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Charity Sector

UNISON Scotland

POLICY BRIEFING

Introduction
Charities play a significant role in Scotland at many levels. More than 24,000 are registered in Scotland, handling over £10bn. Encouraged by the Scottish Government; they are also playing a larger role in the delivery of public services and they are significant employers.
A strong charitable sector plays a key role in any civilised society and any decline would make our society poorer. However, that should not close our eyes to the sector's faults. From aggressive fundraising practices, to mismanagement, poor employment practice and corporate pay levels – the governance of many charities has been challenged.

Employment Standards
In just three years, the number of charity chiefs paid more than £60,000 has risen by 26%. Bosses at Quarriers, Capability Scotland, Scottish Autism and Scottish Association for Mental Health all earn yearly wages of around £100,000.
As Scottish Conservative MSP Alex Johnstone but it rather bluntly: *"While fat cat charity bosses are coining it in, many ordinary people who generously donate in good faith feel like they're being robbed. Donations should be used to support worthy causes not fund luxury lifestyles for executives."*

If that is a bit harsh, it is certainly the case that there are double standards. UNISON has noticed examples of two tier terms and conditions. For example, some charities have excluded staff from the local government pension scheme when managers were allowed to stay in. When challenged they said that they had to recruit and retain quality staff. Front line staffs were clearly not in that category!

Similarly on safety. Some charities have done little to address violence to staff arguing that 'this is part of the job'. The HSE rightly says it isn't!

The charity sector likes to view itself as the employers of choice and some charities do live up to that standard. However, many others clearly do not. A survey of voluntary (not redundancy) resignations, showed that the not for profit sector had the second highest turnover behind the notorious hospitality sector. It was also almost twice that of local government.

Pay and conditions is certainly a factor here. Particularly in the care sector where many charity sector providers are struggling to recruit and retain staff. The Scottish Government has announced that those commissioned to provide adult social care should be paying the Scottish Living Wage. However, it is far from clear that the resources allocated are enough to achieve that objective. Pensions auto-enrolment and fund deficits are further challenges for the sector.

KEY POINTS:

- **Charities play a key role in society, but there has been a decline in trust.**
- **Employment standards can be poor. No longer the employer of choice.**
- **Fundraising scandals have damaged credibility.**
- **Charities are weakly regulated and internal governance is not always strong.**
- **There needs to be greater transparency and scrutiny across the sector.**

bargaining & campaigns team

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Fundraising
The suicide, last May, of 92-year-old Olive Cooke, who had been inundated by requests for money, created a storm of concern. The pictures of unopened begging letters sent to her highlighted these concerns and her experience, it turned out, while extreme, was not uncommon.

Another example was the revelation that Age UK (and probably other organisations) was promoting deals on goods and services that sometimes cost more than on the open market. As one commentator put it – robbing elderly Peter to pay big old Paul.

Governance
The infamous case of Kids Company raised many concerns about the role, competency and accountability of charity trustees. In fairness, this was a point that even SCVO acknowledged. Scotland has not been exempt from similar problems. Trustees, there are 180,000 of them in Scotland, lead their charity and have overall responsibility for how they are run. With more and more public services delivered by third sector organisations, including charities, charity trustees must be competent enough to provide oversight and be accountable for public monies they spend.

Charities, even those who receive most of their income from the taxpayer are exempt from Freedom of Information laws. Government needs to change this, but they have so far refused, in part due to a lobby from the charity sector. Resisting public scrutiny damages the sectors credibility. There is a similar position in relation to the Lobbying Bill, with a strong lobby to exclude the charity sector.

The Scottish charity regulator OSCR last year published its report on targeted regulation. Its proposals can only be described as modest - focusing on publishing accounts, creating a trustee database and serious incident reporting. Many feel that this is very light touch regulation.

UNISON's submission questioned if some organisations have moved so far away from their original charitable purpose, that they should be reclassified as social enterprises. We agree with the MP report into the Kids Company that concluded that there is a need for a radical change in charity regulation.

Decline in Trust
In a 2014 survey, when asked whether most charities are trustworthy and act in the public interest 71% of people agreed, a figure broadly in line with previous years. In 2015, this had fallen to just 57%. In light of so many negative, high-profile stories, this is perhaps unsurprising.

Many charities are overly-reliant on government funding. IPPR North's research paper, Too Small To Fail, warned that smaller charities – specifically those with incomes between £25,000 and £1m – face a double whammy of rising demand and a sharp reduction in government income.

Reliance on government money can also undermine the advocacy role of charities. Sometimes this is subtle self-regulation because charities are concerned that criticism of governments or other public bodies might impact on their funding – to full frontal gagging as the UK government is currently proposing. For that reason a number of charities who retain advocacy roles, limit the amount of taxpayer funding that they will accept.

Conclusion
Charities play a vital role in our society. However, if they are to recover public trust and the support of staff, they need to improve their governance. Government also needs to strengthen regulation and transparency.

Further info

Scottish Charity Regulator
http://www.oscr.org.uk

Trust in charities survey
https://theconversation.com/why-has-trust-in-charities-been-declining-

IPPR To Small to Fall
http://www.publicsectorexecutive.com/Public-Sector-News/

Charity bosses earnings
http://www.scotsman.com/news/how-much-money-do-scottish-charity-bosses-earn-1-4007965

and UK survey
http://www.theguardian.com/society/salarysurvey/table/0,12406,1042677,00.html

MPs on Kids Company
http://www.theguardian.com/uk-news/2016/feb/01/

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