



Not for Profit eNews

May 2021

Now, for tomorrow





May 2021 eNews



Welcome to our May edition of eNews.

As the easing of lockdown continues and the summer approaches many charities will be gearing up for trading and fundraising activities and events. Accordingly, we have taken the opportunity in this edition to highlight a number of considerations. Firstly we look at the recent advice published by the Fundraising Regulator for restarting fundraising alongside this we have given details of JustGiving's new free service.

We have also highlighted the need to review your insurance arrangements. The sector has always been well known for its agility in ingenuity however it is important to ensure that your insurance covers your adapted activities.

Whilst many of us will be filled with optimism for the future, the Charity Commission has issued a sobering message that there is worsening financial resilience in the sector.

It may be understandable that the restarting of operations may have gotten in the way of some compliance changes. Accordingly, we have taken the opportunity to remind you of the recent tax changes that came into force on 1st April – most notably the changes to VAT returns in the digital age.

Finally, in this edition we give details of the consultation on responsible investment for charities and details of the charity commission FAQ's received during lockdown.

MHA Not for Profit team

Coronavirus: Fundraising key principles guidance

JustGiving launches free donation processing service for charities

New advice issued from the Fundraising Regulator ensures charities are in the best position to cope with Covid-19.

The advice includes:



how to plan your future fundraising;



how to behave and interact safely and respectfully with the public;



how to safeguard the public, staff and volunteers; and



undertaking a risk assessment.

The regulator stresses that fundraising should only restart when organisations are satisfied that this can be done safely, in line with this guidance and following relevant Government guidance, and where the risks associated with the activities can be properly managed. Fundraising organisations should consider this guidance, the nature of their activity, the location, their preparation, and undertake a risk assessment to inform decisions.



[See here for further details.](#)

JustGiving has launched a free donation processing service for its charity customers, enabling them to collect direct donations via their own website.

For charities who opt into the service, "Giving Checkout" is applied to direct donations to a charity made on their websites and other channels. It allows a direct donation to be recognised as a payment from a donor intended to be paid directly to a specific charity.

Donors using this service will be given the opportunity to cover the payment processing fee, but JustGiving will cover the payment processing fee for charities using Giving Checkout where donors opt-out of covering the fee. Therefore, for charities, there are no platform fees with Giving Checkout, nor payment processing fees, and the charity receives 100% of the donation.

Pascale Harvie, president and general manager of Blackbaud Operations in Europe, commented: "We are proud to offer our charity customers brilliant new innovative products to ensure the sector thrives as giving continues to evolve. Giving Checkout only strengthens the capabilities we can offer charity partners and helps contribute towards our long-term goal of empowering giving everywhere."



[The full article can be found here](#)

A reminder of the Key Tax Changes from April 2021

Set out below are some of the key tax developments for all organisations, including charities, which came into force in April 2021.

Employment taxes

National Minimum Wage (NMW)/National Living Wage (NLW). Increases to the NMW and NLW from 1 April 2021:

Type	Age	From 1/4/21	Previous	% increase
National Living Wage	23+	£8.91	£8.72	2.2%
National Minimum Wage	21-22	£8.36	£8.20	2.0%
National Minimum Wage	18-20	£6.56	£6.45	1.7%
National Minimum Wage	<18	£4.62	£4.55	1.5%
Apprentice Rate		£4.30	£4.15	3.6%

Note that HMRC's enforcement activity has increased significantly over the last few years and not only can non-compliant employers face repaying arrears to current and former employees, but businesses can also face 200% penalties (this could be up to £20,000 per employee) and the prospect of their reputation also being damaged from being named and shamed publicly.

Statutory payments

- Statutory maternity, paternity, shared parental and parental bereavement pay increases to £151.97 from £151.20 from 4 April 2021
- Statutory sick pay also increases to £96.35 from 6 April 2021
- Statutory redundancy pay is calculated using the employee's length of service, age and their weekly pay. However, there is a statutory cap on the value of a week's pay. From 6 April 2021 this has increased to £544 per week.

VAT

Digital links requirement

The soft-landing period for MTD for VAT has now finished digital links are now required from 1 April 2021. This means that 'cut and paste' or 'copy and paste' is no longer allowed. HMRC accept the following as digital links:

- Linked cells within a spreadsheet
- Emailing a spreadsheet containing digital records to enable the information to be imported into another software product
- Transferring a set of digital records onto a portable device (i.e. memory stick) and physically giving this to someone else who then imports that data into their software
- XML, CSV import and export, and download and upload of files

- Automated data transfer
- API transfer although there are certain manual adjustments that are still permitted

Do ensure you are well prepared to enact this change in your June quarterly VAT return.

Extension to temporary reduced VAT rate for tourism and hospitality

The temporary reduced VAT rate of 5% for goods and services supplied by the tourism and hospitality sector has been extended until 30 September 2021. After that time the rate will increase to 12.5% for a further six months until 31 March 2022, before returning to 20%.

Business rates

Extension of business rates holidays

100% business rates relief will continue to be provided to eligible retail, hospitality and leisure properties in England from 1 April 2021 to 30 June 2021. This will be followed by 66% business rates relief for the period from 1 July 2021 to 31 March 2022, capped at £2 million per business for properties that were required to be closed on 5 January 2021, or £105,000 per business for other eligible properties.

More information

If you would like more information on any of the above please contact a member of the [MHA team](#).

Charity Commission revises COVID19 guidance for the charity

The Charity Commission for England Wales has published updated guidance in April 2021, for the frequently asked questions it has been asked during the coronavirus outbreak. The Charity Commission has also used the opportunity to remind charities that their approach to regulation during the uncertain period will be as flexible and pragmatic as possible in the public interest.

The contents published by the Charity Commission include help on the following areas;

- 1 [Government financial support for charities](#)
- 2 [Charity meetings](#)
- 3 [AGMs and other meetings: postponing or cancelling meetings](#)
- 4 [Holding meetings online or by telephone](#)
- 5 [Insolvency help for charitable companies and charitable incorporated organisations](#)
- 6 [Mergers and collaborative working](#)
- 7 [Using reserves and restricted funds](#)
- 8 [Further advice on managing financial difficulties](#)
- 9 [Charity objects: understand if you can help with coronavirus efforts](#)
- 10 [Reporting serious incidents to the Charity Commission](#)
- 11 [Keeping people safe](#)
- 12 [Fundraising and coronavirus appeals](#)
- 13 [Trading subsidiaries – financial support from parent charities](#)
- 14 [Reducing or returning contractual fees in return for a modified service](#)
- 15 [Working with a company or business to help with coronavirus](#)
- 16 [Charity statement of recommended practice \(SORP\) guidance](#)
- 17 [Information from other organisations](#)



See the Charity Commission publication here



Charity Insurance

Over the last year, charitable organisations may have significantly changed the services they offer, their operations or sources of fundraising revenue in response to lockdown restrictions.

It is important that insurers and brokers are kept up to date such changes to avoid issues with claims. Matters such as unoccupied premises or reduced numbers of staff working with young people or vulnerable adults are likely to be matters that insurers will need to know about.

The charity insurance market remains reasonably competitive for most, despite costings of commercial insurances increasing generally and, at a time when managing overheads is critical, it is sensible to benchmark costings periodically. If the basis of cover has not been reviewed for some time, the cover requirements may have changed, necessitating advice.

MHA has worked in conjunction with Insurance Services Surrey for the last ten years. This independent insurance broker advises charities on all classes of general insurance. Through access to specialist markets, the smallest charities can obtain a package of cover for Contents, Business Interruption, Loss of Money, Employers, Public and

Products Liability for premiums starting from around £185.00, with options to add additional covers for Professional Indemnity, Trustees and Managers Indemnity and Cyber risks on top.

Secondly, insurance cover against malicious hacks and privacy breaches, known as Cyber, has been promoted widely by the insurance market in recent years. As this market has grown, so has experience of claims. Insurers have seen increasing circumstances of fraudulent payments being made to criminals who obtain funds through email and telephone scams. One insurer has seen a 260% increase in claims relating to ransomware in the last year.

As insurers gain more experience of the extent of these problems, premiums are beginning to rise and new questions are being asked at the start of the policy. Despite this, there remains competition within the Cyber Insurance market and shopping around, coupled with good advice on cover benefits, is essential. For small charities, it may be cost effective to include Cyber cover as a component of the existing insurance package.

Charities of all sizes can obtain expert advice from us so please speak with your usual MHA, who will arrange for an introduction.



Charity Commission sees evidence of 'worsening financial resilience in the sector'

Charities are less financially resilient than they were a year ago, the Charity Commission's chief executive told MPs yesterday.

Helen Stephenson, chief executive of the Commission, comments "what we are seeing is instances of worsening financial resilience in the sector."

Giving evidence to the Public Accounts Committee about the impact of Covid on the sector, she acknowledged we're not seeing significant numbers of charities coming off the register as a result of closing, though it's quite likely that would be delayed as we're the last part of that process."

In addition, an increase of auditors reporting matters of material significance has also been observed.

"That means that there are charities that are experiencing financial difficulties or are experiencing insolvency."

A survey by Pro Bono Economics, conducted in partnership with Charity Finance Group and the Chartered Institute of Fundraising, projected a "capacity crunch" across the sector, due to rising levels demand combined with falling incomes. The last 12 months have shown the importance of having robust reserves policies, the crisis affecting charities is far from over so ensuring that your policy meets the needs of the charity over this next period is more critical than ever.



[Read the full article here](#)



[See the Trustees hub guidance on reserves here](#)

Responsible investment: draft guidance for consultation

The Charities Commission has recently issued guidance for consultation on responsible investment practices for charities.

The consultation seeks views on the clarity of revised draft guidance for those adopting a responsible (or 'ethical') approach to investing their charity's funds.

The consultation asks 6 questions of the revised guidance ranging from; the clarity over the duties and good practices that trustees should consider, to whether the guidance

adequately describes what a responsible investment approach is and whether the term 'responsible investment' is an appropriate term and whether respondents feel the approach is a valid option.



[You can respond by completing the online survey.](#)

Alternatively, you can email your response to the questions in the consultation to: GandPSurveys@charitycommission.gov.uk The consultation closes on 20th May 2021.

Collapsed charity, Kids Company – lessons learned

Collapsed charity Kids Company may not have survived even if it had robustly followed governance standards, a report has concluded.

The assessment of the defunct children's charity follows a High Court judgement earlier this year clearing its former trustees of being unfit to be company directors.

This case had been brought by the Official Receiver against the trustees and ex-chief executive Camila Batmanghelidjh of Kids Company, which folded in 2015.

The latest ICSA: Chartered Governance Institute research looks into the degree in which Kids Company adhered to good governance practice before its demise.



It brings together publicly available information and aims to provide trustees, governance professionals and others in the charity sector with an overview of lessons to learn.

This suggests even if the charity had strictly adhered to the Charity Governance Code, it may not have survived.



The report concludes that “as with other examples of organisational failure and poor governance, it would be difficult to state that Kids Company could have avoided its sad fate if it had followed a governance standard such as the Charity Governance Code”.

Areas where governance standards at the charity fell short include trustees confusing their organisational and personal positions in public statements.

Other governance areas looked at, include ensuring effective trustee, board and chief executive relations and avoiding conflicts of interest.

It is hoped that charities will be able to draw valuable lessons from a study of governance practices at Kids Company in order to improve governance within the sector.

Upcoming Events

11 May

10.00 – 11.00:

EU VAT and E-Commerce changes - ARE YOU READY? [Click here for info.](#)

12 May

9.00 – 10.15:

Going concern and financial sustainability – why all charities need to consider these challenges in 2021. [Click here for info.](#)

12 May

11.00 – 12.00:

Academy Workshop: Academy Accounts Direction. [Click here for info.](#)



NfP Webinar series

Good Governance – coming in July
Charity Financial Reporting – coming in October

MHA Not for Profit Contacts



Sudhir Singh
Head of MHA Not for Profit
sudhir.singh@mhllp.co.uk

North West



Nicola Mason
Director
nicola.mason@mooreandsmalley.co.uk

London, Midlands & South East



Stuart McKay
Partner
stuart.mckay@mhllp.co.uk

North East



Simon Brown
Partner
simon.brown@taitwalker.co.uk

South West



James Gare
Partner
james.gare@monahans.co.uk

MHA Not for Profit Team A national commitment to charities

A national Not for Profit team with local specialists that understand the sector in your area.

Broad Not for Profit expertise covering charities, social enterprises, education, housing and the public sector, with organisations at all stages of their life cycle.

With over 1,600 Not for Profit clients, we have extensive experience of all sizes and types of organisations.

Strong relationships established with both executives and trustees.

Insights from our long standing experience at a policy setting level and from working with sector bodies and regulators.

A wide range of tailored services: assurance, tax, compliance, advisory, training and more, delivered with practical understanding.

Practical support for strong and effective financial governance at #MHATrusteeHub.

Worldwide specialist sector support through our independent membership of Baker Tilly International.

About MHA

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

 **4**
Independent
accountancy firms

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

 **742**
offices

 **33** Offices
nationwide

1375 Staff
136 Partners

 **37,000**
people

148 
territories

To find out more about the services MHA can offer, please contact
T: 0207 429 4147



mha-uk.co.uk

MHA trading as MHA is a member of MHA, an independent member of Baker Tilly International Ltd., the members of which are separate and independent legal entities. © 2021 MHA

Now, for tomorrow

