Regulator renews its message warning charities against the use of cash couriers

Following both changes to the law on carrying cash and continued cases involving the seizure of charitable funds held as cash by the police and officers of UK ports, the Charity Commission ('the Commission') has published this updated alert on cash couriering in partnership with SO15 Counter Terrorism Command, Metropolitan Police Service ('SO15').

Risks of cash couriering

The Commission continues to see a number of cases involving cash seizures from individuals who have indicated that they are carrying cash on behalf of a charity or for charitable purposes. In line with international standards, the Commission defines cash couriers as the people who physically transport currency on their person or accompanying luggage from one jurisdiction to another. This could be a charity representative or a third party acting on behalf of the charity.

The Commission strongly advises charities against the use of cash couriering as a method to transfer charitable cash due to the significant risks involved. These risks include:

- cash couriering is known to be used by terrorist and criminal organisations to move money
- if the police or ports officers are not satisfied that the source or end use of the cash can be accounted for, it is likely to be seized under the Terrorism Act 2000 (TACT) or the Proceeds of Crime Act 2002 (POCA). Cash seized can then be forfeited on an officer's successful application to the courts
- even if a charity manages to secure the return of any seized cash, it will likely take a significant amount of time, inconvenience and cost and could result in both operational delays and reputational damage
- carrying a significant amount of cash on their person is likely to make a cash courier a target for criminals, risking both the safety of the courier and the loss of a charity's cash
- cash couriering is challenging both to audit and to maintain adequate records and evidence of expenditure. This may impact on the trustees' ability to account for the funds and show that they have been used in furtherance of their charity's purposes
- cash couriers are not regulated so there is less assurance about their quality and reliability

Cash continues to be a high risk for terrorist financing and money laundering

The UK government's latest National Risk Assessment (NRA) highlights that cash continues to be at high risk for both terrorist financing and money laundering. In particular, cash couriering is considered to be a popular method of moving terrorist funds overseas from the UK. Since 2017, according to the NRA, cash seizure powers have continued to be used regularly by law enforcement and there has been an increase specifically in cash seizures suspected to be linked to terrorist financing.

Moving charitable funds overseas

The Commission recognises that charities which work internationally need to move money across borders. All charities need to have access to, and use, a bank account in the charity's name in the regulated banking system. Using the regulated banking system is a prudent and responsible way to protect charity funds and maintain appropriate audit trails of the sort which trustees must keep for the receipt and use of money. This is the case even if transferring funds through such channels incurs an administrative cost.

Formal banking systems should always be used where they exist as they provide the safest and most auditable means of transferring charitable funds.

If formal banking facilities are available but not used, trustees need to evidence the exceptional circumstances for operating in cash and that they have managed the associated risks effectively. Failure to do so may be considered as misconduct and/or mismanagement of the charity.

The Commission reminds trustees considering the use of a cash courier of their duty to account for their charity's income and expenditure by maintaining and preserving accounting records and to act prudently and responsibly to protect their charity's assets.

In what circumstances can a cash courier be used?

The Commission accepts that, in exceptional circumstances – where other means of transferring funds are not available – cash couriering may be the only option available. In such circumstances, the Commission expects, as a minimum, that the trustees will have put in place and fully documented the following safeguards to discharge their trustee duties. Trustees will need to assess the risk to their charity, taking appropriate advice when necessary, and as such, this list will not be exhaustive:

- assess the risks involved for any instance of cash couriering. The safety of the individual carrying the cash, along with the risks to the charity's property, should be considered, assessed and managed. Trustees' decision-making and risk assessment should be properly recorded
- when using an agent or partner, ensure that appropriate due diligence is carried out on the cash courier and that reasonable steps are taken to protect the money. As a minimum, we would expect trustees to have agreed in writing what is expected from the agent, how much money is being carried and in what currency, specific details as to how funds are to be delivered and who it is to be paid to. This should be in place and agreed before the money is handed over. The Commission provides a

template Cash Courier agreement form
- obtain specialist insurance to cover the associated risks of the cash being couriered – individual travel insurance is unlikely to provide the necessary cover. Insurance to cover these risks would be a legitimate charitable expenditure
- the cash courier carries documents evidencing the source and destination of the funds and their association with the charity. It is advisable to have a designated representative of the charity that is contactable at the time of the couriering so that they are able to provide any additional documentation required by customs authorities
- declare cash of £10,000 or more when you carry it between Great Britain and a country outside the UK. This includes notes or coins, bearer bonds, travellers' cheques and cheques (including travellers' cheques) that are signed but not made out to a person or organisation. You can make a declaration to HM Revenue and Customs (HMRC) in advance using an online form. If you are leaving the UK, you must declare cash before you leave the country. If you are coming to the UK, you can declare cash before you travel or as soon as you arrive in the UK. The earliest you can make a declaration is 72 hours before you plan to travel
- consider and comply with any particular local legal requirements that may be in place when taking cash into the destination country

If you are travelling as a group with more than £10,000 in total (even if individuals are carrying less than that), you still need to make a declaration.

Trustees have a duty to comply with the law. If you do not declare cash that you should have, all the cash you are carrying can be seized by a Border Force officer. You may have to pay a penalty of up to £5,000 to get it back.

Declared cash or amounts under £10,000 can still be seized by customs authorities if they have reasonable grounds to suspect a crime.

Please refer to HMRC's guidance Taking cash in and out of Great Britain for further information. There are specific provisions and exemptions regarding carrying cash to Northern Ireland (including from Great Britain) and from Northern Ireland, also noted within HMRC's guidance.

Reporting concerns to the Commission

The Commission expects trustees to ensure that any seizure or forfeiture of their charity's funds is reported to it as a Serious Incident Report. It is expected that any cash seizure or forfeiture would be reflected in the charity's financial statements, with cash forfeitures also reported in the charity's annual return.

Summary

In summary, the Commission's regulatory advice for charity trustees is:

- do not use cash couriers unless there are exceptional reasons for doing so

- if other means of transferring funds are not available and cash couriers are used, the Commission expects trustees to put in place a range of additional safeguards given the significant risks involved
- cash of £10,000 or more must be declared to UK customs when carrying it between Great Britain and a country outside of the UK
- promptly report any seizures or forfeiture of charitable cash to the Commission as a Serious Incident

Please see Chapter 4 of the Charity Commission’s Compliance Toolkit for further information on holding, moving and receiving funds safely including cash couriering.

Notes

1. The Charity Commission, the independent regulator of charities in England and Wales, is issuing this alert to charities as regulatory advice under section 15(2) of the Charities Act 2011.
2. The National Risk Assessment (NRA) is a comprehensive assessment of money laundering and terrorist financing risk in the UK. The third NRA was published in December 2020. It sets out the key money laundering and terrorist financing risks for the UK, how these have changed since the UK’s second NRA was published in 2017, and the action taken since 2017 to address these risks.

Students heading to class this Autumn are reminded to apply for student finance

It’s estimated that more than 1.5 million people will attend college or university this autumn, and the Student Loans Company (SLC) is urging students to apply for student finance in plenty of time.

SLC’s role is to enable opportunity for students to invest in their futures through access to further and higher education, and new full time, undergraduate students in England have just under three weeks to apply for funding before the deadline on Friday, 20 May.

Students should apply online now even if they don’t have a confirmed place at university. By submitting their application before the deadline, they can ensure their finance will be in place for the start of the academic year.

Returning students in England also need to reapply for student finance every year, and the deadline for applications is Friday, 24 June.

Chris Larmer, SLC Executive Director, Operations said: “Our mission is to enable opportunity and we are committed to supporting students to achieve their ambitions.

“Our application window opened earlier this year, which gives students plenty of time to apply before the deadline to ensure they have the best possible start to their further or higher education journey. We know that this can seem daunting, particularly for new students, but there is a range of content on our website and social media channels to help guide students, and their parents or partners, through the process. Applying early means that busy students can tick at least one thing off their list as they prepare for university life.”

SLC is continuing to improve its customer experience and students have access to self-serve tools allowing them to track their application online and receive progress updates.

Chris added: “We continue to invest in providing a digital service that offers the best customer experience to students. Applications can take around six to eight weeks to process and for the vast majority, the whole experience will be online. Students can monitor their application’s progress via their online accounts and if we need any further information, we will get in touch directly.”

Students can continue to apply for finance throughout the summer, but SLC is not able to guarantee that funding will be in place for the start of term.

LSEG’s anticipated Quantile purchase raises competition concerns

The Competition and Markets Authority (CMA) opened its investigation into London Stock Exchange Group PLC’s (LSEG) anticipated acquisition of Quantile Group Limited (Quantile) in March 2022.

LSEG is an international financial markets infrastructure and data business which holds a majority shareholding in the LCH clearing house group. A clearing house helps reduce the costs and risks of a transaction between a buyer and seller in a financial market, by standardising the steps leading up to payment.

Quantile also helps financial institutions to reduce risk in transactions, along with their overall regulatory costs, including through specific services such as multilateral compression for financial institutions dealing with derivative instruments.

Multilateral compression providers for over-the-counter interest rate derivatives depend on LCH to help build compression proposals for trades cleared at LCH. The CMA is concerned that after the acquisition of Quantile, LCH could refuse to allow third party compression providers to provide these services. LCH could also provide support to Quantile's rivals in multilateral compression on worse terms. This could potentially lead to reduced competition in UK financial services, which is a key employer and contributor to GDP.

Following its Phase 1 investigation, the CMA has therefore found that the proposed merger could lead to competition concerns in the supply of this service for over-the-counter interest rate derivatives.

David Stewart, Executive Director of Markets and Mergers at the CMA, said:

> 'Reducing risk' can sound abstract, but it matters – it underpins a range of services, like fixed-rate mortgages, that are vital to consumers. Post-trade services, including compression, are one way of doing this.
>
> After investigating LSEG's and Quantile's activities, we are concerned that the planned merger could harm competition between multilateral compression providers. It is vital we ensure that LSEG, as a large and powerful firm in the financial sector, isn't likely to use its strong market position to stifle competition or restrict innovation.
>
> Unless the companies address our concerns, we will refer the deal to a more in-depth review.

For more information, visit the LSEG / Quantile case page.

For media enquiries, contact the CMA press office on 020 3738 6460 or press@cma.gov.uk.

Appointment of Bishop of Croydon: 3 May 2022

Press release

The Queen has approved the nomination of The Venerable Dr Marlene Rosemarie Mallett, Archdeacon of Croydon, to the Suffragan See of Croydon, in the Diocese of Southwark.

The Queen has approved the nomination of The Venerable Dr Marlene Rosemarie Mallett, Archdeacon of Croydon, to the Suffragan See of Croydon, in the Diocese of Southwark, in succession to The Right Reverend Jonathan Clark following his retirement.

Background

Rosemarie was educated at Sussex University and Warwick University, and trained for ministry at the South East Institute of Theological Education. She served her title at Christ Church, Brixton Road, in the Diocese of Southwark and was ordained Priest in 2005.

Rosemarie served as Priest-in-Charge at St John the Evangelist, Angell Town, from 2007 and was appointed Vicar in 2013, as well as being made Director of Ordinands for the Kingston Episcopal Area. In 2015, Rosemarie was additionally appointed Diocesan Director of Justice, Peace and the Integrity of Creation.

She took up her current role as Archdeacon of Croydon in 2020.

Published 3 May 2022

New members of the Committee on Fuel Poverty appointed

These appointments take effect from the 3 May 2022 and last for 3 years.

The Committee on Fuel Poverty advises on the effectiveness of policies aimed at reducing fuel poverty and encourages greater co-ordination across the organisations working to reduce fuel poverty.

Following this announcement the chair of the Committee on Fuel Poverty, Caroline Flint, has said:

> I am delighted Liz, Belinda and Anthony will be joining the Committee on Fuel Poverty. The variety of skills and experience they bring will inform and enhance the work we do to examine the impact of government’s Fuel Poverty strategies and make recommendations.
>
> As energy prices rise and the wider costs of living impacts many more families, the Committee on Fuel Poverty must continue to be a strong voice for those living in fuel poverty. I look forward to working with our new members to address these challenges and advance the work to make homes warmer at a price that is affordable.

Liz Bisset

As a previous member of the CFP (1 December 2016 to 30 September 2020), Liz Bisset oversaw the research on the impact of Minimum Energy Efficiency Standards in the Private Rented Sector.

Liz currently works as Vice-Chair for a Housing Association and is actively engaged in debates around the timing and effectiveness of technological developments to reduce carbon emissions and address fuel poverty. She is also Director of a Housing and Leadership consultancy providing strategic analysis and leadership support to local authorities.

Liz previously worked as Executive Director at Cambridge City Council where she was responsible for delivering front line public services and wider community and stakeholder engagement, including creating an in-house housing development function that went on to deliver low carbon and zero carbon affordable homes within Cambridge.

Belinda Littleton

Belinda Littleton works for National Grid and is currently Head of Asset Management, Light Current, Electricity Transmission. Belinda’s work at National Grid has included:

- leading a team of specialists to deliver appropriate system upgrades that provide value to the consumer during the clean energy transition
- focusing on enabling a net zero future that doesn’t leave anyone behind
- setting out the National Grid’s strategic perspective on the decarbonisation of transport

Previously working as an economist at Ofgem, Belinda looked at the impact of the smart meter rollout on vulnerable customers.

Belinda has also previously worked at PwC. During this time she worked with the former Department of Energy and Climate Change to develop their Household Energy Efficiency Strategy considering the carbon reduction contribution that could be made by households.

Belinda is passionate about designing inclusivity into future policy that delivers against net zero commitments within the UK.

Anthony Pygram

Anthony Pygram was the Director of Conduct and Enforcement at Ofgem (where he oversaw the development of Ofgem's Consumer Vulnerability Strategy). He was subsequently a specialist adviser to the House of Lords Industry and Regulators Committee for its Ofgem and net zero inquiry. Anthony's focus was on the consumer and structural issues around the transition to net zero, including the impacts of paying for the transition primarily through charges to billpayers.

Anthony is a Lay Member, and Alternate Chair, of the Regulatory Board of the Institute of Chartered Accountants of England and Wales, the independent Chair of the Code Change Committee for the non-household water market, and will soon be a senior manager at the Payment Systems Regulator.