

UK Charities Report 2025

Helping to understand the current outlook
and issues for UK charities



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About Kreston Global

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An overwhelming majority of charities are experiencing pressures on income streams.

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Introduction

With the 2025 Spring Statement bringing welfare reforms and increases to the National Minimum Wage and Employer National Insurance, many charities are uncertain about their financial outlook for 2025.

These recent changes have created further challenges in the aftermath of the Covid-19 pandemic and the cost-of-living crisis, increasing the demand for many charities' services at the same time as increasing their outgoings. As a result, many are experiencing pressures on their income streams, as well as facing other rising operational costs, including energy and insurance prices.

This survey was extended to clients of the Kreston UK Charity Group, which works with more than 2,000 charities of various sizes offering a range of services across the UK.

Understanding and considering the experiences of a wide range of charities can provide important guidance so that the sector can adapt and grow, helping to deliver the best outcome for the country and its people.

This report explores the financial outlook of the third sector, the challenges and risks being faced, and attitudes surrounding key topics such as diversity, recruitment, digitisation and sustainability.



Top ten findings

- 1** The majority of charities (80%) are experiencing pressures on their income streams
- 2** Most charities (63%) are exploring options to diversify their income streams
- 3** 92% of charities have seen wages increase during the last 12 months, 61% have seen energy prices increase and 69% have seen insurance prices increase
- 4** Almost half (44%) of charities are finding it hard to recruit and retain employees
- 5** Increasing salaries is the most common incentive that charities have used to attract / retain employees in the last 12 months
- 6** Where applicable, most charities (49%) are not focusing more on ESG sustainability in 2025
- 7** Legal, IT and HR are the skills that charities are most likely to be missing amongst their trustees
- 8** Charities see reduced funding as the biggest emerging risk in 2025
- 9** Most charities (81%) feel that the new Labour government will have a negative impact on their charity
- 10** The majority of charities (85%) believe they have the capacity to deliver their required services in 2025

Executive summary

In line with the uncertain economic times, this report shows that charities are uncertain about their economic outlooks for 2025 - with 41% having a neutral outlook, 32% having a negative outlook and 27% having a positive outlook.

One element contributing towards this uncertainty is the rising costs that many charities have experienced over the last 12 months. The cost of living and inflation continue to present challenges, with costs increasing for outgoings such as wages, energy and insurance.

The majority of charities (80%) are also experiencing pressures on their income streams, leading to 63% saying that they're currently exploring options to diversify these. This includes growing major donors, grants, trusts and foundations, legacies and corporate giving.

As is to be expected, recruiting and retaining staff presents a significant challenge for the charity sector. Almost half (44%) are finding it hard to recruit and retain employees, leading to many adopting incentives to attract and keep talented people - including increasing salaries and offering more flexible hours and remote/hybrid working.

Perhaps one of the reasons why people are reluctant to start or stay working in the charity sector is the risks associated with it. The charities surveyed mainly review/update their risk registers at every board meeting, suggesting that those at board level are acutely aware of the risks the sector is facing. This year, reduced funding is seen as the biggest emerging risk, followed by increased demand, staffing pressure and new rules/regulations.

On the other hand, the same recruitment issues can't be seen for trustees, as more than half of charities (54%) said they're not struggling to recruit or retain people in these roles. Despite this, most charities are still experiencing skills shortages amongst their trustees, with 90% having at least one area where they lack skills - including legal, IT and HR.

Executive summary

Just 15% of charities in our survey were subjected to a cyber attack in the last year, but most of these were stopped by anti-virus software, suggesting that most charities are well equipped to deal with this risk.

Surprisingly, it seems that many charities are also losing trust in the Labour government, with 81% feeling that the new government will have a negative impact on their charity. This sentiment has changed drastically since last year, when 59% of charities believed that Labour would have the greatest positive impact if they came into power - which they did. One reason for this could be that, so far, engagement with the charitable sector has been very low on the Government's agenda. It should also be noted that charities will have been impacted, directly or indirectly, by the increases in Minimum Wage and Employers' National Insurance Contributions.

It's also interesting to see that, where applicable, most charities are not focusing more on ESG sustainability in 2025 - despite this being very high on the agenda for consumers. As so many charities are struggling with pressures on income, costs and service user demand, it could be the case that they simply don't have the capacity to prioritise ESG.

With all the challenges the sector is currently facing, it is positive to see that the majority of charities (85%) still believe they have the capacity to deliver their required services in 2025 - but it remains to be seen whether this will continue once the full effects of recent Government changes are felt.



Section one

Financial position

In brief

Our research shows that charities have mixed reviews about their financial outlook for 2025 - with 41% having a neutral outlook, 32% having a negative outlook and 27% having a positive outlook.

This may come as a surprise, considering that the majority of charities (80%) are experiencing pressures on their income streams, leading to more than half (63%) exploring options to diversify. And of the 37% that aren't currently diversifying income streams, 25% are open to doing so in the future.

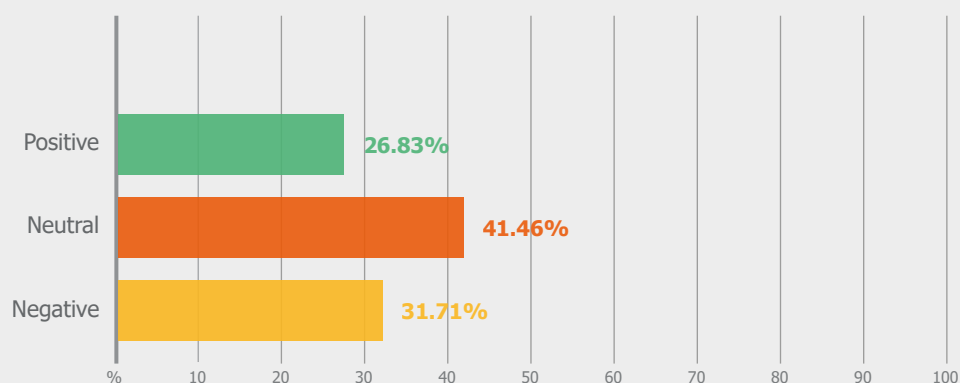
Despite this, the majority of charities (85%) still believe they have the capacity to deliver their required services in 2025, demonstrating the resilience of the sector.

Section one

Financial position

1.1 Nearly half (41%) of charities have a neutral financial outlook for 2025, with 32% having a negative outlook and just 27% positive.

What is the financial outlook for your charity?



Mike Bath, Partner at James Cowper Kreston, says: "The headwinds in terms of financial outlook are clear - the cost of employment is expected to rise as a result of both National Minimum Wage increases and rises in Employer National Insurance, both of which are highly inflationary.

Proposed restrictions in disability-related benefits are also likely to see more people seeking support from the charitable sector, as direct payments to individuals decrease. What's more, pressures on domestic incomes are likely to have a continued impact upon individual giving, and the well-documented crisis in local government funding means that service provider contracts will be fewer and lower in value.

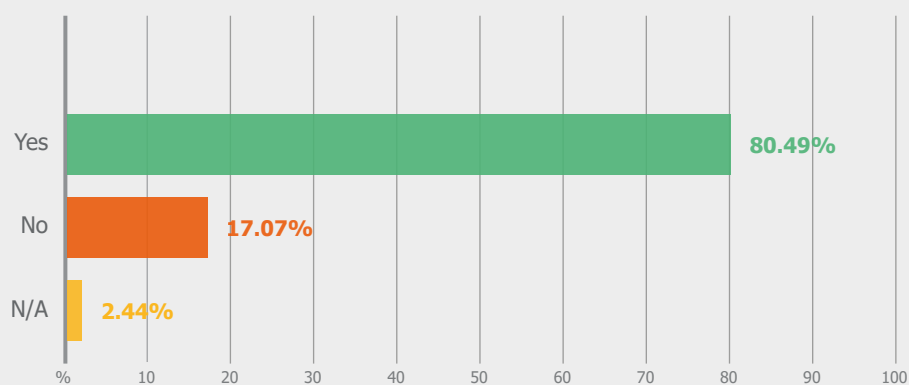
The exact timing of all of these effects is harder to judge, which may be why charities are not yet reporting negative financial outlooks."

Section one

Financial position

1.2 An overwhelming majority (80%) of charities are experiencing pressures on their income streams.

Are there pressures on your income streams?



Mike Bath, Partner at James Cowper Kreston, says: "Those charities that are not experiencing pressures on their income streams tend to be investment trusts that are wholly relying upon investment market total returns for their income."

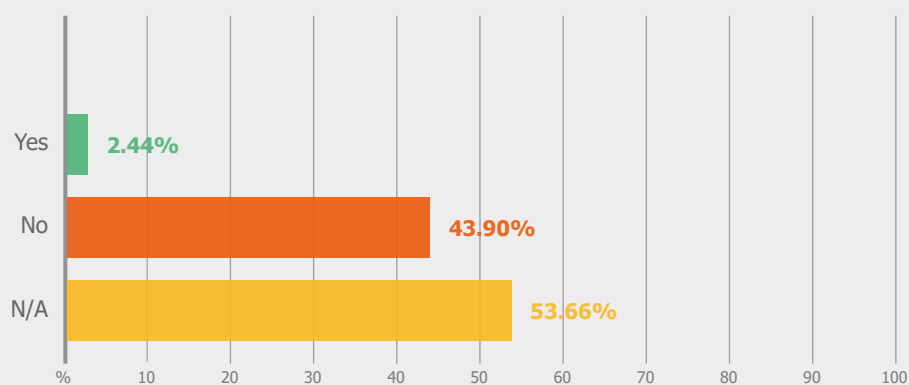
These charities are relatively immune to the pressures on resource and energy costs, and also to cost-of-living related falls in individual giving."

Section one

Financial position

1.3 Of those that receive funding from a trust/trusts, most charities have not seen a change in funding moving from restricted to unrestricted

If you receive funding from a trust/trusts, have you seen a change in funding moving from restricted to unrestricted?



Mike Bath, Partner at James Cowper Kreston, says: "There is still a reluctance on the part of many funders to fund core costs. Whilst some of this will stem from funders' own constitutions, it also suggests that others do not fully understand a charity's impact and so are unwilling to commit to anything other than very clearly-defined projects.

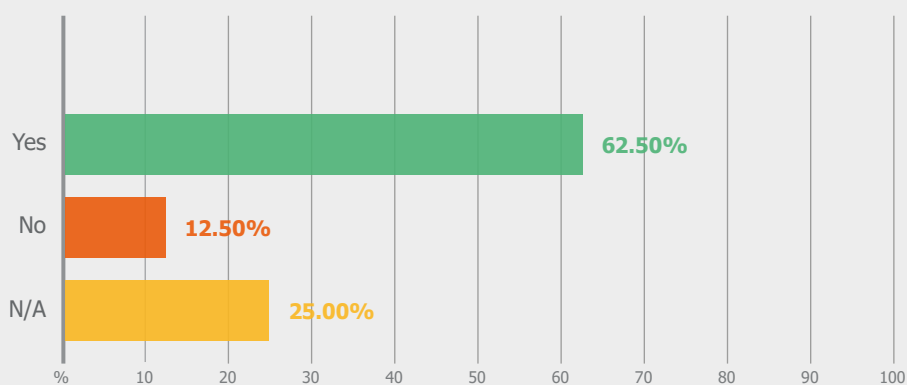
Few charities outside of the 'household names' have embraced quantitative impact reporting and this is an area that the sector could improve."

Section one

Financial position

1.4 Most charities (63%) are exploring options to diversify their income streams and, of the 37% that aren't, 25% are open to doing so in the future

Are you exploring options to diversify income streams?



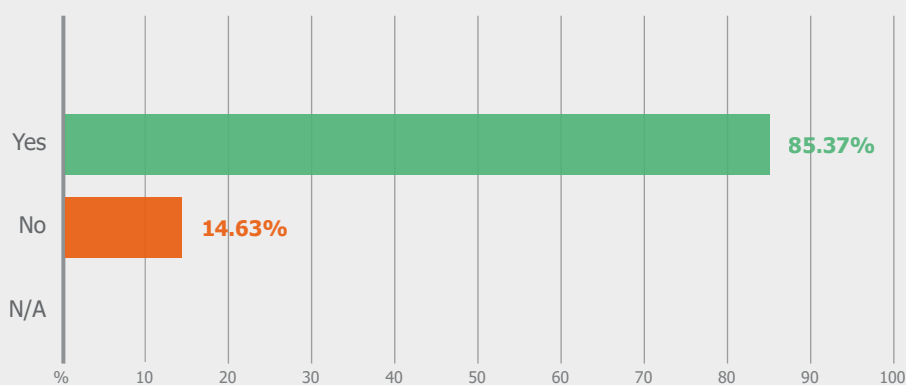
Despite the financial challenges being thrown at charities, it is reassuring to see the sector showing its resilience, with over three quarters believing they still have the capacity to deliver their required services. However, although 16% seems like a small percentage of charities that do not have the capacity to deliver their services, this figure should not be overlooked - if extrapolated across the entire charity sector, it would equate to approximately 25,000 charities.

Section one

Financial position

1.5 The majority of charities (85%) believe they have the capacity to deliver their required services in 2025

Does your charity have the capacity to deliver its required services?



Despite the financial challenges being thrown at charities, it is reassuring to see the sector showing its resilience, with over three quarters (85%) believing they still have the capacity to deliver their required services.

Section two

Regulation and processes

In brief

Having a strategic plan and strict financial processes in place, as well as ensuring compliance with regulations, helps charities to manage their finances effectively and improve their governance.

Having things such as reserve policies, cashflow forecasts and cash management strategies in place helps to ensure transparency, sending a clear message to stakeholders about how a charity's money is being managed.

Our findings show that most charities (71%) review their reserve policies annually and they mainly prepare their cashflow forecasts every year too, suggesting that many charities understand the importance of transparency.

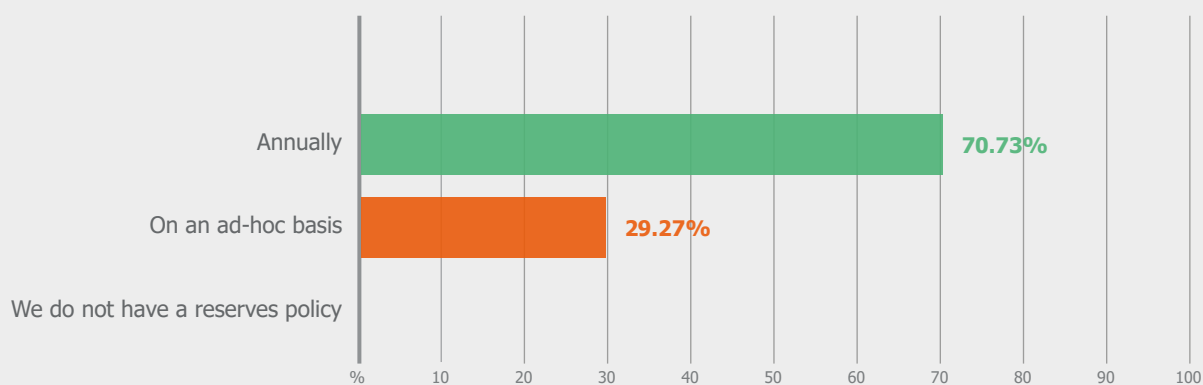
However, charities appear to be on the fence when it comes to whether there is scope to increase the thresholds for requiring external scrutiny of charity accounts - with 39% answering 'maybe', 32% answering 'yes' and 29% answering 'no'.

Section two

Regulation and processes

2.1 Almost three quarters (71%) of charities review their reserve policies annually.

How often do you review your reserve policies?



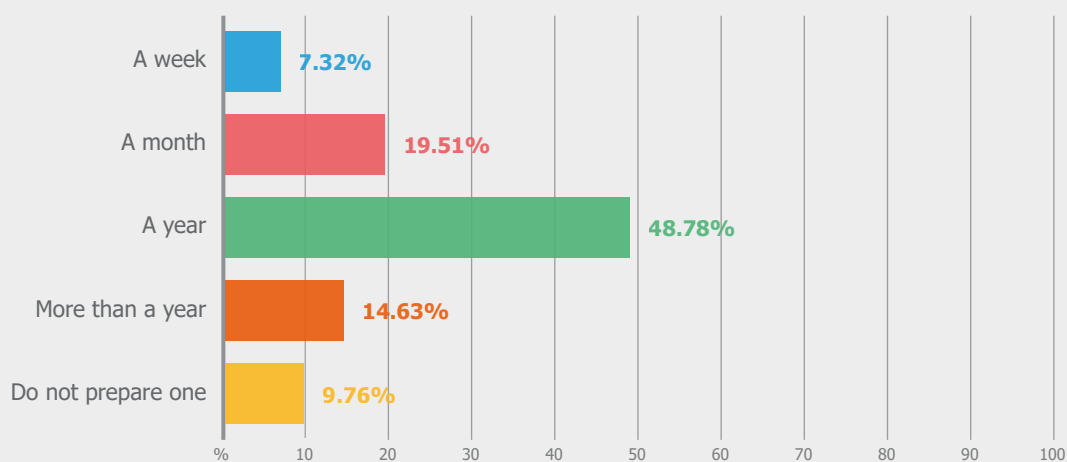
Our results show that 71% of charities review their reserve policies on an annual basis and 29% review them on an ad-hoc basis. In the uncertain economic times that charities are facing, it is promising to see there aren't any charities that don't have a reserve policy.

Section two

Regulation and processes

2.2 Charities mainly prepare their cashflow forecasts over a year.

Over what period do you prepare your cashflow forecasts?



The most popular way for charities to prepare their cashflow forecasts is over the period of a year (49%), followed by a month (19%), more than a year (15%) and a week (7%).

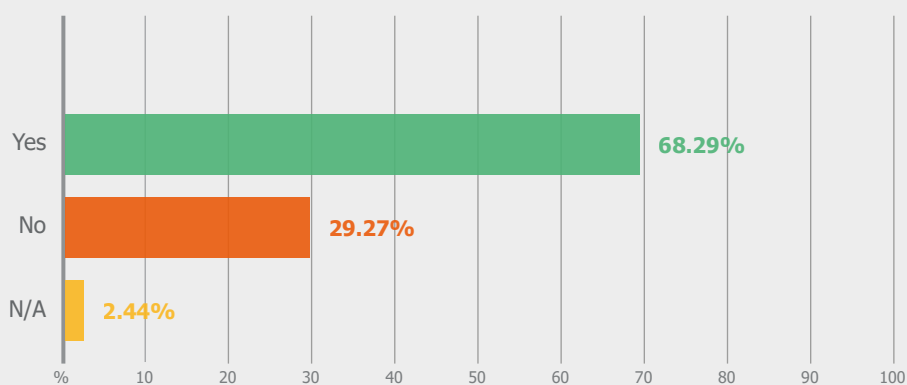
It is concerning to see that 10% of charities do not prepare a cashflow forecast, as if they experience a situation where income does not meet outgoings, they will likely be unprepared for this and be unable to adapt.

Section two

Regulation and processes

2.3 More than half (68%) of charities have a cash management strategy to maximise interest on cash deposits.

Have you got a cash management strategy to maximise interest on any cash deposits?



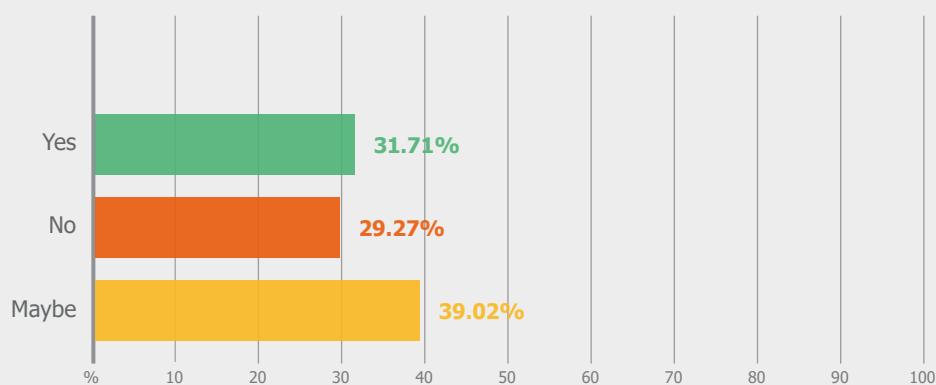
The majority of charities appear to be well versed on how to best maximise the benefits of a cash deposit, with over 68% having a cash management strategy in place. This will allow them to ensure they're getting competitive interest rates to make these donations go further - something that is vital when income streams are under pressure.

Section two

Regulation and processes

2.4 There are mixed opinions from charities on whether there is scope to increase the thresholds for requiring external scrutiny of charity accounts.

Do you feel there is scope to increase the thresholds for requiring external scrutiny (independent examination or audit) of charity accounts whilst maintaining public trust and confidence?



Niall Kingsley, Head of Charities at Duncan & Toplis, says: "The mixed opinions from charities are interesting, considering a public consultation has recently been launched regarding increasing the reporting and scrutiny thresholds for charities. The consultation closes on 12th June 2025, so time will tell if the thresholds will increase in line with inflation."

Mike Bath, Partner at James Cowper Kreston, adds: "Fewer than 10% of charities currently exceed the statutory audit threshold. Anecdotal evidence from many funders is that they are predisposed towards those beneficiary charities that produce audited accounts, so perhaps any wish for an increase in thresholds should be balanced against possible further risks to income."

Section three

Rising costs

In brief

Over the last 12 months, charities have seen costs rise across the board, with 95% having seen at least one cost increase during the year. Of those that responded, 92% of charities have seen wages increase, 61% have seen energy prices increase and 69% have seen insurance prices increase.

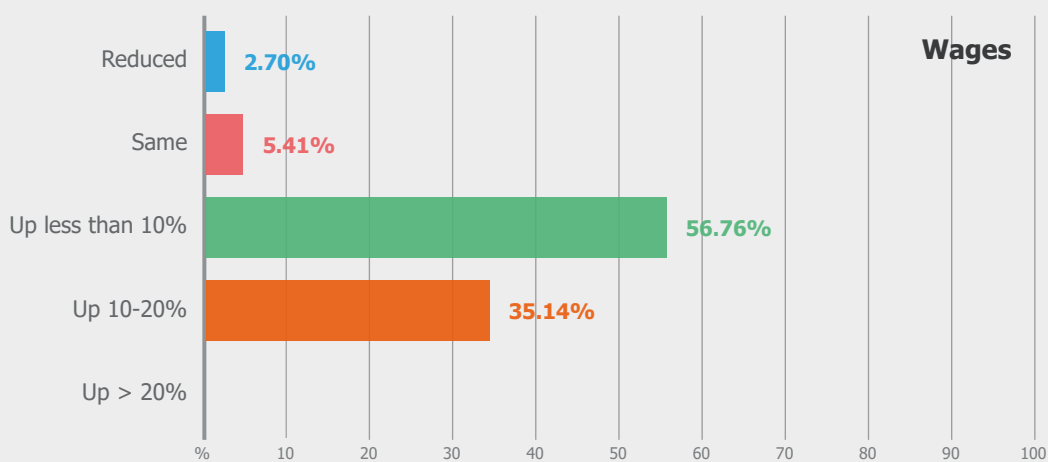
One cost charities don't seem to be struggling with is rent - of those surveyed, the majority (59%) saw rent costs stay the same. As lots of charities have been switching to more remote/hybrid working as an incentive to attract/retain staff, this is perhaps to be expected as they have less demand for office space.

Section three

Rising costs

3.1 Costs including wages, energy and insurance have increased across the board, but rent costs have mostly stayed the same.

Which costs have gone up during the year and by how much?

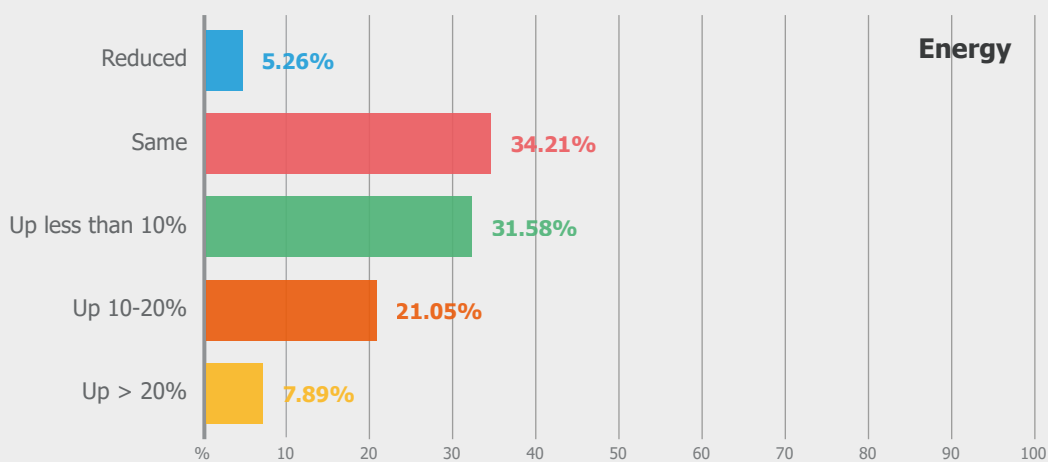


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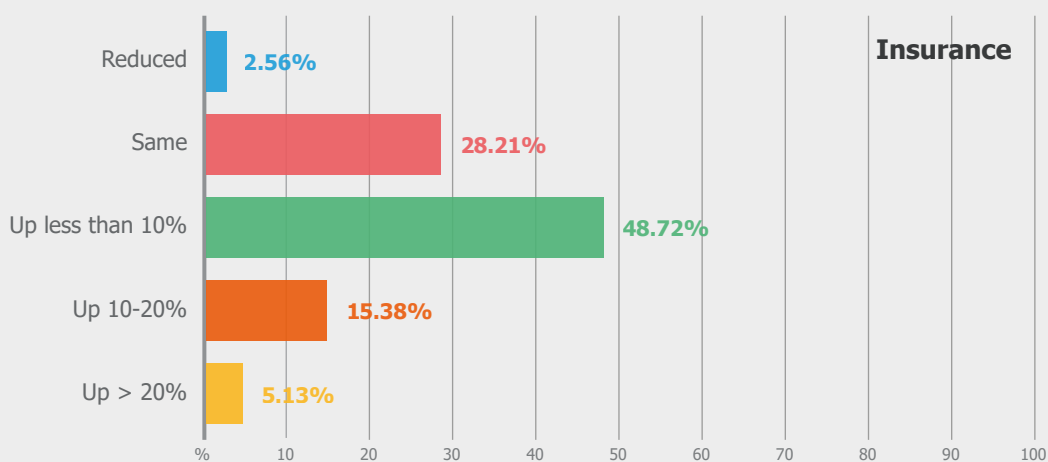


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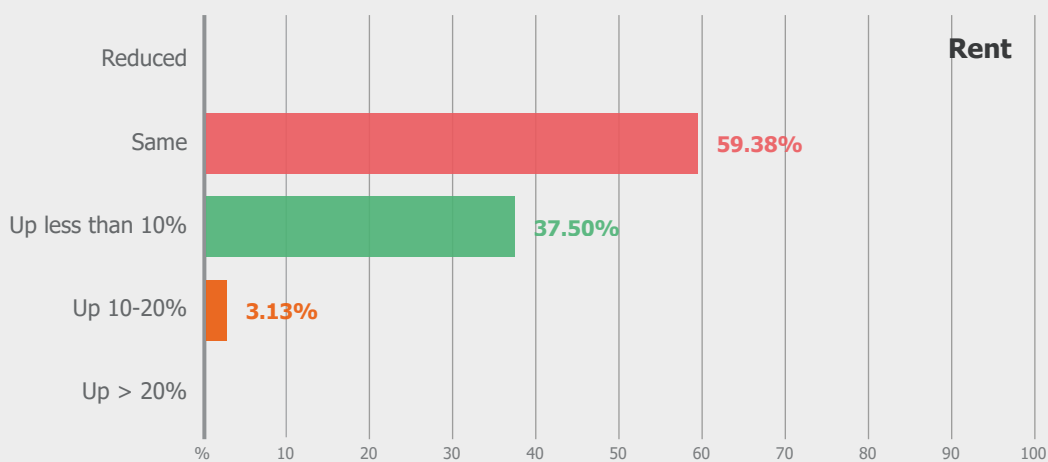


Section three

Rising costs

3.1 Costs including wages, energy and insurance have increased across the board, but rent costs have mostly stayed the same.

Which costs have gone up during the year and by how much?



92% of charities have seen wages increase in the last 12 months - 57% saw them increase by less than 10% and 35% saw them increase by 10-20%. As many charities have used increasing salaries as an incentive to attract/retain staff, it is not surprising that most charities have experienced rising costs in this area.

Of those that responded, 61% of charities have also seen energy costs rise during the last 12 months, and 69% have seen insurance costs increase. However, rent costs have mostly stayed the same, with over half (59%) stating that their rent has stayed the same over the last 12 months.

Mike Bath, Partner at James Cowper Kreston, says: "Although the results show that 92% have seen wages rise in the last 12 months, it's likely that 100% saw them rise again on April 1st when the changes to the National Minimum Wage and Employer National Insurance came in.

The Employer National Insurance cost of employing a single worker on an annual salary of £20,000 will increase by 50% as a result of the changes."

Section four

Recruitment challenges

In brief

As in previous years, recruitment and retention remains a struggle for charities, with almost half (44%) finding it hard to recruit and retain employees - but 29% feel it's no harder than it has been in recent years.

In an attempt to tackle this challenge, many charities have started to offer new incentives for employees including increasing salaries and offering more flexible hours and more remote/hybrid working.

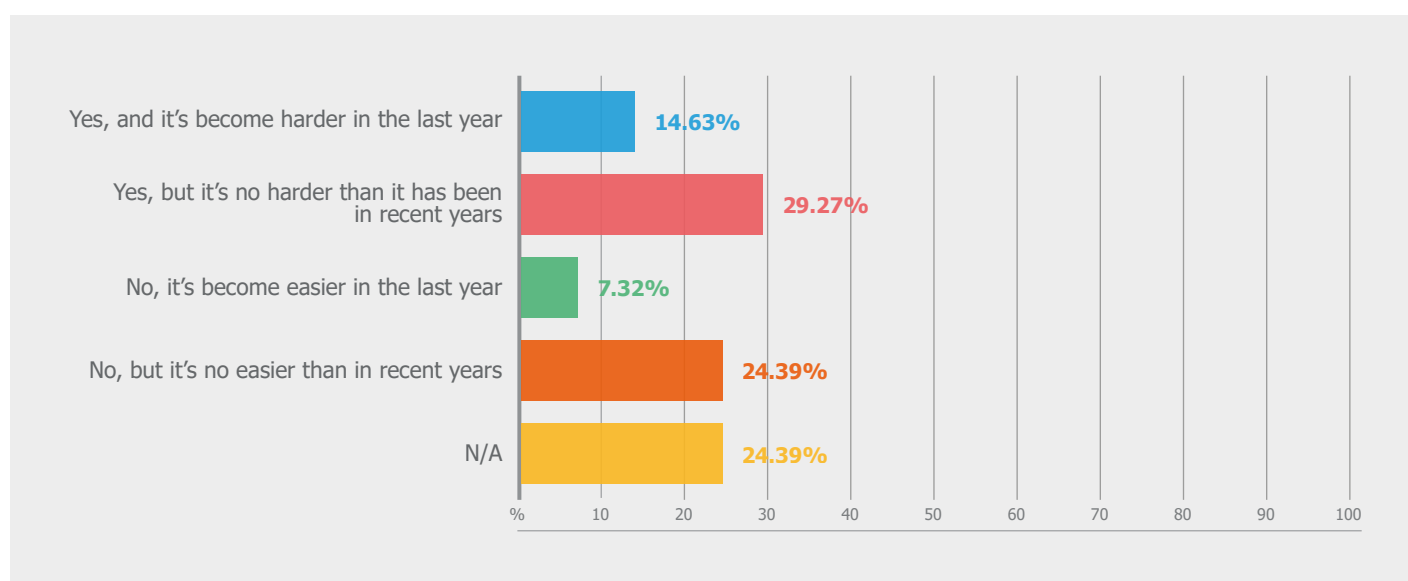
However, this struggle doesn't translate into the recruitment and retention of trustees, as more than half of charities (54%) said they're not struggling to recruit or retain trustees.

Section four

Recruitment challenges

4.1 Almost half (44%) of charities are finding it hard to recruit and retain employees, despite introducing additional incentives in the last 12 months.

Are you finding it hard to recruit and retain employees?

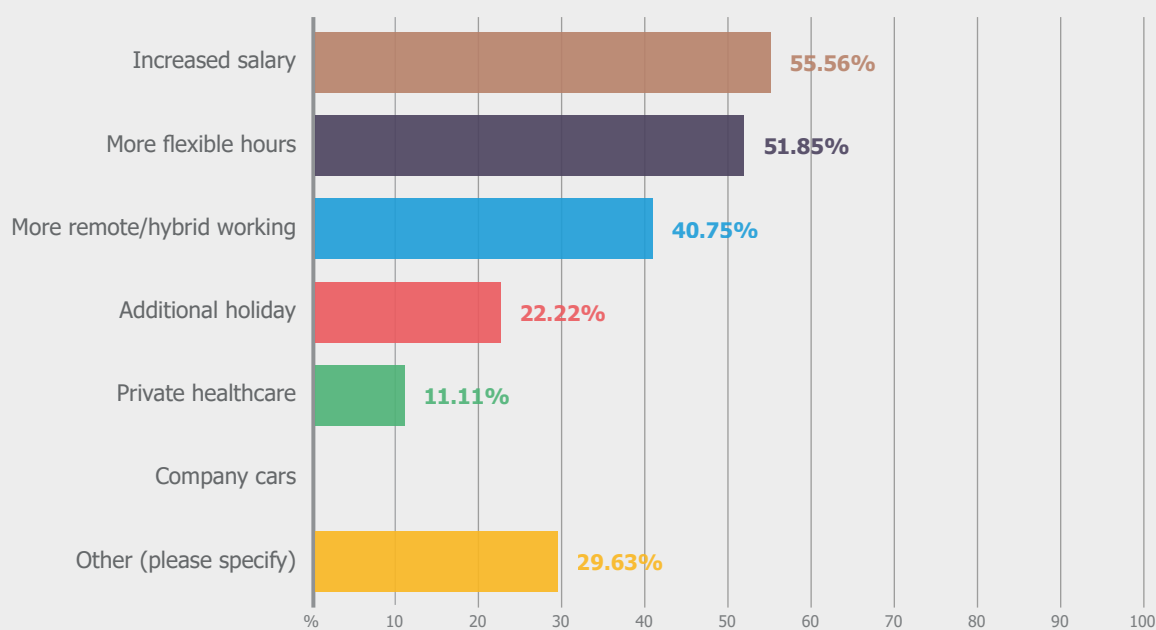


Section four

Recruitment challenges

4.1 Almost half (44%) of charities are finding it hard to recruit and retain employees, despite introducing additional incentives in the last 12 months.

What additional incentives have you added in the last 12 months to attract/retain employees?



44% of charities are finding it hard to recruit and retain employees, despite the fact that, over the last 12 months, charities have introduced a number of additional incentives for staff. But 29% feel recruitment and retention is no harder than it has been in recent years, suggesting that this challenge - although persistent - doesn't seem to be worsening.

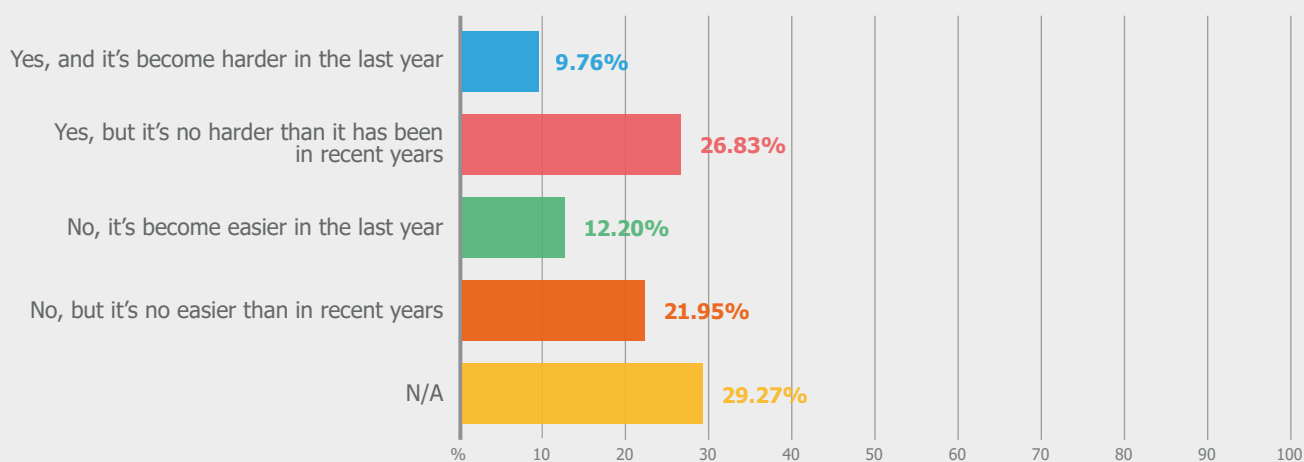
Increasing salaries is the most common incentive that charities have used (56%), followed by more flexible hours (52%) and more remote/hybrid working (41%).

Section four

Recruitment challenges

4.2 There are mixed reviews from charities regarding finding volunteers.

Are you finding it hard to find volunteers?



37% of charities are finding it hard to find volunteers, 34% are not finding it hard and 29% do not see this as being applicable. For those that are finding it hard, it appears that this isn't a new challenge as 27% stated that it is no more difficult than it has been in recent years.

Volunteers provide a vital service in the charity sector, allowing their work and services to continue without any financial impact - so it is worrying to see that there are more charities struggling to find volunteers than those that aren't.

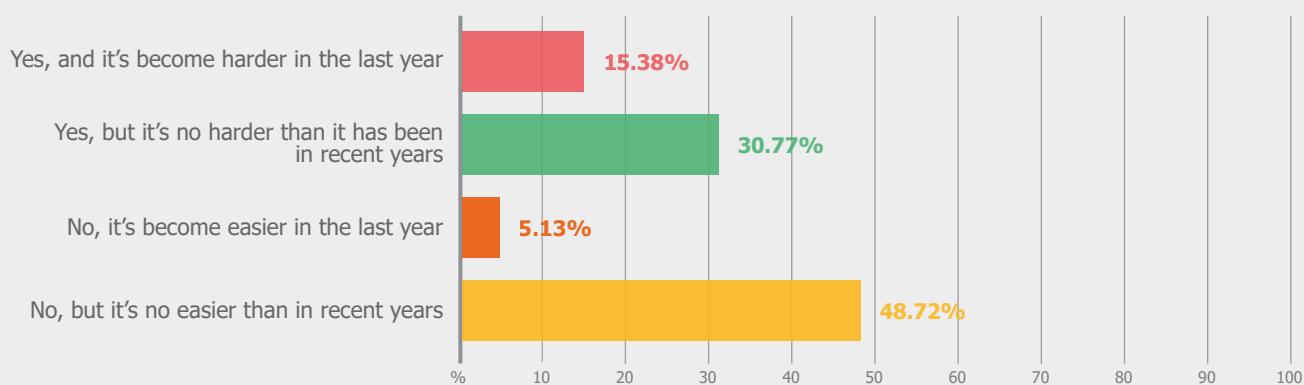
However, 29% stated that this question was not applicable, suggesting that some charities are focusing their efforts on recruiting paid staff rather than volunteers.

Section four

Recruitment challenges

4.3 Over half of charities (54%) are not struggling to recruit or retain trustees.

Are you finding it hard to recruit or retain trustees?



54% of charities are not struggling to recruit or retain trustees, but 49% believe that it is no easier than it has been in recent years.

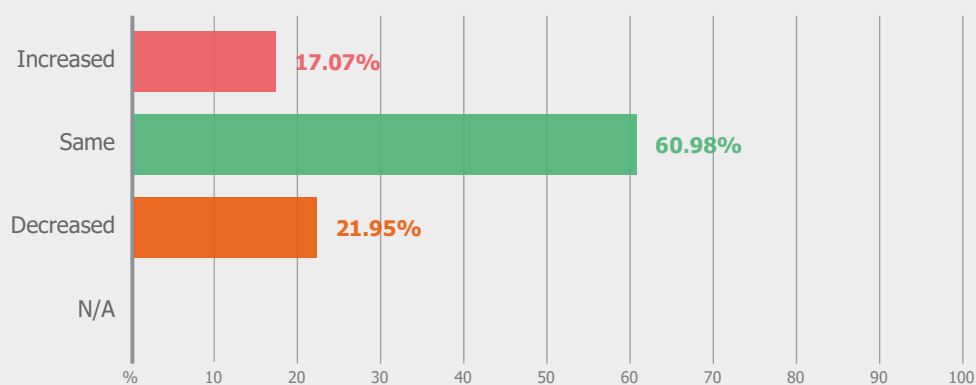
As the majority of charity trustees are unpaid, we are perhaps seeing the positive effects of retired professionals looking for volunteer work where they can continue to use their skills from their careers.

Section four

Recruitment challenges

4.4 Most charities (61%) have not seen their board size change in the last 12 months.

Has your board size changed in the last year?



61% of charities have seen their board size stay the same in the last year, 22% have seen it decrease, and 17% have seen it increase. This suggests that the turnover of charity board members is relatively low, or that charities are not struggling to replace board members if they do leave.

Section five

ESG

In brief

Environmental, Social and Governance (ESG) is very high on the list of consumers' priorities in today's society - people are becoming much more aware of their environmental and social impact and are carefully considering the companies and organisations that they support.

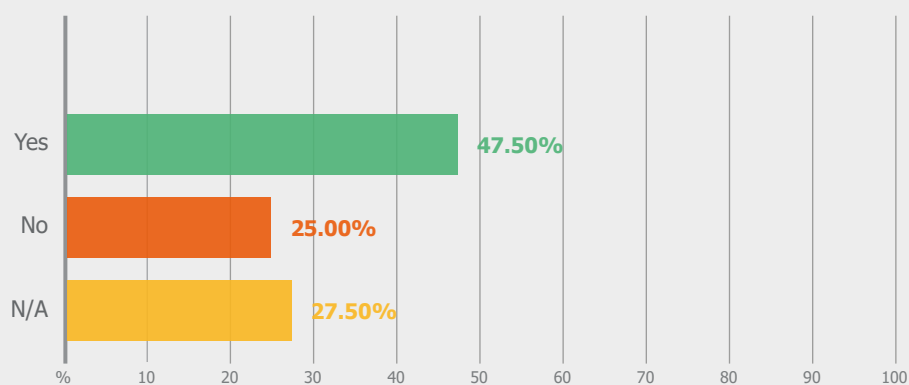
With this in mind, charities can attract supporters and donors by having a positive approach to ESG and communicating this in a clear way. However, it seems that only a minority are actually focusing on diversity and ESG/sustainability, which paints an unclear picture.

Section five

ESG

5.1 Less than half (48%) of charities have undertaken activities to increase the diversity and inclusivity of their team in the last year.

Have you undertaken activities to increase the diversity and inclusivity of your team in the last year?



Only 48% of charities surveyed have undertaken activities to increase the diversity and inclusivity of their team in the last year, suggesting that more needs to be done to increase diversity in the sector.

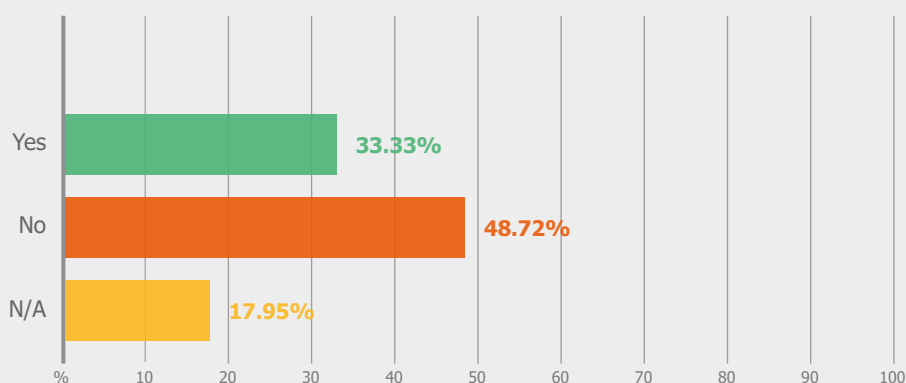
And with so many charities finding it hard to recruit and retain employees, this lack of effort to hire more diverse individuals could be playing a part - as young people in today's society place a lot of value on working somewhere that is diverse and inclusive.

Section five

ESG

5.2 Where applicable, most charities are not focusing more on ESG sustainability in 2025.

Are you focussing more on ESG sustainability in 2024?



It's surprising to see that just one third (33%) of charities are focusing more on ESG sustainability in 2025. What's more, 18% stated that this question was not applicable to them, suggesting that they do not have any processes or strategies in place to increase their sustainability.

Mike Bath, Partner at James Cowper Kreston, says: "Faced with pressures on income, costs and service user demand, it seems that boards are moving ESG down their list of priorities. And the fact that most are not moving it up implies that there is not any immediate pressure from funders to do so."

Niall Kingsley, Head of Charities at Duncan & Toplis, adds: "The recently released exposure draft for the updated Charities SORP (Statement of Recommended Practice: Accounting and Reporting by Charities) 2026 includes proposed changes which encourage smaller charities to include some ESG reporting and mandate larger charities to include ESG reporting in their trustee reports. With this in mind, ESG will likely be something that charities need to start thinking about more and reporting on in the coming years."

Section six

Skills shortages

In brief

Charities appear to be struggling with a skills shortage amongst their trustees, with 90% of respondents having at least one area where they are lacking skills.

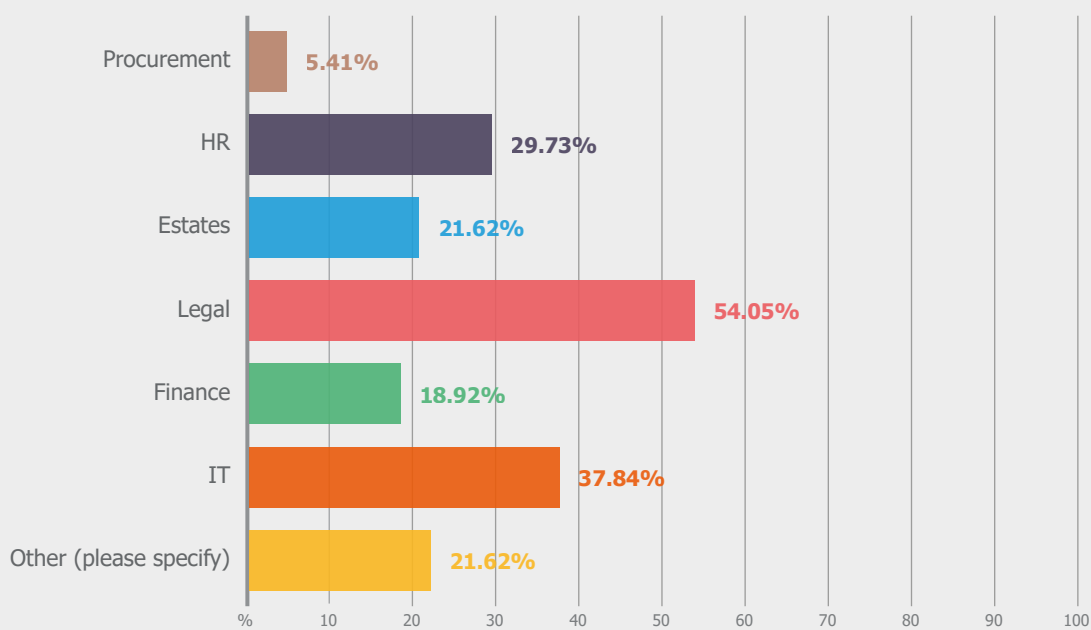
Although the report shows that most charities are not struggling to recruit or retain trustees, the data shows that they perhaps need to take more care when recruiting trustees to ensure there is a diverse range of skills across the board.

Section six

Skills shortages

6.1 Legal, IT and HR are the skills that charities are most likely to be missing amongst their trustees.

Are there any key trustee skills that you are currently missing?



54% of charities are lacking legal skills amongst their trustees, 38% are lacking IT skills, and 30% are lacking HR skills.

Of those that selected 'other', income generation/funding was the most common answer - which is concerning, considering that the majority of charities are struggling with pressures on their income streams.

Section seven

Risk management

In brief

With the 2025 Spring Statement bringing welfare reforms and increases to the National Minimum Wage and Employer National Insurance, there appear to be a number of financial risks lying ahead for charities in 2025. Results suggest that charity board members are acutely aware of this and are taking steps to mitigate these risks, with many reviewing and updating their risk registers at every board meeting.

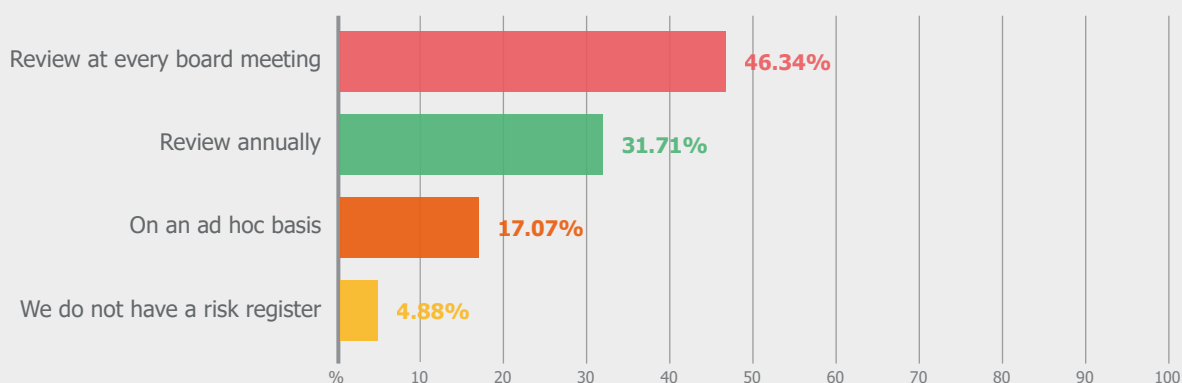
The risks that charities are most concerned about this year include reduced funding, increased demand, staffing pressure and new rules/regulations - and they must ensure that they are prepared to handle any and all of these risks.

Section seven

Risk management

7.1 Charities mainly review/update their risk registers at every board meeting.

When did you last update your risk register?



46% of charities take a cautious approach and review their risk register at every board meeting. In previous years, charities have mainly reviewed their risk registers annually, suggesting that changes in the landscape in the last 12 months have caused charities to become more cautious.

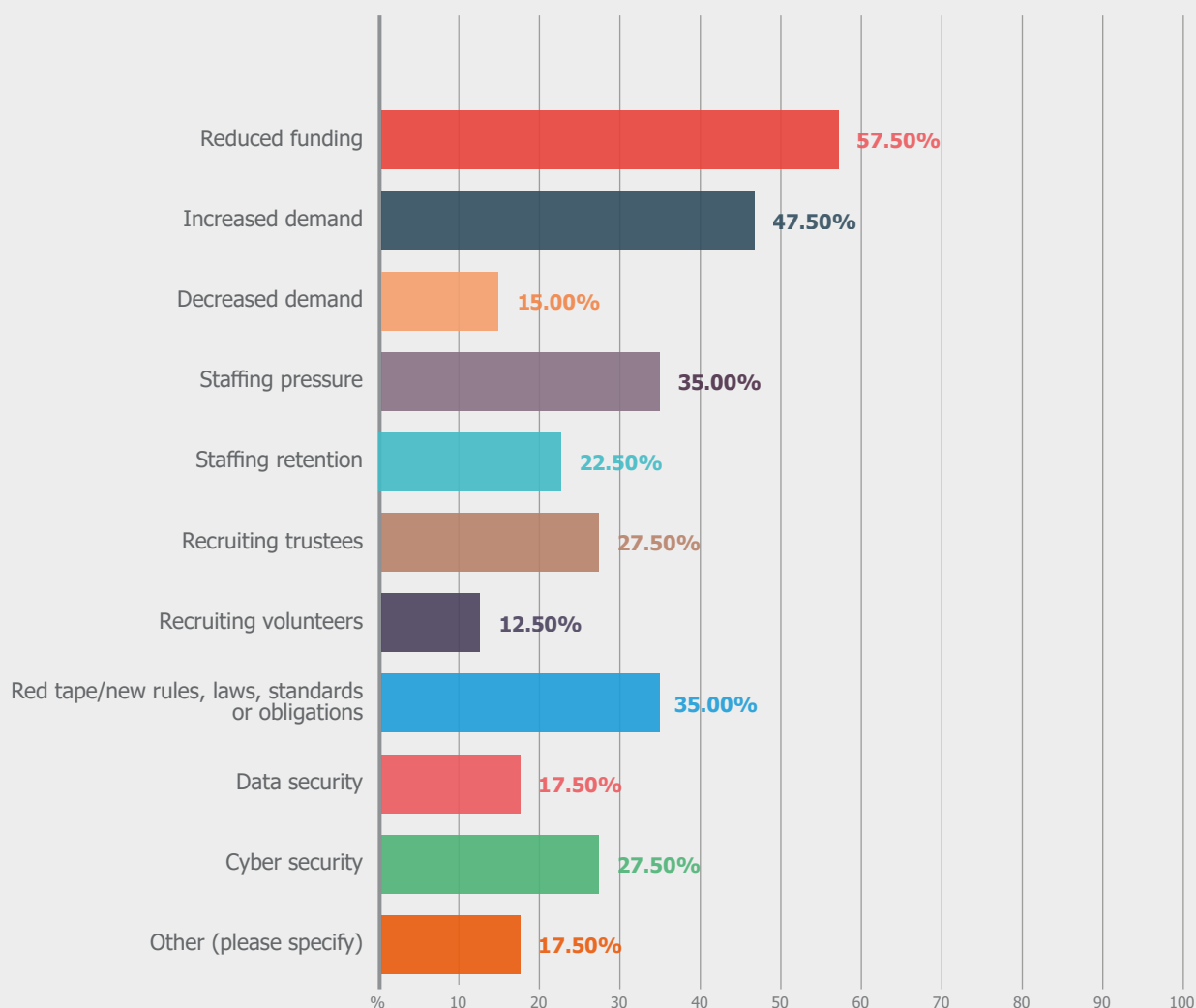
What is concerning to see is that 5% of charities surveyed do not have a risk register. Although a small percentage, this means that these charities will have a reduced ability to identify, track and manage potential risks - which could have a huge impact on them financially and operationally.

Section seven

Risk management

7.2 Charities see reduced funding as the biggest emerging risk in 2025.

What do you consider are your main emerging risks?



Section seven

Risk management

7.2 Charities see reduced funding as the biggest emerging risk in 2025.

Reduced funding is seen as the biggest emerging risk for charities in 2025, which is not surprising considering that 80% of charities are experiencing pressures on their income streams. This was closely followed by increased demand, staffing pressure and new rules/regulations.

Of those that selected 'other', increased costs due to new rules in Employer National Insurance contributions and the increase to the National Minimum Wage was the most common answer. With this in mind, charities need to make a concerted effort to reduce costs in other areas to allow for these new costs increases.

Mike Bath, Partner at James Cowper Kreston, says: "Charities can reduce costs by looking at delivery models (in person versus virtual) and sharing resources with other charities - or even merging with other charities where this can create economies of scale.

This links back to the importance of impact measurement and reporting. When considering where savings might be made, it's essential to have a firm grasp of which areas of activity deliver the highest benefits for service users."

Section eight

Digitisation

In brief

On the whole, charities don't appear to be struggling with digitisation and the majority (78%) believe they are keeping up with digital changes if required. However, with IT being one of the skills that charities are lacking the most amongst trustees, this paints an unclear picture about how charities are keeping up with digital changes.

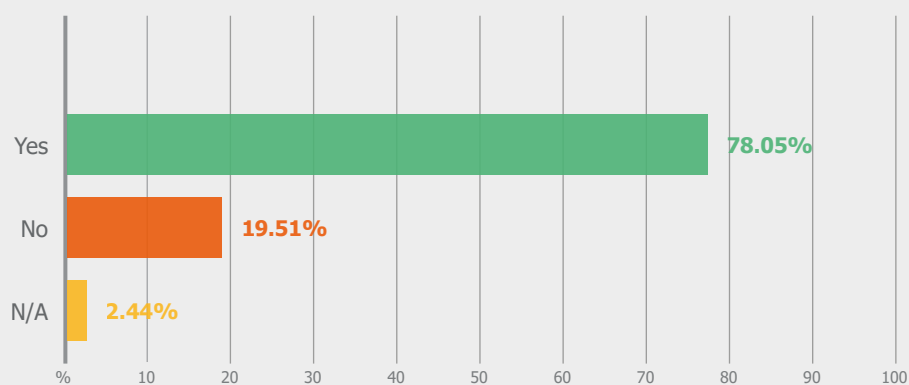
15% of charities had been subject to a cyberattack, but most charities also appear to have been unaffected by them, having had the anti-virus software in place to stop it.

Section eight

Digitisation

8.1 Over three quarters of charities (78%) believe they are keeping up with digital changes if required.

Do you feel as an organisation that you are keeping up with digital changes if required?



It is promising to see that, despite many charities lacking IT skills amongst their trustees, 78% feel that they are keeping up with digital changes if required.

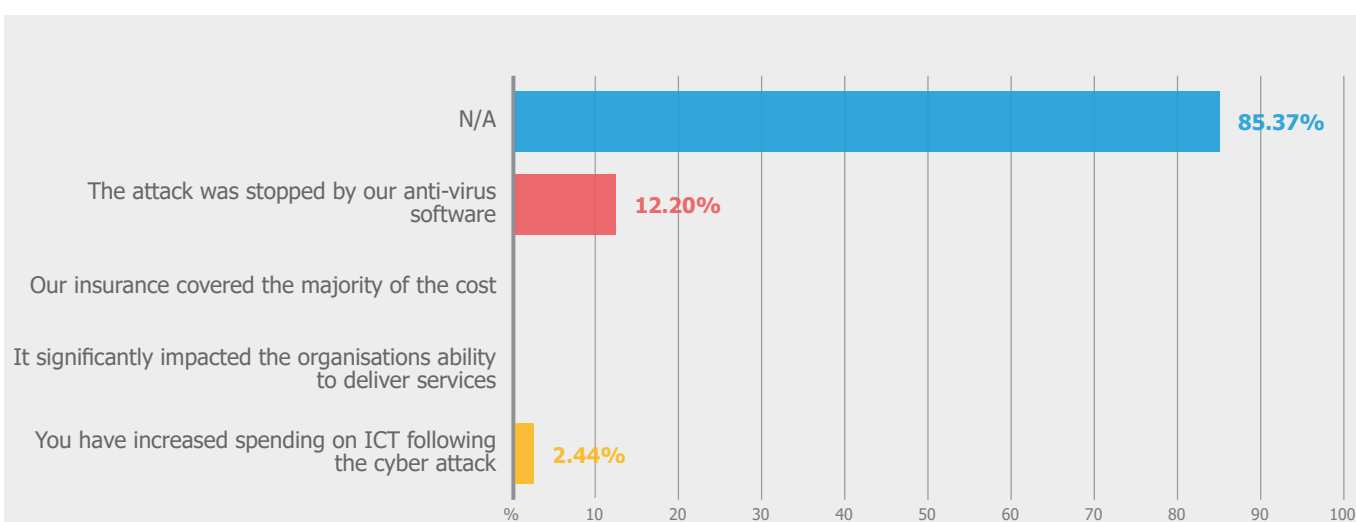
However, we should not overlook the fact that 20% of charities do not feel they are keeping up with digital changes. With so many processes now becoming digitised, including governance and HMRC requirements, these charities will need to address this in 2025.

Section eight

Digitisation

8.2 The majority of charities (85%) have not suffered a cyber attack in the last 12 months.

If you have suffered a cyber attack in the last 12 months do any of the following apply?



When asked if they had suffered a cyber attack in the last 12 months, 12% said they had been attacked, but the attack was thwarted by their anti-virus software. This suggests that most charities have the correct cybersecurity processes in place for the most common cyberattacks.

85% marked this as not applicable, suggesting that they have not experienced a cyber attack in the last year.

However, data from the Department for Science, Innovation & Technology shows a slightly higher proportion of charities being affected by cyber attacks. Its Cyber Security Breaches Survey 2025 revealed that 30% of charities experienced a cybersecurity breach or attack in the previous 12 months, equating to around 61,000 registered charities.

Mike Bath, Partner at James Cowper Kreston, says: "It is possible that some charities surveyed have experienced a cyber attack but not realised it. Charities need to consider cybersecurity throughout the organisation, not just for the protection of finances but also the protection of service users.

Many charities will hold the personal details of some of the most vulnerable members of society and any compromise of personal data may put service users directly in harm's way."

Section nine

Political matters

In brief

According to our research, it appears that many charities are losing trust in the Labour government, with 81% feeling that the new government will have a negative impact on their charity.

The recent Charity Commission enquiries and press reports have also had an impact on charities in the last 12 months, with most (65%) reviewing their existing policies or adding new policies as a result.

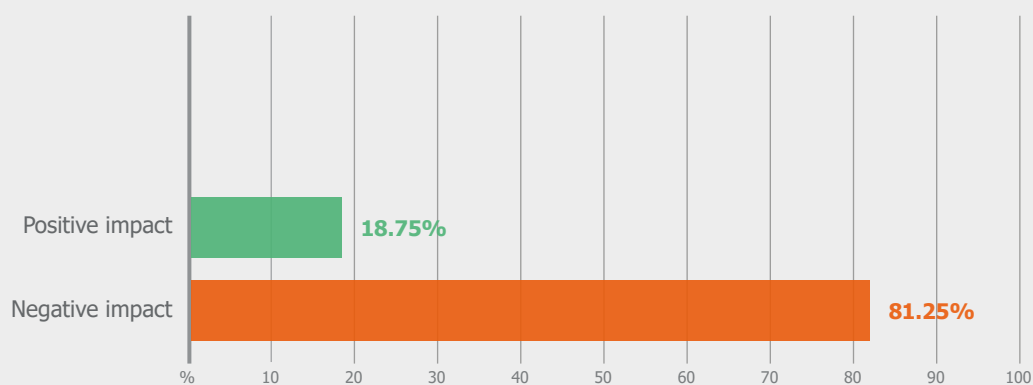
However, despite being influenced by the Charity Commission, satisfaction about the Commission's support and guidance seems to be low, with most charities (56%) only rating it as 'Satisfactory'.

Section nine

Political matters

9.1 Over three quarters of charities (81%) feel that the new government will have a negative impact on their charity.

Do you think the new government will have a positive or negative impact on your charity?



Most charities (81%) think the new Labour government will have a negative impact on their charity. This is surprising considering that last year, 59% of charities believed that Labour would have the greatest positive impact if they came into power - which they did.

Mike Bath, Partner at James Cowper Kreston, says: "In contrast to the previous Labour administration from 1997 - 2010, engagement with the charitable sector has been very low on this Government's agenda - certainly in regards to the role that charities can play in being frontline service providers in place of either local or central government.

Proposed cutbacks to disability benefits are likely to create additional service user demands, at the same time that charities are absorbing increases in the National Minimum Wage and Employer National Insurance.

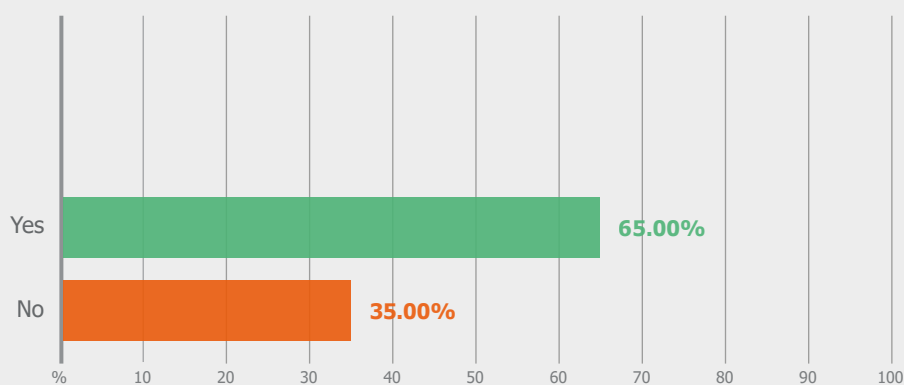
Labour administrations have traditionally had 'social' spending as a high priority which has historically benefitted the sector. This administration's priorities - for the moment - appear quite different."

Section nine

Political matters

9.2 In light of the recent Charity Commission enquiries and press reports, most charities (65%) have reviewed existing policies or added new policies in the last 12 months.

In light of the Charity Commission enquiries and press reports relating to charity governance has your charity reviewed existing or added any new policies in the last 12 months?



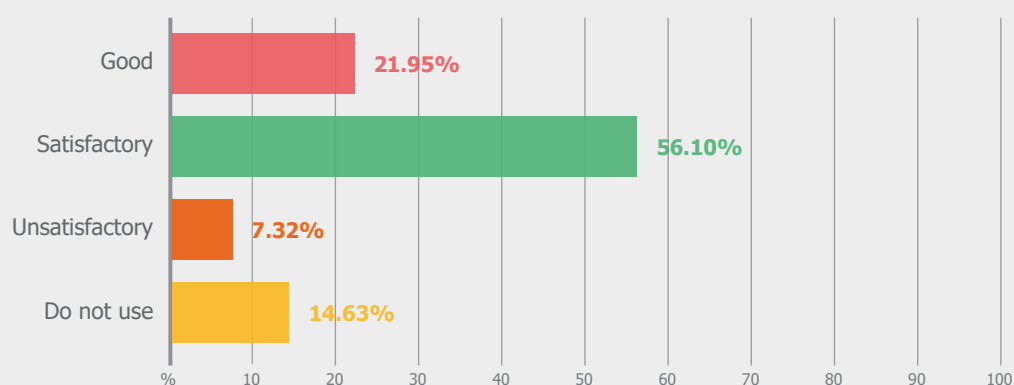
The Charity Commission's recent enquiries seem to have brought governance to the forefront of charity board members' minds, as 65% have reviewed existing policies or added new ones in the last 12 months.

Section nine

Political matters

9.3 More than half of charities (56%) only find the support and guidance from the Charity Commission to be 'Satisfactory'.

How do you rate support or guidance available from the Charity Commission?



56% of charities surveyed only find the support and guidance from the Charity Commission to be 'Satisfactory', with only 22% rating it as 'Good'.

Mike Bath, Partner at James Cowper Kreston, says: "The Charity Commission has 450 full time equivalent staff overseeing just over 170,000 registered charities. That's less than five staff hours per year per charity on average, so there's a significant capacity issue at the Commission.

At the same time, the post-Covid drop-off in productivity in many public sector bodies is well documented and the Commission is probably no different.

Almost all other regulators in the UK are funded by a levy paid by those they regulate. So if charities are wanting a better service from the Commission, perhaps it needs to reconsider its funding model."

Where to now?

This report shows that the charitable sector has been hugely impacted by various financial factors in the last 12 months including inflation, the cost of living and new Government rules and regulations.

Most charities have seen the cost of wages, energy and insurance increase over the last 12 months and 80% are experiencing pressures on their income streams - leaving many looking at ways to diversify these income streams. This, combined with a struggle to recruit and retain employees, despite introducing incentives to address this, paints a concerning financial outlook for UK charities.

What's more, despite hoping for a positive outcome from the new Labour administration, charities have been left feeling disappointed, with 81% now feeling that the new government will have a negative impact on them. This is most likely due to the impacts of the Government's new rules on the National Minimum Wage and Employer National Insurance - the effects of which we'll now start to see coming through.

Despite this, it's positive to see the resilience of the sector shining through, with over three quarters (85%) believing they have the capacity to deliver their required services in 2025. It's also promising that charities across the UK appear to be well prepared for possible risks, including reduced funding and cyber attacks. Risk registers are generally reviewed and updated at every board meeting and charities are increasingly exploring options to diversify their income streams to cope with a lack of funding.

In addition, most charities (78%) feel they are keeping up with digital changes if required and although 15% of charities had experienced a cyber attack in the last year, 12% had sufficient cybersecurity systems in place to stop the attack.

Looking to the future, time will tell if charities have done enough to prepare for the increased costs brought in by new Government rules and regulations, and whether these changes will negatively affect the service offered by charities. In the meantime, the sector must continue working to increase its resilience whilst providing vital services to some of the most vulnerable people in our society.

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