

Taking steps to boost leadership excellence should help counter the challenges faced by UK charities, writes [Jonathan Lindsell](#).

The charity sector in today's Britain faces a number of challenges. Most organisations agree on their general nature and many are **taking steps to surmount them**. They include the impact a stagnant economy has on giving, the increased burden of provision from the shrinking of the state, a battered but unbowed reputation in the public eye, a set of government policies that are not always useful, and in the background, the trouble caused by the Brexit vote.

The UK government continues to **cut public services** in line with its fiscal mission. In many cases this austerity passes **the burden of care from the state to the third sector**. For example, the Trussell Trust reports a shocking rise in the use of food banks by families needing emergency supplies. It provided 61,000 supply sets in 2010-2011, while this year saw 1,109,000 distributed. This pressure intensifies need across the spectrum, from community health to support for the homeless, to name but a few.

The UK economy has grown slowly over the last few years, and this is reflected in the **sluggish increase in individual donations** reported last year. Of course, an increase in donations is a good sign, but given the additional needs explained above, it is unclear whether giving has kept pace with demand. Legacy income – money left to charities in peoples' wills – remains below its 2007 peak. Signs of healthier economic growth are scant so we can assume people will continue to see their incomes limited, and their charitable donations constrained.

This is set against a landscape in which the government is **increasingly zealous in charity regulation**. Our Charity Commission has flexed its muscles in proposing powers to block individuals becoming trustees. It is also pushing for more costly rules on fundraising regulation and reporting. Charity leaders are hopeful that Theresa May's new set of ministers will work with charities to improve the sector, rather than push against them.

**Brexit is likely to have an impact in terms of funding**. Already we are seeing science or research projects stalling if they rely on European cooperation or Brussels money, and there are no clear messages from Westminster that such lost funds will be matched by Britain's treasury in the future. A whole range of charities currently benefit from EU funding, from social development initiatives and sports groups to environmental volunteers and cancer diagnosis providers.

The other challenge presented by Brexit is the sad increase in social unrest that we are seeing, **the rise of antagonism between and within communities**. This tension will only be ramped up when UK and EU leaders get into the gritty detail of negotiating future migration arrangements, and the rights of Europeans already here. Charities are at the forefront of work to promote cohesion and good inter-faith or inter-community relations, and also employ many European nationals, so they are likely to see their burden grow heavier.

Britain's third sector has **a sprightly media covering it**. Charities welcome constructive press attention, critical or positive, but there is a worry that some news organisations are over-aggressive for the sake of it. That would be too far: proper scrutiny promotes strong leadership, but relentless attacks just sap staff morale and deter the public from donating.

Taking steps to boost governance and leadership excellence should help counter many of these challenges. Attention on charities tends to focus on the front line of service provision, but the golden rule is: **fail to invest in back office and you fail to deliver on the front line**. 'Back office' includes recruiting and training the very best trustees, making sure there are procedures in place for constantly improving the interaction between boards and their executives, and meaningful resources set aside to support these needs.

**The Charity Futures programme** was launched in July 2016 with this logic in mind. It will, through conversations with board chairs, executives, philanthropists and academics, seek new interventions which can enhance the sector's passion and professionalism. With better governance and leadership we should see an increase in public trust, in donor confidence, leading to sustained funding and better delivery. In turn, this should help the sector consolidate its strengths to work with the government from a confident position.