

**Look –
nfpSynergy
have done my
PEST analysis
2018 update**

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Kate Cranston-Turner, Mhairi Guild
020 7426 8888

Introduction

In 2011 we released the first version of this report. Our aim was to provide charities with a resource that would help them to understand the key political, economic and social trends influencing their organisations. In the years since its release, the 2011 report remains one of our most popular, being used by a wide range of charities for support in their strategic plans.

In the wake of several truly dramatic years, both globally and in the UK, we decided to repeat the report looking at how events such as Brexit, the 2017 snap-election, the rise of smartphones and GDPR will impact on charities. This report is intended to highlight the most influential PESTLE factors that all charities should keep in mind when developing their strategies for the coming years. It is not intended to entirely replace a charity's individual PESTLE report as there will be some trends specific to an area of work that we may not have included. Instead this report provides a starting point for charities trying to understand which of these big events are likely to affect their work, beneficiaries and supporters.

Political factors

Demise of two-party politics and the changing parliamentary landscape

We published our last report in the year after an election which resulted in the UK's first full Coalition government since 1945 and its first hung parliament in 36 years, amidst changes in traditional voting patterns and a public desire for change after 13 years of Labour government. Six years and two general elections later it seems likely that this departure from the UK's years of two-party governance was no anomaly and that an era of hung parliaments, coalitions (formal and informal) and uneasy tactical alliances across the UK is now underway - and may even become the norm.

Some commentators and analysts view such political power-sharing as inherently unstable and indecisive, while others have regarded this shift in British politics as an opportunity for greater bipartisan cooperation and the kind of public consensus-building so often lacking in more majoritarian models of government. It has also been pointed out that coalition politics has been very much the norm across post-war Europe - with only Greece, Spain and (until recently) Britain having little experience of coalitions.¹ Likewise, the increased importance of smaller parties in recent elections - some national, some more single-issue led - has been viewed as either progressive or disruptive of strong leadership depending on your political outlook. Does a widening of representation in parliament and the potential for minority 'kingmaker' parties broaden the voices heard in the corridors of power, or simply risk the tail wagging the dog (as has been warned of both the SNP and UKIP in recent years)?²

Regardless of its wider significance for our public life, meanwhile, what does this diversified and more fluid parliamentary landscape mean for charities both now and in the coming years? While influencing traditional

¹ Françoise Boucek, LSE Blog (2010), 'Once you recognize that coalition government is a European norm, and is likely to endure in the UK, further changes in British party politics (such as electoral pacts) look quite feasible', September 14 (Accessed September 2017 <http://blogs.lse.ac.uk/politicsandpolicy/>)

² The Economist 2015, 'Why the Scottish National Party is so important in this election,' 4th May (Accessed September 2017: <https://www.economist.com/blogs/economist-explains/>)

power bases will remain crucial for third sector advocacy agendas, we are now in an age where the decisive vote or ability to shape policy may come from unlikely places and few corners of the Houses can afford to be overlooked. As NCVO's Chris Jones noted in summer 2017 regarding the then-forthcoming Brexit negotiations and subsequent legislation, charities should be prepared to push further for political influence since 'following the election, few votes will be a formality in the way they would have been in a parliament with a strong government majority, and given the commitment to allow proper scrutiny, it's likely parliament will seek to assert itself.'³ While this shouldn't mean a scattergun approach to sector advocacy across the political spectrum, it does mean that the personal, local, media-savvy approach to political campaigning nfpSynergy research consistently finds to be most effective in parliament⁴ needs to be increasingly non-partisan and strategic in its focus.

Political instability leaves charities vulnerable to being ignored

Despite this opportunity for widening influence in a more fluid parliament, political instability also brings a high risk of the sector's priorities being overlooked as ministers and MPs focus ever more strongly on the political issues and horse-trading which feel most pressing to them. This has remained a sector fear since the 2010 election,⁵ for good reason, and the likelihood of voluntary organisations' interests being even further de-prioritised in an economically uncertain climate dominated by the still-unknown terms of the Brexit settlement (discussed below) is strong. Indeed, some sector leaders are now explicitly advising organisations to focus their energies on short-term wins amidst political quicksand that appear to be a structural shift in our national life, as well as a feature of current agendas.⁶ Rather than the longer-term strategic thinking charities are usually urged towards, they suggest it may be necessary to 'think in two to three-year periods, because MPs are probably living hand-to-mouth at the moment in terms of their political capital.'⁷ More substantively, they argue that the uncertain terrain makes robust sector leadership and a bolder vision for charities' contribution even more crucial to our national life, as Caron Bradshaw of the Charity Finance Group pointed out this summer: "To charities we say: don't be paralysed by this result. A hung parliament will create uncertainty, but that is our prompt to step up and provide proposals to government."⁸

Declining confidence in the political system and changes in voter landscape

In addition to this shift in parliament and governance, the broader popular disillusionment with formal politics in recent decades has not appeared to abate substantively. Indicators of this include declining voter turnout over time, as Figure 1 shows, and the steep long-term drop in party membership which has so far been merely dented by the recent rising membership of smaller parties and the 'Corbyn effect' in Labour membership. While 84% of the electorate turned out in 1950, the overall post-war trend has been downwards, despite picking up in recent years: with just 61% in 2005, rising to 65% in 2010, 66% in 2015 and recovering to 69% in 2017. And while membership of the three main parties has picked up from a historic

³ NCVO 2017, 'NCVO: Two-Year term means chances for charities to change policy,' 21 June (Accessed September 2017: <https://www.ncvo.org.uk/about-us/media-centre/press-releases>)

⁴ nfpSynergy (2014), 'Talk to MPs early and often in election run-up, new report urges charities,' 12 May (Accessed September 2017 <https://nfpsynergy.net/talk-mps-early-and-often-election-run-new-report-urges-charities>)

⁵ Civil Society (2010), 'Sector predicts both uncertainty and opportunity in hung parliament,' 7 May (Accessed September 2017: <https://www.civilsociety.co.uk/news/sector-predicts-both-uncertainty-and-opportunity-in-hung-parliament.html>)

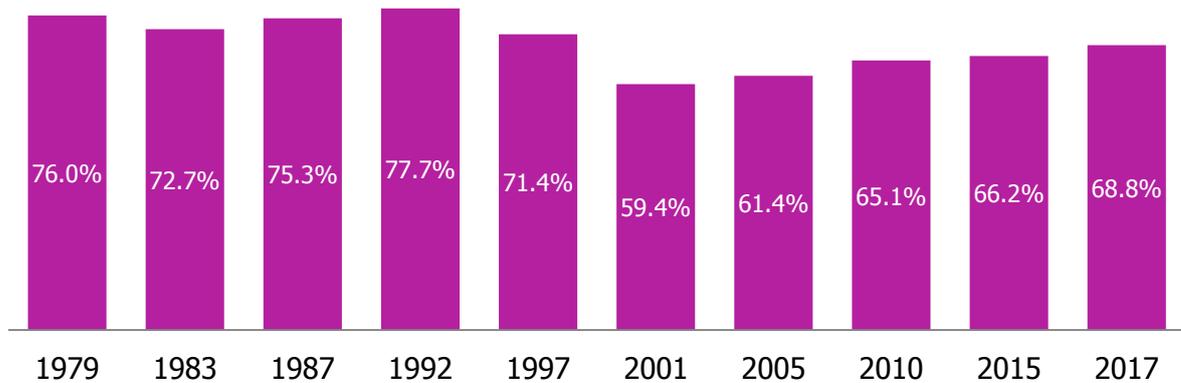
⁶ Andrew O'Brien, Head of Policy and Engagement at the Charity Finance Group - cited in Third Sector 2017, 'Political instability means 'charities must focus on the short term,' 7 September (Accessed September 2017 <http://www.thirdsector.co.uk/political-instability-means-charities-focus-short-term/policy-and-politics/article/1443971>)

⁷ Andrew O'Brien, Head of Policy and Engagement at the Charity Finance Group - cited in Third Sector 2017, 'Political instability means 'charities must focus on the short term,' 7 September (Accessed September 2017 <http://www.thirdsector.co.uk/political-instability-means-charities-focus-short-term/policy-and-politics/article/1443971>)

⁸ Civil Society 2017, 'Charity sector reacts to shock election result,' 9 June (Accessed September 2017 <https://www.civilsociety.co.uk/news/charity-sector-reacts-to-shock-election-result.html>)

low of 0.8% in 2013 to 1.3% in 2017, this remains in contrast with the early 80's when it reached almost 4%.⁹

Figure 1: UK General Election turnout since 1979 (%)



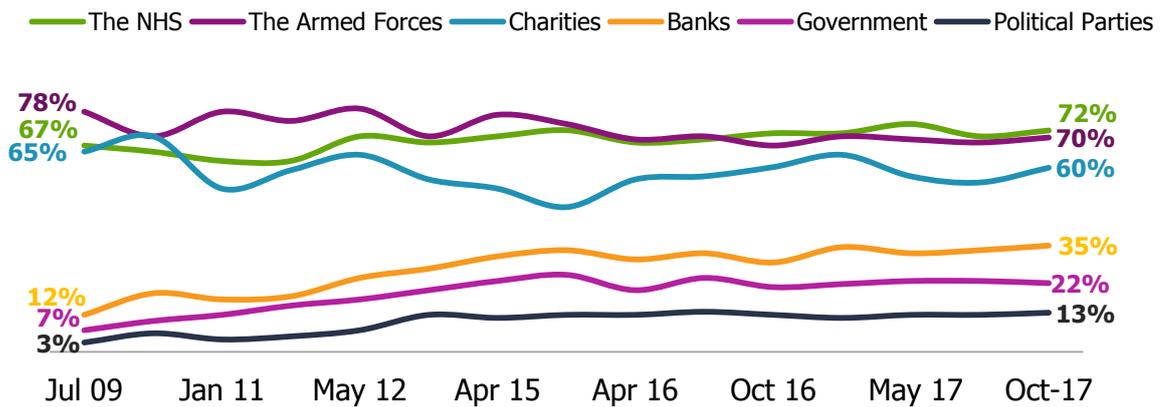
General Election 2017: results and analysis (Number CBP 7979). (8 Sep 2017). House of Commons Library.

Cynicism about politicians in particular, and the ability of organised politics to effect change in general has not substantially improved either. In 2004-6 the Power Commission's research into the state of British democracy found 'a well-ingrained popular view across the country that our political institutions and their politicians are failing, untrustworthy, and disconnected from the great mass of the British people.'¹⁰ From the 2009 parliamentary expenses scandal on through the mid-decade electoral successes for the culturally divisive politics of UKIP and, many have argued, underpinning the Leave result in the 2016 Brexit referendum, public exasperation and distrust of formal politics remains clear. This is evidenced consistently in nfpSynergy public audiences' data as shown in figure 2 which reveals trust in Political Parties, as well as in Government, lags far behind many other national institutions (banks included).¹¹

⁹ House of Commons Library: Research Briefings 2017, 'Membership of UK political parties,' 1 September (Accessed September 2017 <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN05125>)

¹⁰ The Power Commission (2006), 'Power to the People: the Report of Power, an Independent Inquiry into Britain's Democracy,' (Report now to be found at http://www.jrrt.org.uk/sites/jrrt.org.uk/files/documents/PowertothePeople_001.pdf)

¹¹ nfpSynergy Charity Awareness Monitor (CAM), Trust data, Spring 2017. Please note this chart shows just a selection of the institutions we regularly prompt for public trust levels – contact the CAM team for further details.

Figure 2: Public trust in institutions

"Below is a list of public bodies and institutions. Please indicate, by ticking in the appropriate column, how much **trust** you have in each of the bodies" **A great deal or quite a lot**

Source: Charity Awareness Monitor, Jul 09-Oct 17, nfpSynergy | Base: 1,000 adults 16+, Britain

Civic engagement has been transformed rather than diminished

Yet arguably, civic apathy or cynicism is the wrong conclusion to reach regarding this disengagement. Both the tentative recent recoveries in party membership and turnout mentioned above (the strength of which time will tell) and strong levels of discernible civic engagement in recent years suggest it is our traditional mechanisms for activism that may be at fault rather than the popular appetite to engage. Since 2016, for example, the UK suffered shocking tragedies in the shape of the Manchester bombing, the London terror attacks, and Grenfell tower fire, which resulted in groundswells of public aid and support for the victims. We also know from earlier research that many reported non-voters do in fact volunteer, donate to charity or participate in community groups: as Figure 3 shows, the Power Commission found in a 2005 survey of those who said they did not vote in that year's general election, over a third (37%) of were nevertheless members of, or active in, a charity, community group, public body or campaigning organisation.¹²

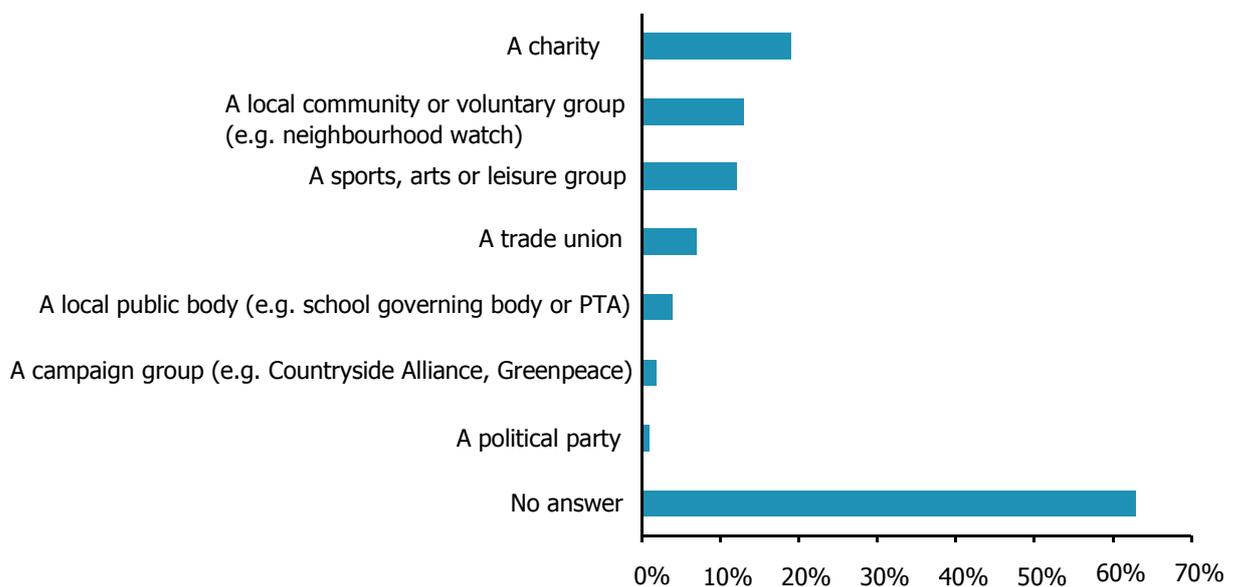
Indeed, there are many areas in which a thriving national political and economic consciousness appears healthy, as well as an appetite for civic activism: participation in, and awareness, of high-profile charity campaigns over the last decade (such as Make Poverty History/IF or the leading cancer campaigns such as Macmillan Coffee Mornings and Marie Curie's Daffodil Day), as measured by nfpSynergy's Charity Awareness Monitor; political movements such as Occupy in the early austerity years; the rise in so-called 'clicktivism' over the last decade; the increasingly heated public debates and campaigns in advance of the Scottish and Brexit referendums; improving turnouts at the last two general elections; and even the animated UK response to the US Trump victory. However traditional politics is no longer the only, or even preferred, vehicle for this engagement.

Where apathy is not the problem and public resistance to divisive economic and social policies has become gradually more visible, charities have a marked opportunity to help fill part of the democratic deficit by providing a voice for public concerns at a time when the party system appears out of touch – as well as a way to serve collective goals left behind by mainstream politics. Commanding and retaining this public trust therefore becomes more crucial than ever for charities, not simply as a pre-requisite for effective fundraising

¹² *Ibid*

but to win a mandate for their advocacy and leadership on underlying causes. And on this front, there is good cause for optimism. After hitting its lowest point in almost a decade in late 2015 (47%), nfpSynergy data shows public trust in charities had recovered to a healthier 60% by late 2017: at its strongest among high social grades, young people and women. When asked about trust in charities in more detail we find the public are more positive on wider issues related to outcomes and integrity (positively impacting UK society and telling the truth), as opposed to specific operational practices which have more commonly proven of concern (spending on the cause, use of data).¹³

Figure 3: Civic engagement among non-voters



Those who are members of, or active in, charities, community groups and other public bodies

“In the past twelve months, have you been a member of or an active participant in any of the following?”

Base: Source: 1,025 people on the electoral register who did not vote in the 2005 General Election, 7-15 May 2005 Power Enquiry

The BREXIT vortex

This report would be remiss to go much further without highlighting the biggest historical change underway in the UK’s political, economic and legal landscape: our departure over the next few years from the European Union and its ramifications across all areas of legislative, social and environmental life. Europe has been, and will remain, a dominant force in British legislation and markets for the foreseeable future and continue to affect all areas of our lives, from the way we trade, work and travel, not to mention the fact that much domestic law originates in European legislation and will continue to operate in reference to it. The changes Brexit will bring are certain to affect the public space in which charities operate, as well as the national life they contribute to and yet there are few certainties about the course this will take. With negotiations stalling almost before they began and a far from domestic consensus about the settlement the UK is pursuing, the implications for charities across all areas touched on in this PESTLE overview remain unpredictable.

¹³ nfpSynergy 2017, Trust in Charities CAMEO (Charity Awareness Monitor Executive Overview), May

The immediate impacts of the referendum result included market volatility and the loss of Britain's last AAA credit rating as well as political uncertainty as Parliament reeled and then-Prime Minister David Cameron resigned. These have given way a year later to some areas of increased clarity: a new government under Theresa May despite shaky beginnings and ongoing strain, the triggering of Article 50 signalling the countdown to Britain's formal departure in March 2019, the start of formal negotiations with the European team. Yet British political parties remain deeply divided, both internally and with one other, regarding what Brexit could and should look like, even despite the narrow passing of the government's EU withdrawal bill in September 2017¹⁴; from our status within (or without) the single market and the relationship of British law to the European Court of Justice, through to final border and migration arrangements.

BREXIT gives charities an opportunity to represent public priorities

Departure from the union remains wholly unprecedented and the potential impacts third sector commentators and leaders remarked upon at the time of the vote remain uncertain and unresolved: loss of income due to investment shortfalls and currency volatility; fewer corporate partners and sponsors as companies move overseas; likely drop in public spending as priorities change; increased demand on services as social-economic fallout kicks in?¹⁵ All are strong possibilities which pose a significant threat to charities in the medium and longer-term. And yet with change also comes opportunity. As Sir Stuart Etherington noted after the referendum, charities have a significant role to play in meeting public trust and stepping into the breach as advocates and campaigners to ensure vital public priorities are not left unvoiced: "These have been troubled times, and they will continue to be so. Britain is facing political and economic unrest for months if not years to come. Your support and advocacy for the people and causes you work for will be essential in this climate".¹⁶ It may however be significant to note the various fault-lines in public values which intersect the debate on Brexit; for example, nfpSynergy data shows that those who voted to leave are less likely to trust charities than those who voted to remain (69% compared to 59% of Leave voters in February 2017).¹⁷ Charities may therefore have greater work in store to build up their trust levels among those who backed leaving the union if they hope to meaningfully influence both departure negotiations and wider socio-economic impacts.

While some aspects of British public and social life (and some organisations depending on their areas of work, geographic focus and funding mix) may be less impacted than others and the short-term changes have not been dramatic, all charities must ensure they are watching the emerging Brexit settlement closely in the coming months. Scenario-planning for likely impacts, particularly those related to income and the changing legal/regulatory framework as the UK extracts itself from the European framework, will be crucial even where the shifts are subtle (it is likely, for example, that the majority of European regulations will remain salient within Britain). Not least because so long as Brexit continues to dominate the agenda for ministers, the space for prioritising other core issues will continue to be diminished. Charities will therefore need to ensure they are speaking to MPs with common purpose and a strong awareness of the Brexit landscape.

Diminished statutory funding and the impact of austerity

Our first PESTLE report was published as the sector anticipated the first tranche of severe public spending cuts and argued that charities which had previously benefitted from statutory funding streams urgently

¹⁴ The Guardian 2017, 'Brexit bill: senior Conservatives warn May after vote for second reading,' 12 September (Accessed September 2017 <https://www.theguardian.com/politics/2017/sep/12/theresa-may-eu-withdrawal-bill-brexit-stance-conservatives>)

¹⁵ NCVO Public Policy 2016, 'BREXIT: Implications for the voluntary sector,' June (Accessed September 2017 https://www.ncvo.org.uk/images/documents/about_us/media-centre/implications-of-brexit-for-voluntary-sector-28-june-2016.pdf)

¹⁶ Third Sector 2016, 'Voluntary sector reacts to Brexit vote,' 24 June (Accessed September 2017 <http://www.thirdsector.co.uk/voluntary-sector-reacts-brexit-vote/policy-and-politics/article/1400081>)

¹⁷ nfpSynergy 2017, Trust in Charities CAMEO, May

needed to diversify their incomes. The credit crunch and the failure of the big banks had led to massive government bail-outs and a large budget deficit stretching into the future. This had been certain to reduce government expenditure on the third sector and charities even before the Coalition government came to power, prioritising a programme of austerity, and the details of the 2010 Comprehensive Spending Review became known. Back in 2009 this funding reduction was slated to be worth as much as £11-12 billion and about a third of charities' then total income.¹⁸ Overall, NCVO's 2016 Civil Society Almanac reports that by 2013/14, the voluntary sector received £15bn (34%) of its income in the form of contracts and grants from government, having seen a tentative rise on the intervening few years as cuts were front-loaded in the funding cycle. However, from a height of £6bn in 2003, the total value of public sector *grant-making* to the voluntary sector had indeed plummeted to just £2.2bn by 2013.¹⁹

One of the critical ways in which statutory funding streams have changed (and not just due to cuts) is the general trend towards government income via contracts versus the previous prevalence of grant-making. By 2013/14, income from government income via grants dropped to less than half of what it was during the preceding decade; of the £15b mentioned above, 81% of this was received in contracts and fees.²⁰ And as an organisation working daily with charities to research and understand their audiences and test their communications with both the public and influencers, we have seen the adjustment to this structural change at close hand as organisations have sought to reorient and prioritise their donor and advocacy strategies to reach new supporters and income sources while making do with less.

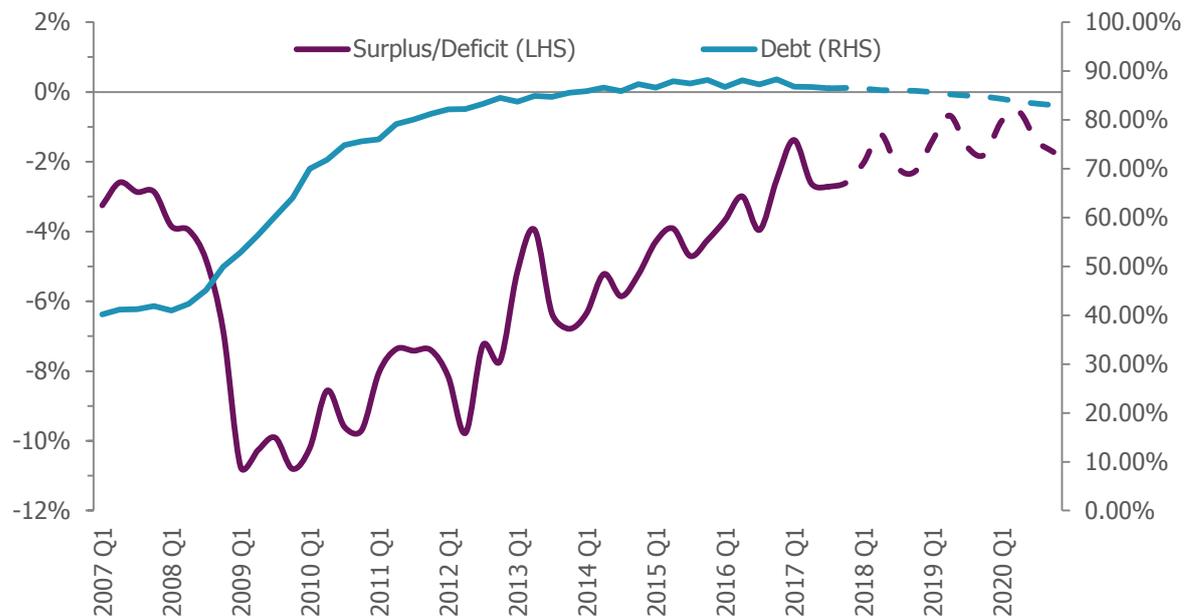
Nonetheless sector leaders such Deborah Allcock of the Director of Social Change have warned of the dangers of the reduction in grant income, viewing it as much more direct, reliable and effective than contract income, particularly in light of a potential 29% of further cuts to council budgets over the current spending period.²¹ Indeed, as Figure 4 shows, the debt to GDP ratio is still rising and the government's austerity programme on expenditure is theoretically envisaged to continue until at least 2020 in order to combat this.

¹⁸ Charity Finance Directors' Group (2009) 'Public Funding Cuts to the Third Sector: Scale and Implications' (Accessed March 2010 <http://www.cfdg.org.uk>)

¹⁹ The Guardian 2016, 'Debrah Allcock Tyler: In four years there will be no grants for charities – it will destroy communities,' 11 February (Accessed September 2017 <https://www.theguardian.com/voluntary-sector-network/2016/feb/11/grants-local-charities-campaign-appeal-government-cuts>)

²⁰ NCVO 2016, UK Civil Society Almanac: Income from Government, 11 April (Accessed September 2017 <https://data.ncvo.org.uk/a/almanac16/income-from-government/>)

²¹ The Guardian 2016, 11 February.

Figure 4: UK Government accounts as a % of GDP

Budget surplus / deficit and gross debt as % GDP | November 2017 forecast

Source: Oxford Economics/Foresight Factory, UK, 2017

Here too uncertainty is the order of the day, with the first Budget of Theresa May's new government in November 2017 to signal more decisively whether much loosening of austerity measures can be expected in response to both a sluggish economy and the unexpectedly disappointing election results for the Conservative party - interpreted by many as a clear sign of the long-discussed 'austerity fatigue' and an exhausted public patience with this course of action.²² Yet whatever the specifics of the coming Budget, the overall picture remains one of a dramatically restructured relationship between the sectors compared with the high watershed of government funding during the Labour years. As noted in recent advice from former Minister for Civil Society Rob Wilson, finding new funding streams needs to remain first order of the day and sector leaders should continue to prioritise innovating their income.²³ These transformations and the ongoing increased demands of a society coping with the impact of austerity and economic downturn requires charities to continue reducing any remaining dependency on statutory income and ensure a funding mix as resilient as possible to political upheaval.

Increased privatisation and local strategic partnerships

Charities have, as predicted, become increasingly vital as public service providers during recent years. As noted above, in 2013/14 the voluntary sector received £15bn (34%) of its income in the form of contracts and

²² Reuters Blog 2013, 'Austerity fatigue – the financial world's latest fad phrase,' (Accessed September 2017 <http://blogs.reuters.com/macroscope/2013/07/19/austerity-fatigue-the-financial-worlds-latest-fad-phrase/>); Larry Elliot, Guardian Economics editor in The Guardian 2017, 'After seven years of pain, the austerity experiment is over,' 9 June (Accessed September 2017 <https://www.theguardian.com/commentisfree/2017/jun/09/seven-years-of-pain-austerity-experiment-over-general-election>)

²³ Third Sector 2017, 'Rob Wilson: It's known as the third sector - and that's a fair reflection of where it sits in the political pecking order', 14 September (Accessed September 2017 <http://www.thirdsector.co.uk/its-known-third-sector-thats-fair-reflection-sits-political-pecking-order/policy-and-politics/article/1444202>)

grants from government and three quarters of this funding comes from contracts.²⁴ This movement was not solely heralded by public spending cuts, since many government policies already worked towards an increasingly expansive role for markets in service delivery. There was also already a recognition of the particular experience and expertise charities could bring to providing and innovating public services. Nonetheless the austerity years have underscored and embedded this role as funding for key services dried up, leaving a gap for markets to fill of necessity and requiring many charities to alter their offer.

Indeed as the Guardian pointed out last year, with charities now part-delivering essential public goods from ambulances to probationary services, it is 'debatable how much we understand about what charities actually do'.²⁵ Far from supporting the public sector around the fringes, charities have, for example, provided emotional support or counselling to 9.3 million adults, legal advice or support to 18.3m and there is essentially no public service alternative to something like RNLI's 24 hour search and rescue service. Sixteen charities meanwhile help to run probationary services, whilst community transport, child exploitation services and sexual healthcare would have a similarly massive shortfall without them.²⁶

However, while the extended role in public service delivery has offered substantial opportunities for charities, - and indeed been a crucial part of their work safeguarding issue areas – the blurring of these sector boundaries continues to pose risks in terms of public understanding and trust, mission-creep and diminished autonomy. Scarcity of funds has certainly supported greater collaboration within and across sectors but processes are still struggling to catch up with the increased workload as charities learn to understand public sector commissioning cycles and compete for service contracts. While there is now an increasing amount of support and advice available to third sector bodies entering the field,²⁷ critics have nonetheless continued to warn that such marketisation often represents a Trojan horse for privatisation that compromises the sector's ability to speak truth to power. More urgently, recent years have witnessed increasing reports of voluntary organisations coming to subsidise key services from donor funds, often as a condition of being awarded underfunded contracts in the first place, and being left both out of pocket and with an ethical dilemma about duty of care to beneficiaries.²⁸

The vocabulary of the Big Society which was in vogue during our previous report has long since lapsed into disuse, yet its underpinnings remain present in much contemporary political rhetoric from the right which views individual philanthropy (and, by extension, the role of charities) as an alternative to the shrinking state.²⁹ Yet clearly it has not always been viable or desirable for charities to take on this mantle, especially with heavier demands arising from public spending cuts and the reduction in statutory funding. While service contracts have offered an increasing income stream in light of the latter and present an opportunity to bring charities' expertise into wider public practice, this is not without costs; financial, ethical and reputational. Whatever the future of strategic local partnerships and co-delivery of services in the coming decade, the

²⁴ NCVO 2017, Public Services (Accessed September 2017 <https://www.ncvo.org.uk/policy-and-research/public-services>)

²⁵ The Guardian Voluntary Sector Network 2016, 'The public services you didn't know were run by charities,' 20 May (Accessed September 2017 <https://www.theguardian.com/voluntary-sector-network/2016/may/20/10-public-services-run-charities>)

²⁶ *Ibid*

²⁷ See for example, Charity Commission, 'Charities and public service delivery: an introduction' (<https://www.gov.uk/government/publications/charities-and-public-service-delivery-an-introduction-cc37v>), NCVO, Public Services (<https://www.ncvo.org.uk/practical-support/information/public-services>), Know How Nonprofit (<https://knowhownonprofit.org/funding/commissioning/commissioning#>)

²⁸ The Guardian 2017, 'Two-thirds of charities subsidising public sector contracts to survive,' 19 May (Accessed November 2017 <https://www.theguardian.com/society/2017/may/19/two-thirds-charities-subsidising-public-sector-contracts-survive>)

²⁹ Note, for example, Jacob Rees Mogg's recent discussion of the rise in food banks as 'uplifting' and evidence of our 'compassion' as a country. BBC 2017 'Jacob Rees Mogg: Food banks 'rather uplifting,' 14 September (Accessed November 2017 <http://www.bbc.co.uk/news/uk-politics-41264965>)

increasing presence of charities in delivering our day-to-day formerly 'public' services is highly likely and the expansion of this role will strongly influence the fields within which charities work and compete, with both one another and across the sectors. It is crucial that this expanding role takes place against a backdrop of ever-improving support, investment, training and mutual benefit, while charities' ability to retain their political independence is safeguarded.

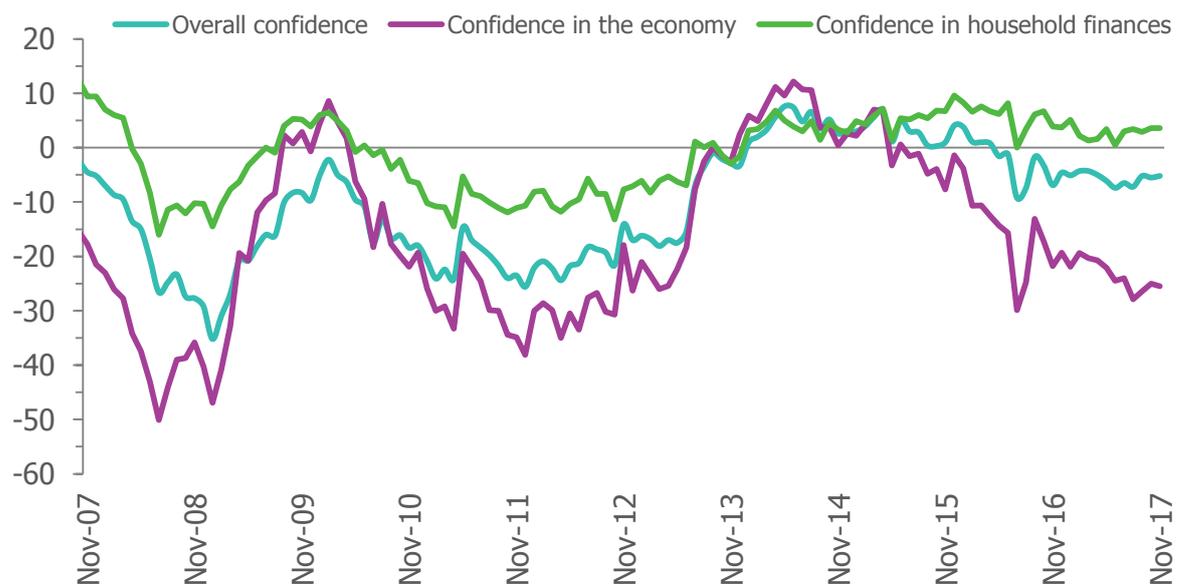
Economic factors

Continuing economic uncertainty and threat of new recession

The impact of ongoing economic uncertainty remains a crucial factor for charities with complex and changeable effects. Our last report was published as the ongoing impact of the financial crash was being keenly felt and the UK struggled with recession; the Coalition government setting off on a course of public spending austerity as a means to combat the rising deficit. Six years on, the UK has continued to weather peaks and troughs as the economy and consumer confidence have endured tentative recoveries followed by dips. The outlook has been freshly mired in uncertainty since the Brexit referendum and despite early apocalyptic warnings regarding a Leave vote proving unfounded, the picture remains unpredictable while negotiations continue to stumble.

This year has seen UK wage growth slow and start to lag behind inflation, meaning the amount people have to spend is going down in real terms – always a problem for donor-led charity incomes. And while the devaluation of the pound has not been all bad news, it is clear that many indicators will remain in flux until greater certainty regarding Britain's trading future outside the union is reached.³⁰ Indeed, financial commentators have noted that while economic disaster may have been averted since the referendum, there is still much cause for concern and we still have no idea where the dice will land: 'Living standards are down, the economy is more fragile and there have been few signs of the fabled investment-led balanced growth. No one should take great comfort from the fact we have avoided recession.'³¹

Figure 5: Consumer confidence



Seasonally adjusted consumer confidence indicator | Data up to November 2017

Source: European Commission/Foresight Factory, 2017

³⁰ BBC 2017, 'Brexit and the UK economy one year on,' 23 June (Accessed October 2017 <http://www.bbc.co.uk/news/business-40370331>)

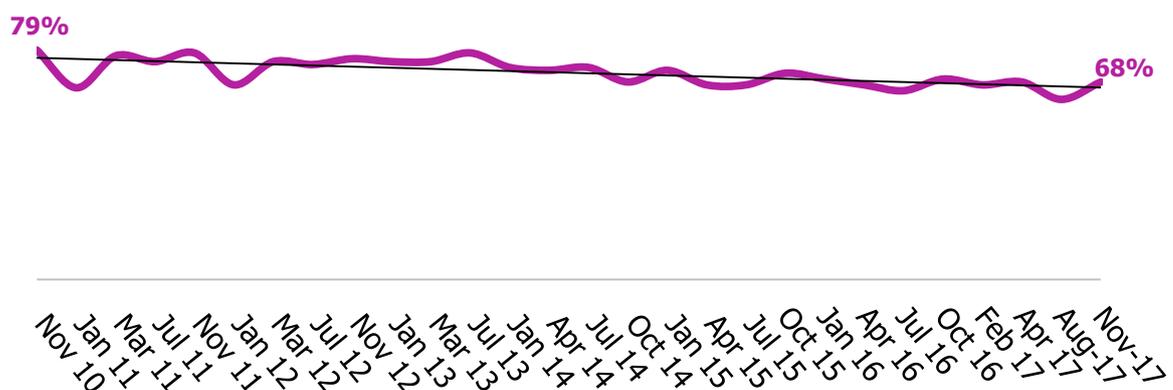
³¹ Financial Times 2017 'Chris Giles: Brexit poll anniversary marked by fragile economy,' 24 June (Accessed October 2017 <https://www.ft.com/content/c4418200-5679-11e7-80b6-9bfa4c1f83d2>)

Economic uncertainty puts donation levels under threat

The possible impacts on charities include a range of phenomena connected both to levels of consumer confidence and the way ordinary people are affected, on the one hand, and the political and public-sector responses to fast-changing economic fortunes on the other. Voluntary organisations need to be watching for risks that range from dropping (or more unreliable) donor income as consumer confidence remains volatile, with more emphasis on ad hoc rather than regular giving methods, through to increasing demand on their services as government spending continues to be reined in and – as ever - stiffer competition for scarce public funding and service contracts. While consumer confidence saw much positive progress during 2013 and 2014, Figure 5 shows a much shakier picture over the last two years. While it is heartening that confidence in household finances (as opposed to the economy as a whole) has plateaued the picture will remain highly responsive to wage performance, inflation and an uncertain national outlook.

In this context, there is good reason to suppose that people will rein in their charitable donations or at least exercise ongoing caution when it comes to regular commitments. As Figure 6 from nfpSynergy's Charity Awareness Monitor shows, overall giving levels have shown a downward trend over the last seven years as the economic picture has remained unsteady.

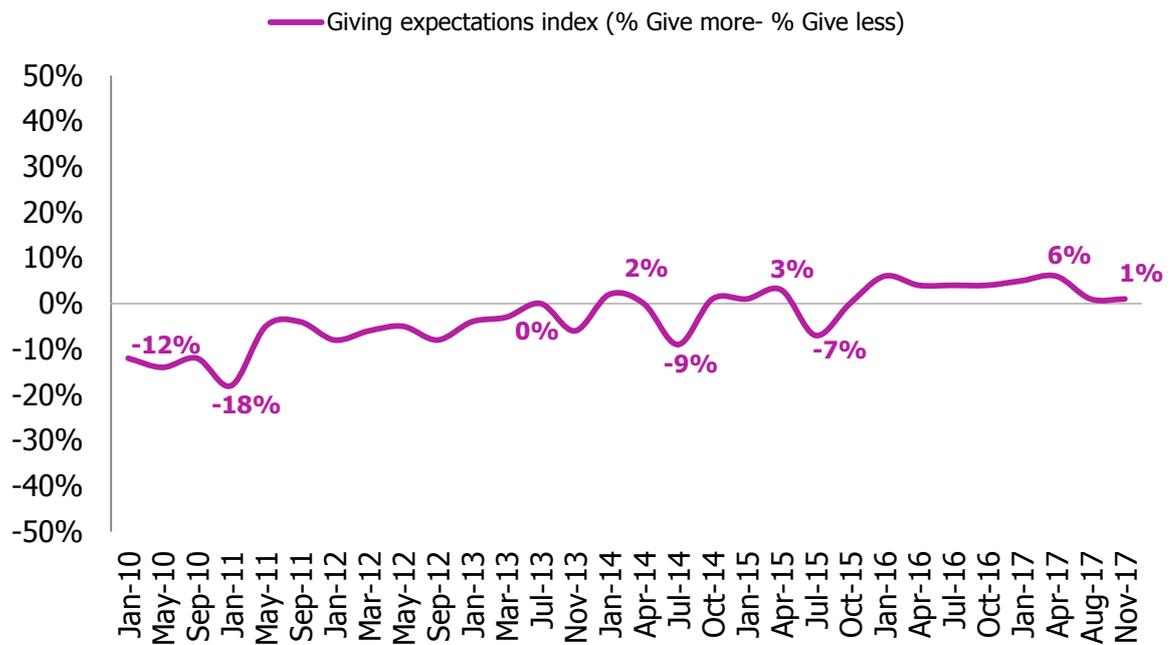
Figure 6: Donation levels



"Have you donated to charity in the last three months?" **Yes**

Source: Charity Awareness Monitor, Nov 13 – Nov 17, nfpSynergy | Base: 1,000 adults 16+, Britain

This summer's data also tentatively indicates a gloomier turn in public expectations for future giving capacity, after the last few years proved the most optimistic since 2010 (see figure 7). Whether this pessimism arises from current wage stagnation, reflects broader political uncertainty following the election and slow progress on Brexit negotiations, or simply represents a blip in donor confidence has yet to be seen. Yet it does point to an ongoing volatility in giving that reflects our economic picture and means charities must remain vigilant year to year and responsive to levels of supporter trust and engagement.

Figure 7: Giving Expectations Index

“Looking forward to the year ahead, do you expect you will increase or cut down on the amount you give to charity?”

Source: Charity Awareness Monitor, Jan 10 – Nov 17, nfpSynergy | Base: 1,000 adults 16+, Britain

Ultimately, as across most sectors, the Brexit factor remains crucial for strategic planning. Having already created substantial market instability both in the immediate aftermath of the vote and at key moments since (such as the hung parliament result this summer), a concrete impact on areas such as charity investment returns and income from legacies is still widely predicted. For example, in late 2016 only 17 per cent of charities expected Brexit to have little or no impact on their investment activities,³² while research from Legacy Foresight in Spring 2017 revealed that growth in legacy income for charities had already slowed down since the vote, noting the context that many UK economic indicators were similarly slowing as Brexit negotiations finally got under way.³³

Against this backdrop of austerity policies and pressure on household finances, the ongoing need for core socio-economic services is rising predictably as the country continues to deal with unemployment, poverty and their broader knock-on effects - from homelessness and debt to mental health problems and street crime.³⁴ For some charities, this may provide an opportunity to improve their reach among vulnerable beneficiary groups, yet for many medium-sized and smaller charities the additional burden will continue to be heavy. Coupled with potential reductions in income, this increased pressure threatens to place a great strain on many charities, particularly the smallest, community-level organisations for whom doing more with less is already a necessity.

³² Third Sector 2016 ‘Brexit will affect investment activities, charities believe,’ 10 November (Accessed October 2017 <http://www.thirdsector.co.uk/brexit-will-affect-investment-activities-charities-believe/finance/article/1415209>)

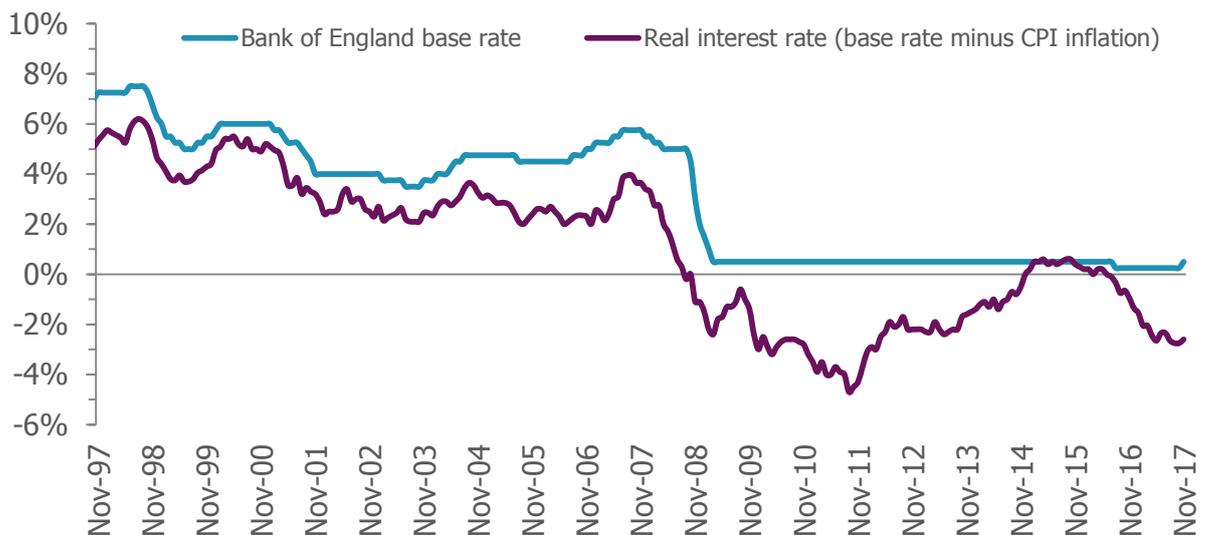
³³ Third Sector 2017 ‘Brexit is affecting the value of legacies, says Legacy Foresight,’ 16 May (Accessed October 2017 <http://www.thirdsector.co.uk/brexit-affecting-value-legacies-says-legacy-foresight/fundraising/article/1433696>)

³⁴ For example: BBC 2017, ‘Homelessness rise ‘likely to have been driven by welfare reforms,’ 13 September (Accessed November 2017 <http://www.bbc.co.uk/news/uk-41241021>); Citizens Advice 2017, ‘The FCA must step in to curb the rise of consumer debt, says Citizens Advice,’ 30 October (Accessed November 2017 <https://www.citizensadvice.org.uk/about-us/how-citizens-advice-works/media/press-releases/the-fca-must-step-in-to-curb-the-rise-of-consumer-debt-says-citizens-advice/>)

Low interest rates now on the rise

The long-term drop in interest rates has generally been good for home-owners and businesses but often neutral or bad news for charities. Rates have remained extremely low ever since the 2008 crash, as Figure 8 shows, with only a temporary rise in the real interest rate 2015. In September 2017, however, the Bank of England's Monetary Policy Committee voted to leave the base interest rate at 0.25% for the time being but issued the unusual guidance that 'some withdrawal of monetary stimulus is likely to be appropriate over the coming months'.³⁵ This warning was followed in early November 2017 by the first rise in a decade (from 0.25% to 0.5%) in response to low unemployment levels and stronger global economic performance, alongside rising inflation.³⁶

Figure 8: Bank of England base rate and real interest rates



Bank of England base rate and real interest rate | Data up to November 2017

Source: Bank of England/Foresight Factory, 2017

The significance of these developments for charities lies particularly in the fact that while few charities have extensive borrowings, many do have extensive deposits or investments. As NCVO notes, at the end of 2010/11 the sector had net assets worth £101 billion, including £19 billion of cash.³⁷ Furthermore, research by CAF Bank back in 2009 showed that 42% of the 280 charities surveyed were already struggling to deliver services because of low interest rates related to these and also found that that almost half of charities were being forced by low rates to dip into their savings or reserves to deliver essential services.³⁸ Charities such as Action for Children and Family Action even spoke out publicly about the drop in income they experienced due to low interest rates following the financial crash.³⁹ So from this perspective it is possible that a departure from the low rates which have become the norm in British banking may be good news for many charities currently feeling the squeeze.

³⁵ Foresight Factory 2017 'UK Economic Outlook: September 2017 edition' (Accessed October 2017 <https://www.foresightfactory.co/>)

³⁶ BBC 2017, 'UK interest rates rise for first time in 10 years,' 2 November (Accessed November 2017 <http://www.bbc.co.uk/news/business-41846330>)

³⁷ NCVO 2013 UK Civil Society Almanac 2013: What is the impact of inflation on the voluntary sector? (Accessed October 2017 <https://data.ncvo.org.uk/a/almanac13/what-is-the-impact-of-inflation-on-the-voluntary-sector/>)

³⁸ Charities Aid Foundation (2009), 'Charities are struggling to deliver services because of low interest rates,' 16 June. (Accessed May 2010: <http://www.cafonline.org/default.aspx?page=17679>)

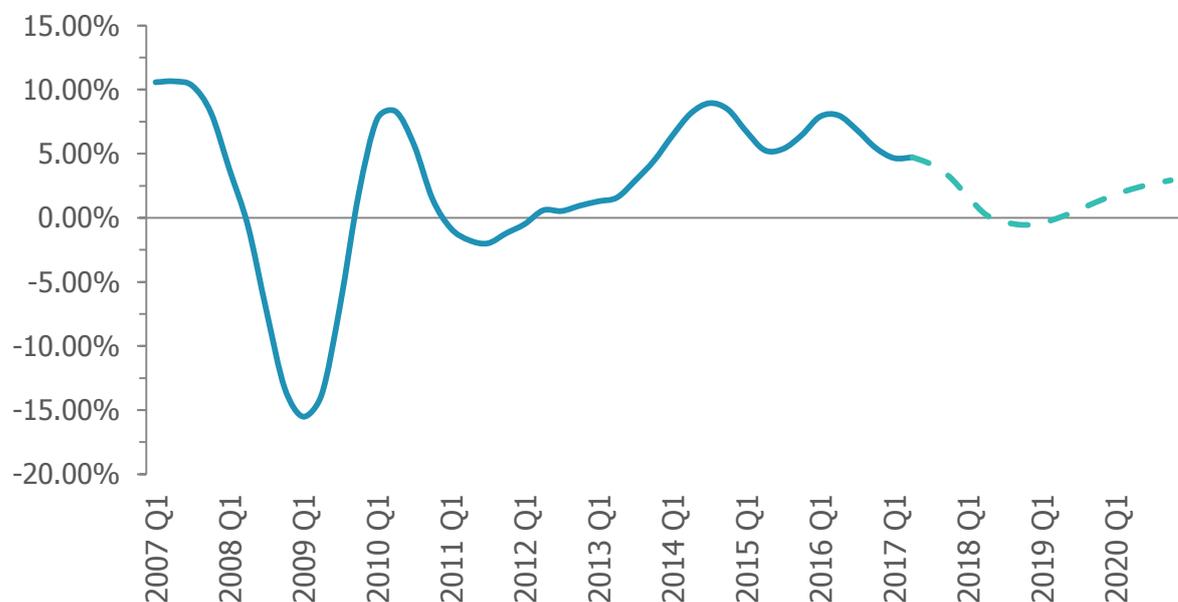
³⁹ Children and Young People Now (2010), 'Low interest rates hurt charity funds,' 7 June (Accessed February 2011: <http://www.cypnow.co.uk/new>)

Watching interest rates keenly also matters for charities, as with the house market discussed below, because of their significance for older people, the prime third sector constituency. Many remain heavily dependent on savings and lower interest rates have therefore tended to reduce their income and therefore impact charity income through donation habits. On the other hand, higher interest rates can make borrowing more expensive and thereby exacerbate the strain on lower-income groups. Across both these impacts – charity reserves and donor income – it is important to note that charities will all be affected differently and the key takeaway is the importance of watching such financial indicators closely for their impact on an organisation's unique funding mix and strategy.

Slowdown in growth for house prices

Our last report noted a steep price drop seen in the housing market in 2008-2009 immediately following the financial crash, which had shown some recovery a few years later but amidst uncertain forecasts and in anticipation of a downward trend. While this was indeed borne out, house prices picked up again from 2013 in particular before eventually entering a new slowdown just this year, with no growth expected by the end of 2018, as Figure 9 shows.

Figure 9: House price growth trend and forecast



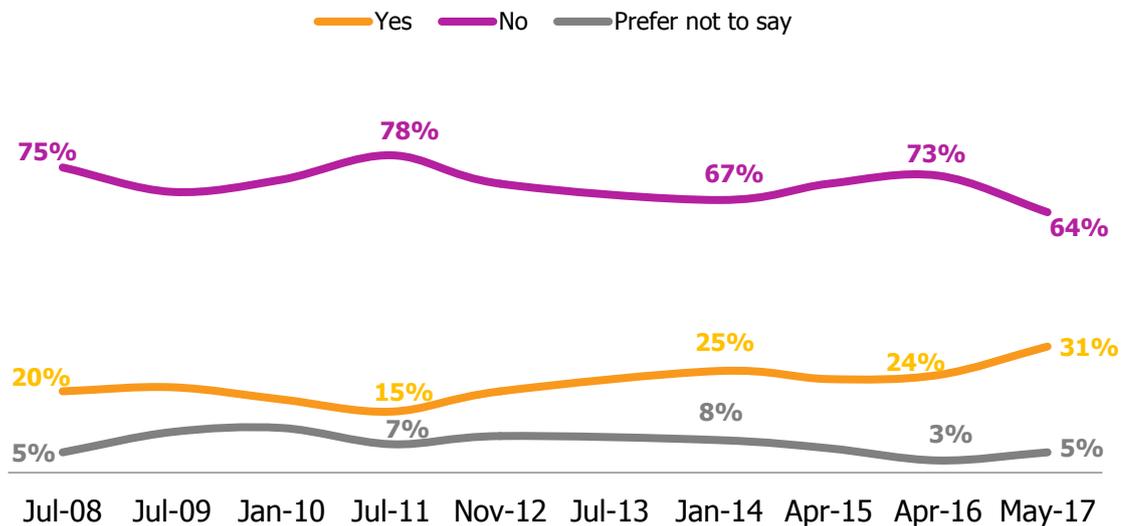
Monthly house price growth on a year earlier, 12-month % change | Data up to October 2017

Source: Office for National Statistics/Foresight Factory, 2017

Such dips in the housing market can substantially impact charities' income in various ways but most particularly from legacies, since gifts are often tied to property sales after the donor's death, and are therefore part and parcel of the indicators important for their effect on older people who constitute the strongest charitable supporters. So the current slowdown is an obvious cause for concern not only for the overall role such indicators play in broader consumer confidence but for the specific impact on the value of legacies, often relied upon to see charities through tough financial times. Legacy Foresight have already noted an income drop of 1.1% in the last year, even with higher death rates recorded, and blame 'flagging house

prices and jittery stock markets' for affecting average residential values.⁴⁰ It has also been clear from nfpSynergy's past research that the pool of legacy donors remains very small in the first place although we have seen in an increase in recent years. According to nfpSynergy data from 2017 31% of the public who have already written a will (34% of the total population) have included charity beneficiaries, up from the lowest point of 15% in 2011. Encouragingly,⁴¹ Many big charities have been known to receive up to a third of their income from bequests, suggesting it remains crucial to 'sell' such gifts to more donors, particularly in light of market volatility when it comes to the eventual value of a legacy.

Figure 10: Inclusion of charity beneficiaries in will



"Have you included any charities as beneficiaries in your will?"

Source: Charity Awareness Monitor, Jul 08 – May 17, nfpSynergy | Base: 1,000 adults 16+, Britain

Yet with the housing market playing such an important role in the UK, particularly as a key financial asset most people still expect to acquire and to underpin their solvency through life - as well as potentially bankroll their retirement and ability to provide for families after death - the underlying significance is perhaps the uniqueness and arguable dysfunctions of the market. Since 1998 average UK house prices have more than doubled in relation to earnings.⁴² It has never been harder to get on the housing ladder for the majority of the population, the rental market remains expensive and often unreliable, and through our reliance on property as an asset we are exposed to much greater financial risk from the wider global economy.⁴³ John Plender of the Financial Times has even suggested that the distorted market is "*at the heart of one of Britain's most acute political economy problems,*" the under-supply of housing linked to an implicit compact between politicians and housebuilders: "*Homeowners are a larger, older group than potential first-time buyers. They are more prone to vote at election's and also have a say in the planning process, which potential owners do not. So, when politicians promise to make homes more affordable they are being utterly disingenuous because the requisite drop in house prices might lead to their being thrown out by the large pool of owners whose houses*

⁴⁰ Civil Society 2017 'Legacy income fell in the last year, despite increasing rate of deaths,' 15 August (Accessed October 2017 <https://www.civilsociety.co.uk/news/legacy-income-falls-in-last-quarter-despite-increasing-rate-of-deaths.html>)

⁴¹ nfpSynergy 2017, Wills and Legacies CAMEO, April

⁴² Financial Times 2017 'John Plender: The compact at the heart of the dysfunctional housing market,' 14 May (Accessed October 2017 <https://www.ft.com/content/eab69988-2f3d-11e7-9555-23ef563ecf9a>)

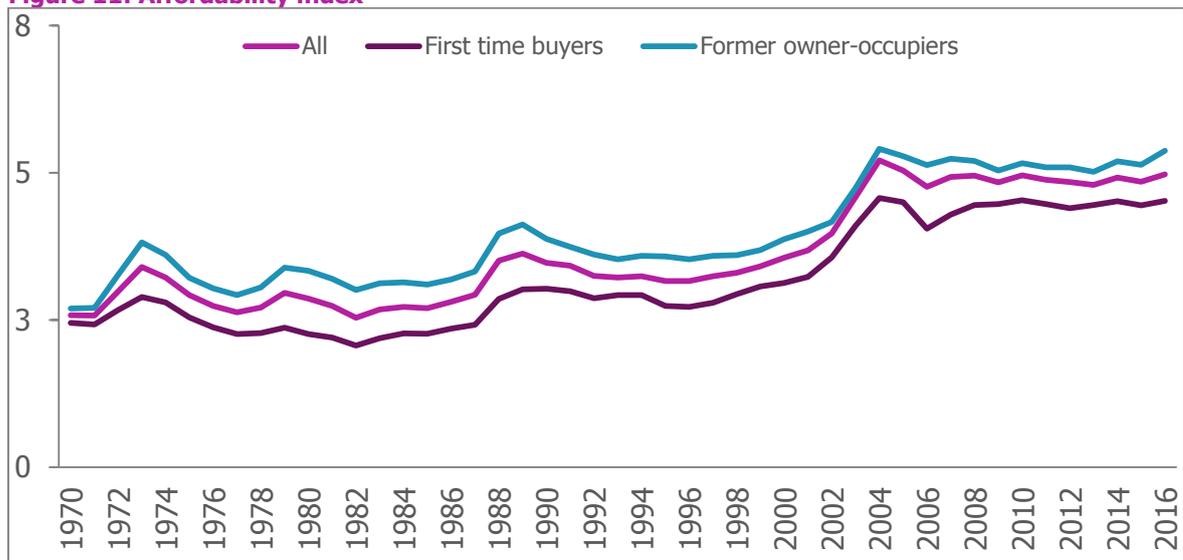
⁴³ The Telegraph 2017 'Why Britain's disastrous housing shortage is the economy's top threat,' 2 March (Accessed October 2017 <http://www.telegraph.co.uk/business/2017/03/02/britains-disastrous-housing-shortage-economys-top-threat/>)

would be worth less.⁴⁴ Political solutions to housing problems therefore tend to tinker around the margins with help-to-buy schemes, rather than attempt any structural change which could alienate older voters.

Potential younger donors squeezed by unaffordable housing

And while it is easy for charities to also focus principally on those older, high-value, property-owning donors, voluntary organisations should also be watching the impact that the challenging housing market has on their younger donors and potential supporter groups; spending ever-higher proportions of their income on rent or saving for deposits into the future and therefore less available for additional expenditure such as charity donations. Housing affordability presents an ever-increasing obstacle for UK household finances, as Figure 11 shows and while they can be easier to ignore, younger supporters remain crucial constituencies for charities to attract. Since few areas impact their ability to consider wider financial commitments like housing costs, voluntary organisations ignore this dimension at their peril.

Figure 11: Affordability index



Ratio of average house price to income of borrower (see notes) | 2016

Source: Office for National Statistics/Foresight Factory, 2016

Most fundamentally, then, the volatility which continues to characterise the UK housing market serves to underline the importance of a diverse donor mix in order to reduce reliance on single sources of funding which can be easily buffeted by wider financial storms. It also presents a reminder that charities need to look beyond economic impacts on their most immediate supporters to consider the wider picture of consumer confidence that may affect their ability to carve out new audiences and thereby guarantee their future solvency.

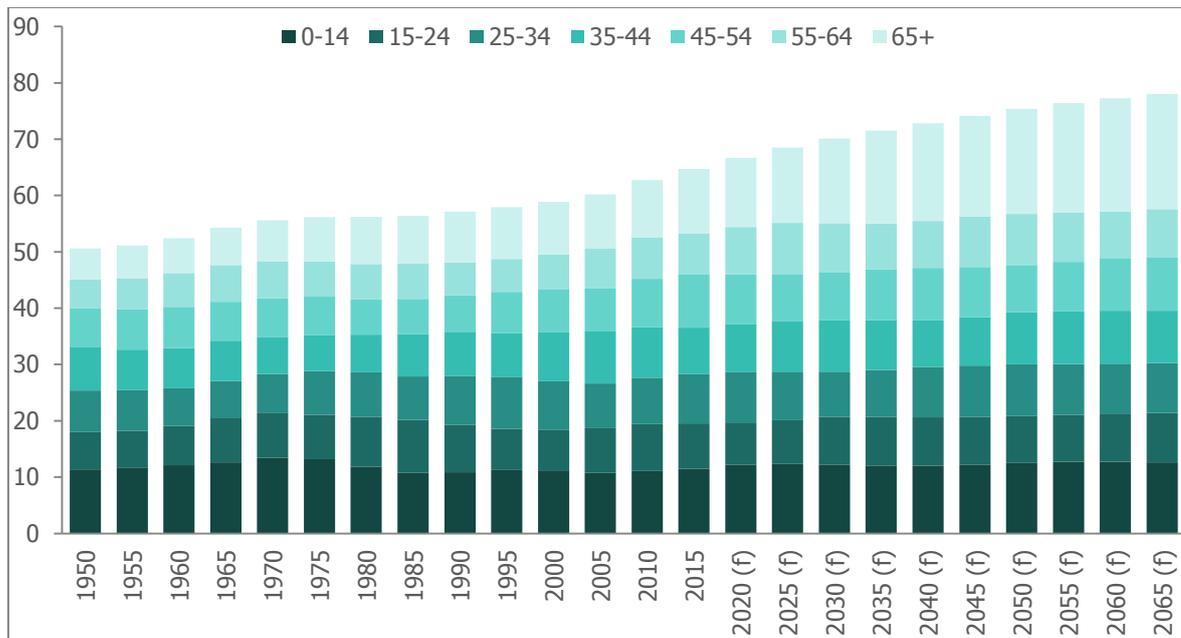
⁴⁴ Financial Times 2017 'John Plender: The compact at the heart of the dysfunctional housing market.'

Social factors

An aging population will continue to transform society

As a country, we are getting older. The importance of this national 'aging', a long-term social trend, for our economic and social life is hard to overstate. The average life expectancy in the UK is now 79 years for men and 83 years for women (based on 2013-15 mortality rates)⁴⁵ and at the last census there were 9.2 million (16%) aged 65 plus, an increase of almost one million over the preceding decade.⁴⁶ There is also an ongoing increase in the number aged 90 plus - the 'oldest old'. In 2015, there were estimated to be over half a million people (556,270) aged 90 and over living in the UK, up from 194,670 people in 1985, and while this group numbers barely a percent (0.9%) its size relative to the rest of the population has increased over time.⁴⁷ Looking forward, the trends towards an ageing population, which were salient during our last report, show no signs of abating and the significance of this for charities remains high as Figure 12 shows.⁴⁸

Figure 12: Population of the United Kingdom



Total population (millions) | United Nations projections | 2015

Source: United Nations, Department of Economic and Social Affairs, Population Division's World Population Prospects: The 2015 Revision/nVision, 2015

While we are predicted to continue living much longer, the state pension age is meanwhile set to continue rising (currently forecast for 68 by the 2040's)⁴⁹ and the statutory retirement age is already now defunct.⁵⁰

⁴⁵ ONS 2016, National life tables, UK: 2013–2015 (Accessed October 2017

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/lifeexpectancies/bulletins/nationallifetables/unitedkingdom/20132015>)

⁴⁶ ONS 2013, What does the 2011 Census tell us about older people? (Accessed October 2017

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/ageing/articles/whatdoesthe2011censusstellusaboutolderpeople/2013-09-06>)

⁴⁷ ONS 2016, Estimates of the very old (including centenarians), UK: 2002 to 2015 (Accessed October 2017

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/ageing/bulletins/estimatesoftheveryoldincludingcentenarians/2002to2015>)

⁴⁸ Foresight Factory 2016, Population Trends: October 2016 projections (Accessed October 2017

<https://www.foresightfactory.co/>)

⁴⁹ Department for Work and Pensions 2017, 'News: Proposed new timetable for State Pension age increases,' 19 July

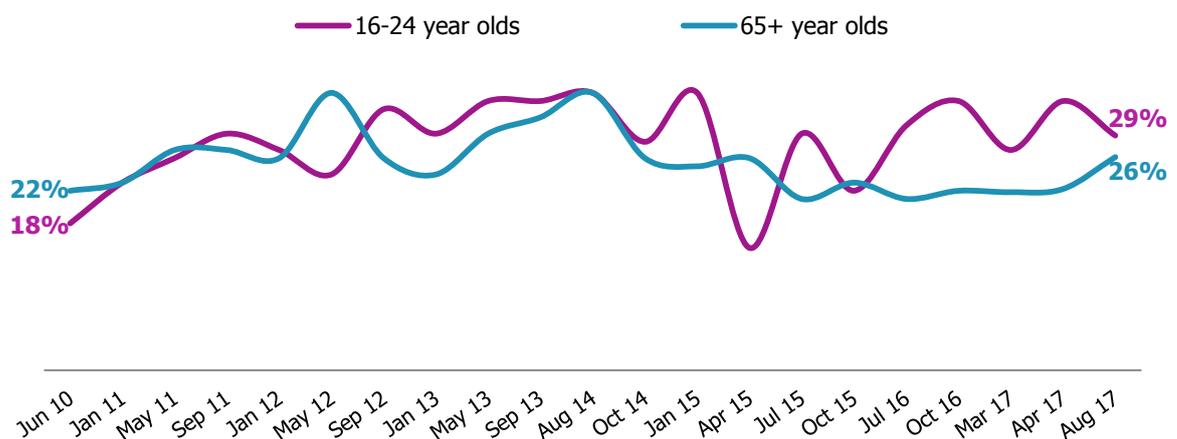
(Accessed October 2017 <https://www.gov.uk/government/news/proposed-new-timetable-for-state-pension-age-increases>)

⁵⁰ Gov.uk 2017, Check your State Pension age (Accessed October 2017 <https://www.gov.uk/state-pension-age>)

And it is not just that we spend so much more time working than previous generations did; when we do retire, we now spend that time much more actively and diversely than in the past. Many of us also do so with significant disposable income – at least for the baby boom generation currently enjoying their retirement years. At a macrolevel, the global spending power of those aged 60 and above is forecast to reach \$15tn by 2020.⁵¹ In this context, many now talk of not just an ‘ageing’ but ‘ageless’ society, where traditional understanding of age boundaries and our expectations of demographic groups need to give way to much more fluid perceptions. When retirement is no longer to be assumed in the over-60s and active healthy lifestyles often continue well past 70, *‘Speaking to the ageless consumer requires marketers to leave stereotypes at the door and speak to their older consumers in a much more inclusive way.’*⁵² While such an analysis undoubtedly varies across social grades and cultures, it shows that tired old assumptions about older consumers must increasingly be left at the door.

So what is the significance for the third sector? As the over 45s have long been the most active donors and volunteers, the increasing proportions of (often active, civically engaged) older people over coming decades may well have positive ramifications for charities. Recent nfpSynergy data suggests that among the over 65s, 69% have recently donated to charity - the highest proportion among any age group, as found consistently over time. A quarter (26%) have meanwhile volunteered for an organisation – higher than any age group but the 18-24s.⁵³ As we can see in figure 13, volunteering levels fluctuate and the younger age groups have seen in a significant rise in recent years. Volunteering among the oldest age groups, whilst volatile, has not seen any major declines and they therefore remain a vital resource for charities. A 2015 report, ‘Decision Time’, by the Commission on the Voluntary Sector and Ageing found that if tomorrow’s 65 plus population keeps donating time and money at the same rate as today’s, the resulting income could be worth an astonishing £6.5bn to the sector over the next 20 years.⁵⁴

Figure 13: Volunteering levels by age



“Have you given time as a volunteer in the last three months, to a charity or other organisation, or in your local community?” **Yes**

Source: Charity Awareness Monitor, 2012 - 2017, nfpSynergy | Base: 1,000 adults 16+, Britain

⁵¹ Foresight Factory 2017, ‘How we live: Contextual driver’ (Accessed October 2017 <https://www.foresightfactory.co/>)

⁵² Foresight Factory 2016, ‘Ageless Society: Foresight Factory Trend Briefing,’ July (Accessed October 2017 <https://www.foresightfactory.co/>)

⁵³ nfpSynergy 2017, Charity Awareness Monitor data, August.

⁵⁴ NPC Commission on the Voluntary Sector and Ageing 2015, ‘Decision Time: Will the voluntary sector embrace the age of opportunity?’ Final Report, 19 March (Accessed October 2017 https://cvsanpc.files.wordpress.com/2015/03/decision-time_final-report-of-cvsa_mar15.pdf)

This suggests a huge opportunity to be grasped that exceeds the traditional third sector focus on older supporters and will require charities to act much more innovatively to utilise this potential resource. As a side note, however, it may be important to note that 2017 CAM trust data reveals that the only age group to have seen a decline in trust for charities by Spring 2017 were those aged 65+ (60%), while the youngest show the highest levels of trust. If this tendency emerges as an ongoing trend, it may be good news for strengthening relationships with younger generations but more worrying regarding the retention of trust and engagement amongst ever more active, educated and high-value donors in later life.

Demand for services will grow as the population ages

The flip-side of this important demographic shift is meanwhile the certainty that the demand (and cost) for services caring for the elderly will rise. Western Europe has the highest old-age dependency ratio (the proportion of over-65s to the working-age population) in the world. The incidence of degenerative conditions such as Alzheimer's and dementia are meanwhile set to continue rising along with our life expectancy, while UK care and support systems remains inadequate, according to charities and advocates for older people. It may be important not to overstate this aspect, however, since the Decision Time report also found the voluntary sector as a whole to be suffering a 'collective failure of imagination' regarding the importance of the ageing population, viewing the issue largely as a question of 'what to do' with an older, dependent population or else dismissing the trend as not relevant to them if they don't work directly with this group.⁵⁵ Far from it, suggest the Commission's findings, the untapped potential of this huge group should be seen as an opportunity to invigorate the third sector and organisations failing to grasp this stand to lose out.

Either way, some third sector organisations will have an increasingly important role to play in how health and care services adapt to our changing demographics, particularly without mainstream structural changes and innovation in the way we plan, fund and manage our elder care. And almost all donor or volunteer-dependent charities will need to think carefully about how to evolve their understanding and engagement with an ever-more diverse range of older supporters: both those spending their retirement travelling the world or running marathons, and those living well into their ninth or tenth decades with increasing health and care challenges.

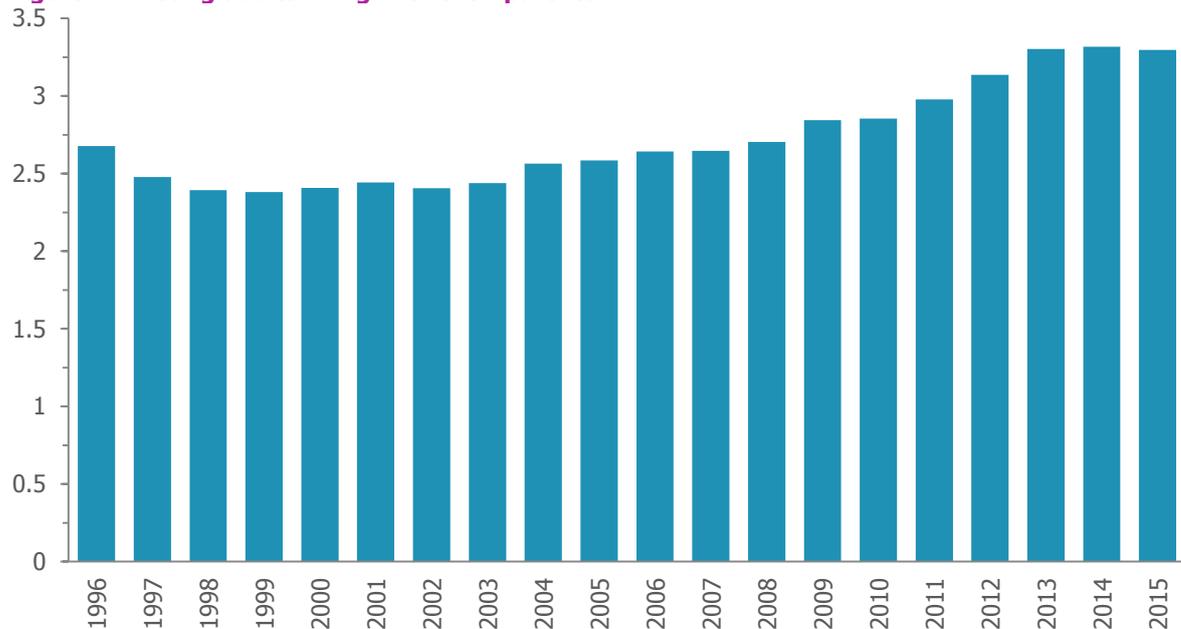
Families in the UK are evolving

Family structure in the UK has changed dramatically in the last half century, arguably beyond traditional recognition once broader gender and marital norms are included. Gendered pay inequalities and the glass ceiling certainly persist - and despite employment protections female workers remain particularly vulnerable on a range of issues from insecure contracts and zero or part-time hours, to fit-for-purpose parental leave and flexible working rights. Yet more women than ever are financially independent with significant disposable income in a way that would have been hard to imagine even 30 years ago. By 2008, 74.2% of UK women were economically active, compared with just 59.3% in 1971.⁵⁶ More of our families than ever before are co-habiting or raising children alone, while fewer are living as married couples and the mean age for both marriage and children continues to rise.⁵⁷ Yet following the last decade of economic upheaval it is also important to note that this wider cultural rise in young adults living alone for longer and similar changes to the family unit are also now being impacted by the financial obstacles to solo living, shown in Figure 14 below. While our cultural tendency is therefore towards greater independence and atomisation, housing and income realities are nonetheless driving a retreat into the family home, if on different terms than before.

⁵⁵ The Guardian 2015, 'Charities must adapt to ageing population – or miss out,' 19 March (Accessed October 2017 <https://www.theguardian.com/voluntary-sector-network/2015/mar/19/charities-failure-older-workers>)

⁵⁶ The Fawcett Society (2009), 'Are women bearing the burden of the recession?' March (Accessed May 2010: <http://www.fawcettsociety.org.uk/documents/Arewomenbearingtheburdenoftherecession.pdf>)

⁵⁷ Foresight Factory 2017 'The Future Demographic Landscape' (Accessed October 2017: <https://www.foresightfactory.co/>)

Figure 14: Young adults living with their parents

Number of men and women aged 20-34 living with parents, in millions | 2015

Source: Young adults living with parents, ONS/nVision | Base: UK, 2015

Charities have already come far in recognising these structural social shifts in their fundraising and communications work. For example, donor trends have long shown women to give more regularly, on average, than men and charities often tailor their marketing accordingly to target the key female donor. However, as our family and societal structures continue to evolve and a greater number of us than ever make financial decisions as individuals rather than as a collective family unit – whether we continue to live longer at home through necessity or not - it is important that charities continue to watch demographic shifts closely. In a competitive charity market-place with great income uncertainty, it is crucial for organisations to continue getting to know their donors and campaigning audiences as specifically as possible rather than falling back on traditional assumptions about life stage, age brackets or gender norms.

For example, research from nfpSynergy's Charity Awareness Monitor shows that while women continue to be more engaged than men with charity campaigning, men tend to express more interest in politics in general and may therefore represent an under-tapped vein of campaigning support. Meanwhile young women are particularly likely to take part in event fundraising if friends, relatives or colleagues are included.⁵⁸ And as noted above, even where families appear to be living together in traditional units, the old 'head of the household' model of understanding social grades may have little relevance where professional adults can be living at home of necessity into their late 20s or early 30s, or indeed where flatshares and other multiple-occupancy arrangements often persist long past the student and early-career stage.

Understanding and sensitively investigating these kinds of nuance are likely to have significant bearings on donor income, volunteering and campaigning support and will be further illuminated by charity's drilling down into their own databases and considering more in-depth segmentation of supporter lifestyles, preferences and engagement. This kind of detailed understanding can then be set against intelligence on more macro-level trends to enable charities to respond to the needs of their audience; for example, the tendency for women to

⁵⁸ nfpSynergy 2016 Event Fundraising CAMEO (Charity Awareness Monitor Executive Overview)

be disproportionately affected by the economic downturns due to their more varied work patterns, childcare responsibilities and wage disparities. As charities compete for scarce resources, fundraising efforts and resources must be ever-more targeted towards audiences among whom they are likeliest to be effective, while non-monetary engagement methods can be pursued amongst those with less giving capacity.

The UK continues to become more culturally diverse

From both immigration and internal evolution, British society has continued to change and diversify over the last decade, with a broader mix of languages and cultures present than ever and a more pluralistic understanding of our national life. The 2011 census found that 13% of the population were born overseas, with high net immigration continuing even as successive governments have pledged to reduce it; indeed many commentators have pointed to the impossibility (and undesirability) of this endeavour within an open capitalist economy. In terms of overall ethnicity 86% of the total population identified in the census as White – down from 91% in 2001 and 94% back in 1991– while 7.5% identified as Asian/ Asian British (up from 4%) and 3.3% as Black/ Black British. Indian was the second most common ethnic identity, consistent with the prevalence of South Asian countries among the most common foreign-born countries of origin.⁵⁹ In terms of religion, meanwhile, 59% identified as Christian (down from 72%), 5% as Muslim (up from 3%) and the proportion reporting no religious identification grew to 25% (up from 15%).⁶⁰ Linguistically, 93% of respondents reported English as their main language but 8% also reported another main language, a figure which rises to 22% in London⁶¹ There continues to be much geographic variation in this diversity picture, as to be expected, with London and the West Midlands the most heterogenous areas and also the regions which typically see the greatest changes in the UK's demographics.

Migration remain a central and divisive issue

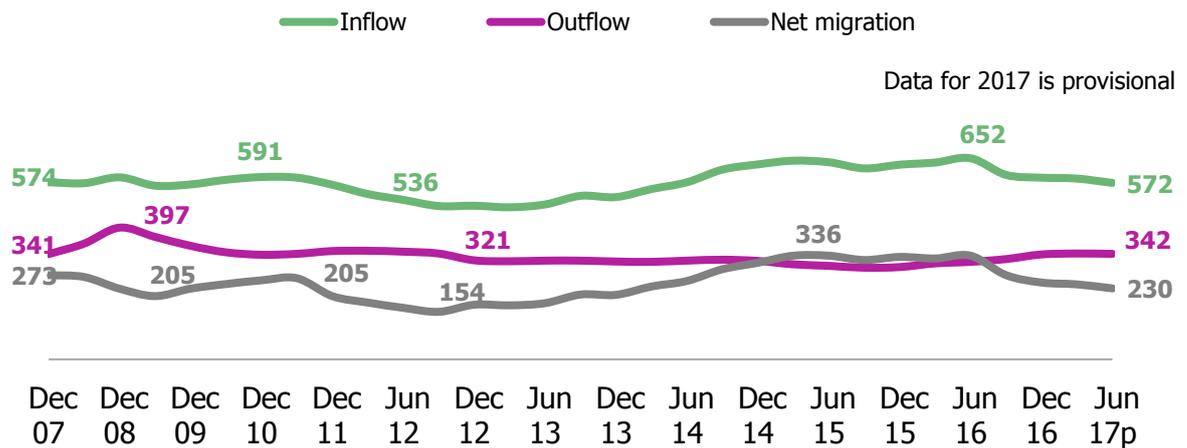
Forecasts of net migration based on 2014 data currently envisage the figures reaching a plateau by the 2020's following a period of gradual decline as international migration slows (Figure 15). However here in particular the impact of the eventual Brexit settlement will be pivotal, both for the future of EU migration flows (both inward and outward) and realignment of the UK's overall immigration system. This is still very much a work in progress, as the Government struggles to reconcile the economic interest in maintaining much freedom of movement and its obligations to current EU residents and British ex-pats abroad, against the long-held policy goal of bringing down net migration and common assumption that the referendum signalled a clear demand for more border controls. The most recently leaked papers suggest a tougher approach for all but the most highly skilled,⁶² however migration has always been one of the most politicised policy areas and until negotiations advance further it is very difficult to say what the eventual outcome will be.

⁵⁹ ONS (2012), Ethnicity and National Identity in England and Wales: 2011 Census (Accessed October 2017 <https://www.ons.gov.uk/peoplepopulationandcommunity/culturalidentity/ethnicity/articles/ethnicityandnationalidentityinenglandandwales/2012-12-11>) N.B. England and Wales figures only, Scotland and NI census reported separately.

⁶⁰ ONS 2013, Full story: What does the Census tell us about religion in 2011? (Accessed October 2017 <https://www.ons.gov.uk/peoplepopulationandcommunity/culturalidentity/religion/articles/fullstorywhatdoesthecensustellusboutreligionin2011/2013-05-16>)

⁶¹ ONS 2013, Language in England and Wales: 2011 Census (Accessed October 2017 <https://www.ons.gov.uk/peoplepopulationandcommunity/culturalidentity/language/articles/languageinenglandandwales/2013-03-04>)

⁶² Financial Times 2017, 'UK proposal threatens tough post-Brexit rules for EU migrants,' 6 September (Accessed October 2017 <https://www.ft.com/content/d88c72d8-9265-11e7-bdfa-eda243196c2c>)

Figure 15: Migration figures in thousands, 2007-2017

Source: Office of National Statistics

Yet whatever way migration policy changes in the coming years – highly subject as such policies are to change by subsequent governments – population diversity is here to stay. Cultural change is often reduced to a public conversation around immigration but of course this only represents a small facet, with the daily evolution of existing British communities and norms around faith, language and integration playing a much larger role. The implications of diversification for charities are unpredictable and vary depending on their proximity to cultural and migration issues. On the one hand, community and voluntary sector organisations have long been instrumental in supporting new immigrants as they settle in, providing legal, welfare and housing advice and providing translation services and training opportunities. This need may diminish with tougher immigration policy; yet migration (authorised or not) will inevitably continue regardless and a harsher climate often necessitates much greater charitable involvement in order to fill the gaps the state leaves empty.

On the other hand – and of wider significance – all charities will need to continue adapting their communications, branding and fundraising strategies, so that they remain relevant and accessible for new demographic audiences wherever they develop. Language and translation services relevant to areas of work; branding and content that speak to and reflect wider audiences; donor and voluntary opportunities that fit with different cultural backgrounds, giving norms and leisure interests: all need to evolve in keeping with a changing national population, particularly for charities with a strong presence in London and other large urban centres. Cultural awareness can no longer be a tick-box exercise, even for organisations that believe their existing audiences to remain fairly homogenous, and it must also be remembered that no cultures are themselves uniform or static: Muslims do not all seek to give in the same ways, and second-generation eastern European immigrants will define their own cultural and linguistic identities just as those of previous generations did. Old or young, working or not, the pool of potential supporters is constantly changing and charities need to keep abreast of the needs and interests of new audiences to retain their relevance.

The broader landscape of the UK charity market may therefore shift as a changing population – across age, gender, religion, race and culture - chooses to donate to different causes and in different ways over the coming years. For example, many migrants and residents send a significant proportion of their disposable

income back home: global remittances totalled around £424bn in 2015, three times that sent in aid.⁶³ Meanwhile ONS figures show that the gradually declining Christian-identifying population has a much older profile than the national average, while the non-religious tend to profile as much younger and the Muslim population younger still.⁶⁴ How are charities innovating their approach to capture the attention of these audiences of tomorrow and to recognise their broader financial commitments and interests? In whatever ways the population grows and contracts with policy changes, demographic shifts will gradually affect patterns of donor income, service use and campaign support. In none of the social trend areas outlined here can voluntary organisations afford to think small in terms of their traditional supporter base or beneficiary groups.

⁶³ The Guardian 2016, 'Dipti Pardeshi: Remittances are a mainstay for millions of the world's poor – let's improve them,' 16 June (Accessed October 2017 <https://www.theguardian.com/global-development/2016/jun/16/remittances-mainstay-millions-worlds-poor-improve-them-dipti-pardeshi>)

⁶⁴ ONS 2013, What does the Census tell us about Religion in 2011?

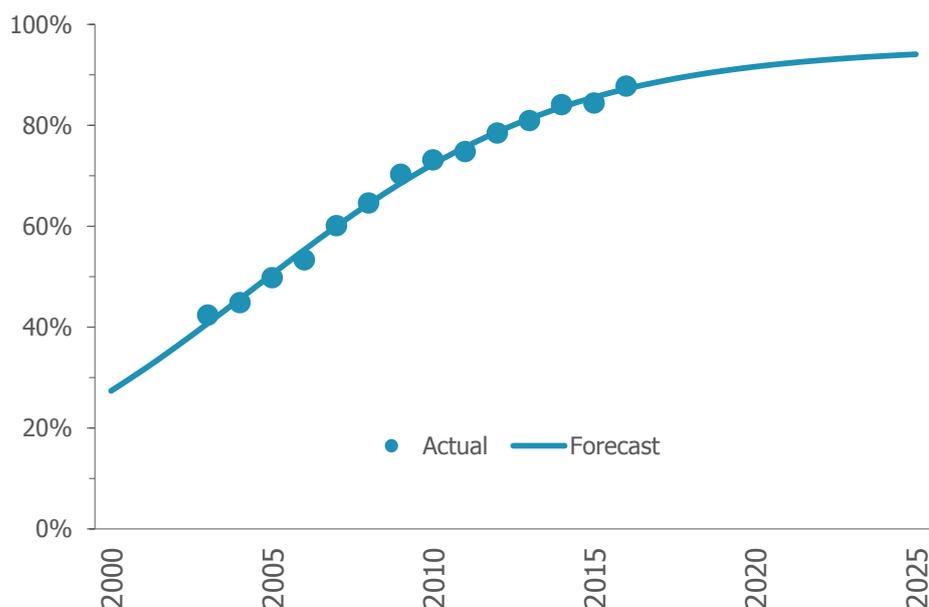
Technological changes

Internet access continues to grow

When our last report was released in 2011 we discussed the massive impact already felt by the growth of internet and the way it was transforming technology and communications. Over the last 6 years technological developments have continued at rapid speeds, impacting almost all areas of modern life.

Internet access and frequency of use have continued to increase in the past 6 years with 88% of the public accessing the internet at least once a week, and is expected to continue increasing to 94% by 2025 (figure 16).

Figure 16: UK internet usage trend and prediction



Foresight Factory, January 2017, FOnline forecast based on latest available data

There are still huge variations in digital access. Whilst recent ONS statistics note that frequent internet usage has doubled among those over 75+ (up to 78%) this still falls below the 99% of those under 25 years old.⁶⁵ Charities and such as Age UK have been calling for more government awareness of the risks that as public services have moved online, older age groups are being left behind without support.⁶⁶ Some areas of the UK, particularly the south and larger cities, are also still more likely to have access to fast and efficient internet access than other regions meaning the benefits of digital connectivity are not being spread equally across the UK. Finally, ONS statistics also found that in 2017 22% of disabled adults had never used the internet,⁶⁷ a number that has been falling slowly but has also resulted in charities having to call for clear action to support those who are being left behind.⁶⁸ This is also something charities need to be aware of in terms of their own services. As more and more charities looked to digital transformation of their fundraising, services and

⁶⁵ Statistical bulletin: Internet users in the UK: 2017, May 2017, <https://www.ons.gov.uk/businessindustryandtrade/itandinternetindustry/bulletins/internetusers/2017>

⁶⁶ <https://www.ageuk.org.uk/latest-news/archive/online-services-can-leave-pensioners-without-support/>

⁶⁷ Statistical bulletin: Internet users in the UK: 2017, May 2017, <https://www.ons.gov.uk/businessindustryandtrade/itandinternetindustry/bulletins/internetusers/2017>

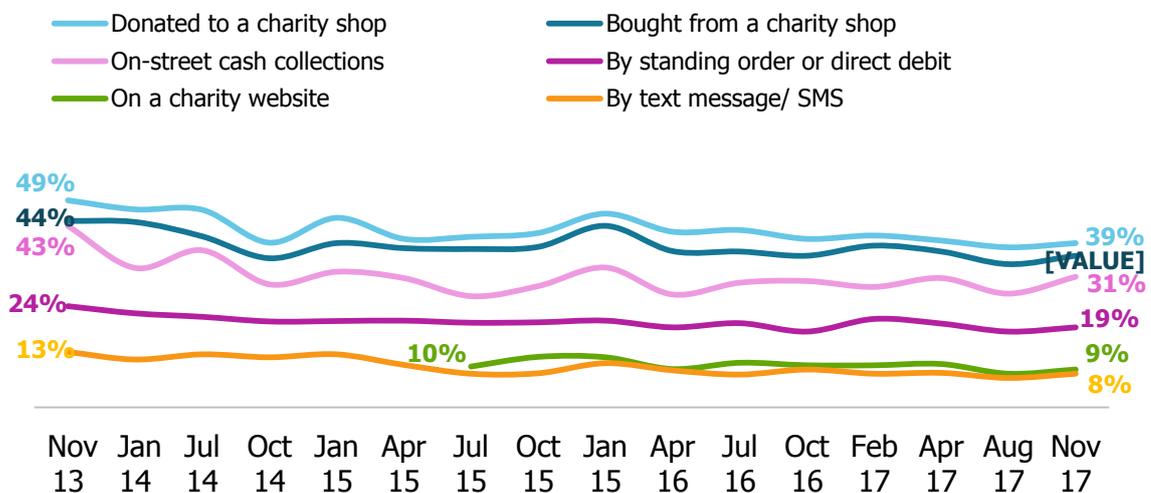
⁶⁸ <https://www.scope.org.uk/press-releases/internet-usage-disabled-people>

communications, they must be aware of the groups potentially missed by these changes and adapt where possible.

Charities have had mixed success at adapting to digital

Overall, charities have had mixed success in terms of adapting to online developments. Charity websites have become an important tool for charities to communicate with the public and their beneficiaries and in January 2017 our research found that 24% of the population report having visited a charity website in the previous three months. However, this isn't being translated into online donations. Of the 67% of people who donated to charity in the same three months, only 10% of these did so via a charity website.⁶⁹ There has been little change in this statistic in the last two years, which is at odds to the commercial alternatives, online shopping and online banking, both of which have seen large increases in frequency in the last year according to the Foresight Factory's data.⁷⁰ Furthermore, online banking and shopping don't show the same age skew as in general internet access or more entertainment-based internet activities, with older people just as likely to purchase online as younger age groups. This raises an important question for charities – if internet access and internet purchasing have both been growing significantly in recent years, even among its traditionally less online audience, why has this not been reflected to the same scale in online donation behaviour?

Figure 17: Donation method trend



"Which of the following ways did you give?"

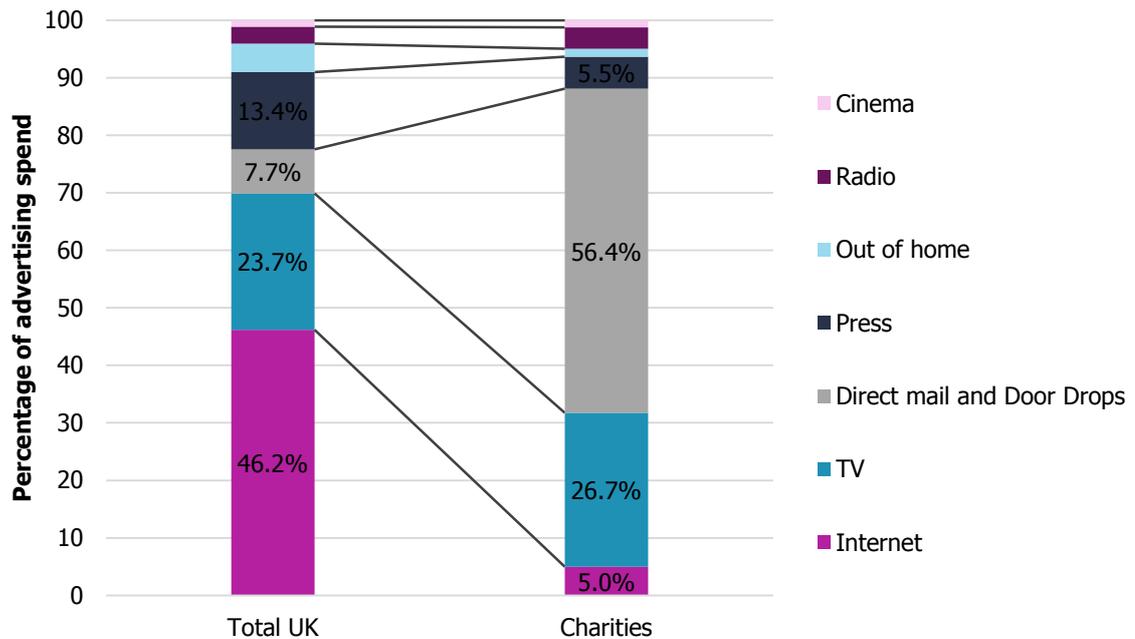
Source: Charity Awareness Monitor, Nov 13 – Nov 17, nfpSynergy | Base: 1,000 adults 16+, Britain

In some of our most recent work we also found that charities are still only spending a fraction of their advertising budgets on online advertising. Overall spending on online advertising in the UK has grown from 29.7% of total advertising spend in 2011 to 46.2% in 2016.⁷¹ The proportion of charities' advertising spending that goes online has doubled in that same period, but is still only 5% of total charity advertising spend. The charity sector still spends more than half of its advertising budget on direct mail and door drops, which accounted for 56.4% of advertising spending in the sector in 2016 (figure 17).

⁶⁹ nfpSynergy Charity Awareness Monitor (CAM), Donations data, Autumn 2017. Please note this chart shows just a selection of the donation methods we regularly prompt for public trust levels – contact the CAM team for further details.

⁷⁰ Foresight Factory 2017, 'Digital Trends,' July (Accessed November 2017 <https://www.foresightfactory.co/>)

⁷¹ nfpSynergy 2017, 'Ad Infinium – Updated' July 2017

Figure 18: Charities' advertising expenditure vs total advertising in UK – 2016

Source: Statista, Advertising Association and Nielsen

Technological changes and advances are speeding up

Academics remain divided over whether technological changes are increasing exponentially as suggested by 'Moore's Law' but it is clear that the rate of technological developments since the last version of this report have been staggering⁷².

Looking at social media alone we can see massive changes since our previous report. In 2010 we reported that 25% of the public were engaging with social networking sites, which is predicted to rise to almost 75% by 2020. The number and types of social media sites has also changed significantly over the past ten years, with several of the most popular sites including Snapchat and Instagram, only appearing in 2010-11, but racking up millions of users in the UK alone. Instagram released its UK figures for the first time in 2015, citing 14 million monthly users. In the same year, the image-sharing site also started displaying adverts to UK users for the first time, following the pattern of other social media sites of allowing targeted ads.⁷³ This latest development proved especially contentious around the 2016 UK and USA elections with controversy arising around the lack of transparency around the way individuals were being targeted by political parties and other influencers. As a result, Facebook and Twitter have both recently taken steps to increase transparency around targeted ads but this contentious issue is likely to remain in the headlines in coming years.⁷⁴

⁷² 'Moore's Law' is the term adopted to describe the phenomenon described by Intel co-founder, Gordon Moore, in 1965 to that the complexity of integrated circuits had been approximately doubling every two years, creating an exponential growth in technological capability - see Intel, Gordon E. Moore 1975 'Progress in Digital Integrated Electronics.' 1975 IEEE. Reprinted, with permission, from Technical Digest 1975. International Electron Devices Meeting, IEEE, 1975, Accessed January 2017, https://www.eng.auburn.edu/~agrawvd/COURSE/E7770_Spr07/READ/Gordon_Moore_1975_Speech.pdf Whether this idea is currently relevant to technological growth and predictions today is in debate. See MIT Technology Review 2017 'How AI Can Keep Accelerating After Moore's Law' (Accessed January 2017, <https://www.technologyreview.com/s/607917/how-ai-can-keep-accelerating-after-moores-law/>)

⁷³ Business Insider UK 2015 'Instagram now has 14 million users in the UK' (Accessed December 2017, <http://uk.businessinsider.com/instagram-14-million-monthly-active-users-uk-2015-7>)

⁷⁴ Facebook Newsroom 2017 'Update on Our Advertising Transparency and Authenticity Efforts' October 27, (Accessed December 2017 <https://newsroom.fb.com/news/2017/10/update-on-our-advertising-transparency-and-authenticity-efforts/>)

Again, charities have had mixed success when it comes to social media. As mentioned earlier, social media has created wide-scale 'clicktivism' enabling charities to talk to the public about their campaigns. There has also been some success in terms of fundraising but it has been limited. Large-scale viral campaigns such as the NoMakeUpSelfie, which raised a staggering £8million for Cancer Research UK in six days have been held up as the holy grail for any digital fundraiser but it has proven nearly impossible for any charity to recreate the success for these spontaneous viral campaigns.⁷⁵ The introduction of direct donate buttons on several of the big social media sites, as well as specific fundraising campaigns run by these sites such as Facebooks 'birthday donations' campaign might help charities to catch up on some of the missed opportunity to turn social media support and likes into funds in the coming years but charities as a whole need to keep pushing to ensure that they are adapting as these sites themselves evolve.

Aside from social media the last few years have seen a wide spread of new technological developments. The perforation of new Virtual and Augmented Reality technology has provided charities and other brands with new opportunities to tell their stories and many have done so with great success.⁷⁶ Another major development that is likely to have a significant impact on charities in the UK if adopted fully is the use of new developments in AI technology which is already being used in smart chat-bots. In the field of healthcare, for example, the UK start-up Babylon have partnered with the NHS, using smartbot technology to provide initial consultations for medical patients before referring the patient to an appropriate doctor for a mobile phone video appointment. Arthritis UK has recently introduced their own AI 'virtual personal assistant to answer service users' questions via a link on their website. As this technology develops and becomes more common place, so the potential for charities to use it for their service users or other stakeholders increases.⁷⁷

Smartphones are changing the way we access and use the internet

The way that people use the internet has also changed rapidly in the last six years. In 2015, smartphones overtook laptops as people's primary way to access the internet⁷⁸ and in 2017 the proportion of adults who own/use a smartphone reached 76%.⁷⁹ As a result, the way that people use the internet and the things they use it for has dramatically changed.⁸⁰ With the move to smartphones came the increase in app usage over open internet usage. The development of mobile apps has transformed the communications, shopping and banking industries with 38% of the adult UK population using a banking app in 2016.⁸¹

According to Blackbaud, 17% of all UK online donations in 2016 were made using mobile devices – an increase of eight percentage points since 2014.⁸² However, again charities have found it difficult to make the most of the potential of smartphones, especially apps. Some of the more successful charity apps have focused on using apps as a donation method, and a number of donation platforms, including JustGiving, have created their own apps. Other charities have tried investing in apps as a way to increase engagement or to provide

⁷⁵ Guardian, 2014 'No-makeup selfies raise £8m for Cancer Research UK in 6 days' (Accessed December 2017, <https://www.theguardian.com/society/2014/mar/25/no-makeup-selfies-cancer-charity>)

⁷⁶ The National Autistic Society, 'The Campaign so far' (Accessed December 2017, <http://www.autism.org.uk/get-involved/tmi/about.aspx>)

⁷⁷ Civil Society, 2017, 'Arthritis Research UK introduces AI-powered 'virtual personal'' (Accessed January 2018, <https://www.civilsociety.co.uk/news/arthritis-research-uk-introduces-ai-powered-virtual-personal-assistant.html>,

⁷⁸ Telegraph, 2016, 'Mobile web usage overtakes desktop for first time', 1 Nov 2016 (Accessed October 2017, <http://www.telegraph.co.uk/technology/2016/11/01/mobile-web-usage-overtakes-desktop-for-first-time/>)

⁷⁹ OfCom, 'Fast facts' (Accessed October 2017, <https://www.ofcom.org.uk/about-ofcom/latest/media/facts>)

⁸⁰ Ofcom, 2015 'The Communications Market Report', (Acceded November 2017, https://www.ofcom.org.uk/__data/assets/pdf_file/0022/20668/cmr_uk_2015.pdf)

⁸¹ The Telegraph, 2017 'Almost 20m Britons log onto banking apps as smartphones supersede branches' 29 June (Accessed November 2017, <http://www.telegraph.co.uk/business/2017/06/28/almost-20m-britons-log-onto-banking-apps-smartphones-supersede/>)

⁸² Blackbaud, 2016 'Charitable Giving report', Accessed November 2017, <http://hub.blackbaud.co.uk/npinsights/2016-charitable-giving-report>)

services. The MyOxfam app, for example, provides Oxfam supporters with up to date information about appeals and where their donations have been spent. The National Trust's app provides key information about local and national sites and Breast Cancer Now have developed an app that provides information and a breast check tracker to encourage people to look out for early signs of breast cancer. However, other charities have chosen to recommend and support third party apps rather than invest in their own which, due to the cost and time required to keep an app to date with changing software and user needs, is a wise decision for many.

Cashless technology is transforming banking, payments and donations

The wider adoption of contactless payment technology in the last six years, both via bankcard and other mobile technology including smartphones and watches is also an important trend to be aware of. Contactless payment technology was first introduced in 2007, although the technology existed in various other forms in the decade prior to that. However, 2017 marked a point where the technology was widely adopted with a third of all card payments being contactless in the UK, up from 10% in 2015.⁸³ In fact, the success of contactless cards seems to have prevented widespread adoption of phone and other smart product payment in the UK, compared to other countries that have seen greater uptakes of payments with ApplePay, AndroidPay and SamsungPay.⁸⁴ In 2016, only 16.9% of the UK public had either used or were interested in using an app or mobile phone at the checkout to pay for something compared to 61% in China.⁸⁵ However, numbers are predicted to rise, particularly as the £30 limit currently still in place on contactless cards is no longer applicable to contactless mobile payments.

The rise of the so called 'cashless society' has been discussed as a possible threat to charities for years with serious fears in the sector that it might spell the end of on-street cash collection and other cash focused donation methods. Some of this fear already seems to be validated by a recent survey from Consumer Intelligence which found that two in five adults stated that they have given less to cash collectors due to not carrying cash with them.⁸⁶ The trend is, as expected, higher among younger age groups who traditionally don't give as much to charities in the first place, but this research did find that 49% of those over 65% perceive themselves as carrying less cash.⁸⁷ That being said, there still hasn't been a fundamental drop in cash donation levels. Our research shows that on-street cash collection donations do not seem to have been too negatively affected in the last year and, despite slight fluctuations, the 27% of people that donated in this way is comparable with results in 2015 and 2016 (see figure 17).

There have also been recent moves to ensure that charities don't get left behind with contactless technology. Barclaycard sponsored a major pilot of contactless donation boxes in 2016, working with 11 UK charities to trial donation boxes which accepted both chip and pin and contactless technology.⁸⁸ Other charities have partnered with different banks and agencies to set up their own contactless payment points which have either mimicked the traditional collection buckets and boxes or been completely reinvented to be attached to benches, shop windows and, in the case of Blue Cross, on jackets worn by rescue dogs.⁸⁹ These various trials

⁸³ British Retail Consortium, 2017 'DEBIT CARDS OVERTAKE CASH TO BECOME NUMBER ONE PAYMENT METHOD IN THE UK' (Accessed December 2017, <https://brc.org.uk/news/2017/debit-cards-overtake-cash-to-become-number-one-payment-method-in-the-uk>)

⁸⁴ The Telegraph, 2017, 'Mobile payments struggle to make impact on contactless card use' (Accessed November 2017, <http://www.telegraph.co.uk/technology/2017/04/14/mobile-payments-struggle-make-impact-contactless-card-use/>)

⁸⁵ Foresight Factory 2017, 'Digital Trends' July (Accessed November 2017 <https://www.foresightfactory.co/>)

⁸⁶ Consumer Intelligence, 2017 'Contactless Switch is Costing Charities' (Accessed December 2017 <https://www.consumerintelligence.com/press-releases/contactless-switch-is-costing-charities>)

⁸⁷ Ibid

⁸⁸ Barclay Card, 2017, 'Charities miss out on more than £80m a year by only accepting cash donations' Accessed December 2017, <https://www.home.barclaycard/media-centre/press-releases/contactless-donation-boxes.html>)

⁸⁹ Blue Cross, 2017, 'World's first canine fundraisers collect for Blue Cross' (Accessed December 2017, <https://www.bluecross.org.uk/world-s-first-canine-fundraisers-collect-blue-cross>)

have had mixed success but charities have accepted the necessity of future proofing their face-to-face donation methods with multiple schemes in place from charities themselves and corporate partners or sponsors, aiming to ensure this technology continues to become a reality for more charities.

A range of experts are now also looking beyond contactless card or phone transactions to blockchain technology, which is seen by some as potentially capable of transforming the financial sector completely. Block-chain refers to a technology which developed with Bitcoin but is now being assessed for the potential it provides in its own right, separate from the cryptocurrency. Blockchain represents a decentralised online ledger, essentially a record holder, that is publicly accessible and is owned and maintained by all users of the system rather than being controlled by any one point. Once information is entered on this system it cannot be edited as the record meaning the record is much harder to hack. This means it has potential to eliminate the need for traditional financial institutions to mediate transactions. In Finland this year, for example, blockchain technology has been used to support unbanked refugees, avoiding the traditional barriers that prevent refugees from accessing bank accounts and jobs without authenticated IDs.⁹⁰

There are a number of ways blockchain technology holds a great deal of both potential and threat for charities. In one instance, because money and information can be transferred instantly and securely globally, potentially without charges, international development charities can use it to directly transfer money to beneficiaries, potentially sidestepping the need for charity intermediaries. On the other hand, some charities are already looking to the potential of blockchain technology to make donations more transparent for the donor. Alice, a donation transparency tool, has been used by a number of charities including St Mungos, who used it to raise money for vulnerable people in London.⁹¹

⁹⁰ MIT Technology Review, 2017, Sep 2017 (Accessed December 2017, <https://www.technologyreview.com/s/608764/how-blockchain-is-kickstarting-the-financial-lives-of-refugees/>)

⁹¹ St Mungo's, 2017, St Mungo's partners with blockchain fundraisers to help rough sleepers, Jul 2017 (Accessed December 2017, https://www.mungos.org/press_release/st-mungos-partners-blockchain-fundraisers-help-rough-sleepers/)

Legal factors

The growth of political campaigning and the Lobbying Act 2014

The balance between charities' provision of services and their campaigning work has always been hotly contested, with charity law since the 19th century holding that to be eligible for charitable status, an organisation's central purpose must be for the 'public benefit' rather than political purpose. Regulations have therefore long stated that to register as a charity, a body must undertake political activity only in the context of supporting its charitable purposes but not constitute the continuing and dominant activity of the charity. However, establishing how much time and resource may legitimately be spent work towards changes in law or policy has often been tricky. This is particularly the case when the inherent nature of an organisation's mission and campaigning work is 'political' (human rights or criminal justice, for example) but can also prove problematic for smaller charities who may need to move resources around flexibly such that meeting criteria regarding 'dominant' activity can be difficult. There have always been anomalies: for example, the main membership section of Amnesty International remains ineligible to register as a charity, uses a separate Trust for activities such as education and monitoring work, whilst public schools such as Eton are able to register.⁹²

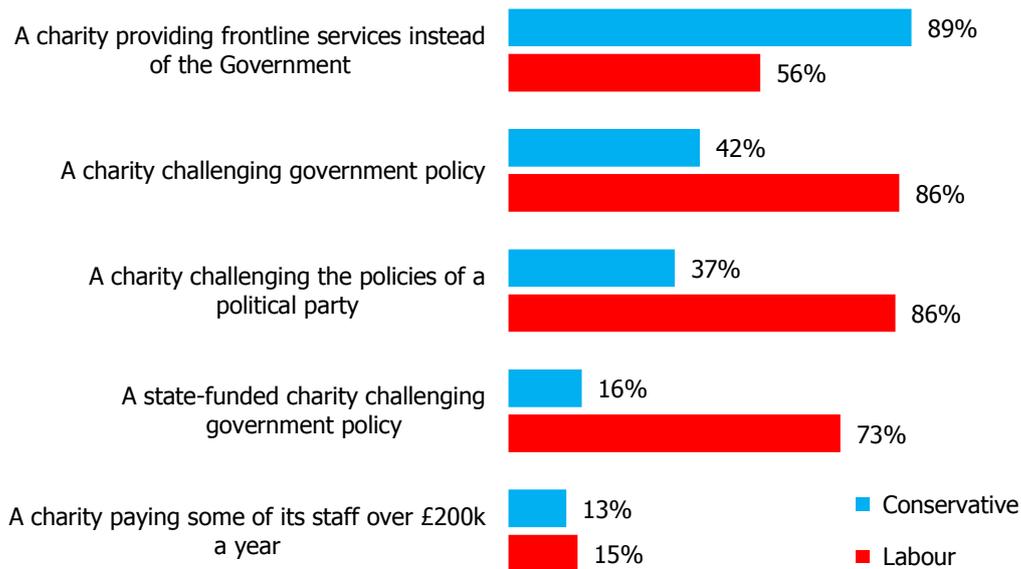
While politicians have often criticised what they see as politicised third sector campaigning, it remains an unavoidable fact of the modern age that campaigning for political change is part and parcel of a charity's work in so far as it relates to root causes and impact on service users. For example, groups such as End Child Poverty, a coalition of children's charities, or the Greener UK Coalition, comprising environmental organisations working to ensure a greener Brexit, are a necessary extension of the broader work these groups undertake.⁹³ Critics have nonetheless sometimes viewed political campaigning as a misuse of resources and time, which should be spent solely on services (see for example, the outrage of some Tory MPs a few years ago over Oxfam's critique of various austerity policies linked to increased poverty levels in the UK⁹⁴). On a positive note, nfpSynergy's research suggests 77% of MPs believe it acceptable for charities to highlight the impact of a policy on beneficiaries. However, differences tend to fall very clearly along party lines, with Conservative MPs much less accepting of political campaigning than Labour counterparts. As figure 19 shows, while Conservative MPs are comfortable with charities providing frontline services, fewer find it acceptable for charities to challenge government policy (only 42%), particularly for 'state-funded' charities. Labour MPs meanwhile find it acceptable for charities to challenge political parties and government (86%), but are not as supportive of charities replacing the state in service-provision.⁹⁵

⁹² Amnesty International UK, Governance: Amnesty International UK Charitable Trust (Accessed November 2017 <https://www.amnesty.org.uk/amnesty-international-uk-charitable-trust>)

⁹³ End Child Poverty (<http://www.endchildpoverty.org.uk/>); Greener UK (<http://greeneruk.org/>)

⁹⁴ The Telegraph (2014), 'Oxfam: MPs shocked by 'disgraceful' political campaigning,' 10 June (Accessed October 2017 <http://www.telegraph.co.uk/news/politics/10888966/Oxfam-MPs-shocked-by-disgraceful-political-campaigning.html>); The Guardian 2017, 'Patrick Butler: Campaigning charities that expose inconvenient truths must not be bullied,' 17 June (Accessed October 2017 <https://www.theguardian.com/society/2014/jun/17/oxfam-advert-campaigning-charities-stifled-by-government>)

⁹⁵ nfpSynergy 2016, 'Public, media and MPs' attitudes towards campaigning,' March; Citing CAM data 2014/15

Figure 19: MPs' perceptions of acceptability of charity actions (by party)

Please rate how acceptable or unacceptable you find each of the below actions?"

Source: Charity Parliamentary Monitor, Jul 14, nfpSynergy | Base: 154 MPs

This is likely affected by the current political balance of power but does indicate a darker climate for charities when it comes to finding a receptive ear in government; particularly unfortunate in light of the general trend towards mistrust of formal politics discussed earlier which means charities can offer a much-needed democratic outlet for the public to support causes they believe in. The most influential recent legislation affecting their ability to fulfil this function has of course been the 2014 Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act, which has substantially impacted the way charities are able to campaign, particularly around elections. One of the biggest injustices has arguably been the Act's retroactive application of a 'regulated period' which requires organisations to scrutinise campaign activity from 12 months before an election – clearly impossible in the context of a snap election and therefore serving to muzzle most charity voices rather than risk breaking the law or incurring a prohibitive administrative burden to ready themselves in time.⁹⁶ Much concern voiced in the run up to the Bill's passage has proven warranted and yet recent calls for an overhaul of the Act by over 100 charities and backed by a government-commissioned review led by Tory peer Lord Hodgson were denied, to much anger within the sector. As NCVO's Sir Stuart Etherington noted: "*The government made a clear commitment to reviewing the impact of this law, and to now reject any changes out of hand can only weaken the voice of those that charities serve.*"⁹⁷

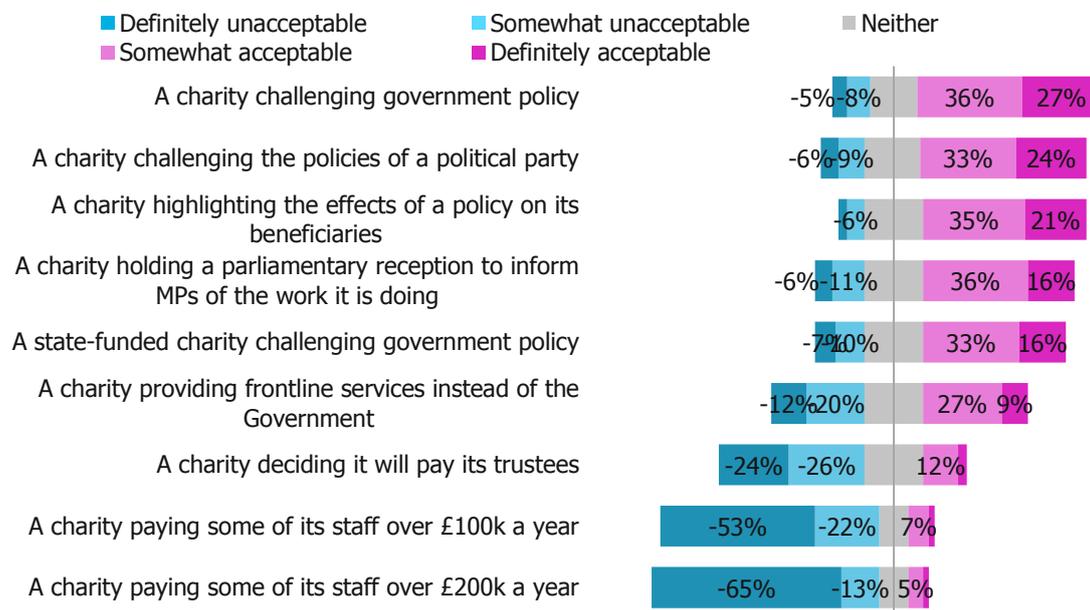
While the government continues to claim the current rules ensure transparency and guard against undue influence, charities argue that they were hamstrung by the legislation during the 2017 snap election and that many organisations simply had to restrict their campaigning rather than face huge legal fees to ensure compliance. While the sector is largely unified regarding the flaws of the Act and the obstacles it has created for legitimate campaigning activity, some continue to back amendment in line with the Hodgson

⁹⁶ nfpSynergy 2017, 'What is the point of the Lobbying Act?' 6 September (Accessed October 2017 <https://nfpsynergy.net/blog/charity-lobbying-act-failure>)

⁹⁷ BBC 2017, 'Charity anger at ministers' refusal to relax lobbying rules,' 15 September (Accessed October 2017 <http://www.bbc.co.uk/news/uk-politics-41284780>)

recommendations while others urge repeal.⁹⁸ Others have gone further still: Greenpeace, for example, incurred a £30,000 fine for not registering with the Electoral Commission for the 2015 election despite meeting the spending threshold and, unlike Friends of the Earth (also fined for late registration), has argued its non-compliance is an act of civil disobedience against 'an illiberal law... which weakens democracy and curtails free speech'.⁹⁹

Figure 20: Public perceptions towards charity actions



"With regard to charities, please indicate how acceptable you consider the following actions to be. Please tick one box for each statement.

Source: Charity Awareness Monitor, Mar 16, nfpSynergy | Base: 1,000 adults 16+, Britain

Whether legislative change is achieved in the near future or not, is government with public opinion on this one? Research from our Charity Awareness Monitor suggests not, with 63% of the public viewing it as acceptable for a charity to challenge government policy (see figure 20 above) and only 13% saying it was unacceptable.¹⁰⁰ Only 6% of the public feel put off giving to a particular charity because it campaigns to change the law. Indeed, even for charities commissioned by Government or local authorities, 66% and 63% respectively still think it is acceptable to campaign to change the law or to campaign on issues affecting beneficiaries. This suggests little substantial public concern at the political advocacy charities engage in, despite the ire of some politicians. When we checked the public appetite for inhibiting lobbying in advance of the Act in 2014, only 15% thought charities should be restricted in this area (compared with 54% for oil and gas, for example).¹⁰¹ And indeed, as Figure 20 shows, nfpSynergy's research points more consistently to perceptions of charity expenditure and salaries presenting the dominant trust challenges for the sector but never their advocacy.

⁹⁸ NCVO 2017, 'Chris Walker: We still need to change the Lobbying Act – but we shouldn't let it stop us campaigning,' 18 September (Accessed October 2017 <https://blogs.ncvo.org.uk/2017/09/18/we-still-need-to-change-the-lobbying-act-but-we-shouldnt-let-it-stop-us-campaigning/>)

⁹⁹ Civil Society 2017, 'Friends of the Earth and Greenpeace fined for breaches of 'unworkable' Lobbying Act,' 19 April (Accessed November 2017 <https://www.civilsociety.co.uk/news/friends-of-the-earth-and-greenpeace-fined-for-breaches-of-unworkable-lobbying-act.html>)

¹⁰⁰ nfpSynergy 2016, 'Public, media and MPs' attitudes towards campaigning.'

¹⁰¹ nfpSynergy 2017, 'What is the point of the Lobbying Act?'

In this context, findings that the Lobbying Act has indeed worked towards greater uncertainty, wasted resources as charities struggle to understand the legalities and, most worryingly of all, the silencing of charities apprehensive of falling foul of its stipulations are deeply worrying as we have stated elsewhere.¹⁰² Our 2015 research with public affairs professionals in the early days of the Act already found unintended consequences abounding, as time and admin costs mounted for charities needing to understand and monitor activities in much more detail, smaller charities looked to suffer disproportionately from the burden, and the risks of reputational damage from an unintentional breach already leading many organisations to shy away from debate.¹⁰³ The vagueness of the 'Purpose test' – defining the reportable activities deemed 'political campaigning' – has continued to present the biggest problem and, further shoring up the obstacles, a new clause for grant agreements was announced in early 2016 that no proportion of a grant awarded to a charity should be used for any attempt to influence Government and Parliament.

Underlying much of the conflict is a contrast in the way politicians and charities tend to view 'political' activity. As Vicky Browning of ACEVO noted recently, charities view their campaigning role as informative advocacy in advance of their work rather than party-political campaigning: "*They know about the dilemmas, shortfalls, and in one sense there is no one better placed to contribute. It isn't about taking party lines; it is about exploring the dimensions of the policies. But because of the lobbying act and context of wider concern they are choosing not to say anything... You could as a charity talk about the importance of a costed solution for social care – but if Tories don't have that then you fall foul of charity law. This has built up into a real challenge for charities who are nervous.*"¹⁰⁴

It is vital then, as NCVO have urged, that charities do not reduce their campaigning work in light of the Act's lack of clarity.¹⁰⁵ Since this suggests that in the short-medium term, charities do need to put additional time into ensuring they fully understand the legislation (and Charities' Minister Tracey Crouch has pledged to help this process¹⁰⁶), guidance to help navigate these waters can be found on a number of third sector websites.¹⁰⁷ The way law and common practice develops in this area will continue to significantly impact how charities compete for ownership of their causes, the levels of public awareness they achieve and – most importantly – the level of change they can help engender.

The growth of equalities legislation

Recent decades have witnessed a huge growth in equalities legislation, long overdue addressing inequalities surrounding race, gender, disability and sexuality, and most recently consolidated in the Equality Act passed in April 2010. This has overwhelmingly brought huge benefits for many of the third sector's client groups and been a major leap for British society in general. However, navigating equalities legislation also initially presented challenges for many charities, since organisations serving specific beneficiary groups have needed to clarify their case for providing such targeted (i.e. discriminatory) services. Some groups were therefore called upon to demonstrate why they should be legitimately exempted from antidiscrimination laws introduced in the 2010 Act, and entitled to cater exclusively for certain age groups or ethnicities. Charity Commission guidance was duly updated to help charities through the legislation and avoid discriminating against potential

¹⁰² *Ibid*

¹⁰³ nfpSynergy 2015, 'The Lobbying Act: A Waste of Time and Resources?' February.

¹⁰⁴ The Guardian 2017, 'Charities 'scared to speak out' during election campaign,' 31 May (Accessed October 2017 <https://www.theguardian.com/society/2017/may/31/charities-scared-to-speak-out-during-election-campaign>)

¹⁰⁵ NCVO 2017, 'Chris Walker: We still need to change the Lobbying Act – but we shouldn't let it stop us campaigning.'

¹⁰⁶ Third Sector 2017, 'Minister promises to work with charities on lobbying act,' 18 September (Accessed October 2017 <https://www.thirdsector.co.uk/minister-promises-work-charities-lobbying-act/policy-and-politics/article/1444857>)

¹⁰⁷ NCVP, Campaigning and Lobbying (<https://www.ncvo.org.uk/practical-support/information/campaigning>); Charity Commission, Setting up a Charity: Your Charity's Work (<https://www.gov.uk/topic/running-charity/charitys-work>); ACEVO, Policy and Research: Briefings (<https://www.acevo.org.uk/lobbying/briefings>)

beneficiaries under the terms of the Act when defining who can access their services, and has helped to clarify charities' exception on this issue.¹⁰⁸

Legal precedent has also helped to clarify the terrain. For example, in 2008 Government community cohesion policies threatened Ealing council's funding for Southall Black Sisters, which was seen as a 'single-interest' group. The government-backed Commission on Integration and Cohesion (CIC) report of 2007 suggested that 'singlegroup funding' - grants from public bodies to women's or ethnic minority-led organisations, for example - contravened principles of cohesion and such groups faced the prospect of an imminent funding squeeze. The charity was nonetheless able to successfully win a reprieve in the high court by arguing that the council had failed to carry out a full race equality impact assessment into the consequences of its decision.¹⁰⁹ Such precedents have helped bring about a more nuanced understanding of equality and how its provision may necessitate targeted services to address existing inequalities, cultural differences and service/funding gaps. Nonetheless, one Leverhulme-funded study in the years since has suggested that the implications of the Act are still poorly understood by some charities who could potentially be putting their charitable status at risk if they fail to re-examine their aims in light of its stipulations.¹¹⁰ This suggests a deeper understanding of equalities obligations might still be desirable.

The legal environment on this issue will also be necessary to watch in light of our exit from the European Union, where much equalities legislation originated. On the one hand, it appears unlikely that existing British laws and regulatory standards in key areas such as work practices, for example, will be diluted or much amended; not least because our rights under the EHRC stem from the Council of Europe rather than the EU.¹¹¹ And while legislation such as the Equality Act may have been born out of EU law and ECHR principles,¹¹² the resulting British laws nonetheless stand firm outside of its remit. However, concerns are still being raised around the potential for an impact on equality and human rights issues in a few specific areas: the Equality and Human Rights Commission point in particular to the loss of the Charter of Fundamental Rights which includes some rights not included in the Human Rights Act (for example on the rights of the child and a general right to non-discrimination), and also the loss of a guarantee for equality rights, currently provided by EU law. Brexit could therefore enable a future government to pursue legal changes that repeal or weaken our rights below EU standards, absent that additional safety net.¹¹³ While there is unlikely to be much appetite in Parliament for such change, charities will nonetheless need to be aware of these dimensions as part of their work monitoring Brexit implications, even where their focus is not human rights per se. Equality and human rights law now span public life, helping determine access to education, employment and healthcare to name just a few crucial areas and the knock-on effects of any potential changes would be felt across wide-ranging sectors and beneficiary groups.

The growth of privacy and data protection regulations and the GDPR

Privacy and data protection regimes have long been a crucial regulatory context for the limits of what charities can do, particularly with regard to fundraising. The law over recent decades has become increasingly

¹⁰⁸ Charity Commission 2013, Equality Act: Guidance for Charities (<https://www.gov.uk/government/publications/equality-act-guidance-for-charities>)

¹⁰⁹ Southall Black Sisters (2008), 'Southall Black Sisters' Victory against Ealing Council' (Accessed October 2017 <http://www.southallblacksisters.org.uk/campaigns/save-sbs-campaign-2008>)

¹¹⁰ Civil Society 2013, 'Charities 'still unsure about the Equality Act'', 3 September (Accessed October 2017 <https://www.civilsociety.co.uk/news/charities--still-unsure-about-the-equality-act-.html>)

¹¹¹ Equality and Human Rights Commission 2017 What does Brexit mean for equality and human rights in the UK? (Accessed October 2017 <https://www.equalityhumanrights.com/en/our-human-rights-work/what-does-brexit-mean-equality-and-human-rights-uk>)

¹¹² *Ibid*

¹¹³ *Ibid*

protective of both individual and corporate privacy and especially as outsourced face-to-face fundraising has grown and become the norm, scrupulous care to safeguard donor details has become ever more essential. Adequate data protection training and a myriad of other issues have proliferated along with the new technologies for fundraising and communications discussed above. As this data protection field has grown in complexity all organisations entrusted with large datasets of personal information have had a steep learning curve to climb; with even the NHS suffering high-risk data hacking disasters within the last year, it is not an area the third sector can afford to get wrong.¹¹⁴

In recent years examples of bad practice in the third sector, particularly via charities' outsourcing to commercial companies who have sometimes been unscrupulous in their methods, have attracted a lot of media and political attention.¹¹⁵ Further investigation during 2015, through both a Commons inquiry and a review led by NCVO's Sir Stuart Etherington, led to a series of recommendations to preserve the principle of self-regulation in fundraising while tightening up oversight and winning back public trust; these included the creation of a new body, the Fundraising Regulator, responsible for overseeing the Fundraising Code and accountable to the Public Administration and Constitutional Affairs Committee.¹¹⁶ Further measures to protect public confidence since then have included the creation of the Fundraising Preference Service (FPS) which enables individuals to block communications from particular charities when communications have become too burdensome.¹¹⁷

Meanwhile, the most imminent legal change on this horizon is the EU's General Data Protection Regulation (GDPR), due to be enacted in Spring 2018 and to supersede the Data Protection Act. While it will not introduce widespread changes to existing law, it will increase the monetary penalties for non-compliance. And while the UK is leaving the EU, our participation in its legal regimes remain non-negotiable (for now and quite likely into the future). Some of the main overall principles which have been highlighted for charities to be aware of are: firstly that there is no significant charity exemption to data protection or marketing law; that if an individual does not understand what you are doing with their personal data, the practical effect is that you can't do it, and the same goes for consent; that if you don't have consent for each specific use of data then you need to know whether another justification for use applies (as detailed in the Act); consent must always be explicit (failure to opt out or previous support is not enough); and there is no 'volunteer opt-out', the latter must be trained in data protection responsibilities as thoroughly as staff.¹¹⁸

While the lack of any charity exemption has created some consternation, it is undoubtedly an area the public have become increasingly concerned about, with recent CAM data showing that while 47% would opt in to hear from a charity about what was done with their donation, only 16% opted in to be asked during future

¹¹⁴ Financial Times 2017, 'NHS fights to restore services after global hack,' 13 May (Accessed November 2017 <https://www.ft.com/content/fa5ed73a-37e7-11e7-ac89-b01cc67cfeec>)

¹¹⁵ BBC 2015, 'Charity fundraising tactics 'a scandal', says senior MP,' 8 September (Accessed November 2017 <http://www.bbc.co.uk/news/uk-34186128>)

¹¹⁶ See Etherington, Sir Stuart, Lord Leigh of Hurley, Baroness Pitkeathley & Lord Wallace of Saltaire 2015 *Regulating Fundraising for the Future: Trust in charities, confidence in fundraising regulation*, September (Accessed November 2017 https://www.ncvo.org.uk/images/documents/policy_and_research/giving_and_philanthropy/fundraising-review-report-2015.pdf) and Parliament.uk 2016, *Commons Select Committee: The 2015 charity fundraising controversy: lessons for trustees, the Charity Commission, and regulators*, January (Accessed November 2017 <https://publications.parliament.uk/pa/cm201516/cmselect/cmpubadm/431/43102.htm>)

¹¹⁷ Fundraising Preference Service (<https://public.fundraisingpreference.org.uk/>); Third Sector 2017, 'Fundraising Preference Service launched officially today,' 6 July (Accessed November 2017 <https://www.thirdsector.co.uk/fundraising-preference-service-launched-officially-today/fundraising/article/1438714>)

¹¹⁸ Civil Society 2017, 'Free guide to GDPR and data protection for charities published today,' 29 March (Accessed October 2017 <https://www.civilsociety.co.uk/news/free-guide-to-gdpr-and-data-protection-for-charities-published-today.html>)

appeals, and just 5% would be willing to have their data shared with carefully chosen charities.¹¹⁹ This is often connected to people's own or anecdotal experiences of feeling over-approached by fundraising asks and anxious about the frequency and terms of data-sharing. Our recent qualitative research into this area, to understand more about public sentiment to the forthcoming change, showed much unease and suspicion around how and why contact information is used; as one respondent put it "I feel everyone's getting rich off me apart from me".¹²⁰ Concern is also easily exacerbated by high-profile media stories of intrusive fundraising methods reaching unacceptable levels (as implicated, for example, in the tragic death of Olive Cook in 2015 – one of the pivotal scandals contributing to that year's scrutiny of the issue).¹²¹ Public anxiety regarding personal data being passed along to third parties has therefore grown in recent years, whether proportionate to actual misuse or not, and charities must take this as seriously as possible on both a legal and an ethical basis.

Figure 21: Perceptions of volume of communications and information received from charities

■ Not nearly often enough ■ Not quite often enough ■ About right ■ A little too often ■ Far too often



"How would you describe the volume of communications or information you get from charities through the following channels?"

Source: Charity Awareness Monitor, May 17, nfpSynergy | Base: 1,000 adults 16+, Britain

There has been criticism of charity protestations to GDPR from some at the Information Commissioner's Office, on the grounds that the difficulties presented for charities in particular and the importance of the (fundraising) ends are of no consequence when protection of personal data is what matters and all must comply: "Some people seemed to think that the ICO has to consider how important fundraising, and some specific techniques, are to the business model of charities when enforcing...To be blunt, they don't. The importance of your data processing to you is irrelevant. All ICO has to consider is whether your processing is lawful under DPA now, GDPR from next year."¹²² Or as one of our focus group respondents put it, "I am fully

¹¹⁹ nfpSynergy 2017, 'GDPR - It's what the public want: even for charities,' 16 August (Accessed October 2017 <https://nfpsynergy.net/blog/charity-gdpr-what-do-public-think>) referencing full report on qualitative and quantitative research into audience perceptions: 'GDPR The change that charity donors want' (July 2017)

¹²⁰ nfpSynergy 2017 'GDPR: The change that charities want,' July 2017 (nfpSynergy Free Resources <https://nfpsynergy.net/free-reports-and-presentations>)

¹²¹ The Guardian 2016, 'Poppy seller who killed herself got 3,000 charity requests for donations a year,' 20 January (Accessed October 2017 <https://www.theguardian.com/society/2016/jan/20/poppy-seller-who-killed-herself-got-up-to-3000-charity-mailings-a-year>)

¹²² Civil Society 2017, 'Free guide to GDPR and data protection for charities published today.'

*in support of charities but there is a danger of complacency creeping in if you always treat charities differently. They need to take care of people's data.*¹²³

Ultimately, this tightening up of data protection practices is backed up by what the public want and charities cannot be immune to broader business practices however difficult the transition may be - and even if an income drop ensues. Recent research by the Institute of Fundraising shows that while most organisations are already preparing for GDPR, with audits, training, board-level discussion and policy updates, a fifth (22%) have not yet taken any steps to ready themselves for the legislation. The majority of these are small charities with turnover of less than £1m but, as pointed out by the IoF, compliance is not optional and lack of clear guidance has been an issue. While many organisations have now offered resources to assist the process, further support for smaller organisations in particular may be needed and potentially some form of targeted grant scheme to help fund database updates and other costs.¹²⁴

In summary the need to take data protection seriously and ensure compliance with GDPR is essential and underscored by what the public need to see in order to retain their trust in the charities they choose to gift with their hard-earned cash. There is no doubt it will be a tough cultural change for the sector and we are likely to see databases shrink and income fall slightly as a result. However, as we have noted elsewhere, there are flipside gains to be made since those who continue to donate will do so as your most committed advocates. Indeed, with increased transparency around your use of supporter data and more creative opt-in asks, there is a real opportunity to develop more honest, trusted relationships with the public.¹²⁵

¹²³ nfpSynergy 2017 'GDPR: The change that charities want', p8.

¹²⁴ The Guardian 2017, 'Daniel Fluskey: Charities need help to get to grips with data protection changes,' 29 September (Accessed October 2017 <https://www.theguardian.com/voluntary-sector-network/2017/sep/29/charities-government-help-data-protection-law>)

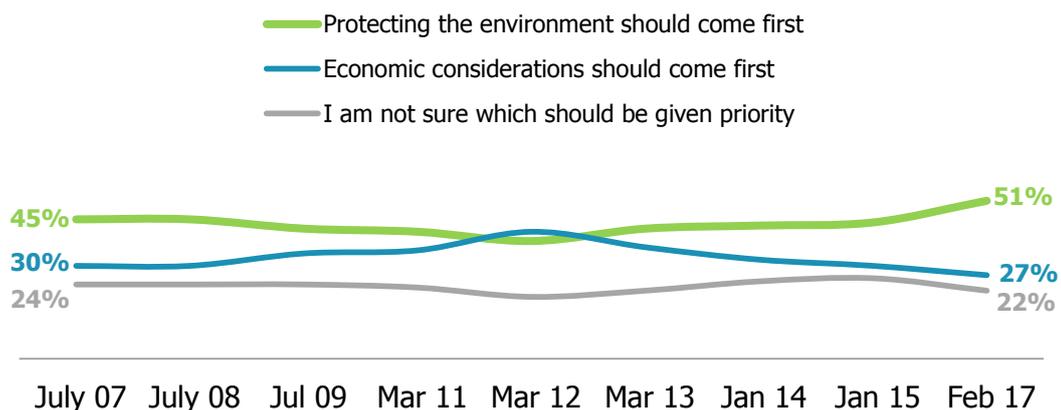
¹²⁵ nfpSynergy 2017, 'GDPR - It's what the public want: even for charities,' 16 August.

Environmental factors

Sustainability and climate change are now public priorities

Concern over greener and more sustainable working practices have long ceased to be a niche issue to which only charities working to attract environmentalist supporters need pay attention. While people's willingness to pay extra for greener products and services or to prioritise environmental over economic concerns have certainly waxed and waned, as Figure 22 below shows, the overall shift towards green consciousness as a societal norm is undeniable.

Figure 22: Prioritisation of economic vs environmental concerns



"In cases where there is a trade-off between protecting the environment and economic considerations, which do you think should be given highest priority?"

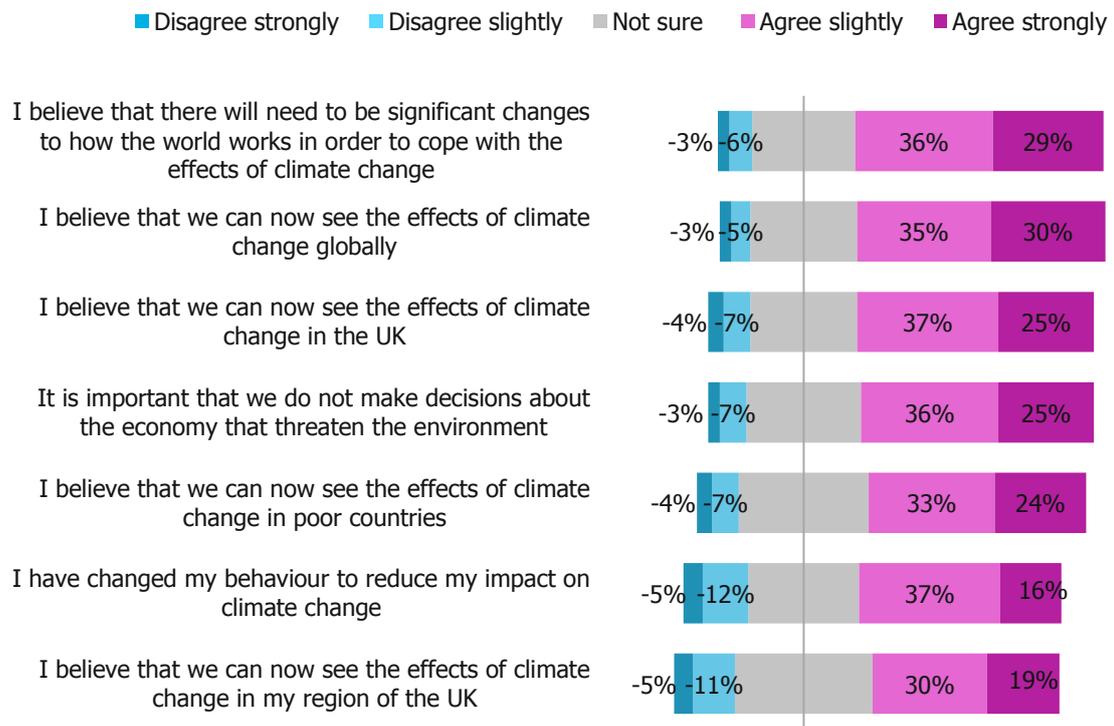
Source: Charity Awareness Monitor, Feb 17, nfpSynergy | Base: 1,000 adults 16+, Britain

As Figure 23 suggests, public concern over core environmental issues is now firmly in the mainstream, with over 60% agreeing that significant world changes will be needed to cope with the effects of climate change.

Pressure on charities to be part of the solution rather than the problem, with expectations for higher standards than those found in the private sector, will continue increasing, with paper trails and carbon footprints watched closely. Indeed, in some of these areas, public concerns regarding charity expenditure and environmental waste dovetail closely as excessive amounts of direct marketing material or weighty annual reports continue to figure with some disapproval in our research (for example some 28% of the public feel they get too much post from charities).¹²⁶

¹²⁶ For example, see nfpSynergy 2017, 'GDPR: The change that charities want' July 2017, p4.

Figure 23: Attitudes about climate change



“To what extent do you agree with the following statements?”

Source: Charity Awareness Monitor, Jan 16, nfpSynergy | Base: 1,000 adults 16+, Britain

The perceived moral responsibility (both inside and outside the sector) for adapting to best sustainability practices is not the only significant area of impact for charities - practical environmental effects also pose an ongoing impact on charity income and services that organisations need to consider and monitor as part of everyday workload. Just a few areas of longer term change that will affect the way the sector needs to work include: energy prices and ethical choices on these into the future; adapting to changing regulations and legal frameworks on environmental responsibilities (as well as the impact of Brexit on these); and increased pressure on development organisations working with countries affected by climate change as well as the knock-on effects of increased global migration on domestic charities as a result of environmental change.

Aside from ongoing ‘adaptation’ costs, however, ever- increasing public consensus on the importance of environmental issues also continues to offer opportunity, whether for growth, awareness-raising or innovation. For some charities, an active role in advocating and helping transform the UK into a greener economy is already a reality. Charitable foundations, for example, are well placed to help further research and development into more sustainable modes of consumption and cleaner energy production. The move towards more sustainable investment practices and ethical models of business, meanwhile, should enable some charities to lead by example. For others, the sustainability agenda provides an opportunity to improve their environmental record and ensure their core values are reflected at all levels of their governance and practice.

Ethical Consumerism is growing

Beyond the broader context of environmental priorities, it is also important for charities to work out how they make best use of the trend towards ethical consumption habits. While interest in sustainable purchasing and investment has been on the scene for a long time, from fair trade teabags to ethical pension plans, the move of ethical consumerism into the mainstream has become much more pronounced in recent years, where 'equal pay, environmentally conscious manufacturing processes, prevention of counterfeit goods, human trafficking, responsible farming practices and overproduction of goods are all at the forefront of consumers' minds,' as we decide where to spend our money.¹²⁷ For example, the ethical consumption non-profit Ethical Consumer reports that local shopping for ethical reasons grew significantly in 2015, with consumers increasing ethical spending in their communities by 12%, while 53% of the public are now choosing to avoid buying products or services over concerns about their ethical reputation.¹²⁸ Meanwhile 71% believe companies should be penalised for failing to care for the environment and 43% take ethical or social considerations into account at least some of the time when choosing which brands or suppliers they use.¹²⁹

Charities need to innovate to keep up with ethical market trends

Charities have long been in the vanguard of the ethical consumption trend; just consider Oxfam's work in the early 1990's on new fair trade products such as CafeDirect. However, with the ethical market now worth £81.3 billion and so many people worried about provenance, localism and wider environmental and human rights impacts, it is important that charities think more innovatively about how they capture this momentum for their own income and awareness levels.¹³⁰ Particularly in an era where private companies and high street retailers (designer and independent alike) are initiating such sophisticated issue-led partnerships and products as part of their own corporate responsibility and branding, it would be a missed opportunity if charities weren't helping lead the charge. A substantial part of the picture is bound up in the partnerships charities secure and ensuring their branding, social media and products (if relevant) are strong enough to compete and resonate.

While there often remains a substantial values-action gap between people's reported concern/intent and their actual purchasing habits and behaviours (particularly where these require greater effort or costs), the *desire* to consume in more ethical, eco-conscious ways is real; as are the corresponding expectations of companies, as Foresight Factory analysis points out.¹³¹ Indeed the contradictions in public sentiment regarding ethical considerations can often place a high burden on organisations of all sectors, who are expected to continue delivering value and meeting efficiency expectations whilst demonstrating increasingly flawless ethical credentials. Authentic purpose, full disclosure and careful targeting are key to a brand getting this balance right – for example a waste-aware mindset tends to be more acute amongst older consumers, whereas younger consumers are likelier to consider the ethical impact of their purchases.¹³²

This points to the other side of the ethical consumption equation which is of course charities' ability to keep their own houses in good working order, in an era where supporters are sometimes highly informed, ethically

¹²⁷ The Guardian 2015, 'The rise of the conscious consumer: why businesses need to open up,' 2 April (Accessed November 2017 <https://www.theguardian.com/women-in-leadership/2015/apr/02/the-rise-of-the-conscious-consumer-why-businesses-need-to-open-up>)

¹²⁸ The Ethical Consumer, Ethical Markets Report 2016 (Accessed November 2017 <http://www.ethicalconsumer.org/researchhub/ukethicalmarket.aspx>)

¹²⁹ Foresight Factory 2016, 'Trend: Pragmatic Green,' September (Accessed November 2017 <https://www.foresightfactory.co/>)

¹³⁰ The Ethical Consumer, Ethical Markets Report 2016 (Accessed November 2017 <http://www.ethicalconsumer.org/researchhub/ukethicalmarket.aspx>)

¹³¹ Foresight Factory 2016, 'Trend: Pragmatic Green,' September

¹³² *Ibid*

scrupulous and vocal in their expectations of organisations they spend money with (even if this doesn't always translate to their own purchasing decisions). Staff pay, wasted funds, investment decisions, choice of suppliers and corporate partners: all must be thoroughly considered for their potential impact on supporter trust and reputation. Spending decisions should feel clear and defensible to your donors – explaining how certain expenditures (on senior salaries, branding work, website development) help advance the cause and guarantee future funds, and ensuring partnerships made are the right ones for your cause and audiences, not pursued simply because they are household names. In other words, it is not just about charities ensuring they make the most of the trend towards ethical consumption, they must also take extra care not to fall foul of it. As with all the sectors discussed above, intelligence-gathering, forward thinking and understanding of audience is key.

Ways to use a PEST analysis for your organisation

Our final section is some ideas and approaches to monitoring external trends in your organisation.

Decide how each of the PESTLE areas have an impact on your organisation

We have covered a lot of different trends, in a lot of different areas, in this report. Not all of them will have the same impact on charities. This could be for reasons of geography, size, income sources, cause, or a host of specific factors in an organisation. There are too many trends and changes for all but the largest organisation to monitor them all, so just track those that really matter.

Work out which trends and changes are likely to be good news for your organisation. Once you've worked out which trends make the biggest difference to your organisation, it's worth identifying which trends are likely to be positive: rising wealth among baby boomers, the power of social media, the lack of trust in politicians are all areas potentially which herald opportunities for charities.

And which trends and changes are likely to be bad news for your organisation. Some changes are good for charities, others are not. So, every organisation should know whether specific changes will be bad for the organisation: low interest rates, Brexit, GDPR, rising minimum wage levels, the rise of social media are all possible candidates. Indeed, it is wise to have a plan for how to ameliorate or mitigate the effects of any negative changes.

Decide who in your organisation is responsible for following trends in charities or the wider world. In all but the largest charities, there won't be a dedicated person who is responsible for monitoring external world trends. So, every organisation should have a person who is responsible for keeping an eye on what the big wide world is up to. It can be anybody, as long as they make it happen.

And identify what sources of information they will use to follow the world. One of the reason we have created this report to make it easier for organisations to follow PESTLE changes is because they make such a difference to the successes and failures of charities. However, the world doesn't stop changing once this report is published. So, every organisation need to work out how it will go on following those changes. Sources of information worth following include Civil Society, Third Sector, Guardian Voluntary, NCVO, NPC, ONS, and of course nfpSynergy!

Have 10 minutes. 'outside world' presentations at team meetings, board meetings or short videos. One of the challenges of monitoring external trends is that they are really important, but rarely urgent. They don't come with deadlines (except possibly for the legal changes). So, a short talk at a regular meeting about what is happening in the outside world may be one way of keeping people in touch with any changes.

Play PEST analysis bingo. Yes, it's true. We have created a game of PEST analysis bingo where the audience complete a quiz as we talk about the different factors that influence the world of charities. Prizes can even be awarded for the person or people who have their finger most on the pulse of the world we live in.

About nfpSynergy

nfpSynergy is a research consultancy that aims to provide the ideas, the insights and the information to help non-profits thrive.

We have over a decade of experience working exclusively with charities, helping them develop evidence-based strategies and get the best for their beneficiaries. The organisations we work with represent all sizes and areas of the sector and we have worked with four in five of the top 50 fundraising charities in the UK.

We run cost effective, syndicated tracking surveys of stakeholder attitudes towards charities and non-profit organisations. The audiences we reach include the general public, young people, journalists, politicians and health professionals. We also work with charities on bespoke projects, providing quantitative, qualitative and desk research services.

In addition, we work to benefit the wider sector by creating and distributing regular free reports, presentations and research on the issues that charities face.

Our other free reports:

Ad Infinitum - How charity media expenditure patterns are changing

Explore how charity media spending compares with other sectors, the proportions spent on different forms of advertising, and key takeaways in this updated free report.

Public Service Provision by Charities

Our free report looks into what the public think of charities providing public services for government, and whether they are put off from giving or supporting charities who receives government funding.

Major Donor Giving Research Report: An updated synthesis of research into major donors and philanthropic giving

How do major donors decide which charities to support? Why do some wealthy individuals not give at all? Discover answers to these and more questions in this report.

Volunteering Trend Data

This volunteering trend report presents charts from 2003 up to August 2017. See how volunteering levels have fluctuated by age, gender, and more.

Work in Progress - The golden threads that run through strategies for mission delivery in not for profits

This report comprises an experimental set of ideas about how charities might be able to create better strategies for doing their job.

Who cares about admin? Ten nuggets on how the public think their ideal charity should spend its money

In this report we uncover what our most recent Charity Awareness Monitor research revealed about how the public think the ideal charity would spend its money.

The Seven Sentiments of Cynical Donors - Perceptions of Charities in Brexit Britain

We recently held focus groups comprised of donors across a range of ages. Discover what they thought and how it could impact your charity in this new free report.

How could Gift Aid be improved and generate more income for charities?

This report looks at the reasons why Gift Aid is not as widely taken up as it might be, and explores how Gift Aid could be restructured to increase income for charities.

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2-6 Tenter Ground
Spitalfields
London E1 7NH
020 7426 8888

insight@nfpsynergy.net
twitter.com/nfpsynergy
facebook.com/nfpsynergy
linkedin.com/company/nfpsynergy

www.nfpsynergy.net