BENEFACT GROUP

The State of Civic Leadership 2026



What it takes to build stronger communities

At a time when communities across the UK are facing growing pressures, charity and civic leaders remain remarkably optimistic about our ability to solve problems together. Our research with 427 leaders reveals rising concern about leadership pressures, funding and collaboration, but also a strong belief that businesses, charities, communities and public institutions can achieve more by working together. In response, Benefact Group is launching the £1 million Small Charity Impact Fund and beginning what we hope will become an annual conversation about the future of civic leadership in the UK.

Foreword



Mark Hews
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Every generation faces moments when it must decide what kind of country it wants to be.

Many people feel something isn't working as it should. There is a growing sense that the ties that hold us together are under strain. People feel the pressure in different ways: rising bills, long waits for support, concerns about their children's futures and uncertainty about what comes next.

Some people describe feeling left behind. Others talk about feeling unheard. Many simply feel tired. At the same time, demand for support is rising, public finances are under pressure and charities are being asked to do more with less.

Yet despite these challenges, people continue to show up for one another, which gives me hope.

At Benefact Group, we believe everyone has a role to play in building a stronger society. Government cannot do everything. Charities should not be expected to carry an ever-growing burden. Businesses cannot solve social challenges on their own. But when organisations work together, extraordinary things become possible.

That is why we commissioned this research.

We wanted to understand what charity and civic leaders are experiencing, what is helping them succeed and what is holding them back.

One message came through louder than almost any other: small charities need trust. Trust expressed through long-term, flexible funding and trust in the leaders closest to their communities. We believe that when people tell us something consistently, we should listen.

That is why we're launching the Benefact Group Small Charity Impact Fund, committing £1 million of unrestricted funding to small charities across the UK. This is a practical response to what we heard and the first step in what we hope will become something much bigger.

This is also the first edition of what we hope will become an annual State of Civic Leadership report. We don't just want to describe the challenges facing charities and communities. We want to help change them. Only 8% of leaders told us charities, businesses, public bodies and communities are currently working together effectively. By this time next year, we want to know whether we've helped move that dial and whether more leaders feel collaboration is becoming a reality rather than an aspiration.

Because the challenge facing us is not a lack of care, commitment or ideas. It is creating the conditions that allow people and organisations to succeed together.

Why Benefact Group

Benefact Group occupies a unique and unusual position at the intersection of business and charity.

Owned by Benefact Trust, we believe we are the only financial services group in the world owned by a charity.

Over the last decade, we have donated more than £250 million to good causes and supported more than 10,000 charities.

Our charitable ownership means we do not pay dividends to external shareholders. Instead, all available profits are given to charitable causes.

The more we grow, the more we can give.

That gives us a unique perspective on the challenges facing charities and communities, and a responsibility to help play our part in addressing them.

The State of Civic Leadership 2026 is Benefact Group's first flagship report exploring the challenges, opportunities and pressures facing civic leadership across the UK.

To better understand those challenges, we surveyed 427 charity and civic leaders from across the country.

The research explored:

- The health of civic and community life
- The pressures facing leaders and organisations
- Barriers to collaboration and impact
- The role businesses can play in supporting communities
- What would strengthen civic leadership in the years ahead

The findings form the basis of this report and the discussions taking place at Benefact Group's Civic Leadership Forum on the 10th of November 2026.

This is the first edition of what we intend to become an annual State of Civic Leadership report. Our ambition is to track change over time, understand whether progress is being made and help move the dial on the issues leaders have identified so clearly through this research.

Future editions of the report will continue to track a number of core indicators, including leadership pressures, the health of civic and community life, confidence in our ability to solve social problems together, the effectiveness of cross-sector collaboration, and the barriers preventing organisations from achieving greater impact. Alongside this, we will continue to explore the role businesses can play in strengthening communities and supporting civic leadership.

Survey results

We asked **427** charity and civic leaders across the UK about the biggest challenges facing their organisations and communities.

Six findings stand out.

1 75% say charity leadership is harder than it was three years ago.

Leaders are facing rising demand, growing costs and increasing pressure on fundraising and financial sustainability.

2 Only 8% believe charities, businesses, public bodies and communities are working together effectively.

Despite widespread belief in collective action, very few respondents believe charities, businesses, public bodies and communities are working together effectively today.

3 People still believe social problems can be solved together

67% said they were at least moderately confident that organisations and communities can solve social problems together, while **93%** expressed at least some confidence.

4 The number one thing charities need is trust.

Respondents consistently called for longer-term, more flexible and unrestricted funding that allows organisations to respond to the needs they know best. These findings matter because small charities are often the organisations holding communities together. And when communities struggle, the effects are felt by everyone.

5 Funding remains the biggest challenge.

60% of respondents identified a lack of unrestricted funding as one of the biggest barriers to civic action, making it the single most commonly cited challenge. Short funding cycles and bureaucracy were the second and third most frequently identified barriers.

6 Business can contribute more than money.

58% of respondents said businesses can create the greatest value through pro-bono support and expertise, while **48%** highlighted the importance of long-term partnerships.

Taken together, these findings paint a clear picture. Civic leaders have not lost faith in collaboration. They have lost faith in the systems that are supposed to enable it.

Why this matters now

The findings in this report do not exist in isolation.

Across the UK, charities and non-profits are facing some of the toughest operating conditions in recent memory.

Research from the Charities Aid Foundation (CAF) found that **67%** of charities have seen demand for their services increase over the last year, and the majority expect demand to increase further over the next 12 months. More than half of charities say demand has increased significantly, with many reporting longer waiting lists and increasingly complex needs.

At the same time, costs continue to rise. Charity leaders report growing pressure from higher operating costs, increased wage bills and greater competition for funding. The National Council for Voluntary Organisations (NCVO) has described the current environment as a "big squeeze", driven by the combined impact of rising costs, falling income and increasing demand.

The pressure is becoming visible across the sector. According to the Charity Commission, more than one in five charities reported operating deficits, with many organisations drawing on reserves simply to cover the gap between income and expenditure. The regulator has identified financial resilience as one of the most significant risks facing charities today.

At the same time, public services are under growing strain. Local authorities continue to face difficult financial choices, while rising public debt and higher debt servicing costs are limiting the room available for additional government spending.

Civic leaders are not only concerned about the health of their organisations. They are concerned about the health of civic life itself. While **46%** of respondents said civic and community life is healthy today, **38%** described it as unhealthy. The result is a picture of a country almost evenly divided between those who believe civic life is thriving and those who believe it is under strain.

This is a story about society's ability to respond to the challenges it faces. Because when charities struggle, communities feel it. And when communities struggle, every part of society feels it.

Against this backdrop, the findings from our survey of **427** charity and civic leaders become even more significant.

They help explain not only the pressures facing civic leadership today, but what must change if communities are to thrive tomorrow.

A bigger idea of business

Civic leadership is people and organisations stepping up, working together and taking responsibility for the society we share.

Civic leadership is not a job title. It is what happens when people step forward to make their communities stronger.

It might be a charity chief executive, a volunteer, a local business owner, a faith leader, a council leader, a teacher or a community organiser.

What they have in common is their willingness to bring people together around a shared purpose.

Today's challenges are too complex for any one organisation to solve alone, and lasting solutions are rarely created by one sector acting by itself.

What the research revealed

1 Small charities are carrying a growing burden

The strongest message from this survey is that civic leadership is becoming harder.

> Three quarters of respondents said charity leadership is more difficult today than it was three years ago.

Fundraising income and financial sustainability emerged as the biggest pressures facing organisations.

Behind these findings are leaders making difficult decisions every day. Leaders balancing rising demand against limited resources. Leaders trying to support more people while stretching every pound further.

Yet despite these pressures, small charities continue to play an extraordinary role in communities across the country.

They are often the first to see emerging challenges and the first to respond. They know their communities, build trust and create belonging.

And they often achieve remarkable things with limited resources. Small charities help hold communities together. The question is whether we are doing enough to hold them together.

2 People still believe social problems can be solved together

Amid all the challenges, one finding stands out as a reason for optimism.

Two-thirds of respondents said they were at least moderately confident that people and organisations can solve social problems together. More than nine in ten expressed at least some confidence.

People have not given up on each other. They have not given up on communities. They have not given up on the possibility of positive change.

Across the country there are examples of local people, charities, businesses and public bodies coming together to tackle difficult challenges.

Whether supporting families in crisis, helping people facing food poverty, protecting community assets or responding to emergencies, collaboration is already making a difference.

The belief is there.

The willingness is there.

The challenge is turning that belief into action at greater scale.

3 Collaboration is the missing ingredient

If there was one finding that surprised us most, it was this:

Only **8%** of respondents believe charities, businesses, public bodies and communities are working together effectively.

People believe collaboration is the answer, but very few believe we are currently doing it well. Respondents repeatedly highlighted silo working, duplication and a lack of joined-up thinking as barriers to progress.

Many expressed frustration that organisations often share the same goals but operate through disconnected systems, funding structures and priorities.

4 Trust matters more than control

When respondents were asked what would strengthen civic leadership most, one message came through louder than any other.

Trust.

Trust expressed through funding. Around half of all responses focused on the need for longer-term, more flexible and unrestricted support.

Leaders told us they need:

- Longer-term funding
- Unrestricted funding
- Simpler applications
- Less bureaucracy
- Investment in people and organisational capacity
- Greater trust in local decision-making

Again and again, respondents made the same point.

The people closest to a problem are often closest to the solution.

As one respondent put it:

"Give small, community-led charities access to long-term, unrestricted funding. It would let them invest in people, plan beyond the next grant and spend more time working with their communities and partners. Local leaders often know what needs to change; they need the stability to act on it."

For many leaders, the issue is not simply a lack of money. It is a lack of freedom to use resources where they are needed most.

5 Charities want a seat at the table

Many respondents told us that funding was only part of the challenge. They also want their voices to be heard.

A significant number of respondents highlighted a lack of trust, recognition and influence. Many spoke of decision-makers failing to listen to those closest to communities, with grassroots organisations often excluded from conversations about policy, funding and local priorities.

Others expressed frustration that smaller charities are frequently overlooked despite having the deepest understanding of local needs.

As one respondent put it:

"We need a societal shift in the value of civic leadership, away from being seen as a gap filler where statutory services should be."

The message was clear: charities do not simply want funding. They want partnership, trust and a meaningful voice in shaping solutions.

Why this matters to all of us

This report is not really about charities. It is about the kind of society we want to build.

Every successful business depends on thriving communities. Every community depends on people having opportunities to succeed.

Every family depends on systems, services and relationships that provide support when life becomes difficult.

When communities become weaker, everyone feels the effects. Social challenges become more expensive and more difficult to solve. Future generations inherit problems that could have been addressed earlier.

The health of our communities is not someone else's responsibility.

It belongs to all of us.

That is why civic leadership matters. Not simply to the voluntary sector.

To everyone.

A bigger idea of business

For a long time, many have thought about business and social impact as two separate things.

Build a successful business. Make a profit. Then give something back.

But what if that isn't enough anymore? The world has changed.

Customers are paying closer attention to the values of the organisations they buy from. Employees increasingly want to work for organisations whose values reflect their own. Trust has become one of the most valuable assets a business can have. Research from Edelman found that 80% of people trust the brands they use, making brands more trusted than many traditional institutions.

People are no longer judging organisations solely on what they sell. They are judging them on what they stand for. This is not about virtue signalling, nor is it about publishing another CSR report.

And it is not about making businesses feel guilty for being successful either. Successful businesses are essential to a thriving society.

They create jobs, generate wealth, invest, innovate and help places and communities to prosper.

The question is whether we see those things as the limit of a business's contribution to society, or the starting point.

Businesses hold extraordinary capabilities. People. Knowledge. Technology. Relationships. Influence. Convening power. Expertise. Investment.

The same qualities that help organisations succeed commercially can also help communities thrive. And increasingly, the evidence suggests that businesses that understand this are not only creating social value. They are creating business value too.

Research consistently shows that purpose-led organisations experience stronger employee engagement, higher retention and greater trust. Employees in purpose-driven organisations are significantly more likely to be engaged, passionate about their work and loyal to their employer, while younger generations increasingly expect businesses to contribute positively to society.

Benefact Group's own research found that 57% of UK adults would choose a purpose-led employer over one offering similar pay and benefits. Nearly eight in ten say a company's purpose influences whether they apply for or accept a role, and 41% would turn down a higher-paying role if it conflicted with their values.

Consumers are changing too. Research from Ipsos suggests that around three-quarters of people now describe themselves as conscious consumers, actively seeking to support organisations that reflect their values.

The businesses leading the way understand something important. Purpose isn't separate from performance. Done well, it strengthens it.

Consider companies like Patagonia, whose environmental mission is woven into the very fabric of the business rather than sitting alongside it as a marketing campaign. Or organisations like Salesforce, which have built social impact into their culture and employee experience. They are not succeeding despite their sense of purpose. In many ways, they are succeeding because of it.

At Benefact Group, we certainly don't claim to have all the answers. We've not always got everything right, but we do believe there is a bigger role for business to play.

As the UK's third-largest corporate donor over the last decade, we've seen what can happen when organisations move beyond transactions and build genuine partnerships. We've learned that money matters, but trust matters too. We've learned that training, mentoring, expertise, networks and relationships can sometimes be every bit as valuable as a grant.

Most of all, we've learned that businesses don't need to choose between commercial success and positive impact. The strongest organisations understand that the two are connected.

Because thriving communities create thriving businesses. Strong societies create strong economies, and the businesses that help build a better future will ultimately be better placed to succeed within it.

What charities have taught us

At Benefact Group, we have spent years listening to charities and non profits, and what they tell us is remarkably consistent.

Organisations need partnership, not just funding. Trust, not bureaucracy. Long-term support, not short-term interventions.

Those insights are what sits behind many of our programmes.

Every year through our Benefact Group Movement for Good Awards we provide more than **£600,000** of unrestricted funding to charities nominated by members of the public.

Through our Pay It Forward campaign, the charities themselves decide where funding should go.

Through our Charity Support Programme, we provide training, learning, networking opportunities and practical support to help not for profit organisations become stronger and more resilient.

Independent research from the Directory of Social Change found that for every **£1** we invested in this broader wraparound support generated an estimated **£37.50** in economic value for participating charities.

The lesson is clear. Great partnerships are about more than money. They are about helping organisations build the long-term strength they need to thrive.

We also believe there is an opportunity to think more creatively about the different forms of support organisations need. Grants matter, but so do skills, training, investment expertise, technology, networks and long-term partnerships. The greatest impact often comes when those different forms of capital work together.

Putting trust into action

Research matters. But action matters more.

Our research highlighted two challenges above all others.

The first is funding. Leaders consistently told us that civic leadership, community organisations and local innovation are being held back by a lack of flexible, unrestricted funding. Put simply, many of the organisations helping hold communities together are undercapitalised.

The second is collaboration.

> **Only 8% of respondents believe charities, businesses, public bodies and communities are currently working together effectively.**

Both findings matter because the challenges facing society are too complex for any one organisation to solve alone.

We believe both challenges can be addressed.

The Benefact Group Small Charity Impact Fund is our response to the first.

The Civic Leadership Forum is our response to the second.

Together, they represent our commitment not just to understanding the problem, but to helping create the conditions for greater impact.

That is why Benefact Group is launching the **£1 million** Small Charity Impact Fund in partnership with The Fore.

Working with The Fore, which has spent years identifying and supporting some of the UK's most promising small charities, charities with an annual income of less than **£500,000** will receive unrestricted grants of up to **£45,000**, together with wrap-around support and training. The funding can be spread over one to three years.

Not funding tied to a particular project, or tied up in detailed restrictions.

Funding that allows local leaders to decide what will make the greatest difference.

Because we believe the people closest to communities are best placed to understand their needs.

This is not simply another grant programme, it is a statement of belief.

A belief in charities.

A belief in local leadership.

And a belief that trust creates impact.

But we do not see this as the end point.

Building something bigger

The Benefact Group Small Charity Impact Fund is not the destination, it is our starting point. We are putting the first **£1 million** on the table. But our ambition is far bigger.

We want to help build a new coalition behind small charities and civic leadership.

A coalition that brings together businesses, philanthropists, investors, foundations and community leaders.

Our ambition is not simply to distribute funding.

It is to create a platform that others can join and help shape.

A platform capable of attracting new ideas, new partners and new sources of capital in support of the organisations that hold communities together.

Because if the challenge is bigger than any one organisation, the response must be bigger too.

An invitation to join us

The leaders who responded to this survey told us something important.

Despite everything they are facing, they have not lost faith in people.

They still believe change is possible.

They still believe organisations can achieve more together than apart.

What they need are more people willing to step forward alongside them.

At Benefact Group, we are committed to playing our part and perhaps that's easier for us to say than some. We are an unusual business, owned by a charity, giving all available profits to good causes, we were built with the belief that business can be a force for good.

We don't have all the answers.

But we've seen what happens when people come together around a shared purpose. Communities become stronger, charities become more resilient and businesses become more connected to the places they serve.

And society becomes better for us all.

This is an invitation to be part of that.

To help us build something bigger than any one fund, programme or organisation could achieve alone.

To work with us.

To learn with us.

To challenge us.

To build with us.

Because none of us can create the future we want alone.

But together, we can build stronger communities, a stronger society and a better future for the generations that follow.

The challenges are shared. The opportunity is too.







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