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Education Matters

Editorial

All in all this is a very interesting time for the education sector for both independent schools and academies. While academies grapple with the issues of dwindling amounts of government funding, Independent schools wonder if they can continue to attract children from varied backgrounds, as their own school fees, with each passing year, become more and more unaffordable.

However, it has become more apparent that both sides are dealing with a very common issue: how to reduce costs without compromising the education and opportunities that are on offer. The extent to which the regulatory framework is becoming more and more burdensome and in turn costly is exemplified in this issue of Education Matters, which covers a whole host of regulatory changes that all schools need to be aware of.

One of the biggest cost structures for any school is staffing and with employer contributions for the TPS at an all time high, a significant proportion of these costs are outside the schools’ control. As a result schools are doing what they do best and are evolving; the introduction of performance related pay scales, shared cost initiatives and working in partnership with local schools (independent and state) means the distinction and ethical boundaries between the Independent and State sectors is becoming more and more blurred.

If we are to believe the press, independent schools and state schools continue to be arch enemies. Whilst the ethical argument over private education will no doubt continue to rumble on, the issue around the lack of places available at secondary level (both independent and state) is now becoming more urgent.

The Government is exploring the introduction of super schools which would be responsible for educating over 2000 pupils and whilst this might make economic sense, in reality to try and educate that number of children under one roof may not make sound academic sense.

In spite of the current government encouraging partnerships between the independent and state sector it is probably the financial pressures that will undoubtedly drive the two to work together. Ultimately, is this such a bad thing? The primary goal has and always will been the same, education.

Anjali Kothari,
Partner

Accommodation and tax

Living accommodation – what does the future hold?
The Office of Tax Simplification (OTS) was tasked in April 2013 to review and make recommendations to simplify the processing of expenses and benefits for employers. One of the benefits included in this review was the employer provision of living accommodation for employees. The biggest issue with employer provided living accommodation is that the exemption and the calculations are complicated and in some instances unfair. The OTS has published two reports, December 2013 and July 2014 and has made a number of recommendations to simplify the exemptions that apply and how the living accommodation benefit is calculated.

The Government has had the reports for some time and we are awaiting an announcement from them. However, this is a complex area and whatever decision is made is likely to have a significant impact on the education sector.

There is a lot of speculation as to whether certain categories of exemption will be withdrawn, how the benefit will be calculated and the impact on relevant sectors. So what can employers do to prepare themselves?
We believe there will be an emphasis on two points:

**Market value**
The recommendation is that the £75,000 threshold is removed and all properties are calculated using their market value. Currently, market value is only used where the original cost (including the cost of enhancements) exceeds £75,000. The OTS believes this will level the playing field. However, this will also have a significant impact on some sectors, especially schools. This has been acknowledged by the OTS and they have suggested that a transitional period should be introduced to reduce the impact.

**Duties performed**
We are all aware that some roles are automatically exempt from a living accommodation benefit. Initially, there were recommendations to HMRC to update its guidance with a revised list of exempt roles. However, this was not implemented. It is possible that the tax exemption will be wholly based on the actual duties performed by the employee, the customary element of the exemption will no longer apply. The Bursars role for example is likely to be removed from the list.

The requirement for duties not only to be outside of working hours, but also to be irregular is already causing problems with regard to the exemption.

This article provides only a brief summary of the possible changes to the legislation and we will continue to keep you informed as HMRC issues more guidance.

We would be pleased to discuss your particular concerns and assist you in implementing changes to your current arrangements where appropriate.

If you would like to discuss this or any other related issue, please get in touch with your usual Kingston Smith contact or email Anjali Kothari akothari@ks.co.uk.

**New Gift Aid Declarations**

HMRC has published new Gift Aid Declarations for one-off donations, multiple donations and sponsored events. The new declaration formats can be found at www.gov.uk/claim-gift-aid/gift-aid-donations.

Charities holding signed declarations using the previous model may continue to use these without change. However from 5 April 2016, any new declarations obtained should be based on the new model wording.

HMRC recommends that all charities use the wording of the HMRC approved model declaration; but, it is just a model and charities can vary it according to their needs.

Any declaration must however include:
- the name of the charity or CASC
- the donor’s name
- the donor’s home address
- whether the declaration covers past, present or future donations or just a single donation
- a statement that the donor wants Gift Aid to apply (this could be a tick box on a written or online declaration)
- an explanation that the donor needs to pay the same amount or more of UK income tax and/or Capital Gains Tax in that tax year, on all donations made to charities and CASCs and that the donor is responsible for paying any difference where tax paid is insufficient.

If the Gift Aid declaration is for a sponsored event the forms must also include the:
- amount of donations collected
- date that pledged donations were collected
- date when the sums collected were handed over to the charity

The new declaration is shorter and less wordy than the previous version. The changes should therefore make it easier for donors to understand what they are signing up to and should also help with giving through digital platforms.

If you have any queries on the above please contact Neil Finlayson nfinlayson@ks.co.uk or your usual Kingston Smith partner.

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If you have any queries on the above please contact Neil Finlayson nfinlayson@ks.co.uk or your usual Kingston Smith partner.
Employment tax changes

From April 2016, the employment tax rules are being significantly changed. It is crucial that all employers are aware of these changes and consider the impact they may have on their internal procedures and controls and any necessary communication with employees.

The changes that have already been announced are:

Dispensing with dispensations
Until now, an employer who reimburses business expenses or pays professional subscriptions for their employees needed to apply to HM Revenue & Customs for a dispensation from having to report these reimbursements on an employee’s form P11D. From 6 April 2016, this requirement will be removed, so P11D dispensations will no longer be necessary.

However, there will still be an onus on employers to ensure the expenses are wholly, exclusively and necessarily incurred by their employees in the performance of their duties, and expenses must continue to be receipted and authorised.

Where an employer has an existing agreement with HMRC to pay their employees at a fixed rate (e.g. daily travel allowance or overnight meal allowance), this can continue so long as the agreement was made after 6 April 2011.

However, an application needs to be made to HMRC to let them know the employer would like the arrangement to continue.

Where no existing agreement is in place and the employer would like to pay their employees a fixed rate above HMRC’s benchmark rates, a specific application to HMRC will be required, supported by evidence of the costs incurred by the employee. There will likely be a rush of employers wishing to do this so an early submission to HMRC is recommended to ensure the agreement is in place by 6 April 2016.

Changes to salary sacrifice arrangements
From 6 April 2016, there will also be some changes to salary sacrifice arrangements, which will prevent employees receiving non-taxable expense reimbursements instead of taxable salary.

We recommend that schools seek professional advice where such salary sacrifice arrangements are currently in place.

Payrolling of benefits in kind
From 6 April 2016, HMRC will give employers the option to process benefits in kind through the payroll. So long as the relevant tax and national insurance is then collected through the payroll, there will be no need to complete P11Ds for these benefits. The benefits in kind that may be processed in this way are initially restricted to:

• Company cars
• Fuel benefit
• Private medical insurance
• Taxable subscriptions

In due course, employers will need to register online with HMRC (online registration is not yet available) and, once agreed, the benefits will not need to be reported on the form P11D for 2016/17.

The long awaited trivial benefits exemption will come into force from 6 April 2016.

Is my benefit trivial?
The long awaited trivial benefits exemption will come into force from 6 April 2016. It will mean that employers who provide modest entertainment, such as drinks and meals, to their employees should no longer need to include the majority of these items within their PAYE Settlement Agreement (PSA).

There will be a cap of £50 per trivial benefit. However, there is no annual cap for employees, other than for directors and their family members who are also employees. Directors and other office holders of close companies will be subject to an annual cap of £300. Where the director’s or other office holder’s family or household member is also an employee of the company, they will be subject to a £300 cap in their own right.

In order to qualify as trivial the benefit:

• must not be cash or a voucher that is exchangeable for cash
• cannot be used in conjunction with any salary sacrifice arrangement or any other contractual obligation
• must not be provided to the employee in connection with services performed

Abolition of £8,500 earnings threshold for benefit reporting
The £8,500 threshold for reporting purposes will be removed from 6 April 2016. After this date all employees will need to be considered when evaluating the end of year P11D position. You may also wish to consider whether changes should be made to affected employees’ remuneration structures.

If you have any queries on the above please contact James Cross jcross@ks.co.uk or your usual Kingston Smith partner.
Kingston Smith Fundraising and Management (KSFM) has worked with St Columba’s College since November 2013, initially helping to define and create their development department. In early 2015 we built on this by introducing a legacy fundraising strategy.

“Our first goal at St Columba’s was to locate, engage and advance our relationships with all our constituents, through social media, events, networking and volunteering. Once we felt we had raised our engagement significantly and created a vibrant community we needed to think about other fundraising streams to help support the school and its students. While a number of these were obvious and easy to organise, we were less confident about creating the right message for a Gift in Wills programme.”

Jim Lewis, Alumni and Development Manager

Scope

Legacy fundraising takes time and is very effective, but it is easily moved down the ‘To do’ list by more urgent fundraising activities. St Columba’s had never solicited legacies from its alumni in a proactive way. Our brief was simple – resource St Columba’s to promote legacy fundraising. To do this we reviewed its current communications materials, defined its legacy ‘story’ and created the building blocks for an integrated communications programme.

“Dan Fletcher was extremely thorough in his research of the school, its communications and its constituents, taking the time to study all of its forms of external messaging and interviewing a broad range of the key stakeholders within the school.”

Solution

People who leave a charitable gift in their will are motivated differently from when making a normal donation. Their intentions are geared towards the future – typically some time from now – so the case for support needs to reflect this longer timespan.

Through reviewing how the College presented its mission and understood its past, we created several marketing concepts, settling on one that emphasised ‘Character’ and ‘Making a Mark’ on the world. These concepts reflected the ethos of the ‘Columba’s experience’ and the call for Columba’s boys to make ‘right choices’. The visual imagery of a hallmark, bearing St Columba’s marque was created for this messaging.

“Dan’s work resulted in a comprehensive and unique legacy story for our school. This included: advice on the necessary marketing collateral needed, with suggested wording for different communication platforms; a guide to appropriate activities and events; advice on recruiting volunteers and pledger involvement; and how to create an awareness of our legacy programme within the school community.

We now look forward to launching our first Gift in Wills campaign feeling that we have a message that truly represents the ethos of the school and the importance of ensuring its continued success in educating young men of character into the future.”

For more information about legacy fundraising or any other form of fundraising please contact Dan Fletcher, Deputy Director, KSFM, dfletcher@ks.co.uk.

Social Media – when does social become too social?

Between April 2014 and May 2015, 54 teachers, which included Headteachers, were stuck off for sexual misconduct involving school pupils. Some of these cases involved or began as a result of inappropriate and unprofessional contact via social media. However, the actual number may be considerably higher than this as this figure does not include teachers facing criminal charges who were yet to appear before a court and employment tribunals are only held after the court process has ended and a judgement has been made.

On the other side of the coin, the number of teachers facing racist, sexist and other abuse on social media has more than doubled in a year (the same period as above), according to the National Association Of Schoolmasters And Union Of Women Teachers (NASUWT). Overall, 60% of the almost 1,500 NASUWT members polled said they have had comments or information posted about them on social networks, relating to their work as a teacher, this is up from 21% in 2014.

Today, social media is everywhere and it seems that everyone, whether it’s school children, parents, grandparents and employees, has an account. It could be Facebook, Twitter, Snapchat, Instagram or any of the other popular social media sites and apps.

It is no longer acceptable to simply draft and issue a policy, especially a social media one that can have such an impact on everyone within the school.

Whilst this is not ground breaking news and many of you will have a policy in place that covers the use of social media within the workplace, have you considered if it is fit for purpose?
Is it regularly reviewed, does everyone know about it and more importantly stick to it?

Whilst many schools are aware of the issues that take place within their grounds e.g. disputes between parents and teacher, pupils and teacher and in some cases parents and other parents, they are not aware of what is happening at the end of the school day when their pupils and staff have gone home. So, how should this issue be tackled in order not only to uphold your safeguarding responsibilities to your pupils but also to support and protect your own staff?

Education, education, education!

It is no longer acceptable simply to draft and issue a policy, especially a social media one that can have such an impact on everyone within the school.

Your staff should be educated as to the acceptable and unacceptable standards and behaviour when using social media. This may include a ban on being able to have pupils and parents as friends. As technology is constantly changing and evolving, ensure that your staff know how this can impact on them. For example, knowing how to change a person’s privacy settings on Facebook so that it is harder for someone to search for them, message them or add them as a friend.

Training should include the correct procedures to report any issues to the school in order to deal with and tackle any inappropriate contact, messaging or behaviour.

Similarly, parents and pupils should also be educated as to the standards the school is setting. This is particularly useful when it deals with contacting teachers, informing parents and pupils that it is inappropriate for this to be conducted via social media and should be undertaken using the school’s formal procedures.

I’m sure many will be thinking, “I’m sure this doesn’t apply to us”, but if you were to ask your staff to be open and honest about the contact that they have with parents and pupils, either by them being linked on social media or the messages they send and receive, I’m sure you’d be shocked by the response.

Ignorance and complacency is not an excuse to sit back and wait for that one major issue to surface which could then damage the reputation of not only your employees and pupils but the school itself.

It can take a long time to recover from such controversy even if such allegations are proved unfounded. You are there to protect everyone within your school and to ensure that none of these issues become a reality.

If you require any further information on the review and implementation of a robust social media policy, please contact HR Insight on 01708 758958 or by visiting our website www.hrinsight.co.uk, where one of our consultants will be happy to help.
Contact us

More information about Kingston Smith LLP and our services can be found at www.kingstonsmith.co.uk

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