

Briefing one

Summary of survey findings



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Background

In 2012 the first national survey of property issues affecting charities in the UK was commissioned by the Ethical Property Foundation, the leading property advisor for charities. This paper summarises its findings, and outlines solutions to the problems identified.

Other topics covered in this series include:

- How charities get advice and support on property issues.
- How charities can use their property to support their mission.
- How charities can use their property to survive in the current environment.

Key findings of the survey

Property issues significantly affect the charity sector:

- 40% of charities consider their building is the greatest risk facing their organisation.
- 29% of charities plan to acquire or dispose of property in the foreseeable future.
- 47% of charities use more than one property.
- 59% of charities own the majority of their property assets.

Yet charities are not getting adequate advice and support on property:

- An estimated 41,000 small charities (income below £100,000) are failing to get good quality property advice.
- 40% of charities have found the cost or availability of professional property advice a problem in the last three years.
- 45% of charities rely on informal advice on property issues.
- Charities report legal issues, leases and property management as the areas where they need most help.

As a result, charities are failing to maximise their property potential:

- 17% of charities fear that they will fail to deliver services due to property constraints.
- 44% of charities experience unforeseen maintenance costs.
- 27% of charities experience costs or compliance difficulties due to health and safety, environmental or other regulations.

Meanwhile, a worsening operating environment impacts them through property:

- 10% of charities have experienced unreasonable rent rises in the last three years.
- 52% of charities have experienced difficulties in obtaining core funding for premises costs in the last three years.
- 80% of charities enjoy discretionary rates relief, but this is under threat as a result of policy changes from 1 April 2013.
- 30% of charities benefit from discounted rents, which typically come from local authorities: but many local authorities are moving towards open market rents.

Property is typically the second largest cost for charities, after staffing.

Why is this happening?

Many charities themselves do not take a strategic approach to property, partly because they lack the in-house expertise to appreciate or act on its significance. Typically, property issues will be addressed by a busy chief executive or trustee, rather than by a staff member with the necessary time and expertise.

87% of charities consider themselves capable of managing property issues on a day-to-day level. But significant numbers actually experience serious property problems (see key findings above).

This suggests either a difference between perception and practice, or else a need for greater property expertise at a strategic level.

Why does this matter?

Property is typically the second largest cost for charities, after staffing.

In today's climate, good management of property issues can make the difference between a charity surviving or sinking.

The financial impact of property problems can be disproportionate and even existential for a charity. Client casework from the Ethical Property Foundation indicates recurrent numbers of charities that would have closed or severely reduced services if they had not succeeded in managing serious property problems.

Property is a management area of strategic value but is not always treated as such, leading to increased costs, inefficient facilities, and failure to secure fiscal benefits that are available.

Current handling of property issues by inappropriate personnel with inadequate information diverts charities' resource and time away from frontline services.

Well managed premises, of the right size, type and location, can deliver effective services, financial benefits, good staff morale and well-planned futures for charities.



Charities can adopt a more strategic approach to their property assets to help them survive in the current climate.

What can be done about this?

Charities can adopt a more strategic approach to their property management, to maximise efficiencies, access proper professional advice, and help them survive in the current difficult climate.

Charities can access professional guidance from the Ethical Property Foundation, the leading property advice service for charities.

Donors can encourage a more strategic approach towards property by providing specific funds for this, allowing it as an item within funding bids, or requiring it as a criterion for funding.

Donors can also support the development of a national voice and service for these issues.

Local government can clarify their policies towards charities, ensure they are accessing the fiscal benefits on offer, and provide easier access points for advice and information.

Further information

A summary of the survey report is available for free download at www.ethicalproperty.org.uk.

The Ethical Property Foundation is the leading provider of property advice to the charity sector. Its advice and consultancy services include:

- Free online guide to all aspects of renting, buying and managing property for charities.
- Tailored advice and support on property problems, with initial help provided free.
- Access to a network of over 80 property professionals, offering free or discounted support to charities.
- Consultancy including business and strategic planning, options appraisals, feasibility studies and social audits.
- Training on all aspects of property from a charity perspective.

For further information, visit www.ethicalproperty.org.uk or call 020 7065 0760.

Survey methodology

The survey was commissioned by Ethical Property Foundation in partnership with the Charity Commission, and delivered by independent consultants Campbell Tickell. It comprised quantitative research on 250 charities, whose turnover, remit and geographic spread match the sector profile; and qualitative research with 20 representatives from infrastructure and frontline charities and local authorities.

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