

Winter Edition  
February 2010



# Charity & Education Newsletter

## Trustee Expenses

**Recently it is not trustees who have been hitting the headlines with their expenses but MPs!**



As a result the whole area of expenses reimbursement has come under scrutiny. Charities (and trustees) need to be seen as being transparent when it comes to this and quite simply cannot afford to get it wrong. No charity wants to become involved in some media scandal which may result in reputational damage.

Here is a reminder of the laws governing reimbursement of trustee expenses.

The Charity Commission preaches (quite rightly) the need for clear and transparent policies in relation to the payment of any expenses.

Charity trustees are entitled to claim legitimate expenses. These are expenses which have been necessarily incurred (and are reasonable) in the course of charitable business.

We would recommend that all charities have a written policy on trustee

expenses. This becomes particularly useful where expense claims are high due to mileage claims, accommodation expenses and subsistence. Certain boundaries need to be established for all expenses to avoid a scenario where a trustee may claim for example a luxury night at a country spa close to where he or she is attending a function for their charity when a B&B would suffice. Is this really reasonable?

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**Mark Cummins**

**Charities & Education Partner**

Welcome to our first newsletter of 2010. I hope that the adverse weather conditions we have experienced recently haven't dampened spirits too much!

Good news for us all that the recession is technically over for the time being, although I am sure for most charities 2010 is going to be just as challenging as 2009 particularly where charities are reliant on statutory funding and voluntary income. Trustees will need to be on the ball with regard to strategic direction and having to make some tough decisions.

On a positive note the good work of the sector is headlining again at the moment, unfortunately in tragic circumstances as a result of the Haiti Earthquake. It amazes me the spirit and dedication of the aid workers out there.

The newsletter covers a multitude of relevant and topical issues, as always please contact any of the team if you have questions.

All expenses must be supported by bills or receipts and best practice is to have another trustee sign off the claim.

The following are examples of potentially permissible trustee expenses:

1. Travel costs (including mileage reimbursed) for trustee meetings and events
2. Overnight accommodation and subsistence if attending functions or doing business on behalf of the charity
3. Postage and telephone calls in relation to charity business
4. Training materials which are relevant to carrying out

their role as a trustee

5. Childcare, or care of other dependents whilst attending trustee meetings

SORP 2005 requires charities to disclose in their accounts the total amount of trustee expenses, the nature of the expenses and the number of trustees who have been reimbursed.

Further information can be found in the charity commission publication – CC11 'Trustee expenses and payments'

[www.charitycommission.gov.uk/Library/publications/pdfs/cc11text.pdf](http://www.charitycommission.gov.uk/Library/publications/pdfs/cc11text.pdf)

## Direct Debit Fraud Threat

The Charity Commission has been made aware of a number of instances where fraudulent direct debits have been set up from charity bank accounts, resulting in the abuse of charity funds. They include both forged signatures and direct debits signed by people other than those on the mandate!

What can charities do to mitigate the risk of such a fraud occurring?

It is surprising how many charities have been a victim of this type of fraud, so even if the following may be obvious to you. they are worth noting (and revisiting if you have them in place already).

- **Prevention** – write to your bank and inform them that no further direct debits should be set up without the specific approval of certain named authorised personnel.
- **Detection** – you should ensure that you regularly check your bank statements and ensure the bank statements reconcile with the charity records. Any unexplained or unusual direct debits must be investigated.
- **Redress** – under the direct debit guarantee scheme, if the charity has been wrongly paying a direct debit, it can reclaim this money from the bank. It is then the bank's responsibility to reclaim this money from the supplier.

# Employment Matters

Promoting mental wellbeing at work is important to both the employee and the employer alike.

Working environments that put high demands on a person and do not give sufficient control and support pose risks for mental wellbeing, particularly as stress which in turn can be linked to anxiety and depression, heart disease, back pain and headaches. These negative working environments are therefore more likely to suffer the costs of these illnesses and thus resulting in loss of productivity due to absence and early retirement and an increased staff turnover.

NICE guidance calls for support for micro, small and medium sized businesses by calling for primary care trusts, primary care services and occupational health services, those working in government, voluntary, charitable and business sectors on national initiatives in this area and the Federation of Small Businesses to:

- Offer advice and support services. This may include access to occupational health services (including counselling support and stress management training)



- Establish mechanisms for providing support and advice, such as risk assessment tools, human resources management and management training and development.

For more information about this guidance and how to go about promoting mental wellbeing within your organisation visit the NICE website [www.nice.org/ph22](http://www.nice.org/ph22)



In 2012 the Government will introduce a new pension, The National Employment Savings Trust (NEST), previously known as Personal Accounts, to the UK and will be run by a new trustee corporation called NEST Corporation.

The initiative is part of an overall general pensions reform strategy and will create a significant change in the way people save for their pensions in the UK. For the first time employees and employers will be forced to contribute to a NEST pension on behalf of the employee, unless they choose to opt out or unless they already contribute to an

alternative qualifying workplace pension.

The scheme aims to provide access to workplace pension saving to millions of people - typically those on low to middle incomes.

Importantly employees will be compelled to contribute 4% of band earnings and employers will have to contribute 3%. A further 1% will be paid in the form of tax relief meaning that a total contribution of 8% of band earnings will need to be paid into a personal accounts pension scheme from April 2012.

NEST will be one of the schemes employers can use to fulfil new duties under the workplace pension reforms due to come into effect in 2012 being a low cost, easy to use, online pension scheme that is open to any employer.

Employers can use NEST in different ways, for example:

- where an employer makes contributions on the minimum band of earnings required by the Pensions Act 2008, an 8 per cent contribution for an average earner (approx £25,100\*) would be approximately £1,600 per annum
- alternatively, an employer might choose to make contributions on a broader band of earnings, for

example by basing them on the first pound of pay. In this case an 8 per cent contribution for an average earner (approx £25,100\*) would be approximately £2,000 per annum

Transfers in and out of the scheme are banned (except in some special circumstances, such as retirement).

The scheme provides a portable and flexible option for members who change jobs frequently (where their

different employers choose NEST to meet their auto-enrolment duties).

The scheme will be open to any employer of any size or sector that wishes to use it to fulfil their auto-enrolment duties.

\*'Average' refers to median earnings – Source: ONS (ASHE) March 2009 Economic and Labour Market Review, Vol 3, No 3.

For further information and FAQs visit PADA website at [www.padeliveryauthority.org.uk](http://www.padeliveryauthority.org.uk)

## in the HOTSEAT

**In the hot seat this time is Anne Mari Barker-Davies Finance Manager at Action in rural Sussex. As you will see Anne Mari has quite a varied role!**

AirS delivers more than 80 projects at any one time; giving advice and support to rural communities and a voice to rural Sussex; providing rural advocacy and undertaking research. With so many programmes underway good financial management is key, especially in an organisation funded mainly by restricted grants. Much of my time is spent assisting the managers of these projects to help them provide the most efficient and effective delivery possible.

No two days are the same, and no two projects have the same challenges. Without the resources to seek costly legal advice we regularly have to rely on our own experience and skills to make judgements on contracts, grants, employment status, VAT...and all whilst dealing with the cultural issues of needing to be business-like in a non-profit-making environment.

The complexities of the regulations in the charity sector can be frustrating - fortunately the outputs and impact of AirS are inspiring."

Join Action in rural Sussex's Heart of the Village Campaign for dedicated funding for rural village halls/community buildings. Sign their e-petition to go to No 10 Downing Street by visiting their website at [www.ruralsussex.org.uk](http://www.ruralsussex.org.uk)



## Trustee Responsibilities

As an aide memoire to existing trustees or a useful tool in the induction of new trustees here is a quick reminder of their legal duties:

- To observe the charity's constitution and act within its powers
- To act in the best interests of their charity
- To act with integrity and avoid any conflicts between personal interests and the interests of their charity
- Not to benefit personally from the charity except with express legal authority
- To act personally and not delegate responsibility for decisions to anyone else
- To ensure the charity is well run and solvent
- To manage any risks to the charity, its assets and its

reputation

- To comply with charity law and the requirements of the Charity Commission regulator
- To have regard to other legal requirements
- To use reasonable care and skill with regard to their personal skills and experience
- To take professional advice when needed

We run popular trustee training events which expand on the points above. As SORP 2005 requires charities to have a trustee training policy in place this is the sort of area where we feel most trustees would benefit from a reminder/refresher of what their role entails. See page 6 for further details of our trustee training service.



# Russell New links up with Lloyds TSB

We were delighted to be asked by Ian Buss, Head of Education and Not for Profit at Lloyds TSB to run a series of training sessions for his newly formed team (following the merger of Lloyds TSB with the Bank of Scotland) on various aspects of understanding charities and independent schools.

The sessions were lively, very interactive and worked well in building up his team's knowledge.

One of the key messages that came out of the sessions (which both parties wholeheartedly agreed on) is the need for charities and independent schools to be able to access advisers who understand the sector and specifically the particular activities,

structure, strategy and needs of any organisation they are dealing with.

Ian Buss said "At Lloyds TSB we understand that to be able truly to add value to our customers in the Not for Profit sector, it is essential that we build deep knowledge and credibility at the same time as growing the number of relationship managers dedicated to the sector. Partnering with Russell New to develop in-depth and bespoke training for our relationship managers really helps develop a deeper understanding of the sector and the issues it faces, enabling our relationship managers to continually develop bespoke banking solutions that genuinely add value."

If you would like to find out more about how Lloyds TSB can help your charity or independent school then please contact Ian Buss; [ianbuss@bankofscotland.co.uk](mailto:ianbuss@bankofscotland.co.uk).

## Upcoming Events

### Charities Breakfast Club

The Charities Breakfast Club was put together to assist our charity clients and contacts with keeping abreast of topical issues in the sector which are of interest to them (members of the club decide which topics we cover). Membership is free and the club meets on a quarterly basis at our offices in Upper Beeding, West Sussex.

If you would like to sign up to become a member to entitle your charity to send someone to attend any future meetings or would like any further information please contact Natalie Wiggins:

Call 01903 816699 or email [breakfast.club@russellnew.com](mailto:breakfast.club@russellnew.com)

### 2010 Meeting Dates

Tuesday 9 February	Trustee Training & Induction Programmes
Tuesday 11 May	Social Return on Investment
Tuesday 3 August	TBC
Tuesday 9 November	TBC

The meetings commence at 8.15am, finishing at approximately 9:45am.

Please note our offices contain stairs.

### Action Planning Events

**After great success at last year's conferences we are pleased to announce that we will be exhibiting at the following Action Planning conferences, taking place in Central Hall Westminster, London.**

Wednesday 10 February	Funding the Future
TBC - Scheduled early October	Raising Funds from the Rich

For further information about these and other Action Planning events visit [www.actionplanning.co.uk/events](http://www.actionplanning.co.uk/events)

# LET US TRAIN YOUR TRUSTEES



SORP 2005 stipulates that charities must disclose in their annual accounts their policy for trustee training.

Of course, charities want to comply with SORP 2005, but it shouldn't just be treated as a tick box exercise. The training needs to be relevant, at the right level and value for money.

Russell New are able to offer bespoke training for charities and their trustees at very competitive rates.

We discuss with charities their particular training needs and put together a bespoke training session (usually 60-90 minutes) which typically can cover any of the following topics:

- Trustee roles and responsibilities
- Understanding accounts for non-financial trustees
- Risk management under SORP 2005
- Setting up a trading subsidiary company
- General sector update

For an initial, no obligation, discussion about your training needs please contact Mark Cummins by email at [mark@russellnew.com](mailto:mark@russellnew.com) or telephone 01903 816699.

