



The Fish Partnership

Chartered Accountants | Tax Advisers | Business Advisers



Charities Advice Bulletin

January 2012 Edition

Welcome

Welcome to The Fish Partnership's Charity Bulletin, which brings you news and information on the financial issues facing charities.

In this issue, we take a look at how charities can continue to benefit from legacy donations and consider reviews of charity law by the

government and the National Council for Voluntary Organisations.

We conclude by examining the support required by charity trustees and new proposals that would encourage businesses and their employees to donate more time and resources.

We hope you enjoy reading Charity Bulletin and that you find it useful. We'd welcome your feedback on the content, or ideas for topics that you'd like to see featured in future issues, so if you would like to comment, please call 01628 527956 or email post@fishpartnership.co.uk.

Campaign highlights benefits of legacy giving

Local charities have increased their legacy income by more than double the rate for national organisations over the last five years.

According to the 2011 Legacy Market Snapshot, published by legacy sector analysts Legacy Foresight, local charities' legacy income rose by 5.4 percent between 2005-6 and 2009-10, compared with 2.5 percent for national bodies. Hospices, wildlife trusts and ambulance trusts all gained popularity faster than national brands.

Legacy Foresight director Meg Abdy said: "Wealthy donors may well prefer to leave their money to familiar local organisations because they can picture the real and tangible difference that gift will make."

As a result, local charities could be well placed to benefit from a potential upturn in charitable bequests when new inheritance tax incentives come into force this April.

The tax changes will reduce the rate of inheritance tax – payable on estates worth more than £325,000 – from 40 percent to 36 percent when they leave ten percent or more of their estate to charity.

The campaign has been backed by Secretary of State for Culture Jeremy Hunt, who said: "Times are tough at the moment and while people are feeling the pinch, more than half the population still gives to charity each month.

"What's surprising is that only seven percent of people ever leave money to a charity in their will.



Including a gift to charity in a will is a great way to recognise an organisation that's been there for you during your life. It's also a brilliant way to help that charity become more financially secure and continue their work in the future."

This message was echoed by Legacy10, an independent campaign to encourage more people to give money to charity in their wills. Backed by entrepreneurs including Sir Richard Branson and Carphone Warehouse co-founder Charles Dunstone, it is encouraging people to leave ten percent of their estate to charity and benefit from the inheritance tax break in the process.

However, it is vital that donors structure their wills in the right way – and review them regularly – to maximise and maintain tax efficiency, as many people who leave money in their wills tend to do so in the form of a specific amount, which may not subsequently represent ten percent of their estate if the will was made some time ago.

The dedicated specialists at The Fish Partnership can provide expert guidance on estate planning, including inheritance tax planning, as well as advising charities on legacy giving, so please contact us to find out more.

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 **Creating advantage by adding value**

Support for charity trustees

There are more than one million charity trustees in England and Wales and almost half of charities have at least one vacancy on their board. Yet research suggests a significant proportion receives little or no training for the role.

Furthermore, research by the Charity Commission revealed that many organisations seeking charity status are not providing trustee training. An online survey of charities found that 40 percent of applicants to the charity register did not yet offer any

training or support to new trustees.

Chief executive, Sam Younger said the commission would like to see new charities offering their trustees more training and support, adding: "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."

Trustees are legally responsible for the overall management and decision-making, so the better equipped they are for that role, the

more the charity will benefit.

Charities that are able to offer training to new trustees are well positioned to attract people with the skills, knowledge and experience that would benefit them.

Becoming a trustee may appear to be a challenging prospect, but as accountants experienced in working with charities, The Fish Partnership can provide advice and support to help charities and their trustees understand their responsibilities.

NCVO reviews charity law

The National Council for Voluntary Organisations (NCVO) has set up a new group of experts to lead an independent review of charity law and develop proposals for improving the legal framework in which charities operate.

The Charity Law Review Advisory Group will explore the operation of the Charities Act and also target areas of charity legislation identified as causing uncertainty or carrying disproportionate regulatory burdens. This includes an examination of the remuneration of trustees and potential

alternatives to the Charity Tribunal.

The review will run in parallel with the government's own assessment of the Act led by Lord Hodgson, with both parties reporting on their findings later this year.

Proposed incentives for increased donations from businesses

Charities could receive an extra £1 billion in private gifts each year under new proposals from the Centre for Social Justice which are designed to encourage business donations.

Firms would be encouraged to set up C-Volunteering schemes, where the business pays chosen charities for the hours of voluntary work carried out by its employees, possibly at the minimum wage.

While charities would benefit from both the extra

voluntary staff hours as well as the additional income, the businesses running these schemes would be able to recoup some of the costs involved by offsetting them against corporation tax, in a similar way to the current research and development (R&D) tax relief system.

Although it is not clear whether the government would set any cap on the amount of tax relief that could be claimed annually, even if the limit was set at, say, £330 million, this would result in an extra £1.3 billion for charities.

Such a scheme would be welcome news for the many charities which are currently providing more services whilst battling with static or reduced income levels. Indeed, the current economic climate and spending cuts have forced charities to operate more efficiently.

At The Fish Partnership, we can help charities identify ways of reducing their overheads that they may not have already considered or have the time or resources to explore fully.

www.fishpartnership.co.uk