



July 2010

Welcome to Focus On... our special quarterly bulletin looking at issues relevant to particular sectors and topics of interest.

July's Focus on...Charities looks at how charity leaders' confidence in their financial situation has fallen, while the coalition Government wants everyone who can to donate 1% of their income to help alleviate the impact of its public spending cuts on charities. We also look at how £1 billion in Gift Aid in a year has been claimed back from the taxman for the first time, despite the economic downturn, while the Charity Commission is renewing calls for voluntary organisations to have their say on plans to abolish cheques by 2018.

If you have any feedback on this issue of Focus On...or would like to know more about our services, please contact Emma Murray at [emma.murray@nicholsonsca.co.uk](mailto:emma.murray@nicholsonsca.co.uk) or phone 0845 27 66 555.

## Charities' confidence at an all-time low, survey shows

According to a new study, confidence among charity leaders in the financial situation of their organisations is at an all-time low, with many expecting things to get worse.

The Charity Forecast Survey, published by the National Council for Voluntary Organisations (NCVO), reveals widespread concern across the sector about future prospects – with confidence at its lowest since the study began two years ago.

The results of the quarterly survey show that:

- Confidence levels regarding the financial situations of respondents' own organisations is at -30% - a substantial drop from 21% in May 2008.
- Charity leaders' confidence in the sector economy is at -80% - a fall of 19% since the last survey in February 2010.
- The number of charity leaders expecting the situation to get worse over the next 12 months has gone up by 9% from May 2009, while just under a quarter (24%) expect things to get better over the same period.
- The number of charity leaders expecting the voluntary sector's economic conditions to be negative over the next 12 months increased by 7% to 85%.

Confidence has been dented by the coalition Government's recently announced public spending cuts, with many voluntary organisations relying on funding from local authorities and central government.



## Call us – we may be able to help!

At Nicholson's, we are aware that charitable and not for profit organisations may be experiencing a knock-on effect from the credit crunch, and we are keen to help in any way we can.

If you have concerns about how your charity will fare in the future, and would like to have a chat, in confidence, about how your charity can weather the economic climate storm, and the massive anticipated public spending cuts, please call Emma on 0845 27 66 555.

## Charities urged to have their say on plans to scrap cheques

Charities and voluntary organisations are being reminded to give their views on how they would be affected if cheques were abolished entirely.

The Payments Council, the organisation which sets the strategy for UK payment, launched a consultation in December 2009 into how its plans to close central cheque clearing will affect businesses, including charities.

The move, which would effectively abolish the use of cheques entirely, is set to come into force on 31<sup>st</sup> October 2018, with a final decision due by 2016.

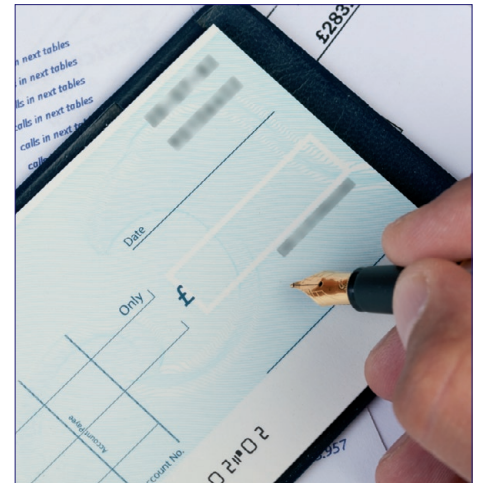
Although no longer accepted by many larger stores, supermarkets and petrol stations, cheques continue to be used to pay labourers such as plumbers or

builders as well as settling bills by post if the account holder does not want to pay by Direct Debit.

The move has already come under fire from groups representing pensioners, who say the Payments Council must come up with alternatives to cheques if they are scrapped.

Cheques are also used to make donations to charities, particularly where large amounts of money are involved. As a result, the Charity Commission, which attends meetings of the Payments Council's charity and voluntary sector liaison group, is inviting organisations to have their say on how the proposed changes would affect them.

Charities can have their say by visiting [www.paymentscouncil.org.uk](http://www.paymentscouncil.org.uk)



## Spend more to alleviate spending cuts pain for charities, says coalition

The coalition Government is calling on everyone able to do so to donate at least 1% of their income to help charities cope with public spending cuts.

Minister for Civil Society Nick Hurd said increasing personal giving would help alleviate the "very painful and difficult" consequences of cuts in grants and contract income from the State.

Figures suggest that 54% of adults make a donation to charity at least once a month. The median donation in 2008-09 was £10, equating to just 0.5% of pre-tax earnings.

Now the Government wants people to double their donations to 1%, which would put the UK's personal giving levels closer to that of the USA.

The voluntary sector's income from local

authority and central government grants and contracts rose from £8 billion to almost £13 billion in 2007. This means that, assuming this trend continued, the sector should now be receiving more money from the State than from personal donations. Some charities are dependent on the State for the majority of their income, particularly in the employment and training sector where the average level of dependency is 70%.

## Charities benefit from £1 billion Gift Aid boost

Charities have managed to reclaim more than £1 billion in a year from the taxman for the first time, new figures have shown.

Provisional figures from HM Revenue and Customs (HMRC) show that £1.007 billion was reclaimed in 2009-10 as a result of people agreeing to participate in Gift Aid.

Economic Secretary to the Treasury Justine Greening said the boost was 'great news' for charities, particularly in the face of the economic downturn.

The Treasury would now look to build on this success, working with the voluntary sector to make the Gift Aid system easier to use, she said. This will come as good news to charities and groups representing them after the UK Giving 2009 survey revealed that only four out of 10 donors Gift Aided their donations, due to a lack of awareness.

Gift Aid only applies to cash donations, rather than those of goods, although many larger charities have systems in place that eventually allow them to reclaim tax on items donated to their shops.

Donors simply have to agree to Gift Aid the item after it has been sold, with volunteers contacting them to specify the final amount it went for.

However, as reported in April's Focus on... Charities, even with the much needed Gift Aid boost, the Charities Commission's Economic Survey showed that 62% of charities had experienced a drop in income. Therefore, with every £1 raised becoming more and more precious, why not have a chat with Nicholson's to see if we can help you explore ways of making your money go further.

t: 0845 2766555  
f: 0845 2766559

newland house  
the point  
weaver road  
lincoln ln6 3qn

[info@nicholsonsc.co.uk](mailto:info@nicholsonsc.co.uk)  
[www.nicholsonsc.co.uk](http://www.nicholsonsc.co.uk)