

MIND THE GAP: WHAT THE PUBLIC THINKS ABOUT CHARITIES

Sue Wixley and James Noble

'Many charities are ripe for exploitation due to lack of professionalism and wavering from asking hard questions.' Gina Miller, philanthropist

'Think charity and you think of the volunteer rattling a tin, frontline work relieving poverty and vocation lined with compassion. You don't think of mega salaries, inflation-busting pay rises and bank-style bonuses. Yet in too many cases, this has become the culture of the charitable sector.'
Charlie Elphicke MP

Introduction: charities under fire

Charities have taken a lot of flak recently from politicians¹, media commentators² and philanthropists.³ In the last year, they have been decried for everything from paying their CEOs too handsomely, to unprofessionalism and lack of transparency. Meanwhile, alleged tax scams by the Cup Trust charity⁴ made the front pages of national newspapers, Comic Relief's investment strategy was investigated by Panorama⁵ and charity bosses were hauled in front of parliament.⁶

The debate heated up when the Lobbying Bill⁷ was tabled in parliament last summer and charities were attacked for being too political.⁸ When charities joined forces to fight what they called the 'gagging bill', they were told they had overreacted.⁹

The trade bodies offered comment, and set up a number of initiatives to respond to the attacks—including the NCVO inquiry on executive pay and ACEVOs campaign against the Lobbying Bill. But overall the sector did not seem to coordinate their actions as much as they might have. And while a few individual CEOs¹⁰ spoke up for themselves over pay, the boards responsible for setting senior salaries remained largely silent. Since then, charities have been called upon to explain themselves and *'to help the public understand what it takes to run a 21st century charity that actually achieves its mission.'*¹¹

'We have a system where trustees set the salaries. It's their responsibility. If they set them, they should be willing to defend them. But they sat silently when they should have spoken up.'

John Low, CAF

At NPC, we are passionate about helping charities and social enterprises to be more successful so that their efforts go further for the people, and the causes, they serve. This agenda would be under threat if the public were to lose faith in the sector. For this reason, we were keen to understand better how the public feels about the sector they support as donors, volunteers and taxpayers and to understand the effect, if any, of the negative media coverage on their perceptions. The more charities understand what the public thinks, the better placed the sector will be to develop a joint response to the criticism that has been—and continues to be—levelled at it.

We present here the findings of a poll carried out on our behalf by Ipsos MORI in January 2014¹², with a representative sample of more than 1,000 adults from across Great Britain.¹³ This builds on previous research by NPC, including *Money for good UK*¹⁴ and *Making an impact*¹⁵, and studies by ACEVO¹⁶, the Charity Commission¹⁷ and nfpSynergy¹⁸ among others.

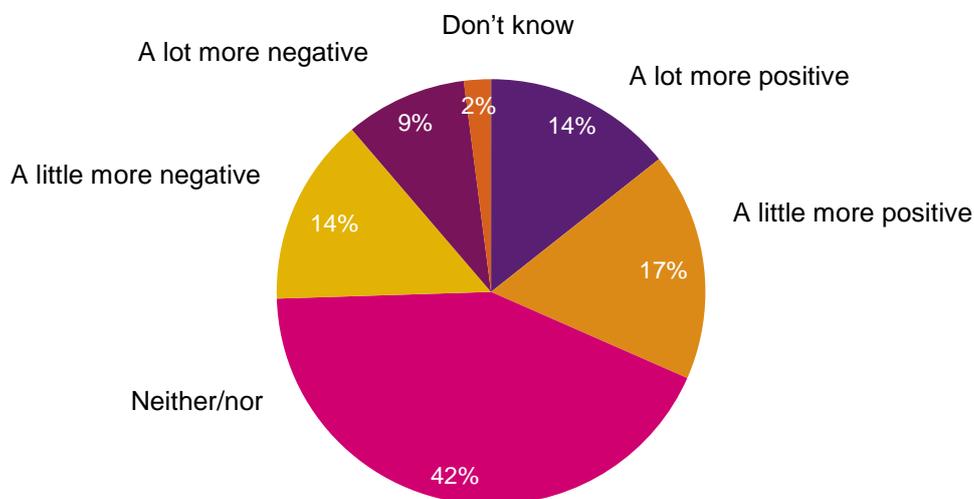
The paper is divided into three sections: general attitudes towards charities and their role; views on key issues such as lobbying, fundraising and executive pay; and ideas on how charities should respond.

Attitudes towards charities and their role

A third (32%) of the public say that their views towards charities have become more positive in the last three years, compared with a quarter (23%) whose view has become more negative: a positive balance of nine percentage points.

Figure 1: Perceptions of the sector

Thinking back over the past 3 years would you say in general your views towards charities have become...



Base: 1,035 GB adults surveyed in January 2014

This is indicative of a positive trend which is consistent with other research, including by the Charity Commission and Ipsos MORI, which showed an increase in trust since 2005. *'Public trust and confidence in charities remains high, with the mean score for trust being in line with previous years at 6.7 [out of 10]. Charities are still one of the most trusted groups, with only the police and doctors being more highly trusted.'*¹⁹

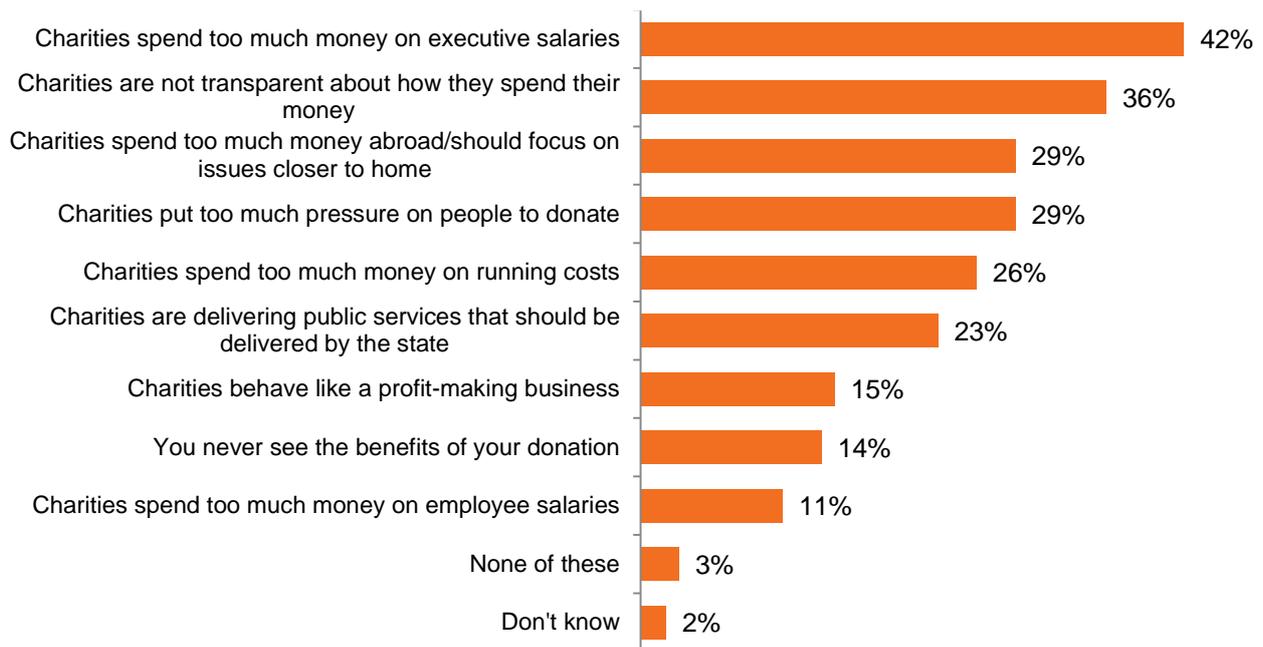
This positive trend runs counter to the media narrative, but it is unlikely that bad news stories have had no impact at all. While the public is more likely to trust a charity it has heard of, the Charity Commission believes that negative media stories *'create doubt...and can have a damaging effect on the sector as a whole.'*²⁰

What do the public think charities are doing wrong?

The top five concerns people have about charities are that they spend too much on executive salaries (42%), are not transparent enough about how they spend their money (36%), spend too much abroad (29%), put too much pressure on people to donate (29%), and spend too much on running costs (26%). Despite the media coverage on the issue, only 4% of respondents are concerned about charities receiving tax breaks to which they are not entitled.

Figure 2. What are charities doing wrong?

Which, if any, of the following, do you think are the main things that charities are doing wrong? (top 9)



Base: 1,035 GB adults surveyed in January 2014

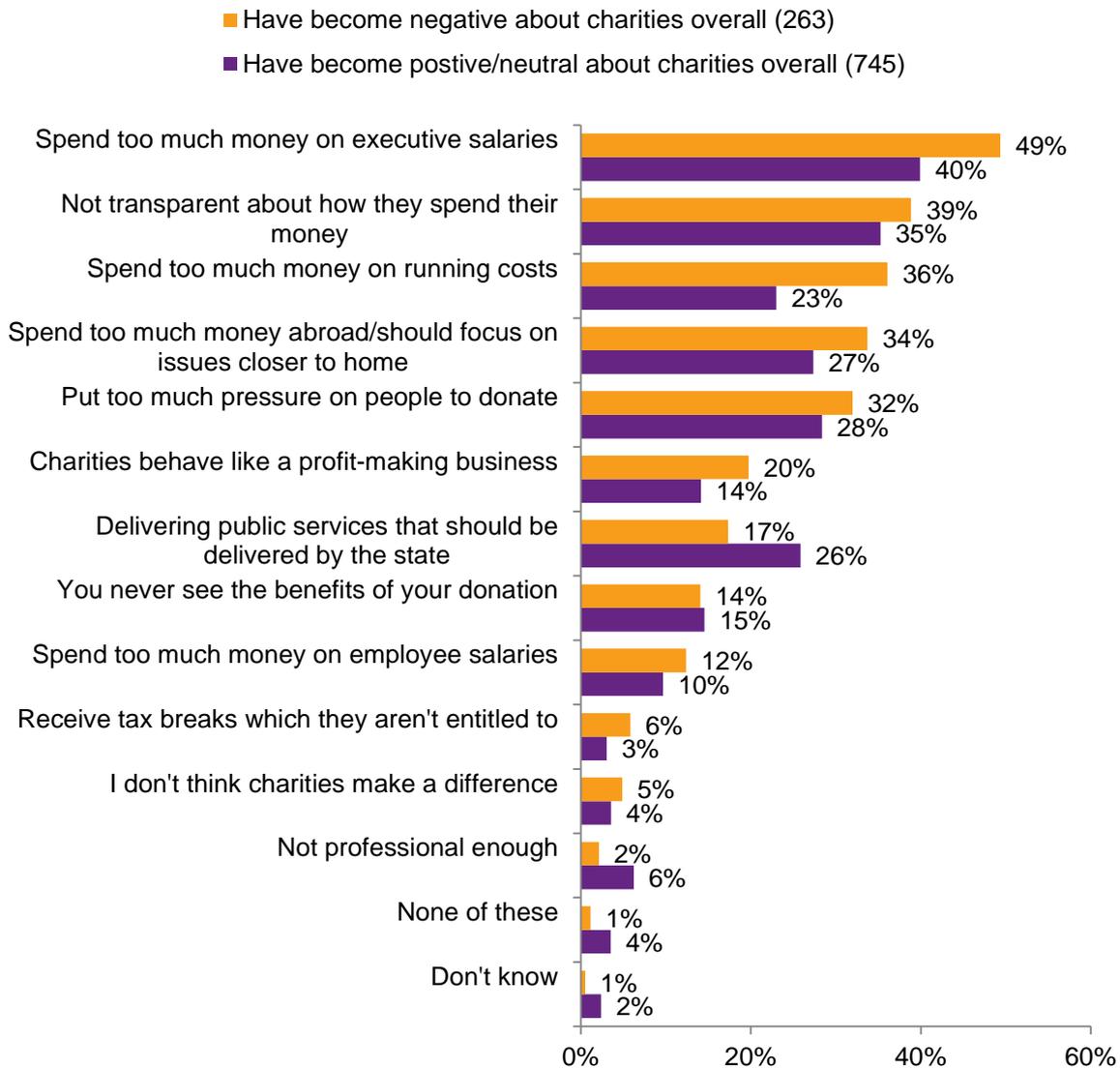
If we look at the relationship between these concerns and how people's attitudes towards charities have changed in the last few years some key differences emerge. Those who have become more negative are more likely than others to say they are concerned about executive salaries (49%), running costs (36%) and spending money abroad (34%), while other issues such as transparency on spending and putting people under too much pressure to donate are less associated with taking a more negative view than average.

'We can't—and shouldn't—compete with salaries in the private sector, but we need to pay enough to ensure we get the best people to help our work to stop children dying needless deaths.'

Save the Children spokesperson

Figure 3. Drivers of negativity

Which, if any, of the following, do you think are the main things that charities are doing wrong?



Base: 1,035 GB adults surveyed in January 2014

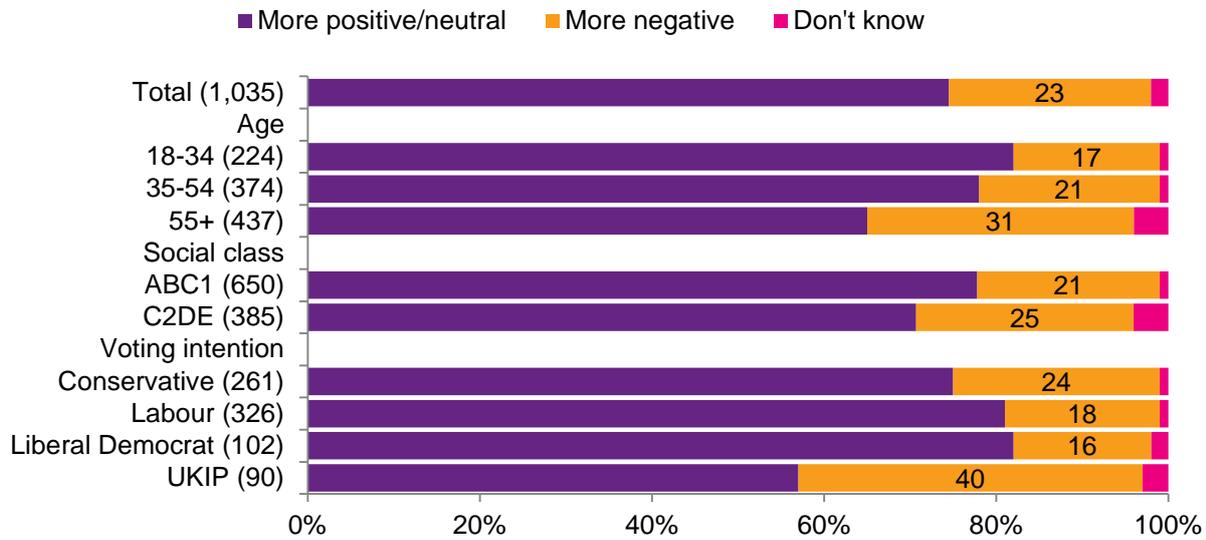
Accentuating the negative

The findings in our new research enable us to build up a picture of people who are negatively disposed towards charities: the anti-charity person. Attitudes hardly differ between men and women, but those who are negative are more likely to be older; three in ten (31%) of the over 55s say they have become more negative compared to just 17% of 18-34 year olds. People in the middle age range of 35-54 are most likely to be neutral; half (51%) say their views of charities have not changed.

Apart from a slight tendency for Conservative supporters to be more negative, there is little difference in attitudes between supporters of the three main political parties. However, those who say they intend to vote for UKIP are particularly likely to say they have become more negative towards charities (40% compared to an average of 23%).²¹

Figure 4: Change in attitudes towards charities

Thinking back over the past 3 years would you say in general your views towards charities have become...



Base: 1,035 GB adults surveyed in January 2014

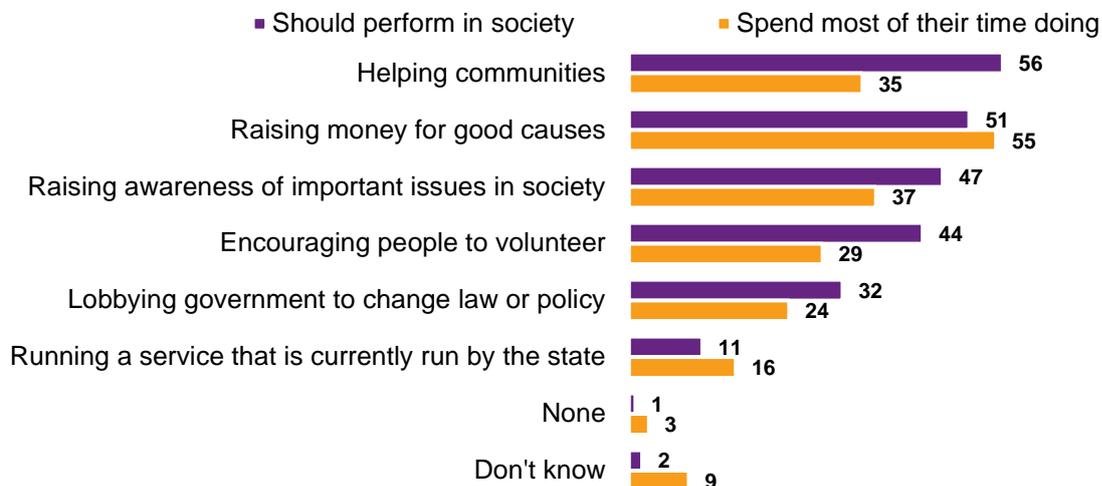
People who have become more negative about charities also have slightly different views about the role of charities. They are more likely than average to see charities' role as 'helping communities' (65% vs. 54% who are more positive or neutral), but less likely to think charities should be 'raising awareness of important issues in society' (42% vs. 49%).

The purpose of charities

The research revealed an important gap between what the public thinks charities *should* be doing as opposed to what they think they spend most of their time doing. Over half (56%) of respondents think charities should be helping communities, but just a third (35%) think they spend their time on this. Conversely, 51% think that they should be raising money for good causes compared with 55% who feel that they spend their time on this. For many (44%), encouraging people to volunteer is a priority but far fewer (29%) think this is actually happening.

Figure 5: What charities should be doing vs. what they are doing

Which, if any, of the following are roles that you think charities should perform in society? And which of the below do you think that charities spend most of their time doing?



Base: 1,035 GB adults surveyed in January 2014

The number of people who responded 'don't know' rose from 2%, when asked what roles charities should play in society, to 9%, when asked what charities spend most of their time doing. This can be interpreted as evidence of an information or knowledge gap, which is even more pronounced amongst older people (14% said 'don't know' when asked what they think charities spend most of their time doing); people in social class DE (12%); Conservative supporters (11%); and tenants in the social-renting sector (14%).

Views on key issues

In this section, we explore five issues in more detail and public attitudes towards them.

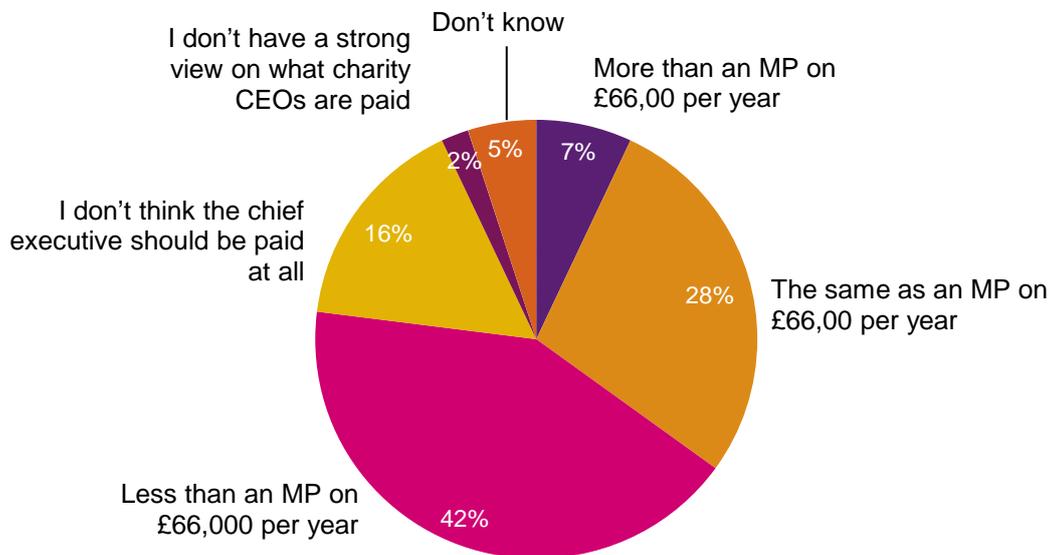
Executive pay

We asked respondents to say how they think charity CEOs should be paid in comparison to MPs (note, however, that the question did not allow for a distinction between charities of different types and sizes). Three fifths (58%) of respondents think that charity CEOs should earn less than an MP, with 16% thinking that CEOs should not be paid at all.

There are key differences in terms of affluence, with those in higher social grades more likely to advocate higher pay for charity CEOs, compared with those in lower social grades. Older people are also less likely to think charity CEOs should be paid as much as MPs—only 30% think so, compared with 39% of those under 55.

Figure 6: CEO pay

Which of the following best describes how much you believe that the chief executive of a charity should be paid?



Base: 1,035 GB adults surveyed in January 2014

Most charity CEOs do in fact take home much less than MPs who earn £66,000. The average charity CEO salary in 2013 was £60,000 per annum, largely because of higher salaries in a small number of hospitals and medical research organisations.²² The median salary is £34,600 for charities with a turnover of less than £150,000.²³

Concerns about CEO pay are not surprising, given that one in four (26%) worry about charities spending too much money on running costs. However, with just one in ten (11%) respondents unhappy about spending on employees' salaries, it seems that people are mainly concerned about salaries at the higher end. As the box below shows, the average pay packet of a charity CEO falls below doctors and police chiefs, the two groups that, according to the Charity Commission, are more trusted than charities. Perhaps one reason that people are concerned about CEO pay is that they do not really understand what charities—or their CEOs—do.

Charity executive pay in context

Charity CEO salaries range from £45,401 in Scotland to £70,000 in London. This compares with:

- Senior civil servant's median salary: £77,000
- MP's salary: £65,737
- NHS consultant doctor's basic salary: £75,249-£101,451
- NHS GP's basic salary (based in a CCG): £54,319-£81,969
- Senior NHS nurse basic salary: £77,850-£98,453
- Police chief constable: £127,000-£181,455
- University vice-chancellor's mean salary: £214,201
- FTSE 100 Chief Executive's median salary: £830,000.

Figures from The Good Pay Guide (Acevo) and High pay in charities (Third Sector Research Centre, Mohan, J. and McKay, S.)

'There are all sorts of inequities in pay, but while nobody gets worked up about footballers, the chief executive of the Red Cross is pilloried.'

Sir Stephen Bubb, ACEVO

Charities delivering public services

A quarter of respondents (23%) say that 'delivering public services that should be delivered by the state' is one of the main things charities are doing wrong. Conservative voters are less likely to be concerned about this than others (only 11% name it as a concern compared to at least one in four supporters of all other parties, including UKIP). Labour supporters (34%) and those working in the public sector (35%) are most likely to mention this as a concern, as are people in 35-54 age group (31%) and in social groups ABC1 (29% compared to 16% of C2DEs).

Furthermore, only 11% believe delivering public services is something charities *should be doing*; making it the least favoured of a list of six possible roles (see Figure 5). Few Conservative supporters select this as a preferred role for charities, which suggests they are sanguine about the idea rather than actually supportive.

Another notable finding is that concern about charities delivering public services is higher amongst people who:

- have become more positive or remained neutral about charities (26% vs. 17% of those who are negative);
- think charity CEOs should be paid as least as much as MPs (28% vs. 21%); and
- pay close attention to impact (30% vs. 18%).

Taken together, this indicates the existence of a subgroup in the population—typically pro-charity, non-conservative and more likely to be middle-aged and in higher social groups—who are particularly concerned about charities taking on the role of the state.

The reason for the discomfort with this role is unclear. Perhaps the public is less comfortable with charities delivering certain services and the examples given in the polling were 'running a library or delivering a probation service', which might be particularly unpopular. The 2012 research by the Charity Commission suggests this might be the case: it found that the public thinks that charities are best at 'providing information and advice' whereas 'providing services including care homes, social housing, leisure or sports centres, hospitals, schools' should still be the domain of public authorities.²⁴

'A charity that relies in the main part on taxes is no more a charity than a prostitute is your girlfriend.'

Guido Fawkes, blogger

Lobbying

One third (32%) think that charities should lobby government to change law or policy, compared with a quarter (24%) who think this is something charities already spend most of their time doing. Almost half of respondents (47%) felt that 'raising awareness of important issues in society' (an activity that often goes hand in hand with lobbying) was important, but fewer (37%) felt this was something charities spend most of their time doing.

This finding seems to tie in with research by nfpSynergy that showed that the public is largely positive about charities lobbying government.²⁵ In contrast, this research found that journalists are particularly opposed to charities 'being political'—as are the majority of Conservative MPs (78%) and a quarter of Labour MPs (23%).²⁶ The Institute for Economic Affairs meanwhile has argued that state-funded charities 'waste' taxpayers' money when they lobby the government, 'debasing the concept of charity' and 'skewing the public debate and political process'.²⁷

'As more public money is being given to charities to run services, they need to become more accountable to the public and subject to greater scrutiny and transparency.'

Priti Patel MP

Fundraising

Responses to the question about the role charities should (and do) perform in society, suggest that the public does not have a problem with fundraising *per se*. More than half (51%) felt that raising money for good causes was something charities should be doing, compared to 55% who felt that is was already something that charities spend most of their time doing.

However, almost one third of respondents (29%) were concerned that charities put too much pressure on people to donate, ranking it as their third major concern after high CEO salaries (42%) and lack of transparency about spending (36%)—although it does not have a particularly strong relationship with people feeling *more* negative than average. This echoes concerns highlighted in other research about the unpopularity of fundraising techniques which are seen as aggressive, for example, on-street fundraising, direct mail and cold calling.²⁸

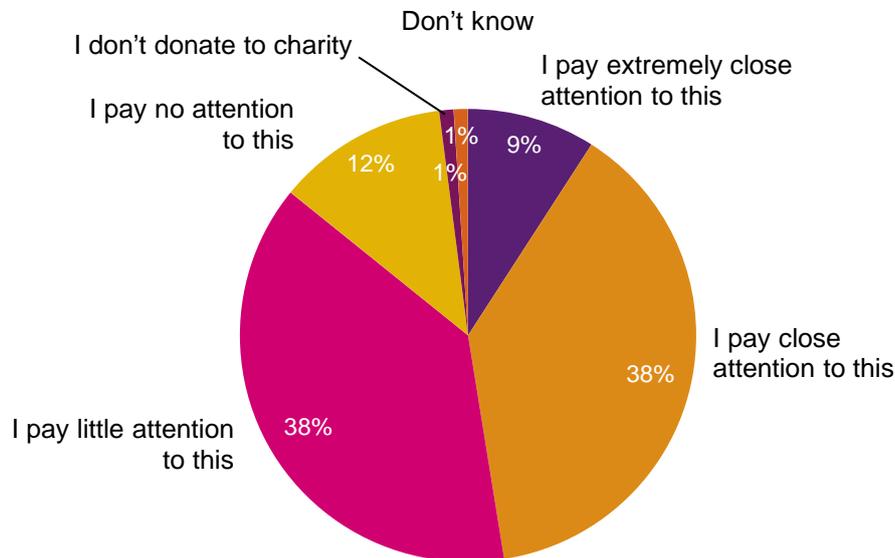
Impact

Half of people (47%) pay attention to evidence that an organisation is having an impact when making a donation, including one in ten people (9%) who say that they pay 'extremely close attention' to understanding the difference an organisation makes. Interest in impact changes with age: half (51%) of 18-24 year olds pay close attention to impact. The number then dips to 38% of 25-44 year olds, but rises again thereafter. There is also a strong relationship with social class, with those in social class AB being the most interested and those in class DE the least.

There does not appear to be any relationship between whether people pay attention to impact and whether people have become more or less favourable towards charities in the last three years. However, there are some other differences in attitudes. People who pay attention to impact are more likely to feel that charity CEOs should be paid at least as much as MPs (46% compared to 32% of those who pay little or no attention); they are also more likely than average to think that charities spend most of their time raising money for good causes and lobbying, while being more concerned that charities are delivering services that should be done by the state. Conversely, those who do not pay attention to impact are more likely to be concerned about money being spent abroad and—rather contradictorily—not seeing the benefits of their donations.

Figure 7: Importance of impact

How much attention, if any, do you pay to evidence that the organisation is having an impact when you give to a charity?



Base: 1,035 GB adults surveyed in January 2014

How should the sector respond?

This research has highlighted gaps in the public's understanding of what the sector does. It has also identified areas that the public is uncomfortable with, such as CEO pay and charities delivering public services. This provides a good starting point for charities to consider how they might respond to criticisms, on their own and together.

Individually, charities can make a big difference by explaining to their own staff, clients and supporters what they do and how they spend their funds, for example, through annual accounts, websites and social media.²⁹ Indeed, all those who volunteer or work for charities have a role to play in building the reputation of the sector and countering misperceptions. Charity trustee boards in particular have a vital role. NPC believes that trustees should be more vocal about the principles on which they base decisions on CEO pay, and should also report on important strategic decisions, such as why a charity has taken on a government contract. Impact matters too—explaining the difference a charity makes is an important part of earning and maintaining the trust of stakeholders. This is about being as accountable and transparent as possible.

Building up goodwill

Transparency about spending, and accountability about impact, both have the capacity to defuse any future debates before they arise. The greater the level of transparency and clarity on impact achieved, the less ammunition there is for levelling criticism against charities. Politicians and the media are likely to be far less interested in charities' workings if they feel they have nothing to hide and are being accountable for their activities. This will also help charities to build up greater reserves of goodwill if attacks from these quarters continue.

Collectively, the sector needs to develop an ongoing campaign to talk to the public about its changing role, to share the good news about high levels of public trust in its work, and to respond as comprehensively as it can to unfair criticism. The sector's membership bodies, self-regulatory groups and independent organisations all have a role to play here. Funders too can help to encourage and support a bolder, more coordinated response from the

sector. On the other hand, this is a large and diverse sector with varied and sometimes problematic practices and the sector should not be afraid to point this out.

How the regulator can help

The sector's regulator, the Charity Commission, is key to reassuring the public about the high standards that the sector is required to abide by. By letting the public know it can access charities' accounts via its website, the Charity Commission helps to promote awareness about the level of transparency that already exists. The Commission could go further and require greater levels of transparency on income and pay. For example, it could make available easily accessible information on how much a charity receives from delivering publicly-funded contracts or through grants from government or whether a large proportion of their income comes from only one or two individuals or funders. More information on impact would also help a great deal, although this is a tricky thing for the Charity Commission to insist on in a light touch way. By pursuing organisations or individuals that breach its rules, such as filing their accounts late—and doing so assertively and transparently—the regulator can reinforce its own role and in turn build trust and confidence that it is up to the job.

Debates about the role of charities and how they spend their money will not go away. So we need to be ready to respond and to make our views heard.

Appendix

Questions and topline results, 11-14 January 2014

Technical Details

Ipsos MORI interviewed a representative sample of 1035 adults aged 18 and above across Great Britain. Interviews were conducted by telephone 11-14 January 2014. Data are weighted to match the profile of the population.

Where percentages do not sum to 100 this may be due to computer rounding, the exclusion of 'don't know' categories, or multiple answers. An asterisk (*) denotes any value of less than half a per cent.

Data is based on all adults.

Q1. *Thinking back over the past 3 years would you say in general your views towards charities have become...?*

	%
A lot more positive	14
A little more positive	17
Neither more positive nor more negative	42
A little more negative	14
A lot more negative	9
Don't know	2
More positive	32
More negative	23
Net more positive	8

Q2. *Which, if any, of the following, do you think are the main things that charities are doing wrong? You can pick up to three.*

	%
Charities spend too much money on executive (senior management) salaries	42
Charities are not transparent about how they spend their money	36
Charities spend too much money abroad/should focus on issues closer to home	29
Charities put too much pressure on people to donate	29
Charities spend too much money on running costs (including administration and marketing)	26

Charities are delivering public services that should be delivered by the state	23
Charities behave like a profit-making business	15
You never see the benefits of your donation	14
Charities spend too much money on employee salaries	11
Charities are not professional enough	5
I don't think charities make a difference/I don't know what they achieve for their beneficiaries	4
Charities receive tax breaks which they aren't entitled to	4
None of these	3
Don't know	2

Q3a. *Which, if any of the following, are roles that you think charities should perform in society?*

	%
Helping communities (e.g. meals on wheels or helplines)	56
Raising money for good causes	51
Raising awareness of important issues in society	47
Encouraging people to volunteer	44
Lobbying government to change law or policy	32
Running a service that is currently run by the state (e.g. a library or probation service)	11
None of these	1
Don't know	2

Q3b. *And which of the below do you think that charities spend most of their time doing?*

	%
Raising money for good causes	55
Raising awareness of important issues in society	37
Helping communities (e.g. meals on wheels or helplines)	35
Encouraging people to volunteer	29

Lobbying government to change law or policy	24
Running a service that is currently run by the state (e.g. a library or probation service)	16
None of these	3
Don't know	9

Q4. *Which of the following best describes how much you believe that the chief executive of a charity should be paid?*

	%
More than an MP on £66,000 per year	7
The same as an MP on £66,000 per year	28
Less than an MP on £66,000 per year	42
I don't think the chief executive should be paid at all	16
I don't have a strong view on what charity CEOs are paid	2
Don't know	5

Q5. *How much attention, if any, do you pay to evidence that the organisation is having an impact when you give to charity?*

	%
I pay extremely close attention to this	9
I pay close attention to this	38
I pay little attention to this	38
I pay no attention to this	12
I don't donate to charity	1
Don't know	1
Pay attention	48
Pay little/no attention	50

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TRANSFORMING THE CHARITY SECTOR

NPC is a charity think tank and consultancy which occupies a unique position at the nexus between charities and funders, helping them achieve the greatest impact. 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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