



The minutes of the meeting of 9 November will be circulated shortly. Due to the proximity of the meetings there is a short time lag between meetings and minutes.

There were no declarations of interest.

## **2. Fresh reflections following the meeting of 9 November 2020**

- 2.1 There were no fresh reflections emanating from the meeting of 9 November 2020. Members were invited to send any further reflections or comments to CIPFA via email.

## **3. Research papers**

- 3.1 The Chair noted that he would welcome comments from committee members after each presentation and encouraged members to provide any feedback.

### **3.2 Research paper 1 - Polling the Public – Jude Turbyne, Laura Anderson and Joanne Edwardes**

#### **3.3 Background to the presentation**

OSCR surveys the public annually regarding their trust in charities. The presentation arises from the results of the 2020 survey. It is worthy of note that this survey was undertaken before March 2020.

In Scotland 100% of charities are registered, therefore further analysis is required if people indicate that regulation is important to the survey results relating to trust to understand what is behind such commentary.

#### **3.4 Public Trust – Jude Turbyne, OSCR**

The survey showed that 93% of the participants are connected to charities in one way or another (money, time or goods).

The main reasons they give for participation are:

- the cause is important
- the charity can be trusted
- the charity's objectives coincide with their beliefs
- a personal connection with the charity.

The level of trust and confidence in charities has risen from 6.4 out of 10 in 2018 to 7.2 in 2019. This is a good sign; 2018 was the year that coincided with safeguarding issues although the 2018 figure was still an uplift on the previous year.

Significant external events that undermine trust are:

- scandals (and scams)

- adverse media reports

Factors that increase trustworthiness:

- greater transparency
- positive media reports.

A close connection to a charity's work can be effective in raising perceptions of trust and it is notable that international charities come lower down the list. Many people are passionate about the charity they are involved in and the public may feel quite distanced from overseas charities. Therefore, charities need to consider building a close connection to maintain and raise trust.

### **Raising funds in the street**

Due to the connectedness issue trust is lower if funds are raised in the street but again if there is already a close connection then trust increases.

### **Increasing Trust**

When considering what factors increase trust, transparency and accountability comes out top. This includes seeing the work that has been done with the donations given, or how much is spent on administration, within the accounts and being open about what a charity is doing.

There can be a challenge arising from traditional views about whether a charity should have paid staff or volunteers. There are conflicting views with many thinking there should only be volunteers but also agreeing that charities should manage their affairs well.

### **Regulation**

Regulation is deemed to be an important factor for building trust. Of those surveyed 53% think charities are regulated, 40% don't know and a small percentage think they aren't. Awareness of OSCR remains quite low of those surveyed 24% are aware of OSCR. So there remains a lot for OSCR to do to raise public awareness of their role.

The surveys demonstrate that regulation builds trust but need to consider how to communicate this further. Possible ways of raising awareness include.

- more extensive use of the logo
- letting the public know OSCR exists as an organisation
- potentially using a mix of solutions.

### **What is important to trustworthiness**

To support trustworthiness (in both public and charities) the results of the survey demonstrate that the following factors are important:

- ensuring charities stay within the law

- ensuring charities produce reliable accounts
- keeping a register of charities.

The survey shows that understood that there is substantial agreement between the public and charities about how they should increase trustworthiness. The following factors are important

- trust matters for public support of charities.
- engagement is very high
- honesty and integrity are important
- transparency and accountability are both extremely challenging and important for charities
- knowing that charities are regulated is important - it is important to ensure that such regulation continues to support public trust and confidence.

### 3.5 **Regulating in the public interest - Joanne Edwardes – CCEW**

It was noted that CCEW have been monitoring trust and confidence for some time and have been considering public trust in charities. There is a lot of commonality between what CCEW and OSCR are seeing in public surveys.

CCEW asked questions to get behind the different opinions of the public. There is no one public view/opinion and so the survey segmented respondents into 6 categories. However, the survey produced very similar results to the OSCR information.

There has been a slight recovery in trust and confidence from the results produced in the last few years. As with the OSCR survey, the CCEW survey was undertaken pre COVID-19.

The following are important for trust in charities:

- that a high proportion of the money is being used for a charitable activity
- that charities are making the impact they promised they would make
- how this is done supports the spirit of the charity
- all charities have collective responsibility for the reputation of charities more widely.

The following are deemed to be the top factors of trustworthiness:

- a high proportion of money raised going to the cause
- high ethical standards

- making an impact
- that the charity is well run and there is good stewardship of charitable funds
- the charity is doing work the government can't do
- that the charity treats its employees well.

In terms of trustworthiness again when people indicate that they know a charity this affects whether they consider these factors of trustworthiness are present.

Knowing a charity is registered also gives confidence that these things are happening.

The survey shows that charity trustees' views are largely in line with the public's when it comes to what is expected of charities.

### **Issue of Chief Executive Officer's pay**

Both charities and the public think that Chief Executive Officer's (CEO's) pay should be commensurate with demands of the role.

### **Impacts for the SORP**

There is some impact for the SORP as trust in charities and accountability go hand in hand. The public want to know whether a charity's money is well spent. Is it making a difference? Demonstrating this is not just about numbers, but the numbers need a meaningful narrative around them to explain them.

This might be best explained by the following commentary:

*"There should be no numbers without a story and no story without numbers"*

## **3.6 Comments - Chief Executive Officer's Pay and Public Perception**

Regarding the issue of CEO pay a committee member was of the view that much of the response lies in how the question is asked. Perhaps if a different question is asked different responses would be provided. For example: *'Should all staff at a charity be voluntary?'* against *'Are professional skills required to run a charity?'* There is a relationship around the questions asked and the responses received.

There is also some evidence to suggest that increased transparency around CEO pay has led to less trust in charities. There is therefore a need to change the narrative reporting on this issue to ensure that the public can understand the relationship between the two.

Sometimes transparency is lost with increased narrative reporting. Data can be buried in long narrative passages.

### **Response – Joanne Edwardes:**

CCEW use a consultancy to try and avoid leading and polarising questions. It also uses focus groups to try and get behind the questions more.

For example, in the area of pay, pay is often more a conceptual issue than a real one. People may not be fully of the view that charities should be run on a totally voluntary basis, although there is still a public perception that charities should be run on a shoestring. What people really want to see is impact.

It is generally the case that the public has more trust in charities with higher costs and higher impact than lower cost charities with low impact. Charities need to consider providing more transparency and context to the numbers in the accounts. They need a good narrative around what is paid for and why and how this related to impact. In the absence of this people will think it is a lot of money and arrive at their own decisions.

### **Jude Turbyne, OSCR:**

OSCR also switched a lot of the questions round to ensure they were not leading to a particular conclusion. The public don't necessarily see the connection between spending and outcomes. For example, all respondents would expect charities to uphold safeguarding but don't necessarily consider this in terms of cost.

Many charities are getting better at narrative reporting, but many still need to work on this more.

Again, connectivity is important the public see issues arising as something that lies with other charities but 'not my charity'. If individuals support a charity, they tend to think about it positively.

Can charities work to change this narrative, for example, can they embrace the messages arising from diversity?

### **Building trust**

The committee considered that it can be hard to define what trust is. There are a myriad of ideas about it. It is something that means different things to different people. This therefore makes measuring it very difficult. It can be very difficult to trust international charities that are perceived as being 'far off'. It is much easier to build trust locally due to that connection local charities can have with the public. This is where the work of experts to examine this is useful.

### **Jude Turbyne:**

It was noted that OSCR's surveys shows the same themes this year. It is hard for international charities to build links with a local community.

OSCR takes a professional line with charities to ensure that a charity prioritises its charitable purposes first. Charities must be careful about embracing issues beyond this. It is very clear from the survey that charities need to be doing charitable work rather than covering issues in the media.

**Jo Edwardes:**

A charity's core values, and core beliefs will generate support from a wide section of a community over time if there are consistent activities in line with those core values. Everyone believes in the core values of the sector although they may differ in how they think that is best delivered.

The role of the regulator is to inspire trust. The public think it is important to know that there is a regulator monitoring the activities of the sector.

**4. Next steps and December meeting with the Engagement Strands**

4.1 The Chair noted that work with the engagement strands is very much underway. The strands may differ on how they do things, but work has certainly commenced. There will be substantial opportunity for committee members to get involved with this work. Time spent has varied in each strand. The engagement strands are running at a different pace, some now on their fourth session, others have not met quite as regularly.

**4.2 Additional December meeting**

Committee members were thanked for agreeing to attend an additional date in December. Committee members were invited to think of other ways to participate. The Chairs would like to request that for the December meeting, rather than the chairs setting the agenda, whether the Committee can identify the issues they feel the meeting should address.

Committee members were invited to let Sarah Sheen at CIPFA know their thoughts and suggestions for how the meeting should progress and the best way to facilitate these.

Papers for this meeting will be sent this afternoon.

**5. AOB**

5.1 The Chair will circulate a blog on impact reporting which includes the Commissions recent reviews of this reporting.

5.2 The Chair now has the first two sets of illustrative accounts and will circulate them via CIPFA once they are ready to view. The Committee can then agree a suitable time to review these.

**6 Next steps**

6.1 The Chair agreed circulate reflections the day later that afternoon in advance of the minutes. Members were invited to add comments.