



# FACING FORWARD

HOW SMALL AND MEDIUM-SIZED CHARITIES CAN ADAPT TO SURVIVE



# Contents

<b>Foreword</b>	3
<b>Executive Summary</b>	4
<hr/>	
<b>1 Background</b>	10
<b>Introduction</b>	11
<hr/>	
<b>2 Ten trends to watch</b>	16
1. The road to Brexit	
2. Political showdowns and slowdowns	
3. Economic uncertainty	
4. Local government at a tipping point	
5. Reshaping of public services	
6. Social divides	
7. The way we work	
8. Technology: beyond the internet	
9. Public trust	
10. A renewed vision for civil society	
<hr/>	
<b>3 Planning for financial sustainability</b>	38
A. Understanding sustainability	
B. Planning ahead	
C. Matching income to activities	
D. Exploring new income streams	
E. Collaborating by choice	
F. Digital capabilities	
G. Sustaining staff	
<hr/>	
<b>Conclusion</b>	53
<b>Sources and acknowledgements</b>	54

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# Foreword

It is my privilege to be able to meet fantastic small and medium-sized charities delivering vitally important work in local communities right across England and Wales. Ever resourceful they are on the sharp end of helping those who life has never dealt a good hand and those hit hardest by recent economic change and reductions in benefits and public services.

Facing rising demand and exposed to greater complexity of needs, charities have come under huge pressure themselves from cuts. This has been exacerbated by the march towards competitive commissioning and contracting.

For those CEOs, leaders or trustees tasked with steering smaller charities through difficult times, it can often be a lonely experience. Everyone looking to you for answers while the little support you had is shrinking away. It probably feels like you're doing something wrong or are the only one suffering. But you are by no means alone.

Many charities report the same experiences. And many of the challenges you face are through no fault of your own. But that does not mean anyone can rest on their laurels. And we will continue to support you. Whether through funding and support or through our programme of work to build the evidence base and influence others – particularly to push for the change we know is needed by central and local government.

We know just how much many smaller charities have had to sacrifice, often just to stay afloat and many of these harsh headwinds are here to stay. It's tempting to look back at what has happened and complain about what we've lost. But in this report we want to take a different approach. To acknowledge

the seismic shifts we're witnessing politically, economically, socially and technologically. But use this as a means to provoke conversations about what charities can do to respond, adapt and get on the front foot for the years to come.

There's no doubt these are complex issues. And none of us have all the answers. But there are trends we can note, resources we can use, steps we can take. We hope this document will help those who lead small and medium-sized charities to think through the big issues and begin to plot a way forward. To take back control of their own futures. Government, funders and bigger charities should in turn change to support and work better with smaller charities. Because the prize is big and important: smaller, local charities are critical to our society. They give voice to those too often ignored, answers to some of our toughest problems, identify and meet the needs of communities and pick up the pieces when other agencies fail. They need to have the power and support to deliver effectively but must also be architects of their own futures. We hope this report will help stimulate, inform and most of all enable us to face forward with confidence.



**Paul Streets OBE**  
Chief Executive  
Lloyds Bank Foundation for England & Wales

# Executive summary

Since 2010, many smaller charities have seen demand for their services rise, but their funding reduced or changed because of cuts in public spending. Key trends include a reduction in central and local government grant funding and the aggregation of smaller public service contracts into larger ones which have been increasingly won by larger charities. These changes have seen many smaller charities face a capacity crunch, as they have had to make cutbacks to core staffing and back office support, which could undermine their future sustainability.

Many charities have sought to diversify their funding by applying for more grants from trusts and foundations, fundraising from their local communities, charging for services, or trading. Nonetheless, a recent study found that half of local charities were unsure they would still be operating in five years' time.

**Throughout this report we use 'smaller charities' to refer to small and medium-sized charities that have an annual income between £10,000 and £1m. In 2013/14 there were over 65,000 smaller charities.**

*Civil Society Almanac*  
NCVO 2016

## TEN TRENDS TO WATCH

It is often hard for resource-strapped charities to look beyond the next few months. But there are ten key trends charities should consider to help think and plan ahead:

### 1. The road to Brexit

After inevitably challenging negotiations, the UK is expected to leave the EU in 2019. The impact will be wide-ranging, affecting virtually every area of public policy and the country's long-term economic prospects. Some charities will experience direct impact, such as loss of EU funding streams or difficulty retaining EU staff. Others are likely to be affected by changes to UK regulation and economic consequences.

### 2. Political showdowns and slowdowns

With Brexit consuming policy attention, other issues may be harder to campaign on. For Government, simply keeping the show on the road – particularly with public services facing further cuts – will be challenging enough. In the short term, charities might perversely expect some policy stability but this will also mean it is harder to bring attention and achieve change in other areas. Beyond 2020, when current spending plans expire and the UK is no longer in the EU, there is considerable uncertainty. Ensuring their issues are on the agenda will be a key concern for smaller charities – effective relationships with local MPs and councillors will be vital.

### 3. Unpredictable economy

At the time of writing, forecasts anticipate slowed, but continued, economic growth. As ever, this outlook remains variable across the country and rising inflation in 2017 and 2018 will have an impact on charities as well as households. The economy may be subject to significant change, depending on whether the UK secures a new (permanent or interim) trade deal with the EU. Smaller charities need a Plan B in case of worsening economic outlook.

### 4. Local government at a tipping point

Already cut by 40% since 2010, some council services face breaking point. New measures to allow councils to retain business rate income from 2020 could exacerbate regional variations. With increased proportions of council budgets being spent on social care, further spending cuts to all

other council-funded services are anticipated which will have a significant impact on charities working in areas which, however important, are nonetheless not part of councils' statutory duties. In the longer term, much will depend on public pressure and whether local government – including new mayors – can pull down more powers and secure greater resources. Smaller charities will need to fight hard to have a seat at the table and be involved in discussions about the future of local services if those they serve are not to be left behind.

### 5. Reshaping of public services

Facing further cuts, many public services will be put under significant additional pressure. This could exacerbate current trends – including the numerous challenges in commissioning and procurement – and result in poorer outcomes, particularly for the most vulnerable people. For the first time in a decade, as many people support increased taxation and spending on public services as those who are content with the status quo. Public pressure is likely to have a bearing on how politicians respond. Smaller charities will have a key role to play in raising the voices of communities to ensure support for the services they need.

### 6. Social divides

The Leave vs Remain debates exposed sharp divisions in British society, something that charities were already well aware of. Locally based smaller charities are often best-placed to facilitate community events and engagement, as well as represent their communities in wider discussions and this is likely to become increasingly important. For example, many have taken a stand against hate crime and racism, others have sought to encourage inter-generational dialogue, integrate refugees and help communities left behind by deindustrialisation.

### 7. The way we work

The rise of the gig economy and job instability looks set to continue. With technological change likely to automate more jobs in future, this could have a profound effect on communities that charities work with, not least making it harder to support people into employment, out of poverty or homelessness. It will also have an impact on charities as employers themselves too.

### 8. Beyond the internet

Technological progress is accelerating. It will provide benefits and opportunities for society and indeed charities. But the digital divide is likely to widen, increasing people's need to skill-up and retrain. This affects the way charities operate themselves as well as the support they need to give individuals. Smaller charities need to creatively explore options to be able to benefit from technological developments, such as rethinking how they work with corporates and volunteers.

### 9. Public trust

High public trust in local charities has not diminished, despite falling levels of trust in the sector as a whole. This presents an opportunity for smaller charities, but also a responsibility to ensure they continue to uphold this trust. Communicating impact, and being as open and transparent as possible will continue to be vital parts of charities' work. Ensuring trustees stay in touch with regulatory developments and address any vulnerabilities will also be important.

### 10. A renewed vision for civil society

The Prime Minister has set out her vision of a "shared society" in which government takes a more active role in supporting the voluntary sector. Whilst this is set against a backdrop of ongoing cuts, it is nonetheless a welcome statement of intent. The voluntary sector however, needs to proactively shape its own future and ensure that the voices that are heard are not just the loudest and biggest. A major review of civil society, chaired by Julia Unwin will be keen to hear from smaller charities and is likely to command significant attention over the next two years. It's imperative that smaller charities assert and articulate themselves, their role and value nationally and in their communities.

## PREPARING FOR THE FUTURE

In light of these trends, smaller charities need to think ahead and remain responsive to changing circumstances. This goes beyond concentrating on a forthcoming tender or the immediate future of a service, but includes sufficient attention to the medium to long-term prospects of the charity. The seven steps set out below are aimed at helping smaller charities be prepared for these changes, so that they are in a strong position to continue delivering essential services and getting the voices of those they represent heard.

### Seven steps to help smaller charities prepare for the future



### 1. Planning ahead

The Charity Commission has said planning is the critical factor in enabling charities experiencing financial difficulty to recover. Regularly taking stock with staff and trustees, and seeking help if needed, will give charities the best chance of surviving and thriving. Too often smaller charities leave it too late and find their options diminished.

### 2. Understanding sustainability

Charities must carefully approach this planning process. A starting point is to consider what sustainability means, in light of the charity's mission. This means asking a broad question: *how can we achieve the biggest impact for our clients/cause, given where we are now and the outlook ahead?* There is no doubt that these are difficult questions. The answer may point towards a different way of working, collaboration, or even closure if the charities' resources could be better used elsewhere. There are tools to help tackle these questions, from a simple SWOT analysis and other free diagnostic tools available.

### 3. Matching income to activities

Once charities have undertaken situational analysis, they will be better placed to consider sustainable funding streams. Using a Mission/Money Matrix to segment activities can help assess different funding opportunities and see which will generate income and which will require ongoing subsidies.

### 4. Exploring new income streams

Identifying different options for funding work is critical. Some types of funding, namely local government grants and contracts, are in short supply while others, such as social investment, are less well suited to smaller charities. Different charities will have different strengths that each lend themselves to different funding options. There is no one size fits all approach. Some charities may own buildings or assets while others may have a supporter base, good partnerships or networks they can leverage. Effective and regular communication with existing and new audiences, emphasising the role, value and distinctiveness of what that charity offers will be key to realising new income opportunities.

### 5. Collaborating by choice

In many cases, charities will need to collaborate to achieve their mission. Collaborating by choice is preferable to collaborating under pressure from funders or commissioners, as is collaboration around values, rather than a pot of money. Charities will need to seek out appropriate partners but work hard to ensure they meet everyone's needs and not be afraid to walk away if the risks and disadvantages are too high.

### 6. Digital capabilities

Digital development might make collaboration easier and is just one way in which technological development could make smaller charities more effective and efficient. But taking advantage of this will require investment in digital capabilities which are too often overlooked. Free platforms and resources are widely available which can help those at an early stage of their digital development.

### 7. Sustaining staff

Finally, every charity's sustainability will depend on the wellbeing of the people who lead and work with it. In tough times, staff often find themselves over-stretched and at risk of burnout which presents significant risks to charities. Trustees need to be proactive about considering the wellbeing of staff and volunteers and use available resources to help them.

## FUTURE SCENARIOS

As this report sets out, smaller charities' ability to face up to the realities of wider societal, economic, political and technological changes will shape their role in society. They should respond proactively considering new approaches. But they need to be supported and empowered by others too, particularly government. This matters because the extent to which charities change and are supported to do so, could potentially lead us to four very different future scenarios over the coming years.



## RECOMMENDATIONS

As the matrix above shows, the best outlook for smaller charities, government and society more widely is to reach a "Brighter Futures" scenario. To have the best chance of achieving this we recommend:

### 1. Central Government should:

- a. Actively seek the voice of smaller charities and their connections to local communities to inform policy and practice, particularly as Brexit unfolds
- b. Drive through change in commissioning practice both locally and centrally, ensuring local need and available expertise is properly considered. Ensure contract sizes, specifications and procurement processes are as small and simple as possible, giving smaller charities a fair chance to bid and deliver

- c. Ensure policy, programmes and funding recognise the economic and social value of smaller charities but also the need to support them to be able to grow their capacity

### 2. Local government and other local commissioners should:

- a. Involve smaller charities in strategic and practical decision making, using their experience and expertise to inform approaches
- b. Recognise the long-term value of local smaller charities and nurture and support them
- c. Understand local needs and use proportionate and simple commissioning and procurement processes, including grant funding whenever possible
- d. Invest in local infrastructure, recognising its critical role in enabling charities to thrive

### 3. Other funders should:

- a. Support core costs and effective delivery – not just projects and innovation
- b. Support smaller charities to build their capacity and develop their capabilities, both through grants and additional funder-plus support
- c. Help charities come together to share experiences and learning
- d. Encourage charities to look to the future but recognise that involves risks which they need to be supported to explore and pursue
- e. Explore new ways to work with other funders, aligning funding requirements and minimising the onus on smaller organisations to meet numerous, stringent demands

### 4. Larger charities should:

- a. Focus on a better sector and society in the long-term, not just their own size and market share
- b. Recognise the experience and expertise already in a local area, including not bidding for a tender where appropriate and subcontracting fairly
- c. Treat smaller charities fairly and nurture them to achieve both organisations' visions, by seeking win-win partnerships and new models of working together

### 5. Infrastructure organisations should:

- a. Focus on encouraging charities to share learning, work together and develop new approaches
- b. Focus on adding value, not competing with charities in their area, including through new models of consortia and partnership that smaller charities could not achieve on their own

If Government wants to build a fairer, 'shared society' with increased social capital, cohesive communities and less pressure on public services, it has to take a more active role in listening, involving, empowering and supporting smaller charities. Failure to do so will see increased pressure on public services in the medium-to long-term in a society where divisions and inequality continue to increase. Yet government alone cannot be responsible for charities' futures – charities themselves, small and large, as well as infrastructure organisations and funders need to change and adapt to ensure smaller charities not just survive but are able to thrive to help ensure no individual, group, or community is left behind.

## Introduction

### “ Nobody saw the storm clouds gathering... ”

This is how one charity leader described her organisation running into financial difficulty in 2012. The charity hit a crisis point early on in her tenure as Chief Executive. Far from assigning blame, she was clear that it was neither her predecessor nor staff's fault, nor a single weak link in their plans, but rather the cumulative impact of financial pressures and a rapidly changing external environment.

It is a story that strikes fear into the hearts of many small charity leaders. Often operating with limited reserves, dependent on grants or contracts, and reliant on one or two key staff members, many would struggle to withstand a similar experience. Indeed, a recent survey by Local Giving found that half of smaller charities were unsure they would still be operating in five years' time.<sup>1</sup>

This report aims to equip smaller charities in England and Wales with information that will help them consider – and take control over – their futures. It has three sections:

- **A brief overview of recent history for the smaller charity sector**
- **A summary of major trends that will affect smaller charities' financial sustainability**
- **Advice and resources for charities to assess their own sustainability.**

The external environment is particularly fast-moving, but this report focusses on the broad trends we expect to prevail, based on the best data available.

This report has been commissioned by Lloyds Bank Foundation for England & Wales (the Foundation) to further support smaller charities at a critical time for the sector. The challenges facing smaller charities are considerable: ongoing austerity, dwindling grants, aggregated contracts, economic uncertainty, rising demand, technological change, social tensions. The list goes on. Charities will be all too aware of the storm clouds gathering.

Far from hunkering down, charities need to be fleet-of-foot if they are to survive. Charities may also need to be more vocal, making a stronger case for their approaches, impact and distinctiveness – particularly related to their size and rootedness in their local community.

In the case of the charity above, the Chief Executive and Board took swift action. They developed a transformation plan, closed some of their services and refocussed their fundraising efforts away from small donations. They worked to tell a stronger story to large funders and donors about the impact they achieve and the difference their funding could make.

The Charity Commission got in touch with the organisation when they flagged an issue in their annual accounts, but were content that matters were in hand. Their final comments were encouraging:

*“The trustees of this charity have done the right thing to react quickly to signs of financial distress and put measures in place to mitigate risks and improve the long term financial stability of the charity.”*

For the many smaller charities doing great work in their communities but facing an uncertain future, we hope this report will be a useful resource to help shape their future, so they can deliver the best support to individuals and communities at risk.

<sup>1</sup> Local Charity and Community Group Sustainability Report 2016, Local Giving.

## SMALL AND MEDIUM-SIZED CHARITIES TODAY

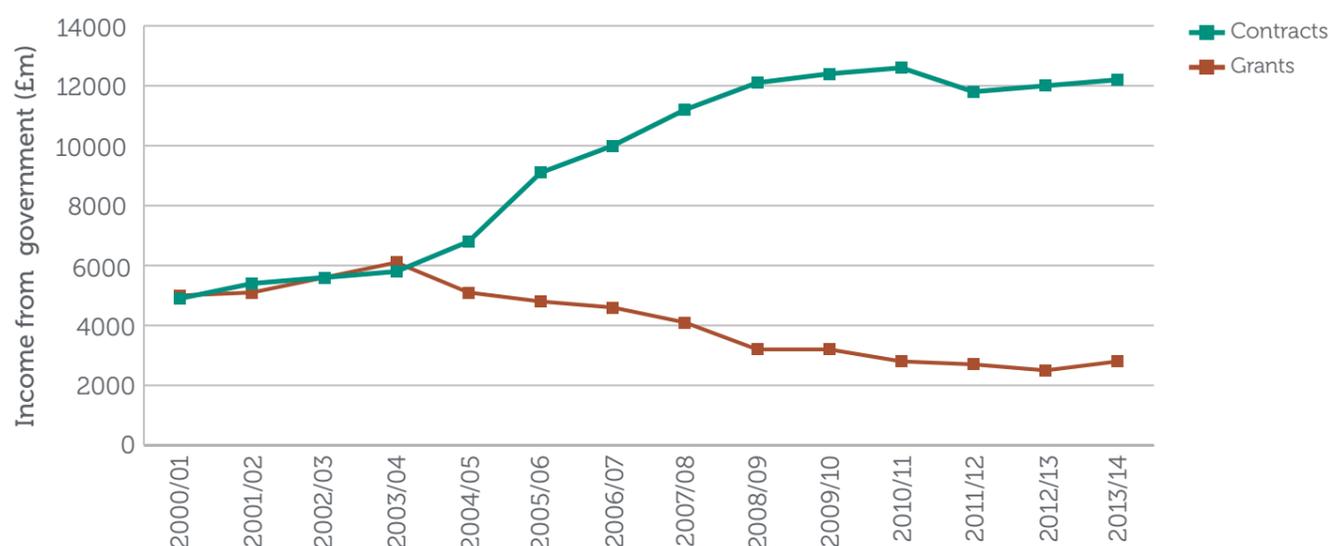
Ninety seven percent of UK charities have a turnover below £1m, of which 65,000 in England and Wales have a turnover between £10k and £1m.<sup>2</sup> These organisations primarily serve their local communities, are highly trusted by the public<sup>3</sup>, and can offer highly-tailored services. Their sticking power is an asset: they are truly woven into the social fabric of our society.<sup>4</sup>

**Smaller charities' services are much needed.** In a 2016 Local Giving survey, almost three-quarters of charity respondents saw rising demands for their services in the past 12 months<sup>5</sup>, as had 65% of respondents to another survey.<sup>6</sup> Some of this demand stems from cutbacks to other public services. Demographic pressures – not least an ageing population, but also increasing isolation and more complex needs – indicate that these pressures will only rise.

**Recent research suggests these smaller charities face an uncertain future.** NCVO's data shows one-third of organisations in a particularly precarious position, operating with no reserves.<sup>7</sup> Only 46% of respondents to the Local Giving survey were confident their organisation would survive the next five years.<sup>8</sup>

**Cuts in grant funding have had a major impact on smaller charities.** Figure 1 shows the overall amount of grant funding from government has more than halved over the last decade, with smaller charities losing a higher proportion of their income as a result.<sup>9</sup>

**Figure 1. Government income from grants and contracts, 2000/01 to 2013/14 (£m, 2013/14 prices).**  
Source: NCVO, Third Sector Research Centre & Charity Commission.



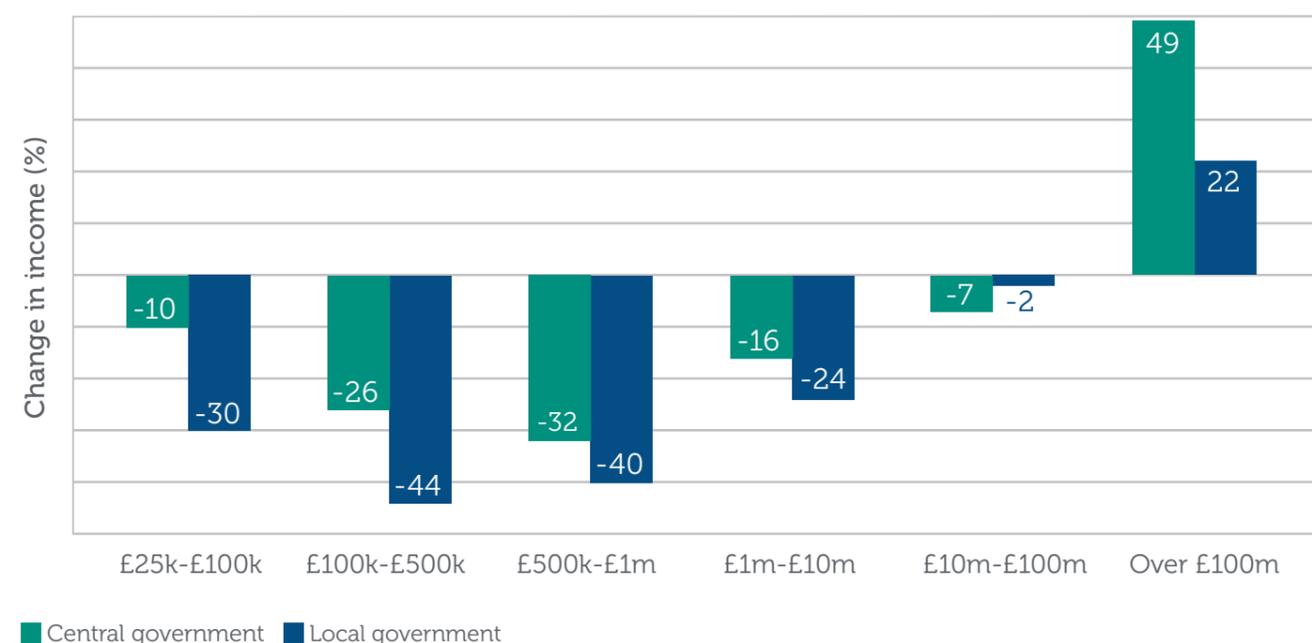
<sup>2</sup> Navigating Change, NCVO/Lloyds Bank Foundation for England & Wales, 2016  
<sup>3</sup> Public Trust and Confidence in Charities, Populus/Charity Commission, 2016  
<sup>4</sup> Too Small to Fail, IPPR/Lloyds Bank Foundation for England & Wales, 2016  
<sup>5</sup> Local Charity and Community Group Sustainability Report, Local Giving, 2016  
<sup>6</sup> Managing in the New Normal, PwC/Charity Finance Group/Institute of Fundraising, 2016.  
<sup>7</sup> Civil Society Almanac, NCVO, 2016  
<sup>8</sup> Local Charity and Community Group Sustainability Report, Local Giving, 2016  
<sup>9</sup> Navigating Change, NCVO/Lloyds Bank Foundation for England & Wales, 2016

“ Budget cuts have resulted in fewer, larger, aggregated contracts and VCS organisations bid against each other for these contracts. ”

*All Together Now*  
New Local Government Network, 2016

While there has been a growth in the number of contracts for charities, changes to public service commissioning has disadvantaged smaller charities. An increasing share of contract income has gone to the very largest organisations, with smaller charities losing out (Figure 2). Local charities have often been limited to sub-contractor roles, contract margins have been tight or non-existent, and power imbalances have sometimes left the smaller charity with little recourse if the lead or prime contractor behaves unfairly. Research by Locality found that 22% of its members (community-led organisations) were making a loss on public sector contracts in 2014<sup>10</sup> and has described this as potentially ‘fatal’ for insufficiently diversified smaller orgs.<sup>11</sup>

**Figure 2. Change in income from central and local government, 2008/09 to 2012/13 (% change),** Navigating Change, NCVO, 2016



These trends have been compounded by a shift towards payment-by-results (PbR), where providers must fund delivery upfront and only receive payment after results are demonstrated. This payment method has made public service contracts inaccessible for many smaller charities.<sup>12</sup> The National Audit Office has recommended that PbR should only be used in limited, specific circumstances.<sup>13</sup> Nonetheless, cash-strapped public bodies are increasingly using this approach.

“ A payment-by-results basis...is almost impossible for the voluntary sector to cope with as most organisations do not have the funds to cover the cashflow issues this causes. ”

Foundation grantee

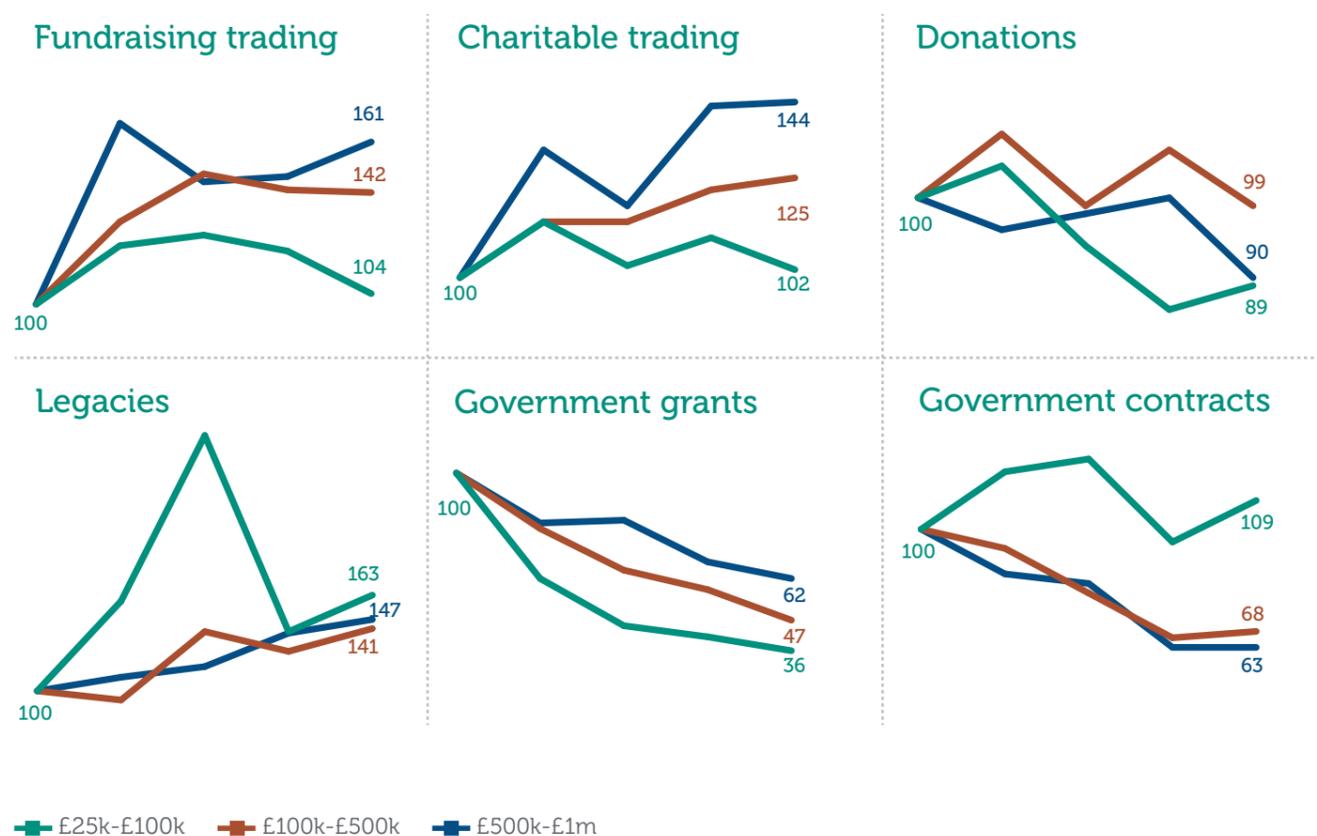
<sup>10</sup> Our Members 2014: A snapshot of Locality's membership, Locality  
<sup>11</sup> Waving not Drowning: Supporting community organisations at times of crisis, Locality, 2015  
<sup>12</sup> Commissioning in Crisis, Lloyds Bank Foundation for England & Wales, 2016  
<sup>13</sup> Outcome-based Payment Schemes: Government's use of payment-by-results, National Audit Office, June 2015

### Funding changes have had a significant impact on smaller charities...

The Foundation's *Commissioning in Crisis* report highlights the extent of the problems associated with contracting practices including: poor understanding of need by commissioners and inappropriate and disproportionate requirements that exclude smaller charities.<sup>14</sup>

The Charity Commission has warned that charities reliant on public sector funding may be particularly vulnerable.<sup>15</sup> NCVO research has found that many charities face a 'capacity crunch' as they prioritise frontline services, absorbing cuts through staff and infrastructure reductions and as a result lack time and resources to diversify their income.<sup>16</sup> The changing nature of contracts has also led to questions about whether charities can retain their independence.

**Figure 3.** Sources of income bands £25k - £100k, £100k - £500k and £500k - £1m, cumulative change, 2008/09 to 2012/13. Navigating Change, NCVO, 2016.



“ Our volunteers are picking up real problems when they go into homes but there are no longer services to refer to until a crisis is reached. ”

Foundation grantee

### ...and the communities they serve...

Most importantly of all, these changes have detrimentally affected the quality of public services people receive, particularly those with complex needs. New research has highlighted that funding changes have led to people's needs not being met effectively.

### ...but charities are trying to respond.

Smaller charities have taken different journeys to diversify their income – particularly increasing their trading activities. Figure 3 shows the different types of income being accessed by charities with a turnover of £25k-£100k, £100k - £500k and £500k-£1m. Yet it has not been sufficient for most to make up for their declining public income and indeed this often underpins their ability to diversify into fundraising or trading.<sup>17</sup>

In Wales, government funding has also been under pressure, but charities' responses have differed. A 2015 study found that fewer Welsh charities had begun to diversify their income away from government grants and that this would represent a big cultural shift given the strong tradition of public sector funding. The research described 'a planning and development vacuum' (similar to the English capacity crunch) that limited smaller organisations' room for manoeuvre.<sup>18</sup>

More recently, a foresight study for WCVA found that "There is evidence of geographical variation in voluntary sector activity, which – with a growing marketisation of third sector activities – creates a risk of sources of finance increasingly also being tied to local areas so that financing activities in more deprived areas may become ever more challenging."<sup>19</sup>

Policy choices by government and public bodies will significantly affect the outlook for charities from here. Even for those without government funding, these choices often affect demand for their services and competition for other resources. Charity representatives have called for government to make better use of grants, through the Grants for Good campaign, to avoid creating a monoculture of large contracts which do not serve the public well and puts sustainability of charities at risk.<sup>20</sup> For their part, government ministers have renewed commitments to improving the position of smaller charities, but the fruits of this latest effort have yet to be seen. In Wales, WCVA and county voluntary councils (CVCs) are engaging with the Welsh Government on their plans for the future and funding arrangements for charities.

Within this context, smaller charities need to consider the wider societal, economic, political and technological factors that will impact on their work as this report sets out.

“ When people's problems go unresolved, their needs remain the same or get worse, creating unnecessary demand and spiralling costs. The human cost is incalculable... ”

*Saving Money by Doing the Right thing*  
Locality, 2014

“ When organisations are forced to converge on the state's version of doing good in order to win funding and influence, it can compromise their ability to work from their insights and understanding. ”

*Future of Doing Good*  
Big Lottery Fund, 2016

<sup>14</sup> *Commissioning in Crisis*, Lloyds Bank Foundation for England & Wales, 2016

<sup>15</sup> *Accounts Monitoring Review: Charities with audit reports identifying that they may be in financial difficulty*, Charity Commission, Sept 2016

<sup>16</sup> *A Financial Sustainability Review*, NCVO et al, 2015

<sup>17</sup> *Navigating Change*, NCVO/Lloyds Bank Foundation for England & Wales, 2016

<sup>18</sup> *An Insight into the Future of Charity Funding in Wales*, Garfield Weston Foundation, 2015

<sup>19</sup> *Shape Your Future: Future Trends: Implications for the third sector in Wales*, WCVA, 2016

<sup>20</sup> *Grants for Good* is a campaign led by Directory for Social Change, Charity Finance Group, Children England and the Foundation

# TEN TRENDS TO SHAPE THE FUTURE

## Introduction

For time-pressed charities it can be hard to stay on top of the latest developments, let alone future trends. In many cases, what's reported in the news and debated in Westminster can seem a far cry from the demands of meeting needs on the ground. Yet the impact of these trends can be bigger than smaller charities might think. Key political, economic, social, technological and regulatory drivers will shape the operating environment for charities over the next five years and beyond. Identifying what these mean for smaller charities will be important questions to consider if they are to survive in the long-term.

## 1. THE ROAD TO BREXIT

Brexit promises a major re-alignment of the UK's relationship with Europe, with wide-ranging implications affecting virtually every area of public policy. While Brexit debates in England and Wales are concentrated in Westminster and Cardiff, the impact on smaller charities should not be overlooked. Smaller charities need to be aware of the bumpy road ahead and the impact Brexit could herald for their work and the communities they serve.

### From here to Brexit

The UK Government will have two years to negotiate its exit from the EU, once it has triggered Article 50. The earliest we are likely to leave the EU would therefore be spring 2019.

Various constitutional, legal and political hurdles could see further delays, with an outside chance of a general election if the Government cannot pass parliamentary votes at any point along the way. Brexit negotiations will also take place against a backdrop of wider global uncertainties: not least, French and German elections and U.S. political developments.

Once underway, the negotiations will have a number of parallel strands:

- Agreeing a divorce settlement (budgets, borders and the rights of citizens living abroad) is the first order of business.
- The Government also wants to negotiate a new free trade agreement with the EU within two years. However, experts - such as former cabinet secretary Lord Gus O'Donnell - have suggested that such a comprehensive trade deal could take at least five years to finalise.<sup>21</sup>
- Agreeing transitional arrangements is therefore likely to form a third strand of negotiations. A last-resort position of trading under the World Trade Organisation (WTO) rules<sup>22</sup> would be available if no transitional or permanent agreement is reached.

When Brexit happens, the Government intends to pass a Great Repeal Bill in parliament. Far from repealing legislation, this would in fact transpose vast swathes of EU law into UK law, allowing for its future amendment by the UK Government and devolved nations. Such a blockbuster bill could end up in gridlock in parliament though, so it's possible these plans will change.

<sup>21</sup> "Gus O'Donnell: Brexit talks could last at least five years", Politics Home.

<sup>22</sup> The World Trade Organisation regulates trading between countries. Each country sets tariff rates for imports and must not offer more preferential rates for any individual country or bloc, unless they have a Free Trade Agreement in place. The UK currently trades within the EU with no tariffs (and a EU-wide set of tariffs are applied to imports from outside the EU). Falling back on WTO rules would mean that the UK sets its own tariffs to apply to all EU and other countries' imports. In consequence, it would make imports from the EU - our largest trading partner - more expensive for UK consumers. It would also make it more costly for UK companies to export goods and services to the EU and they would still need to comply with EU regulatory standards.

## What will happen after we've left the EU?

Much will depend on whether a trading agreement is reached with the EU and what shape it takes.

In January 2017, the Prime Minister set out her expectations that the UK would leave the Single Market and negotiate a new free trade deal with the EU. Given that 44% of the UK's exports currently go to the EU, and 53% of the UK's imports are from the EU, this is clearly a high-stakes negotiation.<sup>23</sup> The Government is planning a one-to-two year 'phased implementation' for government agencies and businesses to adjust to any new requirements that are introduced when we formally leave.<sup>24</sup>

In the absence of a new trading agreement, the UK and EU could continue to trade using the WTO rules. If this happened, the economic impact of Brexit could be more severe. The Chancellor has warned that Britain could 'change its economic model' to maintain competitiveness in this scenario.<sup>25</sup> As commentators have been quick to point out, significantly cutting taxes would have profound consequences for communities and public services.<sup>26</sup>

“ [Brexit is] one of the largest legislative projects ever undertaken in the UK. ”

Legislating for Brexit: the Great Repeal Bill  
House of Commons

“ A race to the bottom is not the solution for communities that feel left behind by our economy. ”

New Economics Foundation

## WHAT DOES THIS MEAN FOR SMALLER CHARITIES?

While it is too early to know the full implications of Brexit, we can foresee some of the changes.

EU grants and contracts are currently worth £300m per year to around 3,000 charities.<sup>27</sup> The UK Government has guaranteed this funding, but only until 2020. After 2020 the UK Government could replace some EU funding, but charities will have to join a long queue that also includes farmers, universities and economically deprived regions - groups that have already been very active in setting out their needs and expectations.

The wider economic outlook will be critical. At present, some slowing of growth is expected but the economy has been faring better than many forecast following the EU referendum. Nonetheless, as negotiations get under way, this outlook could change.

Transposing all EU laws into UK law could impact on the beneficiaries and work of many smaller charities. It will take time, but it could see laws more easily changed - for better or worse. Charities will need to be ready to make the case for change or the retention of laws as this develops.

In the shorter term, changes to immigration policy could impact on some charities' ability to recruit and retain staff. For example: around 5% of the UK's health workforce and a further 5% of the social care workforce are EU nationals, with higher proportions in London and the South East.<sup>28</sup> Changes to immigration rules could also necessitate changes to the advice or services some charities offer, particularly in helping communities and individuals understand and respond to the implications of any new rules and requirements.

Smaller charities - informed by their specialist knowledge and lived experiences of their communities - could and should make a significant contribution to public debates about the future of the UK beyond Brexit. They will have a critical role in healing divisions in society, understanding the needs of those who have been left behind and being the only credible means of a more bottom-up development. Helping to amplify the voices of those furthest from power will be essential, as more powerful lobby groups and politicians vie for their own interests.

## 2. POLITICAL SHOWDOWNS AND SLOWDOWNS

The political outlook is likely to be characterised by major showdowns around Brexit with big constitutional and ideological debates on key issues, set against slowdowns in day-to-day policymaking. For smaller charities, this could mean policy changes and implementation stalled in the short term, but potentially much more to play for in the longer term.

### Besides Brexit, what are the Government's policy priorities?

Keeping the economy going and preventing full-blown constitutional crises in Northern Ireland or Scotland will be mission-critical while Brexit unfolds. Averting or ameliorating major crises in public services will also be important to maintain public support.

Beyond that, the Government already has major commitments to see through: Universal Credit, devolution deals, the NHS's Five Year Forward View, new schools and police funding formulas, to name just a few. It seems unlikely that big-ticket items or policy commitments of these types would be abandoned, but all are controversial and so their implementation could be subject to uncertainty and delays.

New policy development is likely to stall. As the *Economist* recently described: "*Westminster feels dead*".<sup>29</sup> Theresa May has set out some eye-catching ambitions - new grammar schools, putting workers on company boards, a greater focus on mental health - but it has yet to be seen how much political capital she will spend on these or indeed the extent to which any initiative can make a difference against the backdrop of rising demand and shrinking resources.

### What about politics?

The balance of power within the UK parliament and devolved assemblies will be critical in determining the way forward from here, particularly given the Supreme Court ruling of Parliament's role in Brexit.

At the time of writing, the Conservative Government held a commanding lead in the polls.<sup>30</sup> They were also relatively united on the road ahead: for example, all but one of their MPs, Ken Clarke, voted to proceed towards Brexit. Keeping her own party united will be key to Theresa May's ability to govern effectively and withstand other political challenges over the next few, likely turbulent, years.

After last year's unsuccessful leadership challenge, Labour remain internally divided under its leader Jeremy Corbyn. There is considerable disagreement over key policy platforms, including Brexit. Nonetheless, individual Labour figures remain powerful: notably, Sadiq Khan as Mayor of London and potentially those standing to be Mayors of the new Metropolitan areas and some key Select Committee Chairs, such as Yvette Cooper chairing that for Home Affairs.

The results of the Welsh Assembly elections in May 2016 resulted in a shift in the balance of power between parties. Welsh Labour remains the largest party in the Senedd, but fell short of being able to form a majority. Plaid Cymru gained one crucial seat in the Rhondda, while Welsh Conservatives lost three seats and the Liberal Democrats lost four seats, leaving Kirsty Williams, AM for Brecon and Radnorshire and former leader of the party, as their sole representative in the Senedd. UKIP gained their first seats, with the election of seven assembly members through the regional list. Following the EU Referendum, Labour and Plaid Cymru united in their vision for Wales post-Brexit, and backed Scottish calls for the devolved negotiations to be represented through the negotiation process.

Meanwhile, the potential for a UK general election to be called at some point during the Brexit process could well hinge on Scottish and Northern Irish political developments.

<sup>23</sup> "Everything you might want to know about the UK's trade with the EU", Full Fact, June 2016.

<sup>24</sup> "Two years at most to adjust to Brexit, David Davis tells City", Evening Standard, 18 January 2017.

<sup>25</sup> "Brexit: UK could 'change economic model' if single market access denied", BBC News, January 2017.

<sup>26</sup> "4 reasons a tax haven Brexit is bad news for Britain", New Economics Foundation, 17 January 2017.

<sup>27</sup> "What do we know about charities and the European Union?", NCVO, December 2016

<sup>28</sup> Leaving the European Union: NHS and social care workforce, House of Lords library, November 2016

<sup>29</sup> "Assessing the first six months of Theresa May", The Economist, January 2017.

<sup>30</sup> "The first poll since May's Brexit speech gives the Tories a massive lead of 17%", Business Insider, January 2017.

## WHAT DOES THIS MEAN FOR SMALLER CHARITIES?

For smaller charities, the ins and outs of Westminster may seem as remote as ever. Yet the trends outlined here are likely to have significant consequences for their work.

In the short term, if no general election is called, there may be some stability in the policy landscape. Little new legislation will be passed and existing legislation and policy plans will, for the most part, be implemented. This means it will be even harder to bring about long lasting changes on other issues to tackle some of society's toughest problems. The pressures on public services already evident, will inevitably remain and most likely increase.

By contrast, Brexit and the next general election will mark a key turning point for the country. Smaller charities – particularly those for whom EU legislation is particularly relevant e.g. environment, human rights, refugee and migrant charities – should anticipate change, stay informed, and consider whether they could help shape the future policy agenda. Smaller charities can make their own representations to their relevant government department or the new Brexit department (Write to Department for Exiting the EU -

stakeholders@dex.eu.gov.uk) and their MPs, or partner with larger charities or their relevant infrastructure bodies to put their views across.

As policymaking returns fully to Westminster from the EU it will be even more important for MPs to fully understand options and impacts. And whilst national charities will campaign on the issues, it is often seeing and understanding things on a constituency level that best informs and engages an MP or indeed politician at any level. Smaller charities should actively engage local MPs and councillors, and prospective candidates, by inviting them to see their work. It is never too early to build a relationship so there is support from a local representative when needed. Doing so is an opportunity to raise awareness and to demonstrate the value and impact of the charity's work.

This kind of relationship building is a key way of ensuring the voices of the most marginalised get heard. In general, charities can be confident in campaigning in line with the Charity Commission's CC9 guidance: Speaking Out. In the event of an election, guidance from Electoral and Charity Commissions about how they engage in campaigning and lobbying is normally published.

## 3. ECONOMIC UNCERTAINTY

The Economist magazine recently described the coming years as 'the age of uncertainty'.<sup>31</sup> What do we know about the economic outlook and what impact will it have on charities and the people and communities they serve?

### Are we heading for a recession?

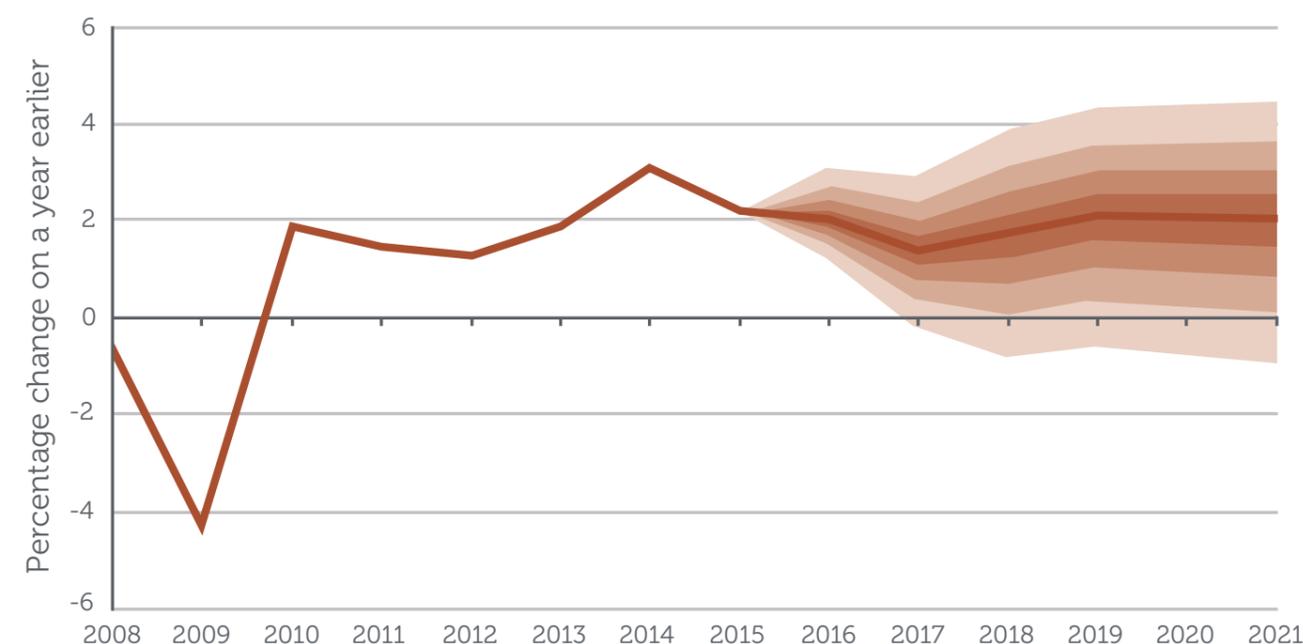
Most economic forecasts currently predict a slowdown, but not a full-blown recession. Figure 4 shows the Office for Budget Responsibility's November 2016 forecasts for the economy as a whole. The solid line shows the central projection of 1.4% growth in 2017, 1.7% in 2018 and above 2% in the years beyond. The lighter bands of this fan chart show possible variation based on past forecasting exercises.<sup>32</sup>

However, forecasts are subject to change, particularly as more information about Brexit becomes available. In particular, if the UK failed to secure a new trade deal or transitional arrangement by the time it leaves the EU, the economy could face a cliff edge in 2019 or beyond.

“...any likely Brexit outcome would lead to lower trade flows, lower investment and lower net inward migration than we would otherwise have seen, and hence lower potential output.”

Office for Budget Responsibility  
November 2016

Figure 4. Real GDP growth fan chart, Office for Budget Responsibility, 2016. Source: ONS/OBR.



Even if the UK avoids a new recession, some areas of the country will fare better or worse than others. This could exacerbate regional differences that have persisted since long before the 2008 financial crash and see some areas continue to miss out as more wealthy areas benefit. Government's recent reassurances to Nissan may have saved jobs in Sunderland in the short term, but if other key employers postpone investment, move overseas or struggle to recruit it will have a knock-on effect for their local communities. EU funding has also been concentrated in some regions - particularly Wales, the South West and North East - so these areas stand to lose more than others, particularly as there has been little suggestion of how or even whether such funding will be replaced.<sup>33</sup>

### Is the end of austerity in sight?

In a word: no. The Government has, to date, stated that cuts to public services and working-age welfare will continue in line with its 2015 spending review plans. If anything, the current outlook implies that austerity could last for longer.

The Chancellor has increased investment in transport, broadband and other infrastructure projects. He has changed the Government's fiscal targets: no longer planning to eliminate the deficit until sometime in the next parliament. This is primarily to ensure room for manoeuvre if Brexit negotiations run into difficulty, rather than to soften the blow of austerity measures.

“The rising economic tide has not lifted all boats... In only two regions – London and the South-East – is GDP per head estimated to be above its pre-crisis peak.”

Andrew Haldane  
Bank of England, June 2016

<sup>31</sup> "Uncertain Business" *The Economist*, November 2016.

<sup>32</sup> *Economic and Fiscal Outlook*, Office for Budget Responsibility, November 2016. An updated forecast was expected in March 2017 after this report went to print.

<sup>33</sup> *UK Regions and European Structural and Investment Funds*, SPERI, 2016

Unless taxes were to go up or the tax base expand significantly, it seems unlikely that cuts already delivered will be reversed. In a worst-case Brexit scenario, where the UK was unable to secure a trade deal with the EU, the current Government has indicated that it would consider slashing business taxes to maintain competitiveness – with inevitable consequences for government spending.

### Beware rising inflation

With a weaker pound, it is more expensive for British companies to buy goods overseas. This increase in their costs may ultimately be passed on to consumers – causing inflation to rise. Current Office for Budget Responsibility forecasts are for Consumer Price Index inflation to peak at 2.6% in the second quarter of 2018 (Retail Price Index inflation is forecast to peak at 3.6% at the same point).<sup>34</sup> This is likely to put pressure on households, particularly those who are struggling, and on charities' purchasing power over the next two years.

The Bank of England's remit is to maintain inflation at 2%, so it may at some point choose to raise interest rates. However, at the time of writing, it seemed likely to maintain low interest rates in the short term. Low interest rates help to maintain demand in the economy (encouraging people to borrow money for mortgages and business expansion) and moderately rising inflation can help public finances by reducing the burden of government debt.

**“ Everybody should be very, very clear how damaging food inflation is to the economy... and how lethal it could be for millions of people struggling to live from week to week. ”**

**Matt Davies**  
UK Chief Executive, Tesco

## WHAT DOES THIS MEAN FOR SMALLER CHARITIES?

For many charities, continued public sector austerity will exacerbate the existing pressures of rising, more complex demands and falling funding. Statutory funding gaps are unlikely to be filled by new government funding so charities will need to adapt to the long term prospect of limited state capacity.

Charities should also be aware of the impact of rising inflation and low interest rates. There are steps charities can take to start to protect themselves in this situation. While in many cases contracts already fail to meet full cost recovery,

wherever possible – for example, when writing funding bids and budgeting to pay bills – charities should factor in the costs of inflation. Where charities have mortgages, it may be worth looking at fixed rate deals while interest rates remain low. Where charities have reserves, shopping around for the best bank account or investment options may prevent their value eroding over time.

Beyond this, considering contingency plans in the event of a more significant economic downturn affecting clients or organisation will help charities should the worst happen.

<sup>34</sup> *Economic and Fiscal Outlook, Office for Budget Responsibility, November 2016*

## 4. LOCAL GOVERNMENT AT A TIPPING POINT

After six years of cuts, local government is at a critical juncture. In England, whether it takes off in a new form with more powers devolved from Central Government, or is reduced to its bare bones, depends as much on public pressure, or lack thereof, as economic realities.

### The graph of doom

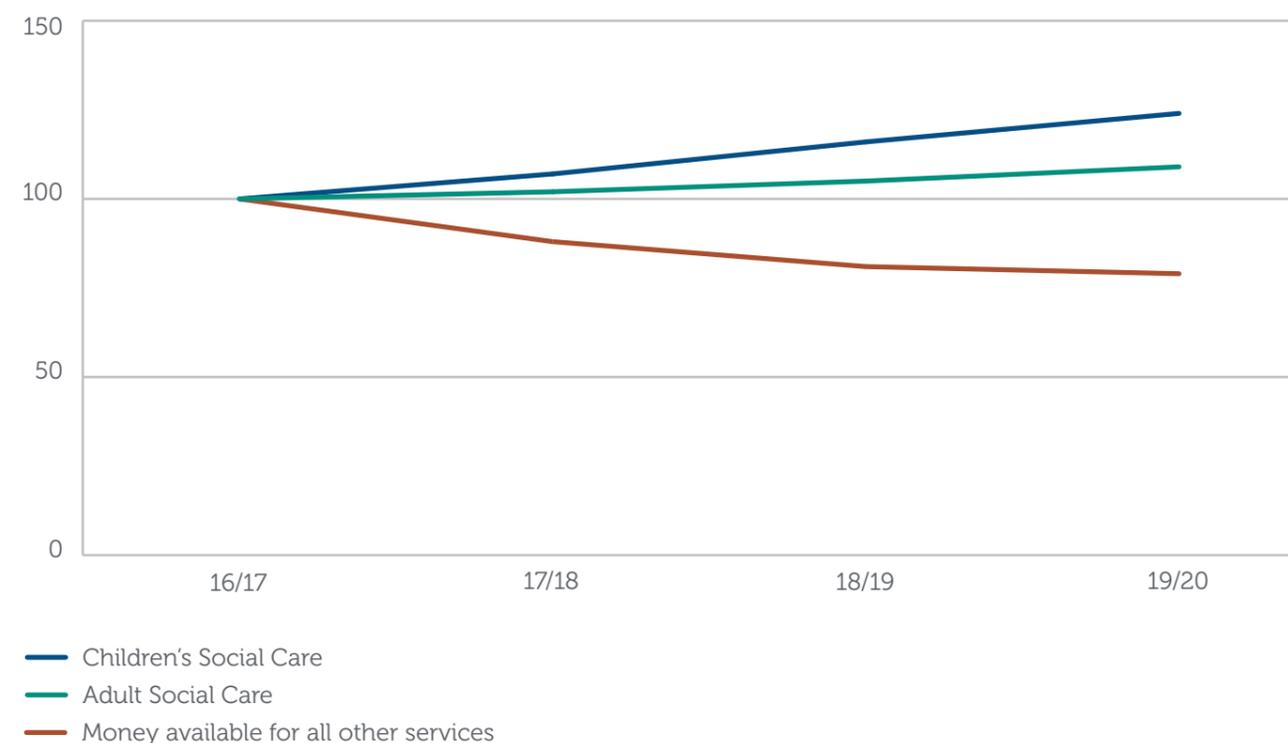
Council budgets have already been cut by 40% since 2010. As a result, councils have reduced spending on non-statutory services and raised thresholds so fewer people are eligible for statutory services, placing more pressure on charities to fill the gaps with fewer resources.

**These trends are likely to continue.**

With an ageing population, an increasing share of council budgets will be spent meeting their obligations for adult social care. Combine this with statutory children's services and less money will be available for everything else as Figure 5 shows. Individual councils have previously forecast their own graphs of doom, where social care needs eventually consume their total budgets.

In short, the outlook is bleak for most non-statutory services. Unless something changes, charities will face further funding reductions and rising needs.

**Figure 5: Local government spending forecast, Local Government Association, Autumn Statement submission, 2016.**



**“ The next few years will be extremely challenging for councils who, we estimate, face an overall £5.8 billion funding gap by 2020. Many councils are faced with difficult decisions about which services are scaled back or stopped altogether. ”**

**Local Government Association**  
November 2016

## Something's got to give

As this picture for local government income and spending plays out within individual councils across England and Wales, the impact can be stark. Birmingham's former Chief Executive, for example, has described the 'catastrophic consequences' that further cuts are likely to have for the most vulnerable.<sup>35</sup>

To date, the Government has only taken modest steps to alleviate pressures on social care: allowing councils to bring forward council tax rises and re-allocating spending from a different housing pot. These steps are 'woefully inadequate', according to the Association of Directors of Adult Social Services.<sup>36</sup> Local Government Association, Solace and the Kings Fund have all called for urgent additional funding.

Moreover, whether councils secure and make use of these types of powers depends on public opinion. Few councillors relish the prospect of raising taxes on their constituents. The difficulty is that public support for such measures may only materialise at the point it affects their day-to-day lives – further reductions to waste collections, libraries, children's centres and so on – long after more vulnerable people have been affected, such as through the closure of homelessness or addiction services.

## How does Central Government expect councils to square this circle?

Firstly, by allowing councils to retain 100% of their income from 'business rates' (the business equivalent of council tax) from 2020 onwards. They argue that this will incentivise councils to attract new businesses to their area, generating more income to pay for local services. Many councils, however, say that this regime offers them only limited flexibility and could result in a postcode lottery. Areas most likely to benefit are those which are already relatively better off, with poorer areas likely to fall even further behind with few prospects of increasing their income.

Secondly, through political devolution. With councils securing devolved powers and working with directly elected mayors, New Local Government Network argues there should be greater public awareness of these issues, opportunities to rally efforts locally, greater accountability, and better prospects of a public mandate to 'pull down' additional powers or support from Central Government.<sup>37</sup>

Areas that have already secured devolution deals – particularly Greater Manchester – will need to be watched closely during the next few years to see if they offer a template for the future. Some

**“ We are fast reaching the point where there could be catastrophic consequences for some people. ”**

**Mark Rogers**

Former Chief Executive of Birmingham City Council

**“ An 80-year-old contacted his local authority asking for desperately needed respite care. He was sent a leaflet and told to get in touch with Age Concern. ”**

**Vanguard Consulting/Locality**  
2017

<sup>35</sup> Birmingham Council Chief: years of cuts could have catastrophic consequences; Guardian, December 2016

<sup>36</sup> ADASS response to the local government finance settlement – woefully inadequate.; ADASS, December 2016.

<sup>37</sup> Author interview with Jessica Studdert, NLGN, December 2016.

charities have been concerned that larger combined authority areas, and decreasing funding, could instead see power sucked upwards from local councils.

Overall, there will be little respite for local government in the years ahead. Some areas may be able to improve their lot, but only if the right economic and political conditions align – and, most likely, only if they are already relatively well off.

## The picture in Wales

In Wales, plans for local authority reorganisation fell by the wayside in 2016 in the face of mounting pressure on budgets and services. Two key policy drivers for the future will be the Well-being of Future Generations Act (Wales) 2015 and the Social Services and Well-being Act (Wales) 2014. These Acts created a framework for statutory bodies to work in a more integrated, joined up way, with a clear emphasis on the added value third sector organisations are expected to make.

**“ [Making contact with decision makers has] been really vital for us in relation to getting around the right table... It's changed how we're placed and the information we're getting. ”**

**Charity respondent**

IVAR Duty of Care report

## WHAT DOES THIS MEAN FOR SMALLER CHARITIES?

There is a significant need for charities to facilitate public debate and advocate for their local communities, for example, when council budgets are being set. All too often it is those furthest from power for whom the consequences of political decision-making will be most significant, yet their voices are least likely to be heard. Making noise about what is happening and engaging local elected members in the cause can help to bring attention to the impact of cuts.

Even where campaigning locally to save some funding is successful, smaller charities will find it increasingly challenging to secure funding – especially grants, but also contracts – from local government in future. Some charities are already reporting local authorities pulling all charitable funding to non-statutory services and this pattern is likely to continue. Staying informed about local political developments and budget processes will help charities to be fleet-of-foot in responding to cuts and advocating for beneficiaries.

Where they have the opportunity to do so, smaller charities will need to set out the business case for their work clearly for commissioners: emphasising their understanding of local needs, the impact of their work, any savings they contribute towards, and any additional social value they contribute. Examples could include bringing in additional funding from independent trusts and foundations that would not be available to a private or larger provider, creating local volunteering opportunities or catalysing a wider community contribution. Smaller charities can also be proactive about discussing alternative approaches and seeking out potential partners.

It is clear that however effective, well-managed and impactful charities are, in this climate they are not immune to cuts or closure. Where decommissioning of services is inevitable, securing appropriate transition or exit arrangements for affected clients needs to be a priority.

## 5. RESHAPING PUBLIC SERVICES

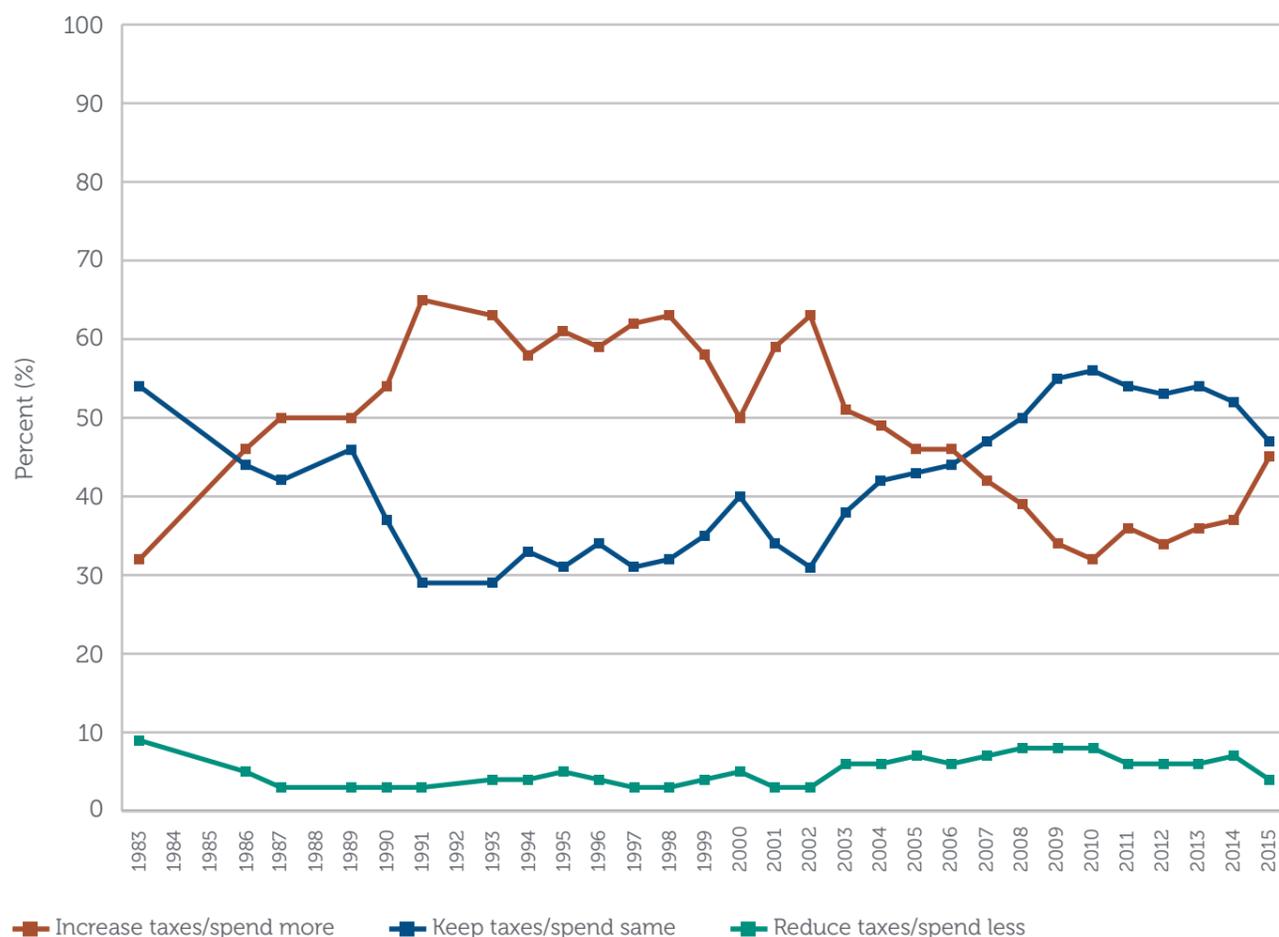
All of our lives are enhanced by the provision of public services, but some services are under immense strain. Whether public dissatisfaction is significant enough to prompt a rethink on their funding has yet to be seen. The future of the NHS and social care will remain a hot topic in 2017 and beyond.

The last decade has seen accelerating marketisation, cuts and major reorganisations. What's next for public services?

A pessimist's answer would be "more of the same". Theresa May's Government has so far heeded few warnings about the impact of further cuts to local government, health or education. If so, relentless outsourcing of public services is likely to see diminishing returns, as the long-term detrimental impact of short-term cost-cutting are realised. Specific crises will prompt specific responses, rather than systematic ones.

A more optimistic view would be that the next generation of public service reforms will be bottom-up. Faced with the risk of system failure, public service leaders will work with their communities and supply chains to develop new approaches. These collaborations will pool resources (time, money, data, volunteers, intellectual property), experiment with new technologies, and ultimately succeed in 'pulling down' power and the additional funding

**Figure 6: Attitudes to taxation and spending on health, education and social benefits: 1983 – 2015, NatCen British Social Attitudes Survey**



necessary. Charities will need to feed into strategic decision making if bottom-up reform is to be realised. This next phase of devolution could prove more significant than the first and set a new template for public services in the future.

Voter opinion will weigh heavily on the Government's approach. As Figure 6 shows, the most recent NatCen British Social Attitudes Survey showed that, for the first time in a decade, almost as many people believed taxes should rise to pay for public services as those who believed tax and spending should stay the same.<sup>38</sup>

### Will the NHS survive?

The political consensus for the NHS remains and it is very unlikely to change. Demographic pressures, advances in treatment and changing patterns of need are all increasing financial pressures on the health service. Ultimately more funding will be needed, but exactly how much and how allocated, is the subject of major political disputes.

The current Government's Five Year Forward View calls for more integrated services and preventative spending, for example. This was to be delivered via the creation of local Sustainability and Transformation Plans (STPs) – a bottom-up approach to planning across whole areas.

Unfortunately, as the Kings Fund, a health think tank, has said the STPs are the 'right approach' in theory, but the process has been 'far from perfect' in practice.<sup>39</sup> There has been very limited public consultation and the brief is extremely challenging: for areas to make long-term transformation contingent on short-term savings. NHS England's own risk register gave a 'red' rating to their chances of implementing the Five Year Forward View successfully by 2020.<sup>40</sup> All of which means it is a safe bet that NHS funding and reorganisation will remain high on the public radar over the next few years.

### What's next for commissioning?

Without assertive policy intervention, current trends look set to continue. For the public sector, issuing fewer large contracts, at lower prices, gives an impression of efficiency even if the quality of services deteriorate. For charities, this will make it increasingly impossible to secure funding from public bodies unless they are working in consortia or supply chains of larger organisations. This alters the nature of service delivery as well: reducing scope for smaller organisations to offer holistic or innovative approaches.

In the case of the NHS and social care, there are two ways this could go. Experts foresee a shift towards larger 'accountable care providers', which join-up health and care services across large areas.<sup>41</sup> If designed well, the integration of services should incentivise more investment in preventative healthcare, and may support innovations like social prescribing, where smaller charities can help to meet needs in the community. If not, the risks are similar to other major outsourcing projects – large companies cut costs to secure profits by cutting quality or access and are insufficiently accountable to the public. In the worse cases, public bodies and local charities are left to pick up the pieces of large contract failures.

<sup>38</sup> *British Social Attitudes 33, NatCen, 2016*

<sup>39</sup> *"STPs far from perfect but NHS has no plan B, warns thinktank", GP Online, November 2016.*

<sup>40</sup> *Corporate and NHS Performance Report, December 2016.*

<sup>41</sup> *"Accountable care organisations explained", Kings Fund, 2016.*

Some positive steps have been taken by Government over recent months: extending recognition of social value<sup>42</sup>, the publication of new grant standards<sup>43</sup> and plans for a new commissioning kitemark and piloting new approaches.<sup>44</sup> But more needs to be done: in line with the recommendations of the Foundation's recent *Commissioning in Crisis* report.

The Foundation's *Commissioning in Crisis report*<sup>45</sup> included a number of recommendations for government at a local and central level, including:

- Improving understanding of needs and who can best meet them
- Using proportionate approaches
- Placing more emphasis on social and long term value
- Introducing a target for working with smaller charities
- Challenging poor practice
- Improving transparency

Acting on these recommendations will be critical to many smaller charities' survival and the continued delivery of essential services to individuals at risk.

Smarter commissioning approaches, which include proper accounting for social value, need robust advocacy to make them a reality. At a national level, bodies such as the Foundation, WCVA and NCVO are making the case for change and offering alternatives. At a local level, charities can make the same case to their local commissioners.

Finally, what Brexit will mean for commissioning has yet to be seen, but if it presents an opportunity to encourage reduced bureaucracy around procurement, this would be welcome.

## WHAT DOES THIS MEAN FOR SMALLER CHARITIES?

It will be increasingly difficult to secure funding from government unless part of an established supply chain, consortia or social prescribing network.

Bidding for and entering into public service contracts should be approached with caution. Even if smaller charities find a lot they can still bid for, the prevailing focus on securing the lowest price services often puts charities at a disadvantage in bidding, and charities should think carefully about whether this compromises their quality, independence or puts their sustainability at risk. Locality has warned that ever-leaner contracts can prove 'fatal' for insufficiently diversified organisations.<sup>46</sup>

Nonetheless, the more smaller charities can engage with their local commissioners and make the case for appropriate budgets and commissioning arrangements, the better, not least to advocate on behalf of their clients and communities. They should seek to stay informed about future commissioning plans, find out what they will need to do when it comes to bidding, and make the case for smaller lots where possible. Getting the support of local elected members could help to strengthen the case and exert more pressure on commissioners to do the right thing.

<sup>42</sup> "A social value breakthrough?", *Social Enterprise UK*, January 2017.

<sup>43</sup> *Grant standards guidance*, Cabinet Office, December 2016.

<sup>44</sup> "Rob Wilson unveils programme to help small charities bid for public services", *Third Sector*, December 2016.

<sup>45</sup> *Commissioning in Crisis*, Lloyds Bank Foundation for England & Wales, 2016

<sup>46</sup> *Waving not Drowning*, Locality, 2015

## 6. SOCIAL DIVIDES

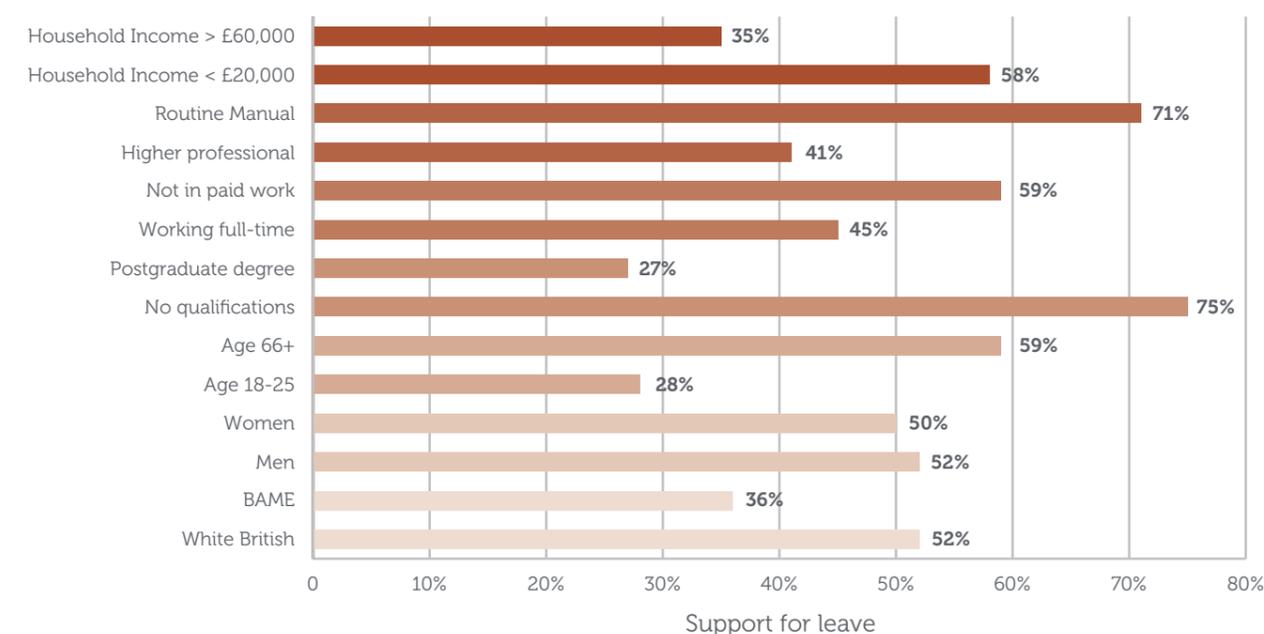
Brexit has been blamed for opening a Pandora's box of social division. In truth, these social divisions in the UK are long-standing and deep-rooted. As tensions could rise further, smaller charities may want to reflect on their own values and how they might be able to shape a response.

### Leave vs Remain

The EU referendum vote was unusual. Rather than dividing the public by their usual political allegiances, it arguably exposed deeper fault-lines in our society.

Research by Joseph Rowntree Foundation, as shown in Figure 7, showed that age, income and education were the key factors dividing voters.<sup>47</sup> Education was the biggest factor, with people with no qualifications favouring Leave by a huge margin.

**Figure 7: Support for Leave among different demographic sub-groups**, Joseph Rowntree Foundation, 2016. Source: British Election Study EU Referendum Internet Panel Wave.



A study by the Resolution Foundation also showed that areas that had seen a rapid increase in immigration since 2004 favoured Leave, whereas the overall proportion of people born outside the UK in an area did not have such an effect.<sup>48</sup> While the Prime Minister plans to prioritise immigration controls in the forthcoming Brexit negotiations, this will only go part of the way to resolving these social tensions. The head of the Equality and Human Rights Commission has raised concerns about the prospect of further hate crime in the months ahead.<sup>49</sup>

### Have charities engaged sufficiently with these issues?

The social divides described above of course reflect much longer-term issues: not least, educational inequality, industrial decline and fraying community cohesion. Many charities have been working in deprived communities for years – particularly with those for whom the economic recovery has never materialised. If politicians want to understand better why

<sup>47</sup> "Brexit vote explained: Poverty, low skills and lack of opportunities", Joseph Rowntree Foundation, August 2016

<sup>48</sup> "Why did we vote to leave? What an analysis of place can tell us about Brexit", Resolution Foundation, July 2016

<sup>49</sup> "Prepare for new surge in hate crimes, says EHRC", *Guardian*, January 2017

communities feel left behind and what can be done to help, then smaller charities, which work in, with and for these communities can provide the answers.

In recent years, some charities have felt deterred from campaigning or engaging in political activity by government policies and guidance.<sup>50</sup> At face value, it may be no bad thing reputationally that charities appear to have held back from the polarising Brexit debate. But if self-censorship, or simple lack of resources, has inhibited charities from playing their full part in civil society - advocating for communities, holding politicians and institutions to account, bringing evidence and lived experience to the fore - then such a debate will have been poorer for their absence.

Figure 8: Charity sign in Salford, 2016



“ Our analysis suggests that the key routes to repairing an apparently divided nation include taking action on improving people’s living standards, addressing concerns about the appropriate pace of migration and making areas more cohesive. ”

Resolution Foundation  
2016

## WHAT DOES THIS MEAN FOR SMALLER CHARITIES?

Smaller charities will be well-aware of the long-standing divisions in our society. They will also recognise the critical juncture that the country faces after Brexit and the important role of civil society, including smaller charities, in helping to shape our future.

Each charity is different, so it will be for each charity to consider their values and responses. Engaging in collective efforts – such as community outreach, responding to consultations or backing public

campaigns - may be a good approach for those with limited capacity.

Following a spate of hate-crime attacks in 2016, many charities pro-actively spoke out to challenge racism and to offer advice or friendship to those who felt under threat. Whatever their other constraints, all charities should feel able to articulate and live their values in their day to day work – as demonstrated in a welcome sign displayed by charities in Salford.

<sup>50</sup> Independence in question, Civil Exchange, March 2016

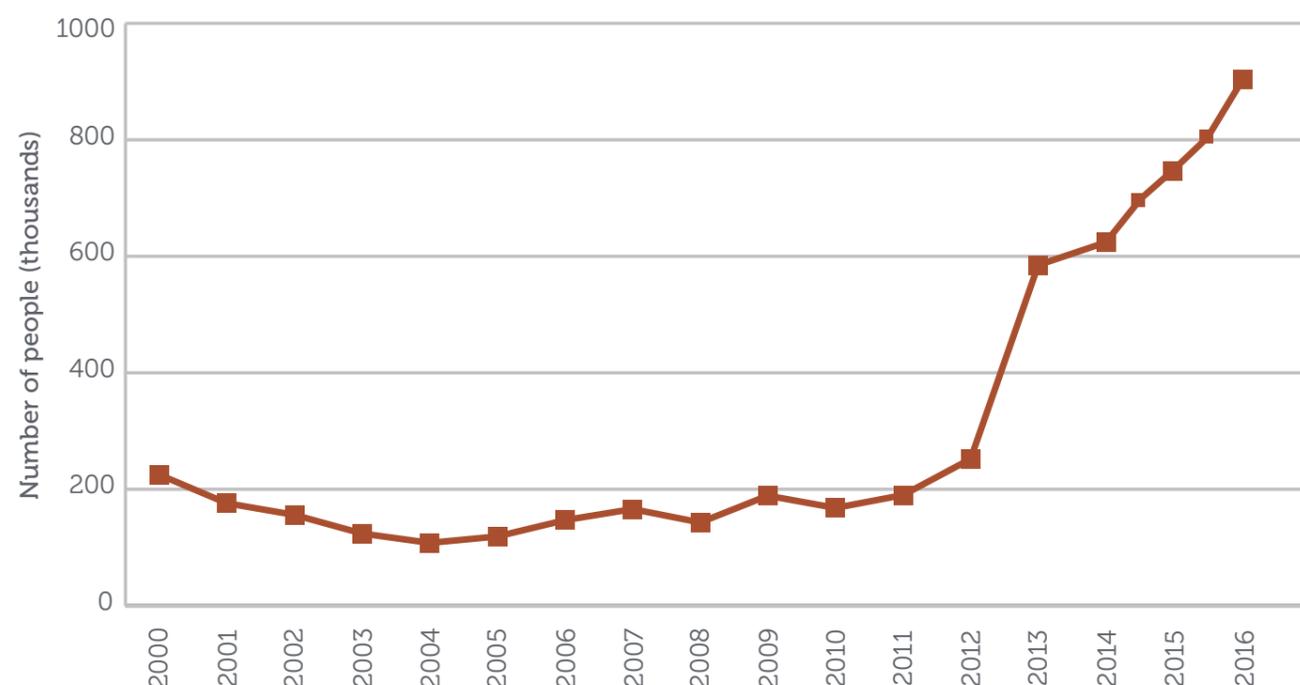
## 7. THE WAY WE WORK

The structure of the job market continues changing and new technologies will disrupt existing industries and ways of working. The impact and resilience of our own organisations will also be shaped by these trends.

### The gig economy

The UK reached record levels of employment during 2016 and an increasing number of new jobs were full-time roles.<sup>51</sup> Nonetheless, Citizen’s Advice analysis suggests that 4.5 million people are in insecure roles, including 900,000 on zero-hours contracts.<sup>52</sup> While some people prefer these flexible arrangements, for many it is not a choice. The precariousness of these roles undoubtedly makes it harder to support people moving out of unemployment, homelessness or poverty.

Figure 9: The level and rate of people on zero hour contracts, Guardian, 2016. October to December, each year 2000 to 2015, April to June 2014 to 2016. Source: ONS Labour Force Survey.



A government review of the gig economy - as it has come to be known - will be taking evidence during 2017 and is being led by the RSA’s Chief Executive Matthew Taylor.<sup>53</sup> The review is likely to propose new legal protections for workers. As BWB law firm commented on a recent case, this is an area where “the law is catching up with technology”.<sup>54</sup>

<sup>51</sup> Labour Market Update, CBI/Pertemps, January 2017

<sup>52</sup> “4.5 million people in insecure work”, Citizen’s Advice, June 2016.

<sup>53</sup> Employment Practices in the Modern Economy, October 2016.

<sup>54</sup> “Press reactions to BWB’s “gig economy” employment tribunal win”, January 2017.

As employers themselves, some charities use flexible contracting arrangements for good reasons, such as through positive working relationships with freelancers, who prefer to work flexibly and provide services the charity does not have capacity to deliver in-house. Nonetheless, charities should be aware of the evolving regulatory landscape and ensure their employment practices are not only legal, but ethical as well.

## Automation

Technological changes will have a profound impact on the job market and the nature of work over the next decade. Workers whose roles are lost to automation may need retraining.<sup>55</sup>

Different parts of the charity sector are likely to be affected sooner than others by automation. Autonomous cars affecting community transport or breakthroughs in personalised medicine affecting health charities. For employment charities, there could be major issues in preparing people for work and finding them suitable roles – which is already a live issue in the gig economy. Caring roles that require a human touch are thought less likely to change, but even these roles may be augmented by technology to a greater extent.<sup>56</sup>

In light of the trends described above, some campaigners have argued for a new universal basic income (UBI) to replace current social security arrangements. This would see each citizen receive a basic income, which they could top-up through employment. Proponents – including the RSA – argue this would boost employment, reduce benefits bureaucracy and better recognise the value of care-giving.<sup>57</sup> However, Department of Work and Pension Ministers have said such schemes would be unaffordable and could amplify inequality.<sup>58</sup> Pilots underway in Finland and elsewhere will likely see this idea and others debated further.

“Automation could pose more risks to jobs than demographic changes.”

Tech at Work 2.0  
2016

## WHAT DOES THIS MEAN FOR SMALLER CHARITIES?

These changes to the way we work will already have affected some of the communities that charities serve. For each organisation, it will be worth considering whether an acceleration of these trends could affect the level or nature of demand for their services in future.

The implications will hit the way charities themselves work too, with potential changes to their own staffing. Where possible, providing

secure roles and paying a Living Wage can make a real difference for those on low pay and there are a growing number of “Living Wage friendly funders” that will support these costs in funding bids. There are opportunities for charities in the changing space of employment patterns. Improvements in technology can also make it easier to support flexible working patterns and can make it easier to access skills outside the organisation.

<sup>55</sup> “The Onrushing Wave” *The Economist*, 2014

<sup>56</sup> *Technology at Work 2.0: The future is not what it used to be*, Oxford University, January 2016

<sup>57</sup> *In support of a Universal Basic Income*, RSA, 2015

<sup>58</sup> “Tories reject unaffordable universal basic income”, *Independent*, 2016

## 8. BEYOND THE INTERNET

The next phase of technological development will have profound implications for how we live, work and relate to each other. For smaller charities, these changes, while they may seem distant or even scary, will be transformative.

### The fourth industrial revolution

The internet and communications technology have completely transformed our lives in the past few decades.

We are now at the foothills of a fourth industrial revolution according to Klaus Schwab of the World Economic Forum, characterised by “a fusion of technologies that is blurring the lines between the physical, digital, and biological spheres”:

“The possibilities of billions of people connected by mobile devices, with unprecedented processing power, storage capacity, and access to knowledge, are unlimited. And these possibilities will be multiplied by emerging technology breakthroughs in fields such as artificial intelligence, robotics, the Internet of Things, autonomous vehicles, 3-D printing, nanotechnology, a biotechnology, materials science, energy storage, and quantum computing.”

Already, artificial intelligence is all around us, from self-driving cars and drones to virtual assistants and software that translate or invest. Impressive progress has been made in AI (artificial intelligence) in recent years, driven by exponential increases in computing power and by the availability of vast amounts of data, from software used to discover new drugs to algorithms used to predict our cultural interests.”

World Economic Forum, 2015

Technology expert Kevin Kelly has described twelve unstoppable tech trends that will shape the next decade<sup>59</sup> including the rise of tracking, for example, with the ability to track ourselves, our health, interactions, and possessions. All this tracking offers potential for significant innovation and better tailoring products and services to our specific needs but can also present dangers to organisations and beneficiaries. We are only beginning to understand its wider implications: who has access to this data, what does it reveal when joined up, do employers have a right to know where we are, for example? These might be big questions but the potential gains through technology are too great to be ignored.

“Charities that aren’t starting to engage with an increasingly digital future run the risk of sleepwalking towards a precipice. The world in 2025 will not resemble the world today.”

Tech for Common Good  
NPC, 2016

<sup>59</sup> *The Inevitable: Understanding the 12 technological forces that will shape our future*, Kevin Kelly, 2016

## What do these trends mean for society?

Technological advances can propel the economy and society forward.

For those able to access the benefits of new technologies, they are likely to improve their lives and livelihoods.

Tech for Good describe the social good that can also result from these developments<sup>60</sup>:

**“ [Tech] can help to redistribute power, give agency to people, help people make informed decisions, create ways for people to connect, participate, address health or care needs and save energy. ”**

Tech for Good, 2016

Yet the gains of technological progress accrue unevenly. The digital divide is likely to become larger for those that miss out on the benefits that new technology can bring, from lower prices to reduced isolation. Already, smaller charities describe their clients struggling with job opportunities, public services and Universal Credit moving online – this type of demand for digital help will only continue.

Charities have a role to play in helping people navigate this new world – but they face their own barriers as well. As New Philanthropy Capital's Tech for Common Good report highlighted, the costs of investing in digital are often prohibitive for individual organisations: collective investment will be needed to realise the benefits for the sector. Yet if we wait, smaller charities face the risk of being outpaced by larger, more digitally savvy organisations, potentially leaving their communities less well-served than before.

## WHAT DOES THIS MEAN FOR SMALLER CHARITIES?

It is easy to think these trends are happening elsewhere or too far in the future to affect us in the here and now. But all of this needs careful consideration: what will technological changes mean for communities served, delivery models, collaborations, access to funding and other resources?

Understandably, few charities feel able to prioritise spending on technology and digital skills. But

smaller charities need to investigate their options. With many digital tools and training opportunities now available freely online, and an increasing proportion of the workforce who are 'digital natives' digital opportunities may be more within reach than expected, but charities will need to be open to these opportunities to reap the full rewards.

<sup>60</sup> "Tech for Good: Part II: What is good tech?", Cassie Robinson, 2016.

## 9. UPHOLDING PUBLIC TRUST

Public trust underpins all charities' legitimacy and ability to do their work. While it is larger charities whose work has attracted criticism in recent years, no charity can afford to overlook the importance of upholding public trust.

### Why is public trust falling?

The Charity Commission's bi-annual survey found that public trust in charities had fallen significantly between 2014 and 2016. Of people surveyed 33% said their trust had fallen and, of those, two-thirds cited negative media stories as the main factor.<sup>61</sup>

However, the research also found that it does not apply to smaller charities. This is not a surprise: smaller charities are well placed to engage with their communities and less likely to have engaged in the controversial fundraising practices that the media report. Other studies have borne out higher levels of public trust in smaller charities<sup>62</sup> – presenting both an advantage for these organisations, but also a responsibility to maintain trust.

All charities will be aware of the risks of a deterioration in public trust and none should be complacent. There is undoubtedly a risk that regulators take a sledgehammer approach, with smaller charities getting caught up in the process of, for example, regulating larger charities' fundraising practices. But there is also a risk that continued deterioration in public confidence would permeate more widely: it is not simply a big charity problem.

### What steps will the regulators take?

The new Fundraising Regulator was launched in 2016 and will make permanent appointments for its Chair and Chief Executive in 2017. Its work will likely ramp up in the short term, as public awareness increases and while many larger charities review their fundraising practices. In the longer term, it is hoped that the presence of a higher-profile fundraising regulator will enhance public confidence in charities.

Meanwhile, the Charity Commission, under pressure from budget cuts, is considering charging charities. William Shawcross, the Chair, has argued that charging fees would enable the Commission to be a more effective regulator and offer better services, such as a proposed helpline for trustees.<sup>63</sup> Whether the sector and the public agrees with this approach remains to be seen.

A coalition of sector bodies and charities has also come together as the Understanding Charities Group to think about how to enhance public understanding of charities generally. Their new website [howcharitieswork.com](http://howcharitieswork.com) addresses questions frequently asked by the public such as 'Are there too many charities?' and could support individual charities to address difficult questions too.

### What are the key issues for individual charities to consider?

Media scrutiny will continue to focus on any issues where charities do not appear to have their houses in order. In the past few years, the spotlight has often fallen on larger charities: chief executive salaries, aggressive fundraising practices and international aid efficacy. Yet smaller charities cannot assume they are immune from such scrutiny: for example governance, low pay, or data protection.

**“ Small, well-established, local charities are the most trusted of all; especially when they can clearly show where donations are spent. ”**

Open University  
2016

**“ The 'third sector' needs to represent citizens and communities as opposed to itself. Too often sustainability is simply viewed as keeping the organisation afloat. ”**

Shape Your Future  
WCVA, 2016

<sup>61</sup> Public Trust and Confidence in Charities, Populus/Charity Commission, 2016

<sup>62</sup> "Small charities top the list for consumer trust", Open University, 2016.

<sup>63</sup> "William Shawcross says consultation on charging could come by end of January", Third Sector, January 2017.

## WHAT DOES THIS MEAN FOR SMALLER CHARITIES?

It is important to remember what promotes public trust in charities: we all place greater trust in organisations we've heard of and where it is easy to find out their impact and how they spend their money. Smaller charities can take heart from this: they start from a high base of public support already and most can take simple steps to enhance trust. But this does not mean they should be complacent.

Most charities can focus on the positives by making the most of their networks and engaging regularly with their local communities, businesses, faith groups and so on. They can ensure they ask beneficiaries for feedback and involve them in designing services.

Being as open and transparent as possible will help. From updating websites to filing annual accounts with the Charity Commission, there are many ways for smaller charities to improve their transparency. Taking every opportunity to communicate the impact of work and rootedness within communities will help to maintain smaller charities' high regard amongst the public.

As with all areas, charity leaders and trustees need to have honest conversations about any areas of concern. It is worth seeking professional advice where there are any significant vulnerabilities, including strengthening governance. In many cases advice is available on a pro-bono or reduced basis for charities and charities need to build relationships to take advantage of this.

## 10. A RENEWED VISION FOR CIVIL SOCIETY?

After the Compact years and austerity, what hope is there for renewed relationships between civil society and government?

### Things May get better

In January 2017, Prime Minister Theresa May chose the Charity Commission's annual public meeting to launch her vision of a "shared society". She articulated a more proactive approach to supporting the voluntary sector's role:

*"It means not being ambivalent about the efforts of all those who give their time, money and expertise in the service of others; but recognising, supporting and championing those who lead the way in shaping a civil society that can bring the talents of so many in our voluntary sector to bear on some of the great social challenges that we face together."*

Speaking about mental health specifically, she also noted that for years it had only been charities that stood up for people with mental health conditions. This suggests that the Prime Minister also takes a more favourable view of charities' role in advocating on behalf of their beneficiaries – a positive development and signal that last year's attempt to insert anti-advocacy clauses into grant agreements should be behind us.

The establishment of a new voluntary sector unit within No 10 is another positive sign, led by Charlotte Lawson, formerly of the Centre for Social Justice think tank. If this team can facilitate a greater role for charities and encourage progress on critical policy agendas, such as mental health, this will be particularly helpful. Nonetheless, against the ongoing backdrop of cuts and Brexit, it remains to be seen how much of May's vision can be realised.

In Wales, a plan to restructure local government did not proceed, but has left open questions about the role and funding of CVCs, articulated through a Wales Audit Office report published in January 2017.<sup>64</sup>

<sup>64</sup> Wales Audit Office report on Local Authority Funding of Third Sector Services, January 2017.

## Reviews

Another reason for optimism is the launch of a major civil society inquiry, being led by Julia Unwin<sup>65</sup>, in 2017. It has been funded by charitable foundations and will involve a widespread consultation with civil society to shape a new vision for the future. It is likely to command significant authority and will form a stronger basis for the sector's own efforts and negotiations with funders and government in the coming years. Its final report is due in 2019.

There are also reviews underway about the state of the sector by NCVO, Big Lottery Fund, New Philanthropy Capital, Charity Futures and the House of Lords. In Wales, WCVA has recently published two Shape Your Future foresight reports which assess wider trends affecting the charity sector in Wales. These reviews will likely lend momentum to discussions with government, even if they necessarily present some difficult messages.

**“ Small charities are an incredible force for good in our society - bringing people together, supporting their communities and pursuing common goals.**

**We will be keen to hear from as many small charities as possible during the course of our inquiry into the future of civil society. ”**

**Julia Unwin**  
January 2017

## WHAT DOES THIS MEAN FOR SMALLER CHARITIES?

The apparent thaw in government relations and momentum behind new voluntary sector inquiries should be welcome, particularly if it leads to an improvement in the commissioning landscape and greater recognition of the work charities already do in their communities. To make the most of these opportunities and ensure their conclusions are relevant, smaller charities will need to engage with these initiatives to ensure they are not dominated by the experiences of larger charities.

But any big visions only go so far – it is on the ground in communities that charities make a

difference and it is actions playing out on the ground that will determine whether they survive. At a local level, actively engaging with local councillors and MPs, highlighting their own work and making the case for small, local charities generally will arguably become more important. Given the difficult outlook for local government and public services, this is unlikely to lead to increased levels of funding, but could help secure the best use of available funds and help charities remain involved in key conversations about the future to ensure the voices of their beneficiaries are heard.

<sup>65</sup> Julia Unwin CBE, former Chief Executive of Joseph Rowntree Foundation

# PREPARING FOR THE FUTURE

## INTRODUCTION

Sustaining work during times of considerable uncertainty is challenging. The good news is that charities have weathered storms and periods of uncertainty before, and there are already examples of charities making the most of new opportunities in a changing environment.

Indeed, one of the greatest strengths of smaller charities is their resilience and staying power. This matters because while governments and economic crises come and go, many of society's most intractable problems require long-term commitment. Evidence shows that smaller charities, those woven into the social fabric of their communities, are highly trusted, bolster their communities' social capital, and often take a holistic approach that helps people fulfil their potential and improve the world around them.<sup>66</sup>

This resilience is only possible because of their flexibility and adaptability. Smaller charities go to great lengths to keep frontline services going for their communities.

Weighing options carefully in light of the charity's overall mission is critical for organisations that want to achieve greater sustainability – not all efforts to achieve financial sustainability are in the best interests of charities or individuals. Below we suggest a framework of seven factors which smaller charities should consider to best respond to the trends set out in Section 2. The section includes top tips for charities and details of resources available. Where possible we have included examples of smaller charities who have benefited from the kinds of approaches set out.

## A. UNDERSTANDING SUSTAINABILITY

Financial sustainability is a concept with a lot of baggage. Each organisation needs to have its own discussion about what it means for them.

A recent Institute for Voluntary Action Research (IVAR) study identified 13 separate definitions of financial sustainability, underpinned by a raft of often-questionable assumptions.<sup>67</sup> Funder expectations are particularly problematic: asking applicants to demonstrate their organisation's long-term viability and impact, while often providing only short-term project funding.

In response to the difficult financial environment, a far greater emphasis has been placed on income diversification in recent years. In light of threats to traditional income streams – particularly grants and contracts from government – there has been an urgent need for charities to secure alternative funding sources if they are to survive. Inevitably, there are no simple answers and different charities will find different solutions. A good starting point for all, however, is to map activities and their income-generating potential.

Yet perhaps not enough is talked about the risks of diversification for smaller organisations, such as mission-creep, reporting burdens, and staff burnout. Sometimes sustaining vital support for communities – rather than

**“ Above all else, [the smaller charity sector] has been able to demonstrate a high level of durability and flexibility, making use of its financial, human and creative assets in order to adapt to changing circumstances. ”**

*Too Small to Fail*  
IPPR, 2016

**“ We don't have a dedicated fundraising role, we are all delivering services. We have to apply to four or five grant-makers to fund one person's salary. That's a lot of work for a small organisation like ours. ”**

**Charity respondent**  
Garfield Weston Foundation

<sup>66</sup> *Too Small to Fail*, IPPR/Lloyds Bank Foundation for England & Wales, 2016

<sup>67</sup> *Thinking about Sustainability*, IVAR, 2016

an organisation's existence - means merging with another, scaling back to a volunteer-only model, or focussing more on campaigning. Sometimes it is simply not possible to maintain a service at all, at which point a responsible wind-down is better than a dying gasp for funding that could be better spent elsewhere.

Everyone involved in a charity's work should have a say in what sustainability means, but ultimately trustees are responsible for deciding its future.

## TIPS FOR CHARITIES

**Considering what "sustainability" means in the context of the charity's mission:**

Given the organisation's current position, and the outlook ahead, how can it make the biggest difference for the community or cause it serves?

**Involving the community:**

Everyone involved in the charity's work will have a valuable perspective on the question above. Seeking their views can help to inform trustees, who are ultimately responsible for deciding the organisation's future.

## Resources

- **Charity trustee meetings: 15 questions you should ask**

This short resource from the Charity Commission<sup>68</sup> includes questions on strategy and finance that you could ask to get the conversation started.

## B. PLANNING AHEAD

There are always reasons to get on with the day job, but the most successful charity leaders and boards also maintain a strategic perspective and plan dynamically.

In a 2016 Charity Commission study of over 100 charities that ran into financial difficulty, the biggest difference between those that recovered and those that didn't was their ability to plan ahead.<sup>69</sup> The Commission's reports on charities that survived describe the critical importance of relatively simple steps, such as holding more frequent trustee meetings and seeking professional advice. Those that planned ahead were able to make decisions with enough time to restructure, act on professional advice or raise new income.

By contrast, there is ample evidence that charities often leave it too late. Support providers including Small Charities Coalition, Eastside Primetimers and NCVO, all raise the issue of charities only seeking external help at the point when it was almost too late and when charities' options were significantly reduced.

It is, of course, unrealistic to expect everyone in smaller charities to down tools and undertake bells-and-whistles strategic planning processes. Moreover, in a period of considerable uncertainty, detailed five-year plans may not be appropriate.

What is incredibly important for smaller charity leaders is maintaining a strategic perspective including awareness of the external environment, good communication with trustees, a shared understanding of the charity's current financial position and what steps it is taking to realise opportunities and mitigate

“ It is never too early to review your charity's finances and mitigate future risks. ”

Charity Commission  
2016

<sup>68</sup> [www.gov.uk/government/publications/charity-trustee-meetings-15-questions-you-should-ask/charity-trustee-meetings-15-questions-you-should-ask](http://www.gov.uk/government/publications/charity-trustee-meetings-15-questions-you-should-ask/charity-trustee-meetings-15-questions-you-should-ask)

<sup>69</sup> *Accounts Monitoring Review: Charities with audit reports identifying that they may be in financial difficulty*, Charity Commission, Sept 2016

risks. Trying to look beyond the next few months might feel like a luxury but it is important for smaller charities to answer some fundamental questions: 'why are we here; what do we do well; could anyone else do it; what do we want to protect, grow or develop; what could we drop, change or forego?'

Having a contingency plan for the worst-case scenario can also provide greater security and clarity about the room for manoeuvre in the meantime. For charities already experiencing financial crisis, the Charity Commission's guidance should be followed.<sup>70</sup>

“ Diagnosis is an important part of capacity building and it can lead to positive outcomes in its own right, but only when it is done in the right way by the right people. ”

Third Sector Research Centre 2014

## TIPS FOR CHARITIES

**Making time for planning ahead:**

Whether a fundamental assessment of the charity's position, or simply a regular stocktake, booking out time in relevant people's calendars to think about these bigger questions is important.

**Starting with a SWOT analysis:**

Using the diagnostic tool - Mission/ Money Matrix (Figure 10) or undertaking a SWOT analysis can help charities to plan ahead. SWOT analysis involves a discussion about the organisation's own strengths and weaknesses, and the opportunities and threats in the external environment. It is particularly important to identify the organisation's key strengths and what makes it distinctive, as these will help to inform any new income generation activity.

**Planning for different scenarios:**

Asking 'if this happened, then what?' for each of the opportunities and threats identified helps bring focus and practical responses. This gives a better sense of the different possible scenarios ahead to plan for. The next steps would then be to consider the likelihood, costs and benefits of the different scenarios. This helps compare different courses of action.

**External support:**

Sometimes it is helpful to have an external person to support a diagnostic or SWOT exercise. Previous research has found that the effectiveness of this support provider depends on their "sensitivity, flexibility and depth of probing in using diagnostic tools; and their ability to focus on positive aspects as well as areas for improvements".<sup>71</sup> Local CVSs may be able to recommend a local provider.

## Resources

- **Free diagnostic tools**

The **VCSE Strength Checker from Big Lottery Fund** has around 50 questions focussing on financial health. It generates an instant short report that highlights strengths and weaknesses to consider.

**NCVO's Sustainable Sun Tool** is an easy to use resource that identifies 10 steps to sustainability in key areas. It results in a visual 'sun' diagram, indicating areas for development.

**NPC's Charity Analysis Framework** guides organisations through 17 questions that look at their purpose, impact, people, and finance and operations. It includes suggestions for tailoring its use by smaller organisations.

An **Organisational Self-Assessment Framework** builds on the Third Sector Trends research study, which identified 20 key characteristics for organisations. It provides guidance on what good practice looks like in relation to each characteristic.

<sup>70</sup> *Managing a Charity's Finances: Planning, managing difficulties and insolvencies*, Charity Commission guidance CC12.

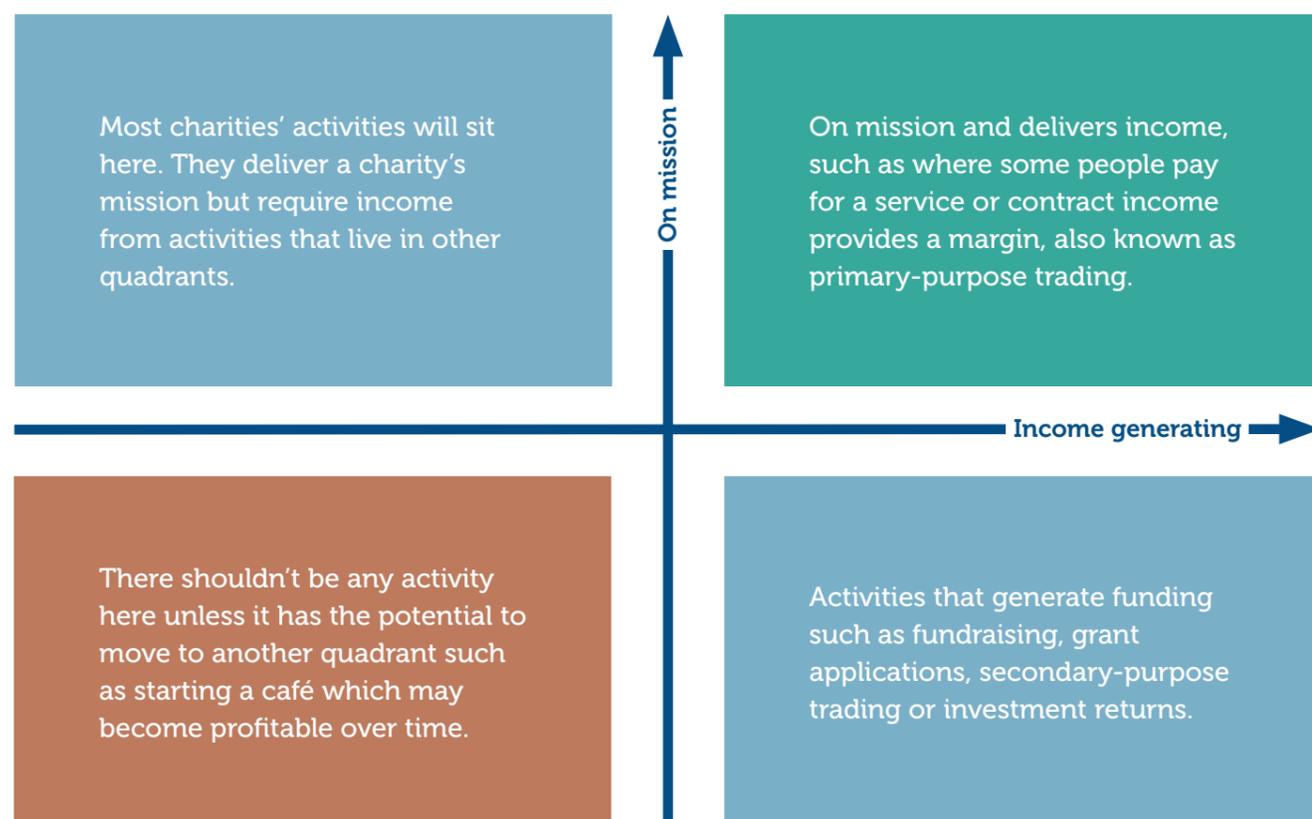
<sup>71</sup> *Building Capabilities in the Voluntary Sector: What the evidence tells us*, TSRC, 2014

## C. MATCHING INCOME TO ACTIVITIES

Previous research shows that charities’ default reaction, when struggling financially, is to write more grant applications. This is not always the best strategy.

Assessing different income generation options should start with an understanding of the charity’s mission and activities. A quick way of doing this has been developed by NCVO’s Sustainable Funding team. They ask organisations to start by mapping their main activities into one of the four quadrants on the following Mission/Money Matrix.<sup>72</sup>

Figure 10: Considerations to make when using NCVO’s Mission/Money Matrix



While charging for services or making better use of a charity’s premises won’t be options for all, where there are activities that could potentially move towards the top-right quadrant – this is a great place to start in considering future options. It can make those activities more sustainable and free up resources.

Taking out a loan might feel risky but if it could expand any of the activities in the right-hand quadrants, it is worth considering, particularly where it could increase returns available to subsidise the top-left quadrant. One of the Foundation’s grantees has taken the innovative approach of using loans to help buy up housing stock that can be used

**“ Most organisations are... attempting to diversify income by targeting major donors, trusts and foundations, a strategy that cannot work for all of them. ”**

**Small charities and social investment**  
IVAR 2016

<sup>72</sup> “Mission Money Matrix”, adapted from KnowHowNonProfit.

to house individuals fleeing abuse, with the subsequent rental income providing a vital income stream for the charity.

An alarming and increasing number of public service contracts are now loss-making but are responsible for critical services so charities may find it hard to know when to walk away. If it’s on mission, but not income-generating, it will go in the top-left quadrant. If it’s not directly on mission **and** loss-making then it’s bottom-left and needs to be reconsidered.

## TIPS FOR CHARITIES

### Mapping activities and income streams:

A mapping exercise such as the one described above can help with considering which activities truly need subsidising, which could generate income, whether there are any that could be expanded and whether there are any that ought to stop.

### Deciding on priorities:

It is hard to generate new income – deciding on priorities is important. These will stem from overall strategic goals, definition of sustainability and any analysis or mapping exercises done. If this leads back to applying for more grants, so be it. If it leads in new directions, then great, but be realistic about resources available.

## Resources

- **NCVO income spectrum tool: Helping to find the right income mix**  
This free and easy-to-use tool provides another way to map income, which includes assessing the risk of different income streams.



## D. EXPLORING NEW INCOME STREAMS

Once charities have taken stock, they will be in a better position to assess future income generation options. Resources are available that may be helpful and are signposted below.

There are, unfortunately, no silver bullets when it comes to income diversification. The experience of recent years has shown that charities are well-advised to start by thinking about what suits them, rather than following the latest funding fashions.

### Donations

For organisations with a supporter base and strong story to tell about their work, donations can play a two-fold role in supporting their mission. The fundraising process – when done correctly – can build affinity for the charity. Donations raised are often unrestricted and can support independence.

While returns on fundraising are often positive, they usually require some investment upfront. For one of the Foundation's grantees, employing a Community and Events Officer has significantly increased the charity's fundraising return on investment. It is also worth registering for Gift Aid, to make future fundraised income go as far as possible. Being registered for Gift Aid is necessary to make claims under HMRC's Small Donations Scheme.<sup>73</sup>

Donations from corporates can be key here too – although sometimes this may cross over to trading income too. Another of the Foundation's grantees has been able to raise £25,000 in the last four years by building a relationship with a corporate that has donated money in response to the provision of training on autism awareness.

The Institute of Fundraising and KnowHowNonProfit provide free resources to help charities get started with and develop their fundraising. Crowdfunding platforms such as BT Donate, Virgin Money Giving, SpaceHive and Crowdfunder can make fundraising online easier. Charities should also follow the new Fundraising Regulator for the latest updates on the fundraising code and data protection requirements.

### Grants

Grants remain the first port-of-call for many smaller charities. These can make a major contribution to their work.

Despite their popularity, grants are a hit-or-miss affair and often have long lead-in times. Charities stand a better chance when they carefully consider which funders' objectives are the best fit with their work and can explain their impact clearly. The Foundation has published a 'top 10' list of things charities can do to make their grant applications stand out, which is ever more important as competition for limited funds continues to grow.<sup>74</sup> Meanwhile, the top request from charities in previous Foundation research was for more coordination by funders<sup>75</sup> – a request the Foundation and other funders need to consider further.

<sup>73</sup> "Claiming Gift Aid as a Charity or CASC", HMRC.

<sup>74</sup> "Ten-point checklist for ensuring your charity is fit for the future", Lloyds Bank Foundation for England & Wales/Charity Finance Group, 2016.

<sup>75</sup> "Expert Yet Undervalued and on the Frontline and on the Frontline", Lloyds Bank Foundation for England & Wales, 2015

New free services like GrantNav and Beehive, and established ones such as Funding Central, can help charities target grant applications more effectively.<sup>76</sup>

### Contracts

Where charities have the capacity to deliver high-quality services at scale, they may wish to bid for public service contracts. Contracts can benefit the charities involved – enabling them to reach more people and further develop or integrate their services.

However, as outlined in this report, contracts have tended to become less accessible – and sometimes unsustainable – for smaller organisations in recent years. Some charities have had to take the difficult decision not to bid for contracts that were unsuitable, such as the Clinks case study of Anawim Women's Centre in Birmingham shows:

*"We've said no to the [Transforming Rehabilitation] contract... they've taken the same budget they gave to two women's centres, spread it out between five women's centres, and asked those centres to cover larger geographical areas as well. The only way you can make that work is to have a model that is just group work... We felt that without the casework, the women weren't going to be stable enough to attend the groups as this takes months of pre-engagement work."*

Smaller charities that partner with larger organisations or are working in a consortium will be best placed to secure contracts.

To make a success of contracting with other organisations, smaller charities need to be assertive and negotiate appropriate contractual terms. KnowHowNonProfit has a section on negotiating contracts,<sup>77</sup> and an analysis by BWB law firm of contract terms and conditions being imposed on charities provides some useful insights on what to look for.<sup>78</sup>

Charities will be better-placed if they can evidence their contribution to public-sector savings and added social value. While this can be hard to achieve, the Government has created a Unit Cost Database to help assess the public sector savings associated with different outcomes. This is particularly useful when speaking to public sector commissioners, but also may be useful for other grant applications too.<sup>79</sup>

### Trading

Increasing numbers of smaller charities are using trading as a means to fulfil their mission.

Primary-purpose trading is where trading directly contributes to the charity's mission. Where clients – or a significant proportion of clients – can afford to pay for services, then charging for their services is an option smaller charities can explore. Although people often expect charities to provide services for free, this can be solved with good communication and enough time to build understanding. Some smaller charities also offer a free service subsidised by a paid-for service.

<sup>76</sup> Grant Nav, Beehive and Funding Central

<sup>77</sup> How to be better at negotiating contracts, KnowHowNonProfit.

<sup>78</sup> Payment-by-results contracts: a legal analysis of terms and process, BWB, 2013. Although specifically focussed on PbR, the analysis has many relevant pointers for other contracts as well.

<sup>79</sup> Unit Cost Database

**“ [We] commissioned an independent feasibility and sustainability study to look at ways of increasing our income streams. The study identified that the charity could raise income from the delivery of our bespoke training and personal development programmes and this is now starting to bear fruit. ”**

Foundation grantee

For example, a local Relate centre's website states clearly:

*"We are a charity and we don't make a profit from the services we provide. We charge a fee for counselling to cover the costs of the sessions. In some circumstances, we can offer reduced rates, so please get in touch."*

An increasing number of charities are also augmenting their charitable work by developing non-primary purpose (or 'off mission') trading activities, sometimes through a subsidiary company. Getting a new enterprise activity off the ground takes considerable energy and resource so it should not be undertaken lightly. For many charities, setting up social enterprises has seen resources diverted for limited returns.

Sustainable funding expert Ros Jenkins says non-primary purpose trading often works best for smaller charities when they can develop an asset, such as a building or vehicle, that can be rented out to others without becoming a major diversion from the charity's work.<sup>80</sup>

One additional insight from smaller charities involved in both types of trading is to be aware of the administrative responsibilities: record-keeping, sending and chasing of invoices, is very different to reporting on one or two contracts.

## Social investment

Borrowing money can sometimes help charities to expand services, develop an asset, or generate new income. Government sees this as the key to sustaining charities but there are debates about its actual potential. If it is considered, it is crucial that smaller charities have a realistic plan for repaying any borrowed money.

Social investment finance intermediaries that provide loans to charities have received significant injections of capital from Big Society Capital (a wholesale bank set up by the Government in 2012). However, for smaller

**“ We have just taken on a 10 year lease of our building meaning that all revenue from room bookings now comes to us. ”**

Foundation grantee

charities seeking even straightforward loans, considerable barriers still remain: some external, for example large loan sizes, high interest rates, and uncertainty over the funding environment, and some internal, for example governance, time and skills to compare different investment options.

A new website [goodfinance.org.uk](http://goodfinance.org.uk) has been set up to help charities considering social investment for the first time. IVAR's 2016 Small Charities and Social Investment report looks at the issues for smaller charities in more detail.

## E. COLLABORATING BY CHOICE

Collaboration can enable smaller charities to enhance their impact and focus on their strengths. But being assertive when choosing partners and negotiating terms is critical to success.

At their best, collaborations are worth more than the sum of their parts and both sides can see the benefits of working together. Collaboration opportunities range from informal networking to joint ventures to full mergers.

In response to the aggregation of contracts, an increasing number of smaller charities are looking to work together in consortia. For charities like Exeter CVS, setting up its Co-Lab to bring health and wellbeing services together under one roof has been a step change.

Exeter's Co-Lab recognises the interdependence of social factors behind many of the greatest community challenges, and brings services together to collaborate and innovate. It has been co-designed to now host 30 projects that cut across offending, housing, addiction and health inequalities. For people with complex needs who may need to access numerous services, this means they only have to tell their stories once, to the first person they feel comfortable engaging with, who can then introduce them to others in the Co-Lab who may be able to help. There are no gate-keepers to services, with the traditional rule book thrown out in favour of a co-designed service that works both for those accessing and delivering services.

Since opening in 2016, the Co-Lab is enabling organisations to better share costs, eliminate competition and duplication and deliver outcomes – making both reduced costs and system efficiency savings a possibility.

For other charities sharing back office functions has reduced their costs and enabled services to continue. Living Room Cardiff and Cais are one such example. They have a three year relationship which sees the Living Room Cardiff become a wholly owned subsidiary of Cais to enable it to continue delivering vital services when faced with severe financial difficulties. By joining forces, Living Room Cardiff is able to get support with HR, fundraising and economies of scale, together with an element of financial security. Such relationships can inevitably bring challenges too, but they offer sustainability that might not otherwise be available.

**“ For a time we had a partnership with [a major company] but the demands on the core costs to maintain the relationship were too heavy in relation to the funding offered. ”**

Foundation grantee

**“ It is relatively early days, but what we are seeing are strands of work across sectors and across agencies that are better joined up, and more able to offer supportive interventions that are coordinated and paced to help people move forward across complex and interrelated life issues, rather than being pushed from service to service. The organisations based with us are seeing higher levels of engagement, and improved outcomes. ”**

Simon Bowkett  
Chief Executive  
Exeter CVS/Co-Lab

## TIPS FOR CHARITIES

### Starting from strengths

Wherever possible, charities should start from segmenting their activities (See Figure 10) and identifying strengths that they could build upon. Questions to ask could include:

- Is there an established community of supporters who may be interested in donating or fundraising for the cause?
- Is there access to a building or any other assets?
- Are there any services that some individuals could pay for or contribute towards?
- Are there established relationships with other charities or organisations in the area?

### Assessing the potential return on investment

It is worth assessing the different options carefully, to enable the board to consider them such as researching what other charities in the field are doing, the views of clients and/or potential donors, what returns and costs are realistic to expect. Gathering this information would help to inform any initial decisions and would then feed into the next steps, such as a business plan for any new ventures or a fundraising strategy.

It is important to factor risk into the assessment of potential returns, discounting them accordingly. It is also important to remember there are risks associated with all courses of action, including doing nothing.

<sup>80</sup> Author interview with Ros Jenkins, NCVO Associate, December 2016.

Where collaborations are unsuccessful, they can be draining. Funders and commissioners are often the instigators of forced collaboration between organisations. Though it can be convenient to go along with it in the short-run, costs can outweigh benefits. Smaller charities stuck in these types of relationships have experienced culture clashes, difficult meetings, inappropriate transfers of risk and not being able to recover their costs.

Formal mergers remain extremely rare. Only 129 organisations merged out of 160,000 charities in 2015<sup>81</sup> and most of these could better be characterised as 'rescues' when one organisation had run into financial difficulty and was 'taken over' by the other. A similar dynamic occurs where charities are transferring staff due to the loss of a contract.

Eastside Primetimers, the support organisation who created the Good Merger Index, say that this is unfortunate as mergers can be a more positive process.

**“ Mergers are often better when they are proactively sought from a position of strength, as part of a clear strategy to increase the social impact of the charity and enhance outcomes for its beneficiaries. For example, small charities that are specialist in a particular service area or well-rooted in a community will have a clear value proposition if seeking to join a larger organisation or group, and will often be in a better position to retain services or negotiate for autonomy. ”**

Merger Index, Eastside Primetimers

## TIPS FOR CHARITIES

### Being proactive in considering new partnerships

Wherever possible, smaller charities should seek out good partners they trust to work with. These partnerships tend to form around shared values and good communication. They can align services or share savings in a mutually beneficial way.

Where collaborations are driven by funder requirements, smaller charities can still aim to take a proactive stance and negotiate terms that meet their needs.

## Resources

- [NCVO consortia guidance](#) includes different models and 10 steps for forming a consortia
- [BWB and IVAR's Thinking about Merger guide](#)
- [Collaborative working and mergers](#), Charity Commission guidance

<sup>81</sup> The Good Merger Index, Eastside Primetimers

## F. DIGITAL CAPABILITIES

Half of smaller charities say they lack basic digital skills. In light of the trends described above, this almost certainly presents a risk to their future sustainability.

The good news is there are simple ways to get started and to begin realising benefits. For example, Figure 11 shows that charities that take even modest steps to improve digital capability, such as accepting online donations, can reap financial rewards.<sup>82</sup>

Smaller charities can often draw on the skills of their trustees, volunteers or supporters if they lack digital skills among the staff. They could also look to incorporate digital skills in recruitment or consider whether any suitable online courses are available for staff through websites such as FutureLearn, Google Garage or Udacity. Rethinking how charities interact with corporates and volunteers could have a major impact on their ability to engage digitally. Looking to build new relationships with individuals and businesses which have different skill sets offer major opportunities to smaller charities. For example, charities in Yorkshire worked with local tech experts to develop a new web-based tool aimed at helping statutory agencies to better navigate support pathways for refugees and asylum seekers.

Figure 11: Lloyds Banking Group Digital Index, 2016



It is also the case that setting up a website or getting started with social media has become much simpler. For example, low-cost off-the-shelf websites available from sites such as Strikingly, Wix and Squarespace require no coding skills. Smaller charities can also begin saving time and money by making use of comparison websites and free apps that support collaboration (such as Google docs, Skype, Survey Monkey and Doodle).

Getting started has never been easier, but smaller charities should still explore their digital needs properly before diving in. Reviewing the digital approach can help move whole organisations forward: it can open up important questions about how charities engage clients and supporters, make decisions, and provide services. At a bare minimum, speaking to service users and supporters can ensure efforts are targeted effectively. For example, a youth charity supported by the Foundation recently noted that the young people they work with don't use websites or Facebook; their main point of contact was via social media apps like Snapchat. Doing research before launching any new project will save wasted efforts.

<sup>82</sup> Lloyds Banking Group, Digital Business Index, 2016

## TIPS FOR CHARITIES

### Reviewing capacity and activities:

A great starting point for reviewing a charity's digital capabilities is to use the 12 questions guide referenced in resources below. These questions cover all areas of charities' work, so there are useful prompts for everyone, even those with stronger digital capabilities already.



### Resources

- **Making Digital Work: 12 questions for trustees to consider**

This succinct resource has been developed by Zoe Amar Communications in partnership with the Charity Commission. It covers everything from governance through to service delivery, fundraising and cyber-security.

## G. SUSTAINING STAFF

One of the biggest risks that most smaller charities face is losing key people. In any discussions about sustainability within organisations, it is important to consider the wellbeing of staff.

In their new book, *the Happy Healthy Nonprofit*, Beth Kanter and Aliza Sherman say charity sector staff are particularly susceptible to burnout because of the combination of scarce resources, high need clients and expectations of sacrificial behaviour.

Charities that have faced financial pressures have invariably made cutbacks to staff and pay. In many cases, they have only been able to continue because of the huge commitment and loyalty of their remaining staff. When the Foundation recently asked some of its grantholders to say one thing that worries them, several small charity leaders around the table admitted that they were literally up at night worrying about work. They were all too aware of their organisation's critical dependency on them, being responsible for fundraising, networking and knowing who's who in the local council.

While their efforts are commendable, this is an unsustainable situation. This back office capacity crunch cannot go on indefinitely "without significantly reducing the sector's ability to meet demand and generate income"<sup>83</sup>

Smaller charities would undoubtedly benefit from better succession planning and training opportunities, but first and foremost, they need to promote the wellbeing of their staff. This includes tackling the work-related causes of mental health problems and supporting staff who are experiencing a mental health problem. It also involves encouraging all staff to prioritise their wellbeing. For one of the Foundation's grantees, investing in the wellbeing of staff has seen training rolled out on organisational supervision practice to help increase job satisfaction, staff retention and emotional wellbeing when staff are faced with traumatic issues on a daily basis.

“ Organisations survive because of the dedicated trustees, staff and volunteers that are committed to their services and what they are trying to achieve. When things become difficult, dedicated people put in extra time and effort to keep things going. ”

**Waving not Drowning: Lesson's from Locality's lifeboats service 2014-15**

## TIPS FOR CHARITIES

### Reducing pressure on key individuals:

It is easy to make overly-ambitious plans for organisations without checking whether too much is falling to the same person. Trustees should be particularly mindful of the pressure on charity leaders and encourage them to be honest and realistic about what they can commit to. One option for charity leaders could be to explore mentoring or joining an action learning set, such as those facilitated by Ella Forums.

### Promoting wellbeing like the organisation's survival depends on it – because it does:

The best laid plans will come to nothing if the people they depend upon burnout. It sounds simple, but one of the most important things senior leaders can do is talk regularly about wellbeing with staff. Leaders can encourage staff to use the resources below, invite them to be open about their boundaries and needs at work, and then accommodate these needs as far as possible. It's about exploring what people need at an individual level and capturing this.



<sup>83</sup> A Financial Sustainability Review, NCVO et al, 2015

## Resources

- Mind, the mental health charity, has produced a series of good practice guides available online for senior leaders and HR professionals, including:
  - An introduction to mentally healthy workplaces
  - How to support staff who are experiencing a mental health problem
  - How to promote wellbeing and tackle the causes of work-related mental health problems
  - How to take stock of mental health in your workplace
- Mind has also produced a Wellness Action Plan template which helps staff to identify what keeps them well at work and what causes them stress, how they show the signs, and suggesting ways they can be supported.
- The Happy Healthy Nonprofit by Beth Kanter and Aliza Sherman provides insight and inspiration for charity professionals to promote their own wellbeing at work. It includes practical advice on topics like how we use technology, improve our nutrition, rest, and exercise.

**“ It can be lonely at the top. Buddying up with another trusted peer, or establishing an action learning set, could be one route for chief executives to support each other and their organisations. ”**

**Emma Mamo**  
Head of Workplace Wellbeing, Mind

# 4: Conclusion

**There is no doubt that there are turbulent times ahead but with focus and foresight, smaller charities will pull through.**

Across economic, political, social and technological landscapes we can expect unprecedented levels of uncertainty over the coming years that will both directly and indirectly impact on smaller charities and those they support. Whilst the challenge this presents is real, it is not insurmountable if government and funders take action and if charities work together to build a fairer, shared society. If anything, these changing times could provide an opportunity for smaller charities to take a leading role in increasing social capital, catalysing new resources, building cohesive communities and reducing pressure on public services.

Reaching this fairer, stronger society demands commitment from government. From radically reforming commissioning practice, recognising the value of smaller charities and ensuring their views and experience informs policy. If we are to realise a society where ‘no one is left behind’ we need a bottom up revolution that draws on the expertise of those on the frontline. Both statutory and independent funders must nurture smaller charities, providing the long term core and flexible funding and capacity building support that they need to thrive.

Of course smaller charities themselves must adapt to survive. By working creatively, collaborating and maximising the potential of new technology charities can continue to meet new needs that their beneficiaries and communities present with and secure new resources. Larger charities equally have a role to play. They must recognise how their smaller counterparts are a distinctive and fundamental part of the voluntary sector ecosystem but they can be made or broken accordingly by how large charities act towards them. We need meaningful partnerships across charities of different sizes and to move away from larger ones exploiting unfair competitive advantages that prevent smaller charities from competing fairly. Finally infrastructure organisations need to accelerate new partnerships that enable better sharing of learning, approaches and resources.

For all of us with a vested interest in a strong and vibrant voluntary sector and brighter future for society, we need to take time to reflect on the longer term trends that will shape our future, but then resolve to face that future with confidence and determination.

Larger charities, infrastructure organisations, government and funders also need to act on the recommendations included in the Executive Summary (page 8) if we are to achieve the *Brighter Future* scenario where smaller charities play their full part in supporting a fairer society, catalysing communities and developing and running services.

**We hope this report goes some way to help make this a reality and to help guide and encourage smaller charities to face forward and take control.**

## OTHER RESOURCES

**Lloyds Bank Foundation for England & Wales** has produced a range of reports and resources to support smaller charities

**Local infrastructure organisations** and **community foundations** can often signpost to appropriate local resources, advisers and potential partners. **NAVCA** and **UKCF** have search engines to find local groups:

- [www.navca.org.uk/members/members-directory](http://www.navca.org.uk/members/members-directory)
- [www.ukcommunityfoundations.org/our-network](http://www.ukcommunityfoundations.org/our-network)

**Charity Finance Group** has launched a small charities programme that includes a range of resources and training focussed on financial topics, such as banking

**Cranfield Trust** provide free business support advice, a HR helpline and other resources and training

**Ella Forums** provide facilitated charity leadership networks

**FSI** produces a range of free resources and training offers targeted at small charities

**Inspiring Impact** coalition's Measuring Up tool is designed for smaller charities to review their impact practice

**NCVO** provides a wide range of resources and training on relevant topics, including sustainable funding

**Sayer Vincent's** free Made Simple guides cover a wide range of topics such as tax relief and pricing strategies

**Small Charities Coalition** publish a wide range of free resources and have a helpline that is staffed Monday to Thursdays

**WCVA** provides a range of advice and guidance, a Funding Portal and learning and development to support the third sector in Wales

## SOURCES AND ACKNOWLEDGEMENTS

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