

Trust in Charities, 2018

How the public views charities, what this means for the sector, and how trust can be increased

July 2018

Populus



**CHARITY COMMISSION
FOR ENGLAND AND WALES**

Foreword

Our latest research into public trust and confidence has been very timely. The Commission is developing a new strategy for the next five years, and this research will shape and inform that strategy.

The research provides crucial insights into what the public expect of charities. Public expectations go beyond mere compliance with charity law; they also expect high standards of conduct. They want charities to be accountable, by showing:

- what they have achieved (their impact) in relation to their mission;
- how they have managed their resources responsibly (good stewardship, including honesty and transparency about costs);
- that their organisational cultures and behaviours support their charitable purposes.

These are the foundations of public trust in charities, the benchmarks of a charity's trustworthiness.

These findings will of course shape our priorities as a regulator for the next few years. But we alone as a regulator cannot ensure that charities meet public expectations. Regulators can enforce legal compliance and require minimum standards of good practice; we can only recommend and promote best practice. Charities themselves must also realise the implications of our findings and take appropriate steps to ensure that they can give donors and the wider public the kind of assurance they are looking for. But it is incumbent upon us as regulator to represent the public; to make clear to charities the standard of trustworthy behaviour the public expects of them, and to hold them to account for unacceptable behaviour.

We need to understand that this is not about more or tighter rules, or ticking more boxes. It's about organisational ethos and values. Nor is it about charities explaining things better; it's about behaving differently. The public want greater authenticity not just more transparency, they want to know that charities are what they say they are. And conversely: when they see actions and behaviours that are inconsistent with a charity's purpose and values (for example in fundraising or protecting staff and beneficiaries), their trust is undermined.

And we now know that trust affects the public's willingness to support charities, particularly in terms of becoming long-term supporters or volunteers. We mustn't wait for donations, and other means of support for charity, to be hit, before we act.

Public trust in charities has plateaued since 2016. Whilst trust in other social institutions may have declined in comparison, we consider it unsatisfactory that charities are trusted less than the average man or woman in the street. It is our aspiration that charities are among the most trusted social institutions. And we think charity leaders share that aspiration. Charities have a special status in society, which comes with certain privileges (financial and reputational) and advantages (public support). With these advantages come obligations to act to a high standard of compliant and ethical behaviour that the public expects.

This report provides the Commission and charities with the evidence, insights and impetus we need to reverse the current trend and to begin to rebuild public trust in charity.

— *The Charity Commission for England and Wales*

Introduction and key findings

Introduction

Trust matters. Observed behaviour shapes perceptions of ‘trustworthiness’, which in turn affects support for an organisation or sector and impacts its success in achieving its end goals. Trust is earned, or lost, through behaviour. What ‘trustworthy’ behaviour looks like and how it impacts end goals varies by organisation and sector. Here we show what trustworthiness looks like for charities and how demonstrating trustworthy behaviours can benefit them.

This year’s Trust in Charities research represents **a shift in focus**. In previous years, we have focussed on quantifying the extent to which the public trusts charities. Our focus this year turns to what trust means for the sector, how trust relates to its success, and what charities can do to exemplify trustworthy behaviours.

Key findings

- **The factors of trustworthiness:** the public want charities to demonstrate good stewardship of funds, to live their values, and to demonstrate impact. Our research suggests that when charities are able to show that most of their donations directly reach the end cause, and that they are having quantifiable positive results, both trust and self-reported propensity to donate increases.
- This shows that **trust matters to donation behaviour**. Moreover, many of those who feel that their trust in charities has decreased in the past two years (and this cohort has increased in number to over 4 in 10 members of the public) say they are donating less money as a result. Those who do not trust charities are far less likely to have recently made repeat donations than those who do.
- **Overall trust and confidence** in charities remains at similar levels to 2016 when the research was last carried out. In both years, scandals reported in the media involving major humanitarian charities (which are also the type of organisation the public instinctively think of when they think about ‘charities’) occurred before our polling took place, negatively impacting overall trust and confidence.
- Nevertheless, **the sector holds up well** compared with others. It is still more trusted, for instance, than private companies, banks, and politicians. It remains **less trusted, however, than the average man or woman in the street**.
- **The regulator** is also seen to have a highly important role by a vast majority of the public. Most think that regulation is effective and those who know at least a fair amount about the Charity Commission are more likely to trust charities.
- The public still think the sector plays an important role in society – they simply want it to **evidence the positive effect** it has with their generosity. Words are not enough; the public expect **trustworthy behaviour and proven impact**.

What ‘charities’ mean to the public

‘When you think of ‘charities’, what types of organisation immediately come to mind? What are their characteristics?’ [The larger the word, the more frequently it was chosen by the public]



When asked what types of organisations come to mind when they think of ‘charities’, the public instinctively imagine the country’s **largest charities**, such as Oxfam, Cancer Research UK and the British Heart Foundation, and those which directly help **vulnerable or ill people**.

More specifically, the public think of charities for **children, elderly people, animals, medical causes**, and occasionally **overseas humanitarian relief**.

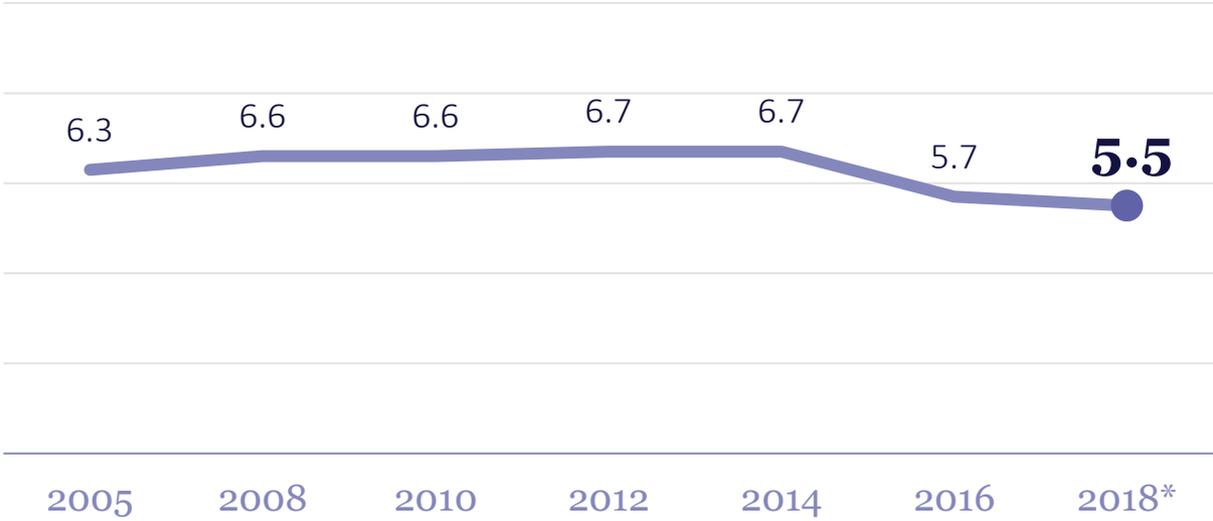
Some respondents name specific characteristics they associate with charities, most notably being **caring, helpful to those in need**, and **not for profit**.

Very few respondents immediately thought of local charities, educational organisations, or cultural institutions.

This context must be borne in mind when interpreting public trust in charities.

Where public trust in charities stands

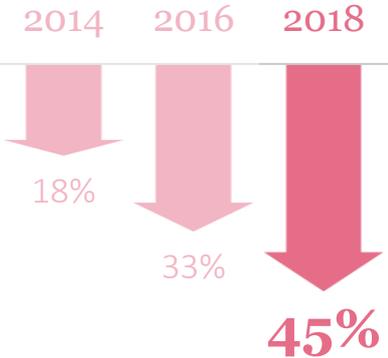
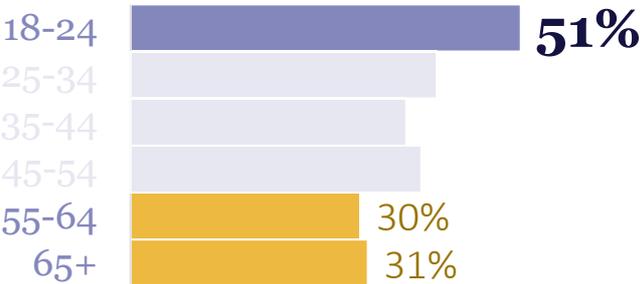
Mean trust and confidence in charities /10



Public trust and confidence in charities remains at similar levels to 2016. In both 2016 and 2018, the public’s trust in charities was knocked by controversies surrounding Age UK, Kids Company, and most recently, the Oxfam scandal.

Those aged 18-24 are much more likely to trust charities than those aged 55 or over.

There has been a long-term growth in the % who self-report that their trust has decreased.



*From 2018 onwards, the survey will be conducted online rather than via telephone. This question, however, was also asked on a concurrent telephone survey as a comparison, giving a mean score of 5.7/10 (a small difference of +0.2).

Charities are still highly valued

58%

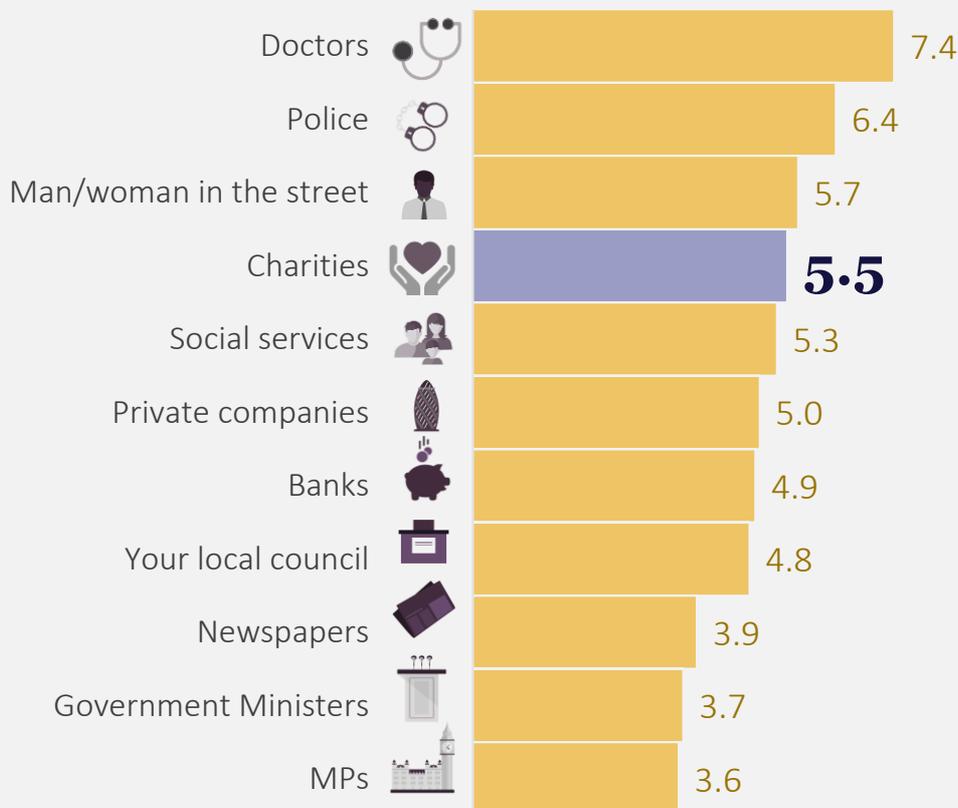


A majority (58%) think charities play an 'essential' or 'very important' role in society today.

Only 6% think they do not play an important role.

While trust in charities is lower than in previous years, charities are still **more trusted than many other sectors and institutions**, including private companies, banks, MPs, and newspapers.

Mean trust and confidence by sector/group /10



Up 1

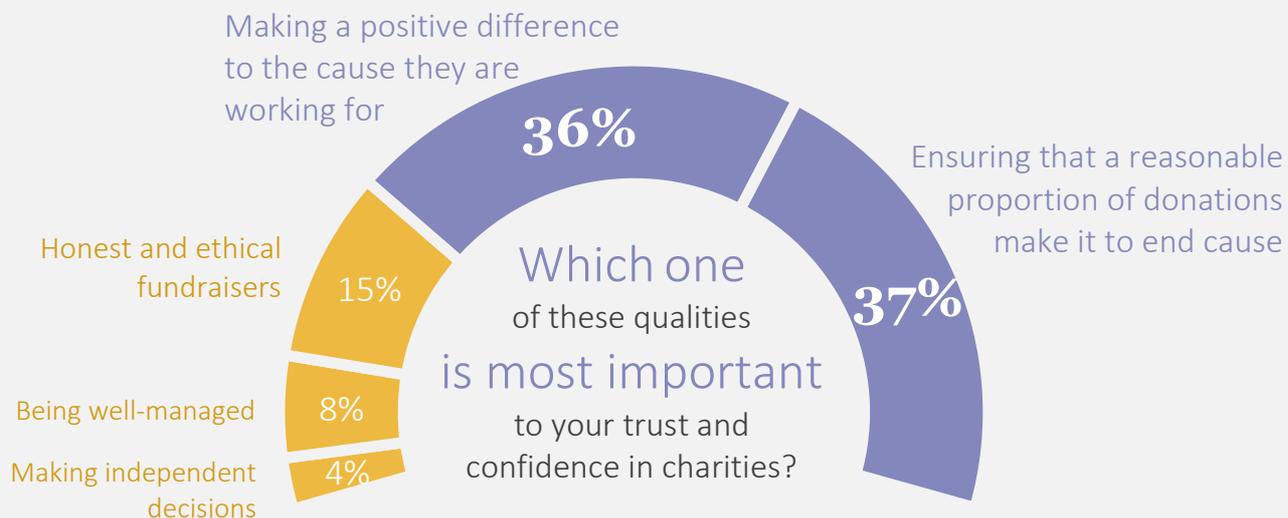
Trust in charities **has not fallen relative to other sectors**. In fact, it has moved up one 'rank' since 2016.



However, trust in charities remains lower than trust in **the average man or woman in the street**.

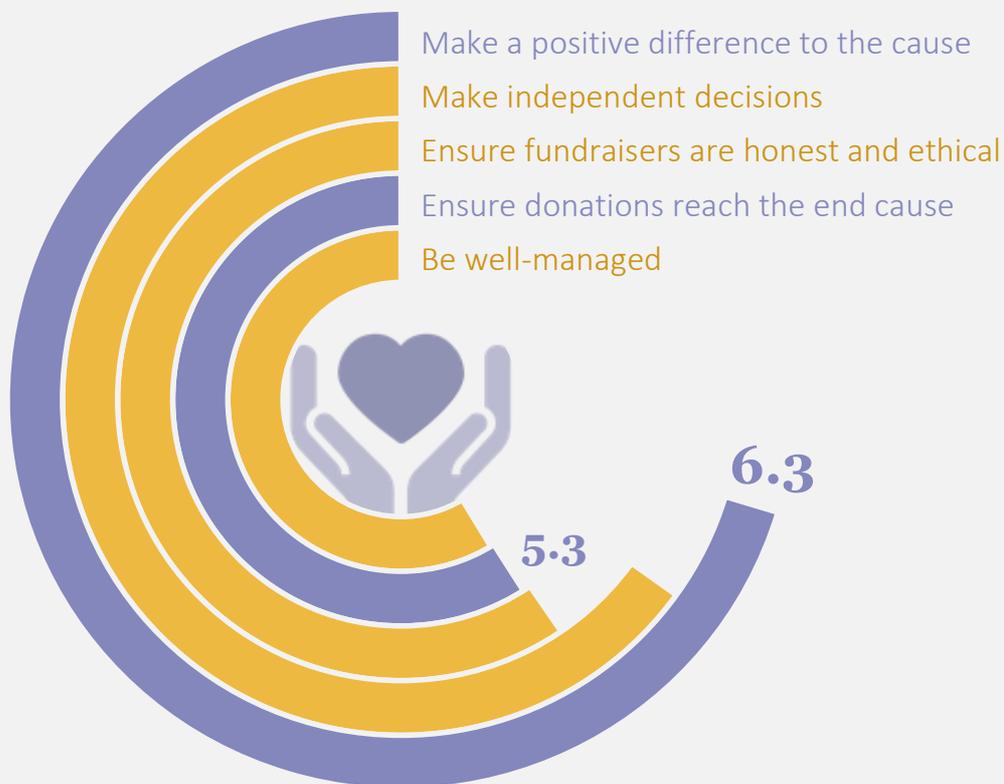
The factors which make charities trusted

The public make clear that transparency about the **distribution of funds** and the **end impact** that donations have **is critical** to their trust in charities...



...charities are **most trusted** to make a positive difference but are **less trusted** to ensure that a reasonable proportion of donations reach the intended beneficiaries:

How much would you trust charities to... (/10)



The factors which make charities trusted

Thinking of charities you know about, how important is each of the following in deciding whether you trust them? Please use a scale of 0-10. Mean scores.



“I think more charities need to have transparency and clarity about how that money is spent.”

— Focus group participant

The public consider it very important that charities are **transparent about where money goes**, that they are **true to their values**, that they **use resources efficiently**, that they are **well-managed**, and that they **demonstrate positive difference**.

Whether or not a charity is **entirely run by volunteers** is comparably less important to the public.

The factors which make charities trusted

In the past two years, has your trust and confidence in charities...



Why has your trust and confidence *decreased*?

When the public suspect that charities are not **showing good financial stewardship**, **living their values**, and **having a demonstrable impact**, their trust decreases.

Those who say that their trust has decreased most commonly cite news stories relating to charities in recent months. For the public, **recent news stories have shown charities exemplifying the opposite of the characteristics** they want charities to display.

62%



Self-reported reason #1:
Recent media stories about a charity / charities

More generally, there is a suspicion that a great proportion of donations do not reach the beneficiaries they are supposed to reach. This is reinforced when impropriety by charities comes to light and is widely reported on.

In order to increase trust, individual charities must persuade the public wherever possible that **a reasonable proportion of donations reach beneficiaries** and that those donations have a **demonstrable impact on those in need**.

60%



Self-reported reason #2:
Too much money spent on advertising / wages / admin

“We don’t get told where our money goes and how it gets there, or what percentage.”
— Focus group participant

The factors which make charities trusted: a controlled experiment

Method: We randomly split our 2,059 person sample into four nationally representative groups. Each group was given a slightly different version of the same poster from the same fictional charity, asking for donations. We then asked respondents two things: 1) how much they trusted the charity shown and 2) how likely they would be to donate to it. The results are shown below.

1. The fundraising statement

St Annabel's Hospice
Supporting patients in need

We need your donation to keep caring for people in your community.

Please donate or volunteer now at www.stannabelshospice.org/support

38% trust it (giving a score of 7-10)

25% likely to donate (7-10)

2. The regulator watermark

St Annabel's Hospice
Supporting patients in need

Registered and regulated by the Charity Commission

CHARITY COMMISSION FOR ENGLAND AND WALES

Please donate or volunteer now at www.stannabelshospice.org/support

49% trust

25% likely to donate

3. The impact statement

St Annabel's Hospice
Supporting patients in need

We give chronically and **terminally ill patients** the **care they need**. Last year, our nurses and care workers helped **712** patients at home and **346** patients in our care wards

Please donate or volunteer now at www.stannabelshospice.org/support

53% trust

28% likely to donate

4. The distribution of funds

St Annabel's Hospice
Supporting patients in need

Where your money goes

- 10%** Fundraising and marketing
Raising the funds we need
- 15%** Administration and wages
Ensuring we are professionally run and meet care standards
- 75%** Patient support and care
Giving direct care and support to patients

Please donate or volunteer now at www.stannabelshospice.org/support

62% trust

38% likely to donate

Results: Public trust increases with an inclusion of the Charity Commission's role as regulator (2), a statement demonstrating the specific impact the charity has on beneficiaries (3), or an illustration of the distribution of funds (4) (which, in this example, shows 75% of donations going directly towards 'patient support and care'). The distribution of funds is especially effective in eliciting donations.

Trust matters to donation behaviour

In the past two years, has your trust and confidence in charities...



You said your trust and confidence in charities has increased. How, if at all, has this affected your interaction with charities?



52% of those whose trust has increased say they donate to charities **more** as a consequence

You said your trust and confidence in charities has decreased. How, if at all, has this affected your interaction with charities?

41% of those whose trust has decreased say they donate to charities **less** as a consequence



A significant portion of those who report changing levels of trust say that this is **impacting the amount they donate** to charities.

In addition, a third (32%) of those who say their trust has decreased say they do more research now before deciding to support a charity.

"I'm very hesitant about the big CEO pay packets."

"I stopped giving to Oxfam for that reason."

— Focus group participants

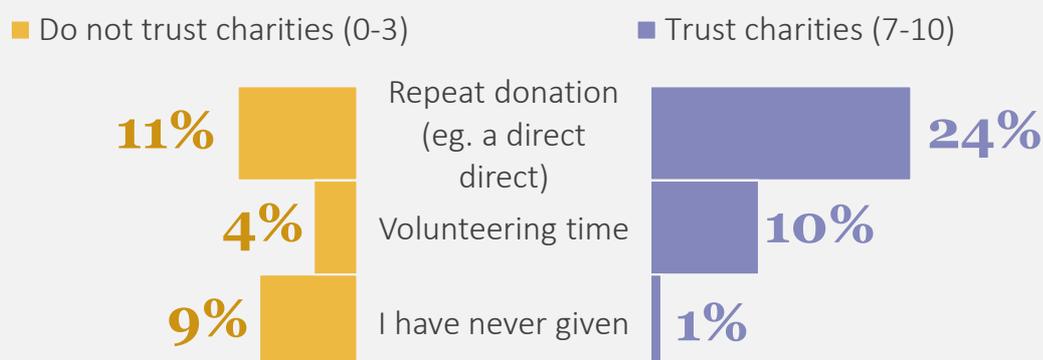
Trust matters to donation behaviour

Please think about *the very last time you gave to charity*. What form did that take?



Those who do trust charities are far more likely to have recently made repeat donations to a charity than those who do not (24% vs 11%).

Those who do not trust charities are more likely to have never given to charities (9% vs 1%).



"I cancelled a direct debit because I reckon they'd got my data."

— Focus group participant

Top reasons for donating to charities

48%



I believe in the cause that the charity supports

35%



The charity makes a positive difference

27%

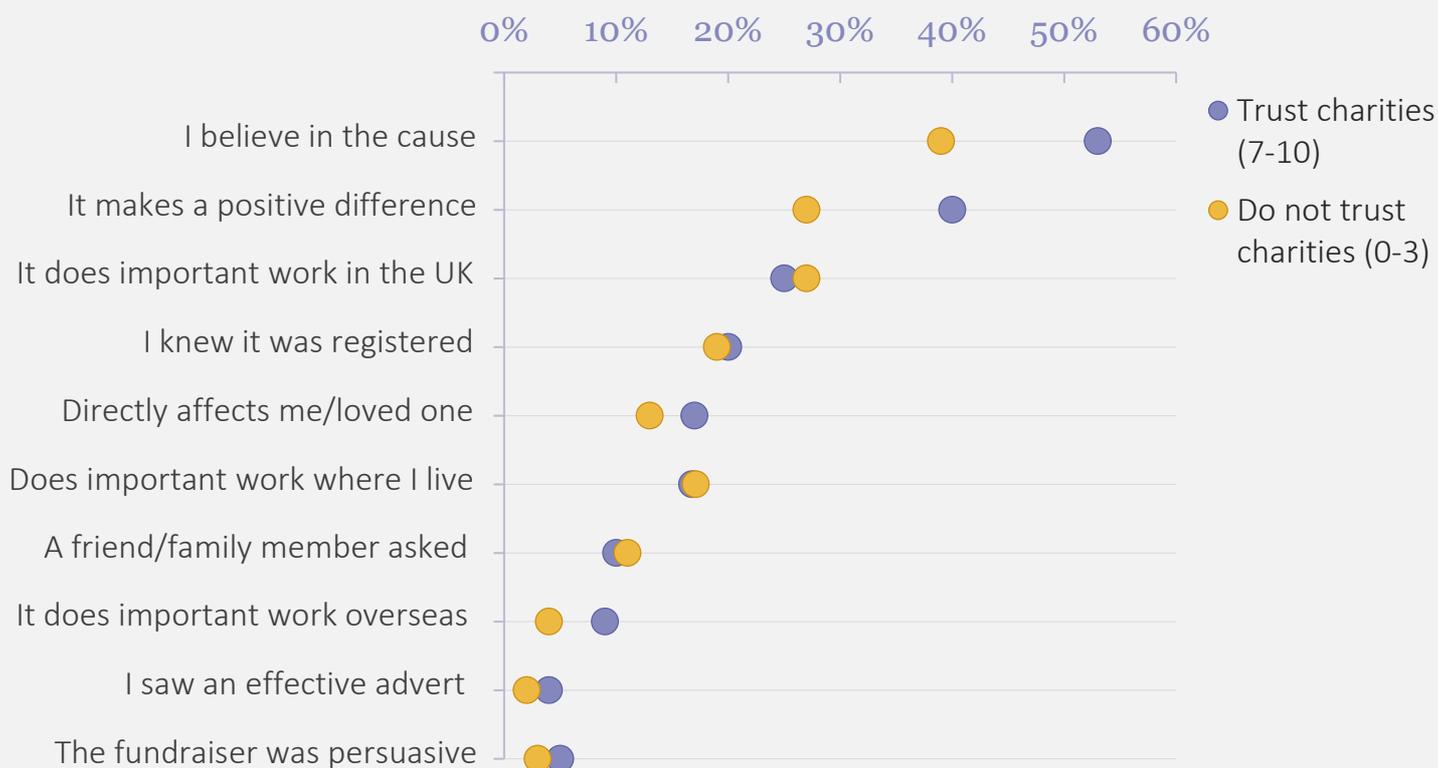


It does important work in the UK

Respondents said they chose to donate because they **believed in the cause**, knew the charity made a **positive difference**, and that the work was **UK-focussed**.

Reasons for donating vary greatly by levels of trust. Those who trust charities are far more likely to cite 'believing in the cause' and 'making a positive difference' as reasons for donating.

Thinking again about your latest donation to charity, *why did you choose to give to the specific charity you did – rather than a different cause?*



"I have to give to an organisation that can actually do something about it, rather than faffing around with the money."

— Focus group participant

The critical role of regulation

The public believe that the Charity Commission has a highly important role to play in helping to uphold public trust and confidence in the charity sector.



The vast majority (83%) of the public consider the Charity Commission's role either 'essential' or 'very important'

"It's comforting that there's someone watching over them. You never really know what's going on."

— Focus group participant

The proportion who say they trust charities **more** knowing that they are regulated far outweighs the proportion who say this makes them trust charities **less**

I trust charities **more** knowing they are regulated



I trust charities **less** knowing they are regulated

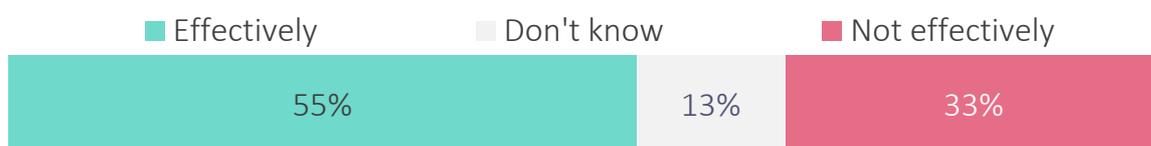


The public tend to think regulation is effective

Most of the public (55%) think that charities are regulated effectively in England and Wales, though a significant minority disagree (33%).

The proposition of a **small levy** on charities to fund regulation would have a **net positive effect**, according to the public, on the extent to which they support charities. Most (75%), however, say it would make no difference to their behaviour at all.

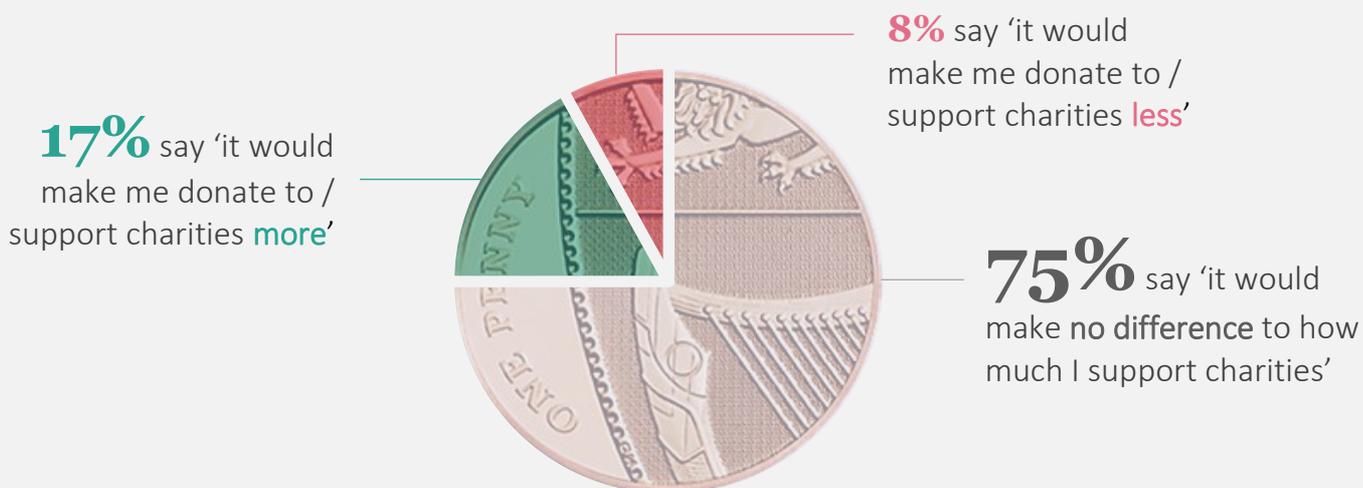
Overall, how effectively do you think charities are regulated in England and Wales?



Charities are regulated and controlled to ensure they are working for the public benefit

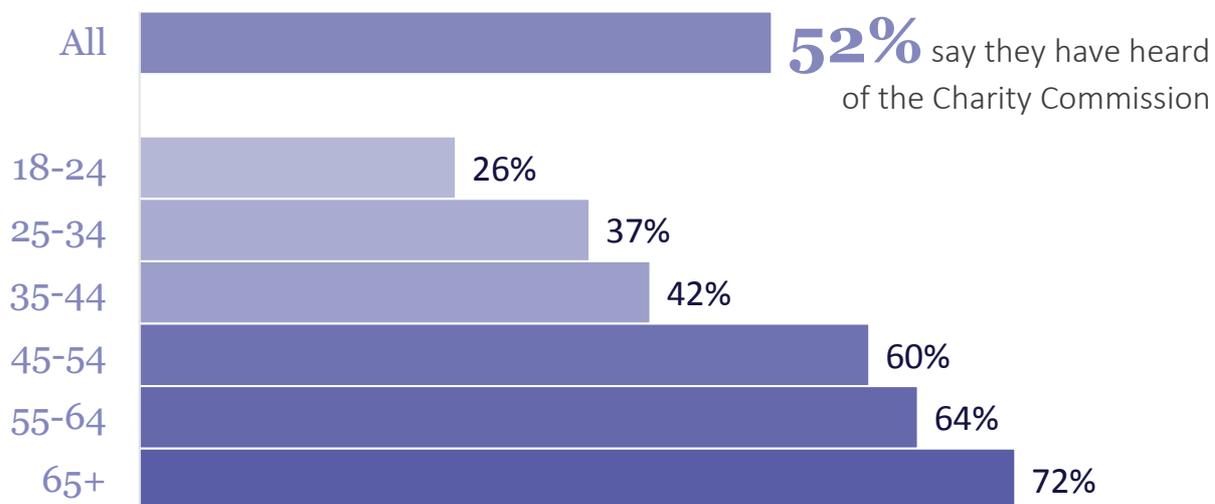


If you were told that *a small fraction of your donation (less than 1p in £10)* would be paid to the Charity Commission to help it regulate charities, how, if it all, would you respond?



Knowledge of the Charity Commission

Claimed awareness of the Charity Commission increases dramatically with age:



Mean trust and confidence in charities /10, by awareness and knowledge of the Charity Commission

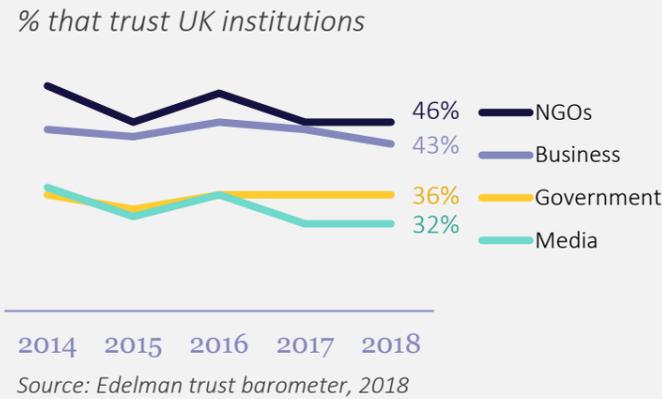


What does other research say about trust in charities?

Our work is always informed by existing research conducted by us and others. Here is a selection of highly relevant research published by other organisations in the past twelve months.



- Edelman’s trust barometer for 2018 shows **low levels of trust for many institutions** in the UK, and that “distrust in government is now the default”.
- Similar to Populus’ research, Edelman finds that trust in **NGOs** in the UK, while slightly lower than four years ago, is **still higher** than for many other institutions.



- nfpSynergy’s research findings echo this. At the end of 2017, they found that charities were the **5th most trusted public institution** by Brits, behind only the NHS, Armed Forces, police and schools.
- Populus research demonstrates why trust matters to charities. nfpSynergy research also suggests a connection; it found in 2017 that **charity supporters had higher levels of trust** than those who do not trust charities.
- Most recently in April 2018, nfpSynergy has written about the need for a ‘multi-party, multi-faceted effort’ to increase trust, as well as the limitations of interpreting headline trust scores in isolation from other evidence.



- David Hart and Andrew Robson of Northumbria University found in their 2017 ‘Charity Begins at Home’ research that **local charities are trusted more** than international ones. **National identity and EU referendum voting behaviour** are highly influential in determining the extent to which a respondent trusted local or overseas causes.
- Populus also found that those who distrust charities are less likely than those who trust them to cite good work overseas as a reason for supporting charities.



- The NPC’s ‘State of the Sector’ research among 400 charity leaders stressed, among other things, the need for charities to **adopt a focus on ‘achieving the greatest impact’**.

- Populus research suggests that **clearly communicating such an impact-based approach** would play well with the public and increase both trust and likelihood to donate.



- In late 2017, Humankind Research conducted focus groups among Daily Mail readers (“exposed to anti-international development charity rhetoric more than many others.”)
- They found **three main concerns**: 1) “why are charity CEO’s paid so much?”, 2) “where is my money going?”, and 3) “what difference is my cash making?”

- Populus’ poll and focus groups for the Charity Commission show that these concerns are apparent on a national scale. Communicating **reasonable distribution of funds** has the potential to dramatically increase trust and likelihood to donate.



- This report focusses on England and Wales but 2018 research by the **Scottish Charity Regulator among Scottish respondents** presents a similar picture regarding trust and confidence.

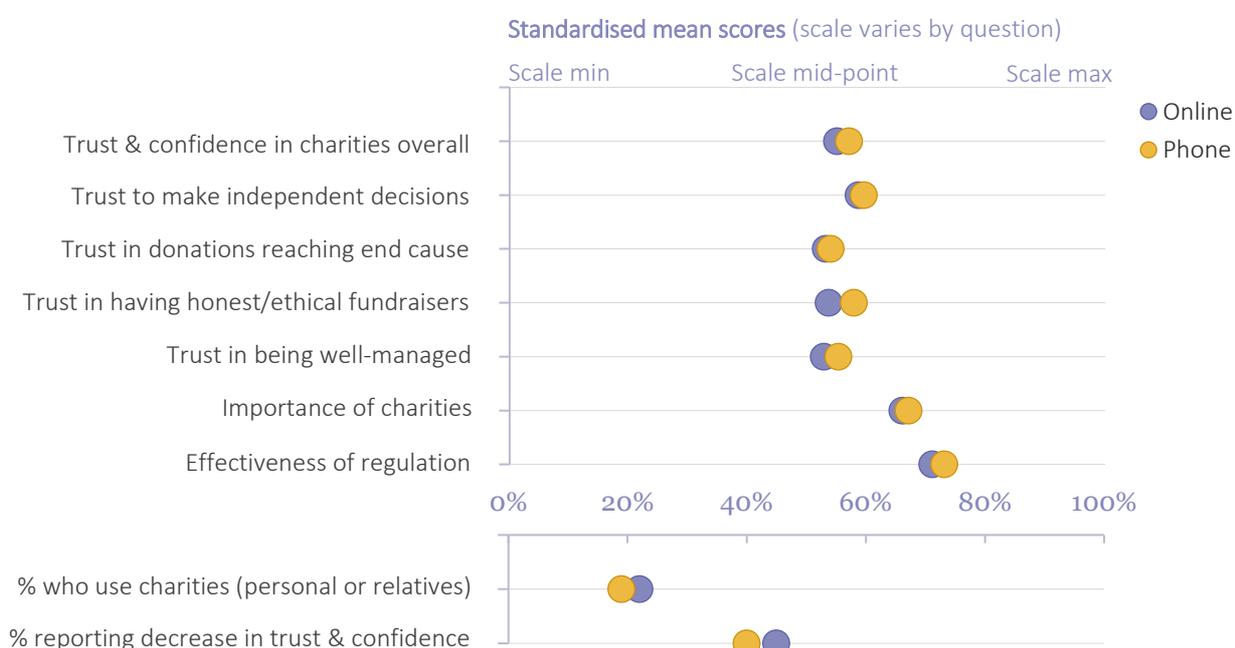
- As in our research, the OSCR finds that **trust can be increased** when charities demonstrate impact, show where donation money goes, and when respondents know that charities are independently regulated.

Our methodology

Quantitative

Populus conducted a demographically representative online survey of 2,059 adults in England and Wales, from 22-25 February 2018.

In previous years, the survey has been conducted using a telephone methodology (Computer Assisted Telephone Interview, or CATI, using a mix of mobiles and landlines). In order to transition from this to an online survey, Populus conducted a shorter, concurrent telephone survey on the same weekend using exactly the same methodology as in previous years, in order to quantify the modal differences between the two methodologies. A summary of those minor differences is shown below for the key questions asked across both methodologies.



In the interests of space and concision, some question wordings or answer options have been abbreviated in the report. Consult the full data tables for full wordings.

Qualitative

In addition to the quantitative surveys, Populus also conducted four focus groups to inform the research and investigate the attitudes of the public towards charities.

Each group consisted of around ten participants, lasted around 90 minutes, and followed an open-ended discussion guide developed with the Charity Commission.

Two focus groups were conducted in London, and two in Chester (one with only Welsh participants and one with only English). In London, one group comprised those who were positive towards charities, and the other those who were more negative towards them. All four groups contained a range of ages, genders, and ethnicities.

About Populus

Populus is a leading research and strategy consultancy and is a trusted adviser to some of the UK's best-known companies, public bodies and brands. We use polling, research, evidence and expertise to provide clients with the critical knowledge they need to succeed.

About the Charity Commission

The Charity Commission for England and Wales registers and regulates charities to ensure that the public can support charities with confidence. It is an independent, non-ministerial government department accountable to Parliament.

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