

Charity Insight

SPRING 2018

HAWSONS CHATERED ACCOUNTANTS



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Introduction



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WELCOME TO OUR **SPRING 2017** NEWSLETTER

With a relatively harsh winter firmly behind us our attention now turns towards a rapidly approaching, and hopefully more settled, summer.

The UK economy remains buoyant and in the recent Spring Statement the Chancellor was confident on growth, inflation and interest rates.

However, as is often the case the devil is in the detail, and overall the UK is still behind our global competitors. There are uncharted waters ahead and no one knows when the next interest rate increase will come, although suggestions for at least one further increase before the end of the year appear a pretty safe bet.

On the topic of uncertainty, Brexit continues to cast a shadow, but with the full impact still unknown, a sense of “carry on regardless” seems to be in the air.

We hope you enjoy our second newsletter of 2018 and, as always, please get in touch if you would like any further information.

A handwritten signature in black ink that reads "Simon". The signature is written in a cursive style with a horizontal line underneath the name.

Hawsons are specialist charity accountants

At Hawsons we recognise that not-for-profit organisations have very different requirements from other businesses and are currently exposed to a challenging economic climate. Our dedicated team fully understands the complex, ever-changing regulatory requirements of the charity and not-for-profit sectors. Given the additional pressures on fundraising, complex tax regimes, internal risk exposure and stakeholder demands, it has never been more important to obtain specialist professional advice.

Our specialist team acts for a large number of charitable and not-for-profit organisations across each of our Sheffield, Doncaster and Northampton offices. For more information on our charity and not-for-profit expertise, including the services we offer and our experience, please visit: www.hawsons.co.uk/charities

£560 million of Gift Aid goes unclaimed...every year.

Research from HMRC has shown that, due to a lack of awareness surrounding the scheme, charities are missing out on £560 million of Gift Aid every year.

Gift aid allows charities to claim an extra 25p for every £1 that is donated to them by eligible UK tax payers. The scheme accounts for approximately £1.3 billion in charitable income every single year.

The research from HMRC, which was completed in September 2016, but published in March 2018, states that Gift Aid is not claimed for around a third that are eligible for the scheme. The report also gives reason for the lack of claims – and that is a lack of awareness among both the public and charities themselves that leads to a high number of unclaimed funds.

The research showed that about 30% of donors asked said they had “fairly poor” understanding of Gift Aid, and 11% said that their understanding was “poor”. Alongside the £560 million that is going unclaimed, due to a lack of knowledge from donors, £179 million per year is being claimed erroneously.

In response to these figures, the government said that it will be supporting Gift Aid awareness initiatives, and will be communicating with 50,000 small charities to raise awareness and understanding of the Gift Aid Small Donations Scheme. The GASD scheme allows charities to claim relief similar to Gift Aid on cash donations of up to £8,000 each year, without individual paperwork (our previous article on the limitations of GASDS can be found [here](#)). This can be massively beneficial to charities, as research shows that around 80% of people mainly donate to charity through collection tins and buckets.



Scam texts claiming to be from HMRC put your charity at risk

Scam text messages claiming to be from HMRC, promising such things as cash rebates and refunds, are mostly being successfully intercepted before they reach people's phones, according to HM Revenue and Customs.

In April 2017, HMRC launched a new project using technology that identifies fraudulent text messages that suggest they are from HMRC, and prevents them from being delivered to the phones of unsuspecting public.

Since they started the project, there has reportedly been a 90% reduction in customer reports of this specific type of fake HMRC-related messages. However, scammers are still out there, and they are still trying to steal your information.

Although, considering that on average, just one in every 11 people can spot scams accurately, fraudsters are still able to claim to be from HMRC, make false claims to recipients, and engage in identity theft within seconds.

The messages in question will say they are from "HMRC", instead of showing you a mobile number, to make them

appear legitimate. They may claim that you are due a tax rebate, and feature a link that encourages you to sign in" By opening this link, you are often taken to a website that harvests your personal information, or spreads malware to your device (or both). It can result in the theft of people's life savings.

HMRC are reminding people that they will never inform customers that they are due a tax rebate through email or text – it will always be through written correspondence.

While HMRC seem to be running an effective campaign, it's another story elsewhere. Deals, coupons and various other useful materials are often sent to customers through email and text, and with such sensitive information on phones, you need to be extra vigilant.

So, HOW DO I SPOT A SCAM?

SUSPICIOUS TEXT MESSAGES

- Be wary, be vigilant: If a link in a text message asks you to "verify" or "update your account details", don't click it. Log into the main site and check through there.
- Use a contact number you know, or can double check: If a message asks you to get in touch with your bank etc, then only call a number you know will be genuine – i.e. the number on the back of your bank card.
- Be aware of what your bank would and would not ask you: Remember that a genuine text from your bank will never ask you to transfer money to a different account, or ask for your four-digit PIN.

COLD CALLS

- Don't assume that the person who has called your phone, or left you a voicemail message is the person they say they are.
- If a phone call or a voicemail offers you a deal, asks you to make a payment, or log into an online account, be cautious.
- If you call a number back, try to use a different line, as some scammers will keep the line open on their end to trick you.





media before viewing it, take a survey, or insert your email address and a password are all warning signs.

DANGEROUS WEBSITES

- Make sure you're protected. Before you start your online shop, install anti-virus software or a firewall. This helps block any suspicious content.

- Always check the URL. Only use secure websites for purchases – those with https: at the start. Also look for the icon of a locked padlock at the bottom of the screen.

- Is the deal too good to be true? If something appears to be too good to be true, then it probably is.

- Only shop with companies you know and trust. Watch out for fake websites, check the URL, and check websites like TrustPilot to read reviews of other customers' experiences.

HOW CAN I PROTECT MYSELF & MY BUSINESS?

Training, training and more training is the best way to ensure that yourself and those in your business are prepared for any potential threats that could result in a huge number of issues for you and your company. This is even more vital if you or your employees have any sensitive or confidential information on their phones or computers regarding clients or customers.

Our IT experts at Hawsons Chartered Accountants are more than happy to advise.

- Check the call is genuine by asking the company the caller claims to be from, and then calling them through your own means. Never call numbers or follow links provided in emails that don't feel genuine. Instead, find the official website or customer support number.

EMAILS TO BE WARY OF

- Official looking emails with multiple spelling errors are often a tell-tale sign of a fraudulent email.

- Don't respond to emails that ask you to click on a link and provide personal information.

- A genuine email from a service you subscribe to will only ever address you by your name at the beginning – "Dear customer" should immediately raise your suspicions.

- Do not reply, click on any of the links, or open attachments that arrive with an email you aren't expecting to receive.

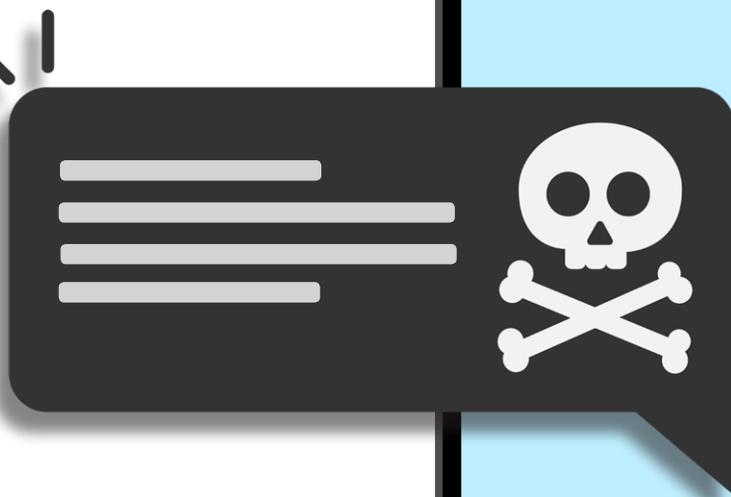
- Hover over URLs to see if the link they are heading to matches the context they are in.

SOCIAL MEDIA SCAMS

- Just because you see it on your feed, doesn't mean it's true.

- Always hover and check on the link before clicking it. Make sure the URL heads to a site that matches up to the post you're reading.

- Be suspicious when there is a call to action before being able to view the content – e.g. having to share



Employing the Millennial Generation...

They appear to be gaining a notorious reputation for being flighty, demanding and difficult in the workplace. How accurate is this reputation of the millennial, and how do employers retain this "problem" generation?

Millennials (the generation born between 1988 and 2000) are quickly joining the workforce, and unlike the Gen-Xers or Baby Boomers, they have grown up under a style of parenting that supported individual empowerment, had more structured lives, and more contact with diversity in their early-late schooling and workplaces.

But these employees are often getting a bad rap for coming into the workforce with an immediate sense of entitlement, a want of quick progression, and a tendency to be unreliable. While that's a gross overgeneralization, it's fair to say that millennials are looking for a feeling that they're more than a cog in a massive machine. They are searching for a workplace that is close to their own ethical beliefs - one of equal pay, diversity in management, and integrity in company goals.

Millennials also may expect a timetable for career advancement that comes off as unrealistic to their managers; The most successful response to this is a simple one: compromise. Make it clear that advancement isn't possible on the millennial's idealized schedule, but that if they make a commitment to their current position and department that may seem long to them (yet is shorter than the previous norm in

your company), they will be rewarded with additional opportunities for growth and responsibility on a timetable that they can depend on.

However, this generation comes with a deeply engrained and intuitive understanding of how technology can drive your business forward. They take initiative to reach their seemingly-ambitious goals, and if you don't provide them with enough of a challenge, the most connected generation in history will network themselves right out of your firm. If their work, and their workplace is not diverse enough, they are a click away from somewhere that fulfills their needs.

So, what changes could firms be considering to ease the transition from baby boomers into millennial management?

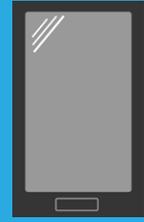
PROVIDE STRUCTURE.

Reports need due dates, meetings have agendas and minutes and goals are clearly stated and progress is assessed. Be careful not to box in the younger generation with inflexible work hours, millennials are notorious for tracking progress, and their overarching ambition.

Encourage their positive self-assuredness, and their enthusiasm for equality.

They are ready to take on the world. They've grown up





in an environment which strives for equality between women and men, where your background should not have an impact on your career trajectory. Encourage their battle for a fairer and more diverse workplace. It will only make your business more dynamic.

MILLENNIAL EMPLOYEES ARE MULTI-TASKERS ON A SCALE YOU'VE NEVER SEEN BEFORE.

Multiple tasks don't phase them. Talk on the phone while doing email and answering multiple instant messages—yes! This is a way of life.

In fact, without many different tasks and goals to pursue within the week, the millennials will likely experience distraction.

CAPITALIZE ON THE MILLENNIAL'S AFFINITY FOR NETWORKING.

Not just comfortable with teams and group activities, your millennial employee likes to network around the world electronically. Keep this in mind because they are able to post their CV electronically as well on web job boards viewed by millions of employers. They intermingle on sites such as Facebook and LinkedIn and rate your company at Glassdoor.com. Sought after

employees, they are loyal, but they keep their options open—always. If not happy, they will network right out of your workplace...

PROVIDE A DYNAMIC, EMPLOYEE-CENTRED WORKPLACE.

Millennials want to enjoy their work. They want to enjoy their workplace. They want to make friends in their workplace. Worry if your millennial employees aren't laughing, going out with workplace friends for lunch, and helping plan the next company event or committee.

Help your long-term employees make room for the millennials.

As this generation will inevitably overtake as the majority of your workforce, there will be changes that need to be made. Change can be both good and bad, and making sure you are prepared before undertaking such big developments in your business is essential. Whatever the generation you simply cannot allow your best talent to leave your firm and, in the worst scenario, go and work for a competitor.



Charities & The Gender Pay Gap

On the 4th of April 2018 the deadline passed for all organisations employing over 250 people to publish their gender pay gaps.

New legislation means that these organisations are now legally obliged to publish calculations every single year, showing how large the pay gap is between their male and female employees.

Over 10,000 organisations submitted their pay gap information before the deadline, a fair amount more than the 9,000 the government predicted.

Some of the statistics to come out of the organisations is shocking, and overall, on average, women are paid 25% less than men.

But, how do charities fare in this study? Well comparative to other sectors, actually quite well. When considering the top 100 charities in the UK (by income), the bigger charities have a pay gap of around 11%.

Keep in mind that, as this figure is from larger charities, it isn't fully representative of the entire sector, but it does give an idea of how the sector is paying its employees.

Analysis has found that the of the top 100 charities, there are many, many more cases of men being paid more than women. However; of these 100, 45 of them

have an average pay gap of 10% or less, which is promising; 3 have no pay gap at all; and 7 organisations actually have a negative pay gap, where women are generally earning more than men.

Moreover, this data needs to be contextualised in order for its full impact to be assessed. When considering the top 100 charities, women make up 70% of the lowest-paid quartile, decreasing to 59% at a senior level.

Given that 65% of the charity workforce is female, the conclusion that women are under-represented in senior management could be drawn.

When considering the figures overall, the averages are somewhat being dragged up by a couple of charities where the gender pay gap is especially high.

At Marie Stopes International, the pay gap is at 45%, and their pay-quartile data is also worrying: women make up 90% of their lowest paid employees, compared to 58% in the highest paid quartile.

The Wellcome Trust echoes the same issues as Marie Stopes International, with a 30% pay gap in favour of men.

However, what's reassuring is that when these results were published. The charity was one of the first to



come out, and openly acknowledge that its figures were problematic. They have committed to steps to eradicate the problem.

There is more behind the issue than just the percentage difference in pay between the genders – there are biases in processes that suggest that men are more likely to be more successful with salary negotiations, both when they start at an organisation, and when they are promoted.

So, what contributes to these gaps in pay and pay-quartiles?

Well, along with the fact that if a woman has a child, she has to take time out of work to recover, and is usually the primary care giver, there are unconscious biases at play – women tend to have to be better at their jobs in order to receive the same promotions or pay rises as men.

What can you do to help close the gender pay gap in your charity? Let's look at the work the Wellcome Trust are undertaking, to ensure they are paying their employees equally.

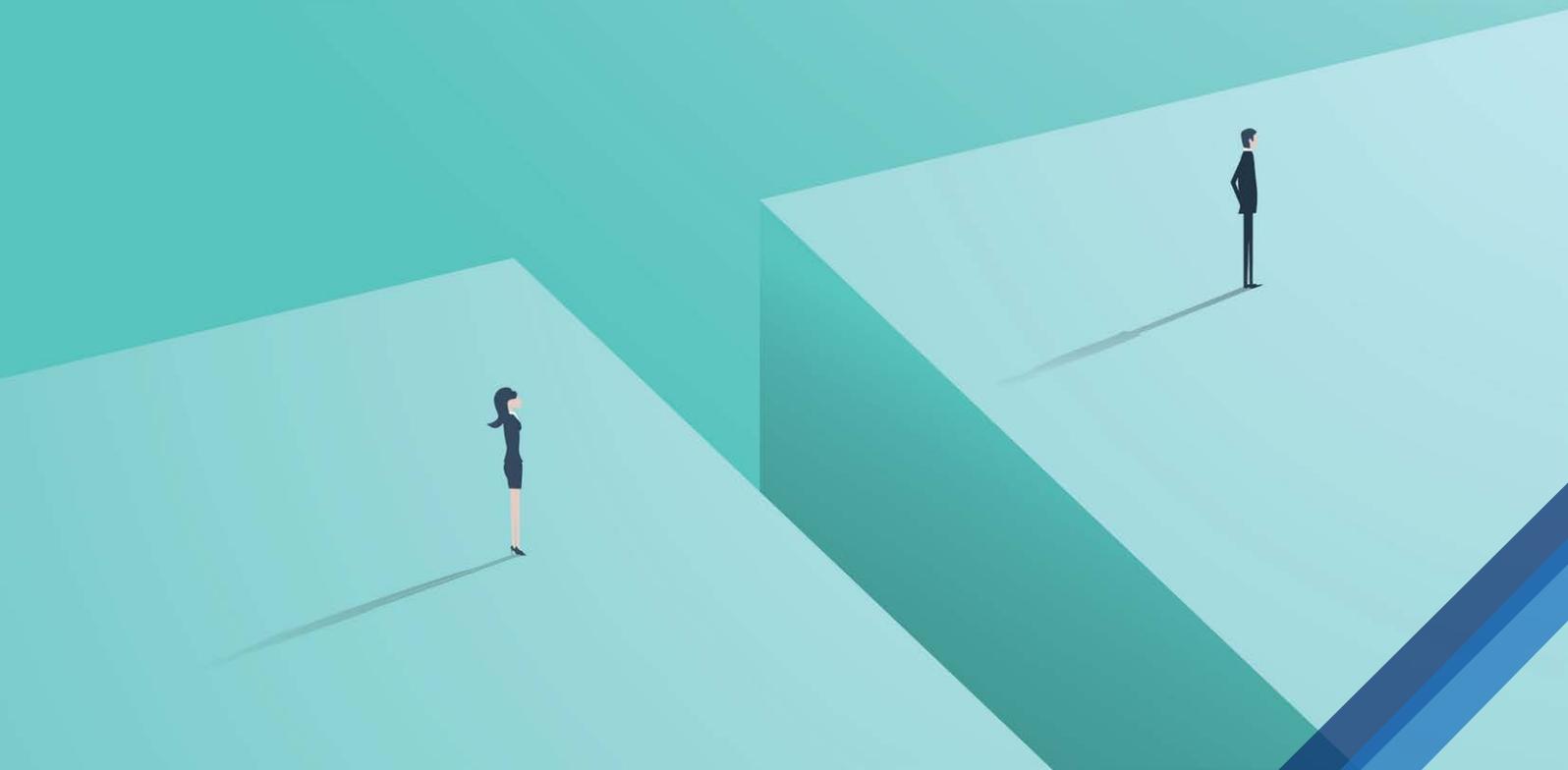
The Wellcome Trust are making small adjustments to their recruiting process – they will include gender-balanced short lists, name-blind recruitment, and

potentially policies to enable women to demonstrate their board-level skills.

When considering the gender pay gap across all the sectors, charities are doing well. Although not the front-runners yet, with time, more information, and societal change, progress will prevail.



On average, in the charity sector, for every £1 a man earns, a woman earns 82p



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Why do I need to sign up...again?

Due to the new General Data Protection Act (GDPR), that comes into force on the 25 of May 2018, we need confirmation that you are still happy to receive our updates, newsletters and events.



What do I need to do?

Just fill in your details to confirm that you still want to receive our updates, events and newsletters. It only takes a minute, and will mean you stay in touch with us:

<http://www.hawsons.co.uk/preferences>



Anything else?

Not at all! Although...you can follow us on social media to stay even more up to date with everything that we're up to here at Hawsons.

