

Charity Property Matters **Survey 2016**

RISKY BUSINESS

How property is shaping
the fate of our voluntary sector

This is the third survey since 2012 run by the Ethical Property Foundation in partnership with the Charity Commission as part of a shared commitment to delivering property support and education to the voluntary sector. Each week the Charity Commission refers voluntary organisations to the Foundation for land and property advice. www.ethicalproperty.org.uk

Summary of survey findings

At a glance – of 425 respondents across England & Wales...

- 45% believe their property is the biggest threat to their organisation unchanged since 2014.
- 58% find difficulty in obtaining funding for property costs, up from 41% 2014
- 52% do not have a property strategy
- 43% have suffered unforeseen property costs.
- At the same time 83% believe they have the day to day expertise in managing their premises
- Almost half (45.3%) have avoided seeking professional advice due to costs in the last 3 years.
- Only 25% of respondents believe local authorities understand the premises problems they face
- Close to one third (32%) worry about their lack of security of tenure.
- Over half (52%) are considering sharing space with other charities

Summary of survey recommendations

To voluntary organisations

- Poor property management puts reputation, social mission and beneficiaries' interests at risk. Trustees need to see an annually updated property strategy and risk assessment.
- Invest in staff and trustee property training.
- Take appropriate advice from qualified professionals. Penny pinching costs pounds.

To the commercial property sector

- The voluntary sector offers opportunity. Seek to understand the sector, its governance requirements and financial cycle. Be innovative to create affordable shared space.

To funders

- Property is the 2nd biggest delivery mechanism for social mission, after staff. Project funding which is given in isolation from property costs is high risk. We recommend some element of money for core property costs should be included in any grant calculation to ensure sustainability.
- Protect your investment and upskill the sector by offering property training to all your grant holders. We also recommend that funders should insist as a condition of grant, that there is a named trustee with responsibility for property management.

To local government

Local authorities play an important role both as landlords and business partners in transferring public owned property. We recommend local authorities provide property education to their local voluntary sector to build resilience through property knowledge as part of their business development agenda. If transferring publicly owned land and property, ensure transparency about liabilities being transferred with the asset.

To central government

The voluntary sector contributes £12bn to the economy and employs 827,000 people. This is an important sector providing public service as well as social justice. Property is central to the sector's success in delivering social mission and local services. Our recommendation is that the sector should be seen as a vital part of our enterprising small business community with the policy attention to match.

Key issues

Property Knowledge

Poor property knowledge, not least among trustees represents the biggest proportion of our caseload. Though 83% of respondents believe they have the expertise in managing their premises, 43% have experienced unexpected property costs and over half (52%) do not have a property strategy.

Costs & Funding

Property is usually the 2nd biggest budget item for voluntary organisations after staff, yet 17% of our respondents do not know how much they spend each year on property and 58% experience difficulty obtaining funding towards property costs – a rising trend over six years of the survey.

Increasing emphasis of grant making bodies on project funding is creating significant challenges for many groups to meet core costs, adding risks to viability. Close to half (45.3%) have avoided seeking professional property advice due to costs in the last 3 years.

Space & Service Delivery

Finding suitable space for delivering social mission and services is a major challenge for 42% of respondents, with one third a third of respondents believing lack of space is the main reason they will not be able to meet their objectives. This has increased since 2012,

The survey reveals an increasing trend is toward co location, with over half (52%) of our respondents considering sharing space with other charities.

Understanding Risk

Managing property successfully centres on recognising, managing and mitigating risk. With property the 2nd biggest delivery mechanism for mission and service delivery it is the sector's understanding of property risk, for good or ill which is shaping the sector. Property risk assessments are a vital part of strategic planning for trustees, covering structural, operational, legal and reputational. Sadly Close to half our respondents considers property represents the biggest threat to long term sustainability.

The Ethical Property Foundation is a registered charity, launched in 2004 with the vision that buildings should be managed for the benefit of people and the environment. In the 12 months to May 2016 we supported 213 voluntary organisations, indirectly benefiting 491,900 people and generating £4 in value for charities for every £1 we spend in delivering our service.

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