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Insurance | Risk Management | Consulting

CHARITIES

## CHARITY SHOPS IN 2017 AND 2018

Charity shop numbers flatline due to rising costs and drop in volunteers – how can risk management and insurance help protect your assets?

The Charity Shops Survey 2017 revealed that for the first time in 17 years there has been no increase to the overall number of charity shops in the UK. Instead, the charity shops operated by the 76 charities that responded to the survey have opened the exact same number that they have closed. This lack of growth can be attributed to a number of factors, but the main ones are increasing costs and a lack of volunteer hours.

The cost of hiring staff in charity shops has risen significantly, with the introduction of the National Living Wage leading to a cost increase of 3.2% with the average salary now £16,411. In addition, charities are likely to have at least one and sometimes two paid employees per shop. This is reflected in the statistics around the amount of paid workers per shop which is now at its highest level of 2.15%. Overall the costs to charity shops have increased by 4.1%. This coupled with rising rents puts further strain on the charity shop sector.

As well as increasing costs, there has been a significant drop in the number of volunteers. The survey showed that average volunteer levels are at their lowest level for five years with 3.45% less volunteering than the previous year. Plus, the number of hours per volunteer has also decreased. This can be attributed in part to rising employment following the recession in 2008, so there are just less people out there with the time available to do voluntary work.

### Protecting your Assets

With the charity shop landscape changing, it's important to have the right insurance to protect your assets and indemnify yourself against any potential liability claims. Often shop insurance can be found as part of a main Property and Liability package, although some smaller charities may prefer to choose to purchase a separate shop package policy.

### Which insurances should you consider?

With so much scope and choice available, it can be hard to tell which insurances are essential to the running of your shop. The following insurances are a starting point to help protect and defend your financial position should a claim occur:

- **Property Insurance:** whether your organisation owns or rents the building, it will have contents and stock which needs insuring. Stock is an interesting area as this may include new and donated goods. New items for sale should be insured at the replacement value but should you insure the donated stock? Some charities do select to insure each bag at a nominated amount whilst others do not – on the basis that the goods are individually usually of a low value and will be replaced by future donations should they be stolen or damaged.
- **Business Interruption Insurance:** what if an event happens to your property which means that you cannot open the shop? This can lead to a loss of income that can impact the profitability of the shop and the contribution it makes to the charity's income. There are various routes available to charities for business interruption insurance. You may want to insure against 'Loss of Income or Gross Profit' if the shops are profitable, or alternatively consider an 'Additional Cost of Working' basis of cover if the real cost to you is more likely to be the additional costs that you incur while the shop has to remain closed.
- **Money Insurance:** covers money stolen from the shop or in transit to/from the shop and the bank. In addition, Personal Assault is usually offered which will compensate employees who are injured or require counselling as a result of an attack which aims to steal your money.

- **Employer's Liability:** covers your charity for damages and legal costs if you are accused of negligently causing injury to an employee or in certain circumstances a volunteer.
- **Public Liability:** covers your charity for damages and legal costs if you are accused of negligently causing injury to a volunteer, customer or other person on your premises, or causing damage to their property.
- **Products Liability:** covers your charity for damages and legal costs if you are accused of negligently supplying a product that causes injury or damage to volunteers, customers and other persons on your premises.

### How can you help your insurance company defend you in the event of a claim?

A meticulous health and safety and record keeping process can help you to defend your position against any claims that occur following an incident. You should consider keeping the following:

- Accident Report Form
- RIDDOR Form (F2508)
- Witness Statements
- Post Incident Investigation Reports/Notes
- Risk Assessments (Pre and Post Incident)
- CCTV Recording
- Employee Files (Including Training Records)
- Wage Details (13 Weeks Pre and Post-Absence)
- Inspection/Maintenance Logs
- Cleaning Logs
- Details Of Any Visits/Correspondence Post Incident from Health & Safety Executive

Please note that this is not a definitive list and additional information may be requested from Loss Adjusters appointed by insurers and some of these documents will not be relevant in the case of a public liability claim.

### Risk management to help reduce the risk of a claim

Finally it is important to have a thorough risk management process in place to help reduce the risk of a claim occurring in the first place. This should include:

1. Using appropriately qualified and skilled employees and professional advisers to develop and implement your Health & Safety policy.
2. Keeping your risk assessments up-to-date and relevant to your activities.
3. Making sure you have comprehensive records for training, PPE issue, health screening etc that have been acknowledged and counter-signed by employees.

At Gallagher's we offer risk management and insurance for shops. With over 8,500 UK based charity clients we have the experience and specialists to support your charity in protecting your shop assets through insurance programme design and risk management advice.



## WOULD YOU LIKE TO TALK?

For more information about issues surrounding charities, call us on

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### About GALLAGHER

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