Services For Education

LEADING THROUGH UNCERTAINTY

HOW CHARITY LEADERS BALANCE IMPACT, FINANCIAL SUSTAINABILITY AND CULTURE

Sept 2026

INTRODUCTION 3
EXECUTIVE SUMMARY 4
1.RESPONDENT PROFILE 6
2. WHERE SECTOR LEADERS ARE PLACING THEIR FOCUS – HEADLINE QUANTITATIVE RESULTS 7
3. FINDING THE BALANCE BETWEEN FINANCIAL SUSTAINABILITY, IMPACT AND ORGANISATIONAL CULTURE 7
- Financial sustainability is the dominant pressure, but not the whole story 7
- Leaders are trying to hold a dynamic balance, not choose a single winner 7
- Culture is often where financial pressure lands 8

4. GOING DEEPER 8
- Mission-Led Decision Making 8
- Governance, Leadership and Strategic Stewardship 9
- Financial Sustainability as a Strategic Driver 9
- Service Redesign, Innovation and Organisational Adaptation 10
- Culture, People and Organisational Health 11
- Communication, Evidence and Organisational Capability 11
- Responding to External Pressures 12

5. LEADING THROUGH TENSION: REFLECTIONS ON RESILIENCE, MISSION AND STEWARDSHIP 13
- Overall conclusion 13
- Closing reflection: questions for leaders and boards 14

APPENDIX ONE: QUANTITATIVE RESULTS 15
- Figure A1. Sector represented by respondents 15
- Figure A2. Organisation annual income 15
- Figure A3. Role of respondent 16
- Figure A4. Organisation size 16
- Figure A5. Income mix 17
- Figure A6. Attention given in leadership role 17
- Figure A7. Need to prioritise one area in the past 12 months 18
- Figure A8. Area most under pressure now 18
- Figure A9. Relationship between financial sustainability, culture and impact 19

APPENDIX TWO: SERVICES FOR EDUCATION 20

INTRODUCTION

The pressures facing today's charity leaders are considerable. Economic uncertainty, increasing demand, workforce challenges and constrained funding mean that organisations must continually balance ambition with sustainability. Success is no longer simply about doing more; it is about making thoughtful choices, embracing innovation, and remaining focused on what matters most.

Yet if there is one resource the sector continues to have in abundance, it is the passion, creativity and commitment of its people. During 2025 and 2026, I had the privilege of leading seminars at the Charity Finance Group (June 2025), and ICAEW Charity Community (January 2026) annual conferences. In those sessions we explored a question that sits at the heart of modern charity leadership: how do we simultaneously maximise impact and secure long-term financial resilience? Repeatedly, culture emerged as a key enabler, shaping how organisations respond to challenge, embrace change, and sustain performance.

Following those discussions, I decided to explore this topic further. This report is the result of a sector-wide survey. Through the experiences of 72 organisations, it offers a snapshot of how leaders are navigating competing demands and where they are finding opportunities for growth, resilience and impact.

My sincere thanks to everyone who contributed their perspectives. Their honesty and generosity have helped create a report that I hope will prompt reflection, learning, and valuable conversations across the sector.

Sharon Bell

Chief Executive,

Services For Education

EXECUTIVE SUMMARY

This report explores how charity and purpose-led leaders are managing the relationship between financial sustainability, organisational culture and impact at a time of sustained external pressure. Based on 72 complete survey responses, the findings show that financial sustainability is currently the dominant concern for many organisations, but not in isolation. Respondents consistently describe leadership as the task of holding finance, people and mission together, rather than allowing one priority to eclipse the others.

The quantitative findings indicate that financial sustainability received the highest level of leadership attention, followed by impact and then organisational culture. When asked which area is most under pressure now, a clear majority of respondents selected financial sustainability. However, the narrative responses add important perspective: culture is often where financial pressure is felt most acutely, through workload, morale, wellbeing, restructuring, and the difficult human consequences of sustainability decisions. The responses also point to a sector that is becoming more strategic, adaptive, and intentional. Organisations are strengthening governance, improving financial reporting, developing new income approaches, redesigning services, and investing in clearer evidence of impact. The most powerful examples are not simply about cutting costs, but about using financial pressure as a catalyst for clearer mission-led decision making, stronger stewardship, and innovation.

KEY INSIGHTS

- Organisations appear most successful when financial, cultural, and operational decisions are explicitly connected to mission and beneficiary outcomes.
- Effective governance creates the confidence and challenge necessary for organisations to adapt, innovate, and remain resilient in uncertain environments.
- Financial pressure is the dominant immediate concern, but its consequences are often experienced through culture, capacity, morale, and organisational health.
- Some of the most effective responses demonstrate that innovation can strengthen both impact and sustainability simultaneously.
- Strong organisational culture often acts as a shock absorber during periods of change, but it requires active investment and protection when organisations are under pressure.
- Resilience is increasingly dependent on the ability to anticipate and respond proactively to external challenges.
- Strong evidence, clear communication, and effective systems help organisations build stakeholder confidence and support long-term sustainability.

Overall, the report suggests that resilience is not created through financial discipline alone. It depends on the quality of leadership and governance conversations, the ability to make trade-offs visible, the protection of organisational health, and the discipline of keeping mission and beneficiary outcomes at the centre of decision-making.

The findings therefore offer a practical prompt for chief executives, senior leaders, trustees and funders to consider how they can support organisations to remain financially sustainable while continuing to deliver meaningful impact and sustain healthy cultures.

1.RESPONDENT PROFILE

The survey received 72 complete responses. Respondents came from a broad range of charity and purpose-led settings, with multiple sector selections allowed. Education, health, social care, arts and community development were all visibly represented, alongside a sizeable 'other' category that included areas such as faith, heritage, sport, international development, animal welfare, disability rights and mental health. Income streams included common categories such as grants, contracts, traded income, investments, donations, and government income. Less common but important for the organisations in which they were cited: subscriptions, legacies, property rental, membership fees, sponsorship and events.

Profile area	Largest categories	Commentary	Implications for reading the results
Sector (multiple selections allowed)	Other: 25 Education: 23 Health: 21 Social Care: 21 Arts: 15	The sample is mixed, with many organisations operating across more than one sector.	Findings should be read as cross-sector leadership insight rather than a single-subsector benchmark.
Income	Under £250k: 24 £250k to £1m: 12 £1m to £5m: 19 £5m to £10m: 8 Over £10m: 9	76% of respondents came from organisations under £5m income, but larger organisations were also represented.	Financial pressure should be interpreted across organisations with very different resource bases.
Role	Trustee: 28 CEO/equivalent: 22 SLT: 13 Other: 9	The survey captured both governance and executive perspectives.	Themes are relevant to board and leadership team discussion.
Organisation size	0 to 50 colleagues: 40 51 to 100: 13 101 to 250: 10 251 to 500: 6 Over 500: 3	85.5% of organisations represented by the survey have less than 250 employees	Issues of capacity, resilience, and operational stretch

2. WHERE SECTOR LEADERS ARE PLACING THEIR FOCUS – HEADLINE QUANTITATIVE RESULTS

Financial sustainability received the highest average attention score at 4.58 out of 5, with 48 of 72 respondents giving it the maximum rating. Impact followed with an average of 4.04, while organisational culture averaged 3.70.

When asked which area is most under pressure now, perhaps unsurprisingly 40 of 72 respondents selected financial sustainability. Impact was selected by 9, organisational culture by 7, all equally by 12, and other by 3.

When describing the relationship between financial sustainability, culture and impact, almost half of respondents described a dynamic balance, while almost a third described constant tension. A smaller group said one area consistently takes priority.

More than half of respondents indicated that, in the past 12 months, they had needed to prioritise one of the three areas and provided circumstances explaining why.

3. FINDING THE BALANCE BETWEEN FINANCIAL SUSTAINABILITY, IMPACT AND ORGANISATIONAL CULTURE

Financial sustainability is the dominant pressure, but not the whole story

Respondents repeatedly describe finance as the immediate constraint on organisational choice. The pressure is expressed in different ways: funding gaps, contract losses, inflation, National Insurance increases, low reserves, salary pressures, local authority or government changes, and the need to diversify income. These pressures have led directly to restructuring, changes to pension arrangements, delayed pay decisions, reduced delivery, new fundraising approaches, or a re-examination of business models.

Leaders are trying to hold a dynamic balance, not choose a single winner

The strongest thread in responses is that financial sustainability, culture, and impact cannot be separated. Where a choice has been forced, it has been to preserve the longevity of the organisation. Many respondents understand finance as enabling mission, culture as enabling adaptation, and the drive to maintain impact as the reason for making difficult financial choices. This is important because it reframes the leadership task: the challenge is not to decide whether finance, culture or impact matters most, but to create governance and management practices that keep all three visible when pressure rises.

Culture is often where financial pressure lands

Although fewer respondents chose organisational culture as the single area most under pressure, culture appears frequently in the comments as the place where the impact of financially driven decisions are ‘felt’. Leaders refer to staff workload, wellbeing, confidence, morale, salary decisions, restructuring, and the burden of asking people to do more with less. This suggests that culture may be under-reported as a headline pressure because it is often experienced because of financial or delivery pressure rather than as a standalone issue. Conversely, with an intentional and systematic focus, it can be a hidden lever which helps manage the tension between maintaining impact and ensuring financial longevity.

4. GOING DEEPER

The survey asked respondents to reflect on the strategies they used to manage the dynamic between financial sustainability, impact, and organisational culture. In addition, they were asked to reflect on changes where a shift in focus led to significant change.

The narrative responses reveal that organisations are increasingly navigating complex trade-offs between financial sustainability, organisational culture, governance and mission delivery. Rather than identifying a single solution, respondents described an ongoing process of balancing competing priorities through strong leadership, effective governance, transparent communication, and a clear focus on purpose. The findings suggest that the most resilient organisations are those able to adapt their operating models while remaining anchored to their mission.

The responses suggest that balancing financial sustainability, impact, organisational culture, and governance is not about achieving a fixed equilibrium. Instead, it requires continual adjustment, strong leadership, and a willingness to make difficult decisions when circumstances demand it. Financial sustainability is a particularly strong driver of change, but the most compelling examples illustrate that lasting success depends equally on governance, culture, communication, evidence and mission clarity. Taken together, the responses portray a sector that is becoming increasingly strategic, adaptive, and intentional in how it manages priorities. The challenges caused by the Covid 19 pandemic forced the sector to be agile and responsive. That continues today as it responds to an ever-changing landscape including AI, challenging financial times for local authorities, and the increase to employers’ National Insurance contributions since 2025.

Mission-Led Decision Making

Across the responses, leaders consistently emphasised the importance of keeping organisational purpose at the centre of decision making. Practically this means interweaving purpose into senior leadership and board agendas, but also across the organisation. Equally, helping front line delivery colleagues understand the financial perspective was deemed important.

Many described using mission and beneficiary outcomes as the primary lens through which financial and operational decisions are assessed. This appeared particularly important during periods of financial pressure, helping organisations maintain focus on long-term impact rather than short-term constraints.

Respondents frequently referred to "remembering what we are there for", refocusing discussions on beneficiaries, and ensuring that financial decisions support rather than undermine organisational purpose. Financial sustainability was therefore often viewed as an enabler of impact rather than a competing priority.

Governance, Leadership and Strategic Stewardship

Strong governance emerged as one of the most significant enablers of organisational resilience and strategic change. Respondents highlighted the value of robust trustee oversight, diverse board skills, healthy challenge from non-executives, succession planning and leadership development.

A recurring message was that effective governance helps organisations hold competing priorities in productive tension rather than forcing a choice between them. Governance structures were viewed not only as mechanisms for accountability, but also as drivers of innovation, confidence, and organisational adaptability.

➡ **Example: Board renewal enabling strategic change**

A charity refreshed a long-standing board and rotated the Chair, resulting in fresh thinking and a less risk-averse approach to reserves. This enabled trustees to consider how surplus reserves could be used proactively to further charitable aims rather than simply retained.

➡ **Example: Governance transformation through a resilience grant**

One respondent described a significant review of governance, business planning, and income generation, supported by a National Lottery Heritage resilience grant. The work was reported to have transformed the organisation's approach to sustainability and future planning.

Financial Sustainability as a Strategic Driver

Financial sustainability was the strongest single driver of organisational change identified within the responses. Many organisations described moving beyond traditional budgeting and financial management approaches towards a more strategic focus on income generation, reserves management, fundraising, and long-term financial planning. With this comes a deep sense of responsibility for the long-term health of the organisation beyond current leadership.

Respondents reported strengthening financial reporting, improving budget ownership, monitoring performance more rigorously, and considering future challenges earlier. For some, financial realities had prompted significant organisational changes, including service redesign, staffing decisions and new revenue-generation approaches.

➡ Example: Cashflow crisis triggering organisational change

One organisation reported reaching a position where it was close to being unable to meet salary commitments. This prompted urgent engagement with donors and a significant organisational shift towards stronger fundraising and revenue generation activity. A review of key positions was undertaken by necessity.

Service Redesign, Innovation and Organisational Adaptation

Many organisations described changing what they deliver, how they deliver services, or how resources are allocated. These changes were often prompted by reduced income, rising costs, or a desire to improve outcomes for beneficiaries.

Responses revealed a willingness among some organisations to rethink established approaches, develop more sustainable delivery models and explore innovative ways of balancing impact with available resources. Rather than relying solely on cost reduction, several respondents highlighted examples of redesign and innovation.

➡ Example: Needs-led service user support

One charity replaced a fixed allocation of face-to-face interventions with a flexible "Assess, Agree, Review" model. This allows clients to receive different levels of support based on individual need - improving equity, while making more effective use of available resources.

➡ Example: A counter-cultural land use decision

A respondent described making a significant change to the use of organisational land. Although described as a counter-cultural decision, it is expected to make a substantial contribution to the organisation's long-term financial sustainability.

Example: Digital transformation

More than one respondent gave examples of digital transformation projects as a means of driving efficiencies but also to future proof the organisation, ensuring responsiveness in ever changing times.

Culture, People and Organisational Health

Many respondents recognised organisational culture as both a critical asset and a potential casualty during periods of change. When operating at its best, it can be a shock absorber for the impact of some challenging decisions. Common strategies included investing in staff wellbeing, supporting professional development, maintaining organisational values, celebrating achievements, and creating opportunities for dialogue and reflection. Several respondents cited a strength in the sector as being able to offer flexibility stemming from hybrid working arrangements.

At the same time, several organisations acknowledged the human impact of sustainability measures, including restructures, reduced staffing levels, and increased workloads. These responses demonstrate the challenge of maintaining positive organisational cultures while navigating financial pressures.

Example: Difficult workforce and pension decisions

Several respondents described making challenging decisions involving organisational restructures, non-renewal of contracts, and withdrawal from pension schemes to stabilise finances and secure longer-term sustainability. The impact on culture, and colleague engagement within that culture can't be underestimated.

Example: Culture influencing strategic growth

One organisation took the brave decision not to proceed with supporting a merger because concerns existed around culture, governance, and leadership alignment. The decision demonstrates the importance of organisational values when considering growth opportunities.

Communication, Evidence and Organisational Capability

Transparent communication emerged as one of the most frequently cited strategies for maintaining balance across competing priorities. Respondents highlighted the importance of open discussions with staff, trustees, and stakeholders, particularly when managing financial pressures or organisational change.

Alongside communication, several organisations described increasing investment in impact measurement, evaluation frameworks, digital transformation, and improved data systems. These initiatives were often viewed as important foundations for future sustainability, accountability, and fundraising effectiveness.

➡ **Example: Building confidence through impact measurement**

One organisation secured a grant to develop an impact and evaluation framework. The resulting evidence base increased organisational confidence and supported further fundraising efforts.

Responding to External Pressures

Many of the changes described by respondents were influenced by factors outside organisational control. These included reductions in public funding, rising operating costs, local government reorganisation, health system change, political developments, and the longer-term effects of COVID-19.

The responses suggest that successful organisations are increasingly focused on adaptability, understanding that external pressures are likely to remain a defining feature of the operating environment for the foreseeable future. Keeping abreast of the geo-political environment is key in the sector.

5. LEADING THROUGH TENSION: REFLECTIONS ON RESILIENCE, MISSION AND STEWARDSHIP

Overall conclusion

This report highlights a sector leading through sustained and complex tension. Charity and purpose-led leaders are not simply managing separate pressures around finance, culture and impact; they are trying to hold them together in ways that protect mission, sustain people and secure organisational longevity. The findings show that financial sustainability is currently the dominant pressure, with respondents describing funding gaps, rising costs, salary pressures, contract losses, reserves challenges and the need to diversify income as immediate constraints on organisational choice. Yet the narrative responses make clear that finance is rarely experienced as a purely technical issue. Its consequences are felt through workload, morale, wellbeing, confidence, restructures, staffing decisions and the capacity of organisations to continue delivering meaningful impact.

A central message from the survey is that resilience is created not by giving permanent priority to one area, but by making the relationship between financial sustainability, organisational culture and impact explicit. Many respondents described this relationship as a dynamic balance or a constant tension, rather than a fixed hierarchy. This suggests that effective leadership in the current environment depends on the ability to keep competing priorities visible, particularly when pressure rises. Financial sustainability enables mission, culture enables adaptation, and impact provides the reason for difficult decisions.

The most encouraging examples in the responses are not simply stories of cost control or survival. They point to organisations using pressure as a catalyst for sharper mission-led decision making, stronger governance, more transparent communication, improved evidence of impact, service redesign and innovation. In several cases, leaders and trustees appear to be moving beyond reactive management towards more deliberate stewardship: strengthening financial reporting, reviewing operating models, investing in evaluation, renewing governance and making difficult choices with longer-term purpose in mind.

However, the findings also carry a clear warning. Culture may be under-reported as a headline pressure because it is often experienced as the consequence of financial and operational decisions rather than as a standalone issue. If organisations focus too narrowly on financial resilience, they risk weakening the very conditions that enable sustained impact: trust, engagement, wellbeing, shared purpose and organisational confidence. The challenge for leaders and boards is therefore to ensure that every significant decision considers not only affordability, but also the implications for people, capacity, mission and beneficiaries.

Closing reflection: questions for leaders and boards

Having read the report, you may like to consider the following:

- Is there an area in your organisation attracting too much focus: financial sustainability, culture or impact ... at the expense of something else?
- How do our board and leadership papers make the trade-offs between money, people and keeping mission and impact at the centre?
- What would be early warning indicators that financial pressure is beginning to damage culture or impact?
- What decisions are we avoiding because the tension between sustainability and mission feels too difficult?
- What practices help us stay true to our mission, hopeful, and grounded when the financial context is hard?
- How can we create environments in which the challenges are appropriately shared with colleagues, and create the space for innovative thinking?

APPENDIX ONE: QUANTITATIVE RESULTS

The following appendix includes charts for qualitative responses within the survey.

Figure A1. Sector(s) represented by respondents (Responses 72 of 72)

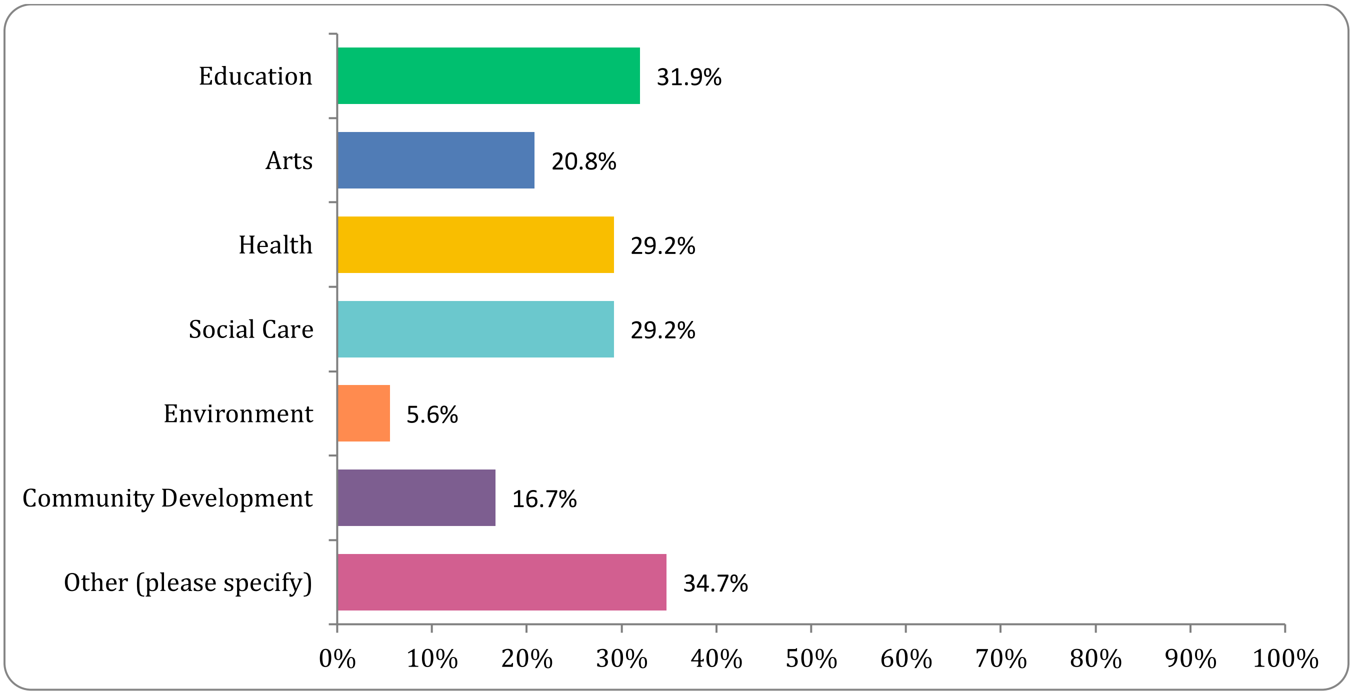


Figure A2. Organisation annual income

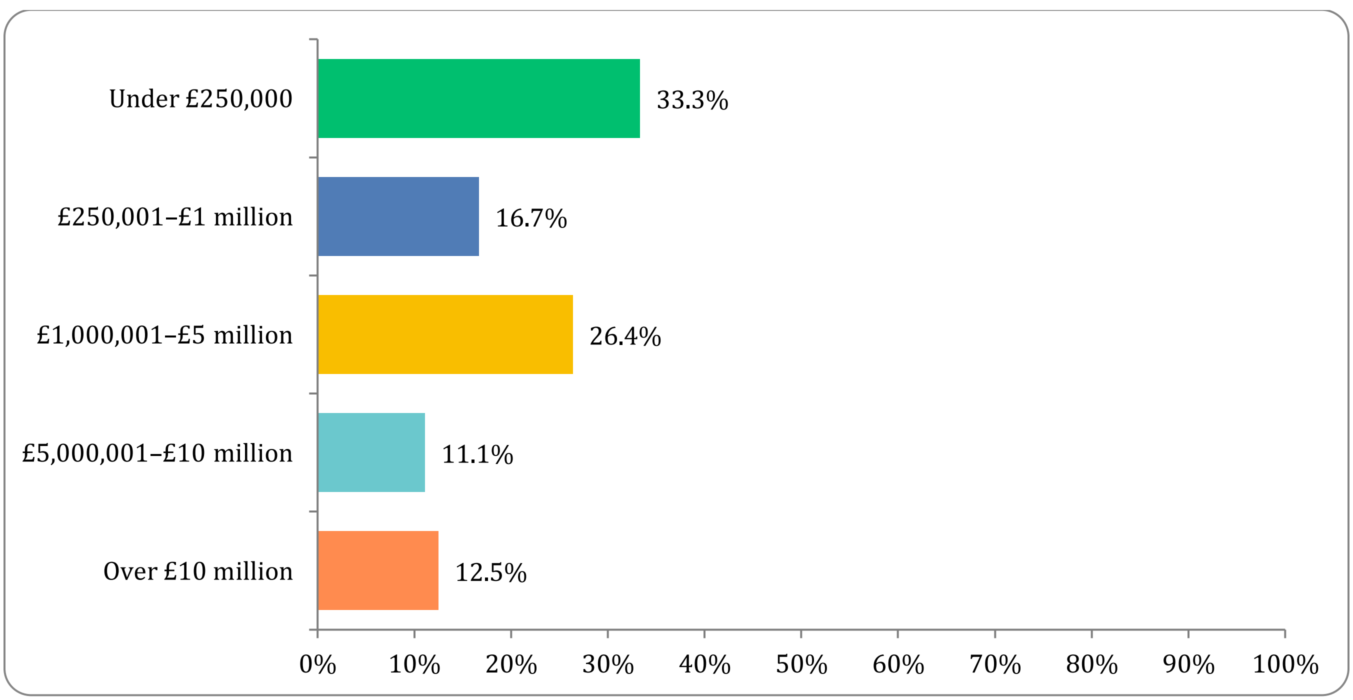


Figure A3. Role of respondent

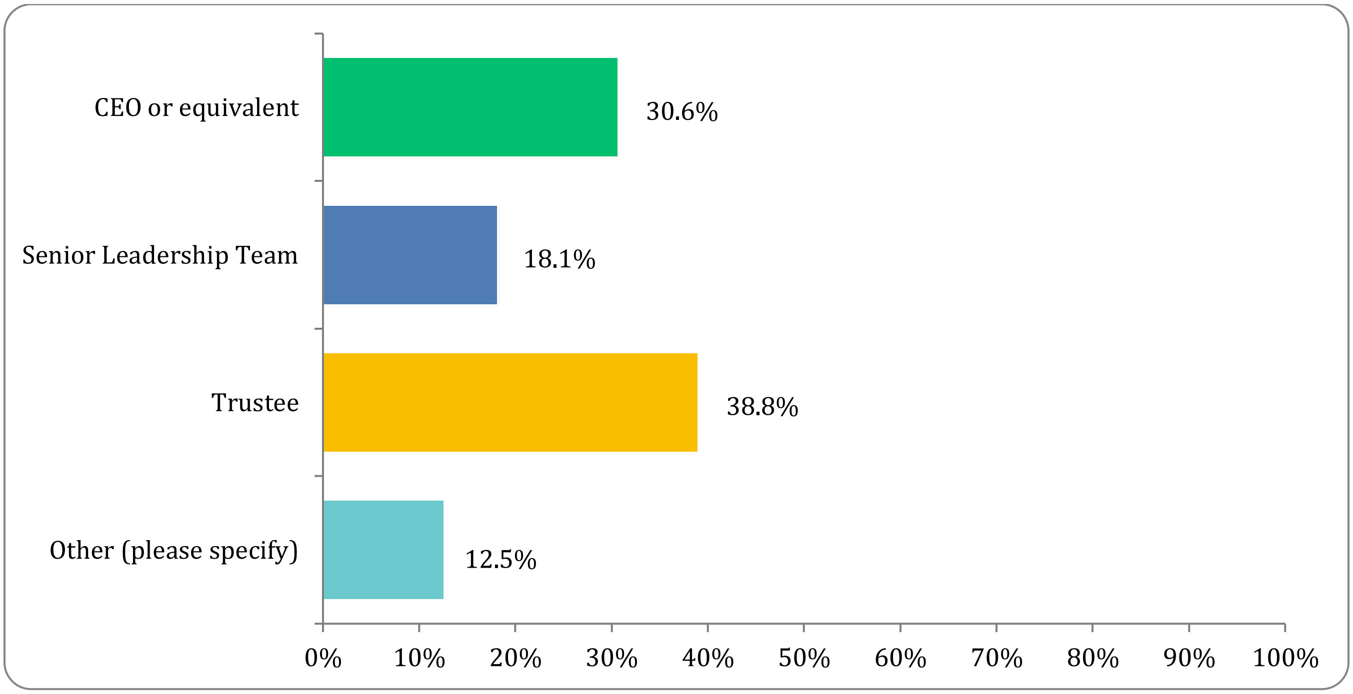


Figure A4. Organisation size

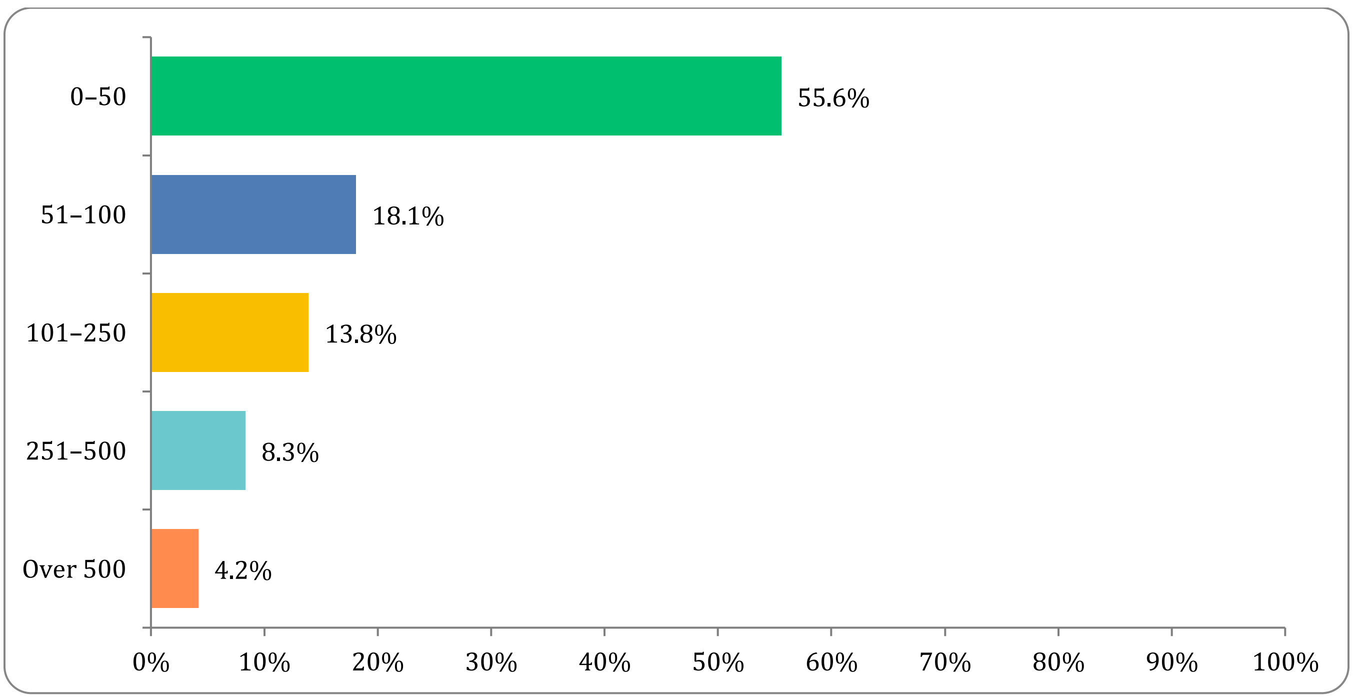


Figure A5. Income mix

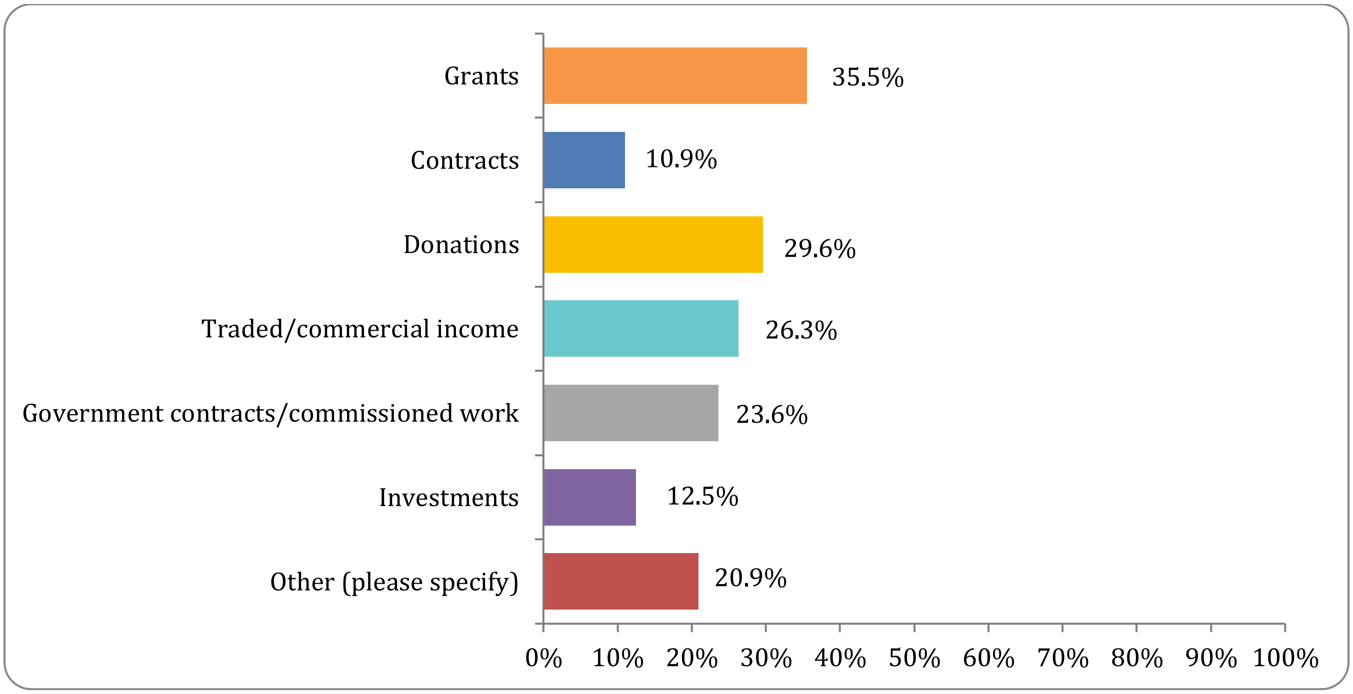


Figure A6. Attention given in leadership role

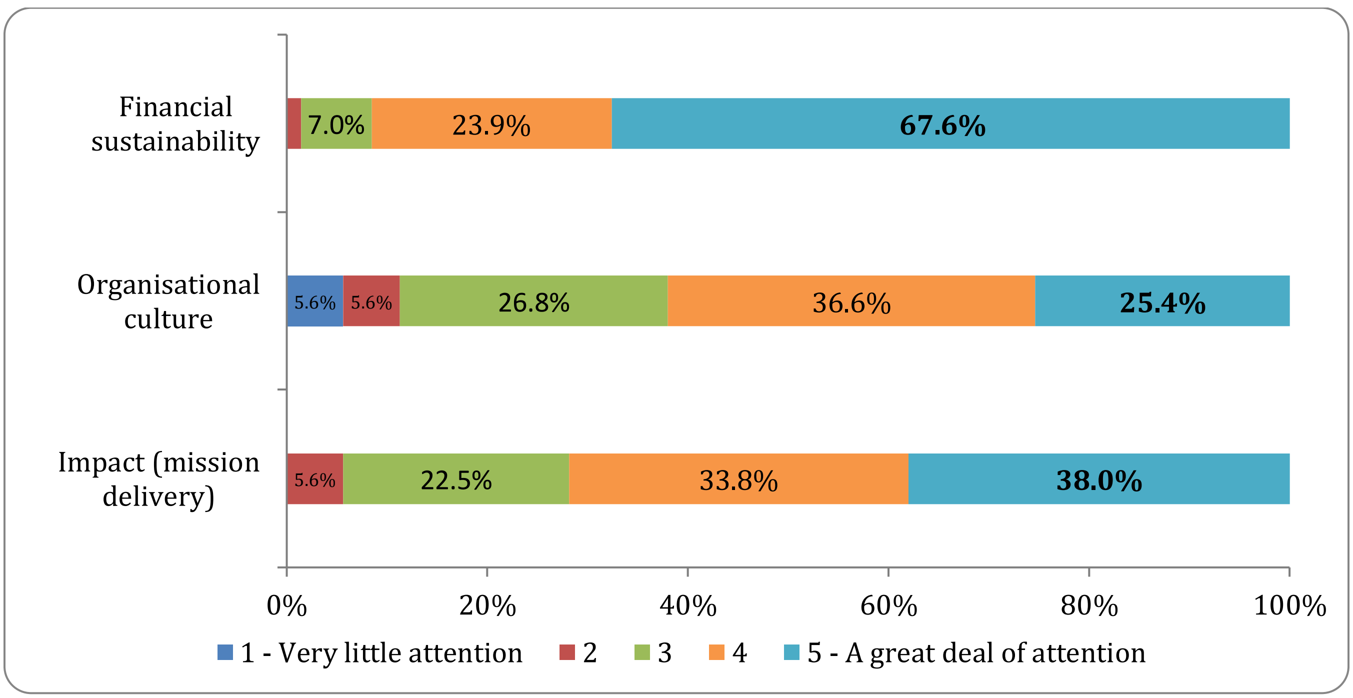


Figure A7. Need to prioritise one area in the past 12 months

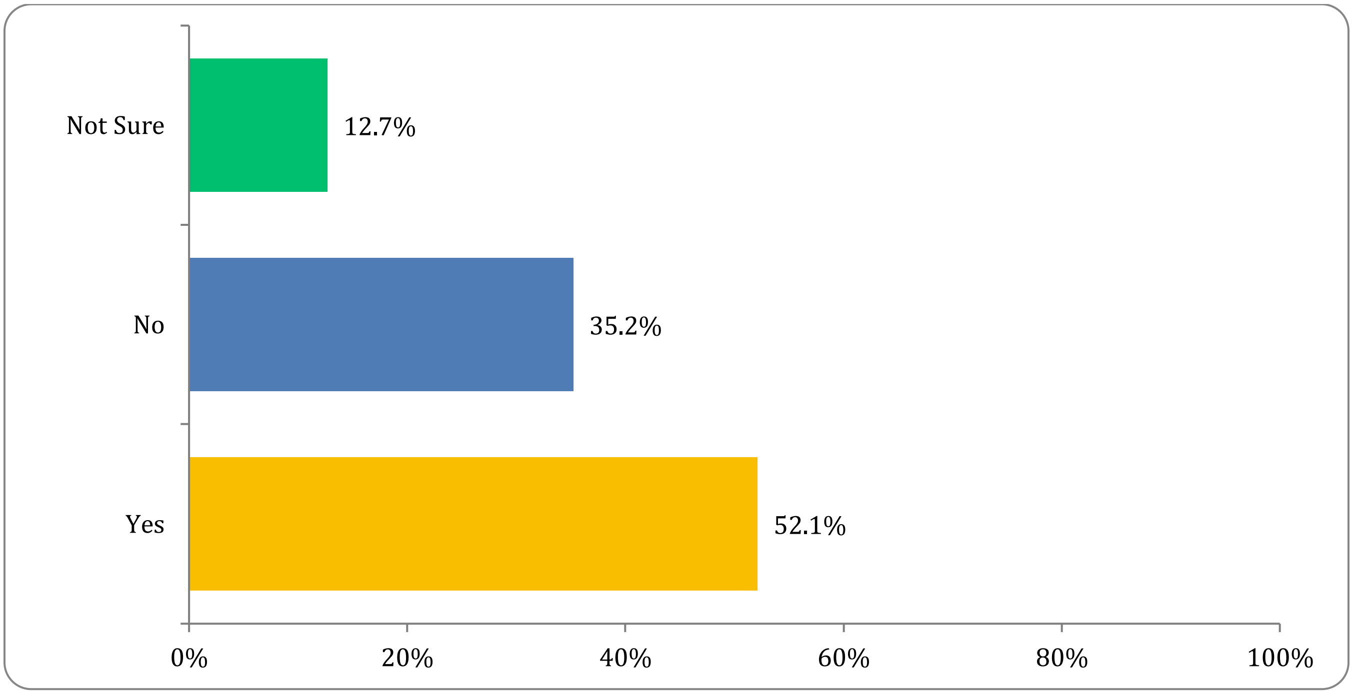


Figure A8. Area most under pressure now

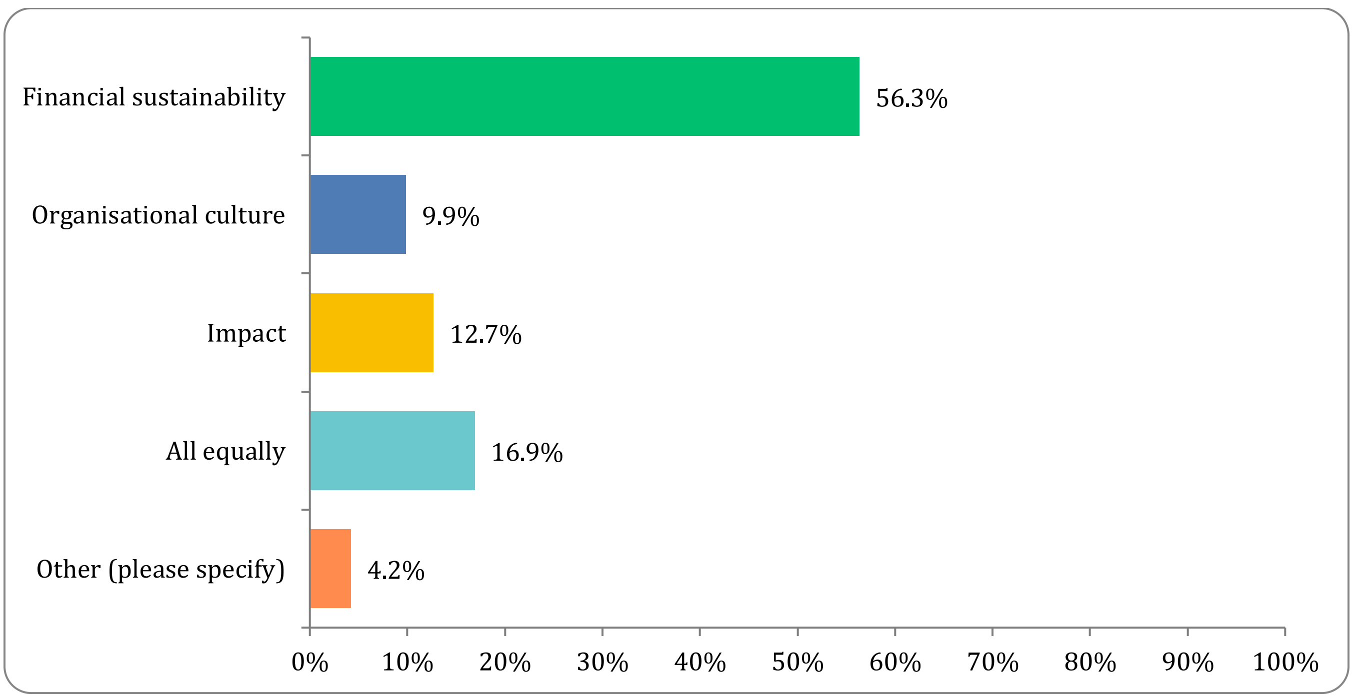
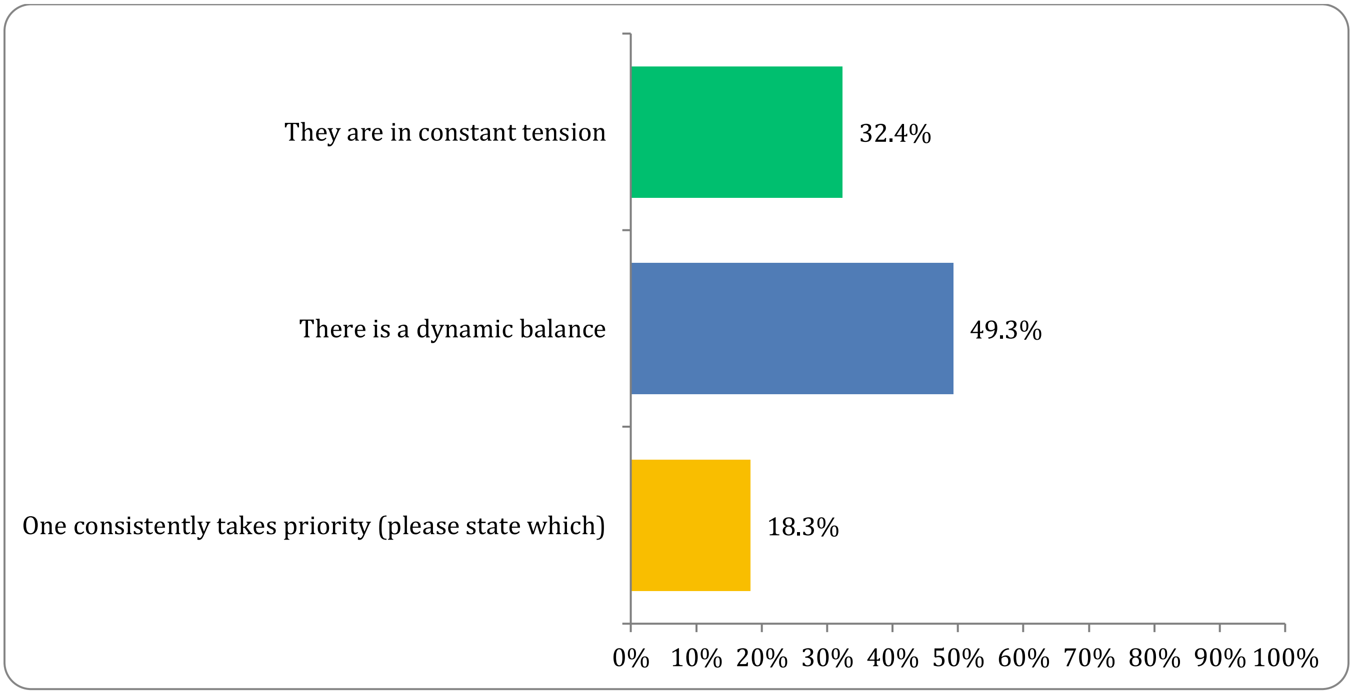


Figure A9. Relationship between financial sustainability, culture and impact



The report is based on the SurveyMonkey export and accompanying visual extract supplied for analysis. Free-text comments have been used anonymously and selectively to illustrate themes rather than to represent every respondent's view.

APPENDIX TWO: SERVICES FOR EDUCATION

Services For Education is an education and training charity based in Birmingham, that brings music and learning to life. The organisation employs around 200 staff who deliver music tuition to children and provide expert training and development to teaching and school support staff. It works with more than 90% of Birmingham schools and has an annual income of £7.1m (2024/2025). Part-funded by Arts Council England, it also operates its own fundraising and subsidised commercial activities.

Services For Education's Music Service teaches music to more than 28,000 children each year, reflecting Birmingham's diverse population. 22% of pupils it teaches have special needs, 35% are eligible for free school meals and more than 40% have English as an additional language. The Music Service also runs 113 free ensembles and provides more than 18,000 musical instruments free of charge, ensuring that children can access and enjoy making music together. In recent years, to enable children to develop musical skills and experience collaborative music-making, it has expanded its whole-class instrumental teaching. Each year, 12,500 children in Birmingham schools take part.

Services For Education's School Support Service delivers expert training and development to teaching and support staff in schools across the West Midlands and increasingly across England. It helps improve practice and ensures teachers are equipped to respond to changes in curriculum and policy. In 2024/25, 94% of head teachers rated its training as either good or excellent. The team also delivers innovative programmes that support the physical and emotional wellbeing of children through its Health for Life initiative which has been running for more than a decade.

You can learn more about Services For Education on our website:
https://www.servicesforeducation.co.uk/ which also contains our 3-year strategic plan:
Our Strategy 2025 – 2028 - Services For Education

Services
For Education

www.servicesforeducation.co.uk

Services For Education Limited
Unit 3 Holt Court, Holt Street, Birmingham, B7 4AX

Company Limited by Guarantee Registered in England & Wales No. 07739831 Registered Charity in England and Wales No. 1148848