

7851 The Institute of Detectorists

Feasibility study for the proposed development of an institute
for metal detecting

PART TWO - APPENDICES

Keith Westcott

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PART TWO APPENDICES

Prepared for:

Historic England

Compiled by:

Keith Westcott – Association of Detectorists

Edited by:

Manda Forster – DigVentures

With contributions from:

Manda Forster – DigVentures
Mike Heyworth – Heyworth Heritage
Robert Pitt - PARN

Purpose of document

This document has been prepared in fulfilment of the HE funded project: *7851 The Institute of Detectorists - feasibility study for the proposed development of an institute for metal detecting*. This document is Part Two – Appendices and should be read in conjunction with two further documents: Part One – Report and Part Three – Consultations.

Its purpose is to provide insight into the need, audience, scope and remit of the proposed Institute, understand its operational functions, review risks and opportunities involved in set up, and review the viability of the proposition with a series of recommendations.

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Author(s) and contact information:	Keith Westcott – Principal author, Association of Detectorists info@detectorists.org.uk Manda Forster PhD MCIfA – Consultant manda@digventures.com Mike Heyworth – Consultant mike@heyworthheritage.com
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APPENDIX 1 – PARN CUPPED HANDS MODEL



Professional Associations **RESEARCH NETWORK**

The PARN Cupped Hands Model



The PARN Cupped Hands Model

The Cupped Hands Model developed by PARN was designed to address a set of problems in professional association governance connected with our reading of changes in circumstances many associations find themselves faced with, in particular changes in the external environment. Professional associations now operate in a more turbulent, less benign environment inhabited by other organisations that must be taken into account in order for the associations to achieve their overall aims. The primary consequence of these environmental changes is that a more strategic and flexible approach is needed for both management and governance.

The Cupped Hands Model was also prompted by an appreciation of the importance of the origins of professional associations: a culture based on the Democratic Model. The 'solution' of simply cutting the size of the governing body and ensuring that those on the governing body have the right skills to support strategy making would mean abandoning the democratic principles that encourage membership support for the association.

The Cupped Hands Model is premised on a separation of tasks between two groups. There is the smaller strategic group (called for example the Executive Board) that is responsible for strategic planning and risk assessment, and monitoring of those activities. This group should be small enough to allow decisions to be taken quickly, and is likely to need individuals with expertise that is not necessarily found amongst association members. There is also a larger group that will be representative of the members and stakeholders. This group may be called the Council or a representative assembly and it is responsible for overall guidance and monitoring of the general purposes and mission of the professional body as a whole. PARN recommends that in this dual body scenario *'the smaller executive board should be vested with legal responsibility for trusteeship and directorship'*

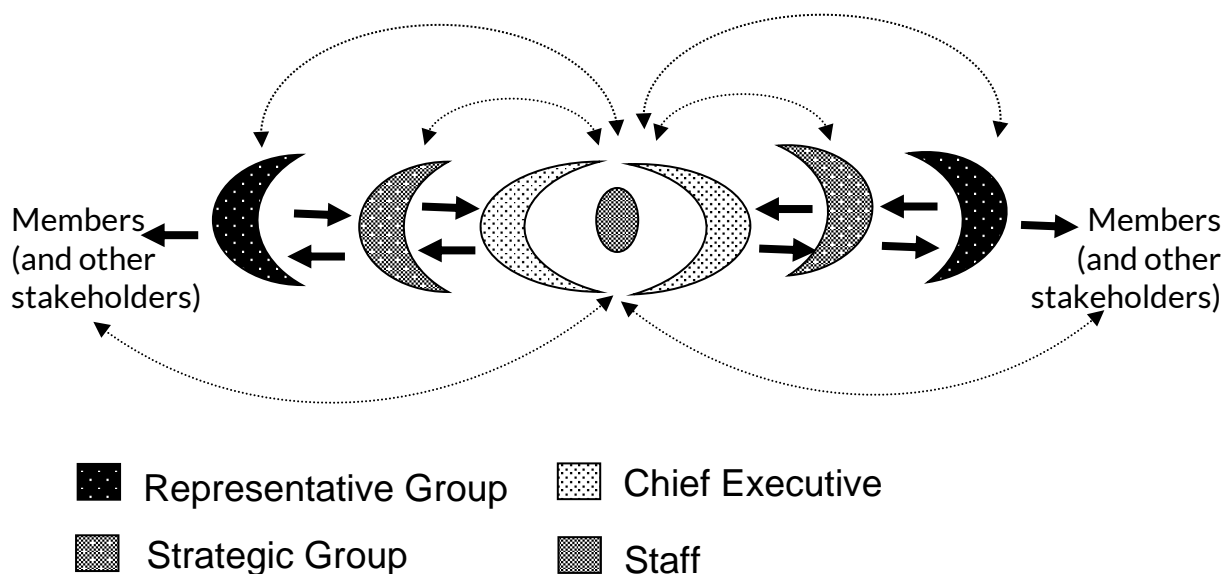
The Cupped Hands Model can be described as comprising two kinds of recommendations for the governance of professional associations: structural and communicative. The structures concern the positioning of individuals and groups in terms of their roles and responsibilities in governance (and management) of professional associations. The processes that follow from these roles and structures are discussed in terms of communications and the nature of information flows.

The Cupped Hands structures

Figure 1 demonstrates the model as a series of pairs of cupped hands. The original model presumed a clear separation of tasks and roles between four sets of actors: the staff, the Chief Executive, a strategic group and a representative group. These different constituent elements of the structure engage in a process of monitoring and review, 'holding' the mission and objectives of the organisation.

- The representative group gathers information from members/stakeholders and devises broad aims with one hand. With the other, it monitors how successfully aims are being followed.
- An inner set of cupped hands represents the strategic group, which has a different, yet related role. This group interacts with the representative group for information gathering purposes and develops more detailed strategic plans. Again, one hand devises plans, the other hand monitors progress. 'Progress hands' are necessary in both representative and strategic groups to manage risk.
- There is another inner set of cupped hands around the Chief Executive and staff. The Chief Executive can also be thought of as cupped hands around the staff in as far as s/he devises operational plans for staff to implement and has to monitor the progress of those plans.

Figure 1 Cupped Hands heuristic



The 'left hands' in the model concern the design and development of goals and plans for 'inner' actors to pursue. The 'right hands' concern the monitoring and evaluation of the performance of 'inner' actors in relation to those goals and plans. The model is based on a 'logical time' flow or stream of activities starting with broad mission development, proceeding inwards toward implementation via progressively more detailed goal formulation, and then outwards, evaluating whether progressively broader versions of goals have been achieved. This is an idealisation and therefore in addition to the wide arrows there are narrow arrows showing other expected information flows in Figure 1.

The arrows representing the communication flows are as important as the structures themselves. In fact we believe that choosing to go from a unitary governance structure to a dual structure without appropriate communication policies would be a step in the wrong direction. In particular, the quality of information between the strategic and representative group is critical. Without high quality information exchange the model will lead to a reinforcement of the idea that the association is run by a cabal of unaccountable individuals, many of whom are not elected by the membership.

We regard the Cupped Hands Model as a loose guide for examining the requirements of any professional association. We believe all associations must consider both strategic and democratic requirements. However, we do not regard the Cupped Hands Model as a straightforward blueprint to be adopted by all associations. This is in part because of the different contingencies facing different associations, and how the association meets those contingencies in terms of services offered and structures of internal staff and operating support volunteers.

Roles within the structure

CEO

The CEO monitors and is responsible for staff and organisational performance. They use management techniques to ensure that staff and organisation are performing efficiently and effectively. Every professional association should have a system of internal controls that helps to ensure that it operates within the law and is working to implement the decisions and directions of the strategic group. These controls ensure the observation of management policies, safeguard association assets and secure the completeness and accuracy of records. In practical terms, the

CEO is responsible for making sure that these internal controls are in place and functioning properly. The CEO is also responsible for generating and producing the information, which will enable the strategic group to monitor and review organisational performance against the mission and strategic plan.

The Strategic Group (Board)

The strategic group, as its name suggests, is a working group concerned with strategic planning. It should therefore be small enough to encourage constructive discussion and to be decisive. This group also monitors the performance of the CEO. The strategic group needs to understand the system of internal controls and make sure that it is properly established, managed and monitored. The strategic group can use the subject of internal controls as a springboard for debating strategic questions. The use of 'what if' problematic scenarios can be used to draw the attention of the CEO who should answer them in terms of the controls in place to prevent such situations. This can give the strategic group the opportunity to focus on the future and to anticipate problems before they arise. The strategic group is responsible for directly monitoring and reviewing the performance of the CEO against agreed key performance indicators (KPIs) and targets. This should be done through an appraisal system on at minimum an annual basis. In addition, the strategic group not only receives information and guidance from its various committees, but should review their performance and relevance on a regular basis. KPIs should be agreed against which committees can be measured.

Furthermore, the strategic group should reflect on its own performance by stepping back and carrying out an annual review. This could form part of an annual strategic review when both long and short-term goals are discussed. The strategic group should reflect on the role it is playing in the governance of the association and identify its own strengths and weaknesses. The review can strengthen governance by:

- identifying criteria for strategic group effectiveness
- identifying key areas for improvement
- shaping future strategic group requirements in terms of competencies and experience
- building trust and teamwork
- developing an action plan for strategic group development.

Individual strategic group members should also be encouraged to reflect on their own performance and contribution. In addition, self-reflective

practice by committees and other elements in the governance structure should be established.

Finally the strategic group should be reviewed periodically to assess and map needed skills. This should be used in conjunction with a skills audit to ensure the group is able to meet the challenges they will face. The use of lay members is encouraged to bring additional and otherwise unanswered skills.

The Representative Group (Council)

The Strategic Group cannot be expected to adequately represent member views and the views of other relevant stakeholders. For this purpose a much larger group is needed to provide overall guidance and monitoring. The representative group has input to, and monitors the strategic plans determined by the strategic group to ensure they are within the constitutional parameters of the association and in accordance with the interests of current members and the profession as a whole. Processes should be developed to enable the representative assembly to act as a conduit both of information to members and to gauge their views. The representative assembly should be supported by the secretariat in the implementation of this key representative role.

The representative group should be given authority in its monitoring role. We would therefore suggest that it can make a declaration of 'no confidence' in any individual strategic group member or in the strategic group as a whole after holding an appropriate debate and vote. That member or members would then be bound to resign.

APPENDIX 2 – EXAMPLE COMPETENCY MATRIX

	Pre-site	On-site	Post-site	Ethics and values
Associate	<i>Broad understanding and working knowledge of site access and liability requirements, legal framework of detecting, an awareness of heritage site designations and the PAS scheme.</i>	<i>Understands site-based processes, and responsibilities of undertaking a metal detecting survey and recovering finds. Demonstrates basic understanding of archaeological principles and the implications of working on ploughsoil and pasture.</i>	<i>Take responsibility for the actions needed to be taken following finds recovery, and demonstrates a wider appreciation of how to report unexpected finds, such as burials or munitions, or illegal activities.</i>	<i>Able to demonstrate an awareness of ethical approaches to detecting, is able to work within required legal frameworks, and conducts themselves in a manner which does not bring detecting or the Institute into disrepute.</i>
Demonstrated by:	<div>An understanding of landownership and permissions required to detect on land</div> <div>Understands the legal requirements for detecting in the region / country in which the dig takes place</div> <div>Legal ownership of finds and the basics of a landowners written agreement.</div> <div>Researching land and an awareness of archaeological and protected sites</div> <div>Recording with the Portable Antiquities Scheme and basic finds conservation</div> <div>Responsibilities and potential liabilities including Public Liability Insurance</div>	<div>Basic detecting setting for conditions</div> <div>Detecting on ploughed or undisturbed land such as pasture</div> <div>Basic archaeological practices and recognising archaeological value</div> <div>How to approach signals below the plough soil</div> <div>The Treasure Act and detectorists responsibilities</div> <div>How to record find spots and what to record</div>	<div>Understanding what should be reported to the landowner</div> <div>Abiding by statutory provisions of the Treasure Act, Code of Practice including export licences</div> <div>Understand how to report burials and finding human remains</div> <div>Potential dangers such as live explosives</div> <div>An awareness of rural crime and illegal activities</div>	<div>Use of formal permissions forms / contract with landowners</div> <div>Demonstrable use of PAS</div> <div>Is able to find out if a site has designations or is protected, and decide if a dig should go ahead</div> <div>Understands how to respond if unexpected or undisturbed archaeological deposits are recorded</div> <div>Has the right level of insurance for the activities undertaken</div>
Member	<i>High level of understanding and working knowledge of site access and liability requirements, legal framework of detecting, an awareness of heritage site designations, understanding of archaeological site context and wider contribution to the PAS scheme.</i>	<i>Advanced understanding of site-based processes, and responsibilities of undertaking a metal detecting survey, including finds recovery. Demonstrates good understanding of archaeological principles, can contribute to an archaeological project and avoid damage of archaeological contexts.</i>	<i>Takes considerable responsibility for the actions needed to be taken following finds recovery, including records, finds storage and conservation implications. Demonstrates a wider appreciation of archaeological significance and knowledge transfer. Confident in reporting unexpected finds and preventing rural and heritage crime.</i>	<i>Able to evidence an ethical approach to detecting, and explain ethical approaches to peers and stakeholders. Can demonstrate how work is undertaken within required legal and ethical frameworks, and conducts themselves in a way that does not bring detecting or the Institute into disrepute.</i>
Demonstrated by:	<div>Researching historical and archaeological records and demonstrating understanding of the contextual landscape, HER and Pastscape</div> <div>Creating landownership legacy records and building an informative relationship.</div> <div>Gaining a basic understanding of archaeological principles and practices including stratigraphy, context and fieldwalking</div> <div>Building a knowledge base for identification of artefacts, ferrous, non-ferrous and non-metallic</div> <div>Understanding The Treasure Act Code of Practice and the detectorist/archaeologist relationship</div> <div>Ability to describe legal requirements for detecting in the region / country in which the dig takes place to others</div>	<div>Onsite landscape and topographical interpretation</div> <div>Minimising damage to the archaeological value of the land</div> <div>Investigating deep signals and awareness of determining subsoil and natural</div> <div>Onsite recording and storage whilst detecting</div> <div>Assisting archaeologists and typical methods</div> <div>Setting out transepts for a partial or detailed artefact survey</div>	<div>Forming and keeping records</div> <div>Advising landowners on archaeological finds and site conservation</div> <div>Community engagement through local groups, museums, history societies and community archaeologists</div> <div>Responsibilities as a custodian including storage and conservation</div> <div>Interaction with the community to prevent rural and heritage crime</div>	<div>Evidenced use of formal permissions forms / contract with landowners. Able to explain relevant information to others.</div> <div>Good understanding of PAS process and system, able to describe to others.</div> <div>Is able to describe the meaning of different levels of designation and/or protection, and decide if a dig should go ahead</div> <div>Able to explain archaeological approaches and contribute to designing an ethical approach to detecting sites, and appropriate response to archaeology</div> <div>Has the right level of insurance for the activities undertaken</div>
Practitioner	<i>Authoritative knowledge of site access and liability requirements, legal framework of detecting, heritage site designations, understanding of archaeological site context and environs, and active contribution to knowledge and the PAS scheme.</i>	<i>Able to deal with complex site-based processes and autonomous investigation of archaeological sites within a project environment. Demonstrates confident understanding of archaeological methods, principles and contribution of finds and data to the site archive.</i>	<i>Takes substantial responsibility for recovered finds, records and data. Able to assess and interpret results, and contribute to archaeological reporting, including on the significance of the site and archive. Able to see the 'bigger picture', interpreting data within the context of the archaeological site and landscape.</i>	<i>Takes a visible role in demonstrating ethical approaches to detecting, and understands complexity of ethical considerations of detecting. Able to explain ethical approaches to peers and stakeholders, demonstrates how work is undertaken within required legal and ethical frameworks, and conducts themselves in a way that does not bring detecting or the Institute into disrepute.</i>
Demonstrated by:	<div>Search methodologies and spatial plotting providing dating evidence for unintrusive methods such as geophysics</div> <div>The Harris Matrix and how unrecorded metal detecting can add to the complexities of archaeological interpretation.</div> <div>Demonstrate ability to contribute to the archaeological project design, outlining method statements and H&S implications while planning site Method Statements and pre-site requirements including insurance</div> <div>Lidar and Aerial photo interpretation</div>	<div>Field archaeology experience from onsite practical training</div> <div>A systematic approach to spoil taking into volume x surface area</div> <div>Working in archaeological trenches</div> <div>Site Health and Safety, Risk Assessments and certification schemes</div> <div>Working to and advising on Discard Policy, flagging and bagging</div> <div>PDAS, GPS and setting out transepts.</div> <div>Working with the archaeological Project Manager as part of a project team</div>	<div>Detectorist responsibilities, Post-site write up and reporting</div> <div>Digital plotting techniques</div> <div>Contributes to the archaeological reporting</div> <div>Laboratory conservation and dating methods</div> <div>Promoting the use of metal detectors on archaeological projects and detectorists as part of the archaeological team</div>	<div>Evidenced use of formal permissions forms / contract with landowners. Able to explain relevant information to others, including landowners, the public, peers and new detectorists.</div> <div>Evidenced use of PAS, able to demonstrate how PAS works to others and advocate for its use on all sites.</div> <div>Is able to describe the meaning of different levels of designation and/or protection, and decide if a dig should go ahead.</div> <div>Able to lead detecting surveys on designated or protected archaeological sites, and can explain archaeological approaches to others.</div> <div>Has the right level of insurance for the activities undertaken.</div>

APPENDIX 3 – MEMBERSHIP PROPOSALS

IMD Grade / postnominals		Description	Application fee	Annual Cost
Supporting memberships	Supporter / Affiliate - non accredited	An affiliate grade which provides access to mailings and information, requires a sign up to the spirit of the IOD Code of Responsible Practice, Values and Behaviours, but is not an accredited or an endorsement from the Institute of the member.		£10
	Organisational Supporting Member - non accredited	An organisation who is keen to support the work of the Institute, but is not a dectecting group or associated with organsising detecting activities. Cost linked to size of organisation.		£30
Accredited memberships	Associate / AIOD	An entry level accreditation for beginners and less experienced detectorists offering a peer reviewed application process for those able to demonstrate an appropriate level of practical knowledge and experience. Requires evidence-based assessment and agreement to adhere to the Code of Practice, Values and Behaviours.	£10	£20
	Member / MIOD	A more advanced level, with a peer reviewed application process for detectorists with more experience, where the member demonstrates the appropriate level of knowledge and experience. Requires evidence-based assessment and agreement to adhere to the Code of Practice, Values and Behaviours.	£10	£30
	Practitioner / PIOD	A higher advanced level showing greater competency and knowledge across all areas. Peer reviewed with a portfolio-based application process for detectorists with substantial expertise, where the member demonstrates the appropriate level of knowledge and experience. Requires portfolio, evidence based assessment and agreement to adhere to the Code of Practice, Values and Behaviours.	£25	£50
	Directory of Registered Detectorists	Available to all accredited detectorists who are in Good Standing and able to demonstrate ethical and technical competency via annual submission of an up-to-date Skills and Activity Journal. The Directory is especially relevant to those wishing to promote their work and availability to contribute to research projects, landscape survey and archaeology, offering a high quality service assured by the IOD.		£25
	Registered Organisation / Detectorist Group	An accredited organisational membership giving groups and their members access to mailing lists, educational and event discounts. Accredited groups have been quality assured by peer review and signed up to adhere to the IOD Code of Practice, Values and Behaviours. Cost linked to size of organisation.	£15	£60
Endorsed courses	IOD endorsed activity / training workshop / field school	IOD Education Committee endorsement of the course. Course supports understanding of the IOD Code of Responsible Practice, Values and Behaviours and is broadly consistent with the aims, value and mission of the IOD. Cost linked to size of activity, discounted for organisations members.	£100 - £175	
IOD Courses	IOD led accredited training	IOD led course with accreditation. Course designed to to support skills development linked to IOD Standards of Prectice and supporting the IOD Code of Responsible Practice, Values and Behaviours. Attendees will receive an IOD certificate on completion and course content will contribute to skills development and specific learning outcomes. Cost linked to size of activity, discounted for organisations members.	£50 - £100	

APPENDIX 4 – PROJECTED INCOME FROM MEMBERSHIP AND TRAINING

IMD Grade / postnominals			Cost		Year 1 - Membership numbers				Year 2 - Membership numbers					
Memberships			Application fee	Annual Cost	Number of members	Income (New apps)	Total income (subs)	Annual total	Number of new members	Income (New apps)	Income (New Subs)	Number of renewals	Income (Renewals at 75%)	Annual total members
Supporting memberships	Supporter / Affiliate - non accredited		£0.00	£10.00	1000	£0	£10,000	1000	1250	£0	£12,500	750	£7,500.00	2000
	Organisational Supporting - non accredited		£0.00	£30.00	10	£0	£300	10	15	£0	£450	8	£225.00	23
Accredited memberships	Associate / AID		£10.00	£20.00	100	£1,000	£2,000	100	125	£1,250	£2,500	75	£1,500.00	200
	Member / MID		£10.00	£30.00	75	£750	£2,250	75	115	£1,150	£3,450	56	£1,687.50	171
	Practitioner / PID		£25.00	£50.00	75	£1,875	£3,750	75	100	£2,500	£5,000	56	£2,812.50	156
	Directory of Registered Detectorists		£0.00	£25.00	100	£0	£2,500	100	125	£0	£3,125	75	£1,875.00	200
	Registered Organisation / Detectorist Group		£15.00	£60.00	10	£150	£600	10	12	£180	£720	8	£450.00	20
					Sub total (Membership)		£25,175.00		Sub total (Membership)			£48,875.00		
Courses			Endorsement fee	Attendance fee	Number of courses	Attendees	Total income (subs)		Number of courses	Attendees	Total income (subs)			
Endorsed courses	IOD endorsed training workshop		£100		10		£1,000.00		14		£1,400.00			
	IOD endorsed training field school		£175		2		£350.00		4		£700.00			
IOD Courses	IOD led workshops (25 people; 4 times year)			£50.00	4	25	£5,000.00		6	25	£7,500.00			
	IOD led field school (25 people, 3 time s a year)			£100.00	3	25	£7,500.00		5	25	£12,500.00			
					Sub total (Training)		£ 13,850.00		Sub total (Training)			£22,100.00		
					Total income			£39,025.00		Total income			£70,975.00	
					Total number members			1370		Total number members			2770	
					Total endorsed courses			12		Total endorsed courses			18	
					Total IOD courses			7		Total IOD courses			11	

IMD Grade / postnominals		Year 3 - Membership numbers					
Memberships		Number of new members	Income (New apps)	Income (New Subs)	Number of renewals	Income (Renewals at 80%)	Annual total members
Supporting memberships	Supporter / Affiliate - non accredited	1500	£0	£15,000	1600	£16,000.00	3100
	Organisational Supporting - non accredited	16	£0	£480	18	£540.00	34
Accredited memberships	Associate / AID	150	£1,500	£3,000	160	£3,200.00	310
	Member / MID	120	£1,200	£3,600	137	£4,110.00	257
	Practitioner / PID	110	£2,750	£5,500	125	£6,250.00	235
	Directory of Registered Detectorists	150	£0	£3,750	160	£4,000.00	310
	Registered Organisation / Detectorist Group	14	£210	£840	16	£936.00	30
		Sub total (Membership)			£72,866.00		
Courses		Number of courses	Attendees	Total income (subs)			
Endorsed courses	IOD endorsed training workshop	16		£1,600.00			
	IOD endorsed training field school	6		£1,050.00			
IOD Courses	IOD led workshops (25 people; 4 times year)	8	25	£10,000.00			
	IOD led field school (25 people, 3 time s a year)	10	25	£25,000.00			
		Sub total (Training)			£37,650.00		
		Total income				£110,516.00	
		Total number members				4276	
		Total endorsed courses				22	
		Total IOD courses				18	

APPENDIX 5 – FINANCE AND LEGAL STRUCTURE

Making it clear since 1876

Our firm was founded by Arthur Preston in 1876. Arthur was a founding member of the Institute of Chartered Accountants in England and Wales, professionalising and shaping the accountancy sector we know today. Arthur's spirit of continually striving for better – not following the norm if it's not right – lives on in us.

In 145 years, we have seen it all; wars, recessions, booms, technological revolutions – not to mention a global pandemic. Our heritage is evidence of our adeptness to help our clients thrive and survive, whatever comes their way.

Historic England Project - Institute of Detectorists

Financial implications for a Community Interest Company with an asset-locked Charitable Incorporated Organisation currently, The Association of Detectorists CIC and The Detectorists Foundation CIO

	CIO	CIC
Charitable status	Is a charity. Can claim grants which are specifically for charities from various sources. Can claim gift aid on donations.	Is not a charity but can claim grants if eligible. Can't claim gift aid.
Corporation tax	Not taxable on endeavours relating to its charitable purpose. Not taxable on income below limit for non-charitable trading. May not, therefore, need to file a CT return.	Has to pay it. No specific reliefs. So, donations are taxable if in CIC. Grants are also taxable in CIC.
VAT	Not chargeable on certain activities. Courses of education supplied by an eligible body are exempt from VAT. May not be payable on certain purchases.	As for CIO, donations and grants would not be VATable. Memberships would be VATable in either entity. Courses of education would be VATable in the CIC.
Other	Trustees cannot be paid for being trustees but they can have out of pocket expenses reimbursed, Need to deal with Charity Commission. Is a non-profit therefore needs to spend its income, although can hold reserves.	Can pay a director. Can pay dividends, but there is an asset lock/dividend cap. Can retain profits for future community use.

For VAT, courses of education supplied by an eligible body are exempt. Education means 'a course, class or lesson of instruction or study in any subject, regardless of when and where it takes place. Education includes lectures, educational seminars, conferences and symposia, recreational and sporting courses and distance teaching and associated materials.' An eligible body is generally a government department but can also include 'a charity, professional body or company that cannot and does not distribute any profit it makes and with any profit that might arise from its supplies of education, research or vocational training is used solely for the continuation or improvement of such supplies'. So the CIO would qualify as VAT exempt but the CIC would not because it has the ability to pay dividends.

With regard to Corporation tax on the courses, the CIC would be taxable on any profit it makes. The CIO should be able to avoid paying corporation tax on profits although it might need to set up a trading subsidiary to do so. The courses look to us to be 'primary purpose' ie they are for the education of detectorists, which is the object of the charity. Primary purpose trading in a charity is exempt from corporation tax. Income from trade which are not primary purpose could still be exempt from trading if they are below the small trading threshold and this is 25% of total income up to a maximum trading exemption of £80k.

Regarding the grant, it sounds as if this is a 'grant' for tax purposes (rather than a 'contract for services') – the funder does not directly receive anything in return, there is a lump sum, and the monitoring seems mostly to check that the money is being spent appropriately rather than to achieve a given thing by a certain date. Please confirm though if this is not the case.

Summary

Given the above, for tax purposes it would be best to put the donations and the grants (provided it is a 'grant' for tax purposes) into the CIO. 'Grants' can sometimes be a 'contract for services' so you need to be clear on this as the tax (both CT and VAT) will be different, as mentioned above. Because this can be a grey area, the advice at the moment is that grant documentation should include a paragraph to say that as far as the grant giver is concerned it is a grant for VAT purposes but that if HMRC disagrees then the amount given is subject to VAT (there is then an issue as to who pays the VAT!).

It would also be better to put the membership and courses in the CIO for corporation tax purposes, although you would need to set up a trading subsidiary once the small trading threshold is exceeded (this depends on the level of other income but is a maximum of £80k). Saying that, tax is only due on a trading activity if you actually make a profit. The income received can be at least matched by tax deductible expenses.

For VAT purposes, there are a few exemptions from VAT for charities. Either entity would have to register for VAT once their VATable supplies exceed £85k. Once you register you have to charge VAT on VATable supplies you make, although you can recover VAT on expenses you pay. Regarding the courses, it would be best to put these into the CIO to avoid paying VAT.

Tax isn't the only factor though. You need to consider what you can do with any surplus you build up in the CIO and the CIC. You don't want it in the wrong place!

You mention advertising. Charities are generally good for advertising but it might be that the income can only be attracted by the CIC.

Another factor is the amounts you take out, it is certainly easier to pay this out of the CIC. It may be impossible to do this out of the CIO if you are a trustee without Charity Commission permission.

You ask whether you can claim gift aid on membership fees. Gift aid can only be claimed by the CIO, not by the CIC. The general guidance is that if it was, say, membership of £15 and a voluntary additional donation, then we do not see a problem with claiming gift aid on the voluntary amount. We think trying to do it any other way would fail because a mandatory donation is not a gift, unless the entire membership was treated as a donation, which is possible albeit unlikely.

The logo for Wenn Townsend, featuring the name in white serif font on a dark blue square background.

**Wenn
Townsend**