

## charities getting safer

The Charity Commission is taking a closer look at how it will deal with risks and regulation. It has published a discussion paper on its Risk and Proportionality Framework, looking at areas of greatest risk for charities and considering how to target resources.

The Commission plans to focus resources where they have most impact and use regulatory best practice principles to ensure charities meet their legal requirements. The paper is part of the Commission's efforts to update its approach to risk. It has been gathering responses from interested charities and plans to use these to help update 'The Charity Commission and Regulation', one of its key publications.

The paper concentrates on the Commission's Compliance and Support role - regulatory work with charities whose assets, services or beneficiaries are at risk of abuse or damage. It investigates apparent misconduct or mismanagement and deals with problems through its legal powers or by supporting the affected charity's trustees.

The Commission aims to streamline its work. It says Charity Commission Direct, a single point of contact set up last year, allows faster responses. It also highlighted changes to the Annual Return, which has removed some information requirements.

However, last year's stakeholder survey, 'Sound Strategy for Effective Delivery', showed some areas of concern. It highlighted a misconception that the Commission does not have a decisive system for intervention. Respondents also thought its risk framework should be better developed, so illegal or improper behaviour could be picked up earlier.

The Commission says it will be flexible when trustees act reasonably and honestly but will deal "rigorously and decisively" with deliberate wrongdoing, abuse and

criminality. However, it admits it cannot eliminate all risks because this would create too much bureaucracy and stifle innovation. It is now using the traffic light method to determine risk - Green for low, Amber for medium and Red for high - rather than the previous points systems.

The paper also contains a list of what the Commission sees as the most serious issues and areas of greatest risk. They include significant financial loss, criminality and illegal charities. "Zero tolerance" issues, where the Commission will become involved immediately are also laid out, including charities linked to terrorism, fraud and money laundering.

The full discussion paper is available to view at [www.charity-commission.gov.uk/tcc/riskdiscuss.asp](http://www.charity-commission.gov.uk/tcc/riskdiscuss.asp).

## donations: a new flexi-friend

Charities have offered credit cards to their more affluent members for many years, benefiting from a donation each time the card is used. Now the idea has been turned around, and the Community Card - a pre-paid debit card - has been launched for charities and other membership organisations.

The Maestro card, which is provided by Community Card Programme Ltd and Newcastle Building Society, is pre-loaded with money and is not connected to a bank account. That means financially excluded people can access a fuller range of financial services: they can shop online or by telephone, parents can provide a card for their children and users can control their spending even when they are not using cash. Community Card Programme Ltd says charities also benefit by being able to provide members with an affinity product.

Initially, the card is being piloted by the Rainbow Saver Anglia and the Ipswich and Suffolk credit unions. A further two credit unions will soon be joining the scheme and 10 more are waiting to do so. The organisations charge users a £3 monthly fee, which covers 10 transactions. Further transactions cost the user 20p a time. This covers the card fees and also provides a regular income stream for the credit union.

Steve Round, the chairman of the Big Issue Foundation and the man behind the initiative, says charities can use it as a membership card as well as a debit card. He said: *"It's a card you can choose to use or choose not to use."*

*"It's a choice organisations can have to operate a quasi-membership card that adds value. It's really a moveable feast. We're trying to be as flexible in a framework as we can."*

To find out more about the card, go to the Community Card website at [www.responsiblelendingindex.com](http://www.responsiblelendingindex.com)

## new Charity Tribunal: more efficient

Charities were asked recently for their input on the way the new Charity Tribunal is run. The Tribunal, set up under the Charities Act 2006, will hear appeals against decisions made by the Charity Commission and will look to clarify wider questions that may arise about charity law.

A consultation looked into the draft set of Charity Tribunal Rules which have been drawn up to govern proceedings before the tribunal. The rules aim to ensure these proceedings will be handled as quickly, efficiently and fairly as possible. The Ministry of Justice, which is running the consultation, aims to bring the rules into force next year.

A number of draft rules have been put together and charities have been asked for their feedback about those involving the timescale for making an appeal and on the places where the notice of reference is published. The draft rules give complainants 28 days after the Charity Commission has made a final decision on an issue to lodge their appeal. The draft also states that the notice of reference will be published on the tribunal's website ([www.tribunals.gov.uk](http://www.tribunals.gov.uk)).

The consultation questionnaire asked whether charities consider 28 days to be long enough to give notice of an appeal and whether publication on the tribunal's website gives adequate notice. The consultation paper also asked for



comments and any other feedback charities have on the other draft rules contained in the consultation paper.

The deadline for responding was 7 November 2007 and a summary of the responses is due to be published in March next year.

To download the full consultation paper, go to: [www.justice.gov.uk/docs/cp1907.pdf](http://www.justice.gov.uk/docs/cp1907.pdf).

## third sector not working

The Department for Work and Pensions (DWP) has been criticised for awarding most of its Pathway to Work contracts to private firms and overlooking third sector organisations that can deliver welfare to work services.

The scheme, which aims to provide employment and health support for people claiming incapacity benefits in deprived areas of the UK, is run by Jobcentre Plus. Despite interest from several charities, just one has been successful in the first round of bidding - the Shaw Trust, a charity supporting people disadvantaged in the labour market - was awarded two contracts. The rest have been awarded to private sector firms.

The Association of Chief Executives of Voluntary Organisations (Acevo) has launched an independent inquiry into the DWP procurement system and claims that the third sector has been overlooked and may lose out in future

if the procedure is not reviewed.

Stephen Bubb, CEO of Acevo, said: *"The Government have said they want the third sector to play a bigger role in delivering public services. The recent round of tendering for major employment services resulted in only one third sector organisation being offered contracts and the sector losing out overall. There is huge anger in the sector with what seems to be serious problems with the process, many charities are now being forced to look at redundancies."*

Dame Mavis McDonald will chair the inquiry, which will be bolstered by a procurement and purchasing expert and an employment services third sector professional.

The outcry comes after a National Consumer Council report revealed that the third sector is performing well in its delivery of welfare to work services. Unions have also expressed concern



at the lack of contracts awarded to third sector organisations.

Unite National Officer Rachael Maskell said: *"Yet again we see third sector organisations being undercut and unable to compete with private companies in the bidding process. The result is further job losses and insecurity in a sector that already has some of the worst levels of job insecurity in the economy."*

Read more reaction from Acevo at: [www.acevo.org.uk/index.cfm/display/page/newspress/controlContentType/news\\_list/display\\_open/news\\_975](http://www.acevo.org.uk/index.cfm/display/page/newspress/controlContentType/news_list/display_open/news_975)

## e-opportunities

Charities could take a lead from Oxfam and start selling their goods online. Oxfam has opened the UK's first Internet-based charity shop, which aims to raise around £2 million a year from its online sales.

Although charity Christmas cards have been sold over the Internet for some time, the Oxfam online shop at [www.oxfam.org.uk/shop](http://www.oxfam.org.uk/shop) sells a range of goods. They include second-hand items which have been donated to the charity and Fair Trade goods specially made for Oxfam, including chocolate, coffee and jewellery. New items will be added daily by trained volunteers and most Oxfam shops will contribute goods to the website over the coming months.

Oxfam says the move reflects its support for ethical shopping. Its director Barbara Stocking said: *"Oxfam has pioneered in ethical*

*shopping since opening its first shop selling donated items. At a time when how we buy is at the forefront of people's minds, Oxfam's online shop gives people a real way to buy more ethically."*

Online shopping is continuing to grow across all retail sectors. According to analysts Verdict, online sales are now worth £10.9 billion a year in the UK and are predicted to rise to £28 billion annually in the next five years, as home broadband Internet connections become almost universal.

There is a strong and growing market which other charities considering whether to follow Oxfam's example could benefit from. In addition to selling via their own websites, charities could sell goods through auction websites

like eBay ([www.ebay.co.uk](http://www.ebay.co.uk)). Oxfam successfully used eBay and AbeBooks ([www.abebooks.co.uk](http://www.abebooks.co.uk)) to sell donated items in the last financial year, raising £300,000 in the process.

However, such websites selling used items and swapping sites such as Freecycle ([www.freecycle.org](http://www.freecycle.org)) may also provide competition to charities seeking donations, as consumers seek to receive something in return for their recycled goods.



# more effort into giving



Survey findings published by the Cabinet Office have revealed that England is becoming a more charitable society.

The survey, 'Helping Out: A national survey of volunteering and charitable giving', was commissioned by the Office for the Third Sector. It interviewed more than 2,700 participants in its attempt to explore the views and experiences of over-16s who participated in volunteering and charitable giving.

Results from the survey revealed that:

- 58% of those surveyed had both donated to charity and volunteered in the last 12 months.
- 95% of regular volunteers said their efforts were appreciated.
- 81% had donated to a charity in the four weeks prior to the survey.
- The average total amount

donated in those four weeks was £25 per adult.

- 52% said the most common reason for giving to charity was the importance of the charity's work.
- Those aged 34-44, 55-64, women, the employed and people of religious faith were the most likely social groups to volunteer.
- 64% of participants had heard of Gift Aid but just 34% had used it within the last year.

Minister for the Third Sector Phil Hope said of the survey:

*"This research shows that people, contrary to what many may think, are willing to 'help out' - and nearly 60% have done so by volunteering formally in the past year.*

*"At the same time, more money is being given to charity than ever before. This news is encouraging to anyone who believes, as I do, in the power and value of third sector organisations to change lives and communities for the better."*

View the report on the survey at: [www.volunteering.org.uk/NR/rdo\\_nlyres/BFC9C41E-7636-48FB-843C-A89D2E93F277/0/OTS\\_Helping\\_Out.pdf](http://www.volunteering.org.uk/NR/rdo_nlyres/BFC9C41E-7636-48FB-843C-A89D2E93F277/0/OTS_Helping_Out.pdf)



## UK200 Charities Group

We are specialist accountants and lawyers providing accounting, legal and advisory services for clients in the charities sector. Our members have a wealth of knowledge and experience of the sector, providing advice and support on key issues such as compliance, sourcing finance, taxation, business planning and support services including financial management and IT.

**UK200Group** is a membership organisation specifically dealing with the small to medium business sector. The Charities Group is one of the many specialist bodies focusing on particular market sectors and business expertise such as corporate finance, business recovery and insolvency, forensic accounting and dispute resolution, tax and business strategy. UK200Group brand represents excellence in professional standards, training and networking.

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## fundere beware!

Charity funders are being urged to question whether the charities they fund have the organisational capacity to deliver a service well.

To help funders assess the organisational merits of a charity, the Association of Charitable Foundations (ACF), the UK Workforce Hub and the Governance Hub have come together to produce the publication 'Is it seaworthy? Assessing and funding the capacity of voluntary and community organisations'.

The guide, which also explains how to fund workforce and governance development, can be downloaded free at [www.governancehub.org.uk/docs/Is%20it%20Seaworthy\\_FINAL.pdf](http://www.governancehub.org.uk/docs/Is%20it%20Seaworthy_FINAL.pdf).