

## NFP eNews 10 May 2024

Welcome to haysmacintyre's regular 'e-news alert' for charities and not for profit organisations.

### Charities' Legacy income reaches record high

The [latest research](#) by Smee & Ford (2024 Legacy Trends Report) states that legacy income for 2022-23 increased to £3.9bn from the prior year of £3.8bn. Following the decline seen during the pandemic and delays experienced at HM Courts & Tribunals Service, this is the second year of reported legacy income growth.



### VAT Fraud

It has recently come to light that there are instances of [VAT fraud](#) taking place through third parties submitting VAT484 paper forms to change the bank account details of registered bodies. This has resulted in VAT refunds being paid into third party accounts. While waiting for HMRC to implement any response, it is important to check your online VAT accounts to ensure that the bank account details lodged with HMRC are correct and have not been changed – especially where you are in a VAT refund position.

### Artificial Intelligence (AI) and the sector

The Charity Commission (the Commission) has recently published [a blog](#) in respect of the use of AI within the charity sector, including potential benefits, risks, and responses. The Commission noted that the 2023 Charity Digital Skills Report highlighted that around 35% of charities were already utilising AI in some capacity, with a further 26% planning to do so in the future. While there are clearly opportunities arising from the use of AI to reduce the amount of time taken on resource-intensive tasks to free up time for other priority areas for each charity, there are also risks relating to the use of data and GDPR, potential breaches of copyright, or the use of AI products by those with insufficient awareness or skill in their use. It is important for charities to consider whether an internal AI policy is appropriate when considering how and when to use such technology within their organisation or activities.



## Increases in Fundraising Regulator voluntary levy

The Fundraising Regulator [has announced](#) the increases in the voluntary levy charities are asked to pay. For the largest charities this represents a 50% increase, although staged over the next two years. The bandings and increases are available online, with a sliding scale based on the amount spent by charities on fundraising activities. The regulator has confirmed that any future increases after this period will be in line with the Consumer Price Index (CPI) to ensure any future rises are more gradual and provide charities with more notice and clarity of what increases they can expect.

## IT Security – latest figures

Government figures recently released have identified that nearly a third (32%) of charities have experienced some form of cyber-breach or attack over the last 12 months. This figure increases to 66% for the larger charities with over £500k in annual income. [The latest figures](#) highlight the risks to charitable organisations, and the importance of vigilance by charities, especially their employees and trustees, in responding to cyber-threats and risks to protecting the vital funds, services, and information held.



## VAT Relief Consultation

HM Treasury has announced plans to consult on a new [VAT relief for businesses donating everyday items to charity](#). Currently VAT is not chargeable to those businesses for goods which are then sold on, however, they are charged where these goods are distributed free of charge. The consultation will look at potential mechanisms to increase the amount of donated goods including those which are distributed on.

## And finally...

The [2024 London Marathon broke its previous fundraising record](#) with initial reported donations to date hitting £67m. The final total raised will be reported in the coming months, but this is a great effort by all those taking part, both in the race itself, and in their efforts to raise funds for good causes.

## Upcoming events

### Quarterly Charities Update

Tuesday 4 June

15:30 - 17:00

Online

### Quarterly Charities Update

Thursday 5 September

15:30 - 17:00

Online

### Quarterly Charities Update

Thursday 5 December

15:30 - 17:00

Online

For further details on our not for profit upcoming events and to register, visit [www.haysmacintyre.com/events](http://www.haysmacintyre.com/events).

We welcome your feedback on this update and would be pleased to hear about any areas you would like to see covered in future editions. Please email [Vikram Sandhu](mailto:Vikram.Sandhu), Director, with any comments.

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