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HALF OF SMALL CHARITIES HAVE LIMITED OR NO UNDERSTANDING OF LAWS APPLYING TO THEM

Small charities are struggling to keep up-to-date with knowing their legal obligations, putting themselves at risk of serious problems – according to new research findings launched today by the Legal Services Consumer Panel.

The report represents the first detailed research into the legal needs and experience of small charities. The key findings include:

- Half of small charities have limited or no understanding of laws applying to them and take a reactive approach to dealing with legal issues;
- There is strong reliance on the Charity Commission and umbrella bodies for access to free information and support, but there is concern that funding cuts may reduce the ability of these organisations to maintain this provision;
- Pro bono work by lawyers is greatly appreciated, but the smallest charities find it difficult to obtain this or attract legally trained trustees;
- Cost is the main barrier to accessing a solicitor, with small charities wanting fixed fees so they can have certainty about what they have to pay; and
- 96% of small charities find legal advice from solicitors useful whilst 84% are satisfied with the service they receive.

Commenting on the findings, Elisabeth Davies, Chair of the Legal Services Consumer Panel, said:

“Small charities tell us they are drowning in information and struggle to know what their legal responsibilities are. Although there are some useful guides, information needs to be better co-ordinated and signposted.

“It’s great news that small charities are pleased with the service they receive from solicitors, but cost prevents many from accessing this advice at all. Where pro bono advice is not available, they want fixed-fee services to give them much-needed certainty about what buying legal advice will cost.”

Continued overleaf

Sam Younger, Chief Executive of the Charity Commission, said:

“The Charity Commission welcomes this research, which provides useful insight into the legal advice needs of small charities. Charities often need legal advice, not just about charity law but other matters such as health and safety or employment law. Whilst it is concerning that some smaller charities are unaware of when they need to seek advice, it is perhaps unsurprising that they struggle to keep abreast of all the issues they need to know about. The research highlights the need for trustees to be aware of what areas of their charity's work and activity are affected by legislation so that they can ensure their charity is working within any relevant legal frameworks. We urge charities to look at the Charity Commission's online guidance, which could save them valuable time and resource.”

Cath Lee, Chief Executive of the Small Charities Coalition, said:

“We welcome this research as it confirms much of the anecdotal feedback we have from our members. The greatest value is in having this solid evidence and some clear themes that, if addressed by the legal and voluntary sectors working together, could improve access to legal advice for very many small charities.”

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For more information, contact Steve Brooker, Consumer Panel Manager, on 020 7271 0077.

Notes to editors

1. The Legal Services Consumer Panel was established under the Legal Services Act 2007 to provide independent advice to the Legal Services Board about the interests of consumers of legal services in England and Wales. We investigate issues that affect consumers and use this information to influence decisions about the regulation of legal services.
2. MVA Consultancy was commissioned to conduct research to understand the legal needs and experience of small charities. The research consisted of 24 depth interviews and a survey of 812 decision-makers in small charities.
3. MVA Consultancy's research report, incorporating a Foreword from the Chair of the Legal Services Consumer Panel, can be found here:
http://www.legalservicesconsumerpanel.org.uk/publications/research_and_reports/index.html.
4. Small charities are defined as having an income under £1million.