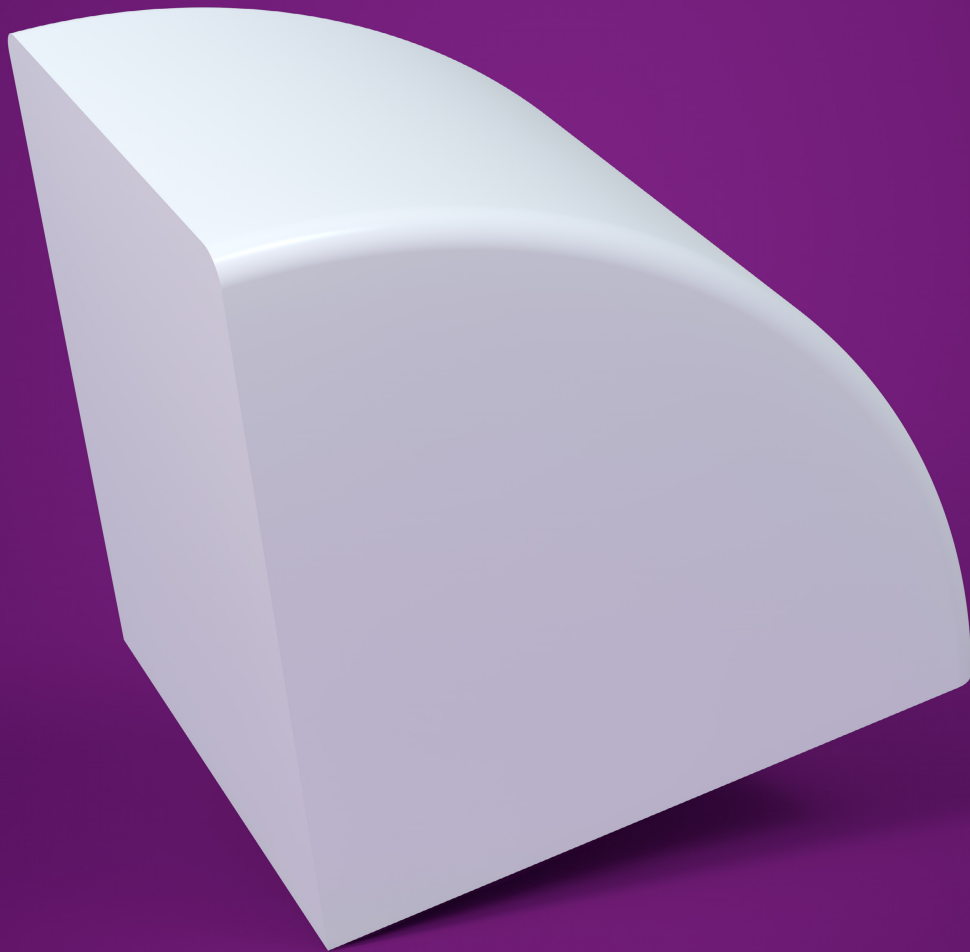


UK Small Charity Sector
Skills Survey
10/11



About the FSI

Since its inception in 2007, the FSI has grown to become the UK's largest provider of free capacity building services to the small charity sector. The FSI is a registered charity whose fundraising consists of raised voluntary and earned income.

The FSI was established by Emma Harrison CBE (Founding Chairman) and Pauline Broomhead (Founding CEO) to deliver strategic skills to small charities through a year-round programme of training and conference learning. The content of this learning programme now encompasses all the disciplines of fundraising, alongside key back office skills, to build sustainable charities ready to adapt to the demands of their beneficiaries and communities.

Today the FSI delivers close to £2m worth of free services to small charities right across the UK. In 2011 the FSI's programme will encompass:

- Training days delivered at the FSI's office in central London (travel costs are subsidised for charities outside the M25) which cover all the major methodologies of fundraising, key strategy areas and back office functions such as marketing and communications;
- Small Charity Week is a major celebration of the small charity sector and its impact on every community in the UK. The inaugural SCW in 2010 launched with the London Eye turning purple to mark the week, and went on to include events at Westminster, a celebration day in Covent Garden and fundraising and campaigning events right across the UK. The 2011 event will be focussed on celebrating the sector and its place at the heart of the Big Society;
- A conference programme comprising the FSI Forum (fundraising-focused, with a major international speaker) and the FSI Workshops (concentrating on back office skills that are key to sustainability);
- Roadshows where we present training and support programmes in centres outside of London;
- Advice clinics where small charity delegates have a one hour slot with a member of the FSI team to discuss organisational and project strategy or any aspect of their work where advice is needed;


- Fundraising events delivered by the FSI for small charities. The FSI manages each of these projects to ensure that charities can maximise their raised income without the monetary and time costs associated with the administration. The events include the Great Big Small Charity Car Draw (a nationwide raffle for a brand new car) and the FSI 10km Challenge (held annually in Derbyshire);
- An Affiliates programme that provides small charities (the 5 winners of the Guardian Charity Awards and small charities chosen from an application process) with a year of intensive development support to move that charity to the next level of its life stage;
- The FSI Scholarship programme selects outstanding individuals from the sector and provides them with a professional development programme and support from the FSI team to emerge as an inspirational, informed leader within the small charity sector.

All of the above programmes are delivered free of charge to the participants.

One of our key tools in supporting small charities, both on an individual and sector-wide level, is the FSI Community. This online initiative is a central portal where any small charity can register for free to access FSI services, practical support and create networks with charities in their area or cause. The Community is also a tool for gathering information on key topics and it informs our work in advocating for support for the small charity sector.

The FSI is committed to delivering events and campaigns that demonstrate the work and impact of the small charity sector to as broad an audience as possible, including policymakers and the media alongside the general public. To ensure that this work is representative of the sector, we undertake regular communication and surveys of small charities to gain insight into the issues and trends affecting their work or sustainability.

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HAYLEY BROWN
MICHAEL LIVINGSTONE
GARRETH SPILLANE
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Foreword

Small charities exist because someone saw someone else who needed help or an issue that needed addressing and, instead of turning away, decided to do something about it. The founders of small charities universally believe that they can and will make a difference to the communities they serve.

Inevitably, as they look for ways to support their beneficiaries or address the issue, they find they need the support of skilled professionals, not only to work directly with their beneficiary group but to provide a whole range of back office support and fund development skills.

When the FSI was founded, we were grateful for research already undertaken by organisations like NCVO. Without the knowledge that research and surveys like this provide, it is difficult for organisations like the FSI, who promote learning and skills development, to tailor their programmes to meet the real and identified needs of the sector.

We live in uncertain times; economic uncertainty and budget cuts disproportionately impact many of our most needy. I take heart, however, from the fact that the small charity sector stands ready to support those who need it. I know that in every community, in every village, town and city, will be a small charity ready to help those most in need.

We need to respond to the needs of the small charity sector by making access available to the skills that will ensure their doors remain open and their services available to all.



Pauline Broomhead, Founding CEO

Introduction

This survey explores skills within the United Kingdom's small charity sector. It complements earlier research addressing skills across the entire charitable sector and identifies key skills issues facing small charities. It focuses on significant skills gaps and shortages and discusses approaches to dealing with them. The survey has been conducted by the Foundation for Social Improvement [FSI] as part of our work to promote skills, knowledge and sustainability within UK small charities.

In undertaking our survey we have built on earlier research conducted by the NCVO and UK Workforce Hub, which focused on skills issues across the voluntary sector, in particular the Voluntary Sector Skills Survey 2007 and Third Sector Skills Research 2008: Further Evidence and Recommendations on Skills Gaps. This survey is intended to complement these publications and provide a more detailed focus on skills issues facing small charities which constitute 97.3 per cent of the UK's charitable organisations.

AIMS AND OBJECTIVES

- Identify key skills gaps and shortages within small charities;
- Identify hard to fill vacancies and the factors contributing to this situation;
- Analysis of skills gaps in the existing workforce of small charities and reasons for this;
- Identify correlation and differences between these findings and earlier studies on skills in the charity sector; and,
- Consider measures and approaches to deal with skills issues.

DEFINITIONS

- Skills: We have used definitions from the UK Commission for Funding and Skills' National Employer Skills Survey in defining skills;
- Skills Shortage Vacancies (SSV's): Are a subset of job vacancies where a role is hard to fill due to a lack of skills, work experience or qualifications in the applicants for the role;
- Skills Gaps: Are the lack of skills, work experience or qualifications among workers already employed in a job; and,
- Small Charities: There are different ways to categorise the size of charities. These include by the size of income, the number of employees or the number of beneficiaries. For the purposes of this survey, a small charity is any registered charitable organisation with annual raised voluntary income [fundraising income] of less than £1.5 million. This definition is consistent with the approach that the FSI uses to define its beneficiary group.

SCOPE OF STUDY

The findings of this survey are based on valid responses from individuals working in registered UK charities with annual raised voluntary income of less than £1.5 million. The majority of respondents were in leadership roles or governance positions within these organisations. However, due to the limited workforce in many small charities, a great number of respondents had multiple roles within their organisations. Accordingly, this survey focused on specific skills utilised by individuals within the sector as opposed to specific job roles. Respondents were asked to answer questions relating to areas within their charity which they had responsibility for or of which they had strong working knowledge.

As the survey is intended to link into the development of FSI services for small charities, there was a particular focus on skills that are important to the sustainability of voluntary organisations, such as fundraising and governance.

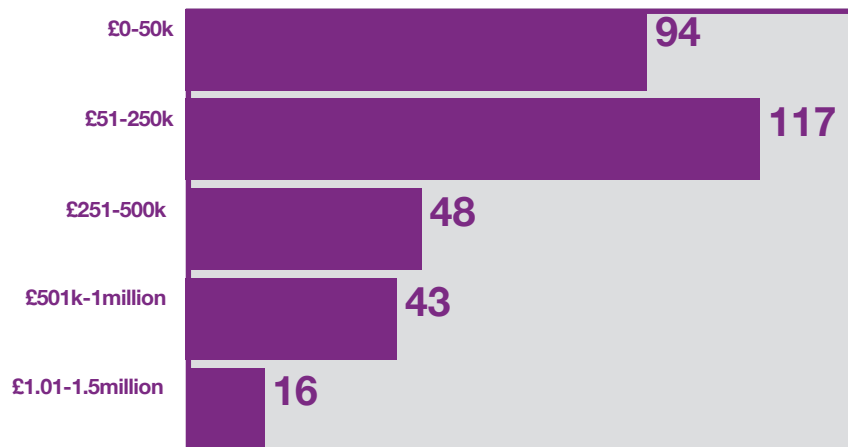
METHODOLOGY

The research was conducted via an online survey which was designed to be consistent with the approach taken in the Skills Survey 2007. The survey was sent to 1500 small charities on the FSI's database and was also distributed through Local Community and Voluntary Sector organisations (CSVs) and the National Association for Voluntary and Community Action (NAVCA). The Survey was completed by 317 small charity employees.

As shown in the graph below, the annual raised voluntary income [RVI] of all organisations in this study was less than £1.5million. Significantly, two thirds of respondent organisations (66.6%) had RVI of less than £250k.

RESPONDING CHARITIES BY ANNUAL VOLUNTARY INCOME

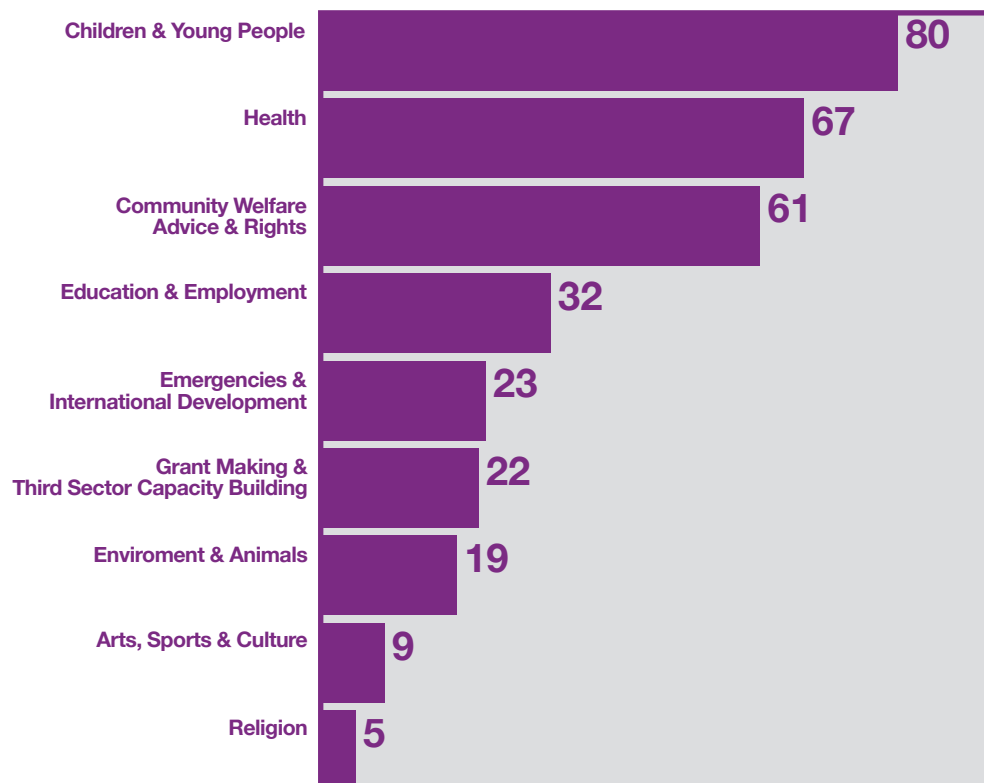
Our organisation's annual voluntary income:



The charities featured in this survey represent a diverse range of cause types. A significant number of respondents worked for charities in the areas of youth, health, or welfare advice and rights. Beneficiaries of these charities included homeless people, young people, people with health problems, young people with educational problems and expectant mothers (see graph on following page).

RESPONDING CHARITIES BY CAUSE TYPE

Charity cause type:



Background to the Survey

This survey should be read in the context of both the broader charity sector and of existing research and analysis of skills within that sector. The survey is intended to build on existing research and provide a particular focus on skills and gaps within small charities. In order to better understand the results of this survey, it is necessary to consider the nature of the charity sector and its skills issues as well as some unique characteristics of small charities.

UK CHARITY SECTOR

- In 2008, the UK voluntary sector employed approximately 668,000 individuals (NVCO 2010 Civil Society Almanac) and accounted for 2.3% of the country's workforce. The sector encompasses a diverse range of organisations from small local charities delivering specific projects with limited numbers of beneficiaries right through to large national organisations which have thousands of employees and deliver government contracts worth hundreds of millions of pounds.

- In recent years, there has been significant growth in the number of individuals employed in the UK charity sector. Between 1999 and 2008 the voluntary sector workforce increased by 124,000 employees (NVCO 2010 Civil Society Almanac). Significantly, the rate of workforce growth in the voluntary sector was higher than both the private and public sectors. At present, there is no reliable source of information on the impact of the economic downturn on the voluntary sector workforce.
- The voluntary sector workforce has some unique characteristics which distinguish it from other sectors. 68% of the workforce is female (compared with 65% in the public sector and 39% in the private sector), a higher proportion of charity sector workers have university degrees and there is a much higher proportion of part-time employment in the sector than in each of the public and private sectors (NVCO 2010 Civil Society Almanac).
- The paid workforce in the sector is supported by some 10.9 million Britons volunteering in a formal setting at least once a month (NVCO 2010 Civil Society Almanac).

PREVIOUS RESEARCH

In depth research on skills issues across the voluntary sector was published by NCVO in the Voluntary Sector Skills Survey 2007 and Third Sector Skills Research 2008: Further Evidence and Recommendations on Skills Gaps. These were extensive research projects that engaged with a wide range of voluntary sector organisations. They identified several key issues:

- There were significant skills shortages within the sector - one third of voluntary sector employers with hard to fill vacancies cited a lack of specialist skills in applicants as a reason for the difficulties in filling the vacancies (Skills Survey 2007);
- Skills gaps existed within the sector, with significant numbers of under-skilled staff reported in marketing and fundraising. Smaller organisations were more likely to have more acute skills gaps due to the need for staff to multi-task (Skills Survey 2007). In these organisations trustees were utilised to fill many of the skills gaps. (Third Sector Skills Research 2008);
- Lack of time and funding were identified as key reasons behind skills gaps (Skills Survey 2007). Respondents expressed the view that the provision of training was not enough to address skills issues; the situation required a culture of learning with open communication on skills needs between charity employees (Third Sector Skills Research 2008); and,
- Generally, smaller organisations had a more ad-hoc approach to learning, but some were particularly creative and innovative in dealing with skills gaps (Third Sector Skills Research 2008).

SMALL CHARITIES

- The UK has a vibrant small charity sector which is made up of organisations that deliver for a wide variety of causes. 166,508 (97.3%) of registered charities in the UK are small charities. Each year, these organisations generate 24.3% of the sector's £35.5 billion income.
- Precise figures on the number of employees within the small charity sector are not available. However, we know that one third of voluntary sector workers (32%) are employed in workplaces with less than ten colleagues which suggests significant number of employees in small charities.
- The small charity sector has some interesting characteristics:
 - Two thirds of small organisations do not employ a dedicated HR Specialist;
 - Whilst the larger charities are spending 13.81% of their expenditure on generating funds, for small charities this is only 5.2%.
- The FSI supports small charities through the provision of a range of free services designed to improve their skills, knowledge and sustainability.

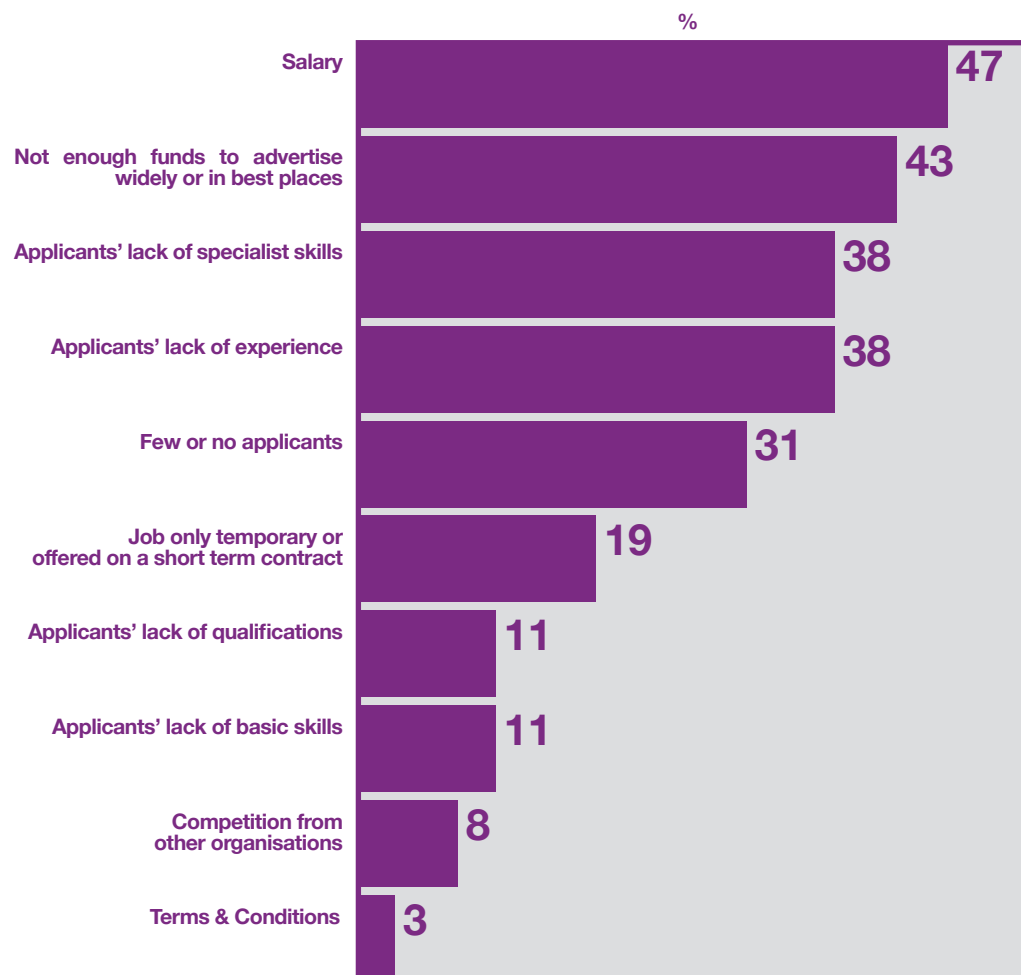
Recruitment Problems and Skills Shortages

The survey asked senior managers and HR professionals within small charities questions on recruitment. The responses from these individuals have provided an outline of skills shortages within the sector. It is important to note that many respondents expressed a view that small charities, which are often volunteer-led or reliant on volunteers, have different and complex staffing needs. It was not within the scope of this survey to explore these issues, but future studies might consider the relationships between small charities, skills shortages and volunteering.

A significant number of respondents found it difficult to find staff with suitable skills for vacancies within their organisations. Nearly 11% of respondents found it very difficult, and 30.4% found it somewhat difficult to find suitable candidates with the skills needed for particular vacancies. The most significant stated reason for this difficulty was salary (47%) and recruitment costs (43%) followed by a lack of skills and experience (both 38%). This indicates significant skills shortages across the sector and is consistent with the skills shortages identified in earlier research.

DIFFICULTIES IN FILLING VACANCIES

Reasons for hard to fill vacancies:

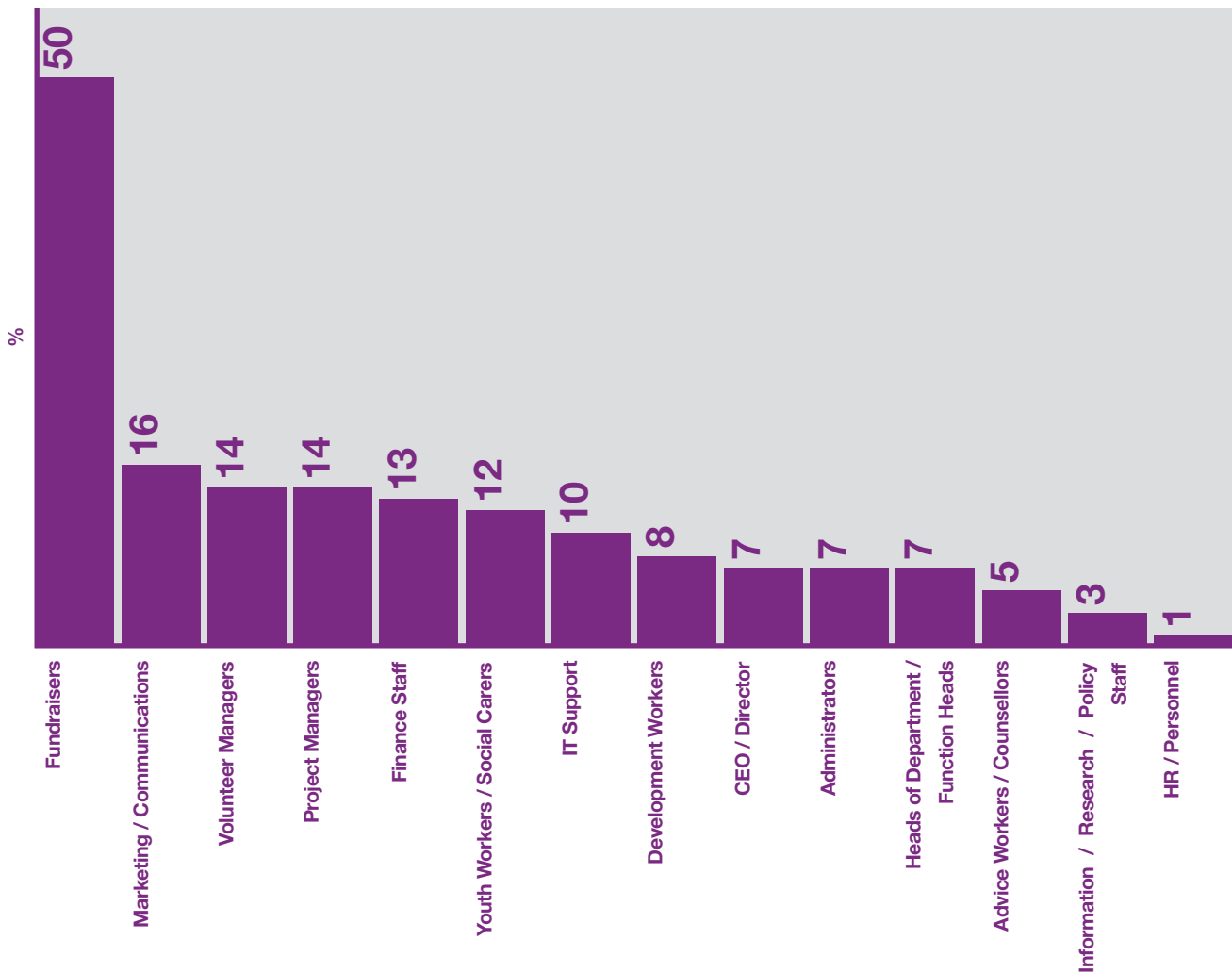


As the preceding graph shows, a large number of respondents identified few or no applicants (31.1%), salary (47.1%) and the lack of funds to advertise widely or in the best places (42.9%) as reasons for hard to fill vacancies. This suggests that, alongside skills shortages, there is also a pressing issue of lack of resources required to effectively manage the recruitment process and attract skilled candidates to the sector.

Overwhelmingly, fundraisers were identified as the most difficult vacancy to fill (50.5% of respondents). Further analysis of the data suggests that these vacancies are skills shortage vacancies, with one third of respondents who identified them as hard to fill citing lack of specialist skills as a reason for this.

HARD TO FILL VACANCIES BY SKILLS

Which vacancies do you find the hardest to fill?



Skills Gaps

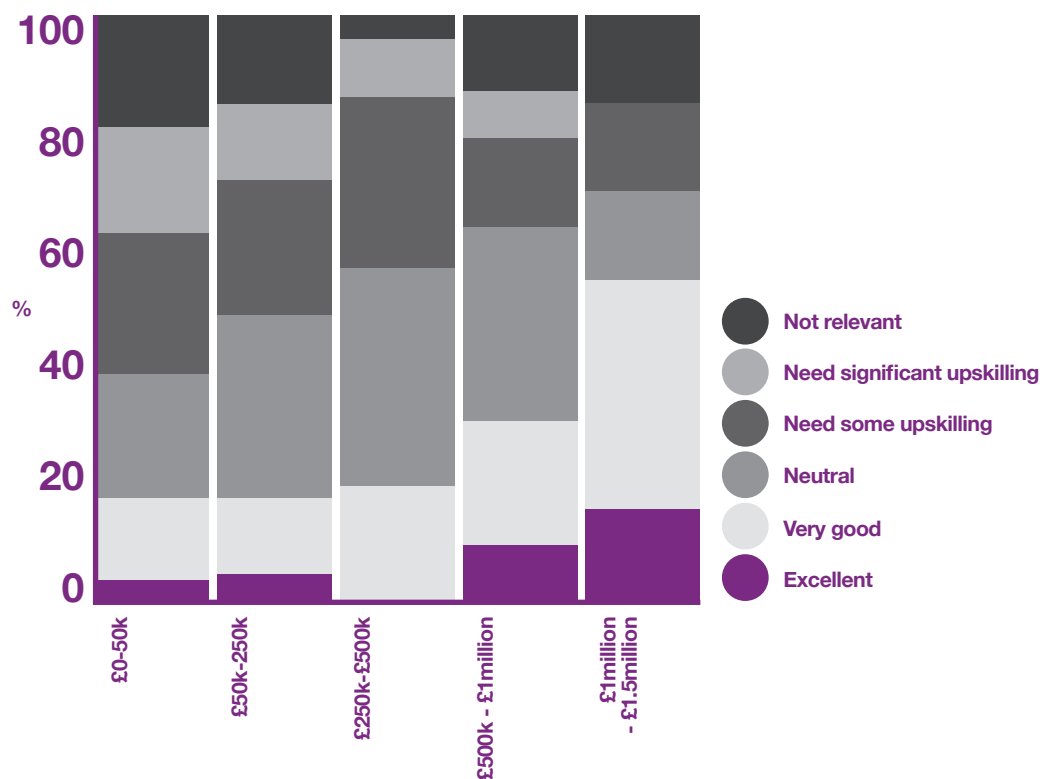
The survey asked respondents to rate skills levels in a range of competencies within their organisation. It also asked them to provide an assessment of their own skill levels at their primary and any secondary job roles. This allows us insight into the general level of skills across small charities, but also to look at the particular skills development needs within specific job roles.

SKILLS GAPS ACROSS SMALL CHARITIES

The survey revealed significant skills deficits across the sector in relation to impact reporting, marketing, strategic use of IT, long term strategic planning, monitoring and evaluation and fundraising. Skills gaps in relation to fundraising and marketing were identified in earlier studies on skills gaps within the sector as a whole. Interestingly, skills gaps identified by respondents related to job specific and technical skills as opposed to soft skills such as team working. This corresponds with earlier research on technical and soft skills in the charity sector (Skills Survey 2007).

Skills gaps in fundraising appeared more acute in smaller organisations with 42.5% of charities with raised voluntary income less than £50k, identifying a need for skills development as opposed to 30.8% of charities with RVI of £1-1.5 million. A similar pattern is evident in policy and influencing skills with a greater need for skills development identified in smaller organisations than in larger organisations.

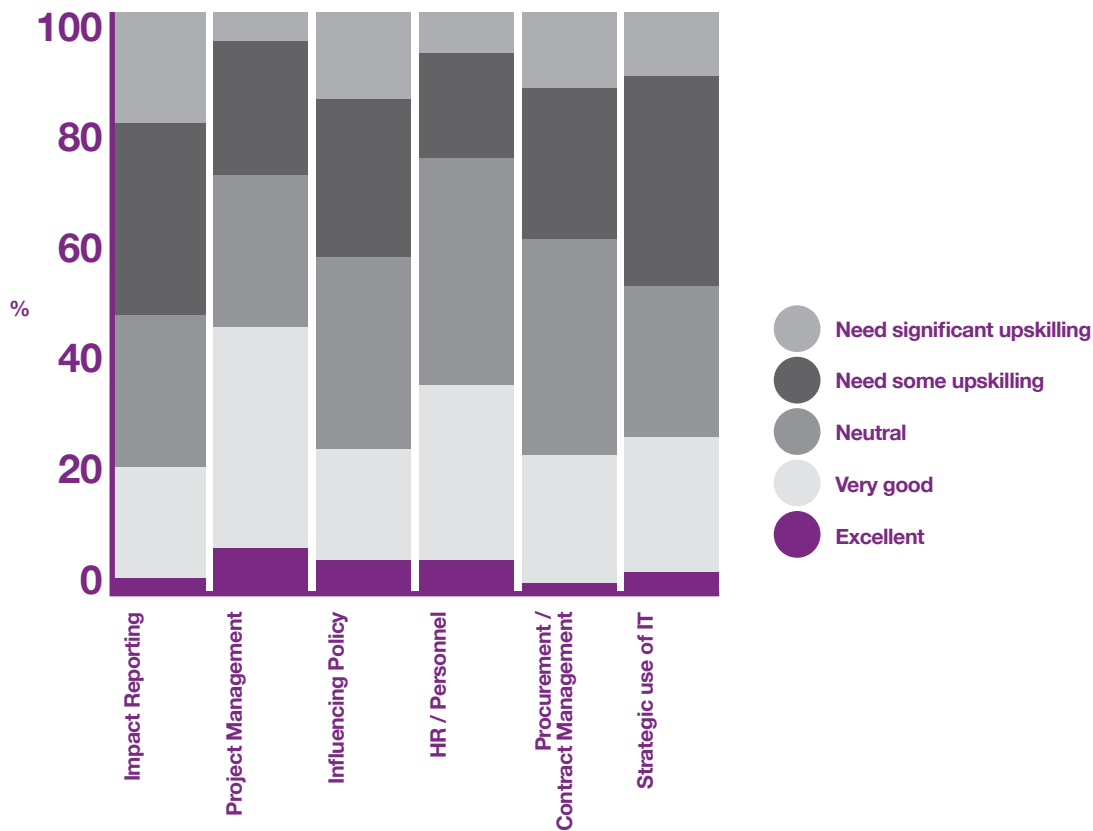
FUNDRAISING SKILLS BY RAISED VOLUNTARY INCOME



An area of immediate concern is impact reporting – an area in which 17.9% of respondents believed that their organisation required significant amount of upskilling and which represents the highest need for skills development across the survey. This, combined with a skills gap in monitoring and evaluation, is worrying for a sector that is under increased demand to demonstrate performance and value for money.

SKILLS WITH POOR PERFORMANCE RATINGS

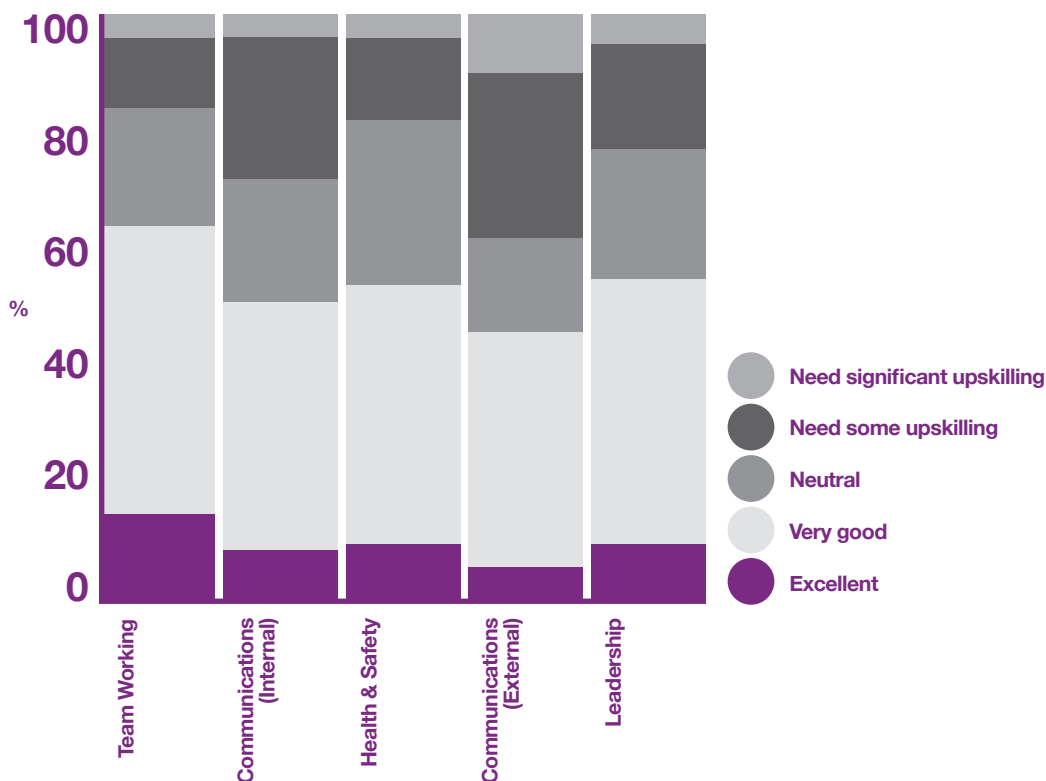
How well do you feel your organisation performs overall in terms of:



Skills areas where respondents reported excellent or very good levels of skills within their organisation included team working (63.7%), basic IT (60.2%), working in partnership with other organisations (55.7%) and leadership (54.5%). This indicates a stronger level of 'soft' skills throughout the sector.

SKILLS WITH STRONG PERFORMANCE RATINGS

How well do you feel your organisation performs overall in terms of:



KEY SKILLS ISSUES WITHIN PARTICULAR JOB FUNCTIONS

- Respondents who had responsibility for HR identified staying up to date with developments in employment law and good practice as an area where development was needed. 41.8% of respondents identified a need for skills development in this area.
- Respondents expressed confidence in the level of basic IT skills across the Small Charity Sector (80.7% had a positive view on skills in this area). However, skills development is needed for more advanced areas such as website development and the use of social media, with 50% of respondents identifying skills gaps in these areas.
- In marketing and communications, there is a clear need for the development of strategic skills amongst practitioners. Over 41% of respondents identified a need for skills development in marketing planning, and 50% identified a similar need in relation to communications planning.
- It is clear from the survey that respondents feel that small charities lack the skills to engage in lobbying and public policy. Over half of respondents identified the need to improve skills in lobbying and political relations.
- Within the area of fundraising, major donor, corporate and online fundraising were areas where nearly two thirds of respondents identified the need for skills development. On a positive note, fundraisers expressed some confidence in their trust and foundation fundraising skills. Some respondents expressed the view that skills development in fundraising needed to be linked into marketing development. This fact, and similar deficiencies identified in marketing skills, further illustrate a clear gap in small charities skill levels.

- There also appears to be a skills gap in relation to trustees and their role in fundraising for small charities. Eighty seven per cent of respondents expressed the opinion that trustees should play an active role in fundraising, but over 50% of respondents were of the view that their trustees did not actually do this. This illustrates a clear split between the expectations for trustees in this area and their actual contribution. It is possible that trustee fundraising skills require development or that fundraisers lack the skills required to effectively utilise their trustees in fundraising.

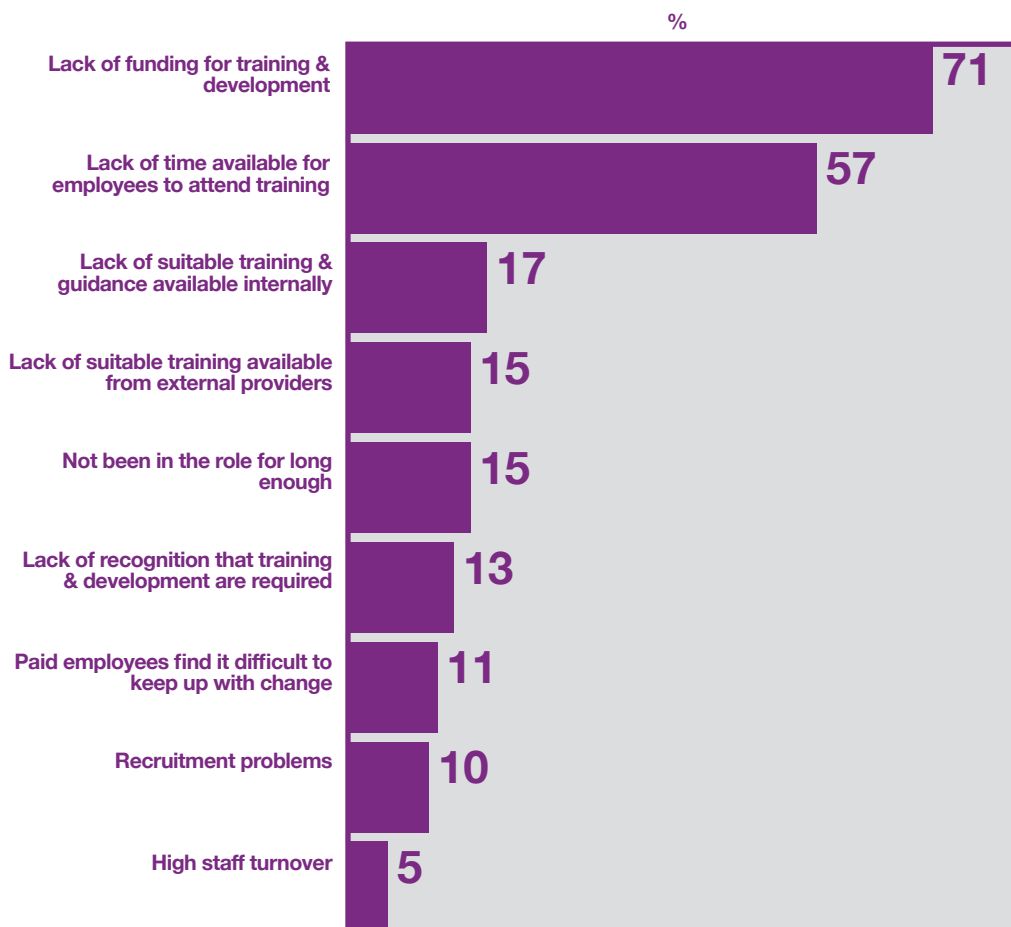
CAUSES

Resource issues were identified by an overwhelming number of respondents as the reason for skills gaps in their organisations, with lack of funding for training (71.3% of respondents) and time to attend training (57.5%) the most commonly identified causes.

Interestingly, nearly three quarters of respondents (74.9%) had undertaken some form of training during the previous 12 months. It seems highly unlikely, however, that this training was linked into any formal training or skills development programme as only 24.4% of respondent organisations formally assess organisational skills gaps, only 43.7% have a training budget, and only 9.8% link training plans into their organisational business plan.

The lack of sufficient formal coordination of training and skills development within the Small Charity Sector clearly has an impact upon skills and the capacity to address skills gaps within the sector.

REASONS FOR PERCEIVED SKILLS GAPS



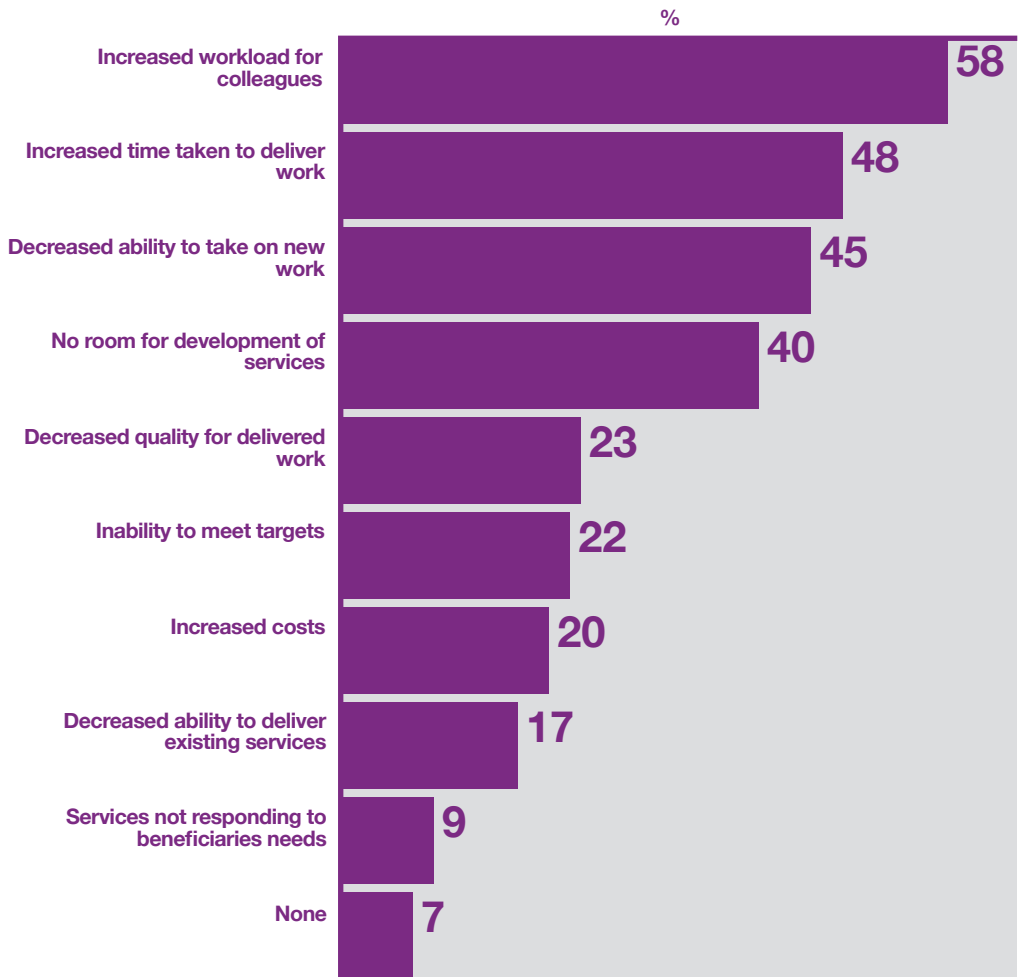
CONSEQUENCES

A range of consequences were identified as resulting from skills gaps in the workforces of small charities. There was a clear view that skills gaps impacted upon the existing workload of organisations and their employees as they increased the workload for staff (57.9% of respondents) as well as the time taken to deliver work (48% of respondents).

Skills gaps are perceived as impacting upon the capacity of small charities to grow and develop as they limit each organisation's ability to take on new work (44.5% of respondents) and leave no room for the development of services (39.8% of respondents).

IMPACT OF SKILLS GAPS ON ORGANISATIONS

What do you feel is the impact of the existing skills gaps for your organisation?



Solutions

It is important to consider how skills shortages are being addressed by small charities and what factors should influence solutions for the sector.

CURRENT SOLUTIONS

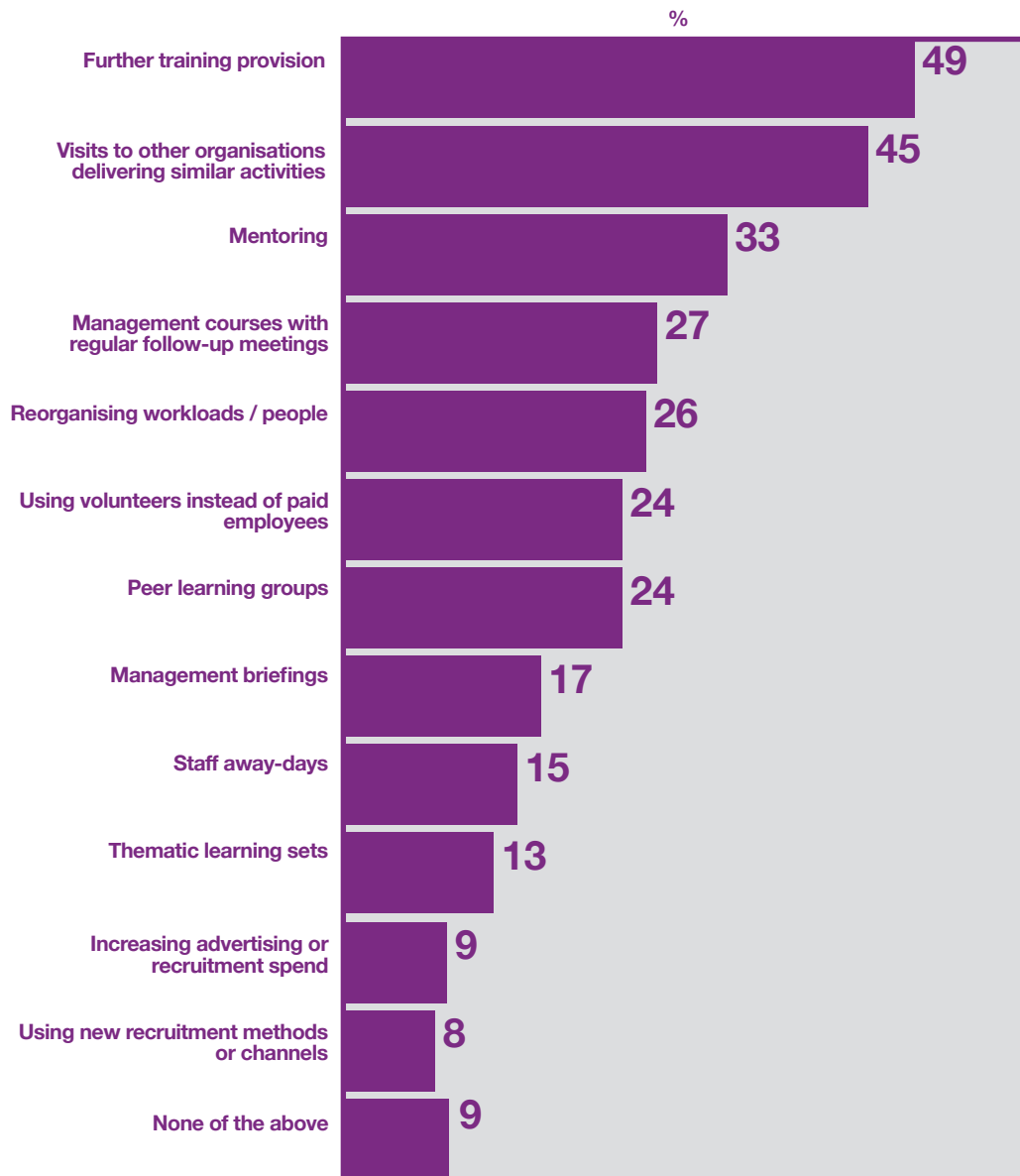
The survey asked respondents to outline actions taken to address existing skills gaps. Interestingly, the most common solution used by small charity respondents was to bring in volunteers to assist in these areas which 45.9% of respondents said that they do. Other approaches include further training for existing staff, visiting similar organisations and reorganisation of workloads. These responses demonstrate a sector that is willing to adapt and innovate to address its skills gaps, which corresponds with analysis from earlier research.

Nearly three quarters of respondents (74.9%) had received some form of relevant training during the past 12 months. The persistence of skills gaps as well as time and resource issues with training would suggest that training, whilst relevant, may not provide a complete solution to skills shortages in the small charity sector.

Nevertheless, nearly half of respondents were of the view that training would provide successful means through which to address existing skills gaps. If training is to do this, there needs to be critical consideration of the quality and content of the training; it also needs to be considered on a more strategic level, this will be discussed [in Moving Forward] hereafter.

PERCEIVED SOLUTIONS TO SKILLS GAPS

What do you feel could be successful actions to address your and your organisation's skills gaps?



MOVING FORWARD

This survey makes it clear that there is an expectation that training forms part of the solution to skills gaps in small charities. Significant numbers of respondents believe training to be costly, but had still accessed some form of it during the past year. This suggests the need for a comprehensive inquiry into the nature of training available to the sector and how it addresses demonstrated skills gaps. The need for high-quality training that is affordable and convenient for small charities also raises issues for funders and training providers. Organisations like the FSI are challenged to deliver courses that are relevant and enhance skills, whilst being accessible for small charities.

Clearly, training will play a part in addressing skills gaps in the small charity sector. However, the innovative spirit with which the sector currently deals with skills issues should also be promoted. The survey made clear that skills sharing and development through collaboration is already taking place. It was also made clear that this type of innovation is seen by many in the sector as a means through which to address skills issues. The challenge for small charities, and organisations like the FSI, is to develop the infrastructure and promote a culture in which this innovation and collaboration can thrive.

Training, innovation and collaboration are unlikely to provide solutions to small charity skills issues if they take place in isolation. Instead, they need to occur as part of development plans that link into the objectives and business plans of small charities. The survey has made it clear that the sector has a great deal of work to do to develop a culture that promotes skills development. Only 10% of respondents worked for organisation that linked training into business plans. The lack of a strategic approach to skills development means that skills gaps will persist and this could pose a threat to the sustainability of small charities.

The culture in the sector must change and focus on developing skills in a strategic way and linking this into business plans. This will involve greater attention to skill development and possibly more investment in this area. A discussion on resourcing and investment in this area is beyond the scope of this survey, however this discussion will need to take place and is likely to present difficult choices. In the long run, investments and the development of a culture that promotes skills development will reap significant dividends for small charities and their beneficiaries.

The FSI

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