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Charities & Education

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Volunteers could be given same protections as employees

Volunteers may soon have the same protection against harassment, discrimination and victimisation that employees have under part five of the Equality Act 2010. This is one of several proposals made in a government consultation on sexual harassment in the workplace.

The proposed new protections would require organisations that use volunteers to take reasonable steps to protect them from sexual harassment and ensure that they are not discriminated against, victimised or harassed in relation to any 'protected characteristic' (such as disability, sexual orientation, race and religious belief).

For example, organisations would need formal policies to ensure that there was no discrimination in their volunteer recruitment process, or in their allocation of training and development opportunities to volunteers.

NCVO (The National Council for Voluntary Organisations) believes that extending these protections to all volunteers would create significant difficulties for small charities and voluntary organisations. However, to minimise these difficulties, the Government Equalities Office has proposed that the protections would only apply to some, rather than all, volunteers. One of the options proposed is to restrict the new protections to volunteers in more 'formal' roles, so that people who volunteer on a one-off or casual basis would not be protected. Another option is to create an exemption for small organisations and those without any employees, so that they do not have to comply with the proposed new protections.

However, according to NCVO, any attempt to provide additional protections for just some volunteers but not others could devalue volunteers in smaller charities or those giving time in informal ways. It could also create an incentive to avoid the legal issues involved when creating more formal roles.

NCVO is also concerned about blurring the line between volunteering and employment. For example, the proposed changes may mean that volunteers gain the right to take organisations to an employment tribunal, which would create significant costs and difficulties in the voluntary sector. In addition to the new protections for volunteers, the consultation also includes proposals aimed at strengthening existing protections for employees. For example, charities and other organisations with employees would be affected by a proposed new preventative duty. This would make employers liable when employees are harassed by other employees, unless the employer had taken reasonable steps to prevent harassment. There is also a proposal to require employers to protect employees from third party harassment, for example by service users or members of the public.

Read more about the proposals at: http://bit.ly/33GA01l and http://bit.ly/35HEtmL

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More academy transfers caused by sponsor closure

The number of academies that have transferred to a different sponsoring academy trust due to the closure of their existing trust more than doubled from 2017/18 to 2018/19, a report from the Department for Education has revealed.

Academy trusts are not for profit bodies that range from trusts that run a single academy to multi-academy trusts that run a group of academies. Over a fifth (22%) of academy transfers recorded in 2018/19 were caused by sponsor closure, compared to 9% of academy transfers recorded in 2017/18.

The 'Academy transfers and funding 2018 - 2019' report also revealed that the rate of academy transfers has increased steadily since 2013/14. A total of 307 academies moved trust in 2018/19, compared to 255 academies in 2017/18 and 21 in 2013/14.

In 2018/19, the Department for Education awarded a total of £6.5 million in grant funding to 80 academies that moved trust. This compares to £7.6 million shared between 53 academies in 2017/18 and £8.4 million between 61 academies in 2016/17. Overall, the Department for Education has awarded more than £31 million in grants to academies moving trust since 2013/14.

The NEU (National Education Union) believes that spending over £31 million of taxpayers' money transferring 935 academy schools between different academy trusts over the last five years is a scandal and the money could have been better spent investing in schools across England.

Read more about the report at: http://bit.ly/2VNqR53

Government urged to engage with local charities on replacement for EU funds

The Community Wealth Fund Alliance (a coalition of charities which includes the Local Trust, the New Economics Foundation and Social Enterprise UK) has called on the government to engage with local charities about how best to replace European funds after the UK leaves the EU.

European structural and investment funds, which will no longer be available once the UK leaves the EU, are due to be replaced by a new Shared Prosperity Fund (SPF).

The Community Wealth Fund Alliance's report 'Sharing in Prosperity', was intended for publication as a response to the government's consultation on SPF but no such consultation has yet been launched. However, the report highlights potentially damaging issues that could arise from funding being allocated at a national level without engagement with local charities. It also calls for the introduction of a new Community Wealth Fund to distribute funds from dormant stocks, shares and pension funds to the most deprived parts of the UK.

The Sharing in Prosperity report also warns that significant benefits that could otherwise be missed when funds are allocated at a national level can be achieved by harnessing local partnerships. The report recommends the introduction of multi-year funding cycles to make it easier for charities to develop longer term strategic objectives, enable them to invest in both infrastructure and local social bonds and give communities greater local control over assets.

The Community Wealth Fund Alliance has also urged the government to ensure that the design of the SPF is well thought out, to ensure that communities who are most in need of support are not excluded. The warning follows concerns about the structure of the Stronger Towns Fund, a separate fund announced in March 2019.

Read more about the Sharing in Prosperity report at: http://bit.ly/31n05BB

In brief...

Guidance to help charities submit annual return online

The Charity Commission for England and Wales has published new guidance about using the 'update charity details' service. The guidance is aimed at charities that last submitted their annual return before 12 November 2018 and will be required to use the service for the first time when they submit their next return. The guidance clarifies how to access the 'update charity details' service, as well as the information that will need to be provided or confirmed, such as the charity's address, trustees and activities. http://bit.ly/2pyqq2b

Charities face new anti-money laundering requirements

Legal experts have warned that a significant number of charities could be required to comply with additional administrative requirements as part of the Government's new anti-money laundering regulations. Under the Fifth Money Laundering Directive (5MLD), all charitable trusts may be forced to register with the trust registration service (TRS). Currently the TRS rules only require trusts that incur tax to provide information about their beneficial owners, such as trustees or individuals who have effective control of the trust. While charities are not the target of 5MLD, it does not allow for any exemptions and is therefore expected to apply to all charitable trusts regardless of size. The new rules are expected to come into force from January 2020. http://bit.ly/2MlWLT4

Rise in number of charity data breaches

The latest figures from the Information Commissioner's Office (ICO) have revealed that charities reported a total of 118 data breaches in the three months to March 2019, which is double the number reported in the same period of 2018. Cyber breaches, phishing attacks, the loss or theft of paperwork from an unsecure location and data being emailed to the wrong recipient were the most common causes of data breaches among charities. However, charities account for just 3.6% of all data breaches reported to the ICO, and the introduction of the General Data Protection Regulation (GDPR) in May 2018 has resulted in a rise in the number of incidents reported across all sectors. http://bit.ly/2nTf0G1

Support for charities to use artificial intelligence

Cloud technology provider salesforce.org has published a guide to help charities understand and use artificial intelligence (AI). The free guide sets out how charities can use AI to improve their processes and access intelligence about the effectiveness of their programmes and their impact. It also includes case studies from charities that are already using AI, as well as outlining the ethical implications of AI and how charities can use it fairly and responsibly.

Separate research from salesforce.org has revealed that the use of AI by non-profits is expected to grow by 361% over the next two years. http://bit.ly/2BfV9E5

Donors warned about email scams

The Charity Commission for England and Wales has warned donors about a growing number of email scams that try to trick individuals into making donations to fraudulent charities. As a result, the commission has encouraged donors to take steps to ensure any emails they receive from charities are genuine. For example, donors can check the Charity Commission's online register to make sure the charity is legitimate and contact charities to check how donations are used. According to the commission, the voluntary sector is a growing target for criminal gangs who are trying to exploit the sector's annual income of around £76 billion. http://bit.ly/2VW4KJK

Cyberattacks cost charities £291,000

The 'Cyber Readiness Report 2019' published by insurance firm Hiscox has revealed that around 60% of organisations, including charities and other non-profit organisations, have experienced one or more cyberattacks in the last 12 months, up from 45% in the previous year. Overall, cyberattacks cost organisations an average of £291,000, which is a year on year increase of almost 62%. The report has also indicated that while supply chain incidents are a growing cybersecurity threat, only 54% of organisations regularly monitor the security of their supply chains. http://bit.ly/2IXXA25

BSC calls for changes to social investment tax relief

Uptake of social investment tax relief (SITR) could rise by £65 million by 2024, according to Big Society Capital (BSC), if a range of measures to change the system are introduced by the Government.

Under SITR investors can reclaim against their tax bill up to 30% of the value of an unsecured loan made to an eligible charity. However, only individual investors can benefit from the relief, which was introduced in 2014.

When it was announced, SITR was forecast to lead to over £83 million of investment by 2017, although the actual figure achieved was just over £5 million. However, by 2019 this had risen to investment of £11.7 million, according to BSC.

A government consultation on investors' and investees' experiences of SITR closed in July 2019 and in its response BSC called on the government to make a range of changes to the relief that could benefit up to 30,000 charities and social enterprises. The suggested measures include removing restrictions on organisations over seven years old from applying under SITR and raising the lifetime limit of how much SITR investment an organisation can receive to £5 million. BSC has also encouraged the government to broaden the list of activities that are eligible for SITR funding to include community owned renewables, refinancing and the short term hire of assets.

The foundation for social entrepreneurs UnLtd has also called on the government to lift restrictions to enable more organisations to benefit from SITR. In particular it has called for the removal of the 30% maximum ownership restriction for investments in debt and for the limit on organisations that are cash poor but have £15 million worth of assets to be removed and replaced with a requirement that organisations applying for SITR have a social mission.

Read more about SITR at:
http://bit.ly/33ECH4a

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A third of charities over reliant on a single funding source

One in three charities are over reliant on a single source of funding, research by specialist insurance provider Ecclesiastical has revealed. Representatives from 200 charities were surveyed by Ecclesiastical in February and March 2019 and funding was identified as their greatest concern. The risks of relying on a single funder were highlighted in August 2019 when Bristol Playbus and Youth Charity Fixers ceased trading, having failed to survive the loss of their major funding source.

When asked about the outcome of their charity losing its main source of funding, 8% of respondents said the charity would close. More than half (54%) of respondents said that it would take at least twelve months to find replacement funding and 56% estimated that the charity's reserves would run out within a year.

The Ecclesiastical research also found that an increasing number of charities are diversifying. Of the charity leaders surveyed, 60% said their charity had diversified its income over the previous three years. The main types of diversification were providing additional services to secure extra funding (56%), commercialising existing services (49%), applying for awards (44%) and entering into commercial partnerships (41%). Commenting on the findings, Ecclesiastical described diversification as crucial for the survival of the charity sector and a key way to mitigate against funding cuts and predicted that the funding environment will become more challenging.

Read more about the Ecclesiastical research at:
http://bit.ly/2BfTq1w