[Press release: Corporate trustee of The Cup Trust responsible for 'clear misconduct and mismanagement']

The Charity Commission has today published a report of its statutory inquiry into The Cup Trust, a charity involved in a complex tax avoidance scheme, which, if successful, would have resulted in the charity benefiting from gift aid payments from HMRC.

The report details the Commission's findings as to how the tax avoidance scheme was designed to operate, who stood to benefit from it, and its conclusions as to the actions and omissions of the charity's corporate trustee.

The inquiry concludes that the charity's trustee, Mountstar Limited, is responsible for "clear mismanagement and misconduct" and failed to fulfil its legal duties as trustee in entering the charity into the scheme and managing its participation in the scheme.

The report also details failings to address or manage serious conflicts of interest arising from relationships between the corporate trustee and individuals who devised the tax avoidance scheme and had benefited from entering the charity into it and advertising it to tax payers.

During the course of the inquiry, the Commission used its new powers to disqualify both the corporate trustee, and three individuals who served as directors of the corporate trustee, from charity trusteeship under section 181 of the Charities Act.

Harvey Grenville, Head of Investigations at the Charity Commission, said:

> Our inquiry demonstrates beyond doubt that The Cup Trust was misused by the corporate trustee to assist higher-rate tax payers in reducing their tax bills, and earning individuals connected to the scheme lucrative fees. Those personal benefits were far more than incidental and the fact that the charity would, had the scheme been accepted by HMRC, have benefited from gift aid, does not legitimise these intentions or actions.

> Charities rely on the public's goodwill in supporting tax benefits designed to encourage genuine charitable donations. It is right that we take robust regulatory action where trustees' actions abuse that goodwill. It is clear that this charity, through its involvement in an attempted tax avoidance scheme, undermined public

> trust in charity generally. The Commission has learnt from this case: over recent years, we have significantly strengthened our approach to identifying and dealing with risks facing charities, have improved our pre- and post-registration processes and are more proactive and robust in using our legal powers to ensure trustees comply with their legal duties and responsibilities.
>
> We have also successfully called for our legal powers to be strengthened to help us better disrupt and stop the abuse and mismanagement of charities. Some of the new powers we asked for and are using are as a direct result of this case.

The Commission first investigated The Cup Trust in 2010, following concerns reported to it about the charity's participation in a tax avoidance scheme. The statutory inquiry was launched in 2013, when the charity's trustee failed to provide information to HMRC regarding its gift aid claims. The regulator then immediately appointed an interim manager (IM), granting the IM all the powers of trusteeship and excluding Mountstar from decision making at the charity.

The report sets out why the inquiry has taken 5 years to conclude, pointing to extraordinary complexity, various legal challenges by the corporate trustee to the Commission's inquiry and its use of legal powers, and the need for the IM appointed to seek High Court approval to withdraw the charity's gift aid applications. The report also makes clear that the publication of the report was delayed due to the diversion of Commission resources in February 2018 to deal with safeguarding matters. The report makes clear that no tax reliefs were ever granted by HMRC to the charity.

The full inquiry report is available on GOV.UK.

Notes to editors

1. The Commission does not administer gift aid: Whether a charity or its donors are lawfully able to claim tax relief and the issue of whether a tax scheme is legitimate or not is determined by HMRC.
2. The Commission's role as charity regulator focuses on ensuring that trustees discharge their legal duties as charity trustees in managing and administering the charity properly and responsibly. Where issues are raised about taxation matters or concerns about the operation of a charity being examined by other regulators, the Commission considers whether they indicate misconduct or mismanagement in the administration of the charity and whether it needs to protect charity property.
3. In the case of the scheme that The Cup Trust entered into, no gift aid payments were ever made by HMRC to the charity.
4. The individuals who acted as directors of Mountstar and have been disqualified from charity trusteeship are Matthew Jenner, Darren Stones and Anthony Mehigan. Their names are on the Commission's register of disqualified and removed charity trustees.

5. The Commission has published guidance on its policy on charity tax reliefs.

Press release: Five areas to share £20 million to unleash creativity across the nation

- Grimsby, Thames Estuary, Plymouth, Wakefield and Worcester will receive millions of pounds of funding to invest in culture
- Investment will support economic growth and create more than 1,300 new jobs across the country
- This funding forms part of the Creative Industries Sector Deal to help the country's world-leading cultural and creative businesses thrive

Five locations across England will receive a share of £20 million to invest in local culture, heritage and creative industries and help drive economic growth, Culture Secretary Jeremy Wright announced today.

In the first government investment of its kind, Grimsby, the Thames Estuary, Plymouth, Wakefield and Worcester will use the funding on local cultural plans which are tailored to the strengths and needs of each area.

It is expected that the funding will create over 1,300 new jobs, benefit 2,000 people through skills training, and support more than 700 businesses. Through match-funding, an additional £17.5 million will be invested across the five locations.

The Cultural Development Fund (CDF) has been launched by the Government to use investment in heritage, culture and creativity as a catalyst for regeneration. Each area has designed plans to strengthen the local arts sector, increase cultural access and provide greater opportunity for people to forge creative careers.

Culture Secretary Jeremy Wright said:

> Creativity, arts and heritage make our towns and cities unique and our communities better places to live.
>
> The Cultural Development Fund will support tailored local plans that use culture to create jobs, boost tourism and ultimately regenerate communities.
>
> This is an incredible opportunity that will not only help people build careers in the arts and culture locally but also boost wider investment and diversify the creative economy.

The Culture Secretary will confirm the new funding as part of a major speech in Coventry today – the next UK City of Culture in 2021 – on the value of culture to the individual, communities and the nation as a whole.

The CDF, announced in the Creative Industries Sector Deal last year, marks a step change in how the Government is investing in culture. It aims to increase access to arts, heritage and the creative industries while also boosting the local economy by attracting more visitors to each area and supporting the growth of new businesses.

It forms part of the Government's modern Industrial Strategy which has seen more than £150 million jointly invested by Government and industry through the creative industries sector deal to help cultural and creative businesses across Britain thrive and consolidate the country's position as a global creative and cultural powerhouse.

The Fund was launched off the back of the success of Hull as UK City of Culture 2017. Hull provided further evidence of how targeted investment in culture can deliver a significant economic boost to an area, with over £3 billion of investment and more than 800 new jobs created in the city in the four years since it was awarded the title in 2013.

Nicholas Serota, Chair, Arts Council England, said:

> "At the Arts Council we believe that arts, culture and creativity have the power to transform people's lives and the places where they live. It's been a pleasure to work with DCMS to deliver the Cultural Development Fund, which makes significant investment across the arts, heritage and creative industries to bring about real change – and gives us the opportunity to demonstrate and quantify the impact that arts and culture have on economic growth and productivity in urban areas."

Tim Davie, co-chair of the Creative Industries Council said:

> I welcome today's announcement, which marks another important step in the implementation of the Sector Deal agreed between the Creative Industries Council and Government. These awards highlight the extent to which the creative industries are now a key part of local economies all over England and should enable them to grow further.

ENDS

Notes to Editors:

For further information please contact the DCMS Press Office on 020 7211 2210.

The Cultural Development Fund is administered by Arts Council England (ACE).

Details of the winning bids:

Wakefield:

Wakefield will receive more than £4.4 million . Bringing together major and respected cultural organisations including Yorkshire Sculpture Park and The Hepworth Wakefield, this project will turn Wakefield into an internationally renowned location promoting our world-class creative industries.

Grimsby:

Grimsby will receive £3.2 million. The bid will deliver a new programme of international events and public art to revive the town centre, provide a business support programme for local creative businesses and create new production facilities in the town’s historic centre.

Plymouth:

Plymouth will receive £3.5 million to develop the use of immersive and digital technologies to drive growth in the local creative economy and bring to life the cultural programme to mark the 400th anniversary of the Mayflower ship’s pioneering voyage.

Thames Estuary:

The Thames Estuary will receive £4.3 million to help develop a globally-significant creative production corridor. Through a programme of cultural R&D, training and mentoring for local organisations, and new arts commissioning, a consortium of partners will develop a well-connected creative cluster.

Worcester:

Worcester will receive £3 million to regenerate the iconic railway arches, providing affordable creative workspaces and business support. The bid will provide support for a festivals programme helping to diversify the local cultural offering and will retain local creative graduates to the city.

Speech: The importance of the sanctions regime in Sudan

Thank you Mr President. And may I, like others, start by thanking the Chair of the 1591 Committee Ambassador Wroneka for her briefing and our continued efforts as chair, based of course on her considerable personal experience.

It’s disappointing that due to a lack of consensus among the committee, she was unable to give a more comprehensive briefing on our activities.

Mr President, the subsidiary bodies of this Council, including its sanctions committees, constitute a vital part of our collective work to maintain international peace and security. We rely on – and we require – the wider UN membership to implement the sanctions regimes that are agreed by this Council and we have a responsibility to demonstrate transparency in the conduct of the work of the sanctions committees.

Mr President, the United Kingdom continues to support fully the 1591 sanctions regime and the Panel of Experts. I’d like to thank the Panel for their ongoing efforts to provide the committee with comprehensive analysis of the implementation of the sanctions regime and wider political and security dynamics in Sudan and the region.

Mr President, I take issue with the Russian delegation’s depiction of the position of the United Kingdom and of Western countries on sanctions in general and on Sudan in particular. It has no relation to the facts. Sanctions regimes and the criteria that underpin them are agreed by this Council, as set out under the United Nations Charter. That is proper. It is right. The United Kingdom will continue to act objectively on this and all sanctions regimes and we encourage all colleagues to do likewise.

In relation to the Panel of Experts’ activities, the United Kingdom welcomes the increased cooperation of the government of Sudan. However, we note concerns raised regarding the regular presence of government officials at some of the Panel’s meetings. We therefore encourage the government of Sudan to extend its cooperation to the Panel with full respect of its independent and investigative mandate.

As noted by the Chair, the Panel recently transmitted its final report to the committee. In this report, they singled out the clashes between the Sudan Liberation Army – Abdel Wahid and government of Sudan forces in the Jebel Marra region of Darfur as the main development during the reporting period. We have heard during briefings on UNAMID that these clashes have resulted in a significant number of civilian casualties, new displacement and human rights violations and abuses perpetrated by all sides. Reports of indiscriminate shootings, looting and burning of villages and conflict related sexual violence are particularly alarming.

There have been welcome improvements in the security situation in some parts of Darfur and we saw some progress in the peace process with the signing of a pre-negotiation agreement by the Sudan Liberation Army/Minni Minawi and the Justice and Equality Movement with the government of Sudan in Berlin in December. However, the clashes in Jebel Marra are a stark reminder that the situation in Darfur is not yet normalised and remains fragile. It is therefore incumbent upon this Council, Mr President, to ensure a responsible drawdown of UNAMID and to hold the government to account for progress towards the achievement of the exit benchmarks and indicators as we agreed in the past we adopted in December.

Additionally, the arms embargo continues to be violated by all armed groups and the government of Sudan. The Panel’s report details the destabilising flow of weapons into and out of Darfur. We call upon all parties to adhere to the arms embargo and remind the government of Sudan of the requirement to request approval from the 1591 Committee for transfers of military material to Darfur.

Mr President, the Chair also noted in her remarks that the committee was briefed by the Special Representative of the Secretary-General for Sexual Violence in Conflict Pramila Patten. During her briefing, the SRSG reminded the committee that conflict-related sexual violence remains widespread in Darfur and that survivor and firsthand witnesses regularly identify members of the security forces as perpetrators. She also highlighted that sexual violence continues to be chronically under-reported due to fear of reprisals, acute stigma, lack of protection for victims and the inaction of law enforcement.

The United Kingdom welcomes the government’s engagement on a framework of cooperation to prevent and address conflict-related sexual violence. Agreement and complete implementation of this framework is necessary. If the Sudanese Armed Forces and rapid support forces are to be delisted from the report to the Secretary-General on Sexual Violence in Conflict.

I would like to highlight, Mr President, to draw attention to the important recommendations made to the committee by SRSG Patten. They were namely;

1. That sexual violence the elevated as a standalone designation criteria.

2. That the Panel of Experts be granted adequate resource and expertise to investigate sexual violence. The committee explicitly requests the Panel to investigate and document alleged incidents of sexual violence and for good;

3. Any future benchmarking process for the possible lifting of targeted sanctions include provisions related to sexual violence in Resolution 2429 and the prevention and accountability measures required under Resolutions 1960 and 2106.

The United Kingdom expresses its support for these recommendations and for the continued efforts of SRSG Patten and her office to address the worrying prevalence of sexual violence in Sudan.

Mr President, while it was not discussed by the committee, let me also take this opportunity to say a couple of words on the current situation in Sudan regarding the ongoing protests. The United Kingdom is concerned by the current situation. Security forces’ use of lethal force and arbitrary detentions in response to peaceful process protests is unacceptable and it should stop. We are appalled at reports that security forces have used tear gas and violence within hospitals against those being treated and against doctors providing medical assistance. We repeat our calls for restraint in policing the protests for the release of detainees and for accountability for those killed. The government of Sudan’s response to this process will shape the United Kingdom's approach to engagement in the coming months and years.

Mr President, in concluding, let me again thank our Chair for her ongoing commitment, reiterate the importance of the sanctions regime in Sudan and express our hope that all members of the committee will be constructive as we approach the renewal of the 1591 regime next month.

Thank you Mr President.

News story: UK signs new Israel tax agreement to boost investment

Financial Secretary to the Treasury Mel Stride today (17 January) signed a Protocol to update our double taxation convention (DTC) with Israel.

The Protocol to the UK/Israel DTC will facilitate investment in Israel by UK companies in a number of ways, including a reduction in the rates of Israeli tax payable on dividends paid from Israeli companies to the UK. Israeli investors into the UK will benefit from the same reductions on UK tax.

It also introduces modern anti-avoidance provisions that ensure only those companies engaged in genuine business activity can benefit from the treaty, and allows for the exchange of information between the UK and Israel.

Financial Secretary to the Treasury Mel Stride said:

> This agreement will facilitate UK investment into Israel by removing tax barriers to cross-border trade. It will also provide important protections against those who seek to use the treaty for tax avoidance purposes.

> I'm delighted to sign this deal with such a close ally, and pleased we now have a treaty that reflects the latest international standards. It is a sign of the continued excellent cooperation between our two countries.

Total trade in goods and services between the two countries increased by 2% last year, reaching £3.9bn in the year to July 2018.

The UK's leading exports to Israel are machinery and electrical equipment, while pharmaceuticals account for more than 70 per cent of Israeli exports to the UK. Israeli companies are major suppliers to the NHS.

With Israel’s strong GDP growth, low inflation and falling unemployment rate, it continues to be a growing market for UK companies. Israel has an excellent reputation for innovation and invention and is a world centre for R&D.

The new Protocol provides UK companies with reduced rates of Israeli tax on dividends, interest and no Israeli tax on royalties, while UK Pension Schemes will suffer no Israeli tax on payments of dividends and interest. It also implements standards agreed as per the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project.

The signature of this agreement follows the signing of a separate Protocol to the UK’s DTC with Cyprus. Former government staff, including ex-servicemen and women, drawing a pension in Cyprus were due to pay higher rates of tax from this year, under an agreement signed last March.

Treasury ministers agreed in December to a five-year delay to the tax changes after listening to the concerns of those affected.

Mr Stride said of the Cyprus Protocol:

> This agreement is great news for many of our highly valued ex-servicemen and women in Cyprus, who would otherwise have faced a big tax rise this year. I was determined to do the right thing by them.

This Protocol addressed concerns about how the DTC would apply to some individuals and so allows individuals to choose which basis of taxation they want to apply to their government service pensions.

Press release: Minister for Africa’s statement on the situation in Zimbabwe, January 2019

I have been following the events in Zimbabwe over the last week with growing concern. I summoned the Zimbabwean Ambassador to the United Kingdom to attend the Foreign Office on 17 January to discuss the situation.

Since the weekend there has been widespread unrest and a heavy security force response, with several people killed and many injured.

While we condemn the violent behaviour of some protestors, and unlawful acts such as arson and looting, we are deeply concerned that Zimbabwe’s security forces have acted disproportionately in response. In particular, there are disturbing reports of use of live ammunition, intimidation and excessive force.

In addition, the Government of Zimbabwe shut off access to the internet on 15 and 16 January and continues to block a number of social media sites.

We call on the Government of Zimbabwe to ensure its security forces act professionally, proportionately and at all times with respect for human life and constitutional rights. We further call on the Government of Zimbabwe to investigate all allegations of human rights abuses. We also urge the reinstatement of full internet access, consistent with citizens' constitutional right to freedom of expression.