

December Issue
2005

A HPH newsletter for organisations with charitable status

In this issue we bring to your attention the following articles:

Details of ex gratia payments by charities to be published on Charity Commission website

Charity Annual Returns online

Measuring effectiveness of your charity

Gift Aid – oral declarations

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Charity regulation matters

Details of ex gratia payments by charities to be published on Charity Commission website

The Charity Commission has decided to publish details of recent cases in which they have authorised ex gratia payments. This is intended to help potential applicants to understand the basis on which successful applications have been made.

These payments arise when charities become entitled to receive property to which they believe someone else has a stronger moral claim. Section 27 of the Charities Act 1993 enables the Commission to authorise charity trustees to make a payment (or waive entitlement to property) where the trustees regard themselves as being under a moral obligation to do so and where they would otherwise have no power to make the sacrifice.

Visit: www.charitycommission.gov.uk/investigations/exgratiapay.asp for more details.

Additional information on ex gratia payments can be found in the Charity Commission leaflet CC7 see www.charitycommission.gov.uk/publications/cc7.asp for an online version.

Charity Annual Returns online

The Charity Commission has recently sent out passwords to registered charities with annual income in excess of £250,000. These charities are now able to update their entry on

the register of charities and complete and send their Annual Return online.

For more information please visit: <https://www.charitycommission.gov.uk/officeforms/ccportal.ofml>

Measuring effectiveness of your charity

The introduction of the Summary Information Return and the requirements of SORP 2005 mean charities now have to report on how their work affects beneficiaries and perhaps the community as a whole.

The Development Trusts Association has created 'Community Mapping Impact'. This may assist charities in the process of measuring their effectiveness. It is not a comprehensive approach to measuring impact but gives a starting point. Community Mapping Impact is similar to a story telling cycle and can be broken down into the following sections:

Starting out

Vision – What did you want to achieve for your community?

Resources

What did you use – Staff? Volunteers? Money?

Action

Activities – What did you do with the resources?

Nearly there?

What happened because of what you did?

Result

What difference did your actions make to the community?

Please see:

www.dta.org.uk/Downloads/impact%20mapping.pdf for examples and worksheets.

Gift Aid – oral declarations

HM Revenue and Customs (HMRC) has recently announced that the rules on oral declarations will be relaxed with effect from 1 November 2005.

The Disasters Emergency Committee (DEC) hit a well-publicised problem earlier this year in relation to the donations for their Tsunami Appeal. As charities are aware, each Gift Aid donation by an individual must be supported by a declaration. This identifies the charity and donation, and gives enough information for the individual donor to be traced if necessary for a Gift Aid audit. It also contains a statement about the donor's own tax position. A declaration does not have to be signed, and it can be given in writing, via the internet or over the telephone. Telephone declarations are the main form of oral declaration although in theory an oral declaration could also be made face to face to a charity collector.

In order to maintain the audit trail, the tax rules currently state that oral declarations must be supported by written confirmation from the charity to the donor. This must allow the donor the opportunity to cancel their donation within 30 days of the charity sending out written confirmation. However, where millions of people are donating by telephone, sending out written confirmations becomes an expensive and time-consuming task.

The DEC sent written confirmations over several months after the donations were made, and they were not entitled to reclaim the income tax on the donations until they had sent these out.

Partly as a result of the DEC experience, and because telephone donations are becoming more and more common, the government have decided that charities will no longer need to issue written confirmations. Charities must, however, maintain satisfactory records linking the donor to the making of the declaration. These would include auditable electronic copies of oral declarations, which would need to be kept for 6 years. HMRC draft guidelines indicate that a recording of the oral declaration would be regarded as an auditable record. The government estimates that this change will save the sector around a million pounds each year. Whether it will be useful to charities in practice depends on how easy it will be to store the recordings of the oral declaration.

OFT issues statement of objections against 50 independent schools

The Office of Fair Trading (OFT) has investigated the allegation that 50 independent schools breached competition law by exchanging information regarding fees they intend to charge. The OFT has released a statement of objections provisionally finding that an agreement between fifty fee paying independent schools was in breach of the Competition Act 1998.

The main finding as stated by the OFT are:

- The schools exchanged information relating to their intended fee increases and fee levels for boarding and day pupils in relation to the 2001/02,

2002/03 and 2003/04 academic years. Schools gave details of their intended fee levels, the information was collated and circulated in the form of tables between four and six times a year as schools developed their fee increase proposals in the course of their annual budgetary processes.

- This regular and systematic exchange of confidential information on intended fee increases was anti-competitive and resulted in parents being charged higher fees than would otherwise have been the case.

The OFT has given the schools several months to comment on the statement of objections. The OFT will then make its final decision as to whether Chapter I of the Competitions Act 1998 has been infringed and whether any penalties should be imposed upon the schools.

For more details please visit: www.of.gov.uk/News/Press+releases/2005/214-05.htm

Charities Bill clears the House of Lords

The Charities Bill had its Third Reading in the House of Lords on 8 November; it will now go back to the House of Commons for further debate. No date has yet been published for the next debate. It now appears as though the Bill will not become law until next summer.

Compact publishes a Volunteering Code of Good Practice

A Code of Good Practice for volunteering has been published by Compact. The code offers practice guidance, but in itself is not a best practice guide for the management of volunteers. It includes:

- Principles of volunteering

- Importance and scope of volunteering
- Overcoming barriers to volunteering
- Valuing volunteer contributions
- Volunteering infrastructure

See

www.thecompact.org.uk/module_images/Final%20Compact%20Volunteering%20Code%202005.pdf for more details

Volunteering England publishes 'Volunteers and the Law'

Following from a large number of calls to Volunteering England's telephone information line relating to legal issues it has published a book 'Volunteers and the Law'. Over 18 million people in the UK volunteer every year, however many organisations are unclear about the legal status of their volunteers and the responsibilities they have towards them.

Volunteering England has also published a leaflet giving a summary of the recently published book including details on:

- Volunteers and employment rights
- Benefits and tax
- Safety and security
- Data protection and copyright

A free copy of the leaflet can be found at www.volunteering.org.uk/missions.php?id=1073

Workers Rights updates published

ACAS has published more updates for a range of their Rights at Work leaflets and advisory booklets. All employers are advised to ensure their organisation's procedures are fully up to date and take into account best practice as stated in these leaflets. Although they offer guidance on a range of issues, they should not be regarded as an authoritative statement of the law; legal advice should be sought where necessary.

The updated leaflets include:

- Religion or belief and the Workplace
- Flexible Working

Please visit www.acas.org.uk for more information.

SEASONS GREETINGS

The charities team at HPH wishes all our readers of **charitiesalert**

“A HAPPY CHRISTMAS AND PEACEFUL NEW YEAR”

HPH is supporting **York Against Cancer** as our chosen charity this Christmas; for more details about this organisation visit:

www.yorkagaincancer.org.uk

For any queries, comments, suggestions for future articles, or if you would like to receive this newsletter via email please send an email to Robert Woolley at robert.woolley@hphonline.co.uk

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