

AUDIT • TAX • ADVISORY

NEWSLETTER

# Not for Profit eNews

October 2020



# Welcome to the October edition

We hope all is well with you and those dear to you.

In this edition we provide an overview of fundraising reporting compliance and how the new restrictions will impact upon fundraising events, a new charity commission register, considerations regarding insurance cover and some updates regarding Higher Education.

We also report back on the charity commission annual public meeting and their thoughts and focus for the future.

Best Wishes,



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# Fundraising reporting compliance

As many Charities will be aware the Charities (Protection and Social Investment) Act 2016 has for a number of years, required charities with more than £1m income to provide a statement on specific areas of their fundraising in their annual report, this is then submitted to the Charity Commission for England and Wales (CCEW).

Furthermore, those charities registered with the Fundraising Regulator are required to disclose the following in the trustees' report:

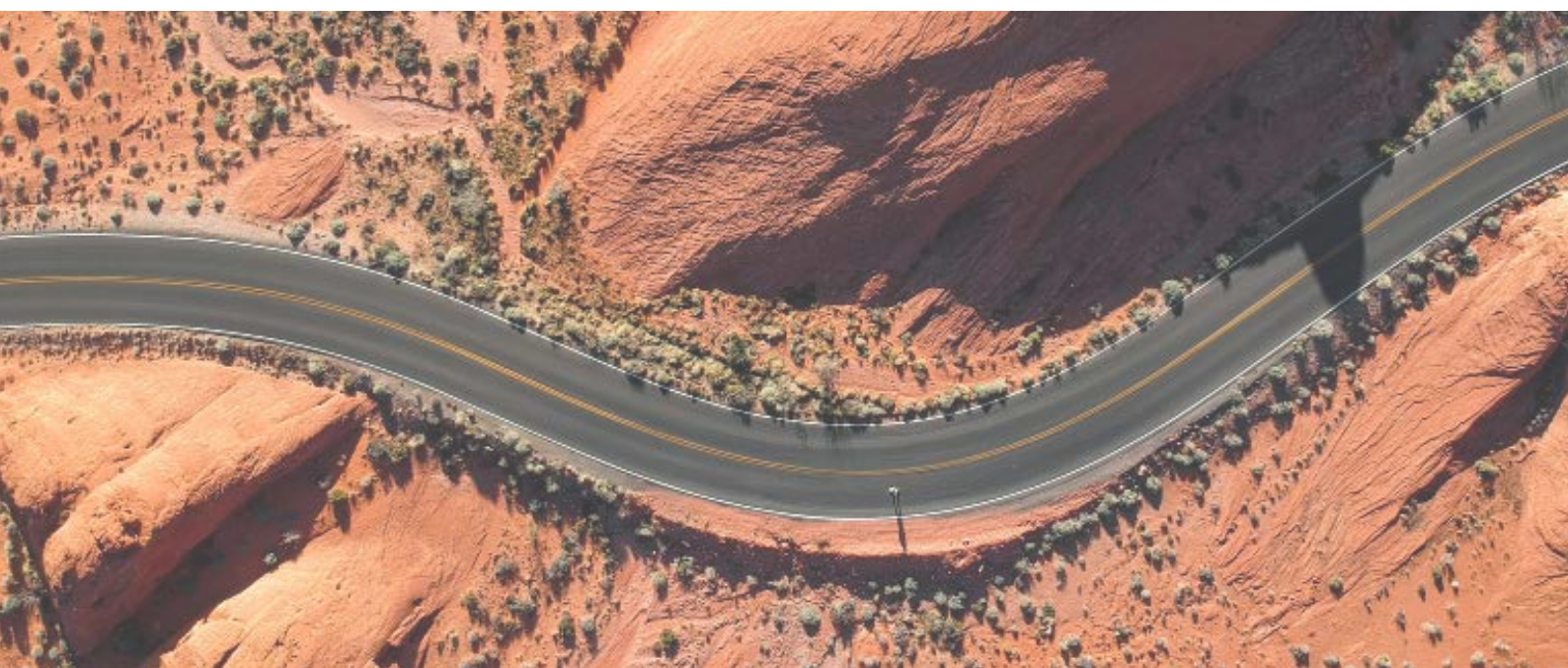
- The charity's approach to fundraising activity, and in particular whether a professional fundraiser or commercial participator was used
- Details of any voluntary fundraising schemes or standards which the charity or anyone fundraising on its behalf has agreed to
- Any failure to comply with a scheme or standard cited
- Whether and how the charity monitored fundraising activities carried out on its behalf
- How many complaints the charity or anyone acting on its behalf has received about fundraising for the charity

- What the charity has done to protect vulnerable people and others from unreasonable intrusion on a person's privacy, unreasonably persistent approaches or undue pressure to give, in the course of or in connection with fundraising for the charity.

In 2020 the fundraising regulator reviewed a selection of annual reports filed with the Charity Commission and found that 81% of reports did include a fundraising statement where required, but only 21% of reports has reported on all requirements deemed necessary. The fundraising regulator has published guidance on improvements to reporting that will ensure compliance with the act and result in increased trust in fundraising-related activity in the sector.

## OfS plans to cut bureaucracy

The OfS (Office for Students) issued a statement on 10 September 2020 which includes plans to cut registration fees, delivering comparable reductions in the statutory fees Higher Education bodies charge. The independent regulator for higher education in England is attempting to reduce unnecessary burden on universities and other higher education providers.





## Trading subsidiaries and corporate Gift Aid payments

The Civil Society have posted [advice](#) on their website to advise charities on the importance of planning ahead in regards to gift aid in order to avoid unexpected corporation tax liabilities due to insufficient cash.

This is particularly relevant during the pandemic when losses could occur. There are steps that can be taken in the instance where previously profitable trading is now likely to make a future trading loss. These have been detailed in the article and include deferring the payment and a carry back of future trading losses to the previous 12 months.

It is also important to consider the possibility of not being able to claim tax relief due to insufficient profits. Consideration should be made for reducing or repaying the planned donation, which would require for legal advice to be sought to ensure compliance is met.

## Winter economy plan

On 24 September the chancellor announced the Winter Economy Plan as a response to continued COVID-19 restrictions and how they aim to protect jobs and support the economy. The targeted measures being undertaken include:

- Job Support scheme: a new six-month scheme which will operate in tandem with job retention bonus from November 2020, as well an extension to the Self-employed Income Support Scheme (SEISS).
- VAT deferral 'New Payment Scheme': this is to ease the burden of paying deferred VAT and self-assessment tax liabilities.
- Extending the temporary VAT reduced rate for hospitality and tourism: the government is extending the reduced rate of VAT (5%) to 31 March 2021.
- Extension of finance schemes: the government is extending four of the temporary loan schemes to 30 November 2020, including Bounce Back Loan Scheme, Coronavirus Business interruption Loan Scheme (CBILS), Coronavirus Large Business Interruption Loan Scheme (CLBILS), and the Future Fund scheme.

The [article](#) is published on the Gov website where you can review further detail of the economic context and policy decisions made.

SPOTLIGHT ON

## Winter Economy Plan

Key points from the Chancellor's speech

[READ](#)



## Charity commission register

The Charity Commission has launched a new online register which is tasked with increasing transparency for all charities. Additional range of information available on the register include: information about how many senior executives earn more than £60,000, whether trustees are paid, any income received from government grants and contracts, and whether charities work with a professional fundraiser.

The Charity Commission has asked for feedback on the new register from members of the public, funders and charities themselves so that going into phase 2 they can continue to improve the search tool. The next goal is to allow sharing the data to be accessed and analysed more easily.

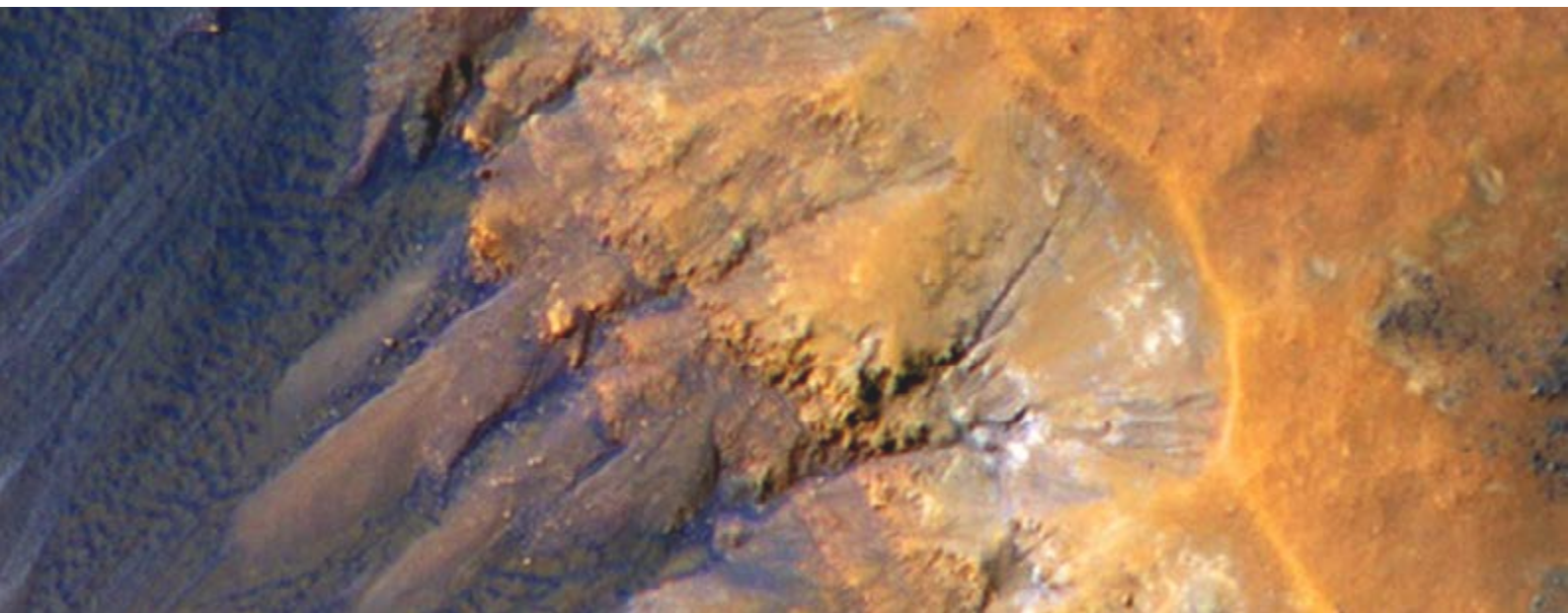
For further information the Charity Commission's press release can be seen on the [gov.uk website](https://www.gov.uk).

## Charity Commission Annual Public Meeting

Held virtually on 1 October Baroness Stowell outlined the Commissions thoughts on how the sector can become stronger. She stated that charities should tell the public that they understand the expectations from them in return for the public's support. It follows that Charities must commit to greater transparency to ensure that they can demonstrate the practical differences that a donation will make.

Secondly, the sector should focus more on standards than structures – which means a greater focus on making sure charities do good rather than how they are structured legally. This, she hoped, would pave the way for more organisations to enter the register as well as leading to a greater diversity of outlook and background. And finally emphasising that standards matter because motives matter which is the need to encapsulate some of the amazing and wonderful ways in which communities have come together during the pandemic and ensuring this continues as well as being tough on those charities who fall below the expected standard.

The Commission Executives then outlined some of their future objectives which included a more professional approach, being more proactive and enhancing the tools in which it provides to Trustees in order to provide effective governance. So, we should expect further enhancements to the Commissions website, the amount of data publicly shared on charities and further channels to communicate digitally.





## Coronavirus (COVID-19) guidance for the charity sector - update

The Charity Commission have published updated guidance for the charity sector on how to deal with effects of the Coronavirus. The sections of the guidance updated are regarding AGM's and holding meetings online.

A temporary amendment to the Corporate Insolvency and Governance Act 2020 has resulted in holding meetings online being extended from 30 September to 30 December 2020. This may be extended again if the government deems it to be necessary. It is key to note the temporary laws allowing charitable companies and CIOs to postpone AGMs and other members' meetings ended on 30 September 2020.

## How the 6 people rule will impact fundraising events

The government has announced that groups of larger than six people will not be allowed to meet and socialise in England from Monday 14 September. There are many exceptions to the rule, including "for work, and voluntary or charitable services" and "organised indoor and outdoor sports" but it is yet to be confirmed if this applies to fundraising events.

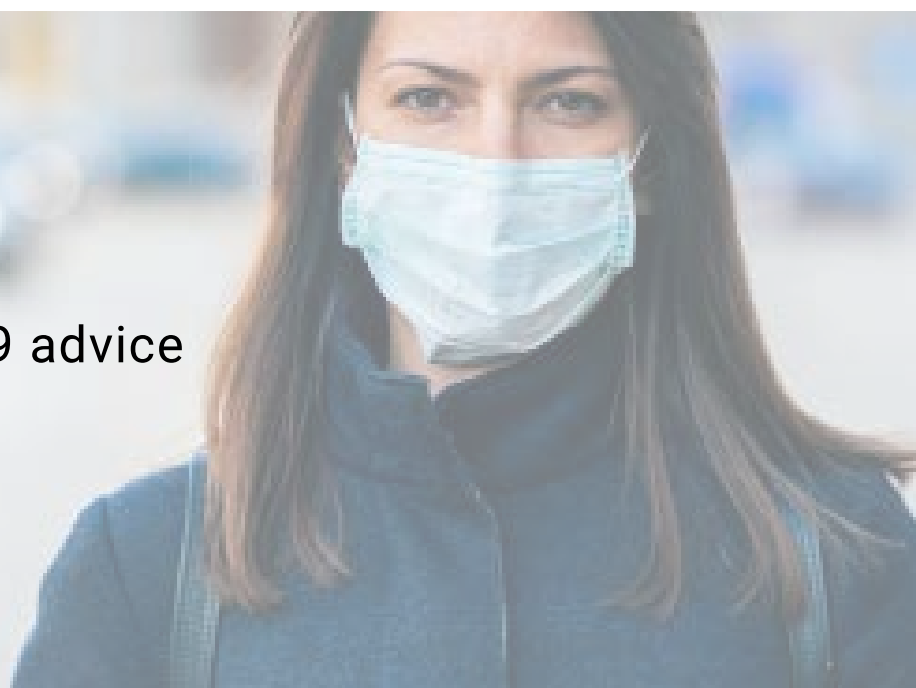
The Chartered Institute of Fundraising has sought clarification from the government on what the change means and whether fundraising events will count as 'social gatherings' or 'work'. Organised sports activities are allowed, meaning these types of events raising money for charity can still take place, but the setup of the event by volunteers may be limited to 6 people.

SPOTLIGHT ON

## COVID-19

Essential COVID-19 advice for your business

[GO TO HUB](#)





# MHA Trustee Hub is live!

Our national hub of downloadable templates and resources for charity trustees is now live!

The MHA Trustee Hub is an online resource aimed at assisting charity trustees to find practical guidance such as templates, checklists, help sheets and policies, that will support Trustees to improve governance and financial competencies, and help charities to adapt to the 'new normal' environment post-Coronavirus.

At MHA we pride ourselves on our commitment to the not for profit sector and our clients. Over the years we have seen increasing responsibility within the Trustee role. To help you within your role we have created our own Trustee hub where we will share materials to help and support you in your role.

The initiative is an ongoing project where materials will continue to be updated to provide the most relevant information to charity Trustees.

Go to the MHA Trustee Hub:

[www.monahans.co.uk/mha-trustee-hub](http://www.monahans.co.uk/mha-trustee-hub)



**There is no doubt that strong effective governance and leadership is the major contributor to the success of a charity.**

Sudhir Singh  
Head of Not for Profit sector, MHA

The MHA Trustee Hub logo, consisting of the MHA logo and the text 'mha Trustee hub', is centered on a large green circle. The background of the entire page is an aerial view of a forest with trees in various shades of green and autumnal colors.

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Trustee  
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NOW LIVE

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## Stay in touch with donors during coming months

The head of fundraising and Islamic relief has discussed the importance of ensuring that charities do not lose contact with their supporters during the coming months even if they are not currently in the position to donate.

With the end of the furlough scheme and continuing social distancing measures, it is clear that the return to “normal” and economic stability is not expected to be felt in the near future. It is therefore the job of fundraisers to keep volunteers, donors and supporters engaged, informed and increasing opportunities to give so that when they can, they will be more likely to deliver. Additional areas discussed are the increasing digital capabilities of charities, no longer dependent on size, and how charities need think carefully about existing business models and future plans. With significant changes occurring it is important that charities to adapt in order to deal with the new demands.

## Scarcity of Directors’ Liability Insurance – impact on Trustee Indemnity

Directors’ and Officers’ Liability insurance has been a key component of most insurance plans for organisations, but usually considered a minor element of the overall insurance cover. COVID-19 has impacted the exposure of serious risks of mismanagement that could affect businesses and charities and how this principal carries over to the risks surrounding

Trustee Indemnity insurance. This is largely due to the increased responsibilities for ensuring the appropriate decisions are made on the safety and compliance with the pandemic regulations, as well as ensuring that the organisation remains solvent. Failure to comply could result in increased likelihood of litigation resulting in higher premiums and an excess in deductibles. Do make sure you consider this provision when reviewing your insurance cover.





# Our numbers

1,600

not for profit clients nationally

>30

years sector experience

# Our rankings\*

3

national ranking for overall service

5

national ranking for charity expertise

9

national ranking overall in charity sector

10

top 10 international network

\* Charity Finance Audit Survey results published in Dec. 2019

## About MHA

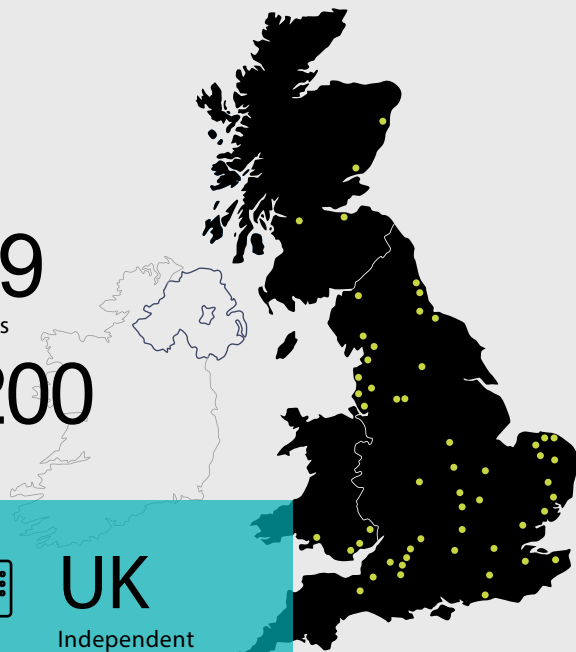
MHA is an association of some of the best independent regional UK accountancy firms

179

Partners

2200

Staff



Over

50

Offices

8

Member firms

UK

Independent member of Baker Tilly International

## About Baker Tilly International

Baker Tilly International is a network of independent accountancy and business advisory firms; our firm is an independent member of the network



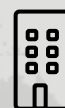
US\$3.9bn

Combined global revenues  
9% increase on FY18

146



Territories



122

Member Firms

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## Now, for tomorrow