

What should a charity do?

Many charities do good work, helping people who need support and assistance. Educational charities provide some great education and assist the many who cannot afford fees where payment is required. Health and wellbeing charities offer the extras beyond those that can be afforded from the NHS and benefits system.

There are some other charities that see part of their role to be as a campaign organisation to press a government to do things. This is a more questionable use of charitable donations and the tax exemptions that go with them. Political parties and political think tanks cannot claim charitable exemption from tax. A think tank that wants tax exemption has to demonstrate party political neutrality and an emphasis on education and independence of view.

There is also a divide over money. Many good and successful charities have built up endowments. This enables them to maintain a decent and usually rising rate of spending, without having to raise money to pay the monthly bills. Other charities live hand to mouth, establishing large support organisations with people drawing salaries that requires continuous fund raising to pay the bills. In some cases it encourages aggressive techniques to get the money to meet the salaries of the staff raising the money. Sometimes well endowed charities get criticised for being "rich" which seems odd. Given that all the money is held as a fund to pay future benefits to qualifying people and causes, surely it is good news that this has been guaranteed for future years by using the endowment model.

There is a growing concern about the charitable model that employs large numbers of well paid staff to fund raise and to demand that the government does something about their chosen area. Charities can attract a lot of volunteer talent or able people who understand rates of pay for a CEO of a charity will be lower than for a CEO of a competitive private sector business.

Charities also have to be careful not to compete using their tax free status as a competitive advantage against struggling private sector smaller businesses.