

## INFORMATION NOTE FOR UNA-UK MEMBERS

**Ahead of the UNA-UK General Meeting on 24 November 2011**

**On the UNA-UK Board's proposal to seek charitable status for UNA-UK and merge with The UNA Trust**

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*This note provides information on:*

- 1. The background to the UNA-UK's Board proposal to seek charitable status for the organisation and to merge, at a later stage, with The UNA Trust, including changes in charity law. (Pages 1 to 3)*
  - 2. The process the organisation has followed to date. (Page 4)*
  - 3. The case for seeking to become a merged, charitable organisation. (Page 5)*
  - 4. Frequently asked questions on charitable status. (Pages 5 to 6)*
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### **SECTION 1. Background – the road to charitable status**

#### **1.1. UNA-UK: structure and objectives**

To date, the 'United Nations Association' in the UK has functioned as two legally- separate entities: UNA-UK (a non-charitable company limited by guarantee) and The UNA Trust (a registered charitable trust).

UNA-UK is managed as a not-for-profit company whose activities are governed by a Board of Directors. The Company has members who pay a regular subscription to UNA-UK. These members are entitled to attend and vote at Annual General Meetings of the Company. They are also invited to participate in UNA-UK's regular policy conferences.

Some members have chosen to form local, regional and national hubs – UNA branches, UNA Youth branches, UNA regions (in England) and nations (in Scotland, Wales and Northern Ireland). Once formally recognised by the Board of Directors, these groups have a relationship with UNA-UK and are entitled to use the UNA name and logo.

They play an important role in helping UNA-UK to achieve its objectives at a local level. They remain, however, financially and legally autonomous from UNA-UK the Company in that UNA-UK has no legal or financial liabilities related to their activities unless they are acting with the express written authorisation of the Board of Directors.

UNA-UK is serviced by a small staff team, currently consisting of seven employees.

According to UNA-UK's current Memorandum of Association, the objects of the company are:

- a) To promote greater understanding of the role, functions and potential of the United Nations and its agencies in securing peace and freedom from poverty and oppression among all peoples.*
- b) To encourage and generate governmental and public support for UN initiatives*
  - (i) in conflict avoidance and resolution, peacekeeping and disarmament;*
  - (ii) for sustainable economic and social development, environmental protection and human rights.*
- c) To promote and lead discussion of new structures, new roles and all measures which could strengthen the United Nations.*
- d) To work to ensure that the United Nations has the resources it requires effectively to fulfil the many responsibilities placed upon it.*
- e) In pursuance of the principles of the Preamble to the United Nations Charter, to:*
  - (i) work for friendship and understanding between the peoples of different countries and their co-operation in the tasks of peace; and*
  - (ii) foster among the people of this country a sense of responsibility as world citizens.*

## 1.2. The UNA Trust: structure and objectives

The UNA Trust was constituted as a charity in 1968 at the request of the UNA-UK 'General Council' (now the Board of Directors). Its activities are governed by the Trustees of the UNA Trust. The UNA-UK staff provide the secretariat for the Trust.

According to the Trust Deed (the most recent variation to which was made in August 2010), its charitable objects are:

- a) *The prevention and relief of poverty, hunger and distress and the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage*
- b) *The advancement of human rights, conflict resolution and reconciliation and the promotion of religious or racial harmony or equality and diversity*
- c) *The raising of awareness of human rights issues and securing the enforcement of human rights law*
- d) *The advancement of the study of and research into international problems and institutions with a view to the education of the public and the dissemination of the results of such study and research for the purpose of assisting such relief as aforesaid*
- e) *The advancement of environmental protection improvement and sustainable development*
- f) *The promotion of volunteering and good citizenship*
- g) *The support generally, within the powers hereby conferred, of the work of the United Nations Organisation or of any of its related associate agencies insofar as such work promotes all or any of the objects mentioned in (a) to (f) above.*

## 1.3. Relationship between UNA-UK and The UNA Trust

For the past four decades, the Trust has been a strong supporter of UNA-UK's activities (indeed, the majority of UNA-UK's work is currently funded by The UNA Trust and other charitable trusts). UNA-UK members have been active in fundraising for the Trust, making donations to it and leaving legacies.

During this period, the issue of whether UNA-UK should seek charitable status and merge with The UNA Trust has been discussed several times, at meetings of the UNA-UK Board, of the Trustees of The UNA Trust and of the UNA-UK membership.

Prior to 2006, it was felt that although many of UNA-UK's activities were already charitable (educational initiatives, work with young people, promoting poverty relief and humanitarian aid, etc) and although the objects of UNA-UK and The UNA Trust were reasonably similar, seeking charitable status for UNA-UK could curtail the organisation's ability to undertake campaigning work.

## 1.4. The 2006 Charities Act

In 2006, a new Charities Act for England and Wales was passed. The Act's provisions re-started the debate within UNA-UK on charitable status.

The following two developments are particularly noteworthy:

**i) Updated position on campaigning and political activity by charities:** In guidance issued in relation to the Act, the Chair and Chief Executive of the Charity Commission clearly state that charities "are united by a desire to change" and that "it is not surprising then that many charities wish to speak out, to use their voice and influence, and to campaign for the changes that would best help them achieve their purposes". They state that the new Act was created to be more relevant to today's charities and charitable activities, that "it is right that [charities] should have a strong and assertive voice" and that "the major role they play in public life is something [charities] should be proud of".

The key change from a UNA-UK perspective is the distinction made in the Act and the relevant guidance between 'charitable purposes' and 'charitable activities'. A charity must be established for charitable purposes (which UNA-UK's objects largely are) but "**may undertake campaigning and political activity as a positive way of furthering or supporting their purposes**".

'**Campaigning**' is defined as "awareness-raising and efforts to educate or involve the public by mobilising their support on a particular issue, or to influence or change public attitudes." It also encompasses "activity which aims to ensure that existing laws are observed."

Examples of permissible campaigning activities include:

- *calling on a government to observe certain fundamental human rights, and for the practice of torture to be abolished;*
- *campaigning against investment by some banks in fossil fuel extraction projects; or*
- *calling for existing legislation to be adhered to in order to ensure that all children with special educational needs receive the support they are entitled to in order to access learning.*

'**Political activity**' is defined as "activity by a charity which is aimed at securing, or opposing, any change in the law or in the policy or decisions of central government, local authorities or other public bodies, whether in this country or abroad. It includes activity to preserve an existing piece of legislation, where a charity opposes it being repealed or amended."

Examples of permissible political activity include:

- *raising public support for such a change in legislation;*
- *seeking to influence political parties or independent candidates, decision-makers, politicians or public servants on the charity's position in various ways in support of the desired change; and*
- *responding to consultations carried out by political parties.*

There is one exception and one caveat. The exception is **party** political activity, which UNA-UK, currently a non-party-political organisation, does not engage in.

The caveat is that campaigning must not become the only activity the organisation engages in. As UNA-UK currently carries out multiple functions – education, public information, membership, promotion of UN values and aims etc – at the same time, this scenario is unlikely to happen without major changes to the organisation's work and priorities.

### 1.5. What does this mean for UNA-UK?

UNA-UK's campaigning and lobbying work in recent years, and its current mission and objects, fall within the scope of what is outlined above. Crucially, the Charity Commission defines 'public bodies' as including the UN, extending the permissible activities to include UN policy and international law.

Furthermore, UNA-UK's current objects (and indeed the UN's own aims) can be subsumed under the following charitable purposes listed by the Charity Commission:

- *the advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity;*
- *the prevention or relief of poverty;*
- *the advancement of education;*
- *the advancement of health or the saving of lives;*
- *the advancement of citizenship or community development;*
- *the advancement of the arts, culture, heritage or science;*
- *the advancement of environmental protection or improvement;*
- *the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage;*

## **SECTION 2. The process to date**

Following news of these changes, both UNA-UK and The UNA Trust resumed discussions on UNA-UK seeking charitable status and merging the two organisations. In 2007, it was agreed that a paper would be prepared for discussion during a brainstorming session at the April 2007 UNA-UK Annual Conference in Warwick.

A straw poll of members present showed overwhelming support for the proposal that UNA-UK should seek charitable status, as borne out by the feedback received on UNA-UK's draft strategic plan in July 2011: 91% of respondents were supportive of the proposal to seek charitable status.

In 2008, a Board sub-committee on charitable status was created, consisting of three Board members (Rod Fielding, Trisha Rogers and Richard Broadbent) and the Executive Director. Trisha Rogers produced a scoping paper on behalf of the committee, which set out the parallel processes that UNA-UK and The UNA Trust have been following to date. The committee disbanded at the Board meeting on 11 March 2009, when the appointment of a Head of Finance and Governance (now Deputy Director) to lead this transition was agreed. During 2009 and 2010 the Deputy Director worked with The UNA Trust trustees in updating the Trust's charitable objects. An important exercise in itself, as the objects had not been updated since 1968, this was also seen as a litmus test for UNA-UK, as the Trust's new objects closely match what UNA-UK's charitable objects would likely be.

Building on this work, the UNA-UK Board and The UNA Trust decided in late 2010 to create a new time-limited working group to:

- consider and develop responses for all issues involved in becoming a merged charitable organisation
- gain Charity Commission approval in principle for the proposed changes
- draft new governing arrangements and supporting documents
- devise a transition plan for implement new arrangement if agreed by the UNA-UK membership and the UNA Trust Trustees

The group consisted of:

- Trisha Rogers (elected UNA-UK Board member)
- Stephen Harrow (UNA-UK Board member and Chair of the Board's Management & Finance Committee)
- Rod Fielding (Chair of The UNA Trust and member of the UNA-UK Board's Management & Finance Committee)
- Phil Mulligan (UNA-UK Executive Director)
- Carol Hodson (UNA-UK Deputy Director - Finance and Governance and Secretary to the UNA Trust)
- Dr Richard Phillips (independent governance expert, formerly of the British Council).

Rod Fielding was asked to serve as Chair of the working group. The group received extensive pro bono legal advice from Hogan Lovells on the new Articles and Rules for the proposed charity.

At its meeting on 3 July 2011, the UNA-UK Board reviewed the proposed new charitable objects for The UNA Trust and expressed its support for the changes, on the understanding that these objects would likely be the charitable objects of the proposed new charitable organisation.

At its meeting on 29 September 2011, the UNA-UK Board approved the draft governing documents for a charitable UNA-UK and agreed to recommend to the UNA-UK membership charitable status for UNA-UK and merger with The UNA Trust at a later date. This is what will be voted on at the General Meeting of UNA-UK on 24 November 2011.

The relevant documents are available from [www.una.org.uk/generalmeeting](http://www.una.org.uk/generalmeeting) or in hard copy format from Hayley Richardson on [richardson@una.org.uk](mailto:richardson@una.org.uk) or 020 7766 3454.

### **SECTION 3. The case for charitable status**

The Board has decided to recommend charitable status for UNA-UK and eventual merger with The UNA Trust into a new charitable company limited by guarantee for the following reasons:

- ✓ **It will help UNA-UK to increase its efficiency, cut costs and find new sources of income.** The current economic climate is challenging for all NGOs. UNA-UK must now contend with a 90% cut in project funding from government and the reality of time-limited charitable grants. A reduction in membership subscriptions and donations is also to be expected and must be set against the backdrop of steadily declining membership numbers.
- ✓ **It will save time and money, and enable more staff time to be devoted to campaigning, outreach, membership, policy and education work.** At present, the UNA-UK staff service two separate organisations, support two cycles of Board/Trust and committee meetings, produce two sets of annual reports and accounts, process two streams of income and two separate audit processes. This is not only time-consuming but also costly in terms of audit charges, committee costs, promotional literature, etc.
- ✓ **It will allow UNA-UK to access a wider pool of potential funders:** at present, there are some donors and trusts that UNA-UK cannot apply to because it is not a registered charity. Whilst charitable status alone will not guarantee that this income is secured, it will greatly widen the pool of funders we can approach.
- ✓ **It will increase income from current and prospective supporters:** by recouping Gift Aid on donations and, possibly, on subscriptions, UNA-UK will be able to boost its income. A charitable organisation might also appeal to members of the public who only wish to support charities. Feedback from many UNA-UK branches indicates that people have expressed a preference to support charitable organisations and often expressed surprise that UNA-UK was not a charity.
- ✓ **It will increase accountability to the UNA-UK membership:** the new Board of Trustees will have a greater proportion of directors directly elected by members and UNA-UK's detailed reports and accounts will be easily available from the Charity Commission's website.
- ✓ **A consolidated, charitable organisation will present a clearer, more compelling narrative for UNA-UK:** at present, members have reported to us the difficulty in explaining the relationship between UNA-UK and The UNA Trust, what both organisations do and why people should support them. A single, charitable organisation will send a signal that we are clear about our purpose, our objectives and our role, and will help to simplify the ways in which people can support us.
- ✓ **It will enable us to update and improve our governance arrangements and constitutional documents**

Most importantly, having had substantive pro bono legal advice, the UNA-UK Board is satisfied that UNA-UK will be able to enjoy these benefits without changing the nature of the organisation's work and activities. This is due to:

- As a result of the changes in charity law, UNA-UK can now seek charitable status and continue to campaign in support of its objectives
- Changes in UNA-UK's programme of work would be minimal, given that UNA-UK already receives a large proportion (the majority) of its funding from charitable sources and therefore has to meet charitable requirements such as demonstrating 'public benefit'
- UNA-UK is already non-party-political so this restriction would not affect its activities

## **SECTION 4. FREQUENTLY ASKED QUESTIONS**

**Will charitable status affect UNA-UK's ability to campaign in support of its objects (current and proposed future)?** Given the recent changes in charity law pertaining to campaigning and political activity, the fact that the majority of UNA-UK's funding already comes from charitable sources, and that UNA-UK is strictly non-party political, the Board does not believe that UNA-UK will have to change the nature of its activities nor its areas of policy focus.

**Would UNA-UK lose its 'critical stance'?** Charity Commission guidance clearly states that campaigning and political activity that furthers the charity's objects is permitted, including activities aimed at upholding existing laws or securing changes in laws. This would therefore cover activities calling on governments, including the UK government, to uphold international law or desist from activities that are contrary to peace, poverty relief, human rights or environmental protection.

**Are other 'campaigning' organisations charities?** Yes, a number of organisations – including those which campaign for changes in UK law and policies, are charities. These include: Oxfam, International Alert, Human Rights Watch, Jubilee Debt Campaign, War on Want and World Development Movement.

**The Charities Act is for England and Wales but UNA-UK operates across the UK. What are the implications?** UNA-UK is a company registered in England and Wales. UNA Scotland, UNA Northern Ireland and indeed UNA Wales are legally and financially autonomous so would not be affected by UNA-UK's decision. Members from across the country (with the exception of some members of UNA Wales) pay their subscriptions to UNA-UK the Company, so there would be no additional changes for members based in Scotland, Northern Ireland and Wales.

**What are the implications for members?** Members are currently 'members' of UNA-UK the Company by virtue of paying UNA-UK a subscription. Under the proposed new arrangements, members would become 'members' of UNA-UK the Charitable Company, and Direct Debits would switch to being in favour of this new company. The rights of members remain unchanged as does their liability, which would continue to remain limited to £1 (see the draft Articles of Association on [www.una.org.uk/generalmeeting](http://www.una.org.uk/generalmeeting)).

**Why can UNA-UK members not simply pay their subscriptions to The UNA Trust? Would that not be easier than seeking charitable status?** Reclaiming Gift Aid is just one benefit of charitable status (see Section 3). UNA-UK members cannot simply pay their subscriptions to the Trust because they are legally 'members' of UNA-UK the Company.

**What are the implications for branches?** Branches are currently legally and financially autonomous and would remain so under the proposed new arrangements. They would therefore not be able to claim Gift Aid on donations made directly to the branch. However, they would be able to, should they wish, to carry out party-political work and to undertake activities that focus solely on campaigning.

**Will charitable status help UNA-UK to achieve its aims in a more effective way?** The operating reality for UNA-UK is one that demands action in terms of increasing efficiency, reducing costs and ensuring that the organisation takes advantage of as wide a pool of funding as possible. A long-term sustainable funding base is vital for the organisation's survival and the continuation of its activities in a meaningful manner. Charitable status will go some way towards increasing the efficiency of the organisation, enabling staff to focus more on policy work; it will help to reduce the costs of servicing two organisations whilst boosting income through Gift Aid; and it will help UNA-UK to access a wider pool of donors. At present, there are donors to The UNA Trust who are not UNA-UK members, and there are funding bodies that UNA-UK cannot apply to because it is not a charity. As a charity, UNA-UK may also be able to benefit from some VAT and other tax relief exemptions.

**Will UNA-UK lower staffing numbers as a result of the merger?** No, UNA-UK does not plan to lower staffing levels as a result of the merger. The merger, if approved, would enable staff to focus more on achieving the organisation's objects rather than servicing two separate organisations.