

Stewardship Services (UKET) Ltd (“Stewardship”) Response to Charities Bill, Special Bill Committee Call for Evidence, 8 September 2021

1. Introduction

Stewardship welcomes the opportunity to respond to this Call for Evidence. We are actively involved in financial and regulatory matters as they affect churches and Christian charities. As part of this, we engage with policy teams in HMRC, the Charity Commission and other bodies on behalf of our constituent charities.

We work with over 40,000 donors who in 2019/20 gave £114 million to our charitable causes carried out by 13,000 beneficiaries, ranging from the smallest churches and charities to large international operations. Alongside this, we provide a range of consultancy and other professional services including seminars, a consultancy helpline, a mortgage finance and an independent examination service. We advise trustees and treasurers of around a thousand UK charities each year. As a result, we have accumulated many years’ valuable experience in working with trustees, paid and volunteer treasurers, auditors, examiners and regulators in the charity sector.

Our staff team includes members of the main professional accountancy and legal bodies as well as the Charity Law Association. Our Technical and Advocacy Director serves as a member HMRC’s Charity Tax Forum and is Vice Chair of the Charity Tax Group.

2. Overarching comments

Stewardship has a keen interest in charity law, regulation and practice in its role of resourcing and supporting the UK church and Christian charity sector to understand, and comply with, their various obligations whilst at the same time, maximising the provision of public benefit to their beneficiaries.

This Call for Evidence has a very short response time (3 working days). Accordingly, it is not possible for us to properly consider the matters that the Call for Evidence seeks to address. Therefore, we have necessarily limited our comment to those matters on which we can give a quick but qualitative response.

3. Stewardship responses

3.1. Do you agree with the proposed reforms?

The Call for Evidence gives insufficient time for us to give this full consideration. However, perusal of the Bill when it was first published suggests that the proposed reforms are sensible and proportionate. We are not aware of any provisions that we would have serious concerns over.

3.2. Were the Government right to reject, or only partially accept, recommendations 6, 7, 8, 16, 18, 27, 40 and 43?

We deal with each of these recommendations that has relevance to the work of Stewardship in turn:

Recommendation 16: acquisitions, disposals and mortgages of charity land

The Government's reasoning for rejecting the Law Commission proposals in relation to wholly owned subsidiaries is understandable. However, it seems to us that an alternative to being required to seek an Order under s117(1) is for dispositions to a charity's wholly owned subsidiary to be brought within the Section 119 – 121 / Section 127 procedure, as for dispositions to other third parties. This could be accompanied by statutory guidance to be provided to Section 119 Designated Advisors.

A question also arises in relation to the Bill's amendment to Section 117(3)(c). It seems that, strictly speaking but rather perversely, the amendment means that a charity making a disposition to another charity otherwise than with a view to achieving the best price will not have to comply with Section 117(1) but a charity that does seek the best price will have to. If the Committee agrees with this analysis, we are sure that this is not what was intended.

Recommendation 18: Advertising a proposed disposition of designated land

The Government's reasoning for rejecting this proposal seems reasonable to us.

Recommendation 27: Grounds for challenging Charity Commission decisions

The Call for Evidence does not allow us time to consider this fully.

Recommendation 40: Pursuance of 'charity proceedings'

The Call for Evidence does not allow us time to consider this fully.

3.3. Are there any other technical provisions which would assist charities but have not been suggested so far?

We would have welcomed the opportunity to give a more substantive response but the time given for the Call for Evidence does not permit full consideration.

3.4. Are there any further improvements that could be made to the bill?

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4. Enquiries

Any enquiries in relation to this response should be addressed to Kevin Russell, Technical and Advocacy Director kevin.russell@stewardship.org.uk

9 September 2021