

# CAF CHARITY LANDSCAPE 2019

## Views from charity leaders

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April 2019

Each year CAF surveys charity leaders to understand the challenges they face, and to assess the impact these challenges have on the sector's ability to meet the needs of its beneficiaries.

Formerly known as the Social Landscape report, this year's survey was conducted in November 2018. It reveals a complex mixture of hope, fear and resilience; against an ongoing backdrop of uncertainty and change. Many organisations already face major challenges and are concerned about what else future years may bring. Yet despite this there are signs that they remain optimistic about their own resilience and ability to overcome these challenges, and are confident that they can ensure a bright future for the people and communities they serve.

The economy and Brexit have been looming large in the minds of charity leaders. The continued pressure on public spending creates a squeeze on charities; as increased demand for their services comes at the same time as falling levels of government funding. For many charities, maintaining financial sustainability against this backdrop is their biggest challenge.

Most charities are pessimistic about the overall economy and are worried about what Brexit will mean: partly in terms of the impact on their own organisations, but even more so in terms of the impact on the people and communities they work with.

Most believe that over the next five years, government will value charities primarily in terms of service delivery, and not see their campaigning and advocacy in a positive light.

The vast majority of charities see technological change as relevant to them, and believe it brings opportunities to deliver their missions more effectively but also new challenges to address. Yet many do not feel they have a strategy in place to navigate this change.

Most leaders are optimistic about the future of their organisation and the wider sector, but more pessimistic about government support. They also worry that despite their optimism in continued public support for the sector, many people do not understand how important charities are in Britain today – which may bring problems in the future.

# CAN YOU BRAVE THE CHARITY LANDSCAPE?

Charity leaders tell us about the obstacles and opportunities they are currently facing

## OPTIMISM FOR THE FUTURE

Charity leaders tend to be more optimistic about the future of their organisations than they are about the sector as a whole.

## PUBLIC TRUST

Most charity leaders think that the sector has been badly impacted by negative media coverage, and that people do not understand the importance of charities.

## BREXIT

Most charity leaders believed that Brexit will have a negative impact on their charity, on their beneficiaries and on the cause area in which they operate. Small changes year-on-year between 2016 and 2018 suggest a worsening outlook overall.

## TECHNOLOGY

Charity leaders see technology as a double edged sword – nearly all think that technology will help them to innovate and find new ways to do good, but nearly three quarters believe that technology will change the nature of the problems that charities have to address.

## CHALLENGES

Income generation remains the number one challenge for organisations, followed by meeting demand for services and reductions in funding. This comes at a time when over four in five charity leaders state that demand for their organisation's services had increased over the last 12 months.

## GOVERNMENT

Few charities are optimistic about government support for the sector and most think that over the next five years, government will see them as a nuisance for criticising government policy.

### What challenges are our charity leaders facing?

Generating more income continues to be the top challenge for 59% of charity leaders (62% in 2017), followed by meeting demand for services (unchanged at 33%) and reduction in public/government funding (32% and 29% in 2017).

More than eight in ten (83%) saw increased demand for services over the last 12 months and a similar proportion (86%) expect this to continue into the coming year. Amongst those expecting an increase in demand, nearly three quarters (72%) are confident that they will be able to meet it.

### Do charities feel they will be supported by government over the next five years?

Only around a fifth (21%) of charity leaders feel that over the next five years government will value charities for their advocacy role and ability to offer constructive challenge, instead tending to see them as service providers – nearly all (92%) agree that they will be expected to fill in gaps in public service provision.

Around six in ten (59%) charity leaders think that over the next five years government will see charities as a nuisance for criticising

government policy, although they do not anticipate becoming irrelevant (only 16% agree that government will see charities as irrelevant or outdated over the next five years).

### Is Brexit affecting the charity landscape?

At the time of our fieldwork most charity leaders felt that Brexit would have a negative impact on their charity (63%). The debate about leaving the EU has moved fast so this reflects their attitude to the process at the time. Since the 2017 survey, there has been no change in the anticipated impact on donations; 37% of charity leaders thought there would be a decrease whilst 36% thought donations would remain the same.

A quarter (23%) of charity leaders said that Brexit had already had an impact on their charity (negative or positive). Of those, a third (33%) reported issues with staff (e.g. shortages, difficulty recruiting and retaining staff) and around a fifth reported issues such as anxiety, uncertainty and fear (19%), the ending of EU funding or projects (19%), and a decrease in donations or non-EU funding (19%).

### Do charity leaders engage enough with technology?

Investing in IT remains a key priority, 87% having done so previously or planning to do so in the next 12 months (83% in 2017). Whilst 59% say that they use new technology and social media effectively, only 29% agree that charities are using new technology effectively to increase giving.

Nearly all charity leaders continue to place importance on their social media presence – 95% have already increased or plan to increase social media presence, activities and campaigns – but fewer than half (45%) have a strategy in place for dealing with technological change, dropping to 38% of small charities.

### How can we restore public trust in the sector?

Six in ten (59%) charity leaders think that the sector has been badly impacted by recent negative media stories (unchanged since 2017), but, despite this, a similar proportion (56%) are optimistic about public support for charities. A quarter (26%) believe that more success stories or media support would help rebuild public trust, and one in five (19%) think there should be more transparency in the sector.

Around seven in ten charity leaders agree that most people do not understand the importance of charities. Whilst more than eight in ten (85%) charities have introduced impact measurement (or plan to do so in the next 12 months) only around a third (35%) think that charities are good at demonstrating their impact to the public.

### Charity leaders are optimistic in the face of a challenging social landscape

Charity leaders tend to be more optimistic about the future of their own organisations (75%) than they are about the future of the sector in general (54%) and overall economic conditions (7%). Optimism for the future of their organisations is unchanged since 2017 (73%).

However, not all charity leaders are feeling positive about the future – 14% say their charity is struggling to survive, and this rises to a fifth (21%) of smaller charities with an income of less than £1 million.

For more information about the survey method and the questions asked visit [cafonline.org/charitylandscape](http://cafonline.org/charitylandscape)

# RECOMMENDATIONS FOR THE FUTURE

**Charities should look to diversify their income.** Charities should identify all potential sources of income before deciding which are relevant and achievable. Are they making the most of their properties and any investments held? Developing a disaster contingency framework will help them to cope with the unforeseen.

**Charities need to do more to increase public trust in the sector.** Most charity leaders do not think that the value of charities is always understood by the public and [other CAF research](#) supports this view. The challenge for any charity is to ensure it has the trust of its supporter base first and foremost.

**Charities should be seen as a key stakeholder in post-Brexit Britain.** Charities have an important role to play in addressing the challenges brought about by Brexit; by bringing their expertise and on the ground experience to share with the Government as it looks to find a new way forward for the country whatever the outcome of debates about our future relationship with the EU. There is relatively little discussion about how the country can be brought back together, or what practical change this process will deliver for people with real concerns about livelihoods, services, and the state of their communities. These are issues that the Government needs to address – and that charities are grappling with every day.

**Charities need more certainty.** Issues with anxiety, uncertainty and fear are impacting many charities already. Public sector austerity may continue under the ongoing uncertainty caused by Brexit and it is important that charities are consulted and informed alongside others as key stakeholders who are affected by this uncertainty.

**The Government should repeal the Lobbying Act.** The Government's Civil Society Strategy demonstrated much needed support for the advocacy role of charities; however, legislation such as the Lobbying Act continues to have a 'chilling effect' on charities' ability to advocate on behalf of their beneficiaries. That charity leaders anticipate that their advocacy role will be seen as a 'nuisance' by government over the next five years, shows that more support is needed. We recommend that the Government repeals the Lobbying Act, or at least as an interim implements the recommendations in [Lord Hodgson's report](#).

**Charities should be at the centre of technological change.** Charities working across different sectors, borders and issues should embrace the role of technology in their organisations, and seek out passionate employees and leaders to help demonstrate the potential for charities and those developing new technologies to work together. We recommend that the Government recognise that charities have a vital role to play in ensuring that new technologies are developed and implemented ethically, and need to be brought into the debate about the future of technology.

## Method:

The survey was undertaken by CAF, working in partnership with Acevo. It was conducted online from 5 November to 30 November 2018 and received responses from 452 third sector leaders who are customers of CAF Bank or members of ACEVO, ACOSVO and CO3 (organisations which represent civil society leaders). We would like to thank the participants for their time in completing the survey. For more information, please [click here](#)

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