The Charity and Not for Profit sector today:
An employee and volunteer viewpoint

A survey of charity and not for profit employees and volunteers
by Lucas Fettes & Partners

www.lucasfettes.co.uk/charitiesandnfp
Introduction

This report is based on an online survey of 294 people, all of whom are either employed by, or volunteer for, charities and not for profit organisations in the UK.

Lucas Fettes & Partners have been working with trustees of charities and not for profit organisations for many years, and in that time have helped them deal with all manner of challenges. We wanted to reveal the issues facing today’s charities and not for profit organisations from a wider, more diverse viewpoint, and to better understand the experiences of those working or volunteering in the sector. The success of any charity or not for profit organisation is largely down to the people who work so hard to achieve the aims of the organisation.

We asked employees and volunteers whether the sector is facing more or fewer challenges today than in the past 3 years, what the big challenges are for the sector as a whole and their organisation specifically, and how they feel about their organisation and their role – whether they feel rewarded, motivated and committed to the cause. This is what they told us.

Please do get in touch and share your own thoughts and experiences.

Robin Lucas
Chairman, Lucas Fettes & Partners

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Who did we survey?

In total we surveyed 294 people, all of whom either work for, or volunteer for a charity or not for profit organisation.

The first question asked respondents whether they were employed in the sector, volunteer in the sector, or both. Their answers to this question took them to one of three subsequent question sets. For the purposes of this report, those people who said that they work for a charity or not for profit organisation but also volunteer in their spare time are presented as employees.

This overall sample size is made up of the following:

- 120 employees
- 174 volunteers

Types of organisation

The organisations surveyed represent a broad cross-section of the sector, including those involved in:

- disability care and support
- children and young people
- international aid and development
- health and medical care
- animal welfare
- education
- sport
- advice and counselling
- culture and recreation
- homeless charities
- mental health
- social care
- community development; and
- conservation.

Volunteering activities

We asked volunteers to tell us what activities they are involved in. Their answers were diverse and included:

- help fundraise at events
- foster rescue dogs
- secretary to the Board
- counselling
- hospital radio presenter
- work with pre-school children
- promote charity on social media
- charity ambassador
- organise events
- charity shop worker
- fundraising co-ordinator
- work on a helpline
- admin
- run a support group
- charity trustee
- distribute items to homeless
- organise other volunteers
- campaigning
- mentoring; and
- marketing and PR.

£1,470 donated to charity

Lucas Fettes & Partners have made a £5 donation to each respondent’s nominated charity, by way of a thank you for participating. Those charities that received donations are as diverse as the list above.
Summary and key findings

82% of volunteers and...

79% of employees believe charities face more challenges today than 3 years ago

Only 58% of employees and 49% of volunteers are very or quite confident that their organisation is well equipped to deal with trustee liabilities

68% of employees enjoy their job and 69% find it rewarding

Less than 2% of employees dislike their job, compared to a national average of 49%*

88% of employees and 91% of volunteers are very or quite confident that their organisation will continue to provide a high quality service

82% of volunteers and... 79% of employees believe charities face more challenges today than 3 years ago

Only 58% of employees and 49% of volunteers are very or quite confident that their organisation is well equipped to deal with trustee liabilities

88% of employees and 91% of volunteers are very or quite confident that their organisation will continue to provide a high quality service

Loss of funding is the single biggest challenge...

18% of employees and 16% of volunteers are not at all confident in their organisation’s ability to deal with this challenge

Only 56% of employees are very or quite confident that their organisation is well equipped to deal with employment disputes

22% find their job stressful, compared to a national average of 34%†

52% of employees don’t know if their employer provides them with employee benefits... and 50% don’t know if their employer is planning to introduce a workplace pension scheme due to automatic enrolment

78% of volunteers volunteer because they enjoy it and 72% do so because they respect the organisation’s work

Only 39% of employees are very or quite confident that their organisation is well equipped to deal with pension liabilities or deficits, and 21% don’t know

Only 47% of employees and volunteers are very or quite confident that their organisation is well equipped to deal with cyber risk.

12% and 35% respectively don’t know

Only 57% of employees are very or quite confident that their organisation is well equipped to deal with claims against it

Only 47% of employees and volunteers are very or quite confident that their organisation is well equipped to deal with cyber risk.

22% find their job stressful, compared to a national average of 34%†

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78% of volunteers volunteer because they enjoy it and 72% do so because they respect the organisation’s work

Only 39% of employees told us they feel valued at work. 9% stated that they feel undervalued

Our survey said...

It’s a tough time for the sector. 79% of the employees we surveyed, and 82% of the volunteers, believe charities and not for profit organisations face more challenges today than three years ago. Of those challenges, employees and volunteers alike almost unanimously see loss of funding as the single biggest issue. We asked “What is the biggest challenge facing charities today?” and the resounding answer was “Funding”, in one guise or another. There is no question that charities and not for profit organisations must tackle the threat of lack of funding, and will have some tough strategic decisions to make.

There is also a lack of confidence amongst employees and volunteers in their organisations’ ability to deal with other critical risks, such as trustee liabilities, cyber risks including data security, claims and employment disputes, and pensions liabilities and deficits. These are all risks that, if not managed effectively, have the potential to undermine an organisation’s reputation – as demonstrated by recent news stories surrounding Kids Company, as well as charities embroiled in the Information Commissioner’s Office’s investigation into charity data sales. Unfortunately for Kids Company, the impact of a combination of factors was too great to come back from.

It is of course possible that some respondents’ perceptions are at odds with reality. Whatever the case, there is a clear argument that organisations should be transparent and share their risks and their risk management strategy with staff and volunteers – or better still, engage them in the ongoing process of risk management so that they feel enabled and empowered. The benefits of a risk aware culture that pervades the entire organisation are manifold.

The good news is that people who work in the charity and not for profit sector are happier and more fulfilled than those employed in other sectors, especially the small and medium-sized enterprise (SME) sector. A recent survey of SME employees found that 49% dislike their job.* As well as being happier and more fulfilled in their roles, charity and not for profit employees are less stressed than their corporate counterparts.†

But some told us they personally feel undervalued, with others concerned about their organisation’s ability to hold on to great staff. During these challenging times, employers need to keep hold of the people who so clearly champion the cause and want to help their organisations ‘do good’. There are many ways to help both employees and volunteers to feel valued, and they needn’t be difficult or expensive – improving communication should be the first step.

In spite of the challenges ahead, employees and volunteers are convinced their organisations will go on to provide a high quality of service to their beneficiaries.

*Source: A survey of 2,000 workers by small business banking company Kalixa Pro found that 49% disliked their role and were seriously thinking about changing their job. †Source: A survey from Populus revealed that 34% felt their working life made them feel very or quite stressed.

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Economic environment

Charities and not for profit organisations face more challenges today than three years ago.

82% of volunteers and... 79% of employees believe charities face more challenges today than 3 years ago.

The first question we asked our respondents was “Do charities and not for profit organisations face more or fewer challenges today than three years ago?” The answer was “More”.

Figure 1: Which of these statements do you most agree with?

(Employees: 120 responses)
- Charities face more challenges than three years ago: 1% agree
- Charities face a similar number of challenges than three years ago: 79% agree
- Charities face fewer challenges than three years ago: 20% agree

(Volunteers: 174 responses)
- Charities face more challenges than three years ago: 1% agree
- Charities face a similar number of challenges than three years ago: 82% agree
- Charities face fewer challenges than three years ago: 17% agree

Charity income has flat-lined since 2009 – what are the long-term implications?

The response to the opening question will likely come as no surprise to trustees, who are all too aware of the pressures created by today’s economic background. There are 160,000 voluntary organisations in the UK, and many organisations are seeing an increased demand for their services at the same time as experiencing their own financial challenges.

Cuts to government funding and grants, and an increasing reliance on earned income rather than donations, has seen charity income flat-line since 2009. NCVO’s Financial Sustainability Review, published in July 2015, found that small and medium-sized organisations have seen the biggest overall fall in their income and assets, and a drop of 38% in their income from government sources between 2007/8 and 2012/13. Many charities and not for profit organisations have made cuts to back office staff and management capacity, further affecting their ability to access grants and funding streams.

Funding and finance is the number 1 challenge.

Loss of funding is the single biggest challenge.

18% of employees are not at all confident in their organisation’s ability to deal with this challenge.

16% of volunteers are not at all confident in their organisation’s ability to deal with this challenge.

Employees and volunteers alike believe that loss of funding is a critical issue for charities and not for profit organisations today, with 18% and 16% respectively not at all confident in their organisation’s ability to deal with this challenge.

This corroborates the Guardian Voluntary Sector Network’s findings that 65% of voluntary sector organisations say loss of funding is their biggest challenge.

Figure 2: How confident are you that your organisation is well equipped to deal with loss of funding?

(Employees: 120 responses, Volunteers: 174 responses)

(Funding and finance) 26%

(Other challenges) 74%

In addition, when we asked the open-ended question, “What is the biggest challenge facing charities and not for profit organisations today?”, 74% of the answers from employees related directly to funding and finance, and the same was true of 51% of the answers from volunteers.

Answers included:

- Too many charities chasing a smaller pot of money.
- Long-term funding as opposed to start-up/new project costs.
- Money is tight for the majority of people and charity donations are generally the first thing that goes.
- Finding new income streams – many organisations are too small and don’t have the knowledge or capacity to do this.
- Cuts in grants available to charities.

Lack of funding and fundraising fatigue.

The Guardian Voluntary Sector Network’s findings that 65% of voluntary sector organisations say loss of funding is their biggest challenge.

Figure 3: Number of responses to the question “What is the biggest challenge facing charities and not for profit organisations today? relating directly to funding and finance.

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Economic environment
Funding is decreasing but demand is increasing.

An issue repeatedly raised was the dichotomy of a loss of funding at the same time as an increased demand for services. Respondents told us about their own challenges:

There is too much work to deal with but very little money – a lot has to be achieved on good will.

Coping with demand, especially in the case of mental health charities due to lack of government funded support.

More people than ever need help but the amount of money being donated has not increased.

A lack of government funding for the NHS means under-funded and under-resourced charities are the only hope for some people.

Will organisations cope with pensions liabilities and deficits?

Another issue that can, and most likely will, have a critical effect on organisations’ financial viability, is that of pensions liabilities and deficits.

Only 39% of employees are very or quite confident that their organisation is well equipped to deal with pension liabilities or deficits, and 21% don’t know.

When asked about their confidence in their organisation’s ability to deal with pensions liabilities/deficits, only 39% of employees said they were very or quite confident, and 21% didn’t know.

There are many un-reputable charities operating out there, the UK is a little sick of charities, advocacy is hard; and becoming numb to funding requests.

Don’t dismiss negative feedback from inside

Trustees and senior managers should take note of comments such as those above, as they reveal negative perceptions – even if they are misperceptions – on the part of the very people who work and volunteer for the organisation. Having a satisfied workforce that respects and cites the following challenges experienced by their own organisations:

• too much being paid to executives
• managing the conflict between volunteers and paid staff;
• distrust – what is the true scale of the issue?
• bad press and increasingly hostile media coverage
• reputation to undue risk; good governance underpins everything. But it’s not easy when you’re facing pressure from a number of challenges, such as fundraising risks, and emerging risks like data protection and social media.

Pensions liabilities and deficits – what is the true scale of the issue?

Given the top 40 UK charities alone are reported to have a combined pension deficit of £5.5bn (The Sunday Times), this is a challenge that can’t be ignored. How many small organisations are facing a deficit on their balance sheets? Is the on-going cost sustainable? It’s critical that organisations have appropriate scheme funding plans in place.

There can be no debate that charities and not for profit organisations must tackle the threat of lack of funding, and that there will be tough strategic decisions to make over the coming months and years. In these challenging times, reputation is king, and effective governance and decision making has never been more important.

Will organisations cope with pensions liabilities and deficits?

Another issue that can, and most likely will, have a critical effect on organisations’ financial viability, is that of pensions liabilities and deficits.

Reputation matters.

Employees and volunteers are very aware of pressures relating to reputation and perceptions that are faced by the sector, and cite the following challenges experienced by their own organisations:

• bad press and increasingly hostile media coverage
• distrust – consumers are hassled so much by so many that they are becoming numb to funding requests
• the UK is a little sick of charities, advocacy is hard; and
• there are many un-reputable charities operating out there, giving other charities in their sector the same bad name.

A handful of high profile stories... Increasing pressure for the whole sector

The charity and not for profit sector is under increasing scrutiny, with a range of high profile news stories featuring in the media recently. Allegations have emerged over corporate governance, fundraising techniques and, more recently, data protection and compliance. Negative media coverage can cause enormous damage to an organisation’s reputation, and severely affect its ability to generate public support and raise funds.

We asked them how confident they are that their organisation could deal with reputational loss. The responses were as follows:

Reputation and perception

Reputation and perception

There is a lack of confidence in or respect for leadership on the part of some employees, evidenced in statements such as:

• too much being paid to executives
• managing the conflict between volunteers and paid staff;
• lack of professionalsism at a management level (for smaller charities) in a regulatory environment.

Internal perceptions about leadership are also revealing.

Trustees have a duty of prudence, and must avoid exposing the organisation’s assets, beneficiaries or reputation to undue risk; good governance underpins everything. But it’s not easy when you’re facing pressure from a number of challenges, such as fundraising risks, and emerging risks like data protection and social media.

Yet “30% of charities don’t have a risk policy and 41% have no action plan to address risks higher than their risk tolerance” (Charities Risk Survey, CDFG & PKF).
Emerging risks

Employees and volunteers are worried about more than just funding...

Whilst lack of funding came out on top as the number one challenge (and associated challenges such as pensions liabilities/deficits came close behind), there is also a lack of confidence amongst employees and volunteers in their organisation’s ability to deal with other issues – as Figure 6 shows, both groups expressed doubt over how well equipped their organisations are to deal with changing legislation, trustee liabilities, cyber risks including data security, and claims against their organisation.

Figure 6: How confident are you that your organisation is well equipped to deal with the following challenges?

Responses included:
- dealing with legislation and admin
- too much red tape
- most importantly, government legislation
- the government’s inability to legislate effectively, putting charities under extreme pressure in trying to cope with the fallout; and
- we are a Muslim charity – changes in the Charity Commission leadership and clear political bias make this a difficult time.

Trustee liabilities

Only 58% of employees and 49% of volunteers surveyed told us they were very or quite confident in their organisation’s ability to deal with the risk of trustee liability.

Limits of indemnity are too often too low

As the above figure suggests, there is little disagreement that the risk of trustee liability cannot be ignored. As we have seen, trustees are held accountable for their every action and its impact, and are liable for the actions of the wider organisation. Yet some have limits of trustee indemnity as low as £250,000.

Cyber risks including data security

Only 16% of employees are very confident that their organisation is equipped to deal with cyber risks.

Cyber breaches on the up

With a recent UK government survey finding that, in 2014, 81% of large corporations and 60% of small businesses suffered a cyber breach, employees are right to be concerned by the increasing risk of cyber crime. Possibly the greatest threat to an organisation’s security and its reputation and financial viability in turn, charities and not for profit organisations must build cyber risk management into their every day activity, so that it becomes second nature.

Claims against their organisation

In this age of increased scrutiny and litigation, employees and volunteers are conscious of the negative consequences of negative perceptions on the part of the general public. When we asked how confident they were that their organisations are well equipped to deal with claims against them, only 57% said they were very or quite confident.

A less sympathetic society

Public liability claims against charities and not for profit organisations are up by 18% (Ecclesiastical Insurance Group), reflecting our increasingly litigious society; the public perceives charities and not for profit organisations as no different to corporate businesses – they are no longer afforded the same goodwill they once were. In addition, the 40+% of not for profit organisations that provide professional advice are at risk of professional indemnity claims (SME Insurance Survey 2014, Datamonitor Financial).

All of these are risks that, if not managed effectively, have the potential to undermine an organisation’s reputation – as demonstrated by recent news stories surrounding Kids Company and charities embroiled in the Information Commissioner’s Office’s investigation into charity data sales – employees and volunteers are alert to these challenges.
Employees and volunteers

People who work in the sector are happier than average.

The most positive finding from our research is that people who work and volunteer in the charity and not for profit sector are happier and more fulfilled than their corporate counterparts. Compared to the national average, charity and not for profit sector employees are happier and more fulfilled in their roles, and less stressed:

- **68%** of employees enjoy their job and 69% find it rewarding.
- **22%** find their job stressful, compared to a national average of 34%.

Job satisfaction

68% of employees working in the charity and not for profit sector said they enjoyed their job, with less than 2% disliking their role. There is a good level of job satisfaction in the sector, with 69% of employees reporting that they find their job rewarding and 39% of employees feeling valued at work.

But stress is an issue...

However, stress is clearly a significant factor, with 22% of employees admitting they found their job stressful, and 9% reporting feeling undervalued.

- **78%** of volunteers volunteer because they enjoy it and 72% do so because they respect the organisation’s work.

What motivates volunteers?

There is a strong link between respecting an organisation’s work and volunteering, with 72% of volunteers citing this as a factor for offering their support. Commitment to the community is a key motivator, too – a key reason why 53% of people surveyed volunteer. There is a high level of enjoyment among volunteers, at 78%, with 28% of respondents saying they like the opportunity to meet new people.

What about recruiting and retaining staff?

Only 35% of the people surveyed are very confident that their organisation can recruit high quality staff, and more still are concerned about their organisation’s ability to hold on to good staff. 20% of employees are not at all confident that their organisation can retain high quality staff.

- **20%** of employees are not at all confident in their organisation’s ability to retain staff.

Some of the responses to the open-ended question, “What is the biggest challenge facing charities and not for profit organisations today?” related to recruiting and retaining employees and volunteers:

- Recruiting long-term knowledgeable volunteers
- Funding and attracting/sustaining sufficient volunteers to maintain the service
- Getting enough leaders to support the children
- Lack of funding for employees
- Retaining high quality staff is a greater concern than recruiting them
- Recruiting high quality staff is a greater concern than retaining staff
How do you make people feel valued?

Take care of the champions

During these challenging times, employers need to keep hold of the people who so clearly champion the cause and want to help their organisations do good. There are many ways to help both employees and volunteers to feel valued, and they needn’t be difficult or expensive.

Training

67% of employees feel very or quite confident in their organisation’s ability to provide training for trustees, employees and volunteers, with only 10% saying that they are not at all confident. Amongst volunteers only 2% said they were not confident in their organisation’s ability to provide training, indicating a high level of commitment to training and development within the sector.

Figure 10: How confident are you in your organisation’s ability to provide training for trustees/employees/volunteers?

(Employee: 120 responses)

Employee benefits

Figure 11: Does your employer provide you with any benefits?

(Employee: 120 responses)

51% of those employed in the sector said they didn’t know if they received any benefits, like death in service or childcare vouchers.

52% of employees don’t know if their employer provides them with employee benefits....

and 50% don’t know if their employer is planning to introduce a workplace pension scheme due to automatic enrolment

Figure 12: Does your employer provide a pension?

(Employee: 120 responses)

A legal duty to communicate

There is clearly a lack of awareness in the sector about automatic enrolment. In spite of the fact that all employees aged 22 and earning over £10,000 a year will need to be automatically enrolled in a suitable workplace pension by their organisation’s staging date, 20% told us their organisation is not planning to introduce a workplace pension. A further 50% said they did not know. Under the new legislation, employers are required to communicate with their employees about automatic enrolment and how it affects them, so organisations have some work to do in this respect, in order to be compliant.

Despite the challenges and risks noted there is a high level of confidence among employees and volunteers that their organisation will continue to provide a high quality service.

88% of employees and 91% of volunteers are very or quite confident that their organisation will continue to provide a high quality service

There is a high level of job satisfaction within the sector, but organisations need to be mindful of their ability to attract and retain high quality employees. Better communication about existing employee benefits could help retain good staff, and increase employee wellbeing and motivation. The lack of awareness around automatic enrolment is worrying, and organisations will need to ensure that staff are communicated with more effectively.
How Lucas Fettes & Partners can help

Lucas Fettes & Partners have been working with some of the best-known charities and not for profit organisations for many years. We believe that as a national, independently owned insurance and financial services group, we have something unique to offer the sector. We can help today's charity trustees, who are under increasing pressure, to deal with all manner of challenges, for example trustee liabilities, strategic risks, fundraising risks, emerging risks like data protection and social media, property loss, and pensions deficits. Our consultative approach means the services we offer are tailored to the specific needs of each organisation.

Our services include insurance placement (as an independent Lloyd's accredited broker, we have relationships with over 300 insurers), risk management advice and solutions, pensions automatic enrolment and employee benefits, and investment management.

We are proud to be a Trusted Supplier to the National Council for Voluntary Organisations (NCVO), and of our collaborative relationships with other specialist advisers to the sector, including insurers, accountants and solicitors, which mean we are able to offer clients the best support possible.

For smaller organisations we have affordable online solutions, including charity and not for profit insurance from as little as £131 per year, and pensions automatic enrolment from just £999 + VAT (or £899 + VAT for NCVO members).

Contact us to arrange a FREE, no obligation risk assessment and review of your current risk management measures.

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