



Fundraising and Events

Making it Legal

Communities Secretary Eric Pickles wants to stem the flow of relentless form filling, high costs and red tape for organising summer street parties and fêtes. Following the guide to planning a community event contained in our last newsletter, the following are some simple hints and tips to making fundraising and events legal.

Public Liability insurance cover

It is most irresponsible to run an event or show without Public Liability insurance cover. By far and away the most popular events in the UK during the summer months are fêtes and car boot sales and even the smallest of events should be insured. You might just get away with ignoring a coffee morning in the Vicarage garden but even then a hot water urn can blow up or a garden seat collapse and you could be liable if anything like this happens.

Public liability insurance covers you for claims made against you by members of the public or business who can prove that their accident or injury was as a direct result of the event organiser's acts or omissions. If an individual suffers as a result of not taking reasonable care for his/her own safety there is likely to be no claim, or the responsibility may be shared between the individual and the organiser. You are not obliged by law to take out insurance cover but for about £50 premium you could save yourself or your club from a crippling financial burden not to mention the anxiety that goes with being legally pursued.

Employers' Liability insurance

In addition to Public Liability you can also insure for Employers' Liability (even if you are not paying wages) and cancellation, be it due to poor weather or failure of the main act to show up. If you are employing people you are obliged by law to take out Employers' Liability insurance. You may even consider an 'all risks, money and personal assault' policy. This covers damage or theft to property associated with the event, theft of money and attack on volunteers, helpers and other organisers.

Key Points

- Always take out Public Liability insurance.
- If you employ people, you must also take out Employers Liability insurance.
- Consider cancellation and all risks cover.
- Look for companies on the internet, but maybe use a broker to get the best deal for you.

Tax and VAT issues

Event based fundraising is usually only concerned with one type of tax, VAT. Issues of Gift Aid, taxable trading, etc are unlikely to cross the path of the events organiser. However, it is best to make sure you don't fall foul of the very complex areas of tax, excise and charity law: visit the Revenue, Excise and Charity Commission websites for succinct guidance.

One-off or annual fundraising efforts are usually exempt from VAT. However, if you choose to run your enterprise as a shop, even if you open for as little as once a month, or run your events as part of a series, you will have to register with your local VAT office (see local phone directory for contact details). Be aware you are not automatically exempt from VAT because you are a charity, although there are some exemptions.

A final word if you are fundraising for a school: make sure that your purchase orders are on official numbered LEA (local education authority) order forms – unless you are separate from the LEA. You are charged VAT on all invoices and County Councils can claim this back, but only against official orders. Use the appropriate forms for hospitals, museums, sports clubs, etc, in the same way.

Key Points

- On the whole small or medium scale events will unlikely to be liable for VAT but always check you are exempt.
- Charities, schools, hospitals, etc may be able to claim back VAT so use official purchase orders where possible.

Public Entertainment Licences

The law Licensing Act 2003 states that where two or more people are performing and/or dancing is involved, a Public Entertainments License is required. The main areas of concern are:

- safety of electrical systems;
- any potential fire hazards;
- the availability of fire escapes;
- exit procedures for emptying the building;
- noise pollution;
- provision of WCs.



Inside and outside events may be treated differently, but the concerns will not change. Shows that include a hypnotism act or live animals may be banned or restricted in certain local authority areas; it is worth getting advice if you are hiring a council-owned venue as inclusion could affect the granting of a licence.

Inside events – If you have chosen a public building in which to hold your event you may find that the building already holds a Public Entertainments Licence and all you have to do is comply with the terms agreed by the building. For something like a barn dance held in a local farmer's barn or a concert in a marquee, a temporary Public Entertainments Licence will have to be sought. Places of worship are currently exempt, so you could hold an unlicensed event inside a church quite legally, but remember the checks are for the safety of everyone concerned, particularly in case of fire exits.

Outside events – Generally speaking, if musical entertainment is not the main attraction, the authorities are not as interested. However, it is worth contacting your Local Authority to make sure.

Liquor or Justices' Licences

If you wish to sell alcohol at your event you will have to be licensed. The decision to grant a licence is made by the local magistrates' court who takes advice from the Police. If you are holding an event in a building that already has a licensed bar then, provided that the licensee is in charge of the bar during the event, you should have no problem.

Outside, or in an unlicensed building, a landlord already in receipt of a Liquor Licence can apply for an occasional Licence and can hold up to four events in 12 months on that licence. As a non-profit making organisation you can personally obtain a licence to sell alcohol on unlicensed premises by applying for an Occasional Permission which allows holders to run bars at one-off public events – up to 12 in any 12 months. It takes, on average, up to a month's notice to apply for an Occasional Permission Licence but it can be sooner.

Key points

- If you are selling alcohol you will need a liquor licence.
- It saves running into problems if you approach a licensee to obtain the licence and run the bar for you although you can obtain an occasional permission for yourself.

Street Collections

Before planning too far ahead it is worth consulting with your Local Authority to familiarise yourself with the requirements of a street collection. The Charities Act 2006, which received Royal Assent on 8th November 2006, consolidates and amends the law on charitable collections, but has not yet been brought into force.

A new Charities Bill was introduced in 2011 which seeks to consolidate charity legislation, but does not deal with public charitable collections which are still covered by the following Acts; The Police, Factories, etc, (Miscellaneous Provisions) Act 1916 regulates collections of money or sales of articles for charitable purposes in streets or public places and The House to House Collections Act 1939 regulates collections of money or other articles made by means of going from house to house.

Your local council is the licensing authority for both types of collection, although it is possible for nationally based charities to obtain exemption orders from the Charity Commission enabling house to house collections to be carried out over a wide area, subject to notice to local authorities. Small house to house collections, such as carol singing in a limited area for a local worthy cause, can be granted an exemption certificate by the Police - please contact your local police station.

Essentially you must be able to apply in writing to the administration or licensing department of the district council covering the area in which the collection is to be held at least one month before the event. You may need to apply a great deal earlier than that if you want to be sure of booking the day you need.

After the collection you will be asked to complete a form giving the council information including the total amount collected, who counted it, and a list of the collectors, etc.

Key Points

- Don't forget to register well in advance if you want to have a collection on public property.
- Establish requirements peculiar to your area and abide by them.
- Keep your paperwork and accounting clear so that you will be able to satisfy the post collection return properly.
- Be aware that new regulations are in the pipeline.

Lottery Registration

A lottery is a game of chance for which tickets are sold enabling the holder to qualify for the potential to win a prize or money. Games of chance are covered by the National Lottery Act 1993 and this Act made significant changes to the Lotteries and Amusements Act 1976. All the changes are now in effect.

The definition of 'lottery' can include raffles, sweepstakes, tombolas, etc. When you introduce an element of skill such as in 'Spot the ball' or 'Guess the weight of the cake' it then becomes a competition rather than a lottery and is not subject to such rigorous regulations.

One other area not covered by legislation is the 'free prize draw'. As long as all tickets or chances are offered on the basis of a voluntary donation only, your lottery is completely unrestricted. You must be very careful in your wording and all advertising and tickets must include the words, 'No donation necessary'. You cannot even suggest a donation or stipulate a minimum donation! A lucky number on a free programme (with a voluntary donation) is an example of good use of this unrestricted game of chance.

In simple terms there are now five different types of lottery covered by the legislation:

- Small lotteries.
- Private lotteries.
- Society lotteries.
- Local Authority lotteries.
- National lotteries.



No registration is necessary for small or private lotteries. Registration is required with the Local Authority for Society lotteries of a value not exceeding £20,000. On the whole the regulations covering raffles and similar games of the sort that we enjoy at community events in every town and village on every day of the year are relatively straightforward.

Small Lotteries

These must not be the main attraction of the event. They must be incidental to an exempt entertainment such as a sale of work, dinner dance, sporting event, fete, etc. The lottery must then take place on the premises (but not charity shops)

where the main event is being held and there must be no element of private gain in the running of it. Money spent on the purchase of prizes must not exceed £250; this is at the whole event, not just one bottle stall, for instance – however prizes of greater value can be donated by supporters as long as no money prizes are awarded, although gift vouchers are permissible.

Interestingly it is still lawful to offer bottles of alcohol at an exempt entertainment even if that entertainment does not hold a liquor licence; whether you are then allowed to open the bottle and drink it immediately is another question. Subject to the above, there is no limit on the size of the lottery or on the price of the tickets; although tickets can only be sold during the actual event and the lottery must be resolved before the end of the event, even if this takes place over several days, and on the same premises. As there is no legislation covering the price of the tickets it is, within the letter of the law, permissible to sell multiple tickets at a discount and this is a frequent feature of raffles. However, the Gaming Board is at pains to point out that this is not good practice; in the spirit of the law, everyone should be given a fair and equal chance and this can only happen if all tickets are sold at the same price.

Private Lottery

Whilst of a more limited fundraising potential, these are far less regulated than any other type of lottery. It must be confined to members of a club or society, promoted by a member of that club with the net proceeds of the lottery being used to provide prizes or to further the work of a society. The only deductions allowed are for printing and stationery. This means you cannot hire and pay a manager (even another member of the club) to run the lottery.

The lottery can only be advertised on the society's premises and you cannot send the tickets through the post – so not sending a raffle book out with the minutes – but there is no limit to the size of the lottery or the price of the tickets. Indeed there is no requirement to have actual tickets; a sweepstake would be perfectly in order. However, the price of every entry must be the same and the chances can only be allocated by way of sale and this must be done in person.

For more information about lotteries and competitions, contact your local Council for Voluntary Service (CVS) or Local Authority – details at the end of this factsheet.

Bye-laws covering public areas

Public areas and footpaths are often covered by local bye-laws and if there are conditions covering these they will be pointed out in the contract if you are hiring a council-owned venue.

The sort of bye-law that may affect you is whether you are allowed to fence off a footpath or public area. Or you may be advised that no event can be held between certain hours or, understandably, that you have to leave access to the children's playground free for public use.

Existing concessionary cafés or shops can also cause problems sometimes entailing restrictions on your use of extra caterers or food vans. Most recreation departments at your Local Authority will cover these points for you but you do need to be aware of the types of complaints that may arise.

If you plan to use the river, or other expanse of water, on your site for entertainment, perhaps a raft race or boat procession, it may be that you will need permission from the local office of the Environment Agency. If the water is navigable you will certainly have to speak to them before you plan anything. Your local council can advise you where to go for help as they will be in constant communication with the correct organisation and will know the potential problems.

Key Points

- Make yourself aware of any local bye-laws that may affect you or the site in question.
- Ensure that you have adequate insurance cover.

Further information & key contacts:

Insurance Services for the voluntary sector: http://www.volresource.org.uk/services/serv_ins.htm#brokers

HM Revenue & Customs VAT Guidance for charities and not for profit: <http://www.hmrc.gov.uk/charities/vat/intro.htm>

Charity Commission website: <http://www.charitycommission.gov.uk/index.aspx>

Torridge District Council: <http://www.torridge.gov.uk>

TTVS (Council for Voluntary Service for Torridge District): <http://www.torridgecvs.org.uk>