



Effective Governance Bulletin

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Make sure that you are up to date with legislation and good practice

Are your policies fit for purpose? Are you aware of changes in Charity Law?

If you need any help you can contact us by completing a Advice Questionnaire - <https://www.linkscvs.org.uk/node/99>

This edition of the Effective Governance bulletin will cover a range of topics which will keep you informed and up to date with legislation and good practice.



Alert for Charities – Cyber Crime

Cyber crime has a number of definitions but will usually involve attacks on, or through, computer systems and networks. It often includes theft of data or disruption of systems to enable further crime.

Dependent on the nature of these crimes, trustees, staff, volunteers and beneficiaries of charities may be adversely affected. Negative publicity could also impact on public trust and confidence in not only the charity affected, but the sector as a whole.

How you can protect your charity

All charities should be vigilant to the threat of cyber crime and make sure appropriate defences are in place, including raising awareness with their staff and volunteers.

The National Cyber Security Centre (NCSC) has produced a useful guide on how to protect from cyber crimes. It also explains how charities can become accredited under the government Cyber Essentials Scheme.

[Cyber Security: Small Charity Guide.](#)

How to report cyber crime and fraud

If your charity has fallen victim to cyber crime, or any other type of fraud, you should report it to Action Fraud by calling 0300 123 2040, or by visiting the [Action Fraud website](#).

Charities should also [report fraud to the Charity Commission as a serious incident](#).

For more information go to:

<https://www.gov.uk/government/news/alert-for-charities-cyber-crime-and-how-to-report-to-the-charity-commission>

Impact Assessment

Impact practice is what an organisation does to plan, understand, communicate, and improve its impact. Impact practice encompasses all the activities you do to focus on impact. It's about learning how to best serve the people you support. This means planning what difference you want your programme or service to make; collecting the right information to know if you're achieving your goals; assessing what impact you're having; and learning from the results to improve your work.

This follows a four-step cycle:

- Plan: Plan how to create the desired impact
- Do: Measure your performance against key goals
 - Assess: Make sense of the data you collect
- Review: Communicate the results, and learn how to improve your work

This follows increases in April 2018 for employees from 1% to the current level of 3% and 1% to 2% for employers.

Although all eligible employees are automatically signed up to their workplace scheme, they are able to leave the scheme if they so wish. This means that there is always the concern that if employee contributions increase by too much, opt out rates will increase.

Tom Selby, senior analyst at AJ Bell says: “To put it into perspective, someone earning around £27,000 and paying in the auto-enrolment minimum will see their personal contribution rise from about £500 this year to more than £850 in 2019/20.

“While for most people this is still not enough to enjoy a comfortable retirement, we are now getting to the stage where some reluctant savers could start to feel the pinch. Rising average pay during 2018 should help ease the pain, but anyone missing out on a salary hike could well be tempted to prioritise spending today over saving for tomorrow.

He adds: “Anyone thinking of quitting their workplace pension needs to understand that they will be losing out on both tax relief and their employer contribution, which put together double the value of the money they put in. Put another way, opting out of your pension is a bit like taking a voluntary pay cut – so nobody should do it lightly!”

Mr Webb, however, is confident that the scheme will continue to achieve its object of increasing individuals’ private pension savings.

“With a fair wind this should go well,” he says. “New research from the DWP has shown that the April 2018 increase in contributions had virtually no impact on pension opt out rates. Pay packets will also be boosted in April 2019 by the increase in tax-free personal allowances which should also ease the pain of the contribution increase. Unless there is a lot of Brexit-related turmoil in April 2019, the contribution increase should pass off without event.”



Change to the Gift Aid Small Donations Scheme (GASDS)

Charities and community amateur sports clubs can currently claim gift aid on cash donations of £20 or less without the need for a Gift Aid declaration. This captures activities like bucket collections and collecting tins. This threshold has now increased to £30 since April 2019.

Esmee Fairbairn Foundation – Insights on Core Funding Report

The Esmee Fairbairn Foundation has today published its report sharing its insights into core funding with the aim of giving others "the ammunition to continue to make the case".

Insights on Core Funding makes four recommendations:

- Invest in the “what”, and let the organisations being funded determine the “how”
 - Acknowledge the funder’s place in the complex jigsaw of funding
 - Consider the barriers that really exist and those that have been constructed
 - Make longer grants

The foundation carried out the research partly after learning that core funding has stayed reasonably consistent over the past five years, in spite of rising needs and falling incomes in the sector. The report uses data and insights gathered over the last three years from more than 600 grants.

<https://www.esmeefairbairn.org.uk/userfiles/Documents/Publications/InsightsOnCoreFunding.pdf>

Charity Trading

For tax purposes, any organisation may be treated as trading if it receives payment in return for providing goods, services, facilities, admission to events, publicity or other benefit. Any profit from these activities is potentially subject to corporation tax (for incorporated bodies or unincorporated associations) or income tax (for charitable trusts). However, many of these activities are or may be exempt from tax when they are carried out by a charity, provided the profits are used for the purposes of the charity.

If a charity carries out trading activities which are not exempt from tax, and if the income from them is more than the small-scale trading exemption or the activities pose a risk to the charity's resources, the trading is likely to need to be carried out through a separate non-charitable trading subsidiary.

For non-charities, trading is nearly always subject to corporation tax, although there are a few exemptions.

Very basic intro to charity trading

Donations or grants for which the donor receives nothing or only a very limited benefit in return are not trading. But if a charity charges or receives payment in return for something – rather than depending solely on donations or genuine grant funding – its trustees and relevant staff should use the publications in the Resources section below to be clear about:

- Whether these activities are treated as trading for the purposes of corporation tax (or income tax, for charitable trusts);
 - If so, whether these activities are primary purpose trading or ancillary to it;
- for activities which are not primary purpose or ancillary to it, whether profits from the activities are exempt from corporation/income tax, or fall within the small-scale trading exemption, or are taxable and are likely to need to be carried out through a separate non-charity;

- separately, the VAT status of the trading activity.

For more information on charity trading please visit the Charity Commission's website at <https://www.gov.uk/guidance/charities-and-trading>

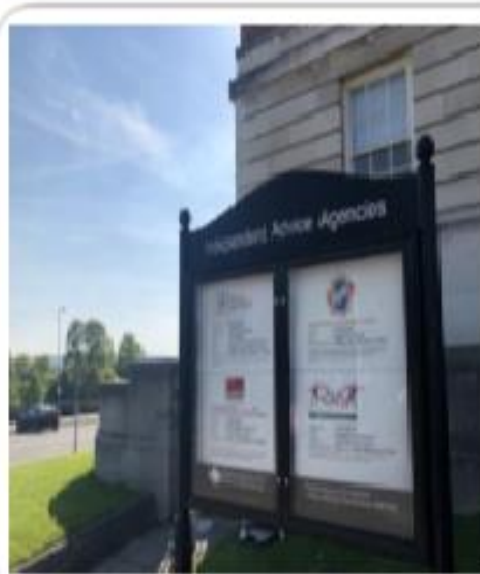
Thank you to Sandy Adirondack for the above information on charity trading. We would encourage groups to sign up for her legal update mailings by sending your contact details to legalupdate@sandy-a.co.uk.

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