number of animals they can help**. Some have seen a reduction of 20%, with an average reduction of 12.3%
- On **welfare**, the RSPCA reports a **major impact on capacity and resources**. Income is down and has led to reducing staff by 14% and closing 4 RSPCA centres. This is very concerning as work and costs have risen around COVID-19, with issues like puppy smuggling and horse fly grazing, and a major spike in animal rehoming is expected when work from home restrictions end

### *Delivery of nature restoration hampered:*

- Reduced income and/or staffing is having a huge impact on nature restoration work. **Around 2/3 of organisations that deliver nature restoration have had to reduce the number of projects** they deliver, some by up to a quarter, with an average reduction of 14% in the amount of projects being carried out in 2021/22
- **Nature restoration capacity is clearly being reduced** this year in a number of key areas. 44.4% of organisations say habitat restoration projects will be reduced, almost 3 in 10 are delivering fewer re-establishment or breeding programmes, and almost a quarter (22.2%) are delivering lower levels of tree-planting than planned

- **Charities report a major funding shortfall for the nature restoration projects they had intended to run this year** of an average £621k per organisation, ranging up to shortfalls of £26m for one organisation
- **At least 40% of organisations with sites have seen a deterioration in the sites and/or buildings they manage** as a result of limitations caused by the pandemic

### ***Effects on income streams:***

- **More than 9 in 10 have lost out on face-to-face fundraising** with an average decline of 58.2% in this revenue and with some organisations losing all face-to-face income for 2020/21
- Income from entrance fees, cafes, shops and additional related income (excluding membership fees) has fallen dramatically. **Visitor site revenue is down on average by an enormous 89.1% over the year, a combined loss of £159m detailed by just 5 organisations**
- **The picture on donations and legacies income is mixed, but overall income into the sector is down.** Seven organisations had increases in this income stream (average 25.6% increase), compared with average losses of 25.2% for 5 organisations. However, combined losses from 5 medium to very large charities totaled £58.7m compared to combined increases for 7 mostly small to medium organisations of £1.24m
- Organisations that reported a **decline in membership income are experiencing an average reduction of 8.65%**
- **Anti-social behaviour in lockdown has also incurred extra costs** for almost 6 in 10 nature charities with sites. Charities are dealing with issues like vandalism, discarded waste, increased fly-tipping and wildfires. Costs vary from £1k upwards, but some large organisations are facing a £500,000 price tag per year for tackling this through the crisis

### ***Restricted grant funding environment:***

- 63.6% of charities report reduced access to grant funding with about 4 in 10 (38.5%) reporting reduced income from grant providers. This suggests that the trend is larger grants from fewer providers – reflecting what was reported to us at the end of 2020.
- 29% are struggling to achieve successful funding bids, with 77% experiencing problems in bid processes, including:
  - Almost 4/10 say short application windows mean they struggle to get good quality bids in
  - 1/3 say reduced staffing/resources means fundraising capacity is over-stretched
  - 1/3 say they lack the ability to provide match or partnership funding requirements
  - More than 1/4 (28.6%) say the high volume of competition and/or lack of success on bids is making them hold back on applications
  - Almost 1/4 (23.8%) say increasing reliance on grants, means writing more and rushed bids
  - Almost 1/5 (19%) say lack of clarity in guidance from grant providers is confusing
  - Almost 1/5 (19%) say the lack of funder feedback reduces their ability to refine bids
  - 1 in 10 say they lack the internal expertise needed in preparing bids

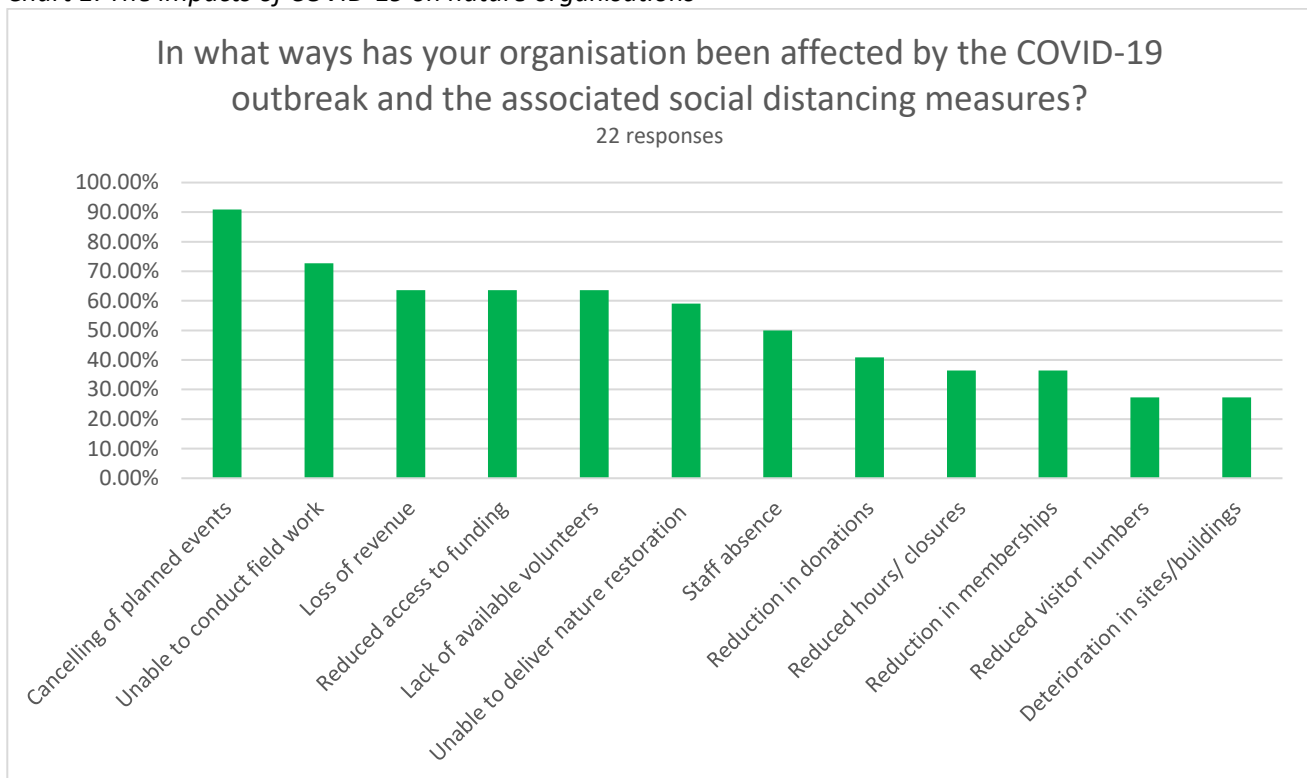
## ANALYSIS OF SURVEY RESPONSES

### Section 1: Organisational impact from COVID-19

#### 1.1 Organisational impact since March 2020

The COVID-19 crisis has hit environment and animal welfare organisations hard in the last fifteen months, with multiple issues affecting their income, staffing, and their vital work on the ground for nature. This has manifested in a wide variety of detriments for these charities.

Chart 1: The impacts of COVID-19 on nature organisations



**Funding impacts:** The funding, and therefore the resources, of nature charities has been dealt a major blow from the pandemic. As in our previous two surveys the most widely experienced organisational impact has been the cancelling of planned events (affecting almost 91% of nature charities), with a knock-on impact in lost revenue from face-to-face fundraising. Just under two-thirds (63.6%) report a loss of revenue overall and reduced access to grant funding. Around 4 in 10 report reductions in donations and reductions in memberships (40.9% and 36.4% respectively), although it is worth noting that not all nature charities access these funding streams so proportional falls in these areas will be higher among those who utilise these revenues.

**Work for nature:** The restrictions, and reductions in income and staffing caused by the COVID-crisis have massively reduced the ability of most nature charities to carry out their mission in the last year. 72.7% of organisations surveyed have been unable to conduct field work at some point, or throughout the last year, due to the pandemic and associated restrictions and limitations. A further 6 in 10 (59.1%) have been unable to deliver nature restoration projects.



**Effect on sites:** One in five charities reported reducing public access to sites, and one in 10 have had to either close or sell-off one or more of their sites. Almost 3 in 10 (27.3%) reported a deterioration in sites and/or buildings.

The proportion of sites that have experienced all of these issues will be higher than reported, as not all of the respondents own visitor sites. Taking into account that 8 of 22 respondents reported not having sites, we can assume at least 1 in 3 charities with visitor sites have reduced public access to their sites and at least 1 in 4 organisations that manage sites have seen deterioration in their sites and/or buildings as a result of limitations in the COVID-crisis. This is important to note at a time when the government is aiming to improve the quality and quantity of nature sites across the country.

### 1.1 Impact on work this year, towards 25 Year Environment Plan targets

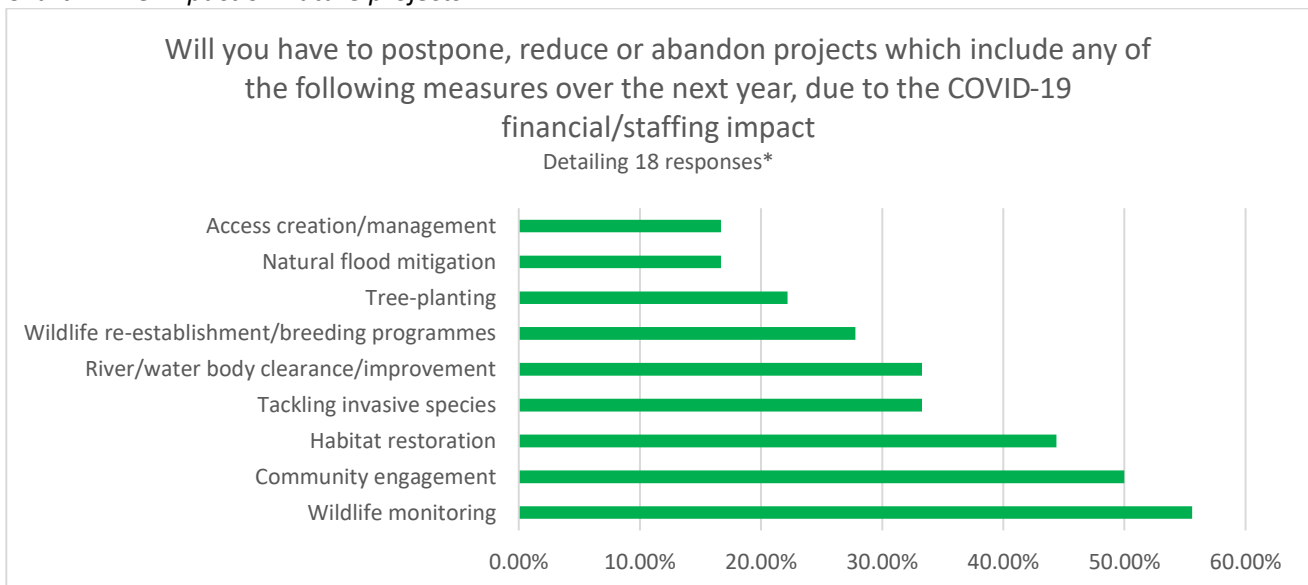
The pandemic, and its resultant financial impact, has severely hampered key areas of nature charities’ work, including nature restoration, animal welfare and rescue, and vital wildlife monitoring. The majority of nature charities have had to reduce planned project work in key areas for the year ahead – 2021/2022.

Worryingly this impact is expected to continue, as charity finances are predicted to be reduced for between 2-5 years after the COVID-crisis ends, based on trends from previous financial crises. In order to facilitate the sector in delivering key work towards the 25 Year Environment Plan and 30x30 targets, it is vital that replacement funding is found to replace the shortfalls in revenue.

#### Reduction in on the ground delivery:

Work on the ground by environment and welfare charities has significantly suffered as a result of the COVID-19 crisis. Almost three quarters (72.2%) of organisations that work on nature restoration, nature-based solutions, wildlife monitoring, re-establishment, invasives control, or community engagement said that their work in one or more areas will be postponed, reduced or abandoned this year due to the COVID-19 impact on their finances and staffing.

Chart 2: The impact on nature projects



\*Please note: of 21 responses to question 5, 3 charities said they did not conduct projects on any of these issues, so their responses have been excluded from the percentages detailed here.

A huge volume of important nature monitoring and assessment has been unable to be progressed in the last year, and with 55.6% of nature charities saying they will have to reduce work in this area this year, **monitoring remains an ongoing concern.**

It is also very worrying that half of organisations say their **ability to engage with the community will be reduced** this year and 1 in 6 organisations delivering fewer public access creation or access management projects. During what is supposed to be a 'super year' for nature and climate, this reduction in capacity is concerning given the need for capturing the public's attention and ensuring their action at this pivotal time for our wildlife and environment.

Vital remedial **work to improve waterways and tackle invasive species will also be reduced this year** with a third of organisations having to reduce work in both these areas, and one in six reducing work on natural flood mitigation. This is concerning given no freshwater bodies in England can be classed in good health, flooding is on the rise in the UK, and with invasive species one of the top drivers of biodiversity loss.

**Animal welfare and rescue:** Capacity on animal rescue, welfare, and support has also been hard hit. Almost 6 in 10 respondents who work with animals outlined a reduction in the number of animals they could help ranging up to 20%, with an average reduction of 12.3%. Of 21 respondents to Q8, 7 detailed a reduction in the number of animals being helped, 5 had no reduction, and 9 do not work with animals.

The RSPCA has reported an increase in work and costs on issues impacted by the COVID-19 situation. These include puppy smuggling, as a result of higher demand for dogs, and fly grazing of horses, with more people struggling to feed their horses and fly grazing on land that does not belong to them or abandoning their horses on land as a result. This is alongside reduced income which has caused the closure of 4 centres and a 14% reduction in staff, a major reduction in capacity.

This lower resource, and health and safety concerns, have led to a greater emphasis on working with partnership organisations to deal with on-going welfare issues and a refocussing of RSPCA investigations to emergency and urgent cruelty complaint responses. Reduced hotline and response hours alongside this refocussing have seen dog rescues at around 65% of pre Covid levels and cat rescues at around 85%.

This reduced capacity is very concerning given the increased work through the pandemic and expected rehoming crisis when people cease working from home. 3.2 million households in the UK have acquired a pet since the start of the pandemic, and sadly [5% \(around 160,000 households\) have already had to give up a pet](#) with this figure increasing to 11% among families.

**Nature restoration:** Nature restoration capacity is clearly being reduced this year in a number of key areas. 44.4% of organisations say habitat restoration projects will be reduced, almost 3 in 10 are delivering fewer re-establishment or breeding programmes, and almost a quarter (22.2%) are delivering lower levels of tree-planting than planned.

Of the charities surveyed who conduct nature restoration work, just under two-thirds (64%) have experienced a decline in the number of projects they are able to deliver in 2021/22 due to reduced funding and/or staffing. Some have had to reduce nature restoration projects by up to 25%, with an average reduction of 14.1%.

Of 21 respondents to this question (Q7) 9 said they were experiencing a reduction in the nature restoration work they could fund, 5 were able to deliver at the same rate and 7 said they did not conduct nature restoration work. Both small and large organisations were experiencing a similar range of reduction, with large organisations slightly more likely to report higher reductions in the number of nature recovery projects they could fund.



Nine organisations were able to detail the shortfall they had for projects that they had originally thought would be able to be funded this year from their income. On average these organisations reported that they were £621,000 short of the funding they needed to carry out planned work, with a combined shortfall between them of almost £56m. Two very large organisations reported shortfalls of over £20m each.

One organisation did not provide a figure in pounds, but said their funding for nature recovery was down 30% from last year and they had planned a big increase in the amount they spent this year on top of the previous year's spending, so were 40%+ short of the amount they had planned to be spending on nature restoration. 8 further organisations said funding for nature recovery work was static or increased.

It is worth noting that these figures are for planned projects only, which under expected financial conditions the organisations could have funded, it does not include speculative projects that had not yet been scheduled.

## ***Section 2: Financial implications for nature charities***

### **2.1 Declines in overall income**

It has been a very tough year financially for the majority of nature charities.

60% of the organisations surveyed (12 of the 20 who responded on this issue) have seen their incomes decrease in the last year. Some have lost up to half their funding and one organisation saw a deficit from 2019/20 triple in 2020/21. For those organisations whose income has been reduced the average fall is 20%. This average is fairly consistent between organisations of all sizes, from very large through to small. It may however be an underestimate of financial losses from regular income, as most, if not all, organisations have included COVID-funding for the furlough scheme and for site adaptations into their income.

Incomes for 2 charities stayed the same for 2020/21 as in 2019/20, although one of these had projected a 30% increase in income and therefore saw a major impact on work they had planned. For 6 organisations income has increased, by around 5% for 2 orgs, around 15% for two orgs and over 40% for two orgs. Most of the organisations with increases had major fundraising drives planned prior to the pandemic or focussed capacity onto emergency fundraising during the pandemic. Multiple organisations who experienced income decreases in the last year also threw considerable resource into emergency fundraising, thereby avoiding considerably worse losses.

Many charities have relied on emergency fundraising campaigns in particular, alongside emergency grants and loans, to avoid financial crisis during the COVID-19 pandemic. However, while emergency fundraising campaigns for much-loved charities have provided a short-term bandage for the hemorrhaging in their income, the COVID-crisis is expected to cause knock-on damage in major revenue streams for several years. Income including, donations, memberships and grant-funding is expected to remain reduced, and emergency fundraising is unlikely to be able to continue to plug this gap. As COVID-grants and loans will shortly cease, and as emergency fundraising is not an ongoing solution to the financial problems charities are facing, some organisations potentially face a more difficult financial situation in the next couple of years.

### **2.2 Impacts on income streams**

The average 20% decline in incomes reported in section 2.1 masks some very heavy losses for many organisations in multiple income streams.

Funding from the public to charities has been hit very hard in the wake of the pandemic, particularly face-to-face fundraising and in-person spending at sites.

**Face to face fundraising:** Almost all nature charities (91%) have had to cancel events, with a consequent reduction in face-to-face fundraising. However, only a small number of organisations were able to detail year-on-year figures for this income stream, 9 did not have the data available or broken down in this way, and 9 do not generate face-to-face income.

Of the 4 charities that provided details, the average decrease in face-to-face fundraising was 58.2%, with one organisation losing 100% of this income stream since March 2020. This high proportional decrease is due to an inability to direct fundraise with closures, cancellation of events and social distancing measures all affecting this fundraising stream.

**Income from visitor sites:** Income for those with visitor sites has clearly been strongly impacted by lockdown and then by measures needed to limit visitor numbers to ensure social distancing and public safety. Income from entrance fees, cafes, shops and additional related income (excluding membership fees) has fallen on average by an enormous 89.1% over the year.

Of our survey respondents, 5 detailed massive reductions in visitor site revenue totaling a whopping £159m combined loss of income for this stream. There were two very large, 2 large, and one small organisation who detailed these declines.

14 of our respondents said this income stream was not applicable to them, a further 2 organisations said they have sites but they do not generate visitor income, and 1 was not able to provide detail.

**Public donations and legacies:** The income stream which has showed most resilience for the sector is public donations and legacies, with more charities seeing an increase in donations than a decrease. This reflects the emergency fundraising efforts of many charities, during the pandemic period. But also reflects the strong loyalty and generosity of millions of regular donors to nature charities. However, it is very important to note that overall there was a huge fall in donation and legacy income into the sector due to big losses in large organisations.

7 nature charities who experienced an increase in donation/legacy income saw a combined rise in income of £1,244,629, an average 25.6% increase, with a maximum 66.6% rise in this income stream. Conversely 5 organisations reported a significant decrease in donation/legacy funding. The total funding loss for these 5 charities amounted to £58,740,962, an average 25.2% decrease in this income stream, with a maximum 42.6% decrease.

The huge difference between the extra £1.24m being brought in by increases, compared to £58.7m being lost by decreases is because the organisations who experienced the biggest losses in donation and legacy incomes were all medium to very large, and those with increases were mostly small to medium. Therefore, while the percentage increases are positive the net income into the nature sector was significantly reduced.

NB: Of 22 responses to our question on public donations and legacies, 5 charities did not have the data available and for 3 this was not an income stream they receive. One charity detailed a decrease but as the sums involved were very small and irregularly received this was excluded from our calculations. One organisation that detailed an increase in this income stream did not provide comparison data for the previous year and was therefore not able to be included in our calculations.

**Income from memberships:**

During our survey of the March-October 2020 period those who saw membership income reduce experienced an average fall of 7.4%. The overarching full-year picture is very similar with 6 organisations that reported a decline in membership income experiencing an average reduction of 8.65%

13 organisations were able to provide data on this income stream. One very large organisation had static membership income for the year overall. 6 of the 13 (46.2%) reported declines. A further 6 had actually seen a year-on-year increase in membership of an average 16.6% primarily through membership drives planned well before the COVID-19 crisis. These were however generally on a small-scale and resulted in a combined increase in income for 4 small and 1 medium organisations of £41,500 and with one further medium organisation that had planned a huge fundraising and membership drive achieving £110,000 extra membership revenue.

By the end of the 2020/21 financial year the full-year picture on membership income looks slightly more positive for large membership organisations than it did in late 2020. 2 very large and 2 large organisations had declines in membership of an average 3.85%, ranging up to 10% (compared to rates of up to 15% in Autumn 2020). 1 medium organisation saw declines of 31.7%, and 1 small organisation a decline of 4.8%.

With more larger organisations experiencing declines and smaller organisations experiencing increases, again overall we see a net decrease in money coming into the sector from this income stream with a combined reported reduction of £3,016,370 in membership income for 6 organisations, compared to a combined increase of £151,500 for 6 other charities.

**Income from corporate partners:** Corporate partnerships were, on the whole, reported as a very small part of the sector's fundraising. Generally, only relatively small amounts in the tens of thousands are generated from this income stream, with only one organisation reporting a corporate partnership income of around £100k and another of over £1m. The picture was mixed in shifts in this income. 4 organisations saw an increase, 4 a decrease, 1 was static, 9 did not have figures available, and 4 said this was not an applicable income stream for them.

**Income from grant funders:** The picture on income from grant funders is also mixed, but with an overall downwards trend, and an increased reliance on fewer providers.

63.6% of charities report reduced access to grant funding. Yet while access is reported as reducing for almost 2 out of 3 charities, only around 4 in 10 (38.5%) have reported reduced income from grant providers. This suggests that the trend is larger grants from fewer providers – reflecting what was reported to us at the end of 2020.

Of 13 respondents able to provide financial detail on this issue, 5 reported decreases. These were a mix of sizes, with 3 small, one medium and one very large charity. They detailed a combined decrease in grant funding of £537,231, averaging £107k each a 25.54% decrease on average. This is a slightly larger decrease in grant funding than was reported in December, where the average decline was 21.7%. Much bigger proportional decreases were reported by small organisations averaging a 30% reduction in grant income compared to a 7.8% reduction for the very large organisation.

A further 5 out of 13 organisations (38.5%) reported increases in grant funding. 2 small and 1 medium organisation saw combined grant increases of £118,016, an average 14.8% increase, and 2 very large organisations saw rises of 20-25%. At first glance this sounds very positive but the rise for the two very large organisations was detailed as entirely due to COVID-specific funding from Government.

Most organisations have factored COVID-related Government grants into their grant funding calculations and this blurs the downward trend of grant giving from wider providers. As Government COVID-related funding winds down figures may well reveal a more pronounced decline in the wider grant funding environment.

See section 3 for more detail on issues charities are experiencing in accessing grant funding.

NB Additionally 3 organisations reported static grant incomes, 7 did not have detail available, and 2 said it was not an applicable funding stream.

### **2.3 Ramifications for employment**

More than one in 10 jobs has been lost across the sector and this proportion appears to be increasing.

For those that have made redundancies the average proportion of staff made redundant is now 10.8%, up from 8% at the end of 2020. But the actual number of lost jobs is potentially much higher than represented by this figure as most organisations have not included voluntary severance, withdrawals of offers of employment, and failure to back-fill roles in their calculations.

Seven out of 20 charities that provided detail have made redundancies, with a further 2 having implemented other staff cost reduction measures such as voluntary severance, reducing staff hours, withdrawing offers of employment or not filling vacancies. Almost half of nature charities (45%) therefore have made staff reductions since the start of the pandemic.

11 out of 20 have not yet made redundancies (although they may have taken other staff cost reduction measures such as reducing working hours). Several of these 11 organisations said they may need to make redundancies within the next 12 months as furlough support winds down. This is particularly the case for smaller organisations.

One organisation noted that even though they had not made staffing reductions their capacity was still reduced by changes to ways of working necessitated by COVID-19.

Remote-working and increased COVID-related workload have affected organisations that have reduced staff and those that have been able to retain all employees. Remote working has been problematic for staff isolation and well-being issues, and increased administrative and management time impacts. Work in response to the pandemic, additional fundraising need and other additional workloads have all reduced capacity.

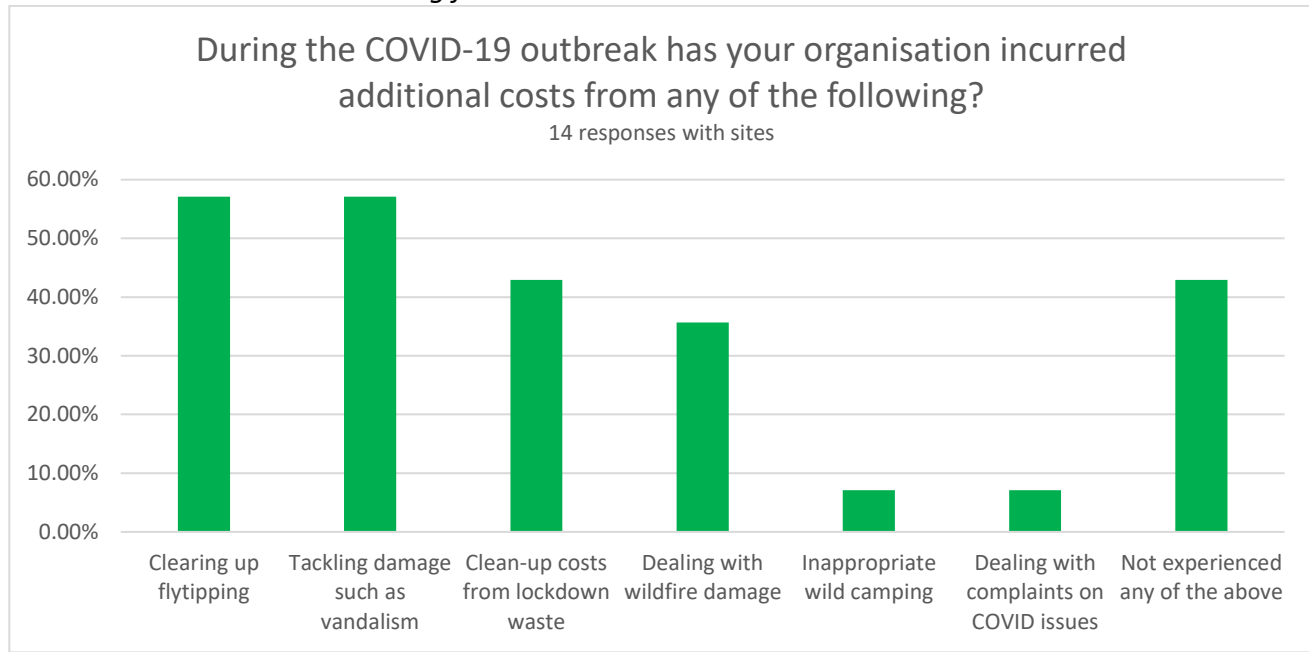
A further concerning impact on staffing is that almost half (45%) of organisations say that staffing and funding reductions mean that they now have a lower ability to offer internships, volunteering, and entry level roles. This is particularly saddening considering the high level of youth employment resulting from the pandemic.

### **2.4 Additional costs incurred in the pandemic**

In addition to having to cope with reduced incomes, anti-social behaviour by members of the public, has resulted in additional costs for organisations with sites. Costs were involved for clean-up, repair and staffing over a number of anti-social behaviours.

8 respondents said they did not manage sites. Of the remaining 14, 6 (42.9%) said they had not experienced any of these anti-social issues. Almost 6 in 10 (57.1%) have been impacted by anti-social behaviour at their sites and had incurred additional costs as a result.

**Chart 3: Additional costs resulting from anti-social behaviour**



Fly-tipping and vandalism were the most commonly experienced problems, affecting almost 6 in 10 nature charities with sites. More than 4 in 10 have face additional work and costs tackling discarded consumer and dog waste. More than 1 in 3 (35.7%) have worryingly had to deal with wildfire damage, with issues such as inappropriate wild camping also affecting some sites.

The costs of tackling these problems are variable based on the number of sites, access to these during the pandemic and the volume and type of issues experienced. The largest organisations have been hit hardest due to the number of sites involved. 4 organisations said the cost would be less than £2,000, with 4 others reporting costs of £20k, £30k, £400k, and £500k over a year from March 2020. The organisation facing the biggest cost said figures for 2021/22 looked very likely to replicate the same level of cost faced in 2020/21.

## **Section 3: Restrictions in the current funding environment**

### **3.1 Access to emergency funding**

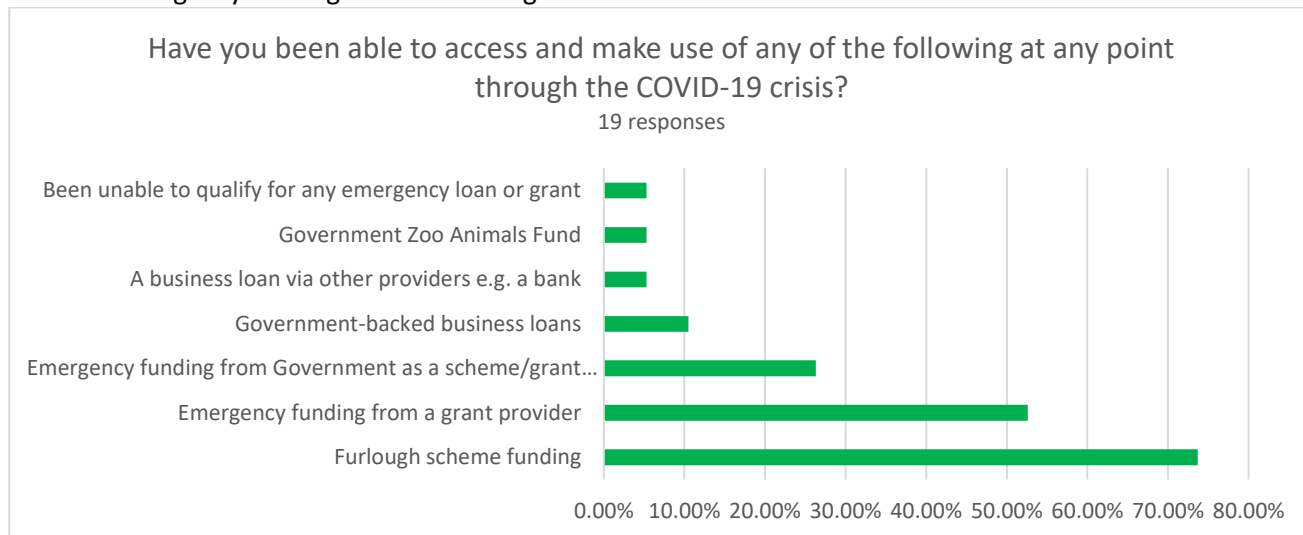
Environment and welfare charities have accessed a range of emergency funding during the COVID-19 crisis. This was vital to the financial survival of many through the pandemic. Organisations stressed their gratitude to providers that have made emergency funding available to them. They were also hugely appreciative of grant schemes such as the Green Recovery Challenge Fund, which will help get projects off the ground which would otherwise have to be put on ice in the current funding climate.

The vast majority of the organisations we spoke to (73.7%) have had to put staff on furlough and claimed through the Government's furlough scheme. Just over half (52.6%) have received emergency funding from a grant provider and just over a quarter (26.3%) have received emergency funding from Government as a grant



provider and 5% accessing the Government Zoo Animals Fund. Around 10% have taken out a Government-backed business loan and 5% have had to take out a business loan with a bank or other provider to bridge the financial gap caused by the pandemic. 5% have not been able to qualify for any emergency funding due to their income level or financial reserves.

Chart 4: Emergency funding accessed during the COVID-19 crisis



Around three quarters of respondents (73%) said they have been in receipt of grant funds from the National Lottery Heritage Fund during the COVID-19 outbreak. This includes main fund grants and Green Recovery Challenge Fund recipients. Over half (53.3%) have received grant funding from the Esmee Fairbairn Foundation, and a third (33.3%) have received a grant from the People’s Postcode Lottery. Other grant providers referenced included the Katherine Martin Fund, John Salmon Trust, Hessel Trust, Good Luck Charitable Trust, LBM Jem CT, Britten Foundation, Al Fayed CT, and CRH Trust.

NB: Some of this funding will have been awarded pre-COVID, but we do not have a breakdown of when each grant was approved and received.

### 3.2 Uncertain grant funding environment

As detailed in section 2.2 the grant funding picture is mixed, but declining, with an increased reliance on fewer providers. 63.6% of charities report reduced access to grant funding with 4 in 10 (38.5%) reporting reduced grants income. This is concerning given grants make up around 28% of nature charity funding on average, with some organisations entirely grant funded.

When asked about applying for grants 29% say they are struggling to achieve successful funding bids, with 77% experiencing problems in grant funding bid process:

The most commonly experienced issues are short application windows not giving enough time to prepare good quality bids, with 4 in 10 experiencing this, and a third experiencing overstretched capacity, with 1 in 3 also struggling to meet match or partnership funding requirements.

Around 1 in 4 charities are holding back on applications due to high levels of competition and lack of success, and 1 in 4 finding an increased reliance on grants is leaving them writing more and more bids which are rushed and not necessarily of good quality. Almost 1/5 are both confused by the lack of clarity in guidance from grant providers



and find the lack of provider feedback reduces their ability to refine bids. 1 in 10 say they lack the internal expertise needed in preparing bids.

Further comment on grants issues revealed frustration on short deadlines and a short-term funding focus from Government, and a feeling from some charities that their time is being utilised to create bids to demonstrate high demand on a policy point or case to Treasury, when their time would be better spent elsewhere.

Chart 5: Issues in accessing grant funding



Reduced access to grant funding, particularly with many funds currently closed to new applicants or on hold altogether, is a major worry for many in the sector. In March half of eNGOs were already experiencing reduced grant funding access but almost 3 in 4 (73%) said they expected to be hit by increased restrictions to grant funding later in the year. This has largely been borne out, with 67% of those surveyed this winter saying that they are now experiencing reduced access to grant funding. As outlined in section 2, respondents detailed an average decrease of 21.7% in the income they are receiving from grant funders.

Anecdotally multiple respondents said they expected this to hit them even harder going in 2021 with existing grants tapering off and possible replacement funds closed to them. This is particularly worrying given that 43% of nature charities also report a reduced capacity to fundraise now due to staff losses.

## Section 4: Future impacts

### 4.1 Potential financial impacts of the crisis

We asked our members to estimate how particular income streams would be affected over the next year, factoring in their experience of how they were affected after the 2008/2009 financial crisis. We suggested they utilise data on financial trends for their organisation following the 2009 crash to give an idea of the future impacts of COVID-19 by comparing with another major economic crisis.

Almost all organisations who have reduced incomes and were able to predict how long it would take for them to return to pre-COVID levels, said it would **take at least 2 years after the COVID-crisis ends before incomes recover, with around half predicting a lag-time for financial declines of 3-5 years**. These estimates are based on the organisations' experience of previous financial crises and the impact on their organisational finances.

There was however definitely a huge lack of certainty from respondents on what exactly the financial future holds and in estimating their future finances over the next year. Many stressed that the lack of certainty in the funding environment and what the future holds with the pandemic gives a high level of uncertainty and could potentially see big drops in their predictions.

Therefore there is a very low level of confidence in the following figures. 45% said they thought their overall revenue might be the same in 2021/22 as in 2019/20, 15% thought their total revenue might be higher and 30% predicted incomes that would be, on average, 14% lower than in 2019. Membership revenue was predicted to remain very similar to the current situation with membership revenue down by around 7.5% for many organisations. Very few organisations could put a figure on what might happen with donations and legacies, those that detailed a decrease estimated donation and legacy income would be an average 20% lower than 2019/20 levels.

## Section 5: Differences in experience between large and small organisations

### 5.1 Similarities and differences of experience based on organisational size

There is a wide variety of experience across the nature sector in the way the pandemic has affected organisations. While it is far too simplistic to detail one set of experience for large organisations and another for small charities there are some generalities that it may be helpful to note.

#### **Income:**

- Overall income reduction of an average 20% is consistent for organisations of all sizes.
- Large organisations have generally been more heavily impacted by loss of income from visitor sites, memberships and public donations and legacies
- A larger proportion of small organisations had pre-planned fundraising and membership drives for this period (ahead of COVID). The initial gains from this may have made their income look more resilient in this environment than it is in the longer-term, especially given changes in grant funding.
- Smaller organisations seem to have been more affected by the tougher grant funding environment. Much bigger proportional decreases were reported by small organisations averaging a 30% reduction in grant income compared to a 7.8% reduction for very large organisations.



***The grant funding environment:***

- With grant funding making up a higher proportion of the income of many smaller organisations it is unsurprising that a greater number of small charities anecdotally detailed concerns about the future grant funding environment.
- While organisations of all sizes are struggling with capacity for grant bids, small organisations seem to have less bid writing resource and expertise in-house, with some smaller organisations having to contract in bid writers.
- Many small charities anticipate a challenging funding environment in the coming years in large part due to the changing priorities of grant funders.

***Staffing:***

- Large organisations are more likely to have already gone through redundancy and other staff reduction measures.
- Smaller organisations were more likely to report being nervous about the end of the furlough scheme and the potential resulting need to make redundancies following this. Those who have mentioned redundancy measures being potentially necessary this year are all small and medium organisations.
- Redundancies in small teams are likely to have a big impact, and there seems to be particular nervousness about the knock-on impact for fundraising capacity in some smaller charities.

***Delivery towards 25 Year Environment Plan targets:***

- Reductions in capacity to deliver animal welfare, rescue and support are shared by organisations of all sizes, as are reductions in nature restoration measures.
- With many smaller specialist organisations performing a vital monitoring role for the individual or multiple species they represent, reduced capacity on monitoring has been a particularly big issue for smaller groups.