

Changes to uniting directions

What is a uniting direction?

A uniting direction is a direction made under either s12(1) or 12(2) of the Charities Act 2011 allowing two or more charities to be linked for accounting and administrative purposes. The basis for allowing a uniting direction is different in each case:

Under s12(1) the Commission will treat one or more charities as forming part of another whenever both or all of them are identified with providing the same charitable service and are administratively interdependent.

For a direction under s12(2) the criterion is common trusteeship.

What is the aim of a uniting direction?

The purpose of giving a uniting direction is to achieve the administrative linking of charities where it is practical to do so. Where there is a close connection between the purposes and/or administration of two or more charities, the Commission normally wishes to encourage the preparation of a single annual report and statement of accounts by the reporting charity. The effect of a uniting direction is that the charities will be registered under a common registration number for the reporting charity. It will only be the reporting charity that will need to submit an annual return to the Charity Commission.

Change in Charity Commission policy

In the past the Commission has made uniting directions where there was a charitable company which was the corporate trustee of a number of other charities. This was an effective and modern way of grouping. The Commission's policy has changed.

The Commission now says that although separate charities may be governed by a corporate trustee, the corporate trustee as a charitable company is governed by a separate board of trustees. The charities do not therefore have common trustees with the corporate trustee and any uniting direction would need to be made under section 12(1) instead if the charities can show they have similar objects.

An alternative is for one of the unincorporated or trust charities which share the corporate trustee to apply to the Commission to be the reporting charity and the remaining charities (excluding the corporate trustee charity) may be linked to it. This leaves rather strangely the corporate trustee outside the grouping created by the direction. It also means there will have to be two separate returns, report and accounts rather than one.

The Charity Commission has not yet indicated what the position will be in respect of uniting directions that are already in place.

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