



CHARITIES THAT ARE CONNECTED WITH NON-CHARITABLE ORGANISATIONS

15 May2018

ICAEW welcomes the opportunity to comment on the consultation on the Charity Commission's draft guidance on Charities that are connected with non-charitable published on 13 February 2018 a copy of which is available from this [link](#).

There is a risk that the sheer length of the full guidance (39 pages) will be off-putting to many charity trustees and that it will simply not be read, or digested, until a pressing need arises, when it may be too late. We believe that the one page 'at a glance' summary will, in practice, be a more useful guide for trustees generally and should be promoted by the Commission, possibly by links from its 'essential trustee' guidance.

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This response reflects consultation with ICAEW's Charity Committee which includes representatives from public practice and the charity sector and is responsible for ICAEW policy on charity issues and related submissions to legislators, regulators and other external bodies.

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MAIN POINTS

1. We are submitting a written response so that it is available to our members and the public in the usual way, rather than answering the specific questions raised through the on-line tool.
2. The full guidance contains useful information and examples, but its length (39 pages) may deter widespread use, except as a reference tool when a need arises, for instance, when something has gone wrong, by which time it may be too late. The guidance contains numerous links to further guidance. This may be helpful for those needing more information on particular issues, but it creates the impression that the full guidance itself is just a starting point. Readers may be deterred from embarking on a journey that appears to have no end.
3. There is overlap between the full guidance and other Commission guidance, for instance guidance on subsidiaries (CC35). There is a risk that the full guidance, taken together with overlapping guidance, is longer than it needs to be and there may be a case for the Commission to review the structure of its guidance on the relevant issues in a holistic way.
4. By contrast to the full guidance, the one page ‘at a glance’ summary is digestible and self-contained. It seems, broadly speaking, to cover the issues that trustees need to consider (except what is meant by ‘connected’). We believe that charity trustees are more likely to read guidance of this kind than the full guidance and that, therefore, the Commission should consider focusing its efforts on promoting the ‘at a glance’ summary in order to raise trustee awareness.
5. The word ‘connected’ has a naturally broad meaning, so it is important that its specific meaning in the guidance is outlined as soon as possible to help users identify whether or not the guidance is relevant to them. The ‘at a glance’ summary does not currently include an explanation of the term and we suggest that this should be added so that it can be used as a self-contained document.
6. The full guidance says that trustees ‘should’ apply relevant standards such as the Governance Code (p/14). Adoption of the Governance Code is voluntary so we do not believe that this is appropriate.