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Charity Seminar

5th December 2024



Welcome

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Agenda

- 09:35 Setting the scene
- 09:45 Being in ethical harmony
- 10:30 Technical update – Tax & Charity Commission Guidance
- 11:00 Coffee & networking
- 11:20 Rob Beckley, The High Sheriff of Somerset
- 11:35 Technical update – Accounting Standards
- 11.50 In the loop: unleashing the potential of civil society
- 12:35 Panel Session: ask the experts
- 12:45 Lunch & Close



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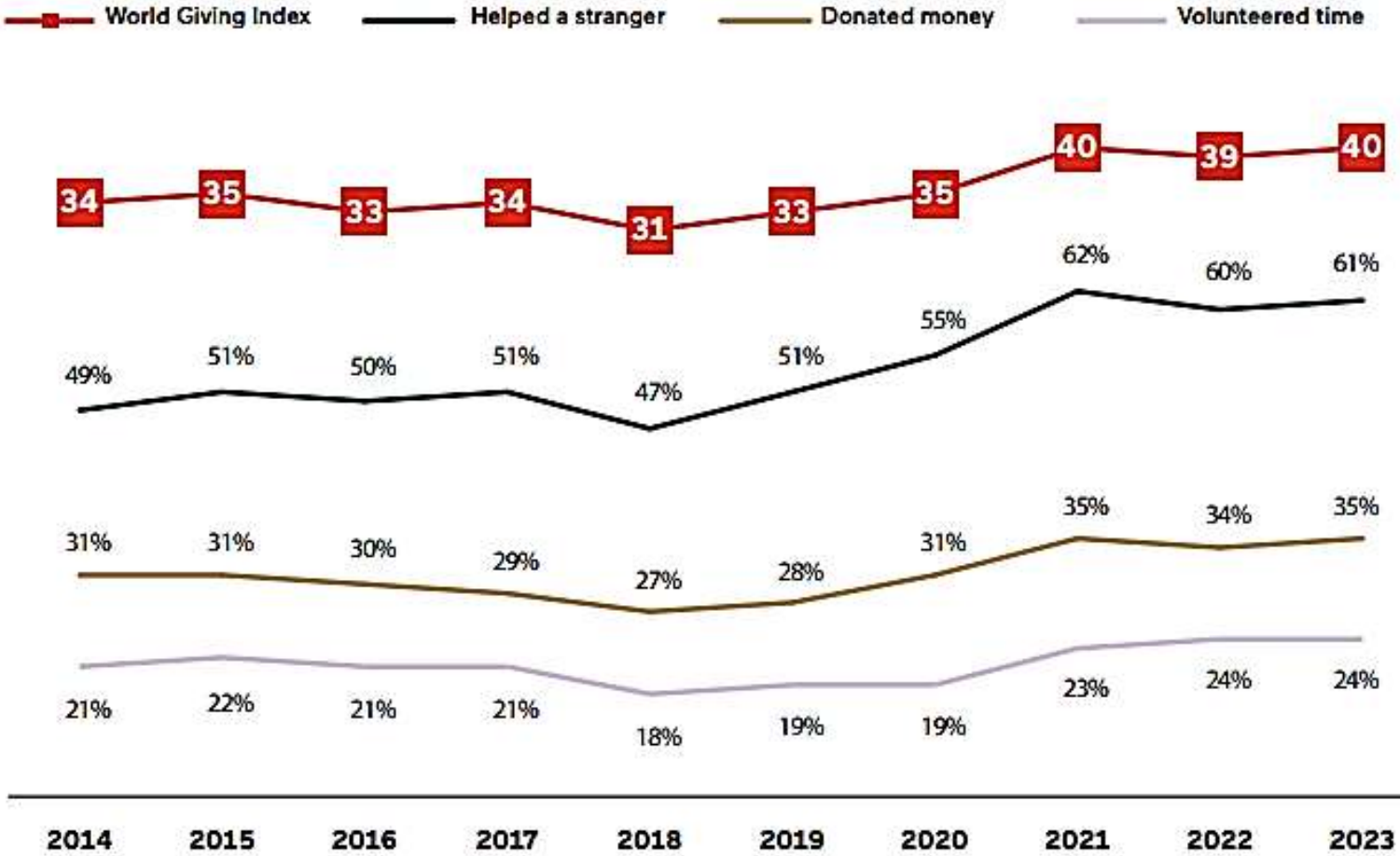


Setting the Scene

WORLD GIVING INDEX 2024

WORLD GIVING INDEX SCORES

The global average index score is 40 points, back to its joint-highest level since 2021.



Source: Charities Aid Foundation
World Giving Index 2024

WORLD GIVING INDEX 2024

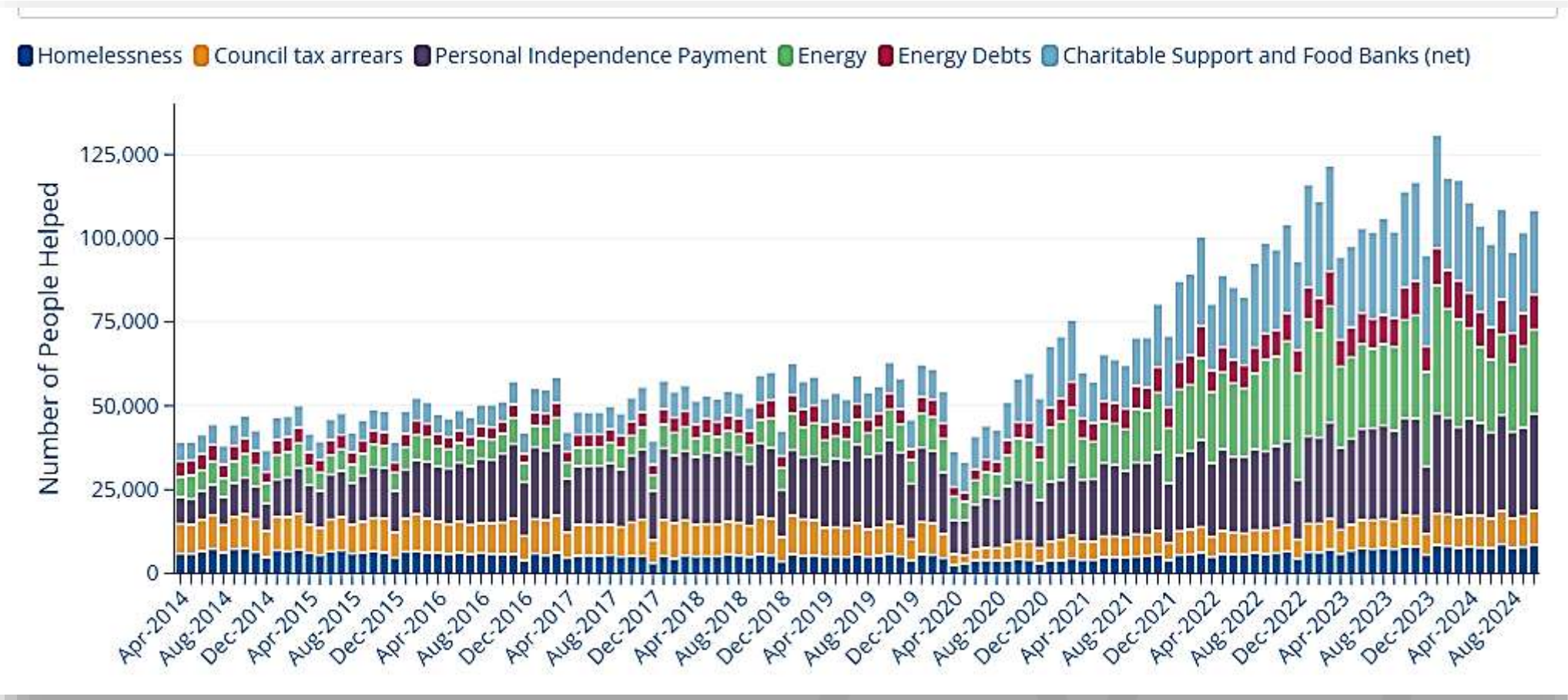
#22

The UK's ranking in 2024, having fallen out of the top 20 for only the second time. The UK has been trending downward for the past decade.

Source: Charities Aid Foundation
World Giving Index 2024



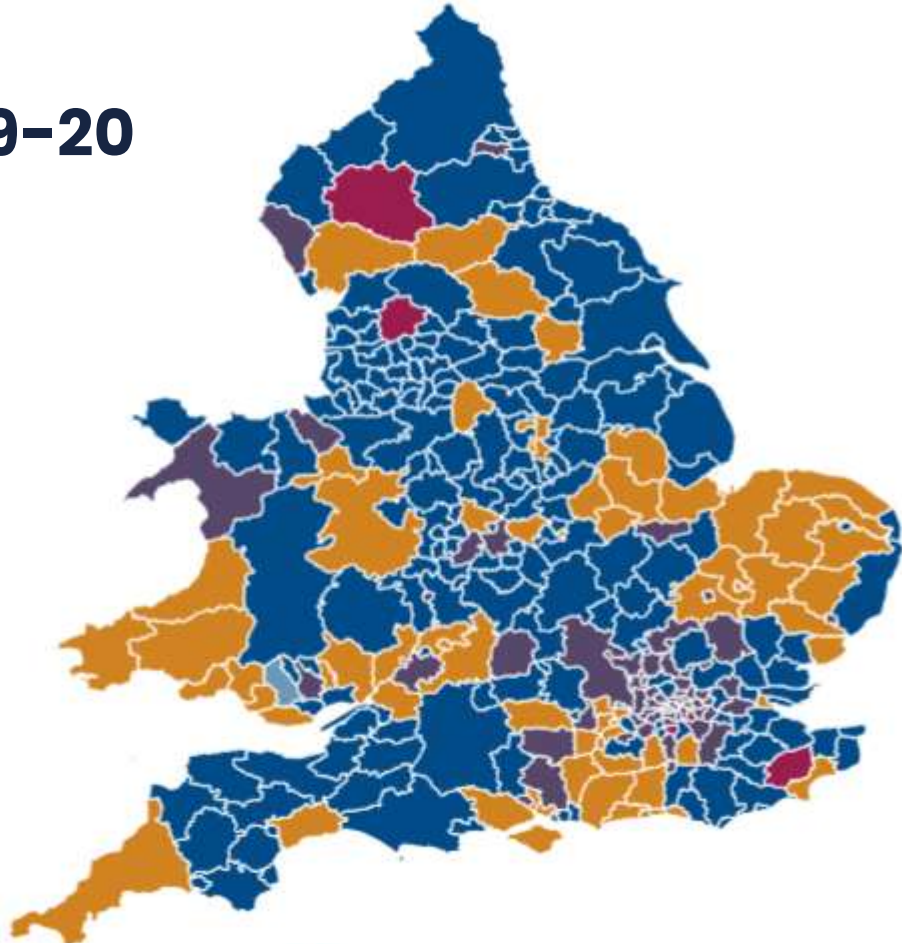
Citizens Advice cost of living enquiries



Source: Citizens Advice Cost of living dashboard November 2024

Debt issues by region

2019-20



■ Council tax arrears ■ Credit, store & charge card debts

2023-24



■ Energy debts ■ Council tax arrears



Charity sector organisations

Income band	Name	Number of organisations	% of all organisations
Less than £10,000	Micro	81,388	48.92
£10,000 to £100,000	Small	51,484	30.95
£100,000 to £1m	Medium	26,104	15.69
£1m to £10m	Large	6,440	3.87
£10m to £100m	Major	880	0.53
More than £100m	Super-major	65	0.04
All organisations	Total	166,361	100.00

96%

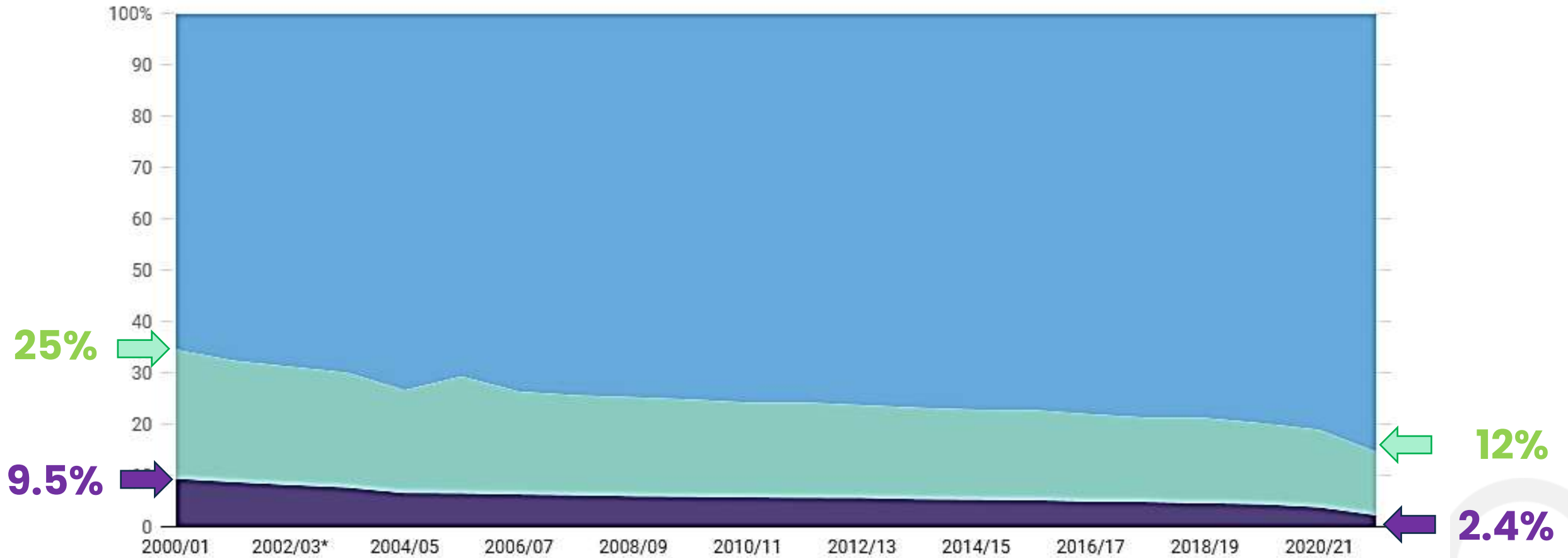
0.5%

166,000 VOLUNTARY ORGANISATIONS ACROSS THE UK

Charity sector income

Income percentage by size, 2000/01 to 2021/22 (£bn, 2021/22 prices)

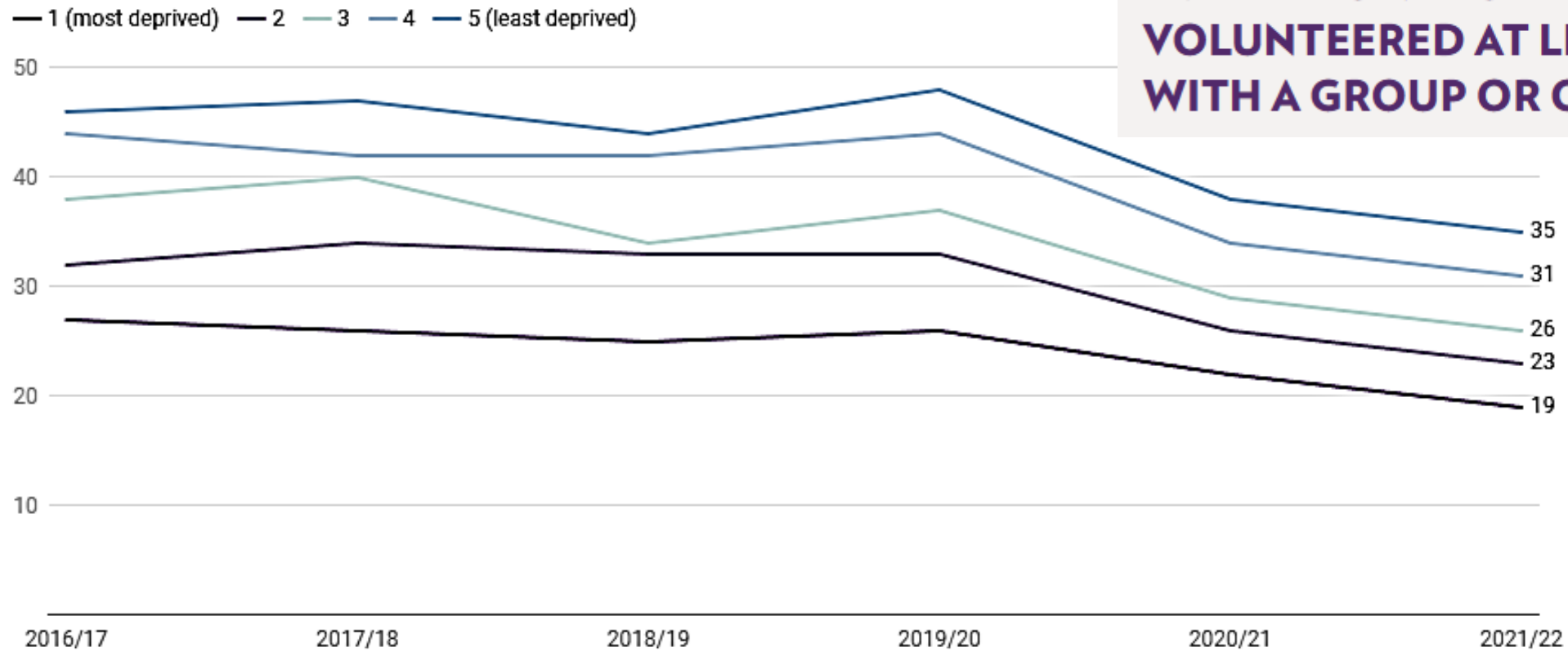
Micro and Small Medium Large-Major-Super Major



Source: NCVO UK Civil Society Almanac 2024

Formal volunteering

Formal volunteering rates at least once a year by area of deprivation, 2016/17-2021/22



**14.2 MILLION PEOPLE
VOLUNTEERED AT LEAST ONCE
WITH A GROUP OR ORGANISATION**

Autumn Budget

- Themes of “Rebuilding Britain” and “Fixing the Foundations”
- Charity sector proposals disregarded
- No specific relief or support for charities
- Inheritance tax relief remains



**AUTUMN
BUDGET
2024**

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Autumn Budget

- More funding for social housing
- More funding for social care
- More funding for state schools
- Business rates reduction (for some)
- Strengthen existing charity tax rules



**AUTUMN
BUDGET
2024**

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Autumn Budget – Employment

Changes to Employers' National Insurance

- Rate increase to 15%
- Reduction in threshold to £5k
- Increase in Employment Allowance

Increases to National Living Wage

- 16.3% increase 18–20
- 6.7% increase 21 and above



Employment Costs

Charity sector workforce of 1 million

3% of UK workforce

Cost of increased NICs est **£1.4bn*** pa

NCVO open letter to Chancellor

OBR estimates workers will bear 60% of initial increase
and 76% in medium term



Artificial Intelligence

Does charity use Artificial Intelligence in operations? By income:	Yes	No	Don't know
Total	3%	89%	9%
Less than £10k	2%	93%	5%
£10k-£100k	3%	92%	6%
£100k-£500k	5%	86%	10%
Over £500k	6%	78%	16%



Artificial Intelligence

Be curious

Test, learn adapt, improve

Talk to others – shared experience and insight

[AI compass for charities](#)

[NCVO article – AI and small charities](#)

[Microsoft LinkedIn courses](#)





Being in ethical harmony

Approver Quilter Cheviot Limited

Charles Mesquita

Charities Director

4 December 2024



Quilter Cheviot



Charles Mesquita
Charities Director



Judges' comments

“A clear leader in its field, this company was described as showcasing solid management alongside bespoke solutions for charities and good performance.”

What makes you charitable?

What makes you charitable
is what you spend, not
what you save.

It's not your money, it's for
someone else.

What's best for them?



Source: istock

Legal guidance on ethical investment

'Most charities need money; and the more of it there is available the more the trustees can seek to accomplish'

*'**But** particular investments might hamper a charity's work by making potential recipients of aid unwilling to be helped because of the source of the charity's money, or by alienating some of those who support the charity financially.'*

*'Trustees **must not** use property held by them for investment purposes as a means for making **moral statements** at the expense of the charity of which they are trustees.'*

BISHOP of OXFORD, 1991

Source: Charity Commission for England & Wales

Guidance: Accepting, refusing and return donations

'When Charities are offered a donation, the law is clear that their starting point should be to accept unless there is a good reason not to'.

Orlando Fraser, Chair of the Charity Commission

Trustees duties, you must:

- Act within your powers
- Act in good faith and only in the interest of your charity
- Make sure you are sufficiently informed
- Take account of all relevant factors
- Manage conflicts of interest
- Make decisions that are within the range of decisions that a responsible trustee body could make

Source: Charity Commission for England & Wales

Case Studies – R L Glasspool

PEOPLE

10,438
people supported



5,593
households supported



GRANTS

5,593
grants



£1.97m
value of grants approved



100%
of applications received were assessed in under 10 working days, over 98% in five days or less



FINANCES

£2.04m
income from investments



£47.6m
total value of the Trust's assets



£150k
income from funding partners



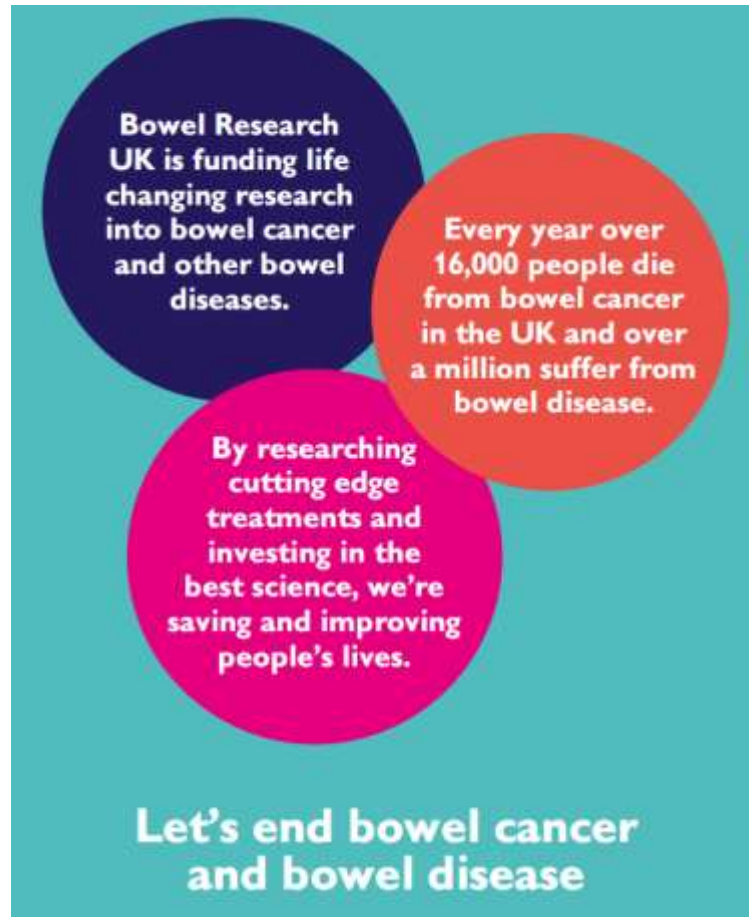
£311k
operating costs



- Grantmaker – founded in 1946
- Annual expenditure C.£2.1m
- Help people in financial hardship
- One off grants: cookers, microwaves, beds, school uniform
- Small office in Walthamstow – 2 employees
- Distributed grants for 5 other charities
- Permanent endowment c.£43m
- Free reserves of £1m

Source: R L Glasspool Charitable Trust

Case studies – Bowel Research UK



- **Bowel Research UK**
 - Founded in 2020 following a merger
 - Bowel & Cancer Research
 - Bowel Disease Research Foundation
- **Working alongside ACPGBI**
 - Association of Coloproctology of GB&I
- **Key facts**
 - Turnover c.£1m
 - 100% of income comes from fundraising
 - Employ six people
 - Operate out of two offices (RCS & Queen Mary University)
- **Main activities**
 - Commissioning medical research
 - Funding a PHD programme
 - Patient & Public involvement in Research



Source: Bowel Research UK

And what about



At 31 December 2022

11. GRANTS MADE	2022 £	2021 £
Institutional grants made by activity		
Science Supporting advancements in medical science by creating the infrastructure necessary for long-term medical research and innovation.	2,843,800	398,000
Education Supporting a range of projects in the area of education, notably those focused on helping improve access to education for the disadvantaged.	282,500	392,000
Arts Partnerships with organisations to help widen access to the visual and performing arts.	543,000	128,000
Heritage Supporting projects that preserve heritage sites and important cultural icons now and for future generations to enjoy and learn from.	60,500	20,000
Environment The Trust supports a diverse range of organisations that work to protect the environment; from migratory sharks in our oceans to the spectacular diversity of plants and fungi that populate our planet.	800,000	105,000
Social Good Helping people and communities, particularly those most vulnerable and in need of support, is an important part of what we do.	699,000	274,000
New commitments	5,227,500	1,317,000
Reduction in previous commitments	(6,542,967)	(1,150,000)
Increase / (decrease) in commitments	(1,314,567)	167,000

A total of 66 institutional grants were made in the year (98 grants in 2021) and The Trust considers that further reporting will expose the recipients to serious prejudice and impair the furtherance of their charitable activities.

The Sackler Trust has been supporting research and education charities across the UK since 2010. Trust has committed more than £60 million in support of charitable activities in the fields of medical science, healthcare, and access to education and the arts, as well as supporting community organisations, heritage sites and projects which promote social good.

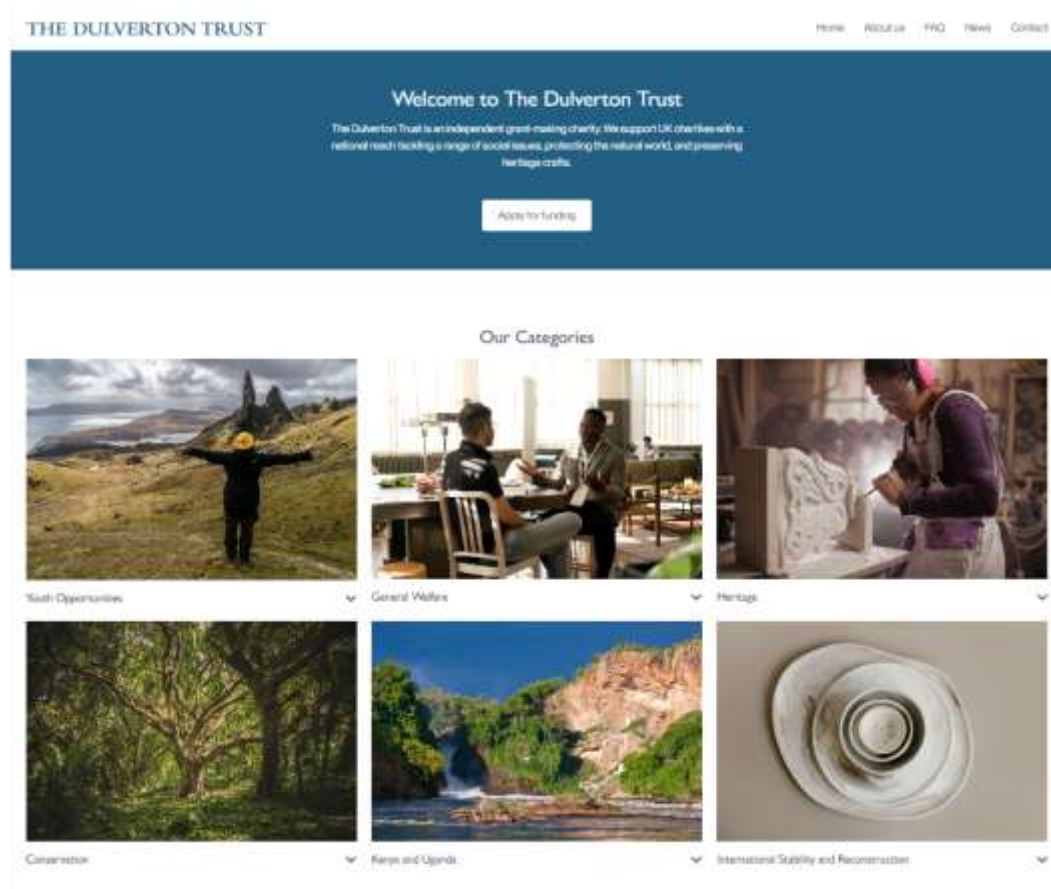
The charitable institutions we support range from some of the UK's leading universities and cultural institutions to small local organisations dedicated to improving life at an individual community level, as well as supporting charitable work worldwide. They span work that includes global conservation projects, education for disadvantaged children, museums, universities and support for refugees.

At 31 December 2021

11. GRANTS MADE	2021 £	2020 £
Institutional grants made / (reduced):		
CW+	250,000	–
The Amber Foundation	130,000	200,000
JW3 Trust	100,000	–
Priscilla Bacon Hospice	100,000	–
Spatfields Crypt Trust	90,000	–
Galapagos Conservation Trust	75,000	130,000
British Pears Arts	70,000	–
Berkshire Youth Trust	50,000	–
The Watermill Theatre	–	500,000
Oxford Philharmonic Orchestra Trust	–	280,000
Edmonton Academy Trust	–	250,000
Kings College London	–	250,000
St Marylebone Parish Church	–	250,000
National Museum of Anthropology, Mexico – USD 250,000	–	187,100
Genesis Trust	–	150,000
Veterans Aid	–	150,000
Miscellaneous Donations under £50,000 (2021: 90 grants, 2020: 45 grants under £150,000)	432,000	1,198,120
New commitments	1,317,000	3,565,220
Reduction in previous commitments	(1,150,000)	(2,920,315)
Increase / (decrease) in commitments	167,000	644,905

Source: Charity Commission for England & Wales

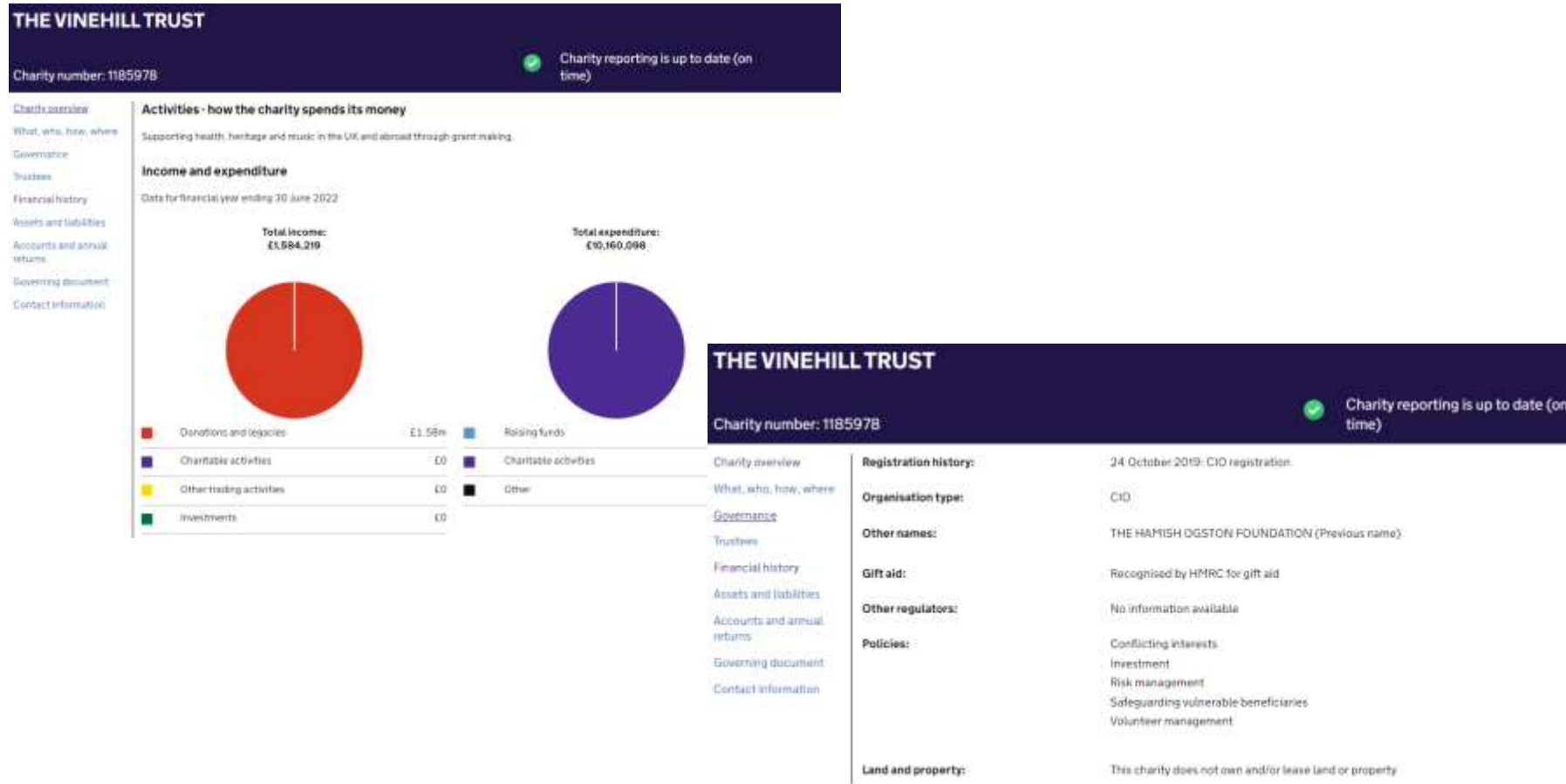
The Dulverton Trust



- Source of wealth: family business founded in 19th century
- By 1901 the family business was the biggest and most prosperous tobacco manufacturer in the UK
- Trust founded 1949 by Sir Gilbert Alan Hamilton Wills
- Since 1949 made grants of over £120m
- Annually give away around £2m
- They were not enslavers, but their business benefitted from slavery

Source: Dulverton Trust

Would you accept a grant?



Source: Charity Commission for England & Wales

Would you accept a grant?



Branson pledged all proceeds from Virgin Group's transportation divisions be donated to develop alternative fuel sources and alleviate global warming. His pledge amounts to about \$3 billion over ten years.

My success has allowed us to give back to society through the Virgin Unite foundation. This foundation addresses critical global issues such as climate change, poverty, and conflict resolution. His commitment to philanthropy is a testament to his desire to make a positive impact on the world

Oct 2023

Source: Virgin Foundation

Guidance: Accepting, refusing and return donations

Some factors to consider:

- Value of the donation
- Potential to further your charitable objectives
- How serious the financial loss from not accepting the donations
- Short & long-term impact on furthering charitable purposes
- Extent of any conflicts of interest
- Risks in accepting or keeping/refusing or returning a donation
- What are the views of your key stakeholders – *should not make an assumption of those views*
- If negative publicity is likely to be short or long lasting – *what is the reputational damage likely to be*
- Cost or impact of complying with a donor conditions
- Any policy or guiding principles you have in place – *not all charities will have a policy in place*

There may be no right or wrong answers, but your decisions must be rational and reasonable, and supported by clear evidence

Source: Charity Commission for England & Wales

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Technical Update

Employers National Insurance

- ✘ **Employer NI** (going from 13.8% to 15%),
- ✘ **per-employee threshold** lowered from £9,100 to £5,000.
- ✓ Increase of the **Employment Allowance** from £5,000 to £10,500
- ✓ £100,000 **threshold abolished**

What is the impact?



Employers National Insurance

	From April 2025	Current
Forecast gross salaries for the year	500,000	500,000
Less; number of employees x threshold (£5,000)	(100,000)	(182,000)
Salary's subject to employers' national insurance	400,000	318,000
@15%	60,000	43,884
Less employment allowance	(£10,500)	(£5,000)
Employers NI	49,500	38,884

£10,616 Increase in National Insurance **27.3%**

National Living Wage

- over 21s up **6.7%**
- 18-20 up **16.3%**

- Part time staff?
- How to fund?

Charities Tax Compliance

- More than **£6 billion** in charitable reliefs 2023 to 2024
 - Gift Aid **£1.6 billion**
 - Business rates relief nearly **£2.4 billion**
- Closing the tax gap:
 - Tackle non-compliance
 - 5000 new compliance staff
 - Outcome of consultation
 - Protect the integrity of the charity sector



Consultation Outcome

Tainted Charity Donations

- Preventing donors from obtaining a financial advantage from a donation
 - *E.g. donor makes a significant donation to a charity, solely so that both the donor and charity can claim relief on the donation.*
 - *reinvested into the donor-controlled company*
- **Outcome:** Rules to be updated



Lowering the bar for challenging a transaction

Consultation Outcome

Charitable Investment Rules

- Investment income in most forms are not taxable
 - Automatically approved as exempt
 - any loan or other investment made for the benefit of the charity (type 12)
- **Outcome:** Rules to be updated **all** charitable investments must be 'for the benefit of the charity and not for the avoidance of tax'

Non Charitable Expenditure

- Tax charge on income when used for non-charitable expenditure

Outcome: More Limited than planned – Legacies to be added to the rules.

Consultation Outcome

Sanctioning Charities

- “persistently fail to comply”
 - when HMRC sends them a notice to file a return
 - Gift Aid and other tax reliefs claimed

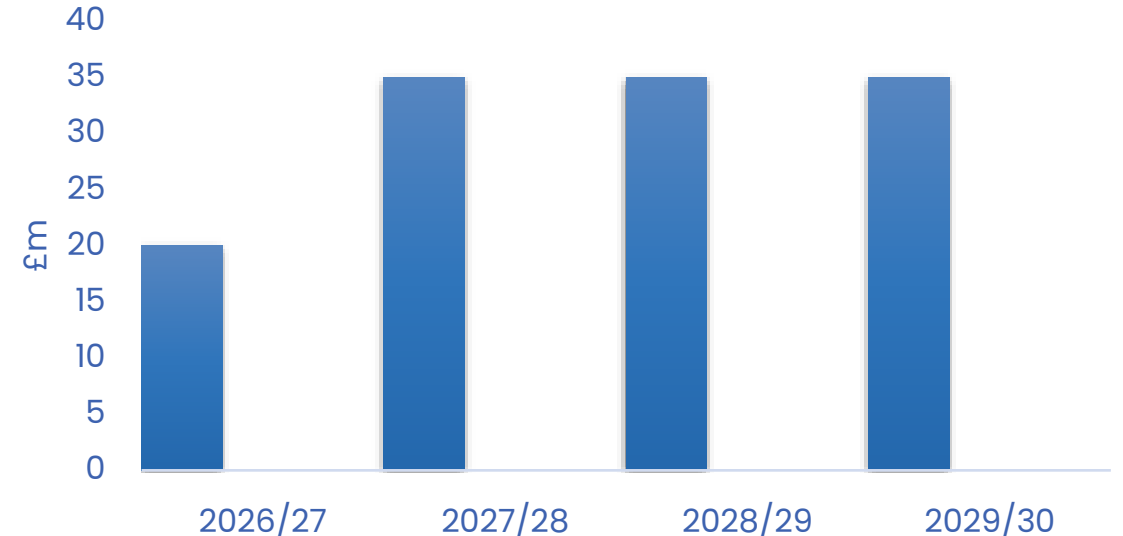
Outcome: Amend the fit and proper persons test

- charity manager/trustee who persistently fails to comply with their organisation’s tax obligations such as timely filing returns, will fail the management condition.
 - Withhold gift aid repayments

Charities Tax Compliance

- Draft legislation for consultation in 2025
 - Prevent unintentional consequences
- Introduction in late 2025/early 2026
- Strengthen existing charity tax rules
- Prevent abuse
- Only charities receive the intended tax relief

Additional Tax Collection



Tax Updates



HM Revenue
& Customs

- **Restriction of Tax Reliefs to Non-UK charities**

- Ensuring UK taxpayer money should support UK charities and CASCs.
- Now in force 5 April 2024

- **VAT Treatment of Charitable Donations**

- Encourage charitable giving by businesses
- Targeted VAT relief for low value goods
- Consultation later this year



Economic Crime and Corporate Transparency Bill 2022

- **2024**
 - Appropriate address – not PO Box
 - Higher fees
- **2025**
 - Verification of directors
 - Transition for 7 m
- **Later**
 - Software only Filing
 - Increased burden? Consider structure
 - Convert to CIO?



Charities Act 2022 – Implementation update

- **March 2024**

- Charity Constitutions
- Charity Land
- Charity mergers
- Trustee Remuneration
- Trustee appointment



Charities Act 2022

POSTPONED

- Ex gratia payments

- Moral/ethical obligation
- Small amounts **£1,000 – £20,000**
- Exclusions:
 - National Museums/Galleries
 - Outside the UK



The Code of Fundraising Practice

- Standards that apply when fundraising is carried out in the UK
- Review extended 2022–2024 – 2025
- Implementation of new code early 2025
 - 6 month transition period
 - <https://www.fundraisingregulator.org.uk/code>



Charity Commission Guidance

Charities Act updates

- [CC36 - How to make changes to your charity's governing document](#)
- [CC28 - Sales, leases, transfers or mortgages: what trustees need to know about disposing of charity land](#)
- [CC11 - Trustee expenses and payments](#)
- [CC46 - Statutory inquiries into charities: guidance for charities](#)
- [CC30 - Finding new trustees](#)

More accessible and easier to use

- [CC27 - Decision-making for charity trustees](#)
- [CC48 - Charity meetings](#)
- [CC12 - Improving your charity's finances](#)

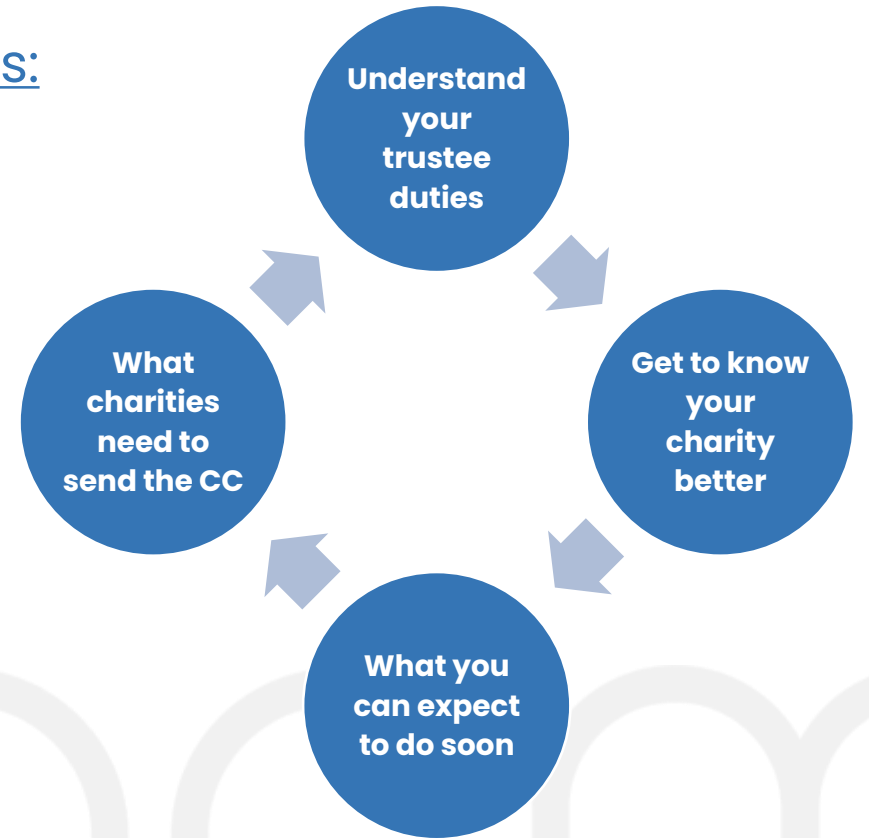


Charity Commission Guidance

NEW

New guidance

- [CC8 – Internal financial controls for charities: protect your charity from fraud and loss](#)
- [Protect your charity from cyber crime](#)
- [CC34 – Collaborative Working](#)
- [Trustee Welcome pack](#)



Charity Commission Enquiry



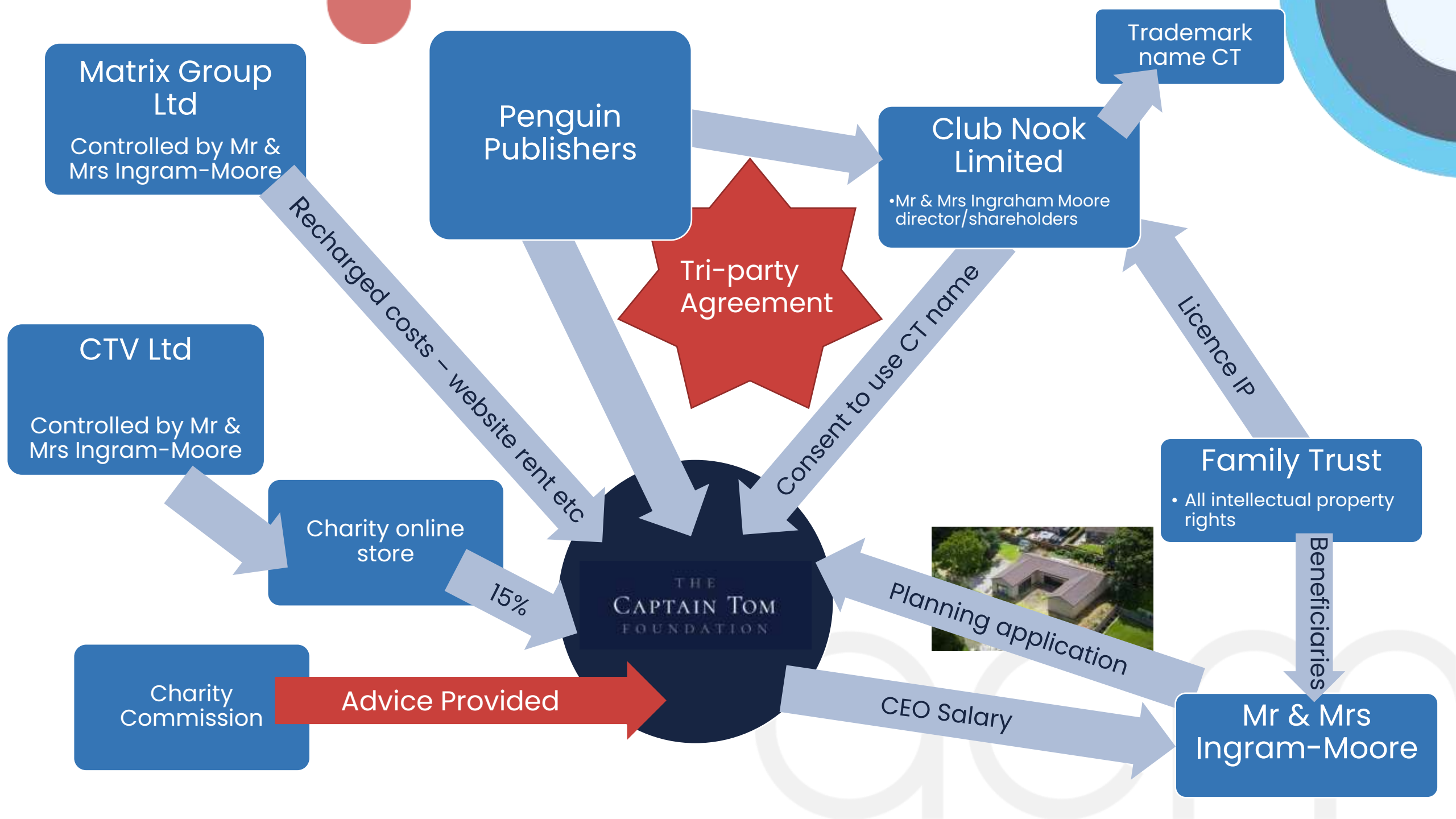
- **Trustees:**

- 2 independent
- Mr Ingram-Moore
- Mrs Ingram-Moore (until Feb 2021)

- **CEO:**

- Mrs Ingram-Moore (from Aug 2021)

£38.9m  NHS Charities Together



Findings

- **Publishing agreement**

- £1 per book to charity
- Signed by:
 - Mrs IM on behalf of charity & CNL
 - No right to sign – Not a trustee or CEO

- **Personal Benefit**

- Virgin Media Local Legends awards – MIM – received £18,000,, charity £2k
- Sept 21 agreement
- Unconflicted Trustees aware Aug 22
- Personal/charity capacity?

- **Fundraising**

- Commercial participators
- Transparency public “would understandably feel misled”
 - Some books did not benefit charity



Private benefit,
payments and
remuneration of
connected persons

Identification and
management of
conflicts of
interest/loyalty

The Captain Tom Foundation: Lessons for the wider sector



CHARITY COMMISSION
FOR ENGLAND AND WALES

Serious and repeated
instances of misconduct
/mismanagement of
conflicted trustee and
CEO

Fundraising and
commercial
participation
agreements

Mismanagement by
un-conflicted trustees



Coffee break