

the clock is ticking for charities

Charities that do not file their accounts on time have been warned that they will face tough action following research published by the Directory of Social Change (DSC). The research has revealed that over half of grant making trusts check charities' filing history when reviewing applications. As a result Sam Younger, Chief Executive of the Charity Commission, has said that donations should not be made to charities that have failed to file their accounts, and has warned that action against such defaulters will be 'stepped up'.

Speaking at the Westminster Social Policy Forum, Mr Younger called for the Charity Commission to be granted greater powers to disqualify trustees so that it could become a modern and effective regulator. At present, the Commission has to issue a formal notice by law before a trustee can be disqualified. However, trustees typically resign when they receive such a notice and cannot then be disqualified.

Mr Younger said: *"I'm not convinced that we've done enough so far to deal with trustees who persistently file late. Those who are willfully negligent, or worse, may have something to hide. So we are stepping up*

our approach to those cases. My message to the trustees of charities in default is take action now to get your accounts in. You have been warned."

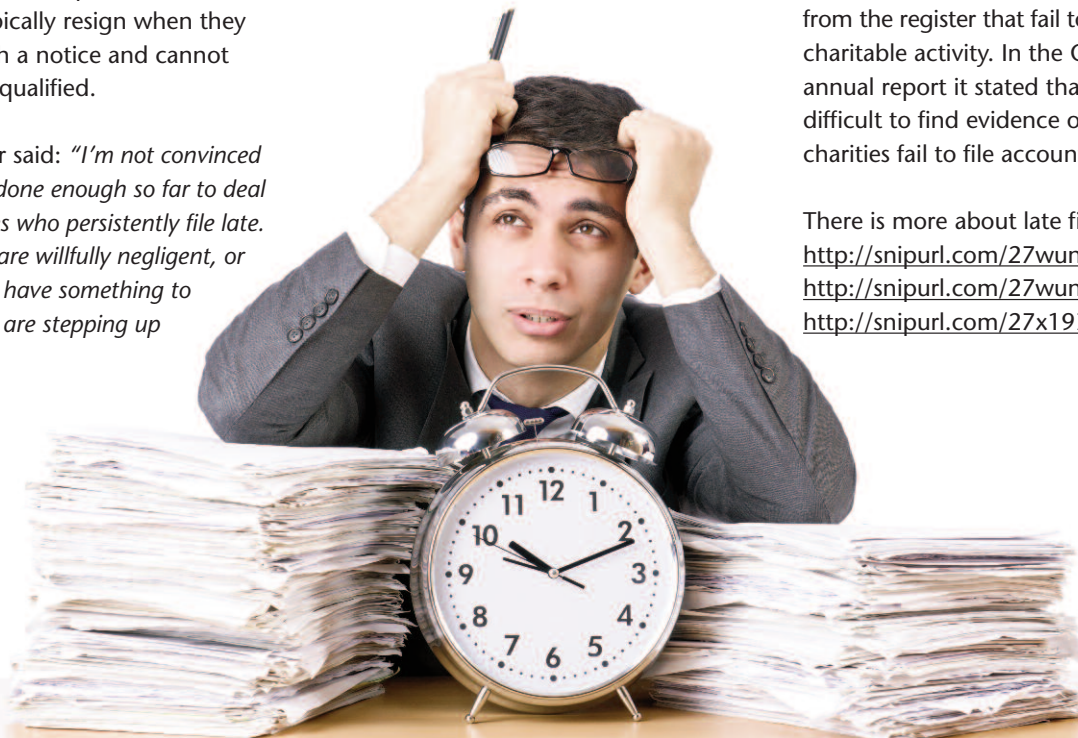
While the Charity Commission will continue to provide online guidance for charities, Mr Younger added that it would be tougher on the charities it was investigating and would step up its account monitoring process. Further negative consequences of late filing were revealed by the DSC research, which also found that late filing of accounts risks charities being refused funding from grant makers. Around 270 grant making trusts were surveyed for the DSC's report 'Accounts Count', and almost 20% of respondents (including the second largest funder surveyed, the Lloyds TSB Foundation) said they would refuse an application immediately if they found a charity's accounts were overdue. The remaining respondents

all said they would contact applicants to request an explanation as to why their accounts were late.

Grant makers interviewed by the researchers said that late filing of accounts is clear evidence of poor management, which could suggest that the organisation would not manage any grants it received in an effective and proper manner. Lucy Lernelius-Tonks, author of the DSC report, said: *"Fundraisers may not realise how much this is affecting their funding. Filing your accounts on time is a simple way of increasing your chances of success with funders."*

The Office of the Scottish Charity Regulator (OSCR) has suggested that it should be given additional powers to remove charities who fail to file annual accounts from the charity register. Under current legislation, the OSCR can only remove charities from the register that fail to carry out charitable activity. In the OSCR annual report it stated that it was difficult to find evidence of this if charities fail to file accounts.

There is more about late filing at:
<http://snipurl.com/27wun8t>
<http://snipurl.com/27wunau>
<http://snipurl.com/27x197v>



academies to remain as non-profit organisations



The Department for Education (DfE) has denied that it plans to reclassify academies and free schools so that they can operate on a profit basis in the future, despite this apparently being raised as an option in a DfE document seen by the BBC. Academy schools are directly funded by central Government, operating outside of local authority control and are not obliged to follow the National Curriculum. Free schools are funded and run in the same way, but are typically started by groups of parents or teachers unhappy with local school provision, or because they wish to set up a school with a particular religious ethos.

The document, which is dated October 2012, suggests that academies could be reclassified as private firms. The document reportedly states: *"It would be wise to begin now describing what a future operating framework could look like, even if we have no firm plan for moving to it."*

Pre 16 education providers are prohibited from operating on a for-profit basis unlike post 16 education providers who are able to do so. FE colleges are able to convert to a 'for-profit' model to raise funds for capital investment by borrowing against their assets. However, most

FE colleges are run on a not-for-profit basis and have to reinvest any surplus they make back into the college.

According to the BBC, the document suggests that a change to the system is needed to enable the expansion of the academy and free school programme. There are around 2,300 academies and 80 free schools in the UK, but the document claims that the current system will only be sustainable for a maximum of 5,000 academy schools.

There is more on this story at: <http://snipurl.com/27wumoi>

Charity Commission: a guide to trustee decision making

The Charity Commission, the independent regulator for charities in England and Wales, has published new decision making guidance for charity trustees.

The guidance, entitled 'It's Your Decision', outlines the roles and responsibilities of trustees and identifies the key principles they should follow when making significant or strategic decisions on behalf of their charity.

The principles cover important issues for trustees such as acting within their powers; acting in the interests of the charity; ensuring they have sufficient information; taking account of all relevant factors; ignoring irrelevant factors; and managing conflicts of interest. In addition, the guidance explains good decision making practice, identifies areas of knowledge that

will help trustees be accountable to stakeholders and signposts to other sources of information published by the Charity Commission.

Practical issues such as making sure meetings are conducted properly are also covered, along with ensuring decisions are recorded accurately, and that appropriate procedures are followed if all trustees do not agree.

The Commission claims that applying the guidance principles could help to protect trustees from being held personally responsible by the courts or the Commission in the event of something going wrong as a result of a decision they have made. The Commission has also stated that following the principles would help increase trustees' confidence when making decisions. Neal Green, Senior Policy Advisor at the Charity Commission, said the

guidance had been updated based on feedback from charities after it was published in draft form earlier this year. *"We are very pleased with the feedback we have received from charities so far. This gives us confidence that the guidance will help trustees and make a difference in what is one of the most important aspects of their role,"* he added.

Read more at: <http://snipurl.com/27wun2a>



in brief..

Clause in Lobbying Bill raises concerns among charities

A clause in the Lobbying Bill, which charities fear will restrict legitimate charitable activity, has been passed in the House of Commons. Clause 26, which defines the control of campaigning expenditure, has attracted opposition from a broad range of charities. The charities opposing the clause claim that the definition could prevent them from speaking out about the issues that concern them and will result in many charitable activities being misconstrued as assisting election campaigning. However, the clause is set to be amended at the report stage of the Bill to address these concerns.

Read more at:

<http://snipurl.com/27wunyx>

Growing number of schools achieve academy status in England

The number of academies opening throughout England has increased 15 fold between May 2010 and August 2013, according to research by the Department for Education (DfE). The research revealed that the majority of new academies are 'converter' academies which are schools that have applied to the DfE for academy status. The research also revealed that 9% of primary schools in England have achieved academy status, while a further 4% are also set to become academies or free schools. In addition, 52% of secondary schools across England are now academies, while 11% are in line to become academies or free schools. The number of schools in academy chains almost doubled between 2012 and 2013.

Read more at:

<http://snipurl.com/27wuo1s>

New measures to help communities set up local councils

The National Association of Local Councils (NALC) has welcomed the announcement of new Government measures to make it easier for communities to set up a parish, neighbourhood, community or town council in England. Following a consultation last year, measures include new legislation to ensure that a review must be completed within a year from the receipt of a valid community governance petition, an easier process for neighbourhood forums to turn into parish councils and providing support and advice to interested communities. However, the NALC has raised concerns over the lack of an appeal mechanism if a request to set up a local council, such as parish or neighbourhood council, was denied.

Read more at:

<http://snipurl.com/27wuo3v>

Impact measurement found to have 'inconsistencies in level of practice'

Many third sector organisations lack the ability to use impact measurement effectively, while its practice is inconsistent across different sized organisations, according to a report by the Third Sector Research Centre. The report revealed that organisations have 'uneven access' to support and guidance, and that demands from funders and commissioners for impact data, were the main motivation for many organisations to carry out the practice, which measures charities' effectiveness and social value. The report also questions the quality of existing impact measurement tools, the resources available and staff skills and training.

Read more at:

<http://snipurl.com/27wuo7o>

Social investment market suffers due to its perceived complexity

The important 'next wave' of potential funders are being discouraged from investing in the social investment market due to the perceived challenges that are involved, warns New Philanthropy Capital (NPC), a charity think tank. According to research by NPC, barriers to social investment include complex legal structures that typically differ for each investment, the difficulty faced when accurately valuing social investments in terms of potential social and financial risks, and the lack of appropriate investment advice. Dan Corry of NPC said: "Our research suggests that any organisation seeking social investment should aim to develop the simplest product possible."

Read more at:

<http://snipurl.com/27wuocx>



new edition of Academies Financial Handbook

The Education Funding Agency (EFA) has published the latest edition of its Academies Financial Handbook 2013, which sets out the basic financial management, control and reporting requirements for all types of academy trusts including free schools, university technical colleges and special school academies. It is mandatory for all academy trusts to comply with the rules set out in the Handbook.

The Handbook is for anyone with a financial role in an academy trust, including trustees, accounting officers (principals and chief executives), principal finance officers

(finance directors and business managers) and auditors.

Academies are charitable organisations and classed as public sector bodies and are therefore subject to public standards of financial accountability. Academies are responsible for their own financial management, but the EFA is responsible for ensuring academies' financial health, and the EFA may also carry out financial reviews of academies to advise on their financial systems and controls.

The 2013 Handbook has made several changes to the 2012 edition and has introduced more flexibility for academy trusts. For example, trusts will have more freedom to dispose of assets and enter into lease agreements, and multi-academy trusts will have the power to pool their funds.

Trusts are required to submit a copy of their accounts to the EFA by 31 December each academic year. However, as announced in the 2012 addition, the annual 'value for money' statement must now be submitted separately by 31 December each year.

The Handbook also clarifies the responsibilities of trusts in relation to payments to trustees and sponsors, and defines the circumstances in which a Financial Notice to Improve may be issued. New academies in the first year of conversion are only expected to complete a short self-assessment of their financial management and governance, which may need to be validated by the EFA.

Read more at:
<http://snipurl.com/27wunkf>



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revised public benefit guidance in England and Wales

Revised public benefit guidance for charities in England and Wales has been published by the Charity Commission, replacing guidance published in 2008.

The new guidance is divided into three parts: *the public benefit requirement; running a charity; and public benefit reporting*. The guidance clarifies what is required to identify that an organisation is a charity, how to demonstrate that its objectives are for public benefit, explains trustees' duties in carrying out the objective of public benefit, and how trustees should report on public benefit in the charity's annual report. The guidance also gives greater freedom to charities that charge for access to services or facilities which some members of the public cannot afford. Trustees must ensure that all members of the public are able to benefit from the charity's services or facilities.

The new guidance applies to charities generally and does not provide guidance for specific charity types such as educational or religious charities. The commission may subsequently publish separate guidance aimed at specific types of charity if this becomes necessary. William Shawcross, Chairman of the Charity Commission said "*Public benefit is an important part of what makes the work of charities so valuable to the community. Trustees therefore need to understand how their charity benefits the public, and work to deliver and report on those benefits.*"

The Charity Commission has also published separate guidance on the law relating to public benefit that was previously part of the 2008 guidance.

Read more and download the guidance at:
<http://snipurl.com/27wuntt>