A Brexit that works for everyone
Brexit opportunities and risks for the UK charity sector

Executive summary

The ability of the UK charity sector to serve its beneficiaries depends on a strong economy. This briefing is prefaced on the assumption that a 'clean Brexit' – a Brexit which entails leaving the Single Market – is successful in delivering economic growth and prosperity. If there are negative consequences for the UK economy following Brexit then this would have a negative impact on the charity sector as well. This would outweigh many of the potential benefits of a 'clean Brexit' highlighted in this paper.

Charity Finance Group did not take a position on Brexit, and we continue to be impartial on whether Brexit was a good or a bad decision for the UK. Our focus is on securing the best possible operating environment for charities so that they can do their best to help their beneficiaries.

However, in terms of the Brexit deal, a 'clean Brexit' would give the government more freedom to unlock financial resources and cut back red tape which hold the charity sector back from doing more for good causes and delivering public benefit.

The government could achieve the same outcomes that benefit the charity sector through a negotiated settlement, but it would need to ensure that these were secured in any final deal. Based on the current EU negotiating position, this could be challenging, but the government must not ignore the needs of charities.

Any deal which gives away the UK's freedom on tax policy, particularly VAT, State Aid and public procurement rules is likely to lock the UK government into a position where it cannot do the most to help charities carry out their important work.

Remaining in the Single Market and customs union, at the extreme end, creates the risk that the UK charity sector could be left in the worst of both worlds where the UK has to harmonise tax policy, State Aid and procurement policy with the EU but is not able to change it. **This is a situation that the UK government should avoid, either through the structure of the deal or through negotiations.**

Remaining in the Single Market and customs union may work for some businesses that carry out significant trade with the EU, but it could hold back the ability of charities to deliver public goods and support the most disadvantaged communities.

As we reference in this report, there is already a perception amongst the public that Brexit is being crafted in the interests of the wealthy and big business, rather than the public or disadvantaged communities. Yet so far, there has been little talk about

what Brexit could mean for charities and the risks associated with different outcomes could end up making it harder for them to do their work and harming beneficiaries.

Charity Finance Group has developed **a six-point plan** that the government must deliver to help the charity sector make a success of Brexit. These do not depend on a clean Brexit, but a clean Brexit is most likely to the delivery of these outcomes and the government should make sure that these are red lines in their negotiating strategy.

A good Brexit outcome for charities would see:

1. A deal where the UK has complete freedom to change VAT rules, for example, creating new zero-rates, options to tax and a comprehensive rebate mechanism.
2. The UK government to commit at a minimum to fund to the same level services that are currently funded by the EU, with improvements in delivery of funding.
3. A deal where the UK is still able to flexibly pool resources to access EU funds in key areas such as international aid.
4. A deal which allows the reform of State Aid so that it focuses on enforcing competition in real markets rather than tying up charities and social enterprises in red-tape working in broken or non-functioning markets.
5. Greater flexibility on public procurement so that more grants and contracts are awarded on the full social, economic and environmental value that could be created, not just on cost.
6. An immigration system which is flexible and enables charities to continue to hire the workers that they need in order to carry out their objectives effectively.

Rewards and risks of 'clean Brexit' for UK charities

Rewards

- Freedom for UK to set on tax policy and resolve long-standing issues such as irrecoverable VAT, which costs charities around £1.5bn a year.
- State Aid rules reformed to reduce red tape for charities and refocused on stopping genuine competition problems
- Public procurement rules improved to improve social, economic and environmental value of all public spending
- More funding available to support UK charities delivering services for disadvantaged people

Risks

- Lack of access to European Union funds
- Operational barriers created which make it harder for UK charities to work across borders in the UK (e.g. visa requirements)
- Short-term economic volatility leads to a reduction in UK growth and impacts on charitable giving

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Introduction

The UK charity sector is an important social and economic actor in the UK.

According to the latest available data 167,000 charities employ 837,000 people and contribute over £12bn to UK plc – roughly equivalent to the size of the economy of Cyprus.[1]

83% of the public use charities services, according to research by the Charities Aid Foundation.[2]

Key facts on UK charity sector

- **There are 167,000 'general charities' (excluding universities, trade unions and religious organisations).**
- **They employ 837,000 people and contribute £12bn a year to UK GDP – equivalent to the size of the economy of Cyprus.**
- **UK charities raised over £20bn through donations, legacies and trading with the public in 2014/15.**
- **83% of the public used charities services in the past year (2016).**

The vital work that charities, big and small, undertake supports the delivery of important public services and leverage over £10bn in voluntary donations and legacies every year, money that goes towards making our society and the world a better place.

Charities shouldn't have to fight for their seat at the Brexit table. They should be there right alongside the public sector and business.

It is hard at this stage to quantify what those risks might be, but we seek to compare two clear outcomes. One, a 'clean Brexit' with no free trade agreement and the UK leaving the Single Market and Customs Union. The other, remaining in the Single Market or Customs Union based on the EU's current negotiating position from a UK charity sector perspective.[3]

A Brexit backed by the British public

One of the things that everyone has agreed is that Britain won't make a success of Brexit unless all parts of the country are able to come together. But already at this early stage, **the public senses that the government is not treating all groups equally in the Brexit negotiation process.**

[1] NCVO Civil Society Almanac 2017
[2] Charity Street II, Charities Aid Foundation, 2016
[3] What the EU's Brexit Strategy means for charities, Charity Finance Group, March 2017

Polling commissioned by Charity Finance Group and carried out by ComRes, during the 2017 General Election campaign[4] asked people who they thought the UK government were currently prioritising in the Brexit negotiations.

Unsurprisingly, it was wealthy people and communities that the public thought that the government was prioritising most. Just 5% believed that “people like me” were being prioritised most by the government and just 2% believed that disadvantaged people and communities were the most prioritised.

54% of people responded that British business was a top three priority for the government, followed by 43% for wealthy people and communities, and 36% for the British Public.

Charities, despite their contribution to society and the economy, were only seen as one of the government’s top three priorities by 5% of the public.

This is borne out by our analysis where the impacts of Brexit for disadvantaged communities have hardly been referenced in the mainstream debate, which has mostly focused on trade deals and immigration.

This highlights a real risk for the government, that their priorities are skewed towards a few groups leaving other parts of our society out of the picture. UK charities are involved in this both from an operational perspective, as organisations which seek to help their beneficiaries, and from their responsibility to provide a voice for those that are unable to advocate effectively for themselves.

[4] http://www.comresglobal.com/wp-content/uploads/2017/06/Charity-Finance-Group-Brexit-Survey-Data-Tables.pdf

1. Reducing the tax burden on charities

It is a commonly-held myth that charities do not pay any tax. This is not the case.

Although charities are able to get access to a number of valuable and important reliefs such as Gift Aid, business rate relief and corporation tax, this does not meant that charities are ‘tax free’.

Irrecoverable VAT is one of the biggest cost burdens facing the sector, sucking in around £1.5bn every year from the charity sector according to the Charity Tax Group. This is a significant amount of money, which could be going to support good causes, employ staff and support local communities.

This burden is caused by the poor design of the VAT system in relation to charities.

VAT has two sides to it, input and output. Input VAT costs are created by charities buying products and services from other companies and having to pay VAT. The output VAT is the VAT that charities are able to charge to consumers of their products and services. In theory, VAT should ‘flow through’ to the consumer with the output VAT offsetting the input VAT so that for the business, the tax is neutral.

Originally, and with the aim of being helpful to charities, a number of charitable activities were given ‘exemptions’ from VAT, so that they did not have to charge VAT on the services that they provided to beneficiaries. This was to avoid beneficiaries having to pay more for these services.

However, the use of exemptions, rather than zero-rates meant that charities were not able to claim back the output VAT for those services, but still had to pay the input VAT. This left them with a lump of tax left over, which they had to pay to HMRC. As VAT has increased over time, this irrecoverable VAT has grown in size to the extent that for some organisations it is now a substantial sum – in some cases enough to fund an additional project or member of staff on its own.

The other challenge is that VAT is charged on business activities but not non-business activities. Charities because of their role in straddling both the private and public sectors, carry out both business *and* non-business activities. As with exemptions, charities end up with a lump of irrecoverable VAT because the non-business supplies that they make to beneficiaries cannot be used for the purpose of recovering VAT.

Either way, charities end up paying more tax because of flaws in the design of the VAT system. As a country with a large and critically important charity sector, it is vital that we are able to design a tax system which enables charities to do their best to support the good causes that they were set up to create.

We also know that the public is sympathetic to this position.

Ultimately, when the public gives money to charities they want to see as much money as possible to go to the end cause. Tax reliefs such as Gift Aid recognise that money which has been freely given to help the public should not be taxed. However, these reliefs are not effective if the government ends up clawing the money back through VAT or other taxes further down the line.

Charity Finance Group and the Institute of Fundraising commissioned a poll from ComRes to ask the public about their views on charity tax.

83% of the public agreed that donations to charities should not be taxed.

63% of the public also said that the government should use its newfound flexibility in leaving the EU to amend the VAT system to end the burden of irrecoverable VAT.

The solution to this issue is two-fold. Firstly, the government needs to create a rebate mechanism so that charities can reclaim the irrecoverable VAT that is lost through non-business supplies. A similar rebate mechanism exists in the public sector and has been selectively introduced already for certain types of charities such as Air Ambulances, Lifeboats and Blood Bikes. However, it is unclear why certain types of charities should be privileged. *All* charities are working to deliver public benefit and arguably should be treated equally.

The government does not, therefore, need Brexit in order to introduce a rebate mechanism, although it could choose to use funds that were being paid into the European Union to fund such a mechanism. Although an agreement which involved remaining in the Single Market and customs union which limited the ability of the UK to provide grants or rebates to charities through the tax system due to the need to harmonise policies or prevent tax competition could create unhelpful barriers.

Secondly, the government needs to convert existing charitable VAT exemptions into zero-rates or options to tax. Brexit does create an opportunity to do this, because currently the UK cannot create new zero-rates or change zero-rates without the agreement of all the other member states. As many countries in Europe do not have as large or effective a charity sector as the UK, there has been historically little appetite to do this. Conversion of the exemptions into zero-rates would mean that charities could reclaim VAT on the goods and services that they supply, but would not have to pass the costs to beneficiaries. In a similar way, giving charities an option to tax in certain circumstances is not currently in the UK's power but could help to resolve this issue.

These solutions would not need to be implemented in full immediately. The government could taper these into effect over time, in line with plans to reduce the deficit. For example, a rebate mechanism could only allow 25p out of every £1 to be reclaimed in the first year, 50p in the second year, 75p in the third year before the full £1 to be reclaimed in the fourth year. The zero-rates could be 'switched on' at different points to smooth out the cost, and it would be sensible to allow a period of at least 18 months to enable charities to prepare for the changes. The same is true to options to tax.

However, without a Brexit which gives the government the freedom to set tax rates and adapt them to the needs of the British economy and society, then this may not be possible.

A ‘clean Brexit’, without the need to consider harmonisation with the rest of the EU, would be the safest way to achieve this. **Other deals could still achieve this and the UK should consider this as a ‘red line’ in the negotiations,** however, even with a free trade deal, there is the risk that harmonisation could be enforced under the threat of the UK being said to act in a way to undermine competition. This is laid out in the EU’s Brexit negotiation strategy, and it is not clear at present what this could mean in practice.

We would not consider rebates and conversions to help charities as acting to undermine competition, but it is hard to predict how other bodies, such as the European Commission or ECJ, would interpret such actions.

The impact of VAT reform would be ***transformational*** to the UK charity sector, not only reducing the amount of time spent focused on structuring activities in such a way to avoid large VAT bills and paying for advice, but also in freeing up hundreds of millions of pounds to be spent on helping advance good causes.

Given that a large amount of the charity sector’s expenditure goes on employing staff, it would also have positive impacts on employment and local communities. Unlike private businesses, charities are not by law allowed to grow ‘cash piles’ and can only hold reserves for specific purposes.

Conservatively estimating that that half of the money is used on staffing, this would be equivalent to around 50,000 extra full-time jobs paying the National Living Wage and including pension contributions. This would be a significant boon to the UK economy and many disadvantaged areas where charities operate in.

2. Reforming State Aid

State Aid has long been a challenge for the charity sector, with State Aid often used by government officials as a reason why interventions cannot be made in local communities or why tax reliefs cannot be made simpler or more generous.[5]

As a consequence state aid is currently a significant opportunity cost for the UK economy and society.

According to the Treaty on the Functioning of the European Union, a measure constitutes state aid if it involves the transfer of state resources (e.g. grants, loans, low or free rents of state property, tax credits) which has the potential to distort competition and trade in the EU market and confers a selective economic advantage to the recipients.[6]

For charities, state aid impacts them in a number of ways including the tax reliefs that are granted to them (most recently the Social Investment Tax Relief) to the grants given to the by the government and also grants or loans given by state-backed entities such as the Big Lottery Fund and Big Society Capital.

Understanding whether resources are state aid and then calculating their relative costs involves a significant amount of red tape for charities and ties up resources that could be better deployed for the service of beneficiaries and promoting good causes.

Exiting the European Union gives the UK the opportunity to reform state aid rules so that they effectively prevent anti-competitive practices whilst at the same time enabling the government to back social organisations, such as charities and social enterprises, which are working in deprived communities.

This could be done through a new 'State Aid' Act and clear guidance from government making clear that resources will only be considered state aid if there is *strong evidence* that providing aid would distort market competition or international trade.

The UK is one of the most open and liberal economies in the world. We are the 7th easiest place to do business in the world according to the World Bank and 16th in the world for starting a business. Moreover there are very few sectors, if any, where charities have an exclusive licence to operate in exclusion to private companies. If anything the trend over recent years has for the private sector to deliver more services that have been traditionally provided by charities.

[5] A recent example is the consultation on rules around 'thank yous' given to donors and that have claimed Gift Aid. Proposals to introduce simpler rules for small charities have been cited as potentially problematic due to EU state aid rules. Whether this is the case or not, the effect of the EU state aid rules on the willingness of UK officials to act is considerable.
[6] Article 107 of the Treaty on the Functioning of the European Union

In most cases, if charities are helping beneficiaries, it can therefore be assumed that this is because there is a ‘market failure’. These are likely to be because of a combination of factors such as a lack of recipients with an ability to pay for services provided, low or no profitability or the upfront cost of investment outweighing long-term potential profits. Given this situation, state aid should not be used as a way to prohibit charities from receiving grants, loans or tax credits to carry out their charitable activities.

The assumption should be that if there is not currently a private business operating or delivering a service provided by charities, it is due to the lack of a functioning market rather than distortion or potential distortion due to state intervention. Central government, public bodies and local councils should be empowered to take action based on need, potential benefits and value for money. This approach would also arguably support the development of local businesses.

There are benefits for charities currently from certain aspects of the State Aid system and it is important that any Brexit does not jeopardise these exemptions or lead to a situation where the **UK government is unable to exercise its own discretion but is also unable to effect meaningful change on EU rules**.

Charities that deliver social services, social inclusion or community economic development are particularly vulnerable, as they are currently subject to looser state aid rules via the General Block Exemption Regulation (CBER) and Services of General Economic Interest (SGEI). Other areas that could be affected could include:

- Research and development
- Environmental protection
- Culture
- Regional development
- Social investment

According to the European Commission’s data, the UK distributed significant amounts of money via state aid (2015) exemptions including[7]:

- Culture (EUR 770m)
- Environment protection (EUR 2.6bn)
- Heritage conservation (EUR 527m)
- Regional development (EUR 904m)
- Research and development (EUR 2bn)
- Risk capital (EUR 1.1bn)

[7] http://ec.europa.eu/competition/state_aid/scoreboard/index_en.html

In total over EUR 5bn was distributed via grants and EUR 3bn through tax reliefs, which is a significant level of expenditure. Continuity, and ideally, greater flexibility is important for the work of the charity sector.

Even upon leaving the European Union, the UK will be subject to World Trade Organisations rules on the use of subsidies. However, these rules are more flexible and are more tightly focused on trade distorting measures. It is important that the UK does not ignore the opportunities through Brexit by allowing civil servants to use excuses over EU State Aid rules to become excuses over WTO rules.

A ‘clean Brexit’ would give the UK the highest level of flexibility on State Aid rules and enable them to be crafted based on social and economic needs. It could retain positive aspects of the state aid rules such as the block exemptions noted above, without the need to apply state aid indiscriminately across all areas of policy.

Remaining in the Single Market and customs union, could lead to a situation in which State Aid rules are retained without any ability for the UK to show discretion or push for reforms. Moreover, there is a risk that in becoming a third party but still subject to EU rules, that rules are more inflexibility implemented due to a lack of trust between UK/EU institutions and concerns about unfair competition.

Although arguably much of the inertia around surrounding State Aid is based on myths within government officials or a convenient excuse for governments that do not wish to act, it is important that no deal is made with the European Union that prevents the UK’s ability to intervene to support local communities. Retaining EU rules as they currently are would simply reinforce this inertia.

Reforming State Aid rules and focusing them on real competition issues will not only cut back on red tape but empower governments to act in the best interests of citizens.

3. Getting more out of taxpayers' money

The European Union has a been a positive force for reforming commission to ensure that a wider conception of 'value' is considered, not just the financial cost but the environmental, social and local economic benefits that commissioning can provide.[8]

However the UK has not been a passive observer to these developments and has actively shaped improvements in public sector commissioning. Most notably through the passage of the Public Services (Social Value) Act 2012, the UK has become a world leader in promoting a new kind of commissioning with a focus on maximising on the environment, social and economic value of taxpayer funding. However there have also been other initiatives including promotion of 'Best Value'[9] and the Sustainable Communities Act 2007 which have worked towards a similar vision.

Whilst under law it is clear that the EU supports and enables this kind of commissioning, in practice, membership of the EU has acted as drag on implementation because of the fear amongst commissions that innovative practices will fall foul of EU procurement law. This is despite considerable education efforts by the government, professional advisers and charities. The lack of capacity for commissioners to engage with supra-national regulation in a meaningful way has meant that public bodies have opted for a 'safety first' approach to commissioning, often bundling up contracts into larger units, rather than developing more innovative solutions.

This is despite the considerable pressure there has been in the public finances. The government spends around £187bn with businesses and charities each year, and around half of this is on the provision of public services.[10] We have also had a number of high profile situations in recent years, most recently the closures of Tata Steel in Port Talbot and the Teeside Steel Mill, where public procurement could have been used more effectively to support strategically important industries which generated considerable local economic, social and environmental benefits.

If the UK is forced to keep EU procurement laws in order to enjoy access to the single market, then there is a real danger that this drag on implementation will continue. Not only that, but if the UK is forced to accept EU procurement laws without the ability to shape them, the UK may be prevented from going further to increase the social, economic and environmental impact of commissioning because it would breach a trade agreement with the EU.

A 'clean' Brexit would provide the UK with the most flexibility on public procurement. It would enable the UK to build on its current trend towards improving commissioning

[8] See the Public Contracting Regulations 2015, which are based on the EU's public procurement directive 2014, as an example
[9] Revised Best Value Statutory Guidance 2015
[10] https://www.publications.parliament.uk/pa/cm201314/cmselect/cmpubacc/777/777.pdf

practice and widening the concept to ‘value’ as well as the types of products that can be included, such as goods and works. A significant improvement to the Public Services (Social Value) Act would be possible which could push the UK in further ahead in terms of public sector commissioning.

This would not only strengthen the role of charities and small businesses, which generate significant levels of social, environmental and economic value but it would also lead to better value for money for the UK taxpayer.

4. Future of EU funds for UK charities

UK charities and social enterprises benefit from a number of EU structural funds and cross-border funders, in addition to the well documented success that the UK has in applying for pan-European research funds.

According to data from NCVO and information from other charity bodies, EU grants and contracts were worth around £230m a year to charities. This is a significant amount of funding, and the data is likely to underestimate overall levels.

Our consultation with members indicates that charities working in international development, education/training, economic and community development, environment/heritage and civil rights are most likely to be impacted. The European Social Fund, Common Agricultural Policy payments and European Commission Overseas Aid were noted as particularly important forms of funding for UK charities.

A 'clean Brexit' which did not involve a trade deal and a payment from the UK towards the European Union would mean that the UK government would have more funds available to directly support charities which are delivering public goods. This is particularly true of funds such as the European Social Fund which has been matched by money from the Big Lottery Fund and is a significant funder in helping disadvantaged people back into work, boosting social inclusion and investing in skills & training.

It would also enable the UK to be more flexible in the way that it deploys social funding. Many charities have commented on the large levels of red tape that are associated with EU funding as well as the time taken to acquire match funding. The previous Minister for Civil Society, Rob Wilson, had indicated that the government was open to discussing changes to make the European Social Fund better for charities. As such a 'clean Brexit', would present an opportunity to change these rules and make it easier for charities to access funds.

However, there is a risk that a 'clean Brexit' would not enable the UK to retain access to shared funds such as the European Commission Overseas Aid funds as well as research funds. According to an assessment provided to the British Council[11], current EU rules mean that UK based charities would not be able to access funds as direct contractors except in the least developed and highly indebted countries (LDC and HIPC) and for two human rights programmes (EIDHR and IcSP). UK charities would likely lose access to EU Funds for Asia, Northern Africa, Eastern Europe and Latin America.

[11] Accessing EU funds, Schuman Associates, 2017

UK charities could retain access through setting up branches in EU countries, but this could lead to not only additional costs but also the loss of employment and expertise in the UK. This is not a satisfactory outcome.

The briefing referenced above notes that the EU has, in the past, experimented with allowing third party countries to access the EU aid budget in return for allowing EU countries to access their aid budgets. This could be achieved through a ‘clean Brexit’ and would give UK charities the access they need without necessarily being part of the European Union. We believe that this would be optimal and would be a net benefit to the UK which due to its historic role internationally and world-leading charities would likely continue to win a significant portion of funds from the European Union.

A similar approach could be taken to EU research funds. As such a ‘clean Brexit’, in and of itself, does not preclude the opportunity for UK charities to retain access to EU funds, provided that the UK is prepared to pool resources and give access to EU member states in a flexible manner.

As a consequence, it is important for the UK to consider access to EU funds as a key negotiation point and one that should be prioritised if the UK wishes to support the UK charity sector.

5. Access to skills

Like the rest of the UK economy, the UK charity sector depends on having access to skills from across the EU and around the world.

The latest available estimate from NCVO of the level of EU nationals working in the UK charity sector is around 5%[12]. This would mean that there are around 40,000 EU nationals employed in the UK charity sector. Any instability in access to EU nationals could create significant difficulties for UK charities.

Charities, like businesses, want certainty around the status of current EU nationals and a flexible immigration system which enables them to attract the workers that they need from across the European Union and other countries.

A ‘clean Brexit’ would not interfere with the ability of the UK to create such rules. It is up to the UK government to make the right policy choices. A ‘clean Brexit’ does not necessarily mean tougher immigration controls. Although the UK government has currently set itself the goal of reducing immigration to the ‘tens of thousands’ this is a self-imposed target and the UK government can change this at any time. It is also important that the UK government does not impose an overly expensive or bureaucratic immigration regime which UK charities either find difficult to navigate or which puts off potential EU migrants. Businesses and charities already have to grapple with a complex visa system for non-EU workers, and the government should work the charity sector and others to ensure that any new system is better targeted and more improved.

Retaining the freedom of movement between the EU and the UK, would be welcomed by UK charities.

However, if this is secured through remaining members of the Single Market or customs union, it would carry risks that other long standing issues are not resolved.

As a consequence, a trade deal with the EU deal could lead to a situation in which access to skills would be no different than under a ‘clean Brexit’ scenario, but with other operational challenges. The balance of risk is weighted more heavily towards the remaining in the Single Market and customs union rather than a ‘clean Brexit’.

[12] https://blogs.ncvo.org.uk/2017/06/02/giving-everyone-a-stake-in-post-brexit-britain/

Conclusion

The UK is facing historic choices with Brexit, choices which will significantly impact the ability of the UK charity sector to meet the needs of beneficiaries in the years ahead.

Overall, the balance of evidence indicates that the risks to the UK charity sector are fewer through a 'clean Brexit' than through remaining in the Single Market and customs union with the EU which could create the worst of both worlds: stuck with historic problems but unable to resolve them as the UK would no longer be part of setting EU rules.

Of course, we recognise that UK charities are just one stakeholder in this negotiation. However UK charities are ***important and valuable*** stakeholder and the UK government must take the issues raised in this briefing seriously.

Otherwise there is a risk that one of the legacies of Brexit will be a UK charity sector which is less able to help its beneficiaries over the long term. This would not only be a bad result for the people that UK charities help both at home and around the world, but would also ignore the will of the British public who want social change, not just a Brexit built for business.

A good outcome for UK charities under a 'clean Brexit' scenario would require the UK government to make *positive* choices in favour of supporting UK charities. This is by no means guaranteed and recent budgets have not seen the UK government put any significant investment into the sector despite its importance in building a better society, its role as an employer and the support of the UK public. This would need to change post-Brexit, particularly as tackling long term social challenges are essential, if the UK is to be able to compete on the world-stage post-Brexit.

CFG has had no position on whether the UK should have left the EU or should do so in the future, but it is clear that the debate has moved on, and an appraisal of all the evidence available to us at this moment in time, a 'clean Brexit' would have the most potential for allowing the UK charity sector to thrive.

Regardless of the deal that the UK government negotiates, it must ensure that the needs and interests of the UK charity sector are fully taken into account.