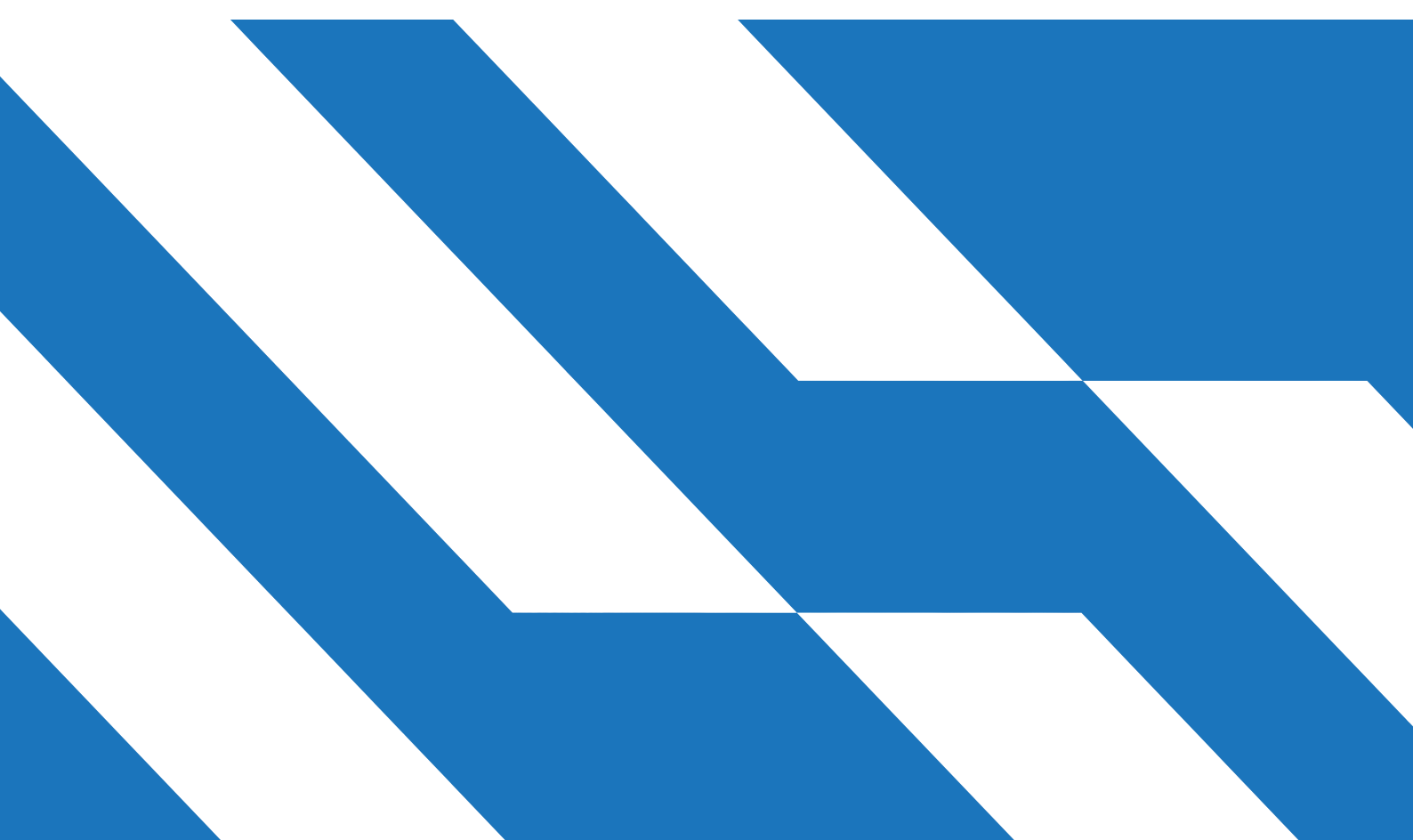




Charity Newsletter

October 2022





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Welcome to the latest issue of the BHP Charity Newsletter...

Since our last newsletter so much has changed in our country. I am sure everyone will have been deeply saddened by the death of Her Late Majesty Queen Elizabeth II at the beginning of September. The period of mourning that followed showed people pulling together, united in their loss, across all walks of life. Politics was put on hold, arguments put aside, planned strikes cancelled, it was almost unreal. It was unrealistic to think it would continue.

We now have a new Prime Minister, are on the second Chancellor since her appointment, have had a Mini Budget that has almost completely been overturned and are experiencing turmoil in the financial markets.

This all goes to show that we never know when the next crisis will be, and it is why as a sector we must ensure we remain resilient and robust so we can weather these storms and be there for our beneficiaries. There is no doubt we are going to see a substantial increase in demand for charities' services at a time when income will be squeezed and costs increase substantially.

As people begin to start to feel the effects of the cost of living crisis, this is a time when we need to be particularly vigilant in protecting our charities from fraud and cyber crime, so the latest guidance from the Charity Commission with lots of practical tips is welcome.

I am delighted to introduce you to Rachel Heath, a director in our specialist charities team in the meet the team article. I love reading these articles as I always learn something I didn't know about our team.

We are just a month away from our annual charity conference. We return once again to Doncaster Racecourse where we hope the weather will be as kind as in previous years. Our speakers will provide you with lots of practical snippets to take away, and we will all have a great opportunity to network and catch up.

I look forward to seeing you in November and in the meantime hope you find the articles in this newsletter helpful.

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Charity Commission update



Alyson Kimber
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Alyson Kimber rounds up all the latest news from the Charity Commission.

The importance of good governance

Governance has been a hot topic for the Charity Commission for a number of years and they have issued a wealth of guidance on the topic. However, it may also be helpful to review what the Commission has disclosed with regards to its own governance on its website and which was updated in September 2022. This gives an indication into what it expects all charities to include.

To review the Charity Commission's online governance disclosures check out the [website](#). It includes details of the board and members as well as details of their interests and links to other important governance areas.

The Charity Commission complaints procedure

The Charity Commission has recently updated its complaints procedure. Should you have a concern about the service provided by the Commission, or

decision they have made, or to ask for information under the freedom of information act, you should use the online contact form which can be found [here](#). This website also includes links to where you can complain about a charity or about a disagreement or disputes between trustees, as there are separate procedures for this.

Removal of trustees and charity wound up after trustee attempted to avoid business rates

On the 19 August 2022 the Commission published findings of its investigations into the serious misconduct and mismanagement in the administration of a charity due to poor financial management and governance. Details of the incident and the Commission's findings can be viewed [here](#). The case highlights the importance of managing conflicts of interest and the seriousness of a breach in rules relating to related parties.

The Charity Commission has recently updated its complaints procedure, should you have a concern about the service provided by the Commission.

Charities Act 2022: information about the changes being introduced

As reported in a previous newsletter, the legislation for the Charities Act 2022 received Royal Assent on 24 February 2022 and the first wave of provisions come into force in autumn 2022. Further provisions are expected to come into force in spring and autumn 2023.

As a reminder, the Charities Act 2022 will amend the Charities Act 2011 and the provisions of the Act expected to come into force in autumn 2022 are:

- Section 4: Power to amend Royal Charters
- Section 5: Orders under section 73 of the Charities Act 2011
- Sections 6 and 7: Cy-près powers
- Section 8: Power of the court and the Commission to make schemes
- Sections 15 and 16: Ex gratia payments

- Section 30: Remuneration of charity trustees etc providing goods or services to charity
- Section 32: Trustee of charitable trust: status as trust corporation
- Section 36: Costs incurred in relation to Tribunal proceedings, etc
- Part of Section 37: Public notice as regards Commission orders etc
- Part of Section 40 and Schedule 2: Minor and consequential amendments.

Further details on these changes can be found [here](#).

An overview of the full changes and when they are to take effect can be found on the Commission's implementation plan [here](#). This includes details of the changes to how charities sell, lease or transfer land (due to come into effect in spring 2023), greater flexibility to make use of a permanent endowment fund (this is money or property originally meant to be held by a charity forever - due to

come into effect in spring 2023), and changes to how charities can amend their governing documents (due to come into effect in autumn 2023).

The website provides short summaries of the changes planned to come into force in autumn 2022, with further updated guidance planned by the Commission for when the changes take effect.

Protect your charity from fraud and cyber crime



Jane Marshall
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Ahead of this year's Charity Fraud Awareness Week, which runs from 17-21 October, Jane Marshall takes a look at the Charity Commission's updated guidance on fraud and cyber crime.

As people feel the squeeze with the cost of living crisis, we know that more will turn to fraud and cyber crime. The latest guidance from the Charity Commission is a timely reminder of what charities need to do.

How to report fraud

If your charity has been the victim of fraud, it's important to report it to the relevant authorities. This not only helps you to access

essential advice to get your charity back on track, but also builds a clearer picture of the scale of fraud affecting the wider sector, so that wider lessons can be learned.

Report attempted or actual fraud to Action Fraud.

For essential advice on why, what and how to report fraud incidents to the Charity Commission, read their guidance on how to report a serious incident in your charity.

How to protect against different types of fraud

Charity trustees have a duty to manage their charity's resources responsibly and ensure that funds are protected, applied and accounted for.

With a total annual income of over £69 billion, the charity sector is vulnerable to fraud and financial crime. It's essential that trustees put in place suitable counter-fraud measures — even small changes can help protect charities from harm. It's vital that all money given to charities is used for legitimate and lawful purposes.

Financial fraud

Fraud and financial crime is one of the most common types of abuse for charities.

Charity trustees can avoid basic mistakes and make sure their charity is well protected by:

- Ensuring strong financial management and good governance

- Putting in place financial controls and ensuring they are applied robustly
- Reading the Commission's guidance on internal financial controls for charities (CC8).

Some charities with activities such as shops or trading outlets, have a higher risk of financial loss or falling victim to fraud, due to the nature of their activities.

If your charity relies upon cash-based fundraising, it may be more vulnerable to opportunist and organised fraudsters.

About cyber crime and reporting a live attack

The risks to your charity from cyber crime are increasing all the time. It's a huge problem, which all organisations need to be aware of and guard against. The vast majority of fraud is now committed online.

Cyber crimes can be quite complex and difficult to detect, often involving data breaches or identity fraud. It's important that you consider how best to protect your charity's valuable assets from harm online.

The National Cyber Security Centre (NCSC) has produced an e-learning training package: 'Stay Safe Online: top tips for staff'. It's free, easy to use and takes less than 30 minutes to complete.

The training explains why cyber security is important and how attacks happen. It then covers four key areas:

- defending yourself against phishing
- using strong passwords
- securing your devices
- reporting incidents.

Taking a few simple actions today is a good start - you don't need to be a technology expert to protect your charity.

Get help if experiencing a live cyber attack

Action Fraud has launched a 24/7 live cyber-attack helpline. In the event of a live cyber-attack, this helpline gives access to specialist advisors who can offer advice and support to charities or other organisations in reporting the attack. These reports are immediately sent to the National Fraud Intelligence Bureau (NFIB).

To prevent cyber criminals from operating, the NFIB will then assess whether there are any websites, bank accounts or phone numbers that can be closed down. The reports are also sent to the relevant law enforcement agency for investigation if necessary.

A link to the Charity Commission's guidance together with supporting toolkits and further detailed guidance is available [here](#).

Top tips for responding to fraud when things go wrong



Report serious incidents to the Commission. Search for 'How to report a serious incident in your charity' on GOV.UK



Take steps to preserve evidence, you may need this for investigative or legal proceedings



Act quickly! This will minimise harm done and maximise your legal options



Don't panic, stay calm and follow procedure (wherever you can)



Read the full guide 'Tackling fraud in the charity sector' www.fraudadvisorypanel.org



Have a 'fraud response plan' ready so that everyone knows what to do and when



Seek professional legal advice, especially if you think you might take action in the civil courts



Find out in advance who needs to be informed (both within the charity and outside it)

10 questions trustees should ask. Do we...

1. Understand our financial systems and data, and what 'normal' looks like?
2. Have regular and frank conversations with delivery partners?
3. Conduct pre-employment screening and in-service checks on staff?
4. Conduct annual fraud risk review?
5. Understand what fraud is and what our responsibilities are?
6. Promote fraud awareness and understanding?
7. Run process test checks and observe jobs in action?
8. Encourage staff and volunteers to voice concerns?
9. Have a response plan ready so that everyone knows what to do?
10. Have an anti-fraud policy and code of ethics?



Meet the Team: Rachel Heath



Rachel Heath
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When did you join BHP?

I originally trained with BHP back in the early noughties and re-joined the firm in 2014 after a chance encounter with Managing Partner Lisa Leighton in a supermarket! I'd been working for a national firm for over 10 years when Lisa messaged me asking if I wanted to come for an interview. The rest is history!

What attracted to you to work for the firm?

BHP has always had a good reputation in the region with clients and staff. I had first-hand experience during my training and so, when I returned, it felt like coming home.

What does a typical day at work look like for you?

A typical day will usually involve coaching and mentoring staff with assignment work and liaising with clients. I also regularly present in meetings with boards of trustees and management.

How has BHP helped you in your career so far?

I have progressed to Director with help and support from my mentor and achieved my Diploma in Charity Accounting (DChA).

What are your highlights and key achievements?

I'm lucky in the charities team; I meet clients who have a genuine passion and commitment to make life better. Helping and supporting clients on their journey is one of the key highlights for me.

Equally, helping the BHP team progress and achieve their goals gives me a sense of achievement. I'm so proud of what we've accomplished.

What or who inspires you at work?

Jane Marshall, as my mentor, has supported me throughout my career. I aspire to have the same impact on my team members.

What advice would you give to someone thinking about applying for a role at BHP?

Go for it! There are so many great opportunities to suit anyone and everyone. You'll be surrounded by great people that can support you as you progress.

What do you enjoy doing outside of working?

I have two children and we love spending time together. Whether it's the cinema, bowling, theatre or helping them with homework. They make me smile! I also enjoy socialising with my family and friends including walking out in the Peak District and cycling.

What do you prefer? A TV series or a film? And which genre do you prefer?

I do like to binge watch a TV crime drama or thriller. However, there will always be the classic musical or action film that captures my interest.

If you could host a celebrity dinner, who would you invite?

Alan Carr, Graham Norton and Sarah Millican because they make me laugh!

What is your favourite type of cuisine and why?

Italian, it's perfect for a family of fussy eaters!

What type of holiday do you prefer? Beach, active or city break?

I prefer a city break - Krakow was one of my favourites

If you weren't in your current role, what would be your dream job?

I've always wanted to work with numbers, so that's quite difficult to answer! But I'd probably say Helping others, perhaps in the healthcare industry.

Annual return 2022



Michelle Gaze
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Michelle Gaze explains the changes to the Charity Commission Annual Return for 2022 and the consultation process that will impact the Annual Return for 2023.



Charities with income over £10,000 must submit their annual return to the Charity Commission online within 10 months of their year end. If their income exceeds £25,000 they must also submit their annual accounts.

The questions charities will be asked on the annual return are dependent on their income level, the type of charity they are, and what the charity does.

Within the annual return, charities may be asked about financial information, income or contracts from central government or local authorities, money provided by the government's furlough scheme,

income from or work done outside the UK, trading subsidiaries, trustee payments, staff salary bands and benefits, and reporting of serious incidents to the Charity Commission.

Recent developments

Following feedback from charity trustees, the Charity Commission has updated their annual return guidance to clarify what is meant by the area of operation of charities that work outside England and Wales.

The guidance clarifies that the area of operation of a charity is the place it delivers its purpose.

The examples given by the Charity Commission are:

1. Where a London-based charity runs an orphanage in Romania, its area of operation should be recorded as Romania;
2. If a charity based in Cardiff gives a grant to a non-profit organisation based in Yemen to build a school, its area of operation would be recorded as Yemen;
3. However, a charity making a general donation or grant to another registered charity that may operate abroad does not count as operating abroad.

It is encouraging that the Charity Commission is listening to feedback from trustees and issuing guidance to provide clarification and assist the charities registered with them to complete their annual returns as accurately as possible. This latest guidance can only lead to better quality information being available to the public about where the charities they are supporting are operating and making a difference.

What is next for the annual return?

Looking to the future of the annual return, the Charity Commission has been consulting with the

sector about proposed changes. These proposed changes will see the annual return questions increase, and the consultation features 23 new potential questions and five amendments to existing questions. Through these changes, the Charity Commission is seeking to improve the data they hold in relation to the charities that are registered with them. The additional data collected through the revised annual return process is expected to help the Charity Commission as the regulator to assist with accountability in the sector.

The proposed changes to the annual return can be found [here](#).

The consultation closed on 1 September and the outcomes are expected to be published shortly.

Any proposed changes would take effect for financial years starting on or after 1 January 2023.

Minimising the risk of data breaches



Neil Baldwin
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Neil Baldwin looks at the importance of protecting personal data, especially given the different ways that people are now working following the COVID-19 pandemic.

When GDPR came into force in May 2018, it brought with it a legal requirement for all organisations to report certain types of data breach to the Information Commissioner's Office (ICO) within 72 hours of becoming aware of the breach.

The importance of protecting data increased greatly with the emergence of the COVID-19 pandemic in early 2020. In order to balance the needs of work alongside the legal requirement to socially distance, working practices were changed forever as people started to work from home and organisations operated remotely and almost exclusively online.

Whilst we are starting to see a return to people working from the office, a large number of workers are still working entirely remotely

or are splitting their time between the office and working from home. This means that organisations need to ensure that all workers are fully aware of the risks and are fully trained and equipped to identify these risks and deal with them appropriately.

The statistics from the Government Cyber Security Breaches Survey 2021 are alarming:

- Over a quarter of charities (26%) reported having some kind of cyber security breach or attack
- Of these, one in five end up losing money, data or other assets

- The average cost for a business reporting a breach was £8,460 (too few charities in the sample to report specific costs to them although it was expected to be similar)
- Overwhelmingly (and I would suggest staggeringly), 80% of Charities say COVID-19 has made no change to the importance they place on cyber security
- Just under a quarter (23%) of charities report that senior management are never updated on cyber security.

So, what can be done?
The ICO have issued a simple guide aimed at small organisations, such as charities, to help minimise the risk of personal data breaches occurring:

1. Store personal data securely: store paperwork in locked cabinets and use strong passwords on all devices. Take additional steps to protect sensitive personal data from becoming lost, damaged, or stolen.
2. Have a clear desk policy: ensure paperwork is cleared away and not left unattended on desks or in workspaces.
3. Have a remote working policy: when working off-site, staff should understand how they handle personal data. Where mobile devices are used, use two-factor authentication as an additional layer of security.
4. Keep your address book up to date: ask clients and customers to let you know if they change their address or contact details. Verify this via an additional source of contact, for example if a client advises of a change in details via email, use the telephone number you hold on record to speak to a relevant person and verify the change.
5. Name your documents clearly and consistently: if you use the same file naming format every time, this makes finding documents easier and lead to a reduced risk of wrong documents being attached to an email.
6. Use blank template documents and store them separately: when using template documents, create a new copy every time to avoid the risk of overwriting a previous document and including information that shouldn't be there.
7. Review your access controls: think about who needs access to what data and tighten controls to ensure staff only have access to what they need to carry out their role.
8. Train your staff: ensure staff are given the training, support and resources they need to ensure data is kept secure and safe.
9. Back up your systems: ensure regular, off-site backups are taken and stored securely.
10. Watch out for ex-employees: use clauses in employment contracts to help stop ex-employees from taking advantage of information they had access to whilst employed by you.
11. Take care when talking to others: be careful to ensure that when talking about personal matters, you can't be overheard and that you aren't telling a person something which they aren't entitled to know.

These common sense steps can really make a difference to protect personal data.

Are you paying the correct rate of VAT on your energy costs?



Simon Buchan
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Many charities are unable to reclaim all of the VAT that they incur on their expenditure. In the light of the recent rises in the cost of energy supplies, now is a good time for charities to review their VAT position to ensure that they are paying the correct rate of VAT on their energy bills, and therefore are not suffering a higher level of irrecoverable VAT than they need to. In this article Simon Buchan sets out the conditions which, if met, allow charities to receive energy supplies at the reduced VAT rate of 5%.

The reduced rate of VAT applies to supplies of fuel and power for a qualifying use.

The following supplies are considered qualifying use:

- Fuel and power for domestic use
- Fuel and power for charity non-business use
- Fuel and power where the amount supplied does not exceed small quantities, called the de minimis limits
- Fuel and power partly for qualifying use and partly for other purposes, where 60% or more of the supply is for qualifying use.

As far as charities are concerned, they will qualify for the reduced rate of VAT provided that the

energy supplied is to a building which the charity uses for its non-business activities.

Where a charity uses a building wholly for non-business activities the supply of energy to the building will qualify for the reduced rate.

Where a charity uses a building partly for business activities and partly for non-business activities then the reduced rate will apply as follows:

- If the building is used 60% or more of the time for non-business activities the reduced rate will apply to all the energy supplied to the building;
- If the building is used less than 60% of the time for non-business activities then

VAT will be charged pro rata - that is at the reduced rate on the part that relates to non-business activities and standard rate on the balance used for business use.

In practice, charities will most likely need to provide the supplier with a certificate to support the application of the reduced rate on the basis of charitable non-business use.

If you are unsure as to whether supplies of energy to your charity qualify for the reduced rate, please contact Simon Buchan.

Now is a good time for charities to review their VAT position.

A summer of CSR activities

At BHP, we're dedicated to giving something back to the communities we work in and to supporting the charities that our staff care passionately about.

We're proud to provide our people with lots of fundraising and volunteering opportunities to enhance their experience at work, and our team has enjoyed a summer full of activity.

Back in June, the whole team got together in person for an afternoon at the funfair at Bert's Barrow Farm near Leeds. We organised some fun party games for charity and raised almost £500 for Cavendish Cancer Care and Martin House Children's Hospice.

In August, we entered a team of 26 runners in the BHP York 10K Corporate Challenge, run in conjunction with Jane Tomlinson's Run for All. As the main sponsor of the event for the third consecutive year the pressure was definitely on,

but everyone did a brilliant job and Team BHP won the challenge in a time of 43:29!

At BHP, everyone has the opportunity to take a paid day to carry out voluntary work for charitable organisations, and teams took full advantage this summer. One group took part in a 'Wild Work Day' at Rothwell Country Park in Leeds, and another completed a beach clean in Scarborough. Our first event in Leeds saw 18 people spend the afternoon removing invasive plants from the park. Despite a few nettle stings and insect bites, the team enjoyed getting stuck in and worked really hard to clear a large patch of Himalayan Balsam from the wooded area.

In September, a group of staff from our York office headed over to the Sea Life Centre in Scarborough and worked all day to clear rubbish from the beach. Our volunteers started off along the sea front and

cliff top before making their way to the beach. Some of the rubbish they picked up during the day included a welly, an old football, four umbrellas, a pair of pyjamas, a bucket and lots of plastic and cans. The team did a fantastic job, collecting around 20 bags full of litter — and luckily the weather was kind to them!

Finally, our people celebrated Macmillan Cancer Support's World Biggest Coffee Morning and held Bake Off competitions in our Sheffield and Cleckheaton offices. Everyone really got into the spirit of the occasion and submitted some fantastic entries, raising a total of £746.40 for charity in the process.



BHP Charity Conference 2022

The annual BHP Charity Conference will be held on Tuesday 15 November 2022 at Doncaster Racecourse. This year's highly relevant programme will provide an update on the current important issues affecting charities.

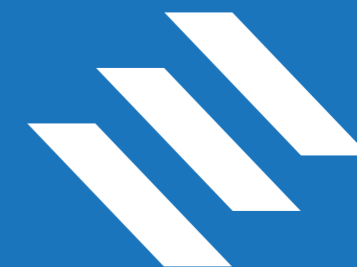
2022 programme

Speakers for the 2022 conference include senior members of our specialist charity team together with external speakers from the sector:

- Sarah Vibert, CEO, NCVO
- Steph Jackson, Enterprise Risk Management Consultant, Ecclesiastical Insurance
- Julian Rathbone & Adrian Maxwell, Investment Directors, Rathbones Group PLC
- Jay Bhayani, MD, Bhayani HR & Employment Law
- Catherine Rustomji, Partner and Head of Charities, Shakespeare Martineau
- Mike Andrews & Alan Ford, Auditel
- Mark Roberts, Finance Director, Compass UK

We're also delighted to confirm Kathryn Blacker, Chief Operating Officer at York Minster has kindly agreed to act as Chair for the event.

For more information and to book, [click here](#).



Previous attendees have commented:

“The BHP Charity Conference is the best of its kind — considered and intelligent agenda, knowledgeable speakers and good presentation and production. I’ll try to attend every year.”

“It’s often difficult to take the time out of your day when we’ve all got so much to do. However, it’s a day very well spent, you’ll pick up tips from the experts as well as delegates who are all in similar positions.”

“A fantastic conference — interesting, informative and inspiring. Already looking forward to next year’s!”



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