

## will charities be left footing the bill?

As with other organisations working in the charity sector UK200 Charities Group believe the Government's determination to press ahead with Community Infrastructure Levy (CIL) will have a direct impact on many Charity projects in England & Wales.

The main emphasis of the Planning Bill is on continuing to speed up the planning process, particularly in respect of major infrastructure proposals. The Bill also introduces the legislation that will pave the way for what is now referred to as the CIL.

A recent Government climb down amends the Planning Bill, currently going to the House of Lords, giving the Secretary of State powers to allow local authorities to set the levy based on the 'economic viability of development', and to consider what effect CIL will have on the ability to bring schemes forward. This amendment replaces the previously proposed levy on the uplift of the value of property, following grant of planning permission. Unlike almost every other form of income and capital increases a Charity receives, this tax might not as a result of the CIL

have a Charitable exemption. Indeed the Ministers responsible have stated any exemptions will have to be very narrowly defined and a general charitable exemption is not appropriate. They claimed that to exempt Charities would be unfair State Aid under EU law which is a flimsy excuse given the other Charitable exemptions we have.

The Planning Bill sets out the parameters of making regulations on how the tax is supposed to work and could come into operation in Autumn 2009. A Government policy document confirms local planning authorities (referred to as charging authorities under the Planning Bill), will be able to choose whether or not to implement CIL.

Before any amount of CIL can be charged in an area, Charging Authorities will be required to prepare a draft charging schedule which will be subject to rigorous testing.

Are we really to believe that all this action is to fund 'Community' projects, but not necessarily future ones, if administration will be in the hands

of local authorities, when these very authorities under current drafting, use tax to fund expenditure they have already undertaken? Will Charities be left picking up the tab for Council overspending in prior years? The much derided Section 106 agreement procedure is not removed, but is retained to secure affordable housing.

With Income, Capital Gains, Stamp Duty Land Tax and even Rates generally not applying to Charities, at this stage of the Planning Bill it would appear, the CIL is out of place in taxing Charities. It could destroy many community projects that would have been created by charitable organisations who generally get much more on a pound for pound basis than even the best run council, because of the belief in the value and purpose of the project created and access to voluntary labour.

On balance this is a piece of legislation which could be open to significant risk of abuse and one from which we believe charities may need to be protected if many good projects are not to be put in jeopardy.



# grants go local

Local funding organisations throughout England have been selected to give out grants as small as £250 to grassroots organisations in the third sector.

The development is part of the Government's £130 million Grassroots Grants programme, which is being funded by the Office of the Third Sector and administered by the Community Development Foundation (CDF).

The aim of the programme is to provide much needed grants and long-term funding to local community groups and organisations.

The programme, which runs until 2011, consists of £80 million of grants, and a £50 million endowment programme to enable local funders to generate additional donations on a matched basis, invest them and build their capacity to provide long-term funding.

There are 63 local funding organisations which have been chosen to distribute the grants. These organisations have worked in co-operation with the CDF to develop the structures and processes required to ensure grassroots organisations as well as community and voluntary groups benefit from the programme.

Phil Hope, Minister for the Third Sector, said: *"I want grassroots organisations in our communities to thrive so that they can help with the individual challenges that face each local community. Grassroots Grants will give the groups which are tackling local issues the support they need to make a difference."*

Alison Seabrooke, Chief Executive of the CDF, said: *"The Grassroots Grants*



*programme is a great opportunity for local funders to build not just the capacity of local community and voluntary groups in their area, but their own."*

A full list of local funding organisations administering small grants can be found at: [www.cdf.org.uk/SITE/UPLOAD/DOCUMENT/Projects/Small\\_Grants\\_Organisations\\_08.08.08.pdf](http://www.cdf.org.uk/SITE/UPLOAD/DOCUMENT/Projects/Small_Grants_Organisations_08.08.08.pdf)

A full list of endowment organisations can be found at: [www.cdf.org.uk/SITE/UPLOAD/DOCUMENT/Projects/Endowment\\_Organisations\\_08.08.08.pdf](http://www.cdf.org.uk/SITE/UPLOAD/DOCUMENT/Projects/Endowment_Organisations_08.08.08.pdf)

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## John passes Diploma

John Shaw, Bentleys' specialist charities partner, has passed the new ICAEW Diploma in Charity Accounting. He joins a select group of just 509 accountants in the whole of the country who have achieved this prestigious award on the basis of experience.



Bentleys has developed a recognised specialism in advising charities and, led by John, the firm acts for a range of charities from those established by deed with few assets, to those whose income is in the millions and who are companies limited by guarantee.

With over 20 years experience of the sector behind him, John was eligible to enter his application for the Diploma by demonstrating his expertise and knowledge through real life case study examples.

## end of life, beginning of funding

Palliative care charities will be able to bid for more funding from the Government after the Department of Health (DH) pledged to give the sector £286 million over three years as part of its End of Life Care Strategy announced this summer.

The decade-long strategy is geared towards improving end of life care and giving people in England more choice over where they receive their end of life care. The Government has announced investment of £88 million during 2009/10 and a further £198 million during 2010/11. It will also focus on improving community services, developing outreach palliative care services and setting up a national End of Life research initiative.

Health Secretary Alan Johnson said *"This increased funding will continue*

*momentum for improvement and help make sure everyone gets access to high-quality palliative care and has a choice about where that care takes place."*

The report also acknowledged that the NHS had relied 'too heavily' on the goodwill of charities for end of life care in the past.

Professor Mayur Lakhani, GP and the Chair of the National Council for Palliative Care (NCPC - [www.ncpc.org.uk](http://www.ncpc.org.uk)), welcomed the investment and said: *"This is an important issue that has not received sufficient attention to date. Strong action is needed to improve standards and services."*

#### Useful sites

[www.thirdsector.co.uk/Channels/Finance/login/832760/](http://www.thirdsector.co.uk/Channels/Finance/login/832760/)



[www.helptheospices.org.uk/news/news.asp?id=N02764](http://www.helptheospices.org.uk/news/news.asp?id=N02764)

[www.helptheospices.org.uk/enewsletter/documents/end\\_of\\_life\\_report.pdf](http://www.helptheospices.org.uk/enewsletter/documents/end_of_life_report.pdf)

See the Government's End of Life Care Strategy publication at: [www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH\\_086277](http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_086277)

## new funding helps charities win work

A Government-backed organisation offering support and investment to charities has launched a £1 million fund to help them meet the cost of tendering for public sector contracts.

Futurebuilders England is providing interest-free loans to help small third sector organisations win contracts they may have otherwise dismissed because of the high tendering costs involved. The Tender Fund will provide loans of between £3,000 and £50,000, repayable over three years. There is no closing date for applications, although funding will be allocated on a first come, first served basis.

Jonathan Lewis, chief executive of Futurebuilders England, said: *"We know there are organisations with the skills to bid for and win public sector contracts who simply can't afford the costs involved in preparing competitive bids.*

*"We want to be as flexible as possible*

*with the finance we offer and respond to the sector's needs, so we set up this fund specifically to help address this problem."*

He added: *"We are determined to get as many third sector organisations as possible winning contracts to deliver public services, and we feel this new fund is one way we can help."*

Phil Hope, Minister for the Third Sector, said: *"Third sector organisations are particularly good at reaching out to the most disadvantaged people who can sometimes be unwilling to use state services. I want to support more third sector organisations that would like to be involved in public services to have that opportunity."*

For more information on Futurebuilders England, visit [www.futurebuilders-england.org.uk](http://www.futurebuilders-england.org.uk)

Futurebuilders Scotland ceased to



operate in March 2007. However, there is a new funding strand called the Scottish Investment Fund aimed at established organisations in the third sector looking to make a transformational change which will improve their sustainability and social reach for the long term. The Fund is managed by Social Investment Scotland on behalf of the Scottish Government.

For more information, see: [www.scottishinvestmentfund.co.uk](http://www.scottishinvestmentfund.co.uk)

## Gift Aid toolkit

A new CD Toolkit to help charities and Community Amateur Sports Clubs (CASCs) boost their income through Gift Aid is launched by HM Revenue & Customs (HMRC).

The Toolkit contains clear, basic guidance, templates, an interactive claim form and other materials to help charities and CASCs get started with Gift Aid and use Gift Aid in different fundraising situations. Charities are also encouraged to sign up to receive automatic updates on issues relevant to them from HMRC's website. See [www.hmrc.gov.uk/rss/rss.htm](http://www.hmrc.gov.uk/rss/rss.htm)



David Richardson Director of Charities, Assets and Residence at HMRC said: "I hope that the Toolkit will encourage more charities - especially the smaller ones - to take up Gift Aid and boost their income. We have worked with charities to develop the Toolkit which should reduce administrative burdens. Our aim is to make Gift Aid easy for all charities and

Community Amateur Sports Clubs by providing the tools and guidance to help them at every step."

The new Toolkit can be obtained by calling HMRC Charities on 08453 020 203 or emailing [charities@hmrc.gov.uk](mailto:charities@hmrc.gov.uk)

## National Minimum Wage - and charities

On 1 October 2008 the National Minimum Wage (NMW) rates increased based on the recommendations of the Low Pay Commission. The rates change in October every year.

From 1 October 2008 the main rate for workers who are 22 or over increased to £5.73 per hour (an increase of £0.21 from 2007 rates). For workers who are between 18 and 21 the development rate is now £4.77 per hour (an increase of £0.17) and for workers who are between 16 and 17 the rate has increased by £0.13 to £3.53 per hour.

The Government is proposing changes to the enforcement of the National Minimum Wage Act 1998 which will tighten up the law to prevent non-compliance and create a fairer way of dealing with NMW arrears. The proposed changes are incorporated in the Enterprise Bill (currently going through Parliament) with provisions expected to come into force on 6 April 2009.

Proposed changes include:

- A fairer way of calculating NMW arrears for workers who have been underpaid.

- A penalty payment for employers who fail to pay their workers the NMW.
- New inspection powers for NMW compliance officers.
- A tightened criminal regime for NMW offences.

The issue of whether or not voluntary workers qualify for the NMW has always been a 'grey area'.

In its simplest form, volunteers who are not paid at all for the work they do and who are under no obligation to work for the organisation concerned are not eligible for the NMW because they are not 'workers' under the legislation. They may, however, be reimbursed for expenses incurred in performing their duties and certain subsistence payments which do not qualify as wages.

Individuals who work for charities or voluntary organisations and are paid to do so, qualify for the NMW in the same way as people who are paid to work for commercial or public sector organisations.

The Government issued a consultation regarding NMW and voluntary

workers in June 2007 which sought views about section 44 of the National Minimum Wage Act 1998 from individuals and a range of organisations representing the voluntary sector. In November 2007 the Government published a response to the consultation which concluded that section 44 was 'working as intended and therefore does not propose to make any changes to it'.

Although guidance has been issued both by the BERR and by the National Council for Voluntary Organisations (NCVO) on the application of the law to this group, it continues to cause problems.

The Department for Business, Enterprise and Regulatory Reform (BERR) has more information on the NMW at: [www.berr.gov.uk/whatwedo/employment/pay/national-minimum-wage/](http://www.berr.gov.uk/whatwedo/employment/pay/national-minimum-wage/)

To read more about the proposed changes in the Enterprise Bill go to: [www.publications.parliament.uk/pa/ld200708/ldbills/013/2008013.pdf](http://www.publications.parliament.uk/pa/ld200708/ldbills/013/2008013.pdf)

Government's response to NMW and voluntary workers can be viewed at: [www.berr.gov.uk/files/file42602.pdf](http://www.berr.gov.uk/files/file42602.pdf)