

2017/18

**Local Charity and
Community Group
Sustainability Report**



Localgiving

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www.localgiving.org

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1.0

FOREWORD

Chris Dormer

“This is the third year that we have carried out the survey and released our report and, whilst still in its infancy, we are now able to see ongoing trends that are continuing to squeeze the local voluntary sector.”

From foodbanks to disability support groups to amateur sports clubs, local charities and community groups are the heartbeat of our communities, providing essential services and support to millions of people across the UK every day. Often set up in direct response to local issues, these groups are backed by an army of volunteers that provide at least £7.5bn worth of support per year and often have no paid staff. Where there are staff, they regularly cover a multitude of roles, combining frontline service delivery and back office operations.

This is the third year that we have carried out the survey and released our report and, whilst still in its infancy, we are now able to see ongoing trends that are continuing to squeeze the local voluntary sector. As the state retreats, organisations have seen a year-on-year rise in the demand for their services. And whilst this year we have seen a significant drop in the number of organisations who have experienced a reduction in staff, we continue to see that

organisations are over-stretched and under-resourced. The majority of organisations are unsure that they can sustain themselves over the next five years and do not have the capacity to invest in their long-term future, by building new skills to help to diversify income streams or making operational processes more efficient.

Over the last year the European Union has had a significant impact upon the organisations working at a grassroots level to support communities across the UK. The impact of Brexit is yet to be understood; however, this report highlights the uncertainty felt by the sector and the fear of negative consequences for those working in Northern Ireland. Legislation passed by the EU, in the form of GDPR, means that organisations are having to dedicate already scarce resources to focus on making the necessary changes, which will impact on their ability to dedicate time to fundraising or raising further awareness of their work.

Brexit also creates a political environment where local charities and community groups struggle to gain coverage. As we saw with the lack of consultation with the sector around devolution, we are at significant risk that local charities will face the same fate when it comes to Brexit. Government efforts to help raise the profile of organisations, through Local Charities Day, and provide affordable training, through the Local Charities and Community Groups Training Programme, are commendable, but we believe more investment is required for such as essential part of our society.

I would like to thank my colleagues at Localgiving and the 686 organisations that participated in our survey, making this one of the biggest charity sector surveys of the year. We hope that this report is able to shine a light on the unique value that local charities and community groups provide to the everyone in the UK and the challenges they are facing in continuing to provide that value.



1.1

ABOUT US

Our mission and achievements

**Over £20m
has been
raised and
distributed
to our
members,
including
£3.3m
of match
funding**

Localgiving's mission is to help small local charitable organisations diversify their sources of income and achieve financial sustainability, which produces many benefits, including the strengthening of local communities, and the expansion of digital inclusion. We do this by providing online fundraising tools, training and advice to help local groups connect with supporters, improve their digital skills and develop practical fundraising experience.

We secure and distribute third-party funding to local charities and advocate on behalf of the local voluntary sector, working to encourage support from the public, government and businesses.

Localgiving members benefit from our easy-to-use online donation platform, one-to-one fundraising support and regular match funding opportunities. In addition, we deliver:

Development programmes

Through these programmes we provide groups with face-to-face support over a number of years in order to build fundraising capacity and improve digital skills.

Match fund campaigns

Our match funds raise awareness and stimulate giving to local charities and community groups, whilst providing up to 5x leverage for the funder.

Quick and easy distribution of small grants

Our Magic Little Grants programme for philanthropists, corporates and grant makers provides a cost-effective method of fund distribution, whilst alleviating the burden of lengthy application processes for small charities.

Since Localgiving launched in 2009:

- Over £20m has been raised and distributed to our members, including £3.3m of match funding.
- More than 6,000 charities and community groups have created a Localgiving page to raise donations.
- More than 158,000 individuals have donated to a local charity or community group through our online platform.
- More than 5,000 individual fundraiser pages have been created to raise money in aid of a local cause.
- More than 23,000 monthly Direct Debit donations have been set up to provide long-term continuous support for local charities.
- More than 1,000 local charities and community groups have received ongoing face-to-face fundraising training and support through our Regional Development Programmes.

For more information about Localgiving and our work, please visit www.localgiving.org



INTRODUCTION

A snapshot of the sector

Each year our Local Charity and Community Group Sustainability Report provides a snapshot of the local voluntary sector, highlighting both the unique value of local groups and the key challenges they face.

Our previous two reports have revealed a sector stretched to its capacity and gravely under resourced. An escalation in demand for the services of local charities has not been met with a significant increase or expansion in suitable funding opportunities or training. This has bred a culture of short-termism that is detrimental to both the quality and durability of services.

Now in its third year, this report revisits our core themes of sustainability, staffing and skills while also addressing some new and emerging issues in the sector such as the potential impact and implications of Brexit, GDPR and devolution.

With 686 responses from local charities and community groups across the UK, this is our largest sample to date and one of the largest voluntary sector surveys in the last 12 months.

We hope our findings and recommendations will stimulate discussion among charities, government and sector bodies alike and, longer term, contribute towards the creation of a more economically robust, dynamic and vocal local voluntary sector.

This report echoes many things we hear from our members. Housing, homelessness and welfare changes are major issues for many local charities at the moment, while others are concerned about the potential impact of Brexit. But it's always heartening to see that while the funding environment continues to challenge them, charities are working hard to adapt and ensure they can be in a good place for the future. We'll continue to work with Localgiving to make sure we're providing all the support charities need to help them make an even bigger difference."

Andrew Walkey,
Head of Marketing and Membership, NCVO

"As a funder of small and local charities, every day we see examples of organisations stretched to capacity facing rising demand and increasingly uncertain futures. This report shows that now more than ever it is important that we speak up for charities on the frontline supporting people facing the greatest challenges, helping to raise their voices too. The upcoming Civil Society Strategy needs to grasp this as a chance to shift the focus of government back towards the value and needs of these local charities, through reforming commissioning and supporting their vital role in communities."

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

ACKNOWLEDGEMENTS

A collaborative effort



"We are consistently impressed by the resilience and resourcefulness of local charities – particularly their ability to provide high quality services on limited budgets. This is testament to the incredible passion of those working and volunteering in the sector.

However, these services cannot be run on passion alone. If the local voluntary sector is to survive this period of uncertainty and resource scarcity, it is essential that grassroots organisations are actively included in key decision making processes - both at the local and national level. Furthermore, we must find way to increase, and diversify the funding and wider support available to local charities and community groups."

Lewis Garland,
*Author of the Local Charity
& Community Group
Sustainability Report 2018*

Localgiving would like to thank all of the local charities and community groups that took the time to respond to our 2017 survey.

In addition, we would like to thank those partner organisations who helped us to distribute the survey amongst local groups in their areas.

A special thank you goes to those groups who helped us gain a more in-depth insight and understanding of the issues facing the sector.

This report was authored by Lewis Garland (pictured) with input from colleagues at Localgiving.

Designed by Drew Walsh.

Funding

This report was funded by Sage Foundation. Their mission is to build a workforce fit for tomorrow, by providing more routes into education, work, and entrepreneurship for young people, women, and military veterans. That's why they empower their communities to support non-profits that deliver real change. For Sage this is the right way to do business.

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METHODOLOGY

Eligibility, Limits and Considerations

A digital survey was conducted over the period from **31 July to 2nd October 2017**. The survey was distributed via email to 6,407 local charities and community groups. It was also circulated by partner organisations working within the local voluntary sector. Wherever possible, the survey was designed to be consistent with our previous two Local Charity and Community Group Sustainability Surveys to allow for comparison.

Using Localgiving's membership base and allowing the sample to snowball enabled us to access organisations from a cross-section of locations, causes and perspectives. Our 2017 survey had a total of **686** survey respondents.

Eligibility

In its 2017 Almanac, NCVO defines local charities as groups that "operate predominantly within a region". Using this definition NCVO define 77% of UK charities as "local". However, there remains no established definition of a "local charity or community group". This being the case, we allow groups to self-identify as "local". Our only criteria is that participating groups must have a charitable purpose, operate within the UK and be subnational in their work.

Limits and Considerations

Our 2017 survey benefitted from a far more representative geographic spread than our previous two surveys - NCVO's 2017 Almanac found that 80% of all UK charities are based in England while English charities made up 77% of our sample (NCVO, 2017). Northern Irish charities make up 5% of our respondents, while the NCVO Almanac places the figure at 3.7%.

It is notable that Scottish groups are under-represented in this year's survey. Only 4% of our respondents were from Scotland despite 12% of UK charities being based in Scotland. Conversely, Wales is over-represented, 14% of our respondents were from Wales while only 4% of charities are based in Wales. This unbalance is likely to be connected to the fact that Localgiving has an active programme being delivered in Wales.

Due to the significant number of Localgiving respondents, digital competence in the sector may be favourably distorted - 73% of the survey respondents are, or have previously been, members of Localgiving. We would postulate that these groups are more likely to have accessed online fundraising (one of Localgiving's core services) than the national

average. The fact that both this, and our previous surveys, have been conducted online is also likely to have favourably distorted the data around digital competence.

We have not stratified the sample or weighted the survey responses to ensure that the results are representative - It is common practice to stratify the sample and/or weight survey responses to ensure that results are representative of the wider population. However, there is no comprehensive directory of local charities that includes unregistered community groups. In the absence of a sample frame, we simply note the likely biases present in the data, without attempting to control for them systematically.

We have estimated the number of charities at 200,000 - For certain calculations it has been necessary to estimate the size of the local voluntary sector. Throughout the report we use the figure of 200,000 groups. As there is not a comprehensive register of local charities and community groups, this is a very crude estimate based on a number of sector registers and assumptions¹. We believe this to be a relatively conservative estimate that could be substantially higher.

Our third annual *Local Charity and Community Group Sustainability Report* finds the local voluntary sector once again stretched to, and at times beyond, its capacity. Ongoing cuts and austerity measures have put a heavy burden on local charities and community groups. These groups have been expected to replace much of the work that had previously been under the purview of local authorities while simultaneously having to compete for dwindling funding opportunities.

There are well founded fears about the prospects of long-term survival across the sector, with many groups facing a dispiriting trade-off between the quality and the durability of their services.

There are well founded fears about the prospects of long-term survival across the sector, with many groups facing a dispiriting trade-off between the quality and the durability of their services. These circumstances have resulted in a culture of short-termism and risk-aversion that has left the sector lagging in areas that will be key to its long term vitality.

While in some ways the needs of the sector are the same as in previous years, the context in which we address these issues has been altered significantly. The UK's departure from the European Union is now consuming the majority of political energy and attention at all levels. This has not only pushed the voice and needs of civil society, more so local charities, even further down the agenda but has also generated a range of new issues and uncertainties.

Amid this tumult, the prospects of bringing stability or recognition to the local voluntary sector can sometimes seem remote. It is more important than ever therefore that voluntary sector umbrella and infrastructure organisations such as Localgiving use our platforms to advocate for, and amplify the voices of the groups we work with.

In this year's report we have sought to evidence and emphasize the value that local charities bring to our communities. We have estimated that an average local charity supports 300 beneficiaries per year, a third of whom receive some form of 'high touch' support such as 1:1 case work or care. Moreover, we estimate that the financial value of volunteers in the local voluntary sector lies between £7.5 and £10.5 billion per year.

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That so many people have been given a safety net by local charities when affected by welfare or public sector cuts is a true testament to their work. However, the more we rely on local groups to address society's core needs, the more urgent it is that they are involved in key decision making processes. Transparent feedback loops must be established with all levels of government and, importantly, groups should feel confident in their ability to represent their beneficiaries' needs and views without fear that they are risking access to funding.

To date, there has been minimal consultation or communication over any of the key issues affecting our sector – from devolution to

EXECUTIVE SUMMARY

The local voluntary sector

Brexit to public sector cuts. However, there are grounds for optimism. The government's support of the FSI led Small Local Charities and Community Groups Training Programme indicates an increased appreciation of the needs and value of the sector. Moreover, the government's new Civil Society Strategy, starting with a concerted 'listening exercise' in early 2018, is welcomed. These consultations are a real opportunity to identify the key needs of the local voluntary sector and to begin to develop the informed, substantive support programmes necessary to help local charities sustain themselves and flourish.

Of course, we will not achieve the vibrant local voluntary sector we all espouse by waiting or relying on government support. An internal culture shift is also required. As grants and contracts decline, it is essential that local groups show more willingness to explore alternative funding models and opportunities such as trading, crowdfunding or corporate sponsorship. This diversification in funding should not merely be seen as a means of survival but as a route to empowerment. Ultimately, the less reliant the sector is on the government, the less afraid local groups will be to put their heads above the parapet and provide a voice for the people and communities they represent.

¹ NAVCA England's "largest network of local charities and community groups" say their members have a combined reach of "over 160,000 local charities and community groups". This does not cover all local charities and community groups in England, nor does it include Scottish, Welsh or Northern Irish groups.

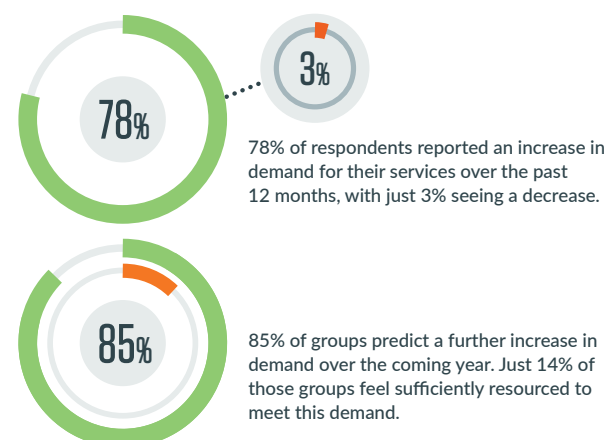
According to NCVO there were 162,000 active voluntary organisations in the UK in 2010/11 – the vast majority of which (around 140,000) were small and micro groups that usually work in their local areas. This estimate does not include, what they refer to as 'below the radar' non-registered informal groups which they accept are "numerous".

According to Charity Register data from September 2017 there were 140,000 charities under 500k. This does not include Scotland and NI. Charities in England and Wales only have to register if they have an income over £5,000. A 2012 briefing from the National Audit Office suggested there may be 100,000 charities exempted from registration because they are too small.

2.2 KEY FINDINGS

01

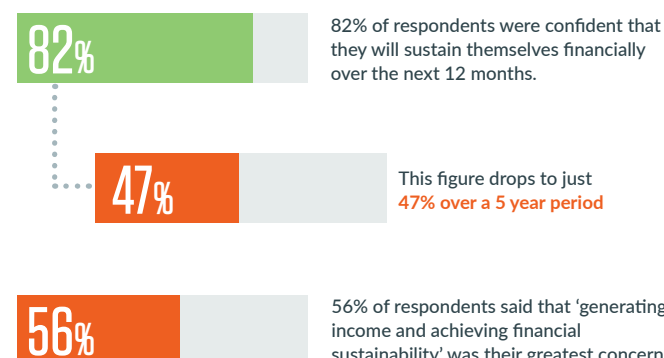
Demand for the services of local charities and community groups has increased.



Organisations working in areas affected by cuts in public services, welfare reforms and the wider impact of austerity have been affected significantly. 93% of respondents working in homelessness or providing counselling services have experienced an increase in demand.

02

Most groups are confident that they will stay afloat in the short term but fear for their long term prospects.

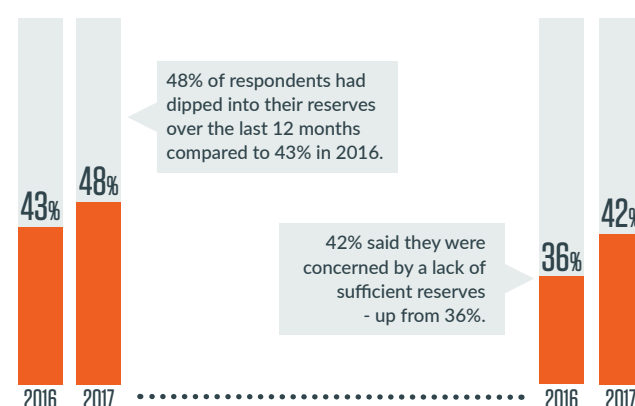


29%

29% of groups are concerned that they are over reliant on a single funding stream.

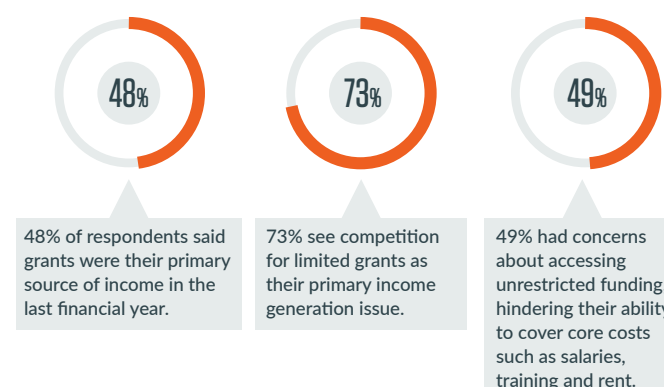
03

Building and maintaining adequate reserves has become increasingly difficult for local charities.



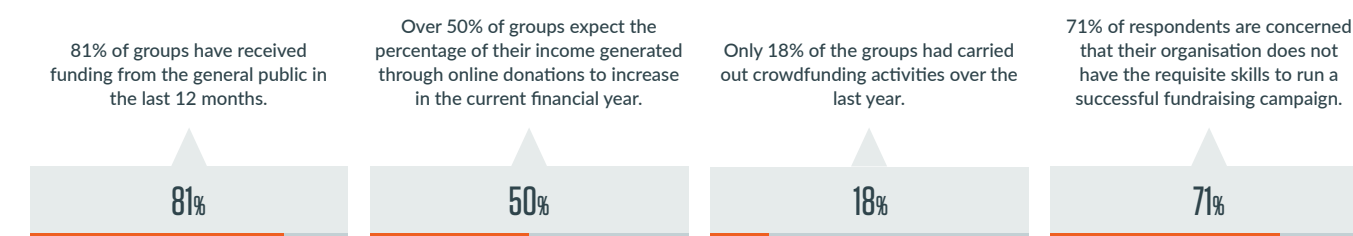
04

While grants and contracts remain core sources of income, there are major concerns over the long-term sustainability of these streams.



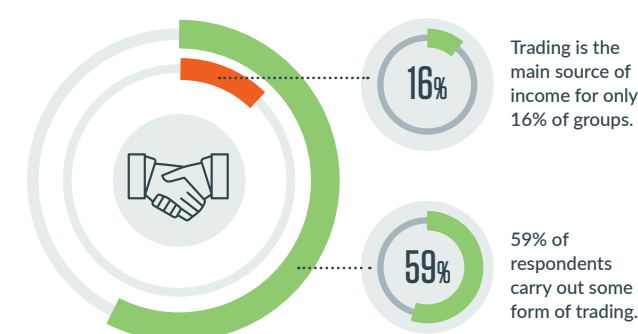
05

Public donations play a key role in the funding mix for local groups and, with the right training, there is a huge potential to expand this funding source.



06

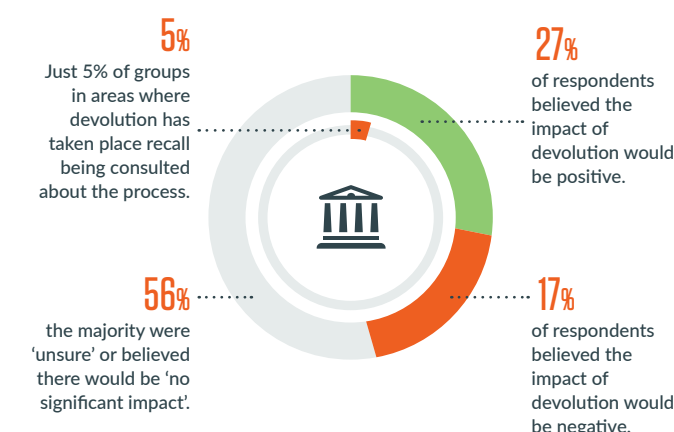
Earned income is another funding stream that has a huge potential for growth but must be treated cautiously, particularly where it may hinder beneficiaries from accessing their services.



- Of those groups that trade, 59% carry out primary purpose trading
- 54% carry out non-primary purpose trading².

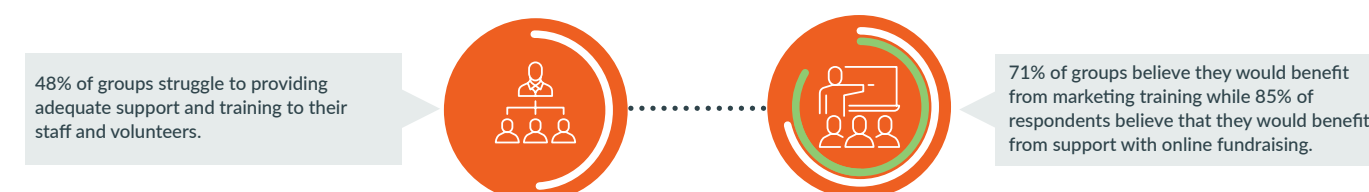
08

There are mixed opinions about the potential impact of devolution but the lack of consultation with local groups is a worry.



11

Local charities continue to struggle to help staff and volunteers to develop the skills required for a sustainable future.



² Primary Purpose Trading: Selling goods or services that directly further a charity's aims as they are stated in their governing document is known as primary purpose trading. Non-Primary purpose Trading: Selling goods or services purely to raise funds is non-primary purpose trading.

07

There is widespread uncertainty about the impact of Brexit on the local voluntary sector, with deep concerns among groups in Northern Ireland.



09

Nearly half of the survey respondents were unlikely to be compliant with GDPR by May 2018.

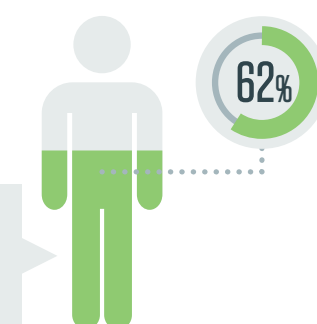


10

Volunteers play a critical role and bring huge value to the sector, and their communities.

We estimate that the annual financial value of volunteers in the local voluntary sector lies between £7.5 and £10.5 Billion per year.

Only 62% of local charities and community groups have paid employees.



3.0

DEMAND FOR SERVICES

Increase in demand and resources

Demand for the services of local charities and community groups has steadily increased in recent years. The Foundation for Social Improvement (The FSI) have found that small charities have, on average, experienced a 91% increase in the demand for their services since June 2013 (FSI 2017). Our survey findings strongly indicate that there has been a continuation of this trend over the last 12 months.

- 78% of respondents reported an increase in demand for their services over the past 12 months, with just 3% seeing a decrease.
- A huge 85% of groups predict a further increase in demand over the coming year; less than 1% forecast a decrease.

Fig. 1 An increase in demand

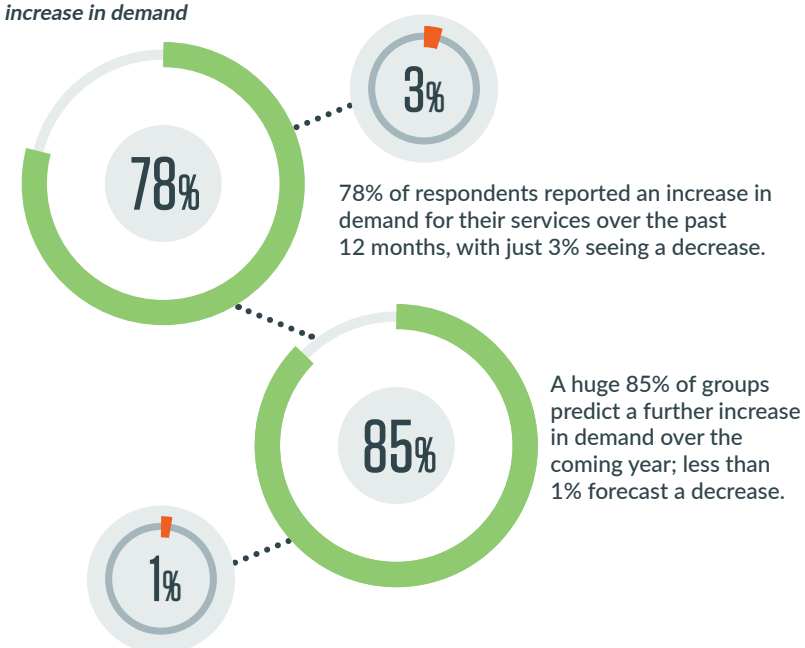


Fig. 2 Groups that cite generating resources as their primary concern

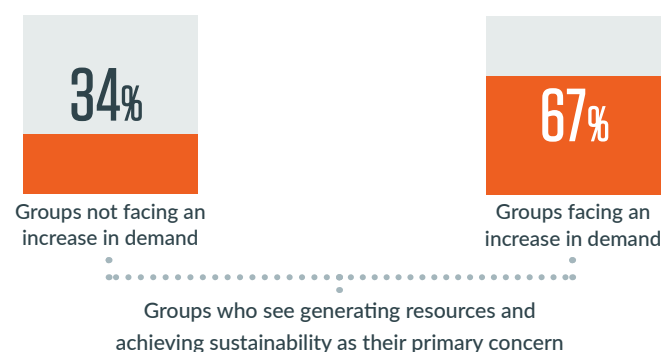
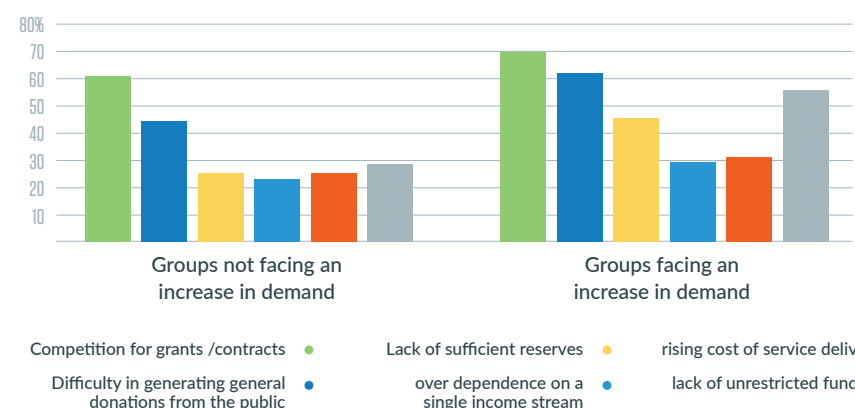


Fig. 3 Present financial concerns



Resources

This escalation in demand shows there is a real need for the services of local groups. However, there are major concerns among our respondents about their ability to cope with this uptick in demand.

Just 14% of those groups who are facing an increase in demand for their services feel sufficiently resources to meet this demand.

Those groups who do not feel sufficiently resourced to meet this demand were nearly twice as likely to see 'generating resources and achieving sustainability' as their primary concern (67%) than those who do not (34%).

They were also twice as likely to see 'lacking sufficient reserves' and a 'lack of unrestricted funding' as financial concerns.

This issue is most pronounced among groups with an annual income between £501k and £1m. Just 8% of these groups are confident in their ability to cope with this demand - falling from 15% in 2016.

3.1

THE IMPACT OF WELFARE REFORM AND PUBLIC SPENDING CUTS

One often cited reason for the increase in demand for the services of local charities and community groups is that the local voluntary sector has been soaking up the pressure created by cuts in overstretched public services, welfare reforms and wider impact of austerity. There has been a 40% cut in local government budgets since 2010 (Lloyds Bank Foundation 2017).

This argument is supported by our survey data which shows particular increases in demand for services that have been affected by austerity related measures.

93% of groups working to support homelessness have experienced an increase in demand over the last year. Homelessness has risen by a third in the UK since 2013 - an increase strongly related to cuts in housing benefit and the introduction of the benefit cap. Moreover, a recent survey found that 72% of local councils and 71% of housing associations say their ability to support homeless people has suffered due to cuts to their own budgets (University of Sheffield 2017). Much of the frontline work is now being carried out by the voluntary sector - including grassroots homelessness charities. Worryingly just 14% of local homelessness groups feel they have the resources to cope with a further upswing in demand.

Similarly, our report found that 93% of local groups focussed on counselling, 80% focussed on social welfare and 81% of disability groups had seen increases in demand over the last year. Comparatively, 73% of groups providing services related to sports and recreation and 69% of arts groups had seen increases.

With statutory services under pressure from cuts to local authority budgets, the charitable sector has to step in to fill the gaps in provision with support from the community. The number of people sleeping rough in Bristol has increased tenfold since 2010 and we are working alongside other organisations in the sector, our volunteers, donors and supporters to help deal with the increased need in the city."

Jenny Duffy, Caring in Bristol



INCOME GENERATION & SUSTAINABILITY

A pressing issue

With so much uncertainty surrounding Brexit, coupled with the ongoing impact of austerity, the UK looks set for a sustained period of political and economic volatility.

Given this climate, it is unsurprising that income generation remains the most pressing issue facing local charities and community groups. **56%** of our respondents said that 'generating income and achieving financial sustainability' as their greatest concern.

Fig.4 Concerns facing local charities

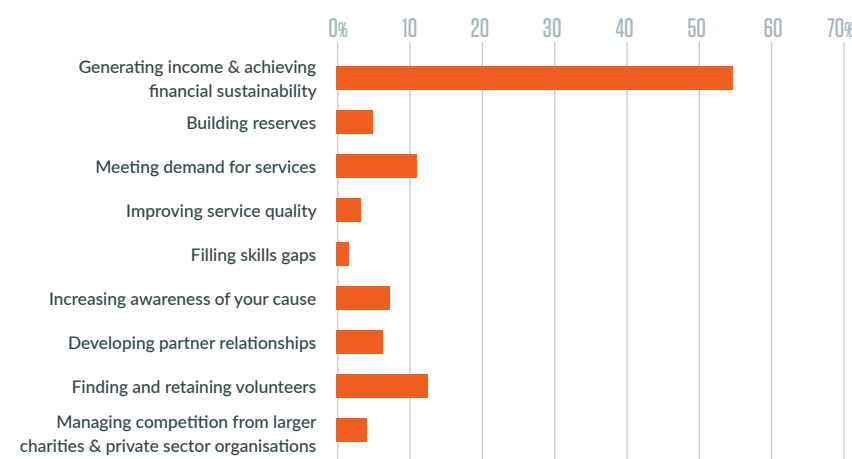
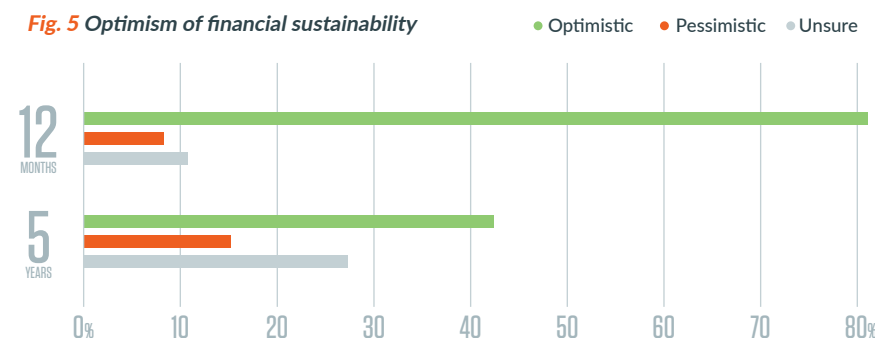


Fig. 5 Optimism of financial sustainability



Survival

As in our previous two surveys, the majority of our respondents (**82%**) were confident that they would sustain themselves financially over the next 12 months. However, this drops to a just **47%** when extended to the next 5 years.

46% of groups know of one or more local charity that has closed for financial reasons over the last year. While concerning, this actually represents a significant fall on previous years.

Looking back over the last year, 5% of our respondents had faced impending closure, while 10% of groups have seen a discontinuation in one or more of their services for financial reasons.

Reserves

Building and maintaining adequate reserves has become more difficult over the last year. Nearly half of our respondents (**48%**) had dipped into their reserves over the last 12 months compared to 43% in 2016. 42% said they were concerned by a lack of sufficient reserves, an increase of 6% from 2016.

Fig.6 Knowledge of a closure for financial reasons

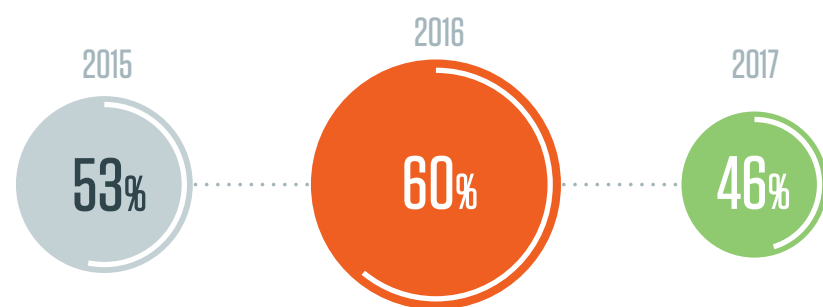


Fig.7 Use of reserves in the last 12 months



£250-500K TURNOVER: FEELING THE SQUEEZE

15% of groups within the £250-500k annual income bracket are pessimistic about their ability to survive the next 12 months compared to the sector average of 8%. 24% fear closure within the next 5 years - with the sector average at 15%.

Just 18% of these groups forecast an increase in their annual turnover with a huge 45% predicting a decrease.

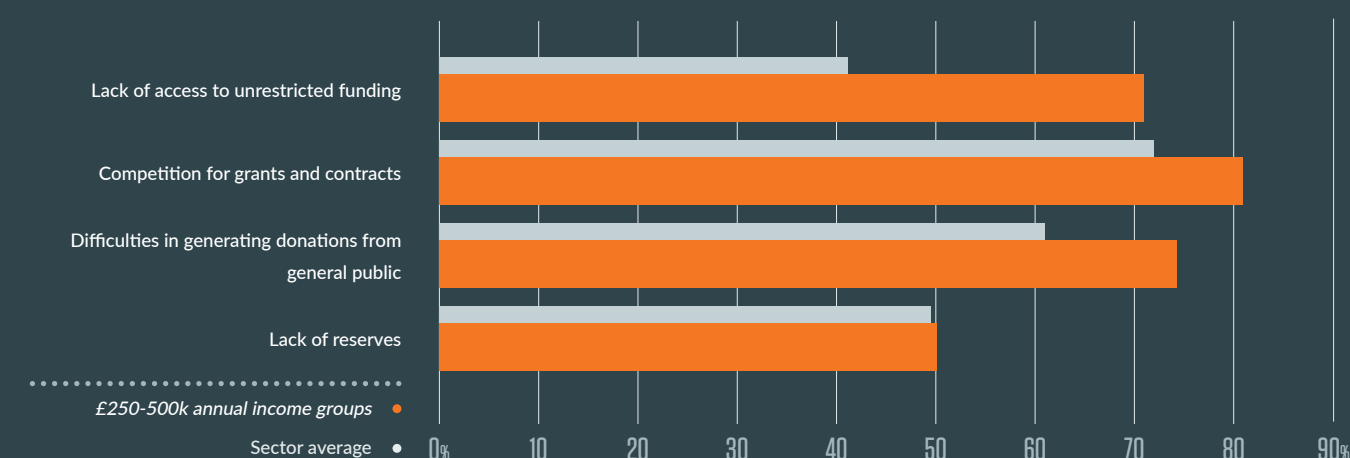
These groups are also the most concerned about their lack of access to unrestricted funding (71%) competition for grants and contracts (81%), difficulties in generating donations from general public (75%) and lack of reserves (50%).

One explanation for this may be that this is the lowest annual income bracket in which a majority of key positions (finance, chief exec, marketers, programme managers etc.) are held by paid staff rather than volunteers. i.e. this is the lowest primarily professional income bracket. Therefore the survival of these groups has a far closer relationship to the lives and livelihoods of the group's workforce than groups with a lower annual income.

Sustainability is more challenging now that we have a larger staff base we are responsible for. When we were smaller we could expand and shrink with minimal impact on people's livelihoods. We want to ensure our employment practices echo our worldview and who we are as an organisation. We try to bring in funding from diverse sources and instil spirit of entrepreneurship among our staff."

Jane Riddiford, Global Generation

Fig.8 Comparison of 250-500k annual income groups to the sector average



3.4

FUNDING SOURCES

Grants and Contracts, Donations, Crowdfunding and Trading



The last few years have seen much debate about the third sector's changing funding landscape. Localgiving, among others, has strongly encouraged, diversification of funding in the local voluntary sector. The hope is that unrestricted income streams such as trading and online fundraising will begin to fill the gap left by dwindling grants and contracts, contributing towards a more sustainable funding mix.

This year's findings indicate that, while these changes are taking place, the pace of change among local charities and community groups is slow. 29% of groups recognise that they are over-reliant on a single funding stream, leaving them highly vulnerable to economic and political fluctuations, thereby placing their long-term financial future in doubt.

Grants and Contracts

Grants and contracts remain important sources of income for local charities. However, there are concerns about both the increased competition and restricted nature of much of this funding.

- Close to half of our respondents (48%) say grants were their primary source of income in the last financial year. This remains consistent with previous years and no change is anticipated in the coming year. Three quarters (74%) of our survey respondents had received funding from foundations or grantmaking bodies in the last year.
- 73% see competition for limited grants as a primary income generation issue.
- 14% of respondents said contracts were their primary income source.
- 43% of charities with an annual income under £10k had grants as their primary income source, just 3% had contracts.
- Half of our respondents (49%) had concerns about accessing unrestricted funding, hindering their ability to cover core costs such as salaries, training and rent. This reflects longstanding concerns in the sector about the quantity and accessibility of unrestricted funding.

Fig.9 Primary sources of income



The projects that we deliver are supported through a range of grants, which cover our costs, but we are still left to make up the shortfall on our core costs. Over the last few years, we have expanded our fundraising activities, embracing online fundraising and crowdfunding activities to help us to generate the required unrestricted funding."

Jamie Lynch, Young Actors Islington



Donations

With the decline in grants and the increasingly competitive tendering processes for contracts, public donations are playing an increasingly important role in the funding mix for local charities and community groups.

Public donations are currently the most common income source for local groups. 81% of groups have received funding from the general public in the last 12 months, up 2% on 2016.

- Although donations from the general public were the most common income source, they are only the primary income source (the main source of income) for 17% of groups.
- 62% of respondents cited generating donations from public as a current financial concern. However, this has steadily decreased as a concern by 3% year on year since 2015.

Fig.10 From which of the following have you received income in the last 12 months?

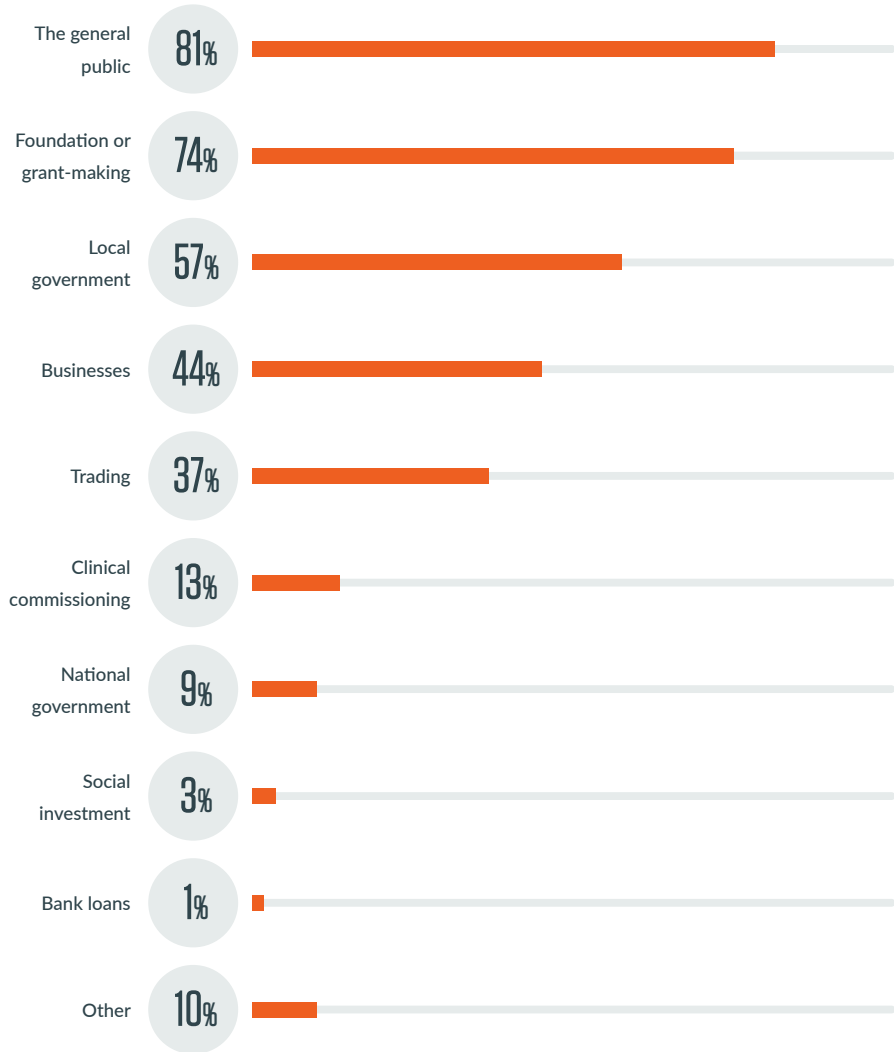
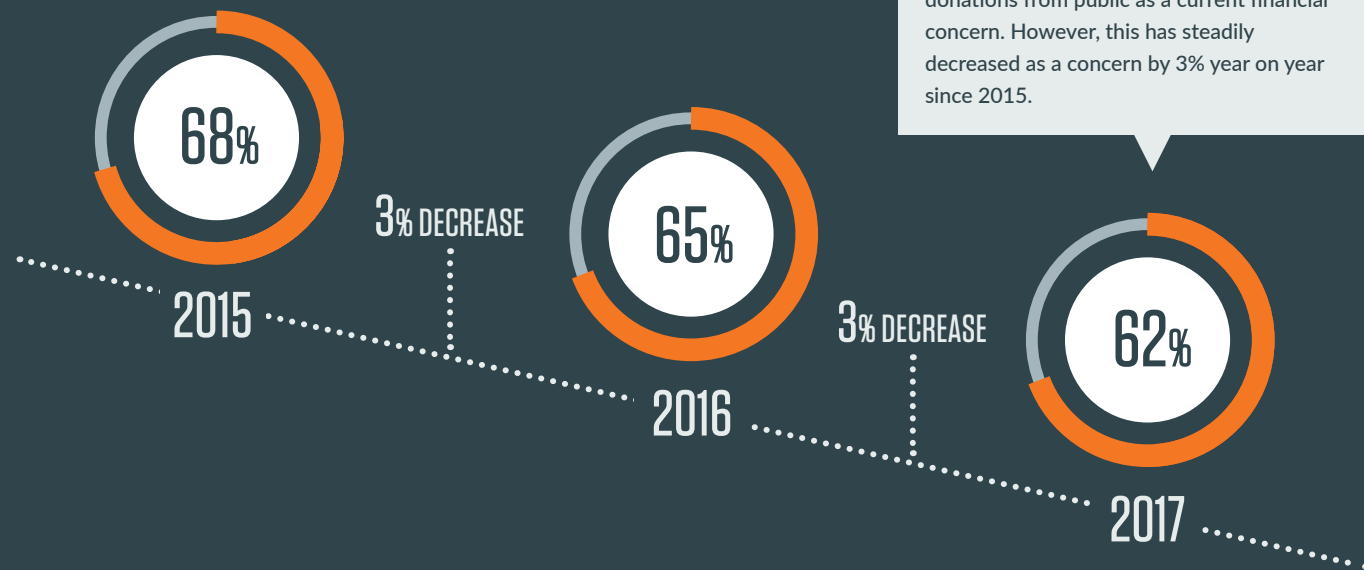


Fig.11 Concern for generating donations decreasing



Offline vs Online Donations

According to figures from Lloyds Bank, the number of charities accepting online donations has more than doubled since 2015 (Lloyds Bank 2016). However, at present, offline donations remain more important to local charities and community groups than online donations.

85% of our survey respondents who had received donations from the general public had received online donations in the last 12 months, while 99% had received offline donations.

38% of this group said that over a fifth of their funding came from online donations compared to 61% who said over a fifth came from offline donations.

The percentage of annual income gained through online donations has risen over the last year. 10% of respondents gained more than 20% of the income through online donations - removing don't knows³. Interestingly this rises to 22% of respondents when looking at groups with an annual income of under £10k.

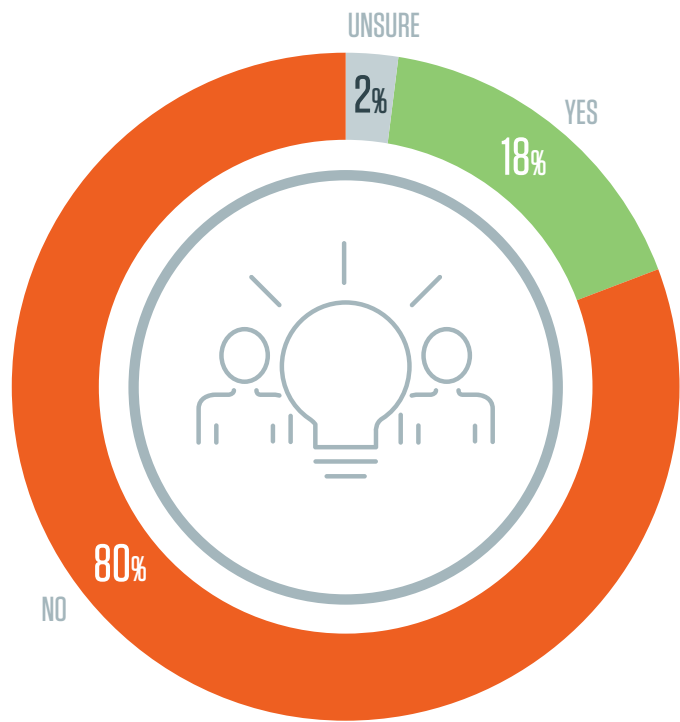
Looking forward, there remains a great deal of optimism about the benefits of online giving. 51% of groups expect the percentage of their income generated through online donations to increase in the current financial year - up 8% since 2015.

Fig.12 Offline vs Online Donations



³ It is necessary to reiterate that, due to the fact that 73% of our respondents are Localgiving members, they are more likely to have accessed online donations than your average grassroots charity. Moreover comparability with previous year is difficult since a higher proportion of non-Localgiving respondents this year than previous years.

Fig.13 Carrying out Crowdfunding activity in the last 12 months



“We’ve found using crowdfunding an incredibly successful way of supporting projects with a relatively small amount of money. That said it’s essential to have strong social media following before attempting a crowdfunding campaign. I don’t think you could be successful without this in place.

We raised around £6,200 on our first attempt which was just above our target. However, we found that most of the donors were people at least vaguely known to the charity, and many had given before or attended fundraisers.

We felt that by the end of the 30 day campaign (which was a full time job) we had saturated everyone who knew us, and some who didn’t, with our social media posts and emails. Therefore we

felt strongly that we’d be unable to run another such campaign for at least 2 years. We’re about to do another one now, so wish us luck!”

Taking Flight Theatre Company



⁴ The practice of funding a specific project or appeal by raising money online from a large number of people

Crowdfunding

Crowdfunding⁴ has rapidly grown in popularity in recent years, many praising it as a more accessible, democratic form of fundraising. However, a 2016 report by Nesta and NCVO indicated that there has been far slower take-up in the charity sector than in other parts of the economy (Nesta 2016).

Our findings support this, showing that few local charities are making the most of the opportunities crowdfunding brings. Less than 18% of the groups we surveyed had carried out crowdfunding activities over the last year.

Text analysis of the qualitative feedback to the question *Has your organisation carried out any online crowdfunding activity over the last 12 months?* revealed the most used term to be ‘Not Successful’.

Key obstacles to putting together successful crowdfunding campaigns include: time constraints, limited resources and capacity, a lack of knowledge of social media and a lack of guaranteed results.

Many groups agree that crowdfunding is useful for achieving specific, tangible, time-limited goal. However, few see it as a reliable or sustainable funding source.



What is primary and non-primary purpose trading?

Primary Purpose Trading: Selling goods or services that directly further a charity’s aims as they are stated in their governing document is known as primary purpose trading.

Non-Primary purpose Trading: Selling goods or services purely to raise funds is non-primary purpose trading.

Trading

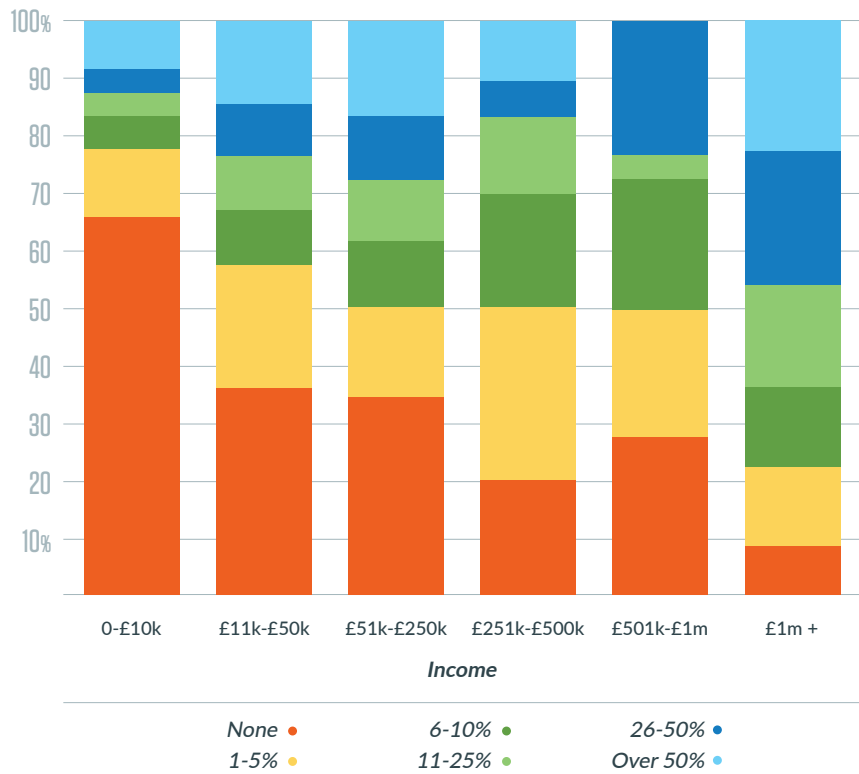
Increasing earned income is one funding stream that has a huge potential for growth. Indeed, the FSI have found that there has been a 10% increase in earned income among small charities since June 2013 (The FSI 2017).

Trading in the sector takes many forms ranging from selling Christmas cards and local memorabilia to boat trips, running community cafés, workshops and room hire.

Our survey found that, while trading is common among local charities, there are a number of concerns:

- 59% of our survey respondents carry out trading of some kind.
- While trading is the main source of income for only 16% of groups.
- 22% receive over a quarter of their income through trading.
- Of those groups that trade, 59% carry out primary purpose trading while 54% carry out non-primary purpose trading⁵.

Fig.14 Percentage of income generated from trading



⁵ <https://www.gov.uk/guidance/charities-and-trading#primary-purpose-trading>

“We started trading in 2009 due to a drop in Local Authority support and a reduction in available grants. Service user numbers dropped quite significantly in the first couple of years and have not increased to pre-charging numbers yet. We also started non primary purpose trading and this has slowly increased from 3% to 24% of our total income.”

*Julie Evans,
Danger Point, Wales*

The annual income of a group correlates directly with how likely they are to carry out some form of trading.

- 91% of groups with an annual income over £1 million carried out trading of some kind, while only 34% of groups with an annual income under £10k traded.
- 23% of groups with an annual income over £1 million receive over 50% of their income from trading compared to 9% of groups with an annual income under £10k.

There are also significant differences among cause areas.

- Nearly a quarter of sports and recreation groups (24%) gain over 50% of their income from trading. Many of these groups charge for memberships and subscriptions.

“If we didn’t charge fees and subscriptions we would not be able to survive. If our fee levels are too high they become unaffordable and membership decreases.”

Illingworth St. Mary’s Cricket Club

No counselling, advice and mentoring charities gained over 50% of their income from trading.

“Our services are free but if a client can afford to pay for counselling we can offer this as a paying service quicker. This means they’re not waiting and a free place is ‘released’.”

Anonymous counselling service

Many groups see trading as a key part of their funding mix. However, a sizable proportion of respondents had experienced some pushback or negativity from their beneficiaries. This was particularly the case in situations where groups had started requesting payment for previously free core services.

“We started trading in 2009 due to a drop in Local Authority support and a reduction in available grants. Service user numbers dropped quite significantly in the first couple of years and have not increased to pre-charging numbers yet. We also started non primary purpose trading and this has slowly increased from 3% to 24% of our total income.”

Julie Evans, Danger Point, Wales

While it is important for groups to work towards sustainability and diversification of income, asking for payment for core services can significantly impair some groups’ ability to attain their mission, particularly where it prevents or hinders service users from accessing their services.

“It is good to have a local steer on certain issues and feel more able to affect decision making. It is difficult and sometimes confusing in Wales as some issues are devolved, some aren’t and often they overlap - e.g. education is devolved, crime isn’t - these are two areas we work in and it’s sometimes difficult to navigate.”

West Rhyl Young People’s Project

Image: ©-Laurence-Crossman-Emms-2016



3.5 BREXIT

The effects on the sector

Arguably the biggest questions facing the UK at present arise from the UK's withdrawal from the European Union. No community, region or sector will go untouched by the inevitable economic, political and social upheavals associated to this decision - the local voluntary sector is no exception.

While some groups may be directly affected (e.g. through the loss of EU funding or staff) many others will feel the ripple effect - be it on the services they deliver or on the needs of beneficiaries (Lloyds Bank Foundation 2017).

Our survey found widespread uncertainty among local charities and community groups about Brexit.

- 40% of respondents said they felt unsure about the impact of Brexit on their finances while 42% were unsure about the wider impact on their services and beneficiaries.

- Just under a quarter (24%) were expecting Brexit to have a negative impact on their economic situation.
- 21% expected Brexit to have wider negative consequences for their organisation such as increased demand for your services, staffing and volunteering issues and detrimental effects on their beneficiaries).
- By contrast, just 2% believed Brexit would have a positive impact on both their finances, services, or beneficiaries.
- 35% believe there will be no impact on their organisation's ability to generate income, while 34% believe there will be no significant income on their services.

While the quantitative data found that a majority of groups were 'unsure' of the impact of Brexit, qualitative feedback revealed many of these groups expressing concerns about this very uncertainty.

No one knows what the impact of Brexit will be on our economy but if people lose jobs and have less money, the need for our service will increase and it may be harder to get funding."

Baby Bank, Windsor

Fig.15 Effect of Brexit on finances

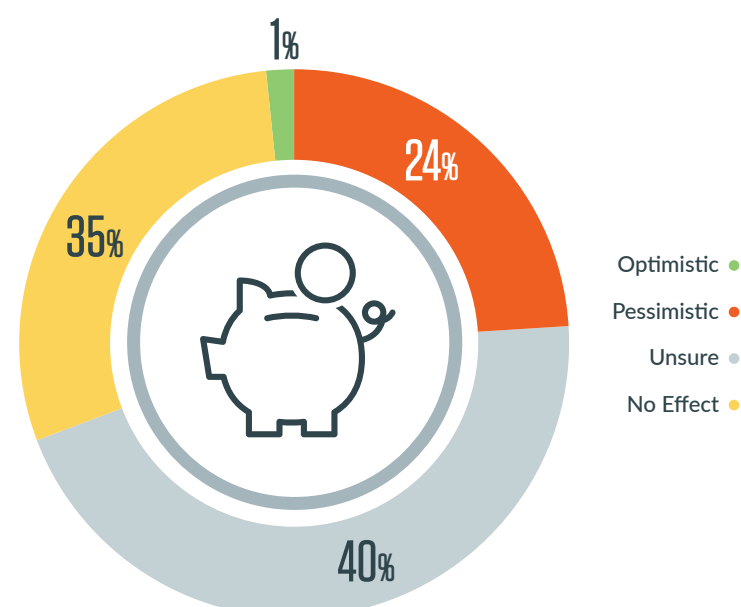
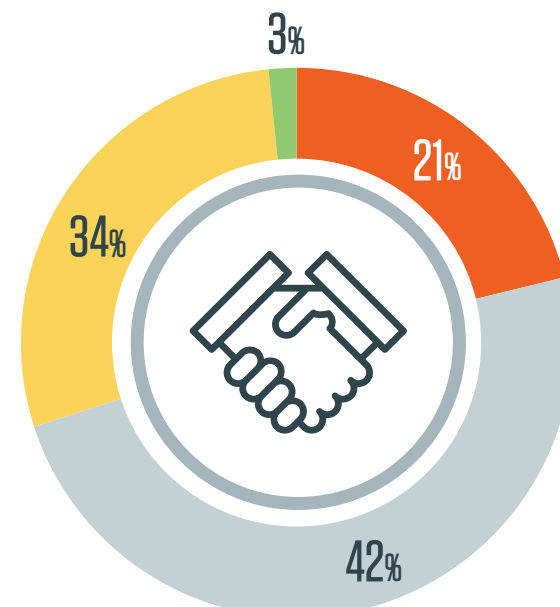


Fig.16 Effect of Brexit on services and beneficiaries



Nobody knows the effects, and the uncertainty itself has consequences. Our service users may well be hit economically, and food costs may well increase, but there may be other issues we don't yet know of."

Todmorden Food Drop In

Northern Ireland

Concerns about Brexit are particularly pronounced among groups in Northern Ireland where the uncertainties about the nature of the EU withdrawal interplays with an increasingly fragile political situation. In the referendum Northern Ireland voted 55.8% to remain.

- 64% of groups in Northern Ireland believe the financial impact of Brexit will be negative, no groups in Northern Ireland believed Brexit would have a positive financial impact.
- 50% of groups said Brexit will have a negative impact on services, again no groups saw it as having any positive effect.

"Our organisation operates in Armagh city and surrounding area, regarded as a border town. Some of our members and those who attend our events come from the nearby town of Monaghan.

After Brexit this will mean that they will have to leave the EU to attend events and classes and vice-versa. We believe that there can only be a detrimental effect to the organisation as it may lead to a decrease in cross-border activities.

While our organisation was never in receipt of funding directly from Europe, we believe that funding will now be refocused along the line of the European frontier. It will therefore become harder to source funding from the south of Ireland."

Anonymous - Irish Language Group

Fig.17 Brexit feelings by region



West Midlands

The most positive region about Brexit was the West Midlands. This is perhaps unsurprising given that in the 2016 referendum the West Midlands was also the strongest Leave region, voting 59.3% to leave.

It is necessary to recognise however that, even in this heavily pro-Leave region, significantly more voluntary organisations saw Brexit as negative than positive. 5% of respondents in the region saw leaving the EU as positive both for their finances and wider services while 13% saw it as negative.

3.6

DEVOLUTION

The opportunities for local charities

Devolution presents opportunities for local charities and community groups, not only to access funding but also to actively participate in designing and implementing local policy for the benefit of their beneficiaries. However, alongside these opportunities local groups also face significant challenges. As NCP have explained:

“For smaller charities, it can be difficult to know who to engage with in new structures, and how best to make your voice heard when policymakers have so many competing agendas. And for issue-specific organisations, it can be difficult to shift towards an approach that spans different issues.”

NPC 2016

Unfortunately, a recent report into the progress of devolution in the UK by NAVCA and Locality, *Devolution for people and communities* (2017) has warned that the process has “so far largely failed to involve people and communities”. This report argues that small and medium charities have not been involved in the conversation in a “significant and meaningful” way and warn that a “top down approach to devolution, and new layers of sub-regional decision makers, could push influence, power and resources away from people and communities”.

Our survey found that opinions on the potential benefits of devolution were very mixed. Moreover, echoing the concerns expressed by NAVCA and Locality, we found that local charities and community groups have seldom been consulted let

alone incorporated as co-designers into the devolution process.

- 27% of respondents believed the impact of devolution would be positive while 17% viewed it as negative - the majority were ‘unsure’ or believed there would be ‘no significant impact’.
- A meagre 5% of groups in areas where devolution has taken place believe they have been consulted about the process.

Our qualitative feedback has revealed some interesting perspectives on the potential impact of devolution:

“I think it is great idea as local organisations are much more aware of what is actually needed, rather than what Westminster thinks is needed. In this area, we have a much higher proportion of older people compared to working age people and with issues around social care, closure of banks and cottage

hospitals as well as poor transport.. this creates a very different set of problems which we can see on our doorstep and can try and find solutions which meet local needs.”

Settle Community and Business Hub

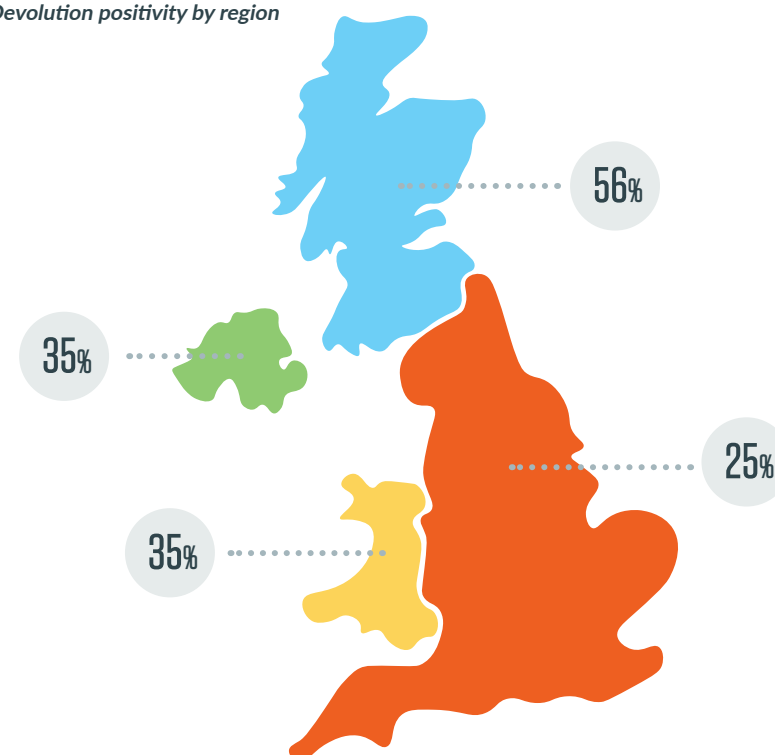
The one size fits all national guidelines miss the nuances of specific areas where challenges and solutions may be better served on a devolved level.”

Anonymous

There are huge disparities in the way devolution is perceived in different parts of the UK.

In England only 25% of respondents thought devolution would have a positive impact on the sector. This rose to 35% in Wales and Northern Ireland. In Scotland over 56% of respondents see devolution as positive for the voluntary sector and not a single respondent saw it as negative.

Fig.18 Devolution positivity by region



4.0

GDPR

Preparing for the new EU law

The general data protection regulation (GDPR)⁶ is a new EU law that will come into effect on 25 May 2018 to replace the current Data Protection Act, and is the biggest change in data protection legislation for quarter of a century.

In September 2017 a survey by the Institute of Fundraising found that 33% of small charities⁷ hadn't “done anything to review data protection or get ready” ahead of these changes (IoF 2017). Similarly, our survey revealed concerning data about the readiness of grassroots charitable organisations for this change.

Just over half (55%) of respondents either felt prepared or that they would be prepared in time for these changes by May 2018, leaving a worrying 45% who would struggle to comply by May 2018, hadn't heard of the legislation or didn't think the legislation applied to them.

9% of respondents, while aware of the legislation, did not think it applied to their organisation.

Smaller groups were least prepared for GDPR

Just 43% of groups with an annual income of 10k or under believed they would be compliant with GDPR by May; a further 14% believed that GDPR did not apply to them.

By contrast 88% of groups with an annual income of £501k - £1 million were confident that they would be compliant in time and all respondents knew that GDPR applied to their organisation.

Fig.19 How prepared do you currently feel for the GDPR?

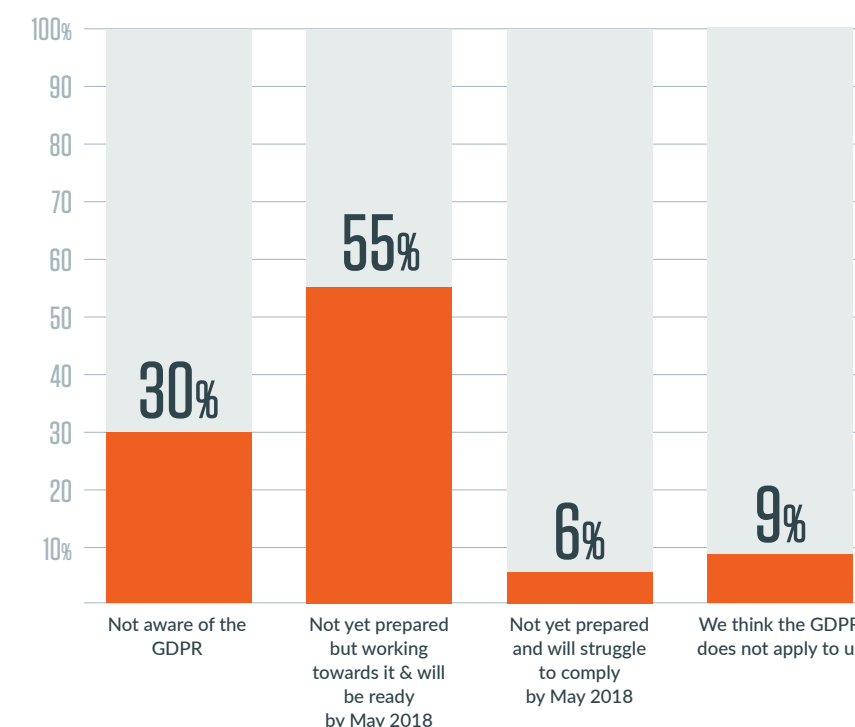
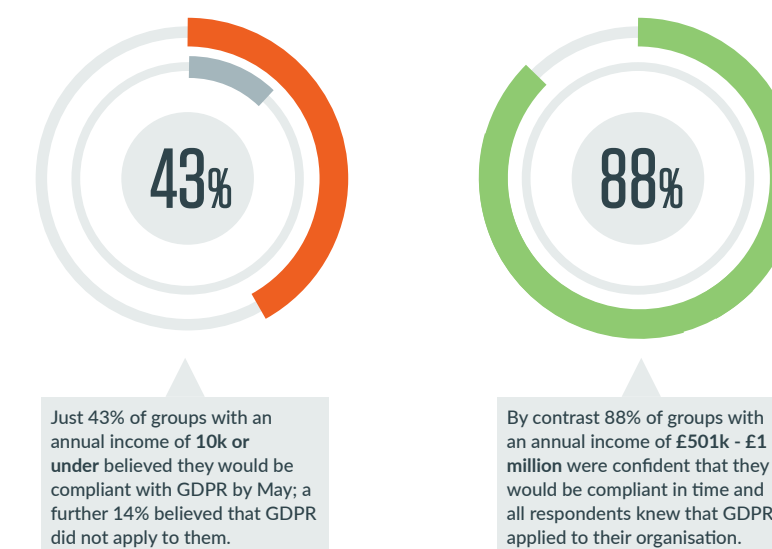


Fig.20 GDPR preparation comparisons by income



⁶ The General Data Protection Regulation (GDPR) (Regulation (EU) 2016/679) is a regulation by which the European Parliament, the Council of the European Union and the European Commission will strengthen protection for all individuals within the European Union (EU).

⁷ IoF define this as any group with an annual income under £1 Million.

4.1

COLLABORATION

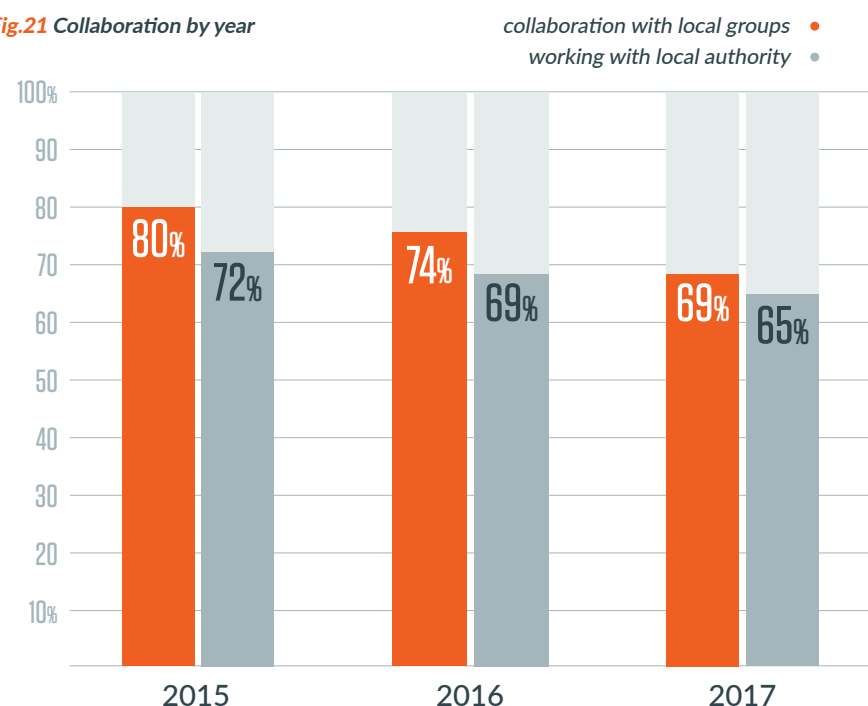
Opening doors to wider networks

As well as strengthening local groups financially (through resource pooling etc.), collaboration can also open doors to wider networks, help them build strategic alliances and amplify their voices.

Unfortunately, despite our calls for increased and more varied collaboration, our data suggests that some traditional forms of collaboration are in decline.

- Collaboration between local groups has fallen for a third year.
(80% -2015, 74% - 2016, 69% - 2017)
- Fewer groups are working with their local authority than previous years.
(72%- 2015, 69% -2016, 65% -2017)
- Collaboration with local businesses has remained stagnant at 49% while under a fifth of groups now work with national businesses.

Fig.21 Collaboration by year



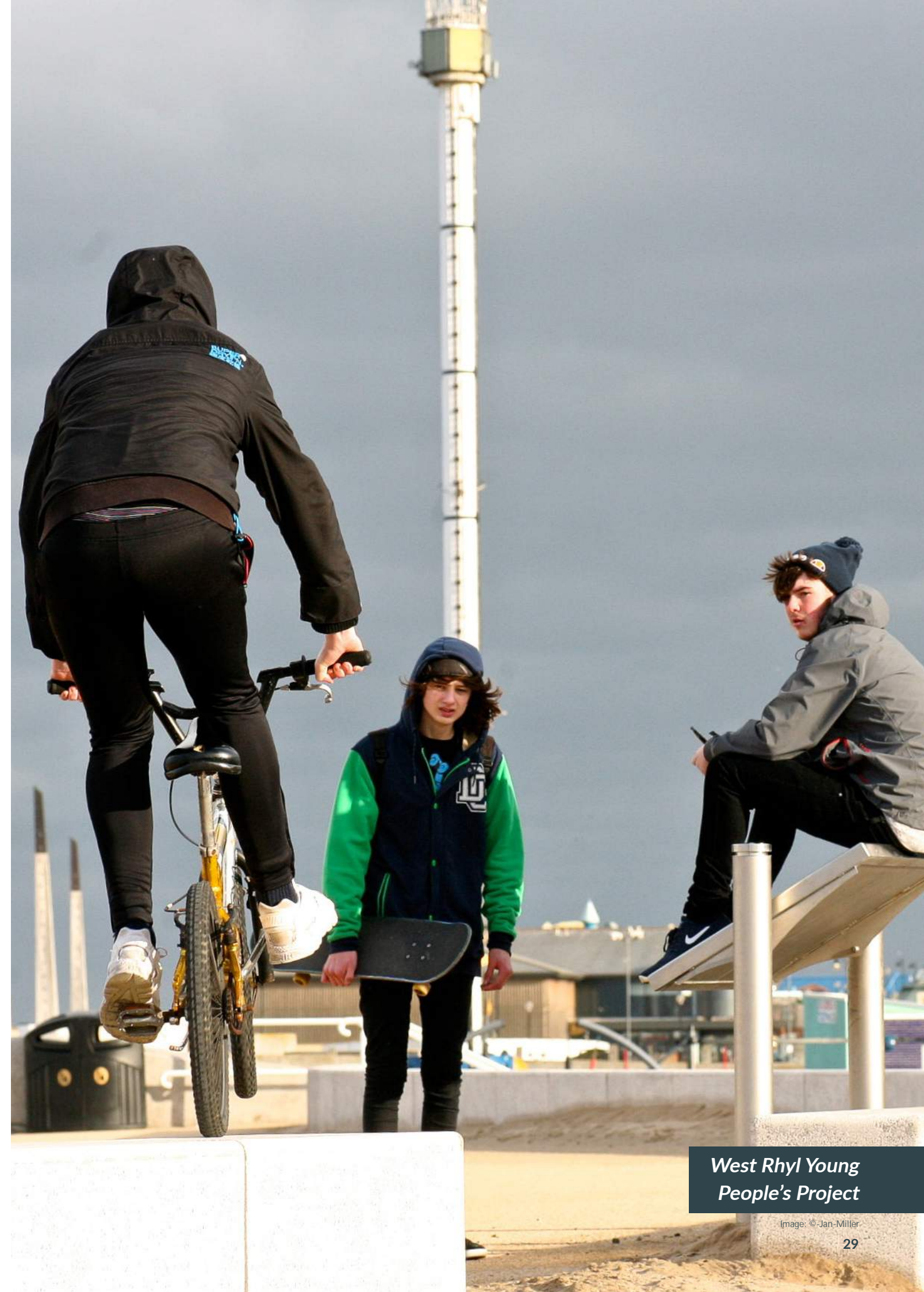
Grassroots groups such as Fences & Frontiers rely on one another for support – be it through pooling resources, ideas and experiences, providing affordable spaces for workshops, or sharing one another's projects and actions.

There are times that collaboration brings challenges, particularly given the range of beliefs and approaches taken by different groups working to support refugees and asylum seekers. However, these differences are usually navigable if we keep our aims clear."

*Neil McGarrigle,
Fences & Frontiers*

There is a strong correlation between an organisation's size and its propensity to work in partnership.

- Micro-groups (under £10k annual income) are the least likely to collaborate.
- Small and medium sized organisations (£10k to £1 million annual income) are the most likely to collaborate with local organisations and businesses while large organisations (£10 million plus annual income) are more likely to have worked with national charities or businesses.
- When it comes to working with government - collaboration with national government is markedly more common among groups with a turnover of over £500k. Collaboration with local authority goes up incrementally in line with turnover.



*West Rhyl Young
People's Project*

Image: © Jan-Miller

4.2 WORKFORCE Staff and Volunteers

We estimate that the financial value of volunteers in the local voluntary sector lies between £7.5 and £10.5 billion per year.

Volunteers

Local charities and community groups are largely led by volunteers and reliant on their skills, time and passion. 59% of Chief Executives in the sector are volunteers, as are 65% of fundraising staff and 63% of finance staff.

As expected, there is a significant difference between large and small groups in the division of roles between volunteers and paid staff.

82% of groups with an annual income under 10k are run entirely by volunteers. At the other end of the scale, for groups with over 1 million turnover 100% of Chief Executives and finance staff and 91% of fundraisers are paid employees.

The recruitment of skilled volunteers and trustees remains a serious challenge. 32% of respondents say recruiting suitably skilled volunteers is challenging or extremely challenging, while 28% say the same about recruiting skilled trustees.

23% of groups say that accommodating for the irregular hours of the volunteers that manage their finances is a barrier to keeping their finances up to date.

Giving an economic value to volunteers

We estimate that the financial value of volunteers in the local voluntary sector lies between £7.5 and £10.5 billion per year. In this year's report we thought it would be interesting to put a financial value on the hours that local charity volunteers contribute.

Putting a financial value on volunteering is clearly a crude tool that will never capture the wide range of skills, knowledge, passions and creativity that they bring to the sector. However, what these estimates can do is strengthen our understanding (and that of other key stakeholders from funders to policy makers) of the incredible amount of time and energy that volunteers put in to supporting their local communities.

How do we reach this figure?

While the given range £7.5 - £10.5 billion is a rough figure, we see this as a relatively conservative estimate of the financial value that volunteers in the sector bring.

To produce this estimate, we multiplied the number of hours volunteering per week reported by each respondent by the national minimum wage⁸, to estimate the total value of volunteer time in the sample. Other recent attempts to calculate the value of volunteering, by NCVO and ONS, have used a median hourly wage for a variety of equivalent paid roles, resulting in a higher multiplier than the national minimum wage (NCVO 2017).

For the lower estimate we then averaged (took the mean) across our sample, making a conservative assumption that non-respondents or inconsistent responses, had zero volunteer time. For the higher estimate we excluded non-respondents from the calculation. We then multiplied this average by 200,000 - our estimated number of charities in the local voluntary sector - to reach these figures.

As there is no central database of unregistered groups we have had to estimate the overall number of local groups operating in the UK. The figure we have reached is 200,000. However, it is probable that this is a low estimate (see Limits and Considerations p8). As there is no central database, there is also no way to weight the sample to ensure that it is representative of the sector - we recognise that these estimates are naïve therefore.

⁸ We have valued an hour's work at the national minimum wage for 25's and over - £7.50. The minimum wage is a conservative reference point for the value of volunteer work. Some pro bono work e.g. by skilled professionals would cost far more than the minimum wage, although some forms of voluntary work may also be in relatively unproductive activities. We estimate the average (mean) number of volunteers per group to be.

Paid staff

62% of local charities and community groups have paid employees with a sharp contrast between large and small groups. Just 18% of groups with an annual income of under 10k have any paid staff compared to 100% of groups with an annual income over £500k.

Paid staff in the sector are often asked to juggle multiple roles from project management to marketing to admin - the loss of a single members of staff can therefore have a fundamental impact on the capacity of these organisations. It is concerning therefore that 25% of respondents had seen a reduction in staff over the last year while 66% of respondents knew one or more group that has been impacted by a reduction in staff. This having been said, there has been a huge fall (76% to 25%) in groups who claimed they are had been affected by a reduction in staff over the last year⁹.

Training

Year on year, local charities have cited skills gaps as a major barrier to engaging with new technologies and opportunities. As addressed in the Fundraising and Marketing chapter, 71% of groups feel they lack the skills to run a successful marketing campaign.

Nearly half (48%) of groups struggle to provide adequate support and training to their trustees and volunteers - 9% find this extremely challenging or impossible.

For most groups the main barrier to providing staff training is financial (46% up from 41%); 22% of groups cite time constraints as their primary obstacle.

Positive steps have been taken to address these issues in the last year through the Small Local Charities and Community Groups Training Programme. Led by the FSI and partners with support from DCMS, this programme has offered affordable fundraising training and capacity building opportunities to small, local charities. However, a far more comprehensive support offer will be required if we are to make a serious impact on the sustainability of the sector.

⁹ We recognise that this drop may, in part, be due to a change in methodology. In 2017 we added a 'None of the above' option to the question 'Has your group been affected by any of the following over the past 12 months?', while making the question compulsory. 68% of respondents chose this option. If we remove the 'None of the Above' respondents, 60% of the remaining groups saw a reduction in staff which still represents a significant increase

Fig.22 Organisations with paid employees by annual income

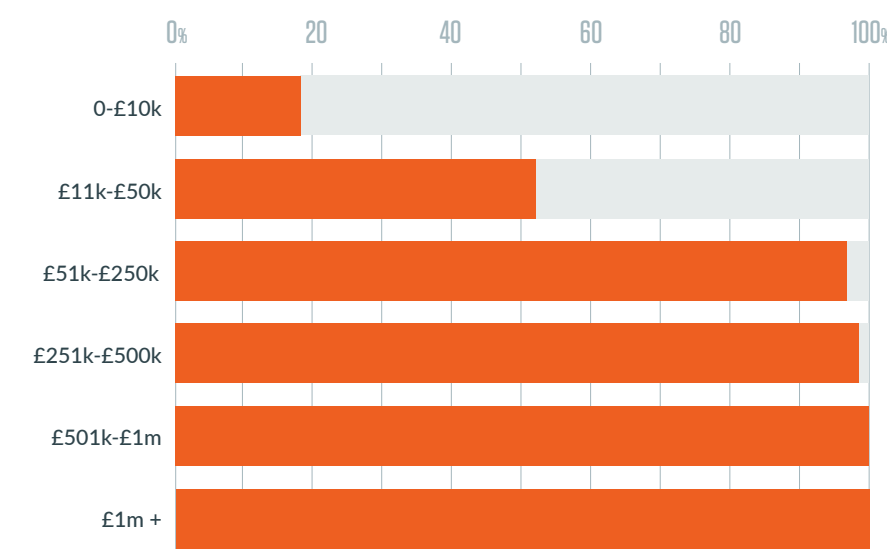
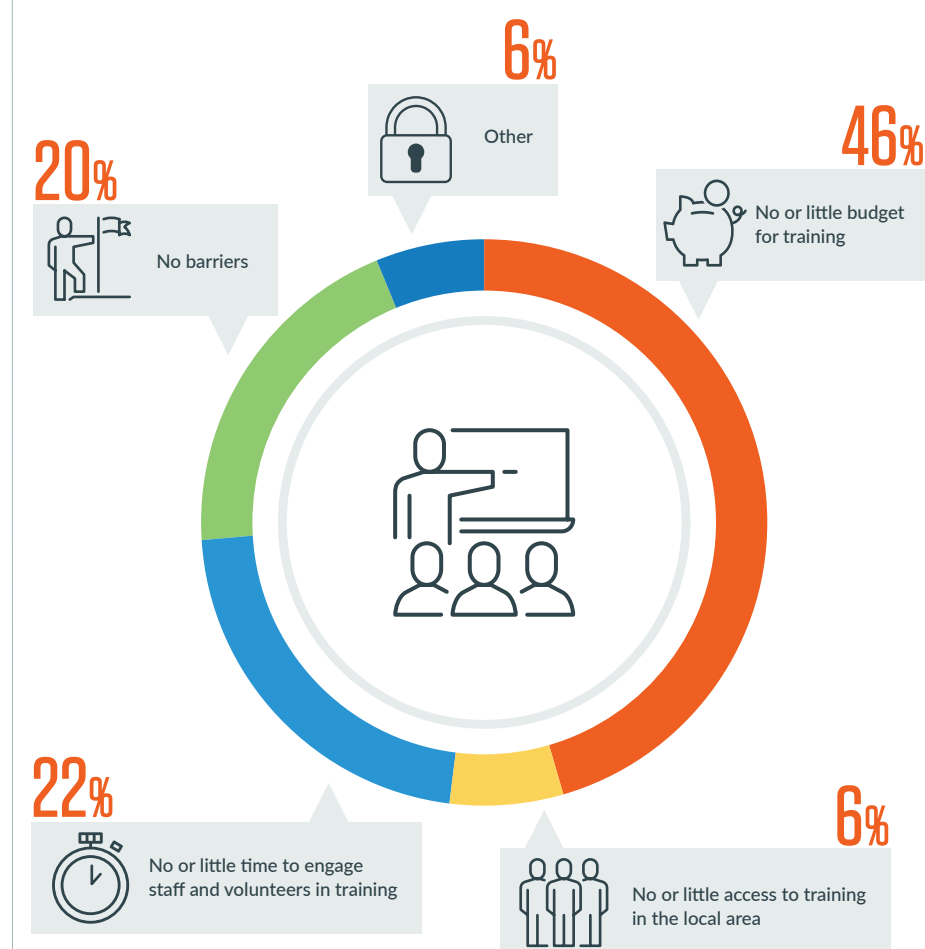


Fig.23 Barriers to providing staff training



THE IMPACT OF LOCAL CHARITIES AND COMMUNITY GROUPS

One of the challenges we face when advocating for the needs of the local voluntary sector is that the organisations that make up the sector, and the services they provide, are so diverse that all blanket statements about the sector can seem crude to the point of incoherence.

So, rather than talk about the whole sector, we have tried to create a picture of what a 'typical' local charity in the UK looks like to give some understanding of the value that they bring.

- **300** - We estimate that the typical local UK charity works with 300 beneficiaries per year. This is the median number of beneficiaries given by survey respondents. We believe this to be a conservative estimate. The average (mean) was significantly higher - over 6,000¹⁰ beneficiaries per group. However, due to a number of significant outliers we are not confident that this figure is representative of the sector.
- For the average local charity, **34% of beneficiaries receive some form of 'high touch' support**. This includes services such as regular 1:1 case-worker support, provision of long-term care or personal mentoring¹¹.
- **Disability, Health and Wellbeing** - The most common cause areas covered by local charities are Disability (14%), Health and Wellbeing (14%), Community and Development (13%) and Arts and Culture (11%) and Sports and Recreation (7%). It is worth noting however that 16% of respondents defined their primary cause as 'Other'.

Fig.24 Estimated beneficiaries per year



300
beneficiaries
per year



34%
receive some form of
'high touch' support

Fig.25 Top 5 most common cause areas



Disability



Health and Wellbeing



Community and Development



Arts and Culture



Sports and Recreation

¹⁰We excluded non-respondents from this calculation.

¹¹ Groups supporting high numbers of beneficiaries offered a far higher proportion of 'low touch' support (signposting to other services, providing guides and leaflets, awareness raising events). Taking this into account we would estimate that overall 14% of beneficiaries in the sector receive 'high touch' support, but again, that result depends on a few outliers reporting extremely high numbers of beneficiaries. As a tentative explanation - it is plausible that groups with larger numbers of beneficiaries tend to offer 'low touch' support (groups such as park conservation organisations may have many thousands of beneficiaries - counting all park users) while other groups may provide incredibly high touch support to far smaller numbers of beneficiaries.

FUNDRAISING AND MARKETING

Skill gaps and marketing channels

As in previous years, our 2017 survey revealed skills shortages in fundraising and marketing in the local charity sector with the majority of related activities conducted by non-specialist staff and volunteers.

While there have been notable improvements, the sector will require both increased training opportunities and a substantial injection of resources, if it is to maximise the benefit it can reap from its fundraising and marketing activities.

Skills and Skills gaps

At present 71% of groups believe they do not have the necessary skills to run a successful fundraising campaign¹². However, it is positive to see that the percentage of groups requiring 'significant upskilling' has fallen from 28% to 13% since 2015.

Despite this incremental improvement in confidence, 85% of respondents still believe that they would benefit from support with online fundraising, up 2% on 2016. This may be a matter of groups realising the extent

of learning necessary and that successful fundraising involves continued learning.

Fundraising and marketing activities are primarily carried out by non-specialist staff or volunteers - echoing the findings of our previous surveys. 81% of groups do not employ specialist fundraisers and 85% do not have specialist marketing staff.

At present 71% of groups believe they do not have the necessary skills to run a successful fundraising campaign. However, it is positive to see that the percentage of groups requiring 'significant upskilling' has fallen from 28% to 13% since 2015.

Marketing channels

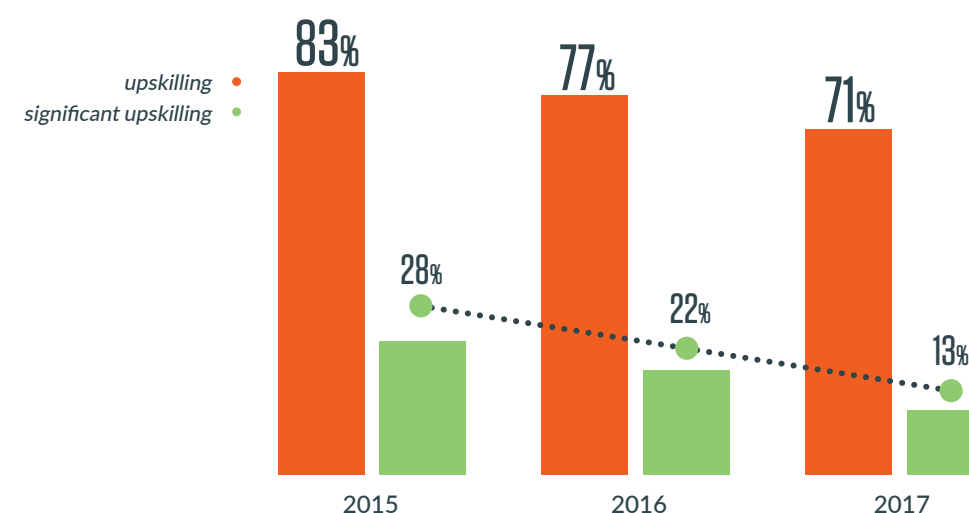
The most widely used marketing channels used in the local voluntary sector are: social media, websites and email newsletters.

88% of groups now use social media as part of their marketing strategy. Our surveys show a gradual increase in social media use over the last three years.

- Email newsletters are up to 67% from 65% in 2016. However, down from 69% in 2015.
- 80% of groups use their own website, down from 83%.

There are some signs of physical marketing activities waning. For example the use of physical newsletters has fallen annually from 31% in 2015 to 27% to 26%. However, our qualitative feedback reveals that "Word of Mouth" and "Events" remain very popular. This should come as little surprise given that community bonds are a key strength of the local voluntary sector.

Fig.26 Decreasing need for significant upskilling



¹² Given the majority of respondents were Localgiving members who benefit from access to training and resources, these figures are likely to understate the need within the sector as a whole.



CONCLUSION

An ever growing demand

The UK's local voluntary sector finds itself in an increasingly precarious position. Over the last few years local charities have experienced an ever growing demand for their services, fed largely by public sector cuts and the wider impact of austerity. At the same time, there has been a shrinking of traditional income streams like grants and contracts which have not yet been replaced by alternative income streams such as trading and online giving. Fewer than half of the local organisations surveyed are confident that they will survive beyond 5 years. Moreover, with Brexit consuming the vast majority of political energy, the chances of these issues being recognised, let alone resolved, can, at times, seem slim.

This having been said, there are grounds for optimism. The government's support of the FSI led Small Local Charities and Community Groups Training Programme indicates an increased awareness of the value and needs of grassroots groups. Furthermore, the government's decision to consult with the voluntary sector on its new Civil Society Strategy is encouraging. In this time of huge uncertainty and dwindling resources, channels must be established that enable local groups to communicate their needs, and those of their beneficiaries to decision makers. We see these consultations not only as an opportunity to open dialogue but as a route through which to achieve greater recognition and long-term, substantive support for the local voluntary sector.

5.1 RECOMMENDATIONS

Safeguarding the future of the sector

Looking at both our own findings and the wider sector research cited throughout this report, we believe that there are a number of key actions that can be taken to improve the current situation and help safeguard the future of the sector.

01

The impact of cuts to public services on the local voluntary sector must be recognised and appropriate consultations and capacity building measures put in place to prepare local charities for potential increases in service demand.

Changes and cuts in the public sector, coupled with the ongoing impact of austerity, are key drivers of the increasing demand for the services of local organisations. Much more thought needs to be put into how changes and cuts in the public sector will impact on local charities and community groups. Where the work of local groups crosses over with and complements work carried out in the public sector, it is essential that these groups are engaged early and fully informed of the potential impact of cuts on their work and, where possible, capacity building measures are put in place to support them. Governmental and sector infrastructure bodies must work closely together to communicate changes. Questions must also be asked about the appropriateness of relying too heavily on the local voluntary sector to provide basic needs.

02

Training programmes should be expanded to help stimulate a diversification of funding sources.

It is important that local groups become less reliant on single income streams, particularly given the reduction in traditional funding sources such as grants and contracts. There must be a focus on equipping local groups with the knowledge and specialist

skills required to benefit from new and emerging funding sources – from corporate partnerships to earned income, social investment to public donations.

The Small Local Charities and Community Groups Training Programme is a positive start. Led by the FSI and partners (including Localgiving) with support from Department for Digital, Culture, Media and Sport (DCMS), over the last year this programme has offered free and affordable fundraising training and capacity building opportunities to small, local charities across the UK. However, if we are serious about creating a more sustainable local voluntary sector we must commit to developing a more comprehensive, long term support offer to the sector.

It is also vital to recognise that different funding options suit different groups - while we should encourage diversification of funding we must not be overly dogmatic about the direction that groups pursue. For example, whereas trading may be the key to some groups achieving sustainability, asking for payment for core services can also significantly impact on a charity's ability to fulfil their mission, particularly where it prevents or hinders service users from accessing their services.

03

Increased unrestricted funding is essential to ensure the survival of local groups, ensure continuity of services and to prevent mission drift.

Funders must recognise that all charities have core costs to cover. Ensuring their work is sustainable requires that they receive funding for these core costs, not merely for stand-alone projects. We therefore support the House of Lords recommendations that "realistic and justifiable core costs" should be included by funders wherever possible.

We also reaffirm our 2016 recommendation that funders should look to build robust, long-term relationships with the groups they fund. This will enable them to better understand the needs of the groups they support.

Charities themselves must be more vocal about their core funding needs and the impact that fulfilling these needs would have on their services and beneficiaries.

04

Much more thought must be put into understanding the implications of Brexit on local groups and the communities they support.

Charities were not among the 58 sectors consulted about the impact of Brexit despite the sector as a whole facing what the Directory of Social Change have referred to as a "cliff edge of more than £250m" (DSC 2017). Civil society at all levels should be considered in Brexit negotiations, particular attention being paid to those areas likely to be directly affected.

The impact of Brexit on groups in Northern Ireland is a major concern. It is absolutely essential that the voice of civil society in Northern Ireland, particularly border communities, is carefully listened to and taken into full consideration.

It is also important that Brexit negotiations are not used to justify neglecting the needs of civil society. A skilled, robust, resilient voluntary sector is going to be essential in what will inevitably be a period of huge upheaval and uncertainty.

These services cannot be run on passion alone. If the local voluntary sector is to survive this period of uncertainty and resource scarcity, it is essential that grassroots organisations are actively included in key decision making processes.

05

Devolution presents a real opportunity for the voice and interests of grassroots groups to be included within the democratic process.

Local charities have a unique, in-depth understanding of their communities. If channels can be found to feed this knowledge into discussions around devolution, this will represent a genuine step forward for local democracy. Pressure needs to be put on those leading on devolution in each area to include local charities in the conversation, in a 'significant and meaningful way' (NAVCA and Locality 2017).

06

Ways must be found to ensure that grassroots organisations are fully aware of their responsibilities under GDPR.

Many groups cite a lack of guidance on the General Data Protection Regulation (GDPR) as a concern. However, given that there is clear, in-depth guidance in place from the Institute of Fundraising and the Small Charities Coalition among others, the issue appears to be around the dissemination and accessibility of this information. Charity sector membership and infrastructure bodies should take the lead in ensuring this information is properly promulgated. There is also a tendency among smaller groups to assume that their size excludes them from regulations such as GDPR or fundraising regulations, an attitude that must be changed if they are to avoid serious issues in future.

07

Further research is required to understand the size, scope and impact of the local voluntary sector.

In this year's report we have attempted to measure the impact of local charities and community groups and their volunteers. Our findings give an interesting starting point for discussion on the value of the local voluntary sector. Even using conservative estimates, both the quantity and depth of support provided by the sector is astounding. However, at present the data available is far too limited to draw any real conclusions about the impact of the UK's local voluntary sector. We strongly encourage further research into the size, scope and impact of the local voluntary sector.

08

Inter and intra-sector collaboration should be encouraged

Collaborations not only help local groups financially (resource pooling etc.) but can also open doors to wider networks, strategic alliances and help amplify their voice. However, where collaboration take place out of necessity rather than choice it can often lead to unequal partnerships. Local groups should therefore seek to build more strategic, long-term relationships.

09

Ways must be found to amplify the voices of local charities and community groups

Local charities and community groups are often uniquely positioned to understand the impact of economic changes and political decisions on the ground. Ways must be found to ensure this knowledge informs key decisions. Ideally, transparent feedback loops should be established between the local voluntary sector and government – at all levels. However, short of this, local groups must be less afraid to publicly advocate for the needs of their beneficiaries and articulate their own value. Voluntary sector membership, umbrella and infrastructure organisations must support this by providing platforms and amplifying the voices of the local charities and community groups they work with.

6.0

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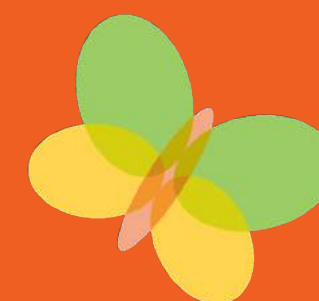
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