

Charity Commission News



ISSUE 53 **EXTRACTS**

Trustees: do you know the questions you need to ask?

Are you part of an effective trustee board? Has your board got a great plan for the charity's future success? Can your charity cope with any funding difficulties facing it now? If you're not confident of these answers, you can use our checklist '[Charity governance, finance and resilience: 15 questions trustees should ask](#)' to help with these and other key questions that will help you operate effectively. These 15 questions can help you:

- structure discussions about what your charity does and how it does it
- make sure your charity is financially secure, even in tough economic times
- develop plans and timetables for action
- demonstrate you are responding appropriately to change

Be sure to use the links provided in the checklist to find commission guidance covering:

- strategy - opportunities and risks
 - financial health
 - governance, including safeguarding
 - making the best use of resources
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Have you read our reserves guidance yet?

Trustees should feel supported and have help to make the right call about how much to hold in reserves, without feeling overburdened. That's why [we've updated our guidance](#), to make it clearer and more streamlined. It's important for charities to have a policy explaining their approach to reserves. We know that there is no single level or even a range of reserves that is right for all charities. Any target set by trustees for the level of reserves to be held, or decision that there is no need for reserves, should reflect the particular circumstances of the individual charity. Check our guidance for an explanation of:

- what reserves are
- the importance of having a reserves policy and how to develop one
- the legal requirements for publishing your policy and reporting on it
- what trustees should do to keep proper oversight of their charity's reserves
- the importance of reserves in maintaining your charity's activities

As regulator there is a limit on how much we can do and we understand that these are individual decisions for trustees to make. Ahead of a full review of the guidance later this year, we hope these tools will help you manage any difficulties properly and with confidence. It's also important that trustees keep their level of reserves under review throughout the year. Where a charity hasn't got the reserves it thinks it needs, it is exposed to greater risk and we would encourage trustees to address this actively. [Read more about reserves](#).

Transforming your commission

All charities will at some point interact with the commission, whether this is to file their accounts, complete their annual return, or update their charity's details. We are invested in making the user journey through essential services, faster, easier, more intuitive and above all more accurate. In the near future we will be launching a digital survey and need your continuing feedback to help us identify challenges within our current systems.

As part of our digital transformation, we will be launching the annual return 2016 in the next few months. [Keep an eye on our home page](#) for further updates.

The new online registration service is here

The commission recently launched the public beta of the new online registration service. It offers improvements to users including:

- clearer application forms
- auto prompting and completion
- introduction of tailored question sets for charity types
- a charity name check facility
- hard copy printing
- quicker turnaround times

This is the first of the commission's new digital services, transforming the experience trustees have with the commission, which will become 'digital by default'. The service will make it easier for applicants to provide the commission with the information it needs to be able to make a quicker registration decision where appropriate.

The new beta version will run in parallel with the existing registration service for a short period, giving applicants the opportunity to become familiar with, and apply using the new service. We would encourage users to give us feedback on the new service as we continue to refine it. [Make sure you check our homepage](#) for more information.

Guidance update for Gift Aid: charities and their trading subsidiaries

Some charities engage in trading as a way to raise funds or to further their objects. If your charity has a wholly-owned trading subsidiary, you'll need to check the limits on the Gift Aid that the subsidiary can pay over to the charity. We've updated section 4.5 of our guidance Trustees trading and tax (CC35) to clarify the limit; we've also included links to [related guidance on the tax, accounting and company law considerations](#). It's important to apply the limits to any financial year starting on or after 1 April 2015 and to decide on the action to take if previous payments have been over this limit.

Charities (Protection and Social Investment) Act 2016

On 16 March, the Charities (Protection and Social Investment) Bill received Royal Assent and became an act.

There are some changes in the new act which all charities will need to be aware of:

- people who have committed certain offences will be disqualified from being a trustee or taking certain roles in a charity
- new rules relating to agreements which charities make with professional fundraisers and commercial participators
- new requirements about the information relating to fundraising which is to be included in larger charities' annual reports
- a new power for charities to make social investments

None of these changes have come into force yet. Some will do so in the next few months but we expect that some of them will not be implemented for over a year, allowing sufficient time for charities to understand how the changes might affect them, and take any actions which may be needed. Keep an eye out for the [next CC News](#), [follow us on Twitter](#) and [check our homepage](#), to ensure that you have all the information you need about these changes.

The act also gives the commission a number of new powers which will strengthen our ability to tackle the most serious forms of abuse. For a lot of charities the powers will have no direct impact but all will benefit from the increase in public trust and confidence that will flow from charities being better regulated. Amongst other things, when these powers come into force the commission will be able to disqualify unfit individuals from trusteeship and give official warnings.