



# London Charity Property Matters Survey 2018

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TRUST**



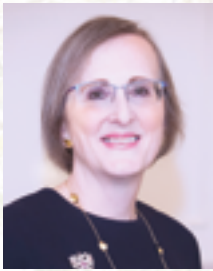
In partnership with





**Antonia Swinson CEO**  
**Ethical Property Foundation**

“Property can make the difference between effective social mission delivery and a miserable time for London’s voluntary organisations. The Ethical Property Foundation has greatly enjoyed working with our partners, the Charity Finance Group, and are immensely grateful for the long-term support we have received from City Bridge Trust. This is our first London only property survey and it will be fascinating how trends emerge in the capital’s innovative and endlessly adaptable voluntary sector.”



**Alderman Alison Gowman CHAIR**  
**City Bridge Trust**

“City Bridge Trust has been a long standing supporter of the Ethical Property Foundation’s excellent property advice service in London. This is the first time they have applied their excellent knowledge of London’s voluntary sector to new research and the results will be of use to everyone with an interest in seeing our dynamic voluntary sector thrive despite the challenging times.”

**Caron Bradshaw CEO**  
**Charity Finance Group**

“With property being an issue of continued importance for the charity sector, Charity Finance Group is delighted to work with the Ethical Property Foundation on this survey. The findings make for sobering reading, with property being an increasing concern for our members, both financially and in terms of the risk it poses to their organisation. This is an important document for the sector, and should be read by charities, grant-making foundations, trustees and policy makers alike.”



## About the Ethical Property Foundation

The Ethical Property Foundation is a London-based UK charity which provides expert, independent property advice and education for voluntary organisations, free at the point of access. To date the Foundation has supported over 4000 organisations and since 2015 we have worked in collaboration with the Charity Commission taking on referral queries about land and property from charities seeking support. Our service is delivered by our staff team who are supported by expert volunteers and the Foundation’s Register of Property Professionals.

Each year we directly support over 250 London based voluntary organisations with advice, education and consultancy, plus thousands more with free online information. We gratefully acknowledge funding from City Bridge Trust, Tudor Trust, Garfield Weston Foundation, plus support from Simmons & Simmons, Russell-Cooke, Foundation Property & Capital and Charity Bank.



# Welcome to our 1<sup>st</sup> London Charity Property Matters Survey 2018

This research has been made possible thanks to support from City Bridge Trust. The report is based on the bi-annual Charity Property Matters Survey for England & Wales, undertaken since 2012 by leading property advice charity the Ethical Property Foundation in partnership with the Charity Commission. This year the Charity Finance Group has joined the team providing, invaluable policy and research capacity, with our London project made possible through support from City Bridge Trust.

The Survey results come at a critical time for London's voluntary sector: the effects of Brexit are now impacting on the sector, core funding for property costs remains tight if not unobtainable, while cash strapped London's boroughs are looking to charities to pay commercial rents; quit premises to free up sales or take on public assets. This research clearly shows how property is a key delivery mechanism for charities' social mission at a cost not just in money, but in worry and stress.

These findings must be taken in the context of London's commercial property market, which in recent years has seen an explosion of new building and redevelopment – fuelled by international money, quantitative easing and low interest rates. There is also the retreat of London's cash-strapped local councils as sector landlords. With demand soaring for our services, London's voluntary sector has continued to occupy that insecure, ever more threatened space between highly profit driven business activity and our neighbourhood based civil society.

## Methodology

The survey methodology is the same as for Charity Property Matters Surveys for England & Wales which has been run every 2 years since 2012. This research is questionnaire based and targeted at senior managers, trustees and volunteers. During the period from 23rd January to 15<sup>th</sup> July 2018, the Survey was promoted to London based voluntary organisations with extensive use of social media, receiving 138 responses.

This approach has proved effective in collecting data and quality responses, reflecting the key issues and trends which the Foundation encounters each week in its property advice and education caseload. This report is a summary of the London Survey Results Analysis. The full analysis is downloadable from the Ethical Property Foundation website – [www.ethicalproperty.org.uk](http://www.ethicalproperty.org.uk)



In partnership with



CHARITY COMMISSION  
FOR ENGLAND AND WALES

## Key themes & findings

In the following pages, the Survey reveals:

- ▶ how London's charities hold and use property, whether rented or owned
- ▶ specific property related issues and how they impact on staff, volunteers and service users
- ▶ the capacity and ability of charities to manage their property effectively.

## Key findings at a glance

### Property characteristics

Significantly, more charities in London stated they rent from a private or commercial landlord, than charities throughout the rest of England and Wales – 40% in London compared to 33% in the other surveyed areas. This underlines the fact that London's Boroughs are increasingly selling property or seeking to charge charities commercial rents.

### Issues around risk, costs & funding

Property costs account for over 20% of total expenditure for 16.5% of respondents.

More than 28% of charities say property is a barrier to delivering their charitable objectives, with 20% citing a lack of affordable premises and 8% a lack of space.

## How great a risk are property issues to your charity's future financial sustainability?

### Property knowledge, skills & management

68% of charities do not have a strategic property plan.

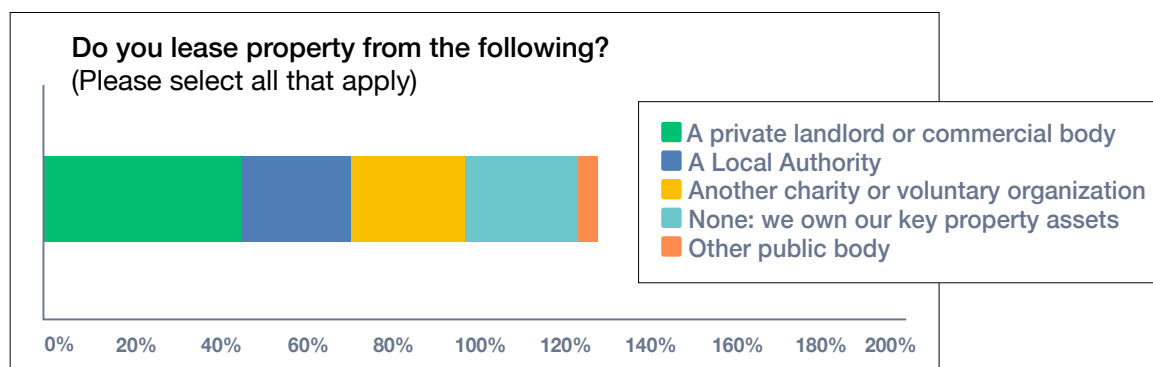
51% say no-one is specifically responsible for property within their organisation, 9% higher when compared to the rest of England and Wales.

24% have experienced and 19% anticipate they will experience unforeseen property costs.

53% of London charities surveyed do not report regularly on property to trustees, compared to 44% across the whole of England and Wales, highlighting the additional pressures the sector faces in the capital.

Over half of London charities (51%) do not carry out regular risk assessments on their property. This is a significant 10% difference from England and Wales where the majority (61%) of charities do complete regular risk assessments, highlighting the additional pressures London charities face.

36% do not have complete records of the property they own or rent.



## Charity property in 2018 – characteristics

**Most charities do not own their own premises. Only 31% said they owned property assets.**

One of the biggest differences between London and the rest of England and Wales is the higher proportion of charities leasing property from private landlords or a commercial body, 40% compared to 33%.

The growth of the charity market clearly represents an opportunity for the private sector while the voluntary sector – not least trustees – will need to understand the nature of the relationship. Policy makers, funders and sector leaders should also bear this in mind.

### Types of property

More than half of all respondents operate office properties (63%) in London, which is greater than the rest of England and Wales where only 49% do. The five most common types of property for the sector in London are offices (63%), community centres (23%), residential, education/training facilities (12%) and retail (6%).

### Property costs: percentage of expenditure

For many charities, property makes up a significant portion of annual costs. With almost 20% (17%) of respondents spending over 20% of their total annual expenditure on property costs and 8% spending a quarter or more of their income on property.

### Intentions on property acquisition and disposal

The Survey asked respondents their intentions over the next 12 months – which is an indicator of confidence in the sector. Just over a quarter (26%) of charities indicated that they would acquire property in the next 12 months, which is slightly less than the number for the rest of England and Wales (27%). This low percentage is perhaps due to the current political uncertainty and the generally tougher financial climate for charities.

Close to 7% of charities stated that they would dispose of property in the next 12 months, with 26% looking to share premises with another organisation. Given the rise in leasing from private sector landlords this would indicate a lack of opportunity.



Market Garden, Marble Hill, Twickenham, The Environment Trust, London TW1

## Property issues affecting charities in 2018

Our 2018 survey reveals that property is presenting ever increasing risks to charities' sustainability as well as barriers to delivering social mission.

### Property is a barrier to our work

Property is a key delivery mechanism for social mission, making the 24% of charities which feel they are in unsuitable premises significant. Additionally, 22% of our sample are currently experiencing difficulty in sourcing suitable, affordable premises, while 33% anticipate they will. For 20% of our respondents a lack of affordable accommodation is a barrier to meeting their charitable objectives.

Over half (58%) of London charities indicated that property issues were a medium to high risk barrier to delivering their charitable objectives. This figure reflects the national average (57%) and indicates how significant property issues are for the sector. The message to funders is that they need to be more willing to support core costs.

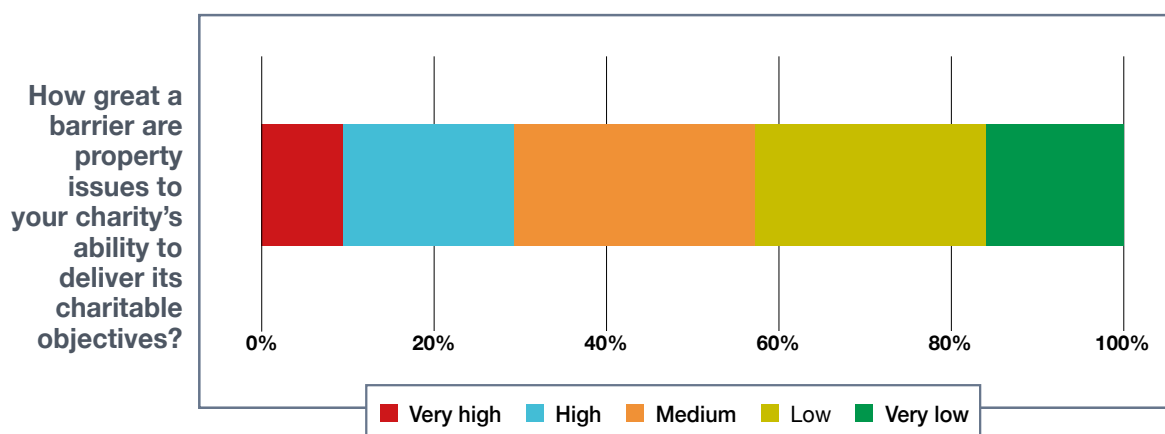
### Charity Story 1

"As an international development charity, we were previously in a long-term lease which a previous Director signed 10 years ago. Upon giving what we thought would be helpful early notice of our intention to not renew, the landlord initiated a costly building maintenance project for long overdue work on the roof and other areas and billed us a massive unexpected maintenance bill. The invoice charge was so large that we had no choice but to cancel our project to reintegrate former girl child soldiers back into their communities. We sought legal advice, but the lease was structured that we had no choice, even though we would be leaving the office just as works were due to be completed. "

London based charity, £100-500k income

### Property is a significant risk to our organisation's future financial sustainability

Equally concerning is the number of charities who believe that property is a risk to their future financial sustainability. Property is not seen as an asset but a liability – with more than a third (36%) believing that the risk from their property is high or very high – mirroring the whole of England and Wales.





## London charities cannot source funds for property

Difficulty in sourcing funding for property costs remains the dominant feature for London, as with the other parts of the UK surveyed, with 60% indicating that this has been a significant feature (29%), or that they anticipate it will be (31%).

It is widely recognised that prolonged low interest rates have led to less grant funds, while growing demand has led to a rise in project funding, as grant makers seek to spread their benefit as widely as possible. Despite innovative Funder Plus services being developed – there should be concerns for the health and safety of staff and volunteers working in premises where the funded projects are being delivered. As highlighted by the NCVO Civil Society Almanac 2018, this is a sector employing over 880,000 people, alongside thousands of volunteers, with vulnerable people using the services – all of whom are adversely affected by poorly maintained property.

### Has the time come for a national debate about a Social Workplaces Strategy?

Our sector's situation is exacerbated by current conditions in the commercial property market, with short term licences and leases being offered outside the scope of the



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Landlord & Tenant Act 1954. Unsurprisingly a high proportion of London charities, (14%) have experienced this issue and 27% anticipate they will have issues about the security of tenure, whether renting from a local authority or commercial landlords.

### Charity Story 2

“We rent a small office from the local authority. We have no lease and no space to deliver services. Current hired space within the community is at capacity and there are no affordable alternatives, therefore we cannot increase service provisions to an ever-growing population.”

London based charity, looking after the elderly, with an income of between £50-100k



The Royal Foundation of St Katherine, London E14

## Charity property knowledge & management in 2018

**This London survey explored the capacity of charities to deal with property issues and manage their property effectively.**

It is encouraging that over 69% of respondents consider they have medium to high levels of knowledge and understanding about the property issues facing their charity. However, the level of reported knowledge in London is significantly lower compared to the whole of England and Wales, where 80% of charities consider themselves to have medium to high levels of knowledge and understanding.

As many as 80% of charities in London rated their confidence in the charity's expertise to manage its property going forward as medium to high. However, there was a considerable mismatch between these responses and survey results on property management practice within our sample.



Quaker Social Action: Move On Up, London E2 – the UK's only supported housing project for young adult carers

Only 11% of charities had paid for any property management training or education in the past three years. The cost and/or accessibility of professional advice was an issue for 18% of charities, with 26% anticipating it will be a challenge in the future, and while 34% reported avoiding seeking professional advice on property issues due to cost in the past three years.

Our survey revealed widespread weaknesses in the capacity of charities to manage their property effectively and to manage risks:

- 68% do not have a strategic property plan
- 36% do not have complete records of their property holdings
- 52% do not report regularly to trustees
- 51% report that no one with appropriate skills/knowledge/experience is responsible for property in their organisation.
- 51% do no regular risk assessment on their property
- 43% state property is not aligned with the charity's business plan

Perhaps, not surprisingly, many charities have problems with unforeseen property costs indicative of inadequate risk management. Strategic planning is vital to effective property management and must be based on thorough risk assessments on an organisation's premises: including structural, operational, legal, regulatory as well as financial. This is a key issue for trustees and underlines the vital importance of improved property education and training in the third sector.



## Key messages

London's voluntary sector is extraordinarily rich and varied in its diversity of people and causes, as well as its property holdings whether rented or owned.

The picture of our sector's property situation is changing fast.

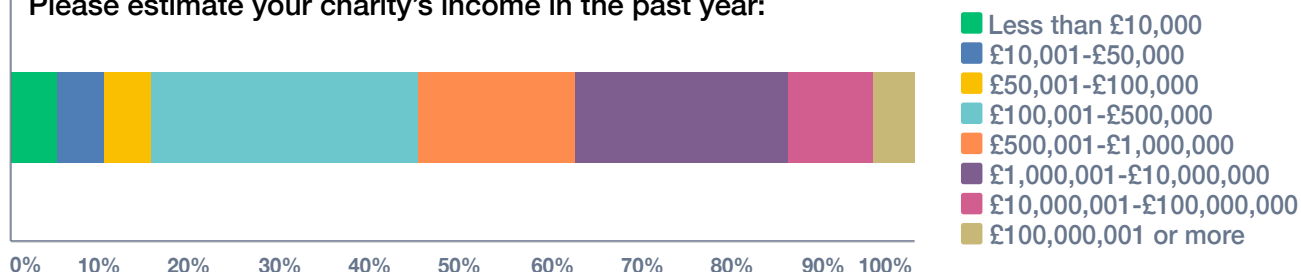
- There is a serious mismatch between the attention given to London's voluntary sector property needs – by the capital's policymakers, funders and the sector itself – and the clear threats to the sector's objectives and long-term viability. This is particularly pertinent for London's local neighbourhood voluntary organisations which are small and poorly resourced.
  - In the capital we are more reliant on commercial leasing than other parts of the country, as we shift away from being local authority tenants. As a sector we are going to need far greater strategic engagement with London's commercial property sector – from the perspective of a growing client group with often complex and distinct needs.
  - There are big problems for the sector in finding suitable and affordable premises – reflecting the scarcity of affordable community premises in London. The message to London's policymakers is to consider an affordable social workplace strategy – akin to the current strategic policy thinking around affordable housing.
  - More than 20% of annual expenditure, for the London charitable sector, is on property costs. **Charities report widespread problems in obtaining core funding for property costs.** This is impacting on projects, service delivery and long-term sustainability, with 29% experiencing difficulty in sourcing funding and 31% anticipating difficulty in the future.
- A key message to London funders is that a project is almost always delivered by people in a building and a proportion of any funding should reflect this – for the well-being of staff, volunteers and service users.
  - There is widespread weaknesses in charities' own capacity to manage property effectively. This starts at the top with a lack of knowledge among trustees and a misunderstanding of their responsibilities. The message for trustees is to institute regular property reports and risk assessments, assigning a key person with property responsibilities, whether paid or voluntary.



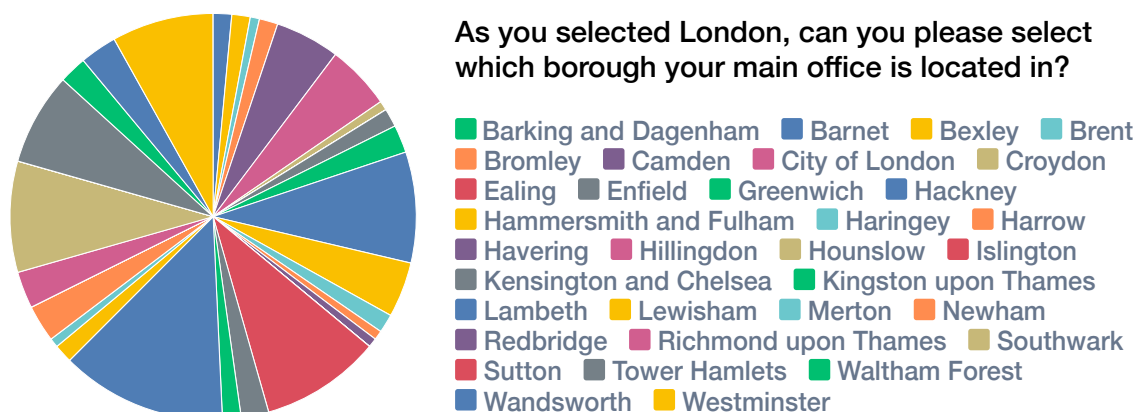
Here and page 1: Petit Miracles, London W12 – a Charity teaching disadvantaged people how to upcycle furniture

## Profile of survey respondents

Please estimate your charity's income in the past year:



As you selected London, can you please select which borough your main office is located in?



What part of the charity sector do you primarily work in?  
(E.g. if you work mainly in providing cultural services, but also work with young people, select culture and recreation)







### **Charity Finance Group**

At CFG, our vision is to inspire a financially confident, dynamic and trustworthy sector. Everything we do is led by our goal to enable charities to deliver more impact to their causes.

It's our mission to put finance at the heart of social organisations, making each charity's money work harder and achieve the maximum positive outcome for their beneficiaries.

Our members include over 1,400 charities, social change and public benefit organisations, all working hard to improve the lives and outcomes for their beneficiaries – often on a tight budget.

Through improving their financial management, governance and leadership, we can help these organisations deliver their charitable objectives from all the resources available to them.





[www.ethicalproperty.org.uk](http://www.ethicalproperty.org.uk)

## The Ethical Property Foundation offers London's voluntary sector:

### Property consultancy

On-site health checks, property strategies, project management and feasibility studies delivered by our expert in-house team.

### Property education

Practical problem solving workshops for funders and membership organisations keen to help voluntary organisations: learn basic premises management, save money on premises costs, manage community asset transfers, acquire buildings successfully.

### Property support

Free advice for small voluntary groups.

### Expert advice

Expert independent advice in partnership with our Register of Property Professionals.

Contact us to discuss your property needs

**01923 594 403**

**[mail@ethicalproperty.org.uk](mailto:mail@ethicalproperty.org.uk)**

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