
c/o Centre for
Charity Effectiveness

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Registered Charity:

Number 1118802

How will the new political climate impact charities?

The 'unexpected' election result and the impact of the new political climate on charities was the topic of debate at the Honorary Treasurer's Forum meeting at Cass Business School on 19 May 2015.

Joe Saxton, founder and driver of ideas at nfpSynergy, a research consultancy dedicated to the charity sector, delivered his verdict on the outcome and outlined key policies that will impact the voluntary sector.

What changes can we expect?

- £12bn of spending cuts for the period 2016-18, expected to be outlined in an emergency budget on 8th July.
- The cuts will be extensive and likely to be in government departments, social welfare and local authorities where budgets aren't ring-fenced.
- Chancellor George Osborne has said that unprotected government departments will be expected to find £13bn of savings.
- Education, the NHS and international development budgets are amongst those that are protected

Joe said we can expect a 'tough battle' ahead in terms where the cuts will fall.

Charities will also be affected by reduced gift aid donations as a result of the increase in personal tax thresholds that will bring a whole raft of people out of income tax and make them no longer eligible for gift aid.

He predicted that austerity is 'going to bite' and that local authorities will be hit harder than previously.

Social Care funding might go up, there may be NHS funding increases however, funding for transport, police and schools are likely to be cut.

He added: 'It's not going to be good in any way shape or form. The impact of an EU referendum on charities is not really that important for charities – the biggest issue is austerity'.

The move to continued devolution will also be another issue. He highlighted that we could see different income tax levels for Scotland and income tax levels which will affect gift aid donations as well as the different tax regimes such as the different levels of corporation tax rates in Northern Ireland.

He outlined the potential challenges of administering gift aid across borders and asked what would happen if the UK became independent of Europe.

What is the government going to do that will impact charities?

The government's approach to sector policy over the last 15 years has been an 'enormous failure', according to Joe.

Whilst they may have talked up the sector, with the Big Society initiative, it was short lived and then the Lobbying Act was introduced to make charities think twice about campaigning. Gift Aid is the only thing that stands out on his very short list.

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He pointed out that we've had numerous 'entirely forgettable' different Ministers for the sector who haven't quite known what to do in their positions – most have seen the post as a stepping stone role to more senior positions.

However, he also added that: ““The sector hasn't made its case and we need to get much better about having our own vision for the sector and the direction in which the sector needs to be going.’

“We should stop looking at government and be in control of our destiny.”

Working with government and moving forward

There are opportunities ahead for the sector. Volunteering had more than doubled, which hasn't been driven by the Big Society initiative and there has been an increase in giving.

The government's planned introduction of three days of paid volunteering is another opportunity.

Recognising that charities will find it difficult to absorb this kind of 'binge volunteering,' it could be looked at as a chance to engage with government and put in place workable systems that will benefit charities and volunteers.

What will the next five years look like for Treasurers?

Generating income will be more challenging, not just in the next five years, but in the foreseeable future. It will be particularly hard if a charity is reliant on government money – charities will have to work harder for it and do more.

Contracts will get tighter and tighter and fundraising is not getting easier. However, Joe highlighted that there is a direct correlation between charity investment in fundraising and the returns – even though most Treasurers might advise the opposite.

He added that charities will need to be more flexible about the different ways that money comes in – with borrowing money to invest being one option and social investment options being another.

Reserves are another area to consider. He pointed out there are charities with incomes of 58 million and reserves of 58 million and said that questions must be asked about what the 'rainy day' money is for, what are the risks of spending it and how much reserves are really needed.

Should we have less money in the bank, and more in investments with money working hard to do lots of things?

He added: 'Life will get tougher on income and expenditure and the question will be how treasurers should respond when they are operating in a much more turbulent world than ever before?'