

ROCKETS NOT SAUSAGES: LET'S TAKE A 'TRUST-PLUS' APPROACH TO THE PUBLIC

Peter Kellner, Chair, NCVO

Charities trade on trust

Peoples' trust matters to all public-facing organisations, be they public sector, private sector or third sector. This is one of the truisms of our time because it is, well, true. But it's true to varying degrees for different sectors. People might be cross with banks that pay top executives massive bonus, or with retailers that dodge UK taxes, and move their current account or buy their books and coffee elsewhere. But most won't. On the whole, reported shenanigans at the top of an organisation have little impact on our day-to-day dealings with them: when we hand over our money, we still tangibly receive our coffee or our books. So unless we come to believe that their front-line staff have been corrupted by bad behaviour in the boardroom, our direct, local, personal experiences often dull the practical effect of headquarters scandals reported in the media.

For most of us, though, our relationship with the big national charities is different. We entrust our money to charities, assuming, but not knowing for certain, that it will be spent wisely, efficiently and ethically, and that our donation will garner the intended result. Very few of us can, or try to, monitor the progress of our donations to elderly recipients, or children with disabilities, or cancer research facilities, or villages in Africa. Therefore our trust in the leadership of the charities we support not only informs our overall view of them; it translates directly into our willingness to give them money. A national scandal is likely to have a bigger impact on the day-to-day income of a charity than on a bank, retailer or chain of coffee shops. This is why we should take seriously negative stories about charities.

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Negative coverage can do severe damage

Let's take 2015 as an example, the 'annus horribilis'¹ for the charity sector. From the death of Olive Cooke, to the implosion of Kids Company and the controversies over fundraising practices and more-of-same rumblings about CEO pay.

The impact on the reputation of the sector was immediate. In October 2015, nfpSynergy's tracking survey found that overall trust in the charity sector had fallen to 47%, its lowest level yet. The decline was not sudden. A downward trend can be date back five years. In January 2010, the figure stood at 70%. It fell in 2011, partially recovered in 2012 and 2013, and then started drifting back downwards. There has been a partial recovery since then, which is not surprising, for Mrs Cooke's death and the collapse of Kids Company have faded from the news. But the recovery is far from complete, and the risk of another burst of bad publicity knocking the sector back is ever-present.

Evidence is mounting that charity incomes have stalled, or at best risen less than they should, in the past two or three years—despite the sector spending ever-increasing amounts on raising money. We are in danger of having

¹ See Abercrombie, R. '[Reflecting on charities' annus horribilis](#)', on NPC's blog, 30 December 2015.

to run ever faster just to stand still. For real recovery, in order to maximise our ability to help the people and causes we are there to help, trust needs to be restored. And to do this, our starting point should be a clear understanding of the public mood.

There's no simple answer for how the public feels about charities

That said, charities remain more trusted than other institutions. According to nfpSynergy, the sector comes ahead of the Police, small businesses, the BBC, the legal system and the Church, as well as such targets of relentless criticism as the banks, newspapers, political parties and multinational companies. Of the 24 institutions tested in the survey, only three come out ahead of charities: the NHS, armed forces and, by the narrowest of margins, schools.

How do we reconcile the good news with the bad? To answer this question, we need to dig deeper into the figures. Two major surveys conducted in early 2016 help us to do this, one by Populus for the Charity Commission, the other by YouGov for a conference on the public reputation of the sector. Both surveys confirm nfpSynergy's finding of a marked decline in the sector's reputation compared with two to three years earlier.

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YouGov explored some of the drivers behind the decline in the reputation of the sector. It tested five of the accusations that had generated negative media stories in the previous year—going beyond the issues raised by stories about Olive Cooke's death and Kids Company's collapse. Clear majorities agreed with four of the accusations: aggressive fundraising (67%), failure to protect elderly and vulnerable donors (63%), excessive pay for senior staff such as Chief Executives (61%) and wasteful use of funds (56%). In each case less than one person in four regarded the accusation as unfair, while around 20% said 'don't know'. On the fifth issue, arising out of the 2015 general election campaign, just 46% agreed that charities were 'becoming too political'; but even here, far fewer, 29% rejected the accusation as unfair.

Populus's analysis is consistent with this, and offers this conclusion: *'Statistical analysis reveals that trust in the charitable sector is driven by five "key drivers":*

1. Ensuring that a reasonable proportion of donations make it to the end cause.
2. Being well managed.
3. Ensuring that its fundraisers are honest and ethical.
4. Making independent decisions to further the cause they work for.
5. Making a positive difference to the cause they are working for.

The sector's performance across all of these key drivers has declined since 2014.'

Populus also find's that significantly more people trust local charities (57%) than national ones (34%). This is broadly similar to research conducted over the years on mainstream public services: parents and patients trust the people who run local schools and hospitals more than those who manage the education and health services nationally. Could this explain the local to national difference in views about charities? Probably some, but not all. Most of the negative stories about charities have concerned the governance and headquarters policies of large, national charities. Populus's figures cannot be shrugged off as simply a general liking for local organisations.

Populus also suggests an important vulnerability for the sector: *'When compared against private companies and public authorities, charities come out top for having a caring approach, and rank second for providing best value for money, but fare worst for providing a professional service.'*

Opinion poll findings are like the pieces of a jigsaw: they give us glimpses of the landscape, but not the whole picture. To make sense of them, and draw on the lessons to be learned, we need to work out what is going on between the pieces we can see.

The bigger picture suggested by the surveys cited above is not just that some specific failings—such as to do with governance and fundraising—need to be addressed, but that the charity sector needs to develop, and to justify, a larger narrative about how it works and what it does.

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Ask yourself: if the public knew more about your charity's work, would it trust you more or less?

Most organisations are either sausages or space rockets. If they are sausages, they keep hidden how they work, for fear that public exposure to their ingredients and sight of the production line would repel their customers. If they are space rockets, they judge that the more that the public knows about how they work, the more enthusiastic people become. By default rather than design, charities behave too often like sausage manufacturers.

To get that narrative right, we need to consider the wider context in which charities operate in today's Britain. We can see that need if we conduct a thought experiment. Let us suppose that there had been no negative stories of financial collapse and misused donor databases. Would all our problems be over?

I do not think so, because many charities are grappling with a series of pressures that have nothing to do with the actions that provoke bad headlines. The era of tight public finances and squeezed family incomes is not likely to end any time soon. In general charities are already finding that they have to work harder to raise money from donors and to secure properly funded public sector service contracts.

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That is why a 'trust' strategy is not enough. We need 'trust-plus'. The sector needs to go beyond avoiding insolvency and respecting the latest rules regarding fundraising and donor databases. It needs to act, and to persuade the wider public that it is acting to innovate, to increase efficiency and to have greater impact on the lives of people they have been set up to help.

One of the sector's great secrets is that the best charities already do this. Since becoming chair of NCVO, I have been struck by the professionalism as well as the dedication of many of our members. They have IT networks, financial controls, human resource departments, management training, research departments, impact measurement systems and property negotiators that can stand comparison with the best of the private sector. Yet these are hidden from public view. As far as I am aware no survey has asked the wider public what image enters their mind when someone says 'charity worker', but I am confident that the great majority would talk of someone delivering front-line services, either modestly paid or an unpaid volunteer. Only those with direct experience of a large charity, or a close friend work at the headquarters of one, is likely to mention the staff whose management, technical or back-office skills are vital to the charity's success.

This helps to explain one of the perennial controversies that erupt from time to time in the media: the pay of charity chief executives. If the public—that is, the sector's donors—fails to appreciate that modern, national charities are, *and have to be*, complex, professional organisations, then they may well resent chief executives who are paid six-figure salaries. Part of the answer is that the best charity chief executives are paid a tiny fraction of their private sector counterparts with similar numbers of employees. However, we need to go further. What the sector needs to compare is not just turnover but professionalism; then there is a chance to persuade the wider public that running a modern charity requires a range of specific skills. Charities need to recruit the best people, not just the well-meaning.

Making this case will not be easy. For obvious reasons, fundraising campaigns tend to concentrate on front-line activity: a hungry baby being fed, a sick parent being treated, an elderly person in a care home. I cannot recall ever seeing a charity advertisement showing an IT expert at a computer terminal or an accountant checking cash flow. Why publish a picture that could be of the office of any company, town hall or Whitehall department? But that is the point: by failing to make that comparison, the sector implicitly invites itself to be judged by different standards.

We need a new narrative, one that demonstrates that the sector has big brains as well as big hearts. This in turn requires a culture of greater openness that goes beyond a box-ticking policy of formal transparency. It needs a greater willingness to explain how charities are managed, and how their professionalism ensures that donor's money is well spent.

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To make 'trust-plus' work we need to generate enthusiasm not just for what we do, but a real understanding of how we do it. We need to make sure we're building rockets and not making sausages.

[This essay is part of a series on transformation from the boldest voices in the sector.](#)



About the author

Peter Kellner became chair of NCVO in November 2016. He was chairman of the pioneering online survey research company, YouGov, from 2001–2007 and president from 2007–2016. Before joining YouGov, he acted as a consultant on public opinion research to a number of organisations, including the Bank of England. He is currently a trustee of Action on Smoking and Health, and UpRising; a member of the council of the National Institute of Economic and Social Research; a non-executive director of the Medicines Discovery and the Dolma Impact Fund.

TRANSFORMING THE CHARITY SECTOR

NPC is a charity think tank and consultancy. Over the past 15 years we have worked with charities, funders, philanthropists and others, supporting them to deliver the greatest possible impact for the causes and beneficiaries they exist to serve.

NPC occupies a unique position at the nexus between charities and funders. We are driven by the values and mission of the charity sector, to which we bring the rigour, clarity and analysis needed to better achieve the outcomes we all seek. We also share the motivations and passion of funders, to which we bring our expertise, experience and track record of success.

Increasing the impact of charities: NPC exists to make charities and social enterprises more successful in achieving their missions. Through rigorous analysis, practical advice and innovative thinking, we make charities' money and energy go further, and help them to achieve the greatest impact.

Increasing the impact of funders: NPC's role is to make funders more successful too. We share the passion funders have for helping charities and changing people's lives. We understand their motivations and their objectives, and we know that giving is more rewarding if it achieves the greatest impact it can.

Strengthening the partnership between charities and funders: NPC's mission is also to bring the two sides of the funding equation together, improving understanding and enhancing their combined impact. We can help funders and those they fund to connect and transform the way they work together to achieve their vision.

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