CHARITY AND NOT-FOR-PROFIT

3rd QUARTER 2016

CI COMMERCIAL INSURANCE PROFILE

DID YOU KNOW?

A recent study surveyed 2,000 Britons and found that 76 per cent of them had supported a charity by making a purchase at a charity shop since June 2015. In addition, the study found that 48 per cent of those surveyed had given money to ‘street donations’, 36 per cent had given money at a charity event and 28 per cent had made a donation online.

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Packetts

How Will Brexit Affect Charities?

On 23rd June, Britain chose to leave the EU in a historic vote, which has caused shockwaves throughout the nation. Yet, while Britain will remain a part of the EU for at least another two years, there will undoubtedly be a period of instability—leaving the future of UK charities and not-for-profits uncertain. In response to the decision, the Charity Finance Group’s Chief Executive Caron Bradshaw stated that while ‘charities will continue to serve [their] beneficiaries as best [they] can…[the effects of Brexit] must not hamper our sector’s ability to serve our beneficiaries.’

However, the sector may find it more difficult to serve their beneficiaries, as UK charities and not-for-profits are expected to lose £217 million annually, once Britain separates from the EU, according to Britain Stronger in Europe. This amount is based upon the funding donated by the EU in 2014, which is the most recent year for which such data is available.

With future funding potentially lessened, the sector should remain diligent, monitor and assess the risks associated with any upcoming developments, and review their current processes. As a part of this preparation, UK charities should be aware that they will still be required to adhere to EU data protection standards such as the forthcoming General Data Protection Regulation (GDPR), according to the Information Commissioner’s Office. While Britain could amend or ditch the GDPR and other EU regulations during Brexit negotiations, charities would still need to follow similar rules if they want to communicate or market to EU countries. For example, the GDPR requires all organisations to receive unambiguous consent from people before using their data for marketing purposes.

However, despite the uncertainty that Brexit has cast over the sector, it has provided UK charities with an opportunity to discuss how organisations can better their communities. With more limited resources, now is the time to think creatively and critically about how resources should be invested to bolster Britons.

To stay up to date on the repercussions of Brexit, turn to the insurance professionals at Packetts today.

5 Ways the Charities Act May Affect Your Charity

The Charities (Protection and Social Investment) Act 2016 will begin enforcing its provisions this month in the first of a three-phase process, with the other two phases occurring in October 2016 and April 2017. As the first phase gets underway, here are five ways in which your organisation may be affected by the Act:

1. **The CC's new powers to administer official warnings:** The CC may issue an official warning to a charity or its trustees if it thinks that there has been a breach of trust or duty, misconduct, or mismanagement. A notice of its intention to issue an official warning must be given a minimum of 14 days' before publishing it. The notice must explain why a warning is being given along with what actions are required to address the issue.
2. **Charity trustees' power to make social investments:** Charities will be able to invest their funds in order to earn financial or social returns for themselves or their communities. In order to make these investments, trustees must ensure that they are in the best interest of their charities, and they must obtain and consider advice when necessary.
3. **The CC's other protective powers:** The CC will be able to wind up or dissolve charities after formal enquiries and direct charities to not take particular actions. A formal statutory enquiry may need to be opened first in order for the CC to take either of these actions.
4. **Fundraising agreements for trustees:** The Act extends the reserve power of the government to regulate charity fundraising, but the government has admitted that it will only intervene when self-regulation via the CC has failed. Under the Act, charities are required to comply with regulations from a new Fundraising Regulator and adhere to any guidance enacted by the organisation.
5. **Automatic disqualification changes for trustees:** Individuals will automatically be disqualified from serving as charity trustees if they have been found guilty of offences including money laundering, terrorism and misconduct in public office. In addition, the CC will have the ability to actively disqualify trustees for up to 15 years.

For more information on when specific aspects of the Act will come into force during the three-phase process, consult the government's implementation plan by clicking here.

New Trustee Fundraising Guidance From the Charity Commission

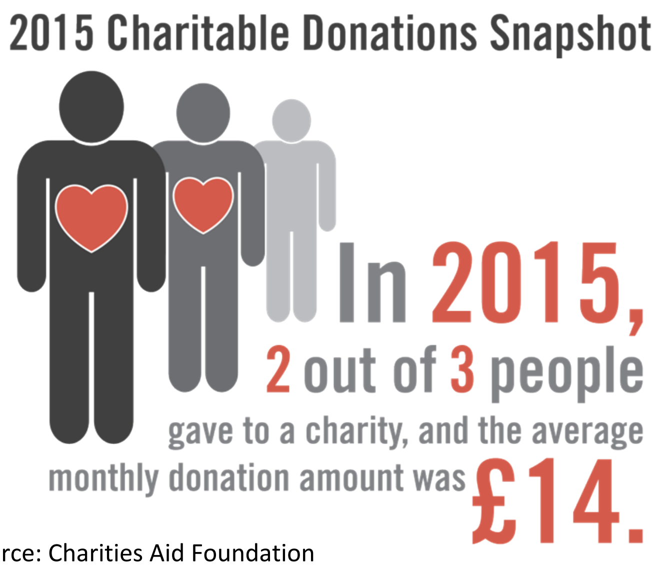
To coincide with the first phase of the Charities (Protection and Social Investment) Act provisions that are coming into force this month, the Charities Commission (CC) has published new guidance for charity trustees. This additional guidance is meant to provide trustees with both new and revised instructions on how to properly fulfil their duties. For ease of use, the guidance has been separated into the following six main principles:

1. **Plan effectively.**
2. **Supervise your fundraisers.**
3. **Protect your charity's reputation, money and other assets.**
4. **Ensure compliance with fundraising laws and regulations.**
5. **Follow recognised standards for fundraising.**
6. **Be open and accountable for your actions.**

In order to help trustees follow the above principles, the CC has additionally released two beneficial, supplemental documents:

- **Charity Fundraising: A Guide to Trustee Duties –** This document provides trustees with in-depth guidance on adhering to the six main principles and complying with legal requirements. It also explains how fundraising is regulated. To read the guide, click here.
- **Taking Responsibility for Our Charity's Fundraising: A Checklist for Trustees –** This document provides five succinct checklists to ensure that trustees properly evaluate their performance. Each of the checklists connects with a section in the Charity Fundraising guide in order to provide needed context to help trustees make informed decisions. To review the checklist, click here.

If trustees fail to comply with the provided guidance, they could harm a charity financially and diminish its reputation. In addition, depending on the actions (or inactions) of trustees, they could face fines or penalties. For more information on protecting your organisation, contact Packetts today.



Source: Charities Aid Foundation