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Not for Profit eNews

August 2022

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Welcome to the latest edition of MHA Not for Profit eNews.

In this edition of eNews, we highlight the early reports from charities participating in the global four-day working week pilot and the Charity Finance Group's announcement of their 'wellbeing week'.

We also focus attention on Equality, Diversity and Inclusion; recent studies show that the sector is lagging behind other sectors, but there are ways that not-for-profits can combat this, as the four-day working week pilot and RNLI are proving.

Finally, following the release of charity tax relief statistics, we reflect on how the sector has benefited since the pandemic and how such tax reliefs will come under pressure in the coming months.

As ever, if there are any points you wish to discuss further in this issue please do get in touch.

Best Regards,
MHA Not for Profit team

Four-day working week sees improvements in wellbeing and productivity for charities

June 2022 saw the commencement of the world's largest ever pilot in which employees at 70 organisations across more 30 sectors would receive 100% of their pay for 80% of their usual hours, whilst committing to delivering 100% of their normal productivity.

Organisations from the not-for-profit sector taking part in the pilot include The Royal Society of Biology, Scotland's International Development Alliance and Waterwise. Over one month in to the pilot, these entities have all recently **reported** that they are seeing benefits.

1. Whilst hours have been reduced, the commitment to ensuring that the same quality and quantity of work is delivered has resulted in staff finding more efficient and effective ways of working, leading to increased productivity
2. Employees report being happier, with a better work-life balance.
3. Some of the biggest improvements have come from the fact that staff feel more valued and refreshed when they are working thanks to the extra day off at the weekend.

There are also reports that having a working week of only four days makes the participating organisations more attractive as an employer, and encourages a more diverse range of people to apply to work for them.

However, the practice has not been mandatory for all of the staff of the participating entities. In a number of cases there were a handful of staff who were not utilising the scheme, which highlights how a flexible approach within the scheme can work to suit the needs of all members of staff.

In the post-Covid world where working practices are becoming ever more flexible and catering to the needs and wellbeing of employees, adopting a four-day working week could be a deciding factor for prospective employees looking for new opportunities in the sector. We will be keeping a close eye on the outcomes of this pilot and how others in the sector respond to its findings.

Charity Finance Group initiates summer wellbeing week for all employees

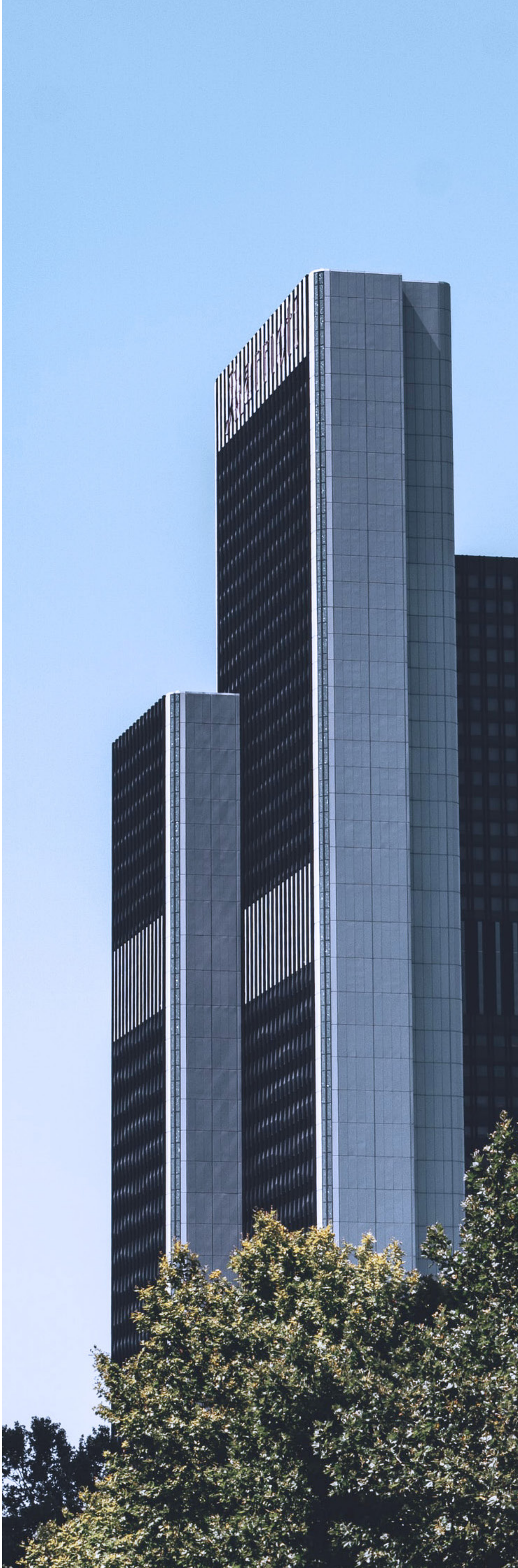
The Charity Finance Group (CFG) are set to implement a 'wellbeing week' during August, where all staff will be taking a week off in order to rest and recuperate.

Speaking at the recent CFG annual conference, representatives of the CFG posed the question of 'If the Charity sector can't start the conversation on mental health, and look after its people, who will?' The organisation appears to be taking this head on with the **week-long break** being introduced for all staff.

One of the key benefits of these weeks is that all staff will be off at the same time, the intention being that the rush to hand over projects before going on annual leave and the pressure of returning to a mountain of emails will dissipate; the week off really can be just that, as all members of staff will be safe in the knowledge that their colleagues are taking advantage of the time away from work as they are.

Comments from employees at CFG have had glowing reports of the initiative, indicating it has meant they feel valued and cared for in their work. It allows them to decompress from the pressures of work and get set to go again for the rest of the year.

As well as being a welcome week off for its staff, the CFG reference Deloitte's March 2022 ***'Mental health and employers: the case for investment – pandemic and beyond'*** report. The report details that around 16 million days of sickness absence is caused by mental health problems each year, costing businesses around £8.6 billion, and that for every £1 spent on staff mental health, the organisation sees a £5.30 return.



Charities to look at EDI as reports indicate minority representation in the sector is falling

Figures recently published by the Department for Digital, Culture, Media and Sport (DCMS) show that the proportion of workers in the charity sector who are from ethnic minority backgrounds has decreased, while representation in the wider UK economy has risen.

The proportion of workers in the charity sector from an ethnic minority background decreased from 10.2% (94,000) to 9.5% (88,000) from 2020 to 2021, while representation in the wider economy increased from 12.7% to 13.1% year-on-year. In contrast, charities have consistently had a greater proportion of employees that are disabled than employers across the wider UK economy. Since 2011, the proportion of charity sector workers that are disabled has increased from 14.1% to 20.6%, while representation in the wider sector has risen from 11.4% to 15.4%, with the rise of remote working as a result of the Covid-19 pandemic being cited as a potential reason for this nation-wide and sector increase.

As well as the DCMS statistics, The Living Wage Foundation has **reported** on low-paid workers in the third sector. The report notes that 14.1% of jobs in the third sector are paid less than the real Living Wage and that employees in these roles, which are often fundraising- or events-based, were disproportionately affected by the pandemic; almost half of low-paid third sector workers were furloughed during the pandemic compared to a fifth of third sector workers with better pay.

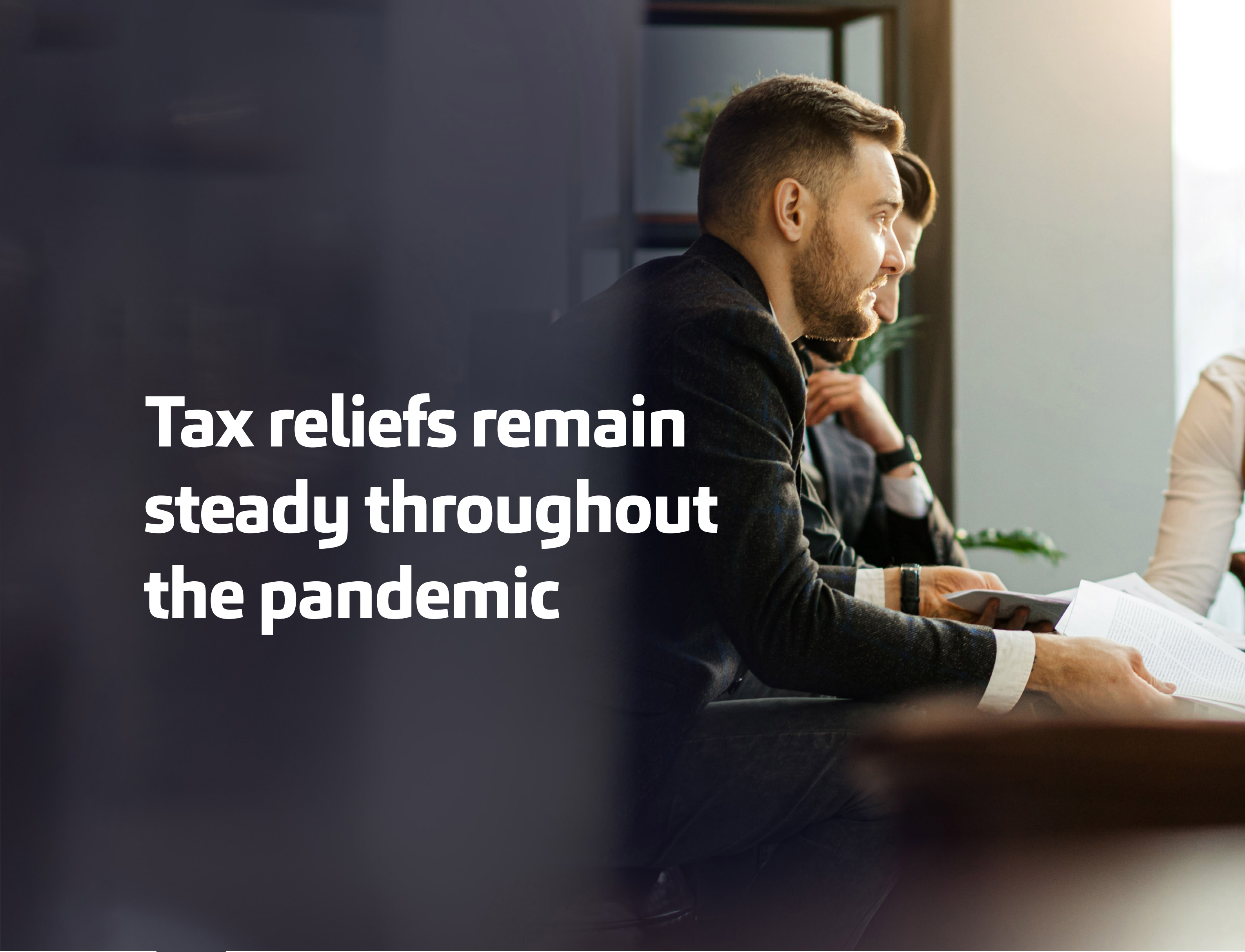
Diversity – and not just with regards to ethnicity, disability and level of pay as noted above – plays a huge role in the success of any organisation, and differences between the charity/third sectors and the wider UK economy is certainly something for employers and organisations to consider.

RNLI TikTok shows power of social media for Charities

After only a week of its TikTok account going live, the RNLI's account on the social media giant had gained over 100,000 followers and four million views on the platform, making it the sixth most-followed UK-based charity on the site.

The purpose of the launch on TikTok was to try and gain a wider following and to raise awareness of the work that the RNLI does; educating people on the dangers of the water and ways of keeping safe ultimately reduces the need for the RNLI to provide their services to people in trouble. Like so many charities using social media, the aim of creating a profile on the site was not to help the RNLI raise donations, but to reach audiences which might have otherwise been inaccessible through their usual marketing and advertising paths.

This serves as another reminder of the importance and power of social media, and its ability to help charities share their objectives with more diverse audiences.



Tax reliefs remain steady throughout the pandemic

HMRC have recently released their UK Charity Tax Relief Statistics Commentary for the year ended 30 April 2022. In the year to a total of £5.4billion in tax reliefs were claimed by charities and their donors, less than a 1% decrease compared with the prior year.

- Gift Aid paid directly to charities amounted to £1.3billion; whilst this is 3% less than in the previous year, it is understood that HMRC have put more March claims than usual on hold for extra risk assessment
- Business rates reliefs were down less than 1% to just under £2.4 billion
- Relief for higher rates of tax on Gift Aid donations, paid to individuals, is forecast to be steady at £0.5 billion
- Inheritance Tax reliefs for donations totalled £0.8 billion, down 4%

The data shows that despite the impact of the global pandemic there is still the ability for charities and donors alike to benefit from making donations to not-for-profit organisations.

However, such tax reliefs will only continue to become more and more important with the rising pressures resulting from increased inflation, the cost of living crisis and other factors impacting the availability of funds for charities. With such pressures, there is welcome news that JustGiving and Streeva are working together to help maximise Gift Aid claims through their development of the Swiftaid solution.

Swiftaid is a new Gift Aid network and automation service that has been developed to reduce the amount of Gift Aid that goes unclaimed every year. It removes the need for donors to complete a Gift Aid form every time they donate. Instead, donors simply need to make one Gift Aid declaration per tax year, which is then shared across the Swiftaid partner network. Integrated into the JustGiving donation flow, Swiftaid enables people to register and add Gift Aid to that donation. Once registered on Swiftaid, Gift Aid is automatically applied in that tax year to any eligible donations that donor makes via JustGiving (or via other organisations registered on the Swiftaid network).

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MHA Not for Profit Team
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