



## Public Trust and Confidence Survey

# Initial Analysis by the Charity Commission

The Commission welcomes the outcomes of the third survey of Public Trust and Confidence in charities. During these economically uncertain times, which have seen charities' income come under increasing pressure while demand for their services has increased<sup>1</sup>, it is heartening to note that overall public trust remains high. This is a testament to charities' ability to continue to inspire public support through the work they do with their beneficiaries on a day-to-day basis.

This level of support could prove vital to the survival of some charities – as public sector expenditure is set to decline significantly over coming years, it is likely that charities will come to rely even more heavily on the generosity of the public. For this reason, it is encouraging that, while overall trust and confidence has held up since 2008 the number of people rating their levels of trust as 'very high' (a score of 8-10) has increased from 36% to 41%.

The Commission takes note of the significant shift in factors determining public trust and confidence since 2008. Ensuring that a reasonable proportion of a charity's income reaches the end cause is now the most important factor influencing public trust, ahead of a charity's ability to make a positive difference to the cause it works for (the most important factor in the 2008 survey).

The Commission believes it is likely that the public are becoming more discerning about how charities use their donations. This emphasis on sound financial management may be a consequence of the wider economic climate, which has required all sectors of the economy, and many individual households, to cut costs and reassess priorities. It is therefore crucial that charities are able to account publicly for their spending decisions. The Commission's online register of charities now allows the public quick and easy access to information about a charity's income and expenditure. Charities spending a large proportion of their income on fundraising or to cover overheads will need to be able to explain why that is justified.

The Commission, meanwhile, continues to have a role in helping the public understand that very few charities are in a position to spend the entirety of their income on their beneficiaries.

The impact of the recession on public trust and confidence is further highlighted by the greater value the public now places on honest and ethical fundraising. While the activities of charity fundraisers are self-regulated, the Commission has a role in making the sector aware of increasing public expectations in this area.

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1 Charity Commission Economic Survey of Charities, March 2010 (p.3)

We are heartened by the high level of public awareness of the Charity Commission as an organisation and the overwhelming public support for our role. It is also encouraging that awareness of the Charity Commission is associated with significantly higher trust in charities. The particular reassurance the public feels about the requirement for charities to prepare accounts corresponds with other findings underlining the increasing importance of beneficiary-focused expenditure. This finding emphasises the importance for registered charities of submitting their annual accounts to us within the deadline, avoiding a literal 'red mark' against their name appearing on the Commission's online register.

We also note the very high level of public support for key elements of the charity law reporting and accounting framework, including charities demonstrating how they benefit the public, reporting on what they achieve and providing the public with information on how they spend their money. We believe that charities must be transparent and accountable if public confidence is to be maintained and this offers a strong public mandate for our work in this area.

The strong – and growing – correlation between individual experience of charities and high levels of trust and confidence in the sector generally is extremely encouraging. It demonstrates that charities continue to have a hugely positive impact on the lives of people they work with.

This survey reveals that people are often unaware of being beneficiaries of a charity. The Commission certainly has a role in communicating the size and diversity of the sector. However, the data suggests that making people more aware of the situations in which they benefit from charities – when visiting an art gallery or using a village hall, for instance – could serve to increase overall trust and confidence; here charities and the umbrella bodies representing them have an important role to play. The Commission urges those working in sectors less readily associated with charitable activity, such as the arts and heritage, to consider how they can increase user awareness of their charitable status.

The ability of charities to make independent decisions to further their cause is closely associated with overall trust. This is relevant for charities engaged in delivering public services. The Commission is aware that some charities can risk compromising their independence in order to meet the requirements of commissioning authorities. Even the perception of this is likely to be damaging. This finding on independence also, perhaps, underlines the need for charities to maintain strict political impartiality in carrying out their role.

The survey confirms that negative media reports are a factor likely to reduce public trust and confidence in the sector. Negative coverage about a charity clearly will not always involve regulatory issues. Nevertheless, this finding could be argued to present the Commission with a dilemma, in that a key element of our role is to investigate and tackle cases of misconduct, mismanagement or illegal activity by charities. The Commission takes its responsibility to communicate this work in an open and transparent way very seriously, and we make reports of all our Statutory Inquiries into charities public. The Commission, however, also has a statutory duty to increase public trust and confidence in charities. This data suggests there may be risks associated with media reporting of our investigatory work. This will not change our commitment to publishing the reports of our investigatory work but we will do more to place this in the context of the work we do to promote good governance and improve charities' effectiveness and overall charity compliance.

The findings suggest that, overall, people do not have an innate preference for charities delivering public services. The high public confidence in charities' ability to deliver services with a caring approach is to be welcomed, as is their confidence in charities' ability to provide information and advice. It is noticeable, however, that people are less likely to think that charities are best at delivering services professionally and efficiently as compared to the public and private sectors. The Commission believes this may well be linked to the finding, touched upon above, that people are not always conscious of being beneficiaries or users of charities – or the extent to which charities are already involved in public service delivery. It would be interesting to explore this area further, and to establish to what extent people's association of charities with a less professional service is to be viewed with concern. Given that people may not always be aware when services are provided by a charity, this finding may simply reflect public expectations that charities' limited funds and their focus on their beneficiaries means they are less able to provide a professional service. Certainly the data in this report prompts further questions about public attitudes towards charities as service providers.

It is interesting to see noticeable differences in levels of public trust and confidence between age groups, with people over 65 less likely to say they have trust in charities and to be more concerned about fundraising methods than younger people aged 18-44. Charities – and the Commission – should therefore pay closer attention to communicating effectively with the increasing number of older people in order to help reassure them about financial management and effectiveness in the sector.

In conclusion, this report provides welcome evidence that trust in charities remains high. The Commission will work with the sector to understand and address the issues raised by the survey and we hope that charities will use the report's findings to help them in turn to maintain high levels of public trust and confidence in future.