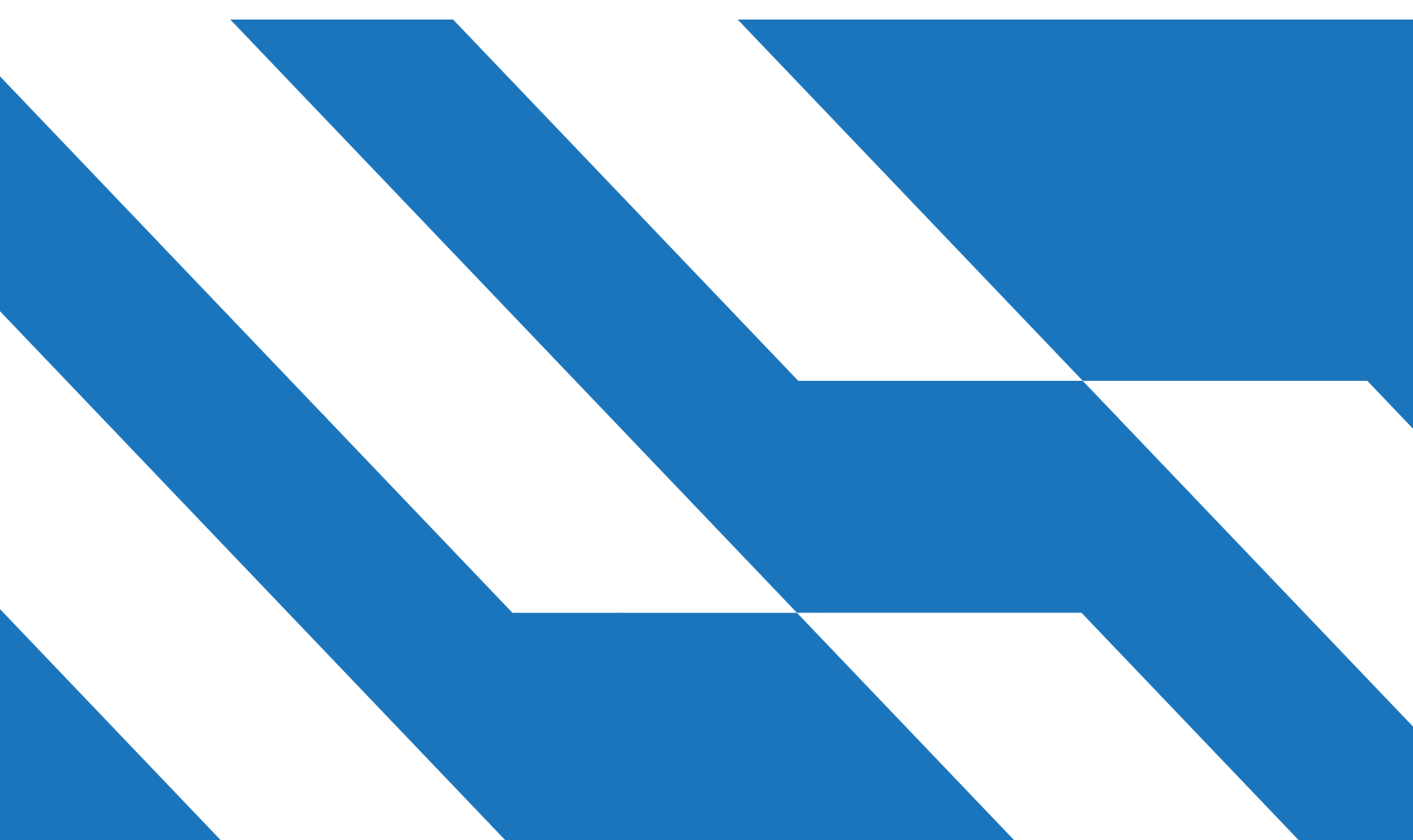
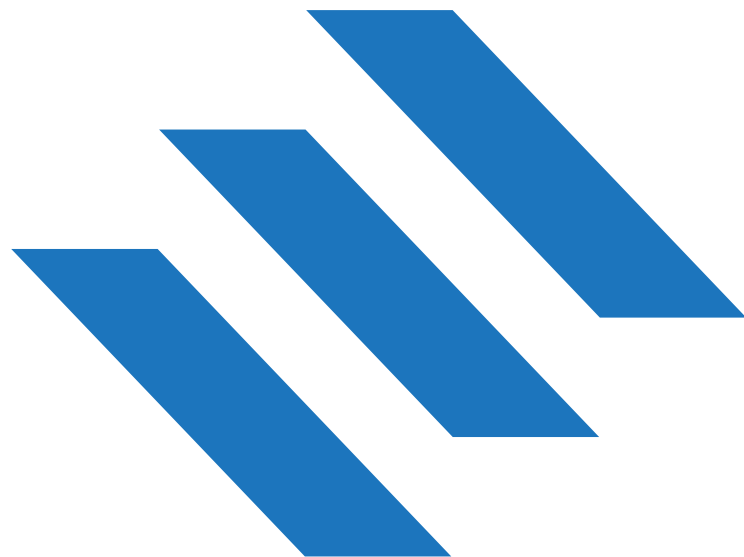




Charity Newsletter

January 2024





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Welcome to
January issue
of the Charity
Newsletter...

As I write this editorial 2023 is coming to a close and by the time our newsletter is published we will be at the start of a new year. Reflecting on 2023, this has been a tough year for most charities. Pressures on income, increased demand for services, increased costs mainly in relation to staff and energy and staff recruitment and retention have been some of the key challenges. We are likely to have a general election in 2024 with all the uncertainty that that brings, so the Charity Commission's and Electoral Commission's advice regarding charities and campaigning is timely.

I am particularly disappointed with the lack of progress on the Exposure Draft for the new Charity SORP which is held up because of the triennial review of FRS102,

The Financial Reporting Standard applicable in the UK and Republic of Ireland. When the Exposure Draft is published it looks like there will be only a short window of time to consult on it so it is really important that charities are engaged with the process.

On a more positive note I am delighted that our recently appointed Director RIs have each written an article covering the Charity Commission's guidance on Internal Controls, the Cost of Living Crisis and a roundup of the Commission's updates for 2023.

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Charity Commission update - a review of 2023



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Neil Baldwin looks back on the highlights

The Charity Commission, the independent regulator of charities in England and Wales, played a pivotal role in enhancing transparency, accountability, and impact within the charity sector in 2023. Through a series of strategic updates, the Commission demonstrated its commitment to upholding the highest standards of governance and practice.

Internal Financial Controls For Charities (CC8)

In April, the Charity Commission updated CC8 which details the requirements of trustees if charities are to achieve their aims. Internal financial controls are an essential part of helping trustees to meet their legal duties, administer the charity finances and ensure quality of financial reporting. More details can be found [here](#).

Managing a Charity's Finances (CC12)

In June, the Charity Commission updated CC12 which emphasizes the importance of governance

and risk management in the charity sector. It provides guidance on various aspects of governance, including board effectiveness, conflicts of interest, and risk management. [The guidelines](#) aim to foster a culture of accountability and transparency within charities.

Investing Charity Money (CC14)

CC14 was updated in August. The guidance explains what trustees need to know and do to make financial and social investment decisions in line with their duties. It also explains the rules that apply in specific circumstances such as where trustees are working with an investment manager or investing their charity's permanent endowment. [These guidelines](#) empower trustees to make informed decisions for the charity's long-term benefit.

Streamlined Reporting for Enhanced Transparency

To simplify the reporting process for charities, the Commission launched the new [Annual](#)

[Return \(AR23\)](#). This streamlined approach enabled charities to directly submit figures from their accounts, reducing their burden and enhancing the accuracy of financial reporting. This move fostered greater transparency, enabling the Commission to effectively monitor the financial health of charities.

Conclusion

Overall, the Charity Commission's updates in 2023 outlined its dedication to upholding the highest standards of charity governance and practice. By enhancing trustee governance, promoting responsible investment decisions and streamlining reporting the Commission is shaping a more transparent, accountable, and impactful charity sector. These efforts safeguard public trust, ensuring that donated funds are used wisely to address pressing social and environmental challenges.

Legacy delays - Progress and Patience



Rachel Heath
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Rachel Heath considers how the backlog of probate processing has delayed legacy income for charities

Thousands of charities and community-based organisations will welcome the news that His Majesty's Courts and Tribunal Service (HMCTS) are making progress on the backlog of unprocessed probate applications.

Last month, the Justice Committee launched a new inquiry into probate (following concerns over delays in processing applications). The delays were first experienced in 2019 when new processes were introduced at HMCTS and have been further exacerbated due to rising applications because of a higher death rate resulting from the COVID-19 pandemic. Legacy Futures estimated that charities were missing out on the equivalent of £800m based on a backlog of 60,000 cases at the end of June 2023.

HMCTS said that the number of cases has fallen by 9,000 since the end of August and has committed to enhance the service and forecasting information available for charities

named in wills by introducing some new measures.

The new measures being introduced include providing clarity on the level of stopped applications held up in the system, which is one of the main reasons for delays, and adding a form field on digital applications identifying whether the estate includes a charitable gift. These measures will enable the identification of charitable estates in the probate system.

By their very nature, legacies aren't always predictable, however a growing number of charities are increasingly reliant on gifts in wills to help balance budgets and deliver frontline services. Considerable delays in receiving bequests can have a significant impact on a charity's cashflow and service delivery. The ability to track legacy income in the future will make a significant difference to charities, helping them to more accurately budget and forecast legacy income.

There is still the need for patience as the backlog will take time to clear and the new proposals will need to be implemented. These are however positive improvements on the current system and very welcome news in these challenging financial times.

Find out more [here](#).



Cost of living pressures - guidance issued by the Charity Commission



Nicola Adams
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Nicola Adams summarises the key points

Cost of living pressures are continuing to cause financial difficulties for many charities, their service users, donors and employees.

Donors feeling the constraints may lead to reduced income and those charities providing services to people in need are seeing demand for services increase. These factors are a double hit to charities' finances. Furthermore, staff are seeking higher remuneration to combat the personal financial impact of the cost of living crisis, and the increase in the national minimum wage announced in the Autumn budget is likely to increase most wage bills. Other costs are also rapidly increasing.

The Charity Commission, in recognition of the above, has produced guidance on how to manage financial difficulties. This guidance is aimed at trustees and, in particular, trustees of smaller charities.

Trustee decisions

It is important trustees continue to comply with their duties and any decisions being made are in the best interests of the charity.

Trustees must act with prudence to manage a charity's resources responsibly and accountably. Decisions must strike a balance between reducing costs now to protect future beneficiaries and meeting the immediate needs of present beneficiaries. Decisions must also take into account the risks associated with them.

There may not be an obvious 'right decision' so it's important to document the discussions and reasons for making decisions in the minutes of trustee meetings. The Commission does recognise that despite the best efforts of trustees, things may still go wrong.

Evaluating a charity's financial position

There is greater need to keep the charity's finances and operations under regular review. Trustees should have an accurate picture of their charity's current and planned cash flow which correlates with planned operations. A basic form of cash flow should provide a forward looking view to give sight over whether a charity is at risk of running out of cash and when a shortfall may happen. Trustees can then use this forecast to

plan operations and make more informed decisions.

Developing options to support continuing operations

When financial difficulties are experienced, consideration should be given to how to improve a charity's financial position. Things to consider are:

- Minimising costs
- Exploring if funds can be released
- Conserving or improving sources of income
- Managing fuel costs and maximising available reliefs
- Considering the option of mergers or collaborative working
- Seeking external financial support

The guidance also covers actions which need to be taken if a charity cannot continue to operate and when a serious incident report needs to be reported to the Charity Commission.

More details on the above can be found in the [Charity Commission guidance](#).

Meet the team - Nicola Adams



Nicola Adams
Director
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When did you join BHP?

I joined the firm after leaving school in 2007 and became a Chartered Accountant in 2012, having completed my AAT qualification at BHP.

What does your day-to-day role involve?

I manage a portfolio of charity and not-for profit clients from planning to completion. I'm also in charge of a team, overseeing fieldwork and ensuring the required standard of work is met. My daily tasks involve communicating with clients, reviewing audit files, training, and coaching staff.

What do you enjoy most about your job?

Both the people I work with, and the team culture, are top of what makes work enjoyable. Everyone enjoys their roles and works together to achieve common goals. I also really enjoy my specialism in the charity sector, learning about how organisations are providing public benefit and how my role can help with managing their organisation.

What is your proudest moment in your career so far?

Definitely my promotion to Director RI last year! Being a registered Responsible Individual

with the ICAEW now means I can sign off audit reports on behalf of BHP. I've always wanted to achieve this career milestone and I'm very proud to have reached it.

Where did you grow up?

I was born and bred in Chesterfield and attended local schools before joining BHP as a 6th form school leaver.

What did you want to be when you were growing up?

I always wanted to be a PE teacher — much different to my current role! I always enjoyed maths but liked the idea of keeping fit while working too.

If you could learn something new and money was no object, what would it be?

I'd love to be able to play the saxophone. We had a saxophonist at our wedding this year and she was fantastic. Songs can be from any era and range from romantic to pop to Ibiza classics.

What item can't you live without?

I'm not sure if this comes under 'item' but if someone told me tomorrow that cheese was no longer going to exist, I would be devastated! I couldn't live with cheese-less pizza, crackers,

toast, jacket potatoes.... the list goes on!

What do you prefer — a TV series, book, or film? What are your favourites?

I enjoy watching true crime or a drama on TV. Something that gets your brain thinking and hooks you in. One of my recent favourites has been Lupin on Netflix. If you haven't watched it, I would highly recommend!

Where is the best place you have ever visited and why?

I once drove Route 66 in America over a period of three weeks. It was such a great experience, visiting a variety of different places and getting to see some beautiful scenery. Some of the best places along the route were Chicago, Denver and Las Vegas. Each state could be so different even though not far away in distance.

If you weren't working for BHP, what would be your dream job?

I'd say a luxury holiday reviewer. Getting paid to travel the world and stay in luxury hotels sounds like bliss. Especially to countries with hotter climates than the UK!



Internal financial controls for charities



Rachel Heath
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Rachel Heath summarises the key points for charities to consider

The Charity Commission issued updated guidance in respect of Internal financial controls for charities in April 2023.

All trustees, management and everyone in your charity should follow your charity's internal financial control procedures. It is really important that the trustees and senior management lead by example in this area. By doing so they will help embed a culture of financial responsibility within your charity.

All trustees, staff and volunteers should be trained on your charity's financial controls. This includes training on:

- procedures to identify and report known or suspected financial crime or abuse; and
- how to raise concerns about the conduct of trustees, senior managers or other staff.

The types and levels of financial controls your charity needs will vary depending on your charity's purpose, size and structure and where your charity operates.

All trustees should have access to clear, accurate and up-to-date financial information and your charity's financial position and performance should be:

- a standing agenda item at trustee meetings; and
- sent to each trustee before the meeting.

Regularly reviewing the charity's financial position can help trustees check that your charity is operating as a 'going concern' and isn't facing insolvency.

Whilst many charities will have a treasurer, it is worth remembering that the trustee body as a whole is

responsible for your charity's finances and therefore all trustees must understand their charity's financial position and performance.

It is also important that there is segregation of duties in financial transactions. This means having a different person authorising a transaction to the person who made it. This can be difficult in smaller charities.

If there is a breakdown in your charity's financial controls they should be recorded and other bodies may need to be notified depending on the type and level of the incident. A significant or potential loss to your charity's money or assets would be a serious incident and must be reported to the Charity Commission. Failure to report a serious incident to the Commission may result in regulatory action.

The guidance recommends an annual review of your charity's financial controls to make sure they are still suitable and always performing a review after a significant financial loss or narrowly avoided significant financial issue, or if there is a significant change in how your charity operates.

Monitoring helps make sure that:

- all controls including the basic

ones such as bank and other reconciliations are carried out

- everyone involved (staff and trustees) are aware of and are following the charity's policies and processes, for example if they suspect there is a problem

- your charity complies with its authorisation and approval procedures

There is a useful summary of

what controls may be needed when reviewing your charity's internal financial controls, which can be found [here](#).

A read of the full guidance is strongly recommended and can be found at [here](#).

Campaigning and political activity - guidance for charities



Jane Marshall
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Jane Marshall takes a look at the key points to consider

The Charity Commission and Electoral Commission chairs have shared advice for charities engaging in public debate with a general election on the horizon.

The Charity Commission and Electoral Commission understand that many charity leaders and trustees will see this as a critical moment to speak up for their beneficiaries and highlight their causes. Charities have a proud record of engaging in public debate and campaigning on behalf of their purposes, which is entirely legitimate.

The advice points out that campaigning consistently within the legal framework is crucial to public confidence in charities' political campaigning and to trust in charities more generally. So, it is key to understand the law underpinning this.

The law is clear about the right of charities to campaign. The Charity Commission has been active in affirming this right, as well

as the important constraints the law places on charities' political activities.

Charities can take part in political activity provided it supports their purpose and is in their best interests. However, political activity must not become the reason for a charity's existence. Charities must also remain independent and must not give their support to a political party. [Guidance for charities](#) on campaigning and political activity is available on the Charity Commission website, as well as a concise '[5-minute guide](#)' for those who need a quick refresh. New [social media guidance](#) provides additional support, as campaigning and political debate plays out across online platforms.

Charities also need to know about the new [Non-Party Campaigner Code](#) which came into effect from 1 December 2023.

By way of summary, in addition to a charity's continuing obligations under normal charity law, electoral

law requires charities to register as non-party campaigners if they spend over a certain amount on regulated campaign activities in the 12 months leading up to the next election.

The first thing you need to know, is which campaign activities are regulated.

According to electoral law, spending on certain activities is regulated if the activity can reasonably be regarded as intended to influence people's voting choice. This activity is called 'regulated campaign activities'. Thus, such activity, which is lawful under charity law if it is not supporting a specified party or candidate, is regulated under electoral law, counting towards your spending limit.

The second thing, is how much you are able to spend on this activity.

You will be required to register with the Electoral Commission as non-

party campaigners if your charity spends over £10,000 (previously this was over £20,000 in England), on regulated campaign activities, across the United Kingdom. After the election, you may then need to provide financial returns, to support public transparency. If you think you might need to register, the Electoral Commission advises you to register early. Once an election is called, you cannot spend over the threshold until your registration is confirmed.

The third thing to highlight is that the law now requires an imprint to be included on digital material that falls within the above definition of regulated campaign activities.

An imprint tells voters who is responsible for publishing and promoting campaign material. This means that many types of digital material such as social media adverts and posts will require an imprint. Where a charity is paying for a digital advert it will require an imprint if, for example, it promotes an outcome in an election or it

promotes or criticises an elected office-holder.

If you are considering doing external advocacy work ahead of the election, the regulators encourage you to find out more. The Electoral Commission has produced a new Code of Practice to support organisations that wish to campaign in the upcoming election period. It carries the same weight as legislation but is more practical and easier to understand than other legislation which can sometimes be quite technical. The Electoral Commission also provides [guidance on digital imprints](#) and an enquiry service for campaigners, should you need extra support to operate lawfully when campaigning about the important issues you champion.

The regulators understand that these changes can appear daunting and that is why they have issued the advice to ensure charities feel equipped to enter the next election period, undertaking any campaigning to advance

your charity's purposes, with confidence.

Electoral law exists not to limit campaigning, but to ensure that there is transparency around key campaigning activity.

Finally, everyone who engages in policy discussions around elections plays a part in supporting respectful debate and public confidence, but charities hold a unique position in law, and can and should model a better kind of discourse while championing their important work. If you do choose to engage, the regulators expect you to do so in a manner that is respectful and tolerant and in a tone that reflects your standing as a registered charity.

Any queries about the new campaigning rules can be directed to the Electoral Commission at pef@electoralcommission.org.uk.

CSR 2023 roundup



Rachelle Rowbottom
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Highlights of our work as a responsible business

2023 was another great year for BHP as a responsible business. We've achieved so much. From introducing green initiatives such as planting four trees for every new client to completing two fundraising walks, running tuck shops, and donating food and advent calendars to local charities, it's been a busy 12 months!

Volunteering

Last year, we made a big effort to contribute to our local communities, with many of our people taking part in organised activities as well as supporting their own causes. Across the summer, we arranged eight team volunteering days for various organisations in the Yorkshire and Derbyshire region. We'll be planning this year's activities very soon!

Charity walks

In October 2023, our team took part in an organised fundraising walk in the Peak District National Park, with 32 people completing our 19.5-mile hike around Ladybower, Derwent and Howden Reservoirs. They collectively raised more than £6,000 for the British Red Cross and other charities close

to their hearts. The BHP Financial Planning Team also took part in their own walk — trekking 21 miles from Scarborough to Whitby and amassing a fantastic £1,265 for Alzheimer's Society!

Collections and donations

Our Chesterfield and Cleckheaton offices have been running tuck shops all year round and, between them, they have donated £1,100 in 2023. Some of the charities supported include Motor Neurone Disease Association, Crohn's & Colitis UK, Endometriosis UK and Ashgate Hospice.

In addition to this, we arranged a collection for York Foodbank and also donated 38 advent calendars for children supported by The Elm Foundation in Chesterfield.

Other fundraising activities

We're proud to support national fundraising initiatives and last year we took part in the Macmillan Coffee Morning, Movember and Christmas Jumper Day, raising £700, £685 and £223 respectively. And we had a lot of fun in the process!

Green initiatives

At BHP, we're dedicated to pursuing sustainable business practices and reducing our global carbon footprint. In November, we launched a new initiative to plant four trees for every new BHP client. To date, we're delighted to have been able to fund the planting of 540 trees, through our partnership with Ecologi. That's across three different locations, including Ethiopia and Mozambique.

We're really looking forward to continuing to develop our responsible business strategy over the coming months and will shortly be putting our CSR plan in place for 2024. So keep an eye out for news of our charitable and community activities on our [LinkedIn](#), [Facebook](#) and [Instagram](#) channels!



Annual Charity Conference 2023

In November, we were delighted to welcome you all back to our annual Charity Conference, this time at a new venue - The Cutlers' Hall in Sheffield.

Our packed programme once again focused on highly relevant issues facing charities today. As well as providing, an update on accounting, tax and VAT matters, our expert speakers also looked at innovative solutions to help charities to be better in what they do and how they do it.

Thank you to our speakers on the day, including Tony Saunders and Kathryn Burkitt from St Luke's Hospice, Gearalt Fahy of Womble

Bond Dickinson, Chris Charlton from the Alan Turing Institute, Chris Hannett from Cymplify and Ben Twyman of Donorfy.

Canon Mark Titterton, Executive Chair at Derby Diocesan Board of Finance kindly acted as Chair for the event.

It was great to see so many of you attending and we hope you got a lot out of it. Here are some of the positive comments we received following the event:

"It is very rare to have time to step back and think about the big picture. The BHP conference always offers the chance to do

this, led by informed speakers on relevant issues." — **Cath Pearson, Health for All**

"The BHP charity conference offers a great platform to explore "good governance" issues with peers and professionals" - **Professor Dianne Willcocks, Wilf Ward Family Trust**

"It is so worthwhile clearing your diary to attend the BHP charity conference. We are fortunate to have these thought provoking and informative presentations made available to us. Great to network too. Thank you BHP" — **Lady Anne Neill**

Charity Finance Audit Survey

We're delighted to share the results of the 2023 Charity Finance Audit Survey, in which BHP has topped the table nationally for client service based on feedback from our clients. The delivery of excellent client service is very close to our hearts and underpins BHP's core values.

We're thrilled to have scored 97% for charity expertise, demonstrating our commitment to only having specifically trained staff working with our charity clients.

Moving up from number 16 to 12 in the league table of top audit firms puts us just outside the top 10 and gives national recognition to our specialist team.

This is a superb result and reflects the tremendous efforts of everyone in our dedicated Charities team. Thank you to our clients for taking the time to complete the survey.



Yorkshire Accountancy Awards Shortlisting



We're pleased to announce that our Charities Team has been shortlisted for Team of the Year at the Yorkshire Accountancy Awards 2024!

The sector means a lot to us and we're incredibly proud of our dedicated team for making the shortlist. The team comprises more than 70 specifically trained people who look after around 250 clients, as well as being actively involved in shaping the sector.

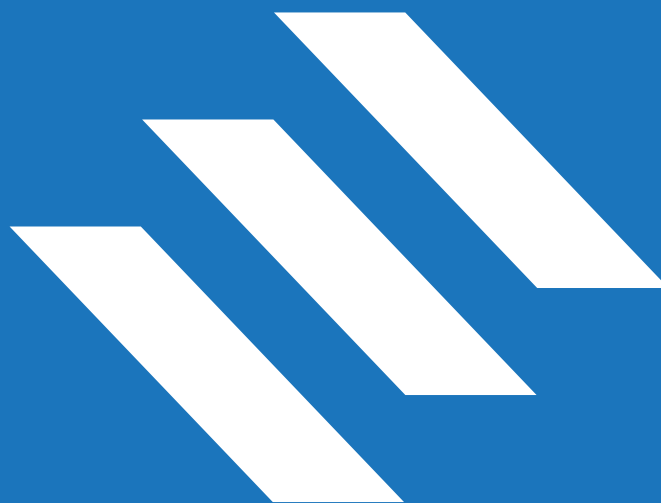
We're really looking forward to the event, which will be held on 22 February at New Dock Hall in Leeds.



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