



Welcome to Watson Buckle's Charity Bulletin, bringing you the latest news on financial issues facing the charity sector.

This Charity Bulletin reports on the House of Lords call for evidence on the sustainability of the charity sector;

why the charity sector should remain exempt from the Government's judicial review rules; a look at what the Charity Finance Group have to say on the up-coming apprenticeships levy and finally the serious risks Brexit brings to charities.

We hope you enjoy reading our Charity Bulletin and that you find it useful. We would welcome your feedback on the content, or ideas for topics that you'd like to see featured in future issues. Please get in touch with Susan on 01274 516700 or email SusanS@watsonbuckle.co.uk.

Sustainability of charity sector to be reviewed in House of Lords

A Lords Committee has issued a call for evidence on the sustainability of the charity sector.

The select Committee has asked charities to come forward with issues they might have faced in relation to financial sustainability and risk management.

The call for evidence, published mid-July, said it wanted to understand the pressure faced by charities, to ensure "that the charitable sector in England and Wales is sustainable for many years to come".

The Committee state that their focus is on charities in England and Wales, but are eager to learn about the experiences of charities in northern Ireland and Scotland, as well as in other countries.

Chaired by the Labour peer Baroness Pitkeathley, the consultation looks in particular at the charities' beneficiaries, donors and the public.

"There have been a number of high profile events in recent months which have called into question practice in the voluntary and charitable sector. The Committee is looking to make sure that the attention on recent issues does not undermine the good work done by many charitable organisations", read the Committee's statement.



The inquiry also intends to review the skills required to lead and manage a charity, and the role trustees should play in the performance and effectiveness of a charity.

"This inquiry is intended to be an opportunity to engage positively with charities and the voluntary sector. The Committee is looking for examples of best practice, innovation and ideas to bring the sector together to make sure that it can thrive", the statement read.

The report also looks at the roles of the national and local governments and the Charity Commission; the effective delivery of services; and innovation in the digital sector. Written evidence must be received by 5 September 2016, with the finished report due late next March, when it is to be debated in the House of Lords and presented to the Government.

If you need guidance on your submission of evidence, contact Watson Buckle for advice today.

Charities not exempt from providing financial information at judicial reviews, say MoJ

The Government has turned down a request to exempt charities from the requirement to provide financial information when submitting applications for judicial review.

By implication, charities making applications will now have to provide full details of how a review will be funded.

A judicial review is the means to which public bodies can challenge the lawfulness of public authorities' decisions, actions and omissions.

"This Government is, and has always been, absolutely clear that reforms to judicial review will not undermine that", read a statement by the Ministry of Justice (MoJ).

The MoJ said the implementation of these reforms is to prevent claimants from avoiding liability for their costs and passing these on to the taxpayer.

"There is, nonetheless, a need to make sure that those who bring and control

judicial reviews face a proper measure of the costs liability arising from their actions", the statement read.

A lawyer has warned that the decision could have a "chilling effect" on charities' capacity to bring judicial review cases.

She said: "This might deter them from stepping forward as a claimant in judicial reviews that are either supporting their service users, often the most vulnerable in society, or campaigning judicial reviews that would bring about important changes".

Charities may now have to provide information on donors that have made a contribution of over £3,000, such as their names and addresses, implicating donors who had wished to remain anonymous.

Last year, charity umbrella bodies had requested for voluntary sector organisations, such as that of charities, to be exempted from the rules.



Charity chief executives body Acevo had described the rules as a "fundamental breach of justice" if charities were discouraged from challenging Government decisions.

The MoJ has further discussed whether the information provided by charities on donors should be kept solely within the courts, or shared with relevant third parties. Watson Buckle has years of experience in charitable accounting. If you feel unsure of any of the issues discussed in this article, feel free to contact us for advice today.

CFG urges Government to delay apprenticeships levy in face of referendum decision

The Charity Finance Group (CFG) have urged the apprenticeship levy to be delayed following the referendum result.

The apprenticeship levy will require all employers with payrolls of £3 million or more to pay a levy of 0.5 per cent of their overall payroll amount to the Government.

The levy, proposed as an "investment into apprenticeships", has faced tough opposition from charities following the decision to leave the EU.

"A mandatory apprenticeships levy would not be proportionate or effective to improve the skills base and drive productivity in the charity sector", said the chief executive of the CFG, Caron Bradshaw.

In a letter to Nick Boles, the Minister of State for Skills, the CFG called for charities to be exempt from the apprenticeships levy, and instead giving charity employers the option to opt-in to the levy.

"Eligibility for mandatory apprenticeships for charities should be based on whether an organisation has generated a surplus (the level would need to be set once the level of the apprenticeships levy is agreed), and thus has the funding to be able to invest in apprenticeships and those organisations with more than 500 employees, which would focus on the largest employers in the sector", read the letter.

The CFG has warned that the levy would be unreasonable in a time when the charity sector is facing a possible £200 million loss in European Union funding.

"With less than a year until its introduction, we are still in the dark as to who can provide apprenticeship training and what processes organisations need to go through to become registered providers", said Ms Bradshaw.

"Without this logistical information, charities cannot proceed to develop apprenticeship standards and the accompanying training that the sector



currently lacks, or support providers to do so."

Ms Bradshaw has asked the Government to delay the levy by a year to provide the charity sector with the necessary time to make preparations and "ensure that the levy genuinely improves skills".

For details on the apprenticeship levy and how it might affect your charity, contact Watson Buckle for advice today.

Charity finance in grave danger, groups say



The Charity Commission is being urged to delay the consultation on charging for regulation.

The Charity Finance Group, the Small Charities Coalition and the National Association for Voluntary and Community Action (NAVCA) have written to the regulator stating the decision to leave the EU has caused too much uncertainty over charity finances.

The three Charity umbrella bodies have asked the Charity Commission to delay any movement to run a consultation on charging for the regulator's services, because of the insecurity around Brexit.

The letter, written by the chief executives of the three bodies, highlighted flaws with the concept of charging charities for regulation.

The letter calls on the commission to postpone further plans to run a formal consultation for charging charities for regulation.

"Given the uncertainty facing our sector and the multitude of other issues that we need to grapple with, it is clearly not the right time to start a consultation on charging for regulation; an issue that carries great importance for the future of our sector" it reads.

It also sheds light on the fiscal environment in which the commission operates may change after the Government announced it had dropped plans to create a budget surplus by 2020, following the Brexit decision.

According to the letter "it could be wise for the regulator to wait until after the government has set out a new fiscal

framework before pushing ahead with plans to charge charities for regulation".

In response, a spokesperson for the Charity Commission said it had not yet had the chance to consider the letter in full: "The outcome of the EU referendum will have a significant impact on all of society, including charities and their beneficiaries.

"We have spoken with a number of charities that are considering what involvement they might have in answering some of the questions the result has posed. We are also considering what impact the outcome will have on our future work plans."

If you think your charity might be affected financially by the referendum result, contact our charity team for guidance.

Tel: 01274 516700 • www.watsonbuckle.co.uk • email@watsonbuckle.co.uk