UK200Group news
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Charities & Education

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Charities using technology to boost donations

The 'Rewarding Industries 2023' report from Endsleigh Insurance has revealed that 40% of charities have been using technology to boost donations during the cost-of-living crisis. The report was based on interviews with 300 financial decision makers in third-sector organisations, which included questions on turnover, technology and recruitment.

Around 45% of charities have experienced more financial challenges during the cost-of-living crisis than during the pandemic. Almost half (47%) have increased fundraising activities, but 56% are finding fundraising more difficult in 2023 than in previous years. Charities that support animal welfare and healthcare have been the most likely to close due to financial challenges.

Research carried out in 2021 revealed that fundraising campaigns using augmented reality (AR) generated more empathy and generosity than campaigns that didn't, making it key for charities. The research also indicated that using gamification for fundraising increased donor engagement. Around 58% of charities have partnered with gamification platforms or used online games, the metaverse or AR to encourage donations.

Online funding platforms such as Play Fund Win use gamification such as interactive games and quizzes to help charities raise money. However, some charities have found it difficult to develop or resource marketing strategies that generate the best results from these new fundraising methods.

Just over 31% of charities have used social media to increase fundraising, rising to 40% for those with an annual turnover of less than £100,000. This is because social media is a relatively inexpensive way for charities with smaller budgets to engage donors and drive donations.

Charities are also using artificial intelligence (AI) to fill talent gaps and engage with donors through chatbots and voice assistants. For example, Versus Arthritis uses a chatbot to answer straightforward questions about arthritis treatment and pain management. AI is also being used by charities to track and collect data to improve services and marketing strategies.

According to the Endsleigh report, the advancement in technology used for fundraising increases the risk of charities becoming a victim of cyber fraud. Figures from the Department of Science, Innovation & Technology have revealed that 24% of charities were subject to a cyberattack in the past year, rising to 56% of charities with a revenue of over £500,000.

Despite the threat of cyberattacks, few charities are taking steps to protect themselves. Just 27% of charities had carried out a cybersecurity risk management assessment in the past year, compared to 63% of businesses. Around 67% were uninsured against cyberattacks and 81% were not using cybersecurity monitoring tools.

Read more about the report at: https://bit.ly/46hiX7g

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Charity bequests worth £800 million stuck in probate

A probate backlog is costing charities hundreds of millions of pounds in legacy income. This is according to specialist consultancy firm Legacy Futures, which estimates that 60,000 charity bequests worth £800 million were stuck in probate at the end of June 2023.

In Q2 2023, the number of charity bequests fell by 6% year-on-year to 14,000. According to Legacy Futures, this is due to a worsening backlog at the HM Courts and Tribunals Service (HMCTS). This is despite more than 100 additional employees being recruited by HMCTS between November 2022 and March 2023. However, Legacy Futures believes that the effect of this is yet to have had any effect on the backlog.
According to HMCTS, it is still receiving large numbers of post-pandemic probate applications due to a death rate running higher than the five-year average until the end of summer 2022. In a sign that the recruitment drive is starting to have an impact, the number of grants processed in March 2023 (almost 26,000) was the highest number per month since January 2020.

In the short-term future, falling house prices may reduce the value of charity bequests. However, this is expected to be a relatively short-lived problem. Over the next five years, Legacy Futures predicts that charities' income from bequests will remain resilient. It also expects an increasing death rate to increase the number of bequests to around 145,000 a year. This compares to an average of 131,000 per year between 2018 and 2022.

Read more about this story at: https://bit.ly/3Q4OX8Z

New guidance for charities on social media use

The Charity Commission has published new guidance to help charities in England and Wales reap the benefits and navigate the risks of using social media. The guidance stipulates that charities using social media should have a social media policy in place and ensure that it is complied with. This will help an organisation minimise the risk of problems arising and help them to promptly address any that do occur.

While this is already standard practice in many charities, casework by the Charity Commission has revealed a knowledge gap that leaves some trustees and charities vulnerable. Social media can be highly effective in promoting the work of a charity, fundraising and connecting with both supporters and users, but some trustees do not have sufficient oversight of how their charity uses social media.

The guidance makes clear that the regulator understands that many charities will not involve trustees in the day-to-day running of social media accounts, but explains that trustees must understand their legal responsibilities even if delegating tasks. It also sets out the expectation that charities should have a social media policy which includes the charity's own guidelines, including covering the conduct of those using social media on the charity's behalf. It also outlines that charities should have guidelines in place to manage the risk posed by individuals connected to the charity who post on social media in a personal capacity, which may negatively impact the charity by association. However, the guidance stresses that trustees, employees and others have the right to exercise their freedom of expression within the law.

To help manage potential pitfalls, the guidance contains an easy-to-use checklist to promote informed conversations on what the right policy would look like, and signposts resources for trustees who want to improve their social media skills and knowledge.

Read more about the guidance here: https://bit.ly/3PQINJm

In brief...

Meta to stop covering charity payment-processing fees

Meta has confirmed that it will stop covering charities' payment-processing fees through its Facebook and Instagram platforms from November 2023. Under Meta's new partnership with PayPal Giving Fund (PPGF), PayPal will charge charities a payment fee of 30p per UK donation plus 1.4%. However, donors will have the option to cover the fees on the charity's behalf. Charities enrolled with Facebook Payment must accept Meta's new terms and switch to PPGF by 1 November 2023 to continue raising money on Facebook and Instagram through fundraisers or donation buttons.
Read more about the changes at: https://bit.ly/3tqhTQ0

Scheme to help failing academy trusts

The Department for Education (DfE) has set out plans to invest £1.2m in a new scheme to help recruit high-calibre trustees into failing academy trusts. The scheme, which was outlined in a DfE tender, will provide a bespoke recruitment service for academy trust boards that would find it difficult to identify suitable candidates without support. This could include candidates with specifics skill sets or who are able to help trusts with challenging geographic or religious characteristics. Research from the National Governance Association has indicated that 77% of governors and trustees are having difficulty recruiting to their boards in 2023, up from 63% in 2022.
Read more about the scheme at: https://bit.ly/46yFSLi

In-memory giving market reaches record high

The UK 'in-memory giving' market is now worth between a record £1.8bn and £2.4bn a year, according to figures from Legacy Foresight. The figures have also revealed that while funeral donations remain the largest source of in-memory income, its dominance is falling in favour of other forms of giving. Group in-memory donations, where three or more people fundraise in memory of someone they have lost, is increasing and now accounts for 41% of total in-memory income. Overall, a third of adults have made an in-memory donation in the last year, with health charities and hospices receiving half of all donations.
Read more about the figures at: https://bit.ly/46Bk2q8

Giving to universities doubles over last decade

Yearly giving to UK universities has almost doubled over the last decade to reach a record £1.5 billion in 2022, according to a study from More Partnership and the Council for Advancement and Support of Education (CASE). The study has also indicated that universities have been able to increase fundraising income despite the impact of Brexit and the pandemic. However, the number of fundraising staff has only increased by 47% over the last decade, while public funding for universities has fallen to its lowest level since the 1990s. As a result, CASE has called for measures to strengthen the profile of universities as charitable causes and for more formalised training for academic leaders to help grow fundraising income.
Read more about the study: https://bit.ly/46Gm88p

Guidance for organisations sending bulk emails

The Information Commissioner's Office (ICO) has warned organisations to use alternatives to the blind carbon copy (BCC) function when sending bulk emails that contain sensitive personal information. The warning comes after the ICO revealed that the education and charity sectors were among the biggest offenders for BCC breaches. The ICO has also published new guidance to help organisations understand the law and good practice in relation to protecting personal information when sending bulk emails. Under the guidance, organisations should have policies and training in place for staff who send bulk emails, as well as ensuring that information is protected from inappropriate disclosure.
Read more about the warning at: https://bit.ly/3tworfN

Increase in academy transfers

DfE figures have revealed that 275 academies moved into a different trust in 2022/23, a year-on-year increase of 56.3% following a fall in transfers during the pandemic. In April 2023, the DfE outlined plans to expand, merge or create new multi-academy trusts in 55 areas to improve under-performing schools. However, while the number of forced transfers increased by more than 50% in 2022/23, it is still lower than at any point between April 2017 and April 2021. In comparison, a record 204 academies voluntarily moved into a different trust in 2022/23.
Read more about the increase at: https://bit.ly/45oNQW0

Quiz to help charity trustees test their knowledge

The Charity Commission has created a quiz to help charity trustees in England and Wales ensure they understand the duties their role involves. The quiz was launched in September 2023 as part of the Commission's trustee campaign, which aims to increase charity trustees' knowledge in order to drive a positive change in the governance of charities in England and Wales. The Trustee Quiz is short and interactive and is expected to take under five minutes to complete. It takes trustees through various everyday scenarios which they might encounter in their role. Prompting participants to answer questions on topics such as conflict of interest and safeguarding, it offers feedback for each question, and points users to further resources from the regulator to help them strengthen their knowledge.

The resources include the Commission's suite of five-minute guides, which offer easy-to-understand advice to busy trustees on topics such as finances, political activity and governance. Designed to identify knowledge gaps trustees may not be aware of and encourage upskilling, the quiz also aims to be a refresher for trustees at all levels of experience.

There are around 700,000 charity trustees in England and Wales. Charity Commission research found that the majority of trustees are confident in their abilities to manage their charities, with 98% being either 'very' or 'somewhat' confident. When questioned on their duties and responsibilities, on average, trustees answered seven out of ten questions correctly. The Commission's trustees campaign seeks to build on this, offering resources to enable trustees to easily stay up to date with the demands of their role and fill any skills gaps where necessary.

Read more about the quiz here: https://bit.ly/46Ix5qa

Charity Commission publishes guidance on investments

The Charity Commission has published new guidance giving trustees in England and Wales more clarity and confidence around investment decisions related to their charities. Published in August 2023, the guidance (known as CC14) has been updated in response to the Butler-Sloss case, which was a significant High Court judgement on charity trustees' investment duties. Featuring clearer language, the guidance is shorter and easier to use. It has stripped out confusing phrasing and seeks to clarify what trustees must do to be legally compliant, while also highlighting what is best practice but not legally required.

The aim of the guidance is to give trustees the confidence to make investment decisions that are right for their charity, recognising that charities can be very different and there is no 'one-size-fits-all' solution. It makes clear that trustees have a range of investment options open to them and are free to consider a range of factors, such as the potential impact of their investments and whether these conflict with the charity's goals, and the reputational fallout of such investments. It emphasises that any investments must ultimately further the charity's purposes, and that trustees should not let personal motives, opinions or interests interfere with investment decisions.

The guidance includes previously separate guidance on social investment, and features examples that are designed to help trustees identify factors that are relevant to their charity's situation and apply them to their own decision making. The Charity Commission has stressed that investment decisions are for trustees to make, and that trustees can consider factors such as sustainability and climate change, provided any investments serve the charity's aims. The guidance offers trustees the information needed to ensure they are making such decisions in line with the law and best practice for the sector.

Read more about the guidance here: https://bit.ly/3PLXnRu

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