



Charities and Not-for-profit **Plus**

Train your trustees

A recent survey conducted by the Charities Commission has found that newly registered charities may not be preparing their trustees for the duties and responsibilities they will face.

Based on the research findings, 40% of newly registered charities have not yet offered training and support to their new trustees.

Sam Young chief executive of the Charity Commission said:

“The survey findings highlight the importance of our guidance to trustees in helping new charities get off to a good start. While there is plenty of evidence of forward thinking,

we would like to see these new charities recruiting more widely and offering new trustees more training and support. When starting out as a charity, it is essential to have strong governance arrangements in place. These are the foundations upon which successful charities are built.”

For more information on this survey and other charity news go to www.charitycommission.gov.uk.

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Independent Schools Council (ISC) vs. Charity Commission

Under new rules introduced in 2006 private schools (along with all other charities) had to prove their wider public benefit to keep their charitable status.

The ISC brought the Charity Commission to the Upper Tribunal as they felt that the Charity Commission's guidance on charitable status was too narrow and did not take into account all the charitable work that schools were involved in.

On 14 October 2011 a ruling was finally released by the High Court in London. It stated that the commission was unfairly placing too much emphasis on the extent to which independent schools offered bursaries to poor children, subsidies to the not so well off should be taken into account too, and

that it is for the trustees of the school concerned to address and assess how their obligations might best be fulfilled in the context of their own particular circumstances.

It confirmed that private schools, as educational charities, do have to demonstrate a wider public benefit beyond their own pupils.

It concluded that certain parts of the Charity Commission's guidance were erroneous and should be rewritten. The ISC warmly welcomed the ruling.

The Charity Commission have stated that they will rewrite the relevant sections of the public benefit guidance and that in fact they had already started to do this.

The 'new' Charity Commission?

The Charity Commission have undertaken a strategic review of itself. This was in response to their budget being cut by a third over four years.

They have developed a new strategy that sets out their key goals and priorities over the coming four years.

They have four main 'planks' to their new approach:

1. Improving charities' compliance and accountability.
2. Helping charities become more self sufficient.
3. Making the best use of technology.
4. Improving efficiency.

The commission has also made changes to their internal structure and processes. This has led to a flatter structure where there are fewer levels of management.

Mercer & Hole at the Hertfordshire Sustainable Funding Fair

It was great to see so many people at the Hertfordshire Sustainable Funding Fair, which was organised by the Hertfordshire Community Foundation and sponsored by Mercer & Hole.

The event took place in October 2011 at the Fielder Conference Centre in Hatfield and was attended by numerous funders. We had a really rewarding day with lots of one-to-one sessions at our workshops and many visitors to our stand – ranging from children's charities and the education trusts of football teams.

Hopefully we were able to point everyone in the right direction and we are already looking forward to next year's event!

Mercer & Hole is a founder member of Herts100. Herts100 provides a unique opportunity together with Hertfordshire Community Foundation to collectively make a difference to the people and communities of Hertfordshire.

Risks linked to business rates relief

The Charity Commission has voiced concerns over risks charities are facing linked to business rates relief.

Charities qualify for an 80% discount on business rates for properties that they occupy and use wholly or mainly for charitable purposes, and may also be granted relief on the remaining 20% on a discretionary basis.

Landlords have to pay full business rates on commercial properties that remain empty for more than three months, including lower value properties such as small shops. This means that it is advantageous for owners of hard-to-let properties to lease them to a charity, which can then claim relief on the business rates.

In many cases, this enables charities to lease accommodation at reduced or

nominal rates. Charities also sometimes receive donations from landlords amounting to a proportion of the business rates that have been saved.

However, there is a risk that some such agreements may be viewed as business rates avoidance by the local authority. This would mean the charity losing the discretionary discount and being required to pay 20% of the full business rates.

To prevent this, charities have been advised to take the following steps before entering into a tenancy agreement:

- Be assured that the tenancy

agreement is for the exclusive benefit of the charity, will further the charity's purposes and is in its best interests.

- Ensure the property is genuinely required and is fit for purpose.
- Consider the potential liability of the charity to pay outstanding rates if the local authority disputes occupation and refuses discretionary rates relief.
- Very carefully safeguard the charity's independence and ensure the charity is not being abused for the benefit of a commercial company.
- Where appropriate, take suitable professional advice, including legal advice, before entering into a tenancy agreement.

Charity Commission launches mobile website to make donating safer

A new mobile website has been launched by the Charity Commission to make donating safer.

If people are in doubt about whether a charity is genuine, they will be able to look it up on the website, which holds the Commission's register of over 180,000 charities. All charities with income over £5,000 are required to register with the Charity Commission, and, if a charity is registered it will be listed.

The website also holds information on the activities of charities and the areas in which they work, so that people are provided with accurate information on how their donation will be used, and

can be confident that it will reach its intended destination.

In addition, contact details for the charities will be on the website, so that people can contact the charity directly to check that a particular collection is genuine.

The Christmas period is a particularly busy time for charity fundraising, with collections taking place across the country. At this time of year it is crucial that people can be confident that the money they donate will be used as they intend.

Dame Suzi Leather, Chair of the Charity Commission, highlighted the importance of making sure money is going to a genuine registered charity. She also spoke of the risks of online giving: "In addition to double-checking details of street charity collections, I would also encourage people making donations to watch out for email scams and fake websites. If you are suspicious of any appeals for donations, always check the charity registration number on the Charity Commission site or contact the charity directly."

The Charity Commission has issued the following tips for avoiding charity scams:

1. If you are in any doubt about a charity collector, collection bag or fundraising materials, check the charity's name and registration number. You can find these on the Charity Commission's website at www.charitycommission.gov.uk, or on the mobile version of the site <http://m.charitycommission.gov.uk> which makes it really easy to check this on your phone when you're on the move.
2. Always check whether a collector is wearing a proper ID badge.
3. Check that the collecting tin seal is not damaged.
4. Ask the collector for more information - a genuine charity should be happy to answer questions.
5. Check whether a collector has authority to collect. A permit or license is usually needed if raising money in a public place. Collections in private places like train stations and supermarkets need the owner's or manager's permission. Collections in pubs need either a license or an exemption.

6. If you receive collection bags or fundraising materials from non-charitable organisations claiming to be charitable, and/or using a false registered charity number, you should contact the police, your local trading standards office, the Advertising Standards Agency or your local council.
7. If you want to donate online to a particular charity, visit the charity's website - check that you have the right web address.
8. Be very careful when responding to emails or clicking links within them to ensure that they are genuine. If you have any concerns about a request for donations that appears to come from a charity, don't hesitate to contact that charity directly.
9. If you are worried that you may have been targeted by a fundraising scam, you should contact the police and inform the Charity Commission through its website.
10. If in any doubt, send your donation directly to the charity.



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About Mercer & Hole

Whether you are a business or charity, an individual or representing your family in seeking assistance, the Partners of Mercer & Hole can help you with much more than standard accountancy or tax compliance. We take the time to understand our clients' current situations and their future aspirations, and we aim to provide a very personal service tailored to their specific requirements. We achieve the highest standards of technical excellence, but what we believe singles us out is our passion and determination to exceed our clients' expectations.

Our personal, partner-led service extends far beyond the UK, as Mercer & Hole is a founding member of TIAG (The International Accounting Group), a

global alliance of high quality, independent accounting firms, which has more than 100 member firms based in over 60 countries. We use the Group, or its sister network, TAGLaw, whose members include over 150 law firms based in nearly 100 countries, at least once a week responding to both the business and personal issues of our clients.

This newsletter will give you an insight into the firm and you can find out much more by visiting our website at www.mercerhole.co.uk. The site includes full details of the services we offer, and also provides visitors the opportunity to subscribe to our blogs, which offer regularly updated comments and solutions to topical issues facing organisations and individuals.

This newsletter is a short selection of items extracted from complex legislation. Further specific advice on any matters referred to must be taken at all times. The information is given for general guidance only and publication is without responsibility for loss occasioned to any person acting or refraining from acting as a result of the information given. No part of this publication may be reproduced without the prior permission of Mercer & Hole.

<p>St Albans T: +44 (0)1727 869141 stalbands@mercerhole.co.uk</p>	<p>London T: +44 (0)20 7353 1597 london@mercerhole.co.uk</p>	<p>Milton Keynes T: +44 (0)1908 605552 miltonkeynes@mercerhole.co.uk</p>
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