

# Under the radar: risk management in small charities



# Contents

## **3 About the survey**

Who did what and why

## **4 Key takeaways**

Major findings in 10 bite-size pieces

## **6 External & internal risks**

Small charities' biggest worries

## **9 Spotting & managing risk**

Confidence levels in identifying and dealing with risk

## **12 Risk management strategies & obstacles**

Do small charities manage risk – and how well do they do it?

## **15 Risk management & governance training**

Training incidence and barriers

## **19 Seeking advice on risk management & governance**

Where do small charities go for help & advice?

## **25 Who took part & how?**

The nuts and bolts

## **26 About our respondents**

A portrait of the people we surveyed

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# About the survey

The survey's purpose is to establish attitudes and ability to manage operational and compliance risks among grassroots charities and not-for-profits. Also, where they go for help and training.

330 valid responses from organisations across the UK with an annual income of less than £500,000 were received and analysed.

This is a joint project between the University of Suffolk's Institute for Social and Economic Research and independent digital insurance broker PolicyBee.

The aim is to help small charities and not-for-profits recognise and reduce their risk profile against a background of dwindling funding and resources, and increased scrutiny. The further intention is to point them towards useful sources of help and support, so they can more easily focus on pursuing their charitable objectives.

Note: PolicyBee has created an online **Help Hub**, where charities and not-for-profits can find useful resources for managing their organisation and their risks better.

# Key takeaways

1

Organisations are most worried about money. The biggest external risk is identified as loss of funding (70%) and the biggest internal risk as reduced income or revenue streams (74%).

2

Other major risks involve people. Organisations view recruitment of trustees and volunteers (62%) as the next most significant external risk, and risks linked to staff and volunteers (44%) as next in line for internal risks.

3

One in ten 'doesn't have' or 'isn't sure' if they have any risk management measures in place at all. Of those that do, there is an average of only one risk management measure per organisation, and no more than three per organisation among all respondents. Only a small number (8%) have a risk register.

4

Respondents doubt their organisation's ability to assess and manage risk. Almost half (47%) are only 'somewhat confident' or less so in their capacity to identify and assess risk. And more than half (54%) feel only 'somewhat confident' or less so when it comes to their ability to manage risk.

5

Lack of time (64%), lack of funds (52%) and lack of expertise (39%) are identified as the main reasons why risk management practices aren't implemented.

6

Relevant training is in short supply, with nearly two-thirds **(62%)** having received no risk management or governance training – most commonly due to lack of funds **(57%)**, lack of time **(50%)**, and not knowing where to go for training **(45%)**.

7

When it comes to seeking advice on risk management and governance issues, most rely on their board of trustees to provide the expertise **(55%)**, or their peers and colleagues **(46%)**.

8

There isn't widespread take-up of the support and advice on offer from some of the sector's main regulatory bodies and umbrella organisations. Two thirds **(66%)** say they aren't familiar with the organisations listed.

9

Information provided by local voluntary support organisations such as community foundations and \*CVSs is identified as the most reliable **(59%** 'satisfied' or 'very satisfied') – although nearly a third **(30%)** say they 'never' use them.

10

The larger the organisation, the more likely they are to be 'very familiar' with the major regulatory bodies and umbrella organisations, especially in the annual income over £100,000 bracket **(43%)\*\***.

\*Council for Voluntary Service

\*\*This figure was obtained from a crosstabulation and a median test of the familiarity, attitudes to seeking help, and satisfaction scores among organisations divided by income bracket and presented as a familiarity subscale.

More information available on request.

# External & internal risks

## What we learned

Risk to funding is the outright biggest worry for organisations, whether that be external funding e.g. grants (70%) or internal funding e.g. their capacity to generate income streams (74%). This comes on the back of an ongoing squeeze on central government funding to local councils since 2010.

The ability to recruit trustees and staff is seen as the next largest external risk for organisations (62%), while managing the risks associated with them comes next on the list of internal concerns (44%).

Data handling and GDPR is a concern for 28% and cyber risks worry 25%.

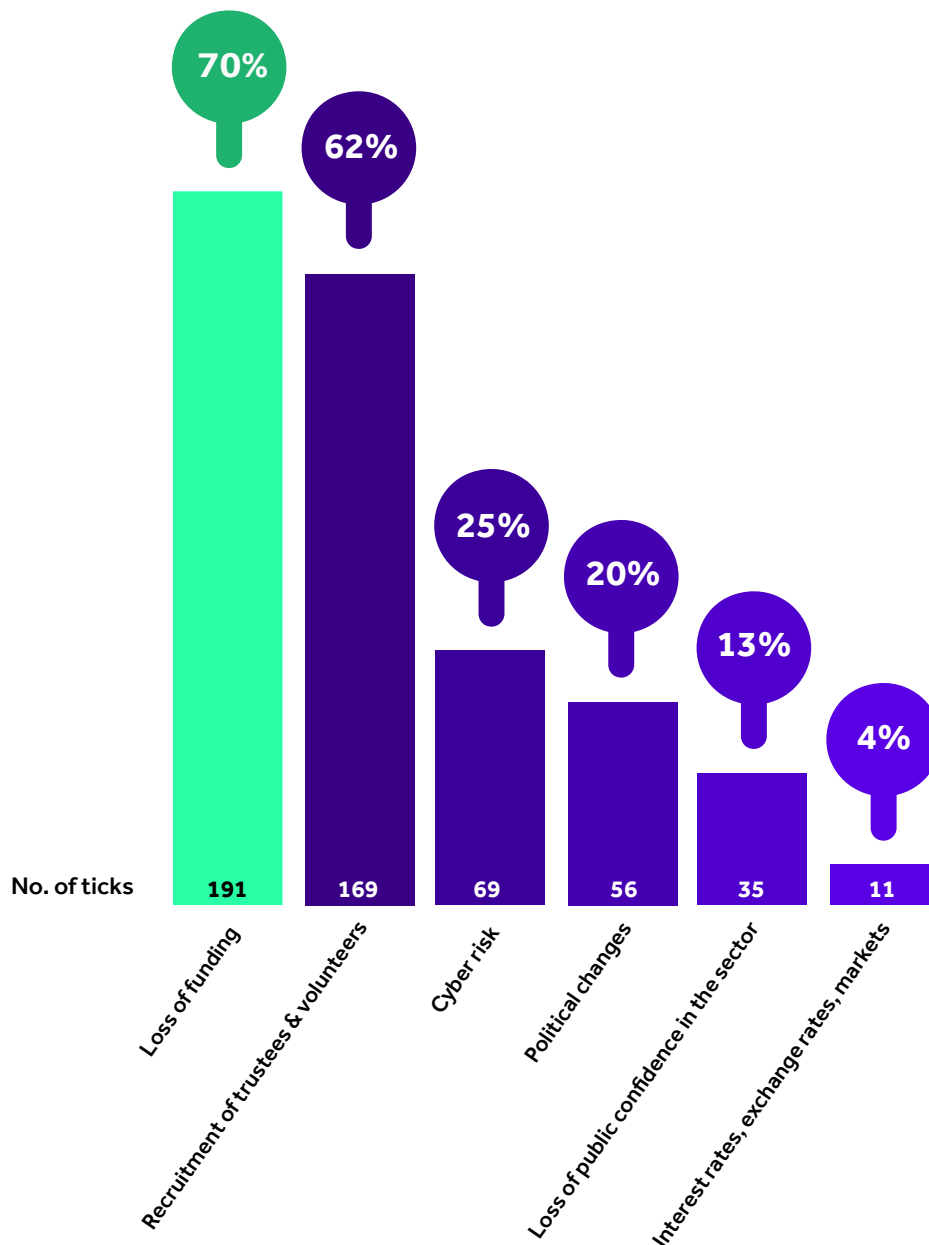
Respondents were asked to free type any additional external and internal risks that also worry them. This generated three new causes for concern, although numbers for each are small: regulatory compliance (2%) and loss of members (2%) as external risks, and child safety protection (1%) as an internal risk.

# What we asked



## Which of these external risks are you concerned about in the next 12 months?

(275 responses – respondents could tick as many as they wanted.)

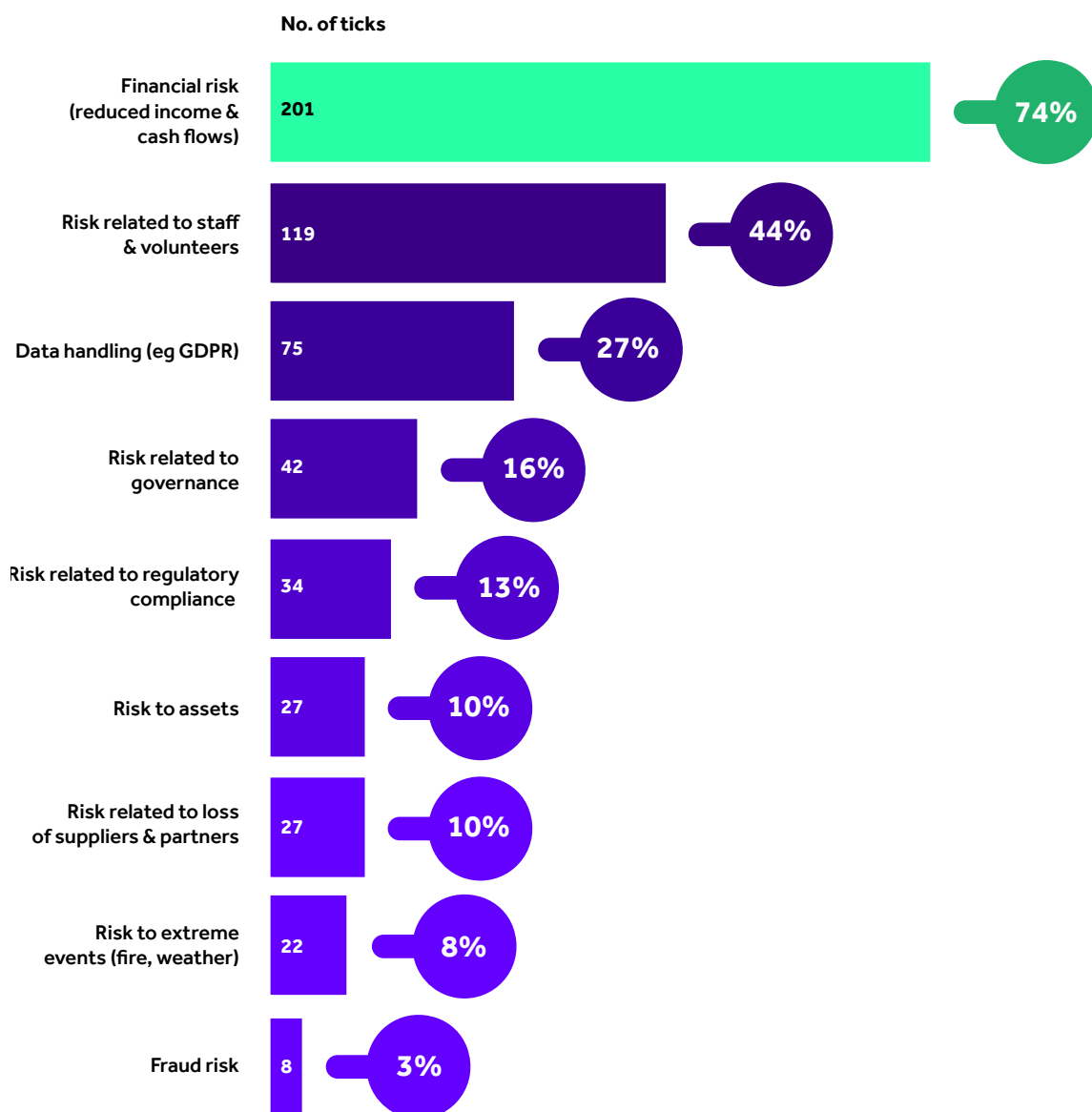


# What we asked



## Which of these internal risks are you concerned about in the next 12 months?

(275 responses – respondents could tick as many as they wanted.)





# Spotting and managing risk

## What we learned

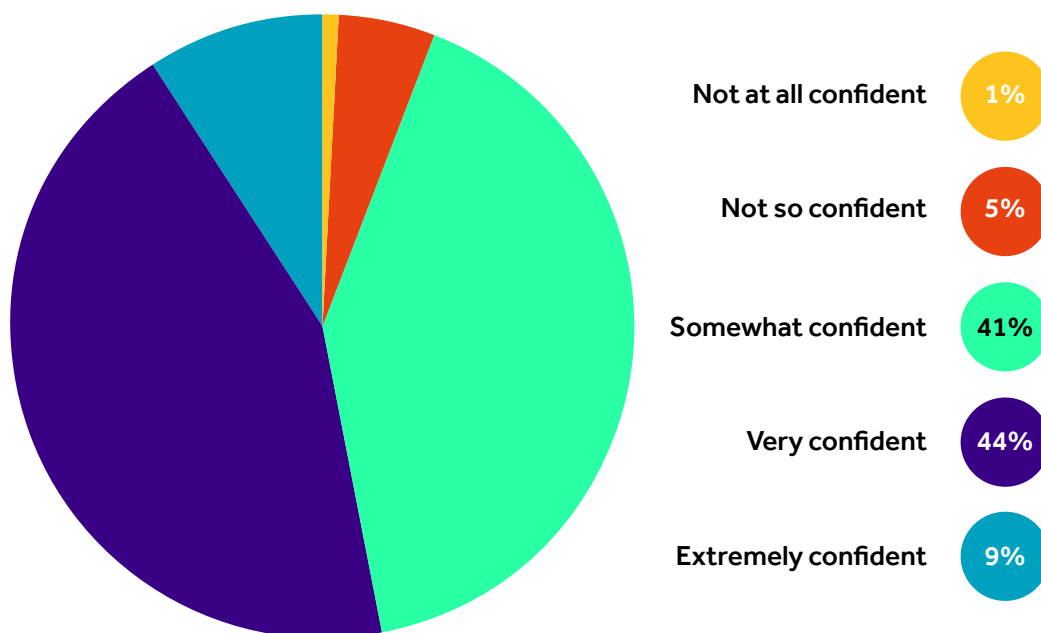
A considerable chunk, 47% of respondents, feel their organisation is only 'somewhat confident' or at a level below that in identifying risk, while 54% feel the same about their capability to manage risk. That suggests a real concern among respondents about their organisation's ability to spot and head off risks before they turn into problems.

# What we asked



**How would you rate your organisation's confidence to identify and assess risk?**

(274 responses)

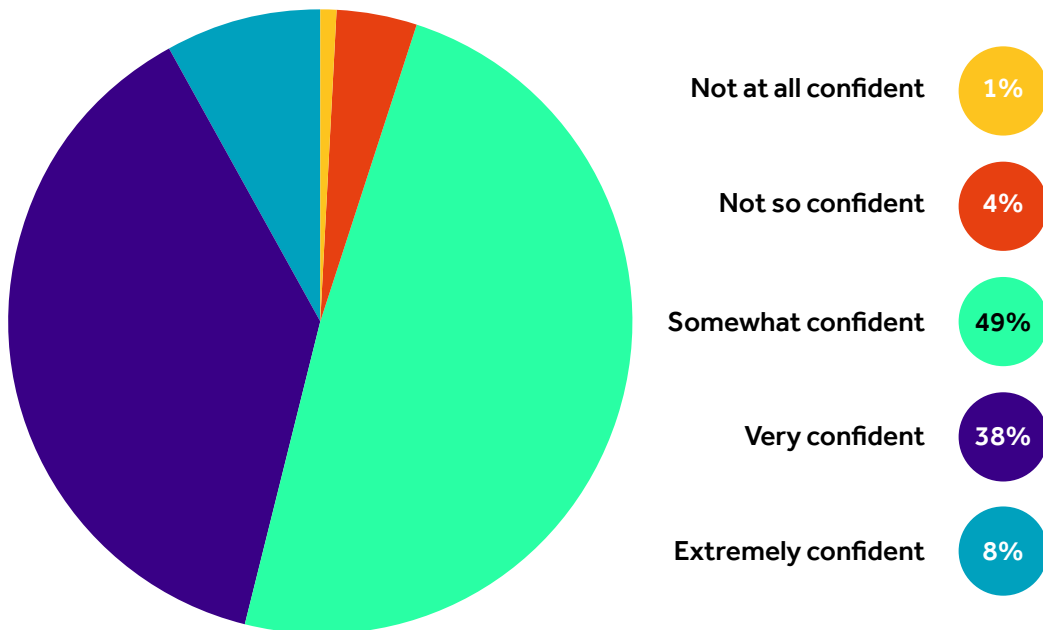


# What we asked



## How would you rate your organisation's confidence to manage risk?

(274 responses)



# Risk management strategies & obstacles

## What we learned

Respondents were asked to free type their organisation's risk management measures, rather than choose from a list. Individual responses were then allocated to one of seven wider risk management categories and information was extracted to establish numbers of risk management measures in place per organisation.

The largest group (42%) say they have 'Assessment, evaluation, monitoring' measures in place, whereas for the other eight risk measurement categories, numbers fall below a quarter for all but 'risk management policies & procedures'. Only 8% say their organisation has a risk register.

The maximum number of risk management measures in place for any organisation is three, and the average is one. One in ten 'doesn't have' or 'aren't sure' if they have any risk management measures in place at all.

The major barrier to organisations putting risk management measures in place is reported as lack of time (64%), followed by lack of funds (52%) and lack of

expertise (39%). This paints a picture of hard-pressed charity managers short on the time they need to properly audit their risks or do anything about them – compounded by a lack of funds for appropriate training and a lack of expert knowledge and readily available information.

And while statutory risk management is a necessity only for larger charities with annual income above £1 million in England and Wales, or above £500,000 in Scotland and Northern Ireland (plus charities with incomes above £250,000 and assets worth more than £3.26 million for the whole UK), The Charity Commission strongly emphasises the need for small charities also to monitor risk:

***“Trustees of smaller charities with gross income below the statutory audit threshold (who should still be concerned about the risks their charity faces) are encouraged to make a risk management statement as a matter of good practice.”***

# What we asked



## What risk management measures do you have in place to deal with risk?

(247 free-type responses – respondents could add as many as they wanted.)



# What we asked



## What barriers do you face in implementing risk management measures at your organisation?

(450 free-type responses – respondents could add as many as they wanted.)



# Risk management and governance training

## What we learned

Nearly two-thirds of respondents (62%) have had no risk management or governance training. Those who have report an overwhelmingly positive outcome (89%) and a wide variety of sources for their training – the most common being current or previous employers (23%), local community & voluntary organisations (22%) and local government (14%) ([see appendix 1](#)).

Lack of funds (57%) comes top of the reasons why respondents are unable to access training, followed by lack of time (50%) – again suggesting charity and community workers lack both the cash and the spare hours required to improve their risk management and governance skills.

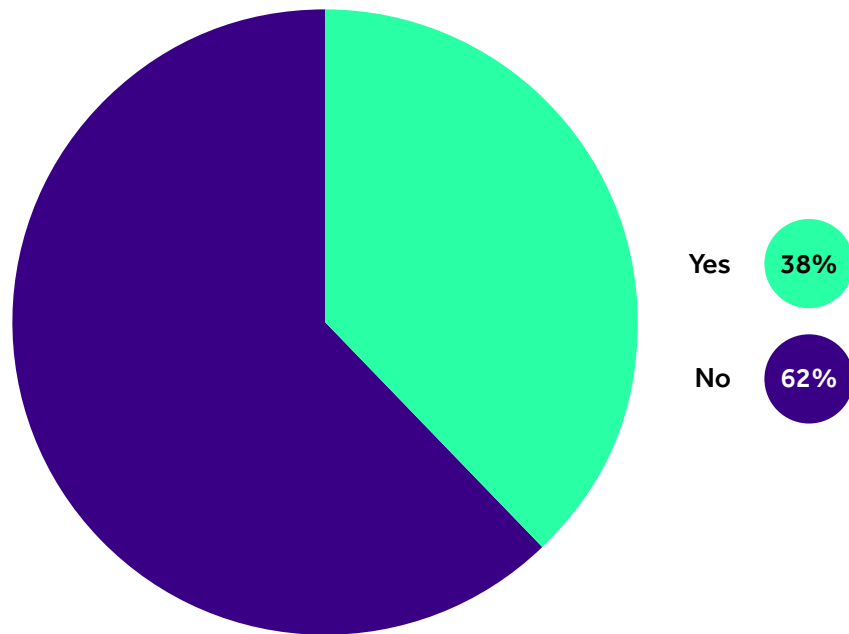
A significant proportion (45%) also report that they wouldn't know where to look for training, implying a lack of clear signposting for the sector.

# What we asked



**Have you ever received risk management/governance training?**

(243 responses)



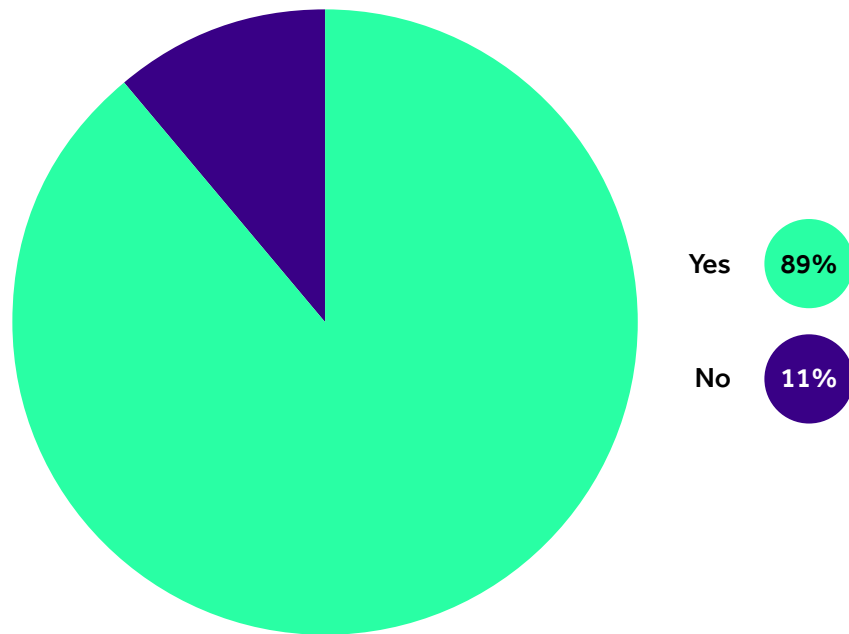


# What we asked



**Did the training improve your organisation's knowledge and ability to deal with risk?**

(91 responses)

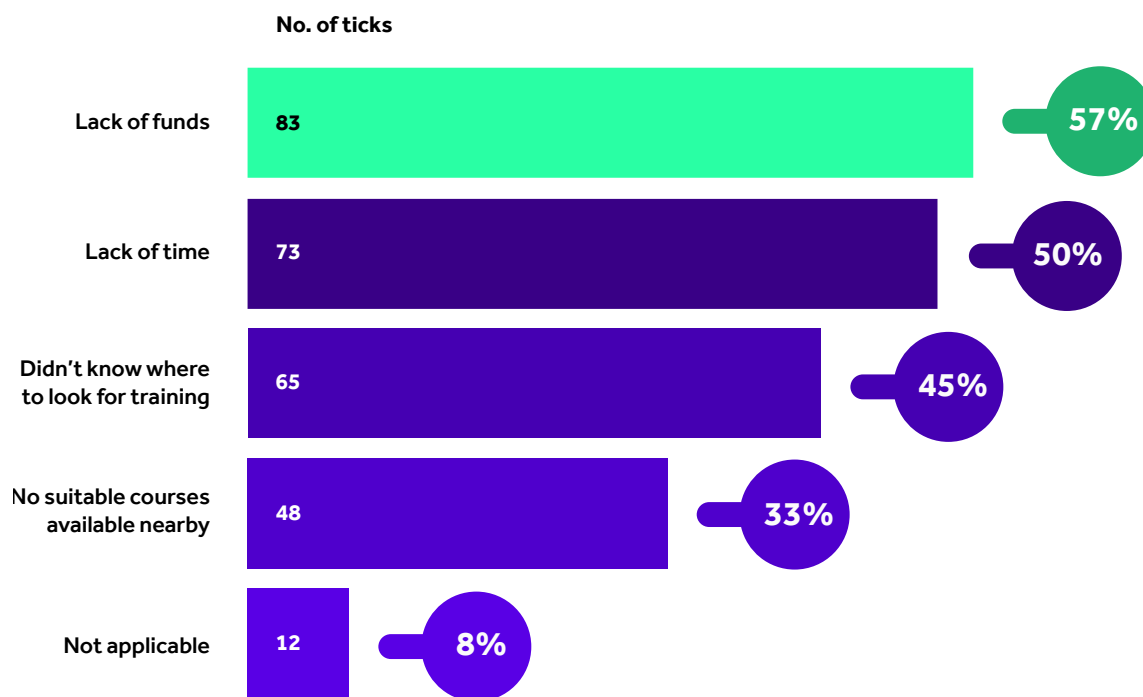


# What we asked



## What were the barriers in accessing risk management or governance training?

(281 responses – respondents could tick as many as they wanted.)



# Seeking advice on risk management & governance

People mostly rely on the people around them when seeking advice on risk management and governance. 55% look to their board of trustees to supply the expertise - whereas many small charities won't have that luxury.

Peers and colleagues (46%) are the second most popular source of advice and information. But this again raises questions for those working alone, in isolation or solely with volunteers.

Meanwhile, large numbers (66%) say they are unfamiliar with several of the key regulatory and umbrella bodies within the sector – which in themselves are important providers of information.

21% say they are not familiar with The Charity Commission, with numbers rising to 59% for the Information Commissioner's Office (ICO - the regulator for data protection and GDPR) and 49% for the Fundraising Regulator.

45% report a lack of familiarity with their local networks, including community foundations and CVSs\*. Yet the advice and information provided by local voluntary and membership organisations tops the table for reliability, with a 59% satisfaction rate.

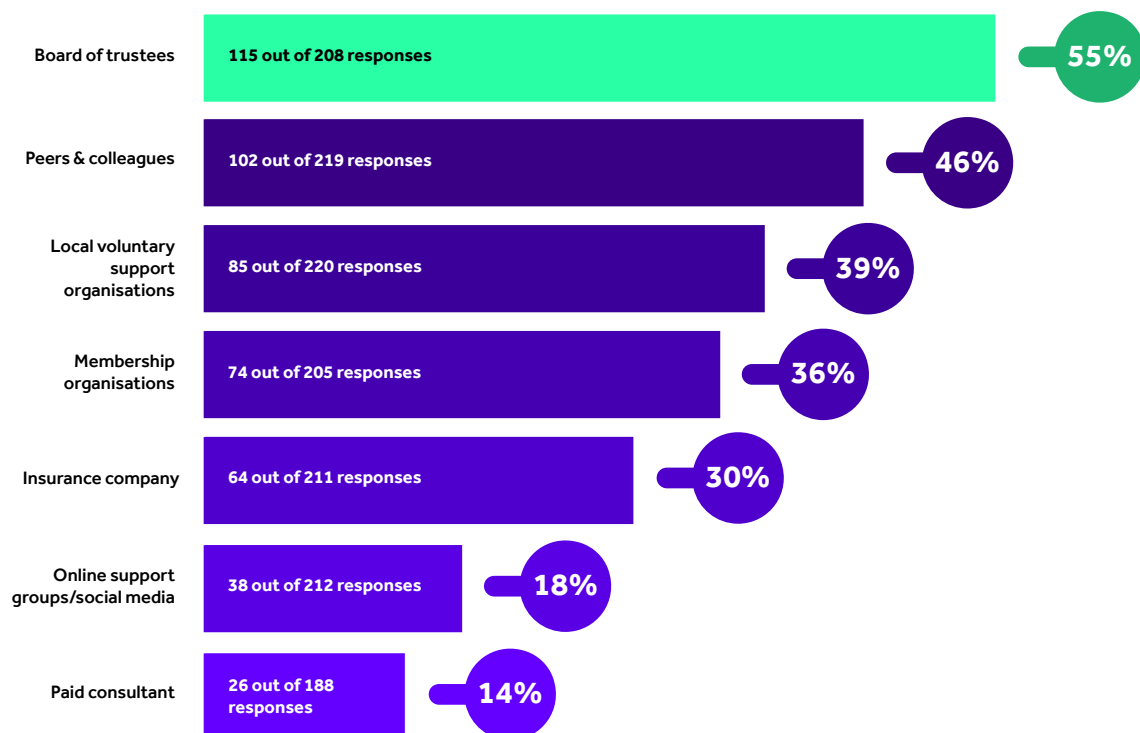
The most widely consulted resource for information and advice is the gov.uk website, with 60% of respondents reporting using it in the past 12 months. Just over half say they made use of their local networks in that timeframe, but nearly a third report 'never' using them.

32% also say they 'never' make use of The Charity Commission, and less than a third had consulted the ICO in the year GDPR came into force. Only 8% had used the Fundraising Regulator.

# What we asked



## From where is information on dealing with risk mostly sought?

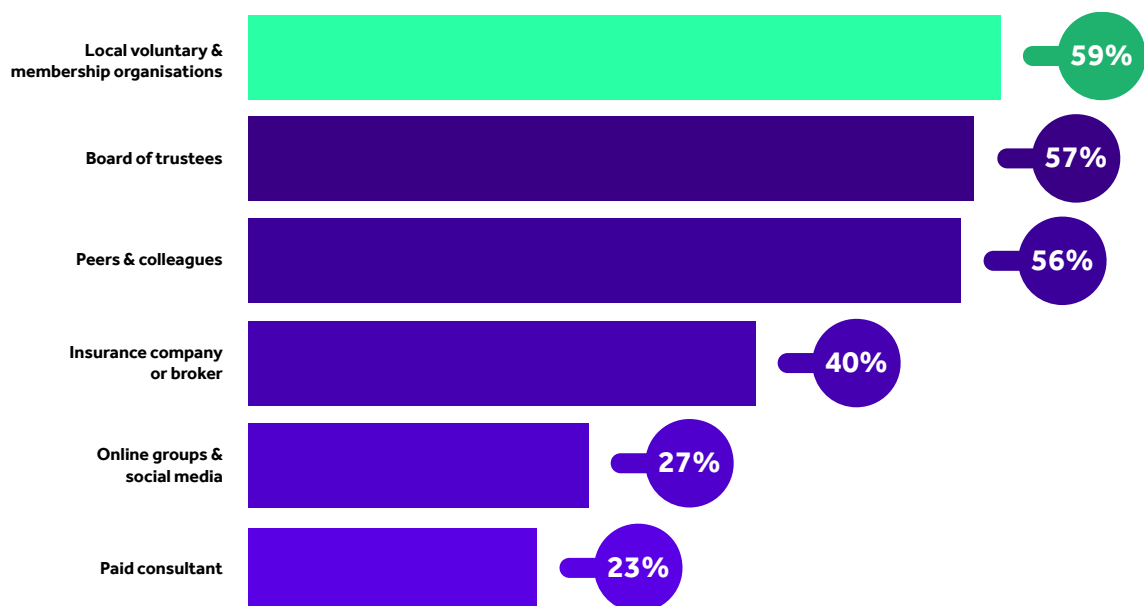


Note: respondents were asked to 'strongly disagree', 'disagree', 'neither agree nor disagree', 'agree' or 'strongly agree' with a series of statements about where they seek information. No response and answers of 'not applicable' were discounted, giving a varying number of total responses for each source. The chart above shows numbers who answered 'strongly agree' or 'agree' to seeking information from each source. See [appendix 2](#) for a full breakdown.

# What we asked



**How satisfied were you with the advice and information you received from:**



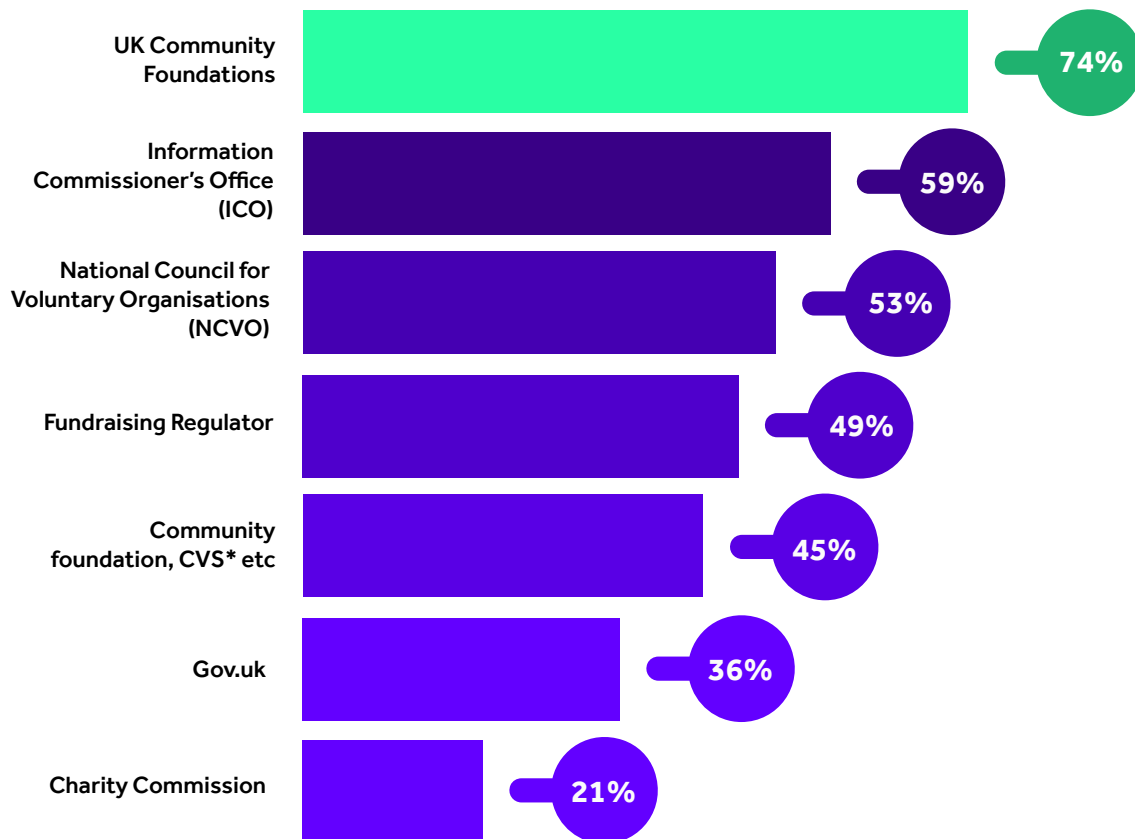
Note: respondents were asked whether they were 'very dissatisfied', 'satisfied', 'neither satisfied nor dissatisfied', 'dissatisfied' or 'very dissatisfied' with the advice and information they received from various sources. No response and answers of 'not applicable' were discounted, giving a varying number of total responses for each source. The chart above shows numbers who said they were 'satisfied' or 'very satisfied'. See [appendix 3](#) for a full breakdown.

# What we asked



**Which of these regulatory bodies and umbrella organisations are you 'not so familiar' or 'not at all familiar' with?**

(251 responses)

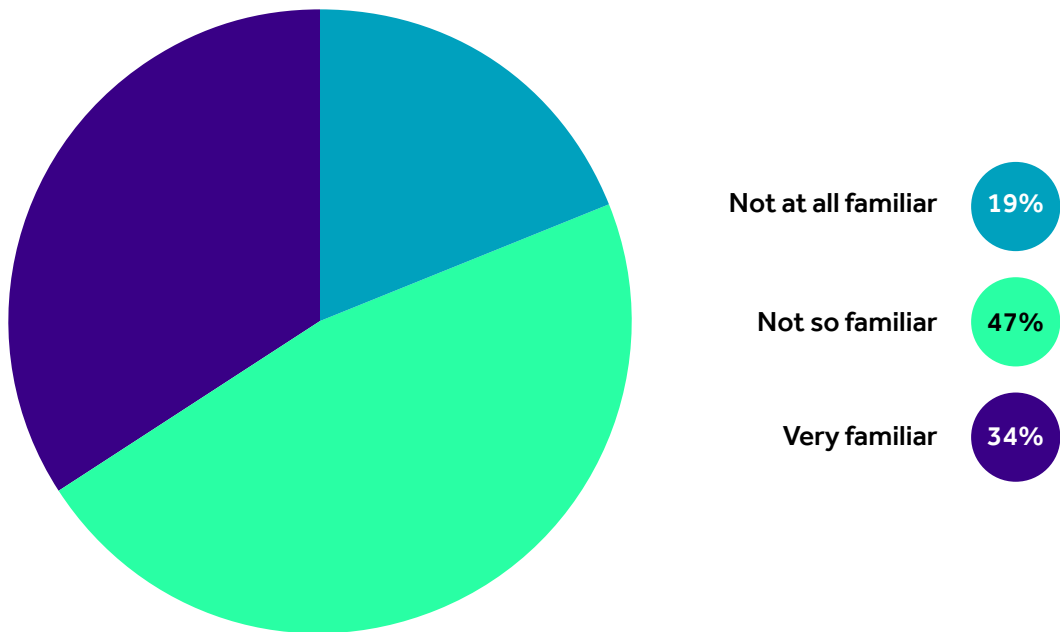


Note: respondents were asked whether they were 'not at all familiar', 'not so familiar', or 'very familiar' with a list of regulatory bodies and umbrella organisations. The chart above shows numbers who answered 'not so familiar' or 'not at all familiar' for each one. See [appendix 4](#) for a full breakdown.

# What we asked



**How familiar are you with the main regulatory bodies and umbrella organisations?**



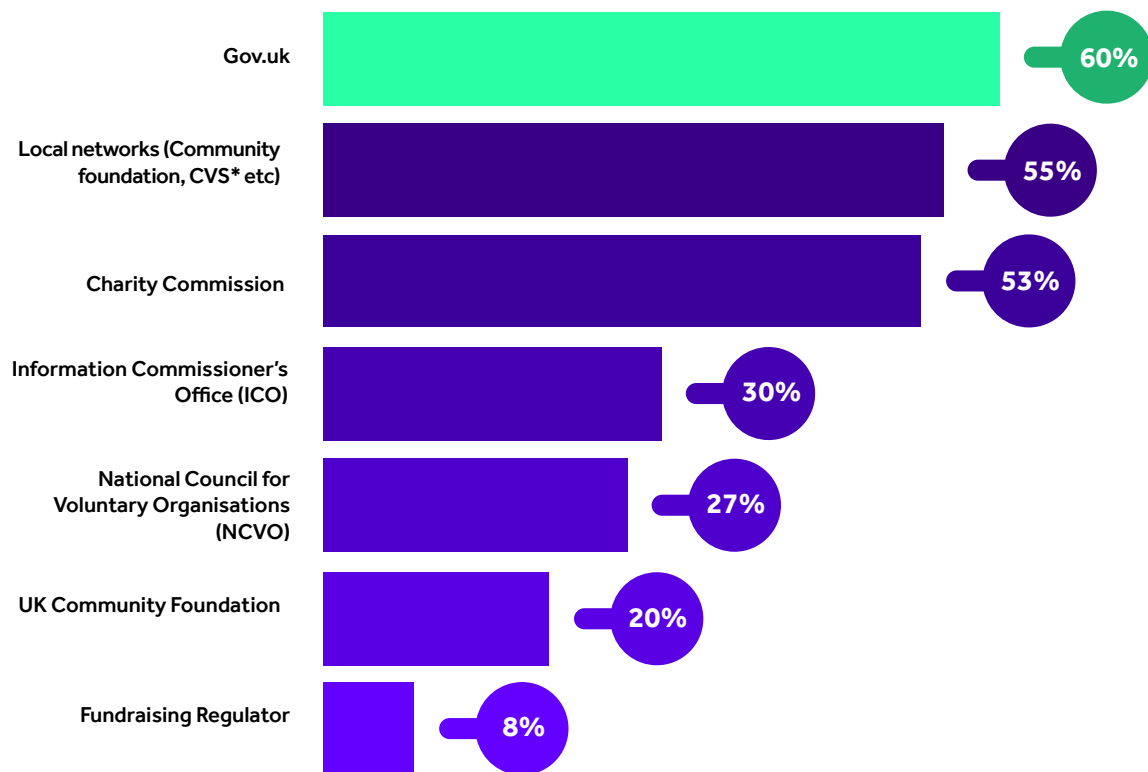
Note: this table is derived by combining responses from the previous question.

# What we asked



## Have you used any of these regulatory bodies and umbrella organisations in the last 12 months?

(245 responses – respondents could tick as many as applied)



Note: respondents were asked whether they had used the various regulatory or umbrella organisations 'in the last 12 months', 'before the last 12 months', or 'never'. There were 245 responses. The chart above shows numbers who answered 'in the last 12 months' for each one. See [appendix 5](#) for a full breakdown.



# Who took part and how?



PolicyBee was established in 2010 as an independent digital insurance broker.



The University of Suffolk is home to the Suffolk Institute for Social and Economic Research (SISER).

The survey is a collaboration between PolicyBee, an independent insurance broker, and the University of Suffolk. The University's lead on the project is Dr Olumide Adisa, principal investigator within its Suffolk Institute for Social and Economic Research. Dr Adisa provided the statistical analysis.

The survey was available on Survey Monkey from 2 July to 9 September 2018. A link to it was distributed widely both by PolicyBee and The University of Suffolk, and also shared by various other charity organisations among their memberships.

A £200 incentive was offered in the shape of a prize draw, with a cheque paid to the randomly-chosen winning charity.

394 people across the UK took part in the survey. However, 64 (16%) were above the income cut-off level of £500,000 and were disqualified from the outset. That left 330 valid responses, although not all respondents answered all questions.

# About our respondents



Of the 330 valid responses to the survey, there is good representation from across the country, and from organisations working in many different areas across the sector.

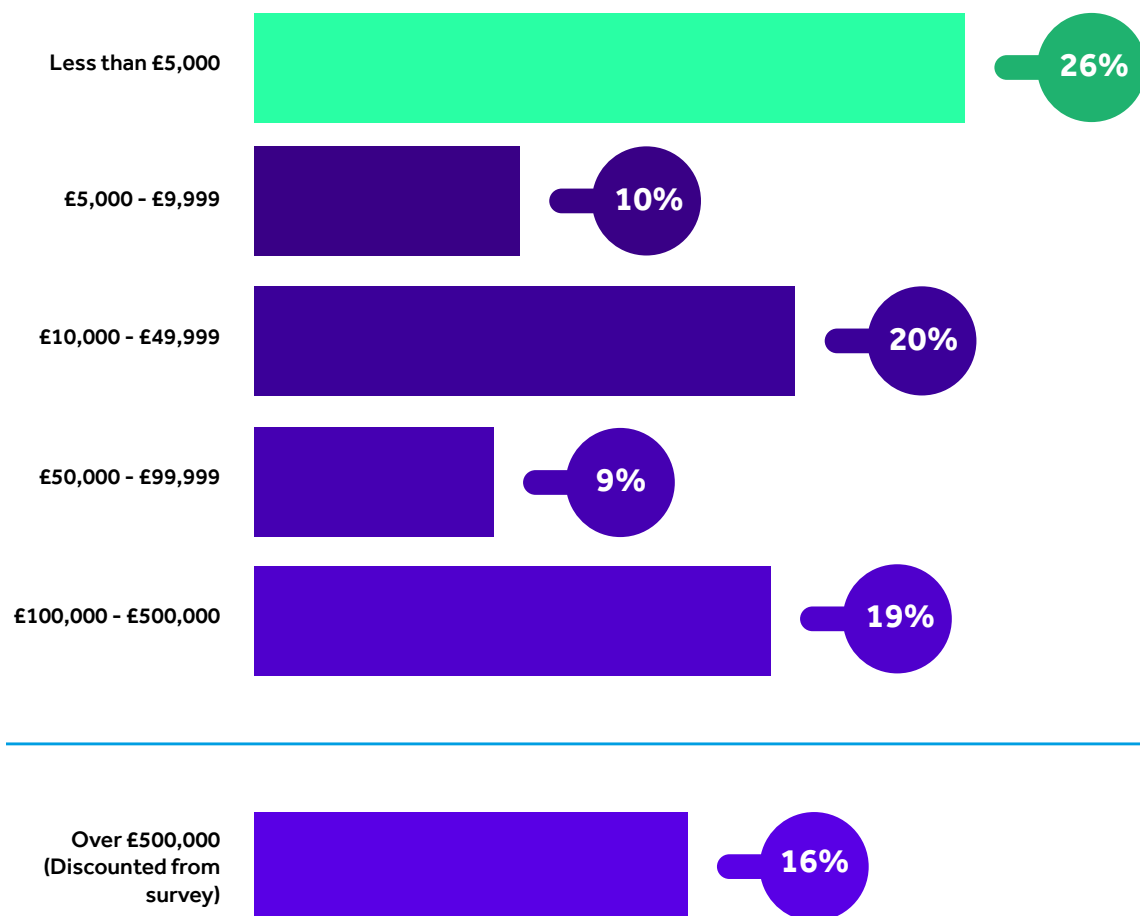
The largest number of responses are from the East of England (38%). This was as expected, as both PolicyBee and the University of Suffolk are Ipswich-based, while Community Action Suffolk was very active in sharing the survey.

# What we asked



## What is your organisation's annual income?

(394 responses)

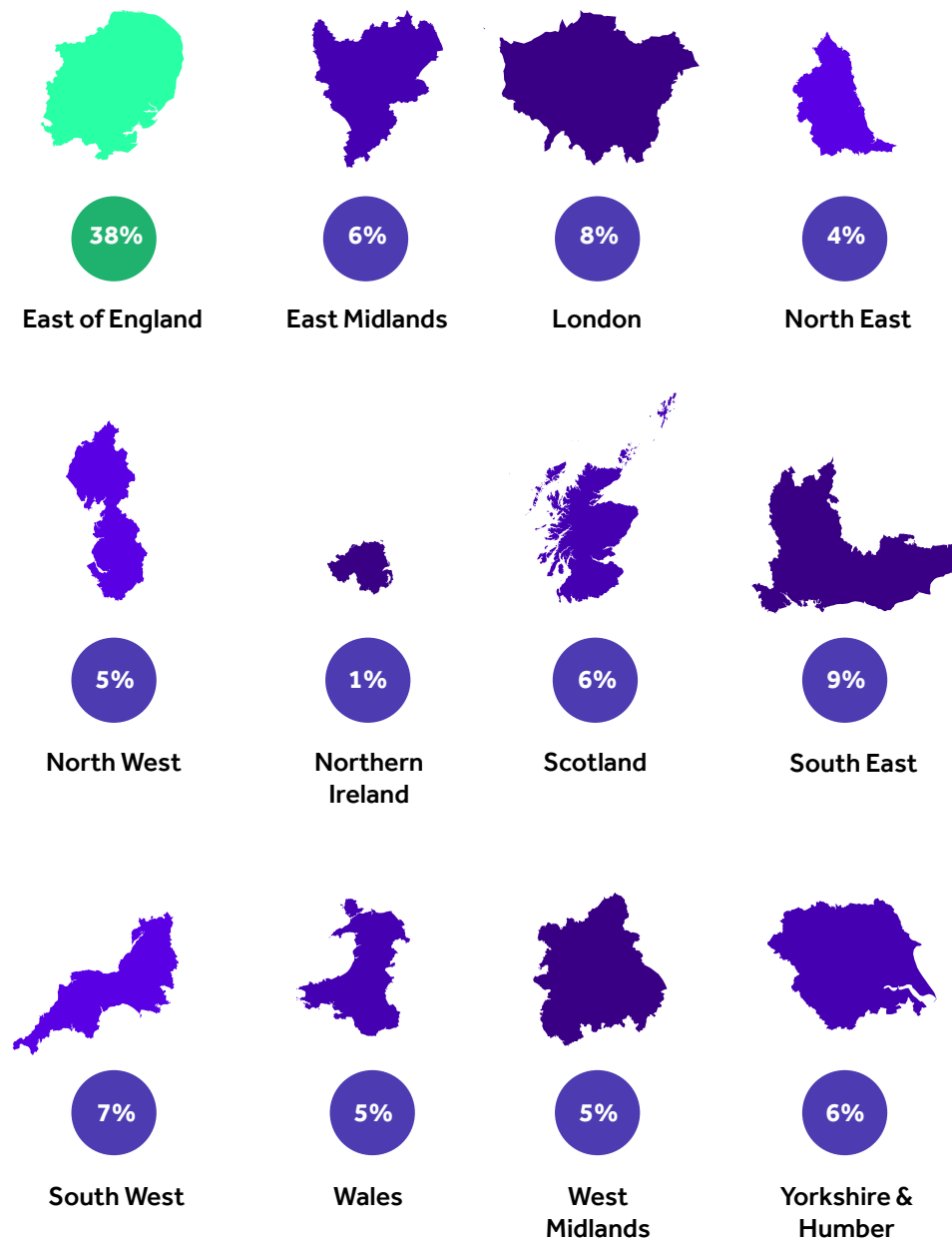


# What we asked



## Where is your organisation based?

(307 responses)

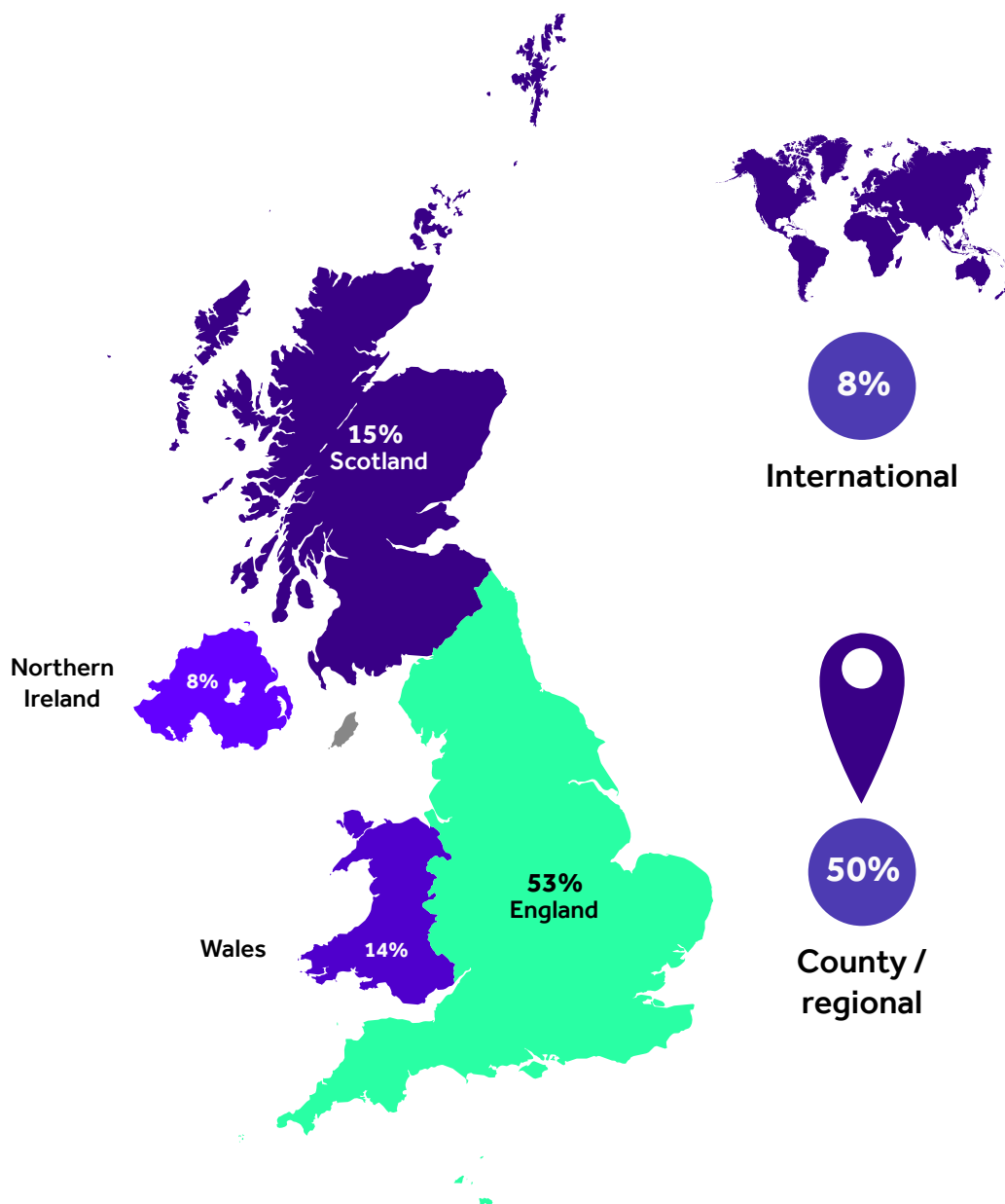


# What we asked



## Where does your organisation operate?

(451 responses – respondents could tick as many as applied.)

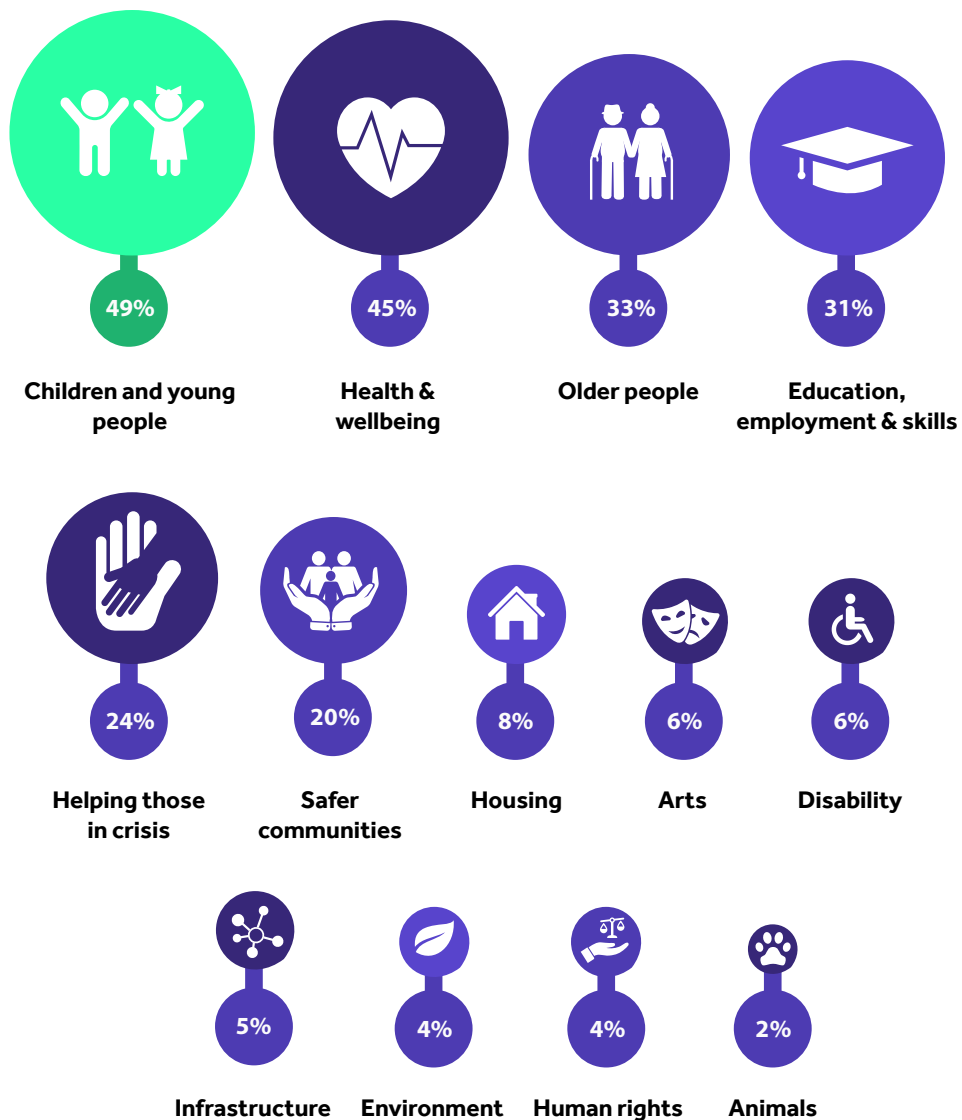


# What we asked



## What is your organisation's main area(s) of activity?

(638 responses – respondents could tick as many as applied.)

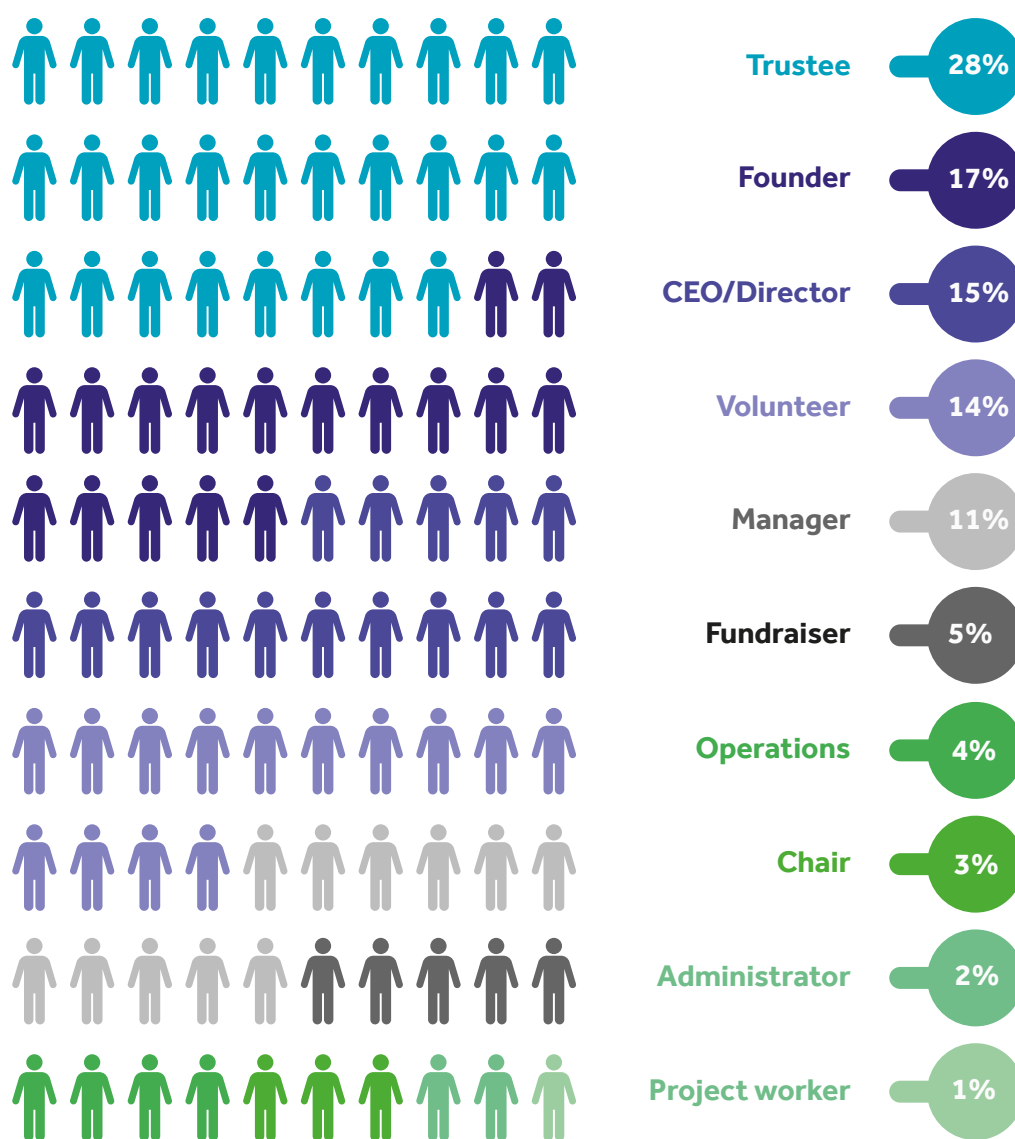


# What we asked



## What is your position in the organisation?

(294 responses)



# Appendices

## Appendix 1



### Where did you receive risk management and governance training from?

(Answers from the 93 respondents who answered 'yes' to receiving training were grouped into general categories due to their broad variety.)

<b>Current or previous employment</b>	<b>23%</b>
<b>Local community &amp; voluntary organisations</b>	<b>22%</b>
<b>Local government</b>	<b>14%</b>
<b>In-house</b>	<b>11%</b>
<b>Other charity bodies</b>	<b>7%</b>
<b>Others</b>	<b>6%</b>
<b>Private training companies</b>	<b>5%</b>
<b>Professional institutes &amp; associations</b>	<b>4%</b>
<b>Online</b>	<b>4%</b>
<b>Legal</b>	<b>4%</b>



# Appendices

## Appendix 2



**Thinking of your role within your organisation, which of the following statements apply?**

**Information on dealing with risk is mostly sought from board of trustees**

<b>Strongly disagree</b>	<b>3%</b>
<b>Disagree</b>	<b>10%</b>
<b>Neither agree nor disagree</b>	<b>21%</b>
<b>Agree</b>	<b>31%</b>
<b>Strongly agree</b>	<b>11%</b>
<b>No response</b>	<b>16%</b>
<b>Not applicable</b>	<b>8%</b>

# Appendices

## Appendix 2

Q.

Thinking of your role within your organisation, which of the following statements apply?

Information on dealing with risk is mostly sought from peers & colleagues

Strongly disagree	3%
Disagree	8%
Neither agree nor disagree	32%
Agree	31%
Strongly agree	7%
No response	16%
Not applicable	4%

# Appendices

## Appendix 2



**Thinking of your role within your organisation, which of the following statements apply?**

**Information on dealing with risk is mostly sought from local voluntary support organisations**

<b>Strongly disagree</b>	<b>4%</b>
<b>Disagree</b>	<b>17%</b>
<b>Neither agree nor disagree</b>	<b>69%</b>
<b>Agree</b>	<b>25%</b>
<b>Strongly agree</b>	<b>6%</b>
<b>No response</b>	<b>16%</b>
<b>Not applicable</b>	<b>3%</b>

# Appendices

## Appendix 2

Q.

Thinking of your role within your organisation, which of the following statements apply?

Information on dealing with risk is mostly sought from membership organisations

Strongly disagree	7%
Disagree	18%
Neither agree nor disagree	23%
Agree	19%
Strongly agree	8%
No response	16%
Not applicable	9%

# Appendices

## Appendix 2

Q.

Thinking of your role within your organisation, which of the following statements apply?

Information on dealing with risk is sought from an insurance company

Strongly disagree	11%
Disagree	18%
Neither agree nor disagree	25%
Agree	19%
Strongly agree	4%
No response	16%
Not applicable	7%

# Appendices

## Appendix 2



**Thinking of your role within your organisation, which of the following statements apply?**

**Information on dealing with risk is mostly sought from online support groups**

<b>Strongly disagree</b>	<b>31%</b>
<b>Disagree</b>	<b>29%</b>
<b>Neither agree nor disagree</b>	<b>26%</b>
<b>Agree</b>	<b>11%</b>
<b>Strongly agree</b>	<b>3%</b>
<b>No response</b>	<b>16%</b>
<b>Not applicable</b>	<b>23%</b>

# Appendices

## Appendix 2

Q.

Thinking of your role within your organisation, which of the following statements apply?

Information on dealing with risk is sought from a paid consultant

Strongly disagree	20%
Disagree	24%
Neither agree nor disagree	15%
Agree	8%
Strongly agree	2%
No response	16%
Not applicable	15%

# Appendices

## Appendix 3



**How satisfied were you with the advice and information received from the following sources?**

**Board of trustees/directors or equivalent**

<b>Very dissatisfied</b>	<b>1%</b>
<b>Dissatisfied</b>	<b>3%</b>
<b>Neither satisfied nor dissatisfied</b>	<b>17%</b>
<b>Satisfied</b>	<b>36%</b>
<b>Very satisfied</b>	<b>14%</b>
<b>No response</b>	<b>18%</b>
<b>Not applicable</b>	<b>11%</b>



# Appendices

## Appendix 3

Q.

**How satisfied were you with the advice and information received from the following sources?**

**Online groups including social media**

<b>Very dissatisfied</b>	<b>1%</b>
<b>Dissatisfied</b>	<b>2%</b>
<b>Neither satisfied nor dissatisfied</b>	<b>30%</b>
<b>Satisfied</b>	<b>16%</b>
<b>Very satisfied</b>	<b>3%</b>
<b>No response</b>	<b>18%</b>
<b>Not applicable</b>	<b>30%</b>

# Appendices

## Appendix 3



**How satisfied were you with the advice and information received from the following sources?**

**Local voluntary organisations/membership organisations**

<b>Very dissatisfied</b>	<b>1%</b>
<b>Dissatisfied</b>	<b>3%</b>
<b>Neither satisfied nor dissatisfied</b>	<b>14%</b>
<b>Satisfied</b>	<b>38%</b>
<b>Very satisfied</b>	<b>12%</b>
<b>No response</b>	<b>18%</b>
<b>Not applicable</b>	<b>14%</b>

# Appendices

## Appendix 3

Q.

**How satisfied were you with the advice and information received from the following sources?**

**Peers and colleagues**

<b>Very dissatisfied</b>	<b>1%</b>
<b>Dissatisfied</b>	<b>3%</b>
<b>Neither satisfied nor dissatisfied</b>	<b>19%</b>
<b>Satisfied</b>	<b>41%</b>
<b>Very satisfied</b>	<b>9%</b>
<b>No response</b>	<b>18%</b>
<b>Not applicable</b>	<b>9%</b>

# Appendices

## Appendix 3



**How satisfied were you with the advice and information received from the following sources?**

**Insurance company or broker**

<b>Very dissatisfied</b>	<b>1%</b>
<b>Dissatisfied</b>	<b>2%</b>
<b>Neither satisfied nor dissatisfied</b>	<b>20%</b>
<b>Satisfied</b>	<b>21%</b>
<b>Very satisfied</b>	<b>6%</b>
<b>No response</b>	<b>18%</b>
<b>Not applicable</b>	<b>32%</b>

# Appendices

## Appendix 3



**How satisfied were you with the advice and information received from the following sources?**

### Consultant

<b>Very dissatisfied</b>	<b>2%</b>
<b>Dissatisfied</b>	<b>1%</b>
<b>Neither satisfied nor dissatisfied</b>	<b>17%</b>
<b>Satisfied</b>	<b>8%</b>
<b>Very satisfied</b>	<b>3%</b>
<b>No response</b>	<b>18%</b>
<b>Not applicable</b>	<b>51%</b>

# Appendices

## Appendix 4

Q.

How familiar are you with these regulatory bodies and umbrella organisations?

Charity Commission

Not at all familiar	5%
Not so familiar	15%
Very familiar	80%

Fundraising  
Regulator

Not at all familiar	27%
Not so familiar	49%
Very familiar	24%

# Appendices

## Appendix 4

### Q.

**How familiar are you with these regulatory bodies and umbrella organisations?**

**Information  
Commissioner's  
Office (ICO)**

<b>Not at all familiar</b>	<b>26%</b>
<b>Not so familiar</b>	<b>33%</b>
<b>Very familiar</b>	<b>41%</b>

**National Council for  
Voluntary Action  
(NCVO)**

<b>Not at all familiar</b>	<b>19%</b>
<b>Not so familiar</b>	<b>34%</b>
<b>Very familiar</b>	<b>47%</b>

# Appendices

## Appendix 4

Q.

How familiar are you with these regulatory bodies and umbrella organisations?

Gov.uk

Not at all familiar	8%
Not so familiar	28%
Very familiar	64%

UK Community Foundations

Not at all familiar	39%
Not so familiar	35%
Very familiar	26%



# Appendices

## Appendix 4

Q.

**How familiar are you with these regulatory bodies and umbrella organisations?**

**Local networks (\*CVS,  
Community foundation etc)**

<b>Not at all familiar</b>	<b>13%</b>
<b>Not so familiar</b>	<b>32%</b>
<b>Very familiar</b>	<b>55%</b>

# Appendices

## Appendix 5

Q.

Have you used these regulatory bodies and umbrella organisations in the last 12 months, before the last 12 months, or never?

Gov.uk

Never	25%
Before the last 12 months	15%
Last 12 months	60%

Local networks  
(CVS\*, Community  
foundation, etc)

Never	30%
Before the last 12 months	15%
Last 12 months	55%

\*Council for Voluntary Service

# Appendices

## Appendix 5

Q.

Have you used these regulatory bodies and umbrella organisations in the last 12 months, before the last 12 months, or never?

Charity Commission

Never	32%
Before the last 12 months	15%
Last 12 months	53%

Information  
Commissioner's Office  
(ICO)

Never	62%
Before the last 12 months	9%
Last 12 months	29%

# Appendices

## Appendix 5

Q.

Have you used these regulatory bodies and umbrella organisations in the last 12 months, before the last 12 months, or never?

National Council for  
Voluntary Organisations  
(NCVO)

Never	53%
Before the last 12 months	20%
Last 12 months	27%

UK Community  
Foundations

Never	67%
Before the last 12 months	13%
Last 12 months	20%

# Appendices

## Appendix 5

Q.

Have you used these regulatory bodies and umbrella organisations in the last 12 months, before the last 12 months, or never?

Fundraising  
Regulator

Never	81%
Before the last 12 months	11%
Last 12 months	8%



Charity & not-for-profit  
insurance with a personal touch