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Focus On Charities Bulletin

September 2016 Edition

Charity Commission update guidance on social investment

Following new powers included in the Charities (Protection and Social Investment) Act 2016, the Charity Commission has updated its guidance on social investment.

Plus:

- Government support needed elsewhere, sector told
- Advertising spend soars in charity sector
- Charity Commission to review sustainability of charity sector

Welcome

Welcome to our Focus On Charities bulletin, looking at news and information relevant to the charity sector and the services that we can offer.

This Focus On bulletin looks at why the government might be diverting their attention from charities; the rising expenditure on digital advertising; an update from the Charity Commission on social investment; and finally what is required in the latest call for evidence. If you have any feedback about this Focus On Charities Bulletin or would like to contribute towards the next edition, please contact us on **01789 299076** or email **jackie.rawlings@ MurphySalisbury.com.**

Government support needed elsewhere, sector told

Charities have been warned to expect less government support following the vote to leave the EU, a report says.

David Emerson, chief executive of the Association of Charitable Foundations (ACF) has told the voluntary sector that the increasing demands on the government will lead to less time and fewer resources directed at charities.

Speaking last month at the Directory of Social Change Brexit seminar, he had told delegates that the strain of leaving the EU would divert attention to more pressing matters such as rewriting laws and negotiating trade deals.

In reference to Rob Wilson, the Minister for Civil Society, Mr. Emerson said: "We might have had some reservations about the minister before, but now we have some reservations about his capacity and his timing.

"How is he going to be able to devote as much time to charities?

"He said that all government departments would be forced to spend ministerial time on removing EU legislation and deciding what should replace it, leaving a 'kind of paralysis'".

He added: "I can't see we're going to get a lead from government. I can't see that there's going to be any capacity or scope, so we're going to be left much more to sort out how we can do things between ourselves."

In February this year, the 'Britain Stronger in Europe' campaign revealed

that the not-for-profit sector would lose more than £200 million in funding each year if the UK votes to leave Europe.

If you are uncertain about your charity finances following the vote to leave the EU, contact Murphy Salisbury today. Our detailed knowledge of the technical and legal requirements of the accounting regime affecting charities means we are in the best possible position to offer you advice.

Advertising spend soars in charity sector

Official figures have revealed that the not-for-profit sector has spent an estimated £458.8 million on advertising in the first six months in 2016, up 6 per cent compared to the previous year.

Obtained from market research firm Nielson, the figures show that digital and cinema advertising spend had almost doubled.

Expenditure on digital advertising rose by 89 per cent over the six-month period, from just £2.9 million to £5.5 million. Cinema saw a similar trend, with spend rising from £3.1 million to £5.5 million, up 78 per cent.

Unsurprisingly, with many publications moving away from advertising as a source of revenue and with print circulation in decline, spend in that sector dropped by 22 per cent, from £32.5 million to £25.3 million.

However, some experts have suggested that negative press coverage of charities may be to blame for the dip.

Elsewhere, outdoor advertising ranked third in advertising expenditure growth, increasing by 36 per cent from £5.5 million to £7.4 million in the same period.

Radio and television advertising also grew by 17 per cent and 15 per cent respectively.

Daniel Fluskey, head of policy and research at the Institute of Fundraising, said that the move into digital marketing may enable charities to diversify audience reach, and possibly lean away from intrusive methods of communication, such as direct mail.

Nonetheless, spend on direct mail had actually increased in 2016, receiving, on the whole, the most investment from charities. More than half the total amount had been spent on direct mail, up from £258.6 million to £265.3 million.

If you think your charity could benefit from budgeting advice, contact Murphy Salisbury today.

Charity Commission update guidance on social investment

Following new powers included in the Charities (Protection and Social Investment) Act 2016, the Charity Commission has updated its guidance on social investment.

The Act, which came into force in early August, has redefined social investment as a "relevant act" that is carried out "with a view to both directly furthering the charity's purposes and achieving a financial return for the charity".

In a bid to update the voluntary sector, the Commission's guidance will reflect the new definition and work alongside existing guidance on charities and investment matters.

The new law will address the specific duties of trustees of charities who are considering social investment, ensuring that they seek advice on all social investment activities and consider that advice when given.

The Commission also said that the new rules do not "override trustees' general common law duties".

"The stated purpose of this power is to give confidence to charities to undertake social investments. The legislation does place further duties on trustees who are considering social investments but these are not intended to be onerous. This updated guidance should help trustees to make well-considered, prudent decisions in this developing area", said Sarah Atkinson, director of policy and communications at the Charity Commission.

"We look forward to working with charities and sector bodies as they develop their approach to social investment. The Commission will consider their early experiences of it as part of a future review of its investment guidance in 2017."

Social investment is aimed at increasing the social awareness of a cause as a means to boost revenue in the long term.

Murphy Salisbury keeps a close eye on the latest developments and how they can benefit the sector. We reassure charities that not only will they be kept up to date but receive the best advice on how to make them as financially-efficient as possible. For more information, please contact us.

Charity Commission to review sustainability of charity sector

A select House of Lords Committee has issued a call for evidence on the sustainability of the charity sector.

The Committee has asked charities to provide evidence of contentious issues they might have experienced in respect to risk management and financial sustainability.

The call for evidence, circulated in July, will review the issues faced by the not-for-profit sector, in a bid to ensure "that the charitable sector in England and Wales is sustainable for many years to come".

Despite the call being issued to charities in England and Wales, the Committee are eager to learn of the concerns in Northern Ireland, Scotland and those operating outside the UK.

Labour peer and Committee chair, Baroness Pitkeathley, said that charities should submit evidence of problems with donors, the public, and beneficiaries.

"There have been a number of high-profile events in recent months which have called into question practice in the voluntary and charitable sector. The Committee is looking to make sure that the attention on recent issues does not undermine the good work done by many charitable organisations", read the Committee's statement.

The Committee also mean to review the skills required to lead and manage in the charitable sector, as well as assess the role that trustees should play in the effectiveness and performance of a charity.

They also want to assess the effective delivery of services and innovation in the digital sector.

The statement added: "This inquiry is intended to be an opportunity to engage positively with charities and the voluntary sector. The Committee is looking for examples of best practice, innovation, and ideas to bring the sector together to make sure that it can thrive".

The Committee expects issues with the Commission itself, and as such will equally debate the modern-day role of the Charity Commission.

Submissions must be sent by 5 September this year, and will be debated in March 2017 by the House of Lords.

Murphy Salisbury can help charities identify and manage concerns with their financial sustainability going forward. If you think you might need advice, contact us today.

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