



# Cabinet Office

## General Guidance on the Operation of the National Exemption Order Scheme

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## 1. The NEO guidance – An Overview

This document provides information on the running of the National Exemption Order (NEO) Scheme. Its aim is to make the NEO scheme more consistent, rigorous and transparent.

The guidance sets out:

- Provisions of the legislation governing the National Exemption Order (NEO) Scheme
- How the scheme is run by Cabinet Office officials
- Eligibility criteria and how to apply for a NEO
- Legal requirements as a NEO holder and of those acting under its authority

The scheme is run by Cabinet Office officials on behalf of the Minister for Cabinet Office to regulate house-to-house collections in conjunction with the local licensing system.

This guidance is intended to provide useful information on the operation of the NEO scheme but it is not a substitute for legal advice. Independent legal advice should be sought from a professionally qualified person.

To save paper and for a quicker response it is recommended that all correspondence is conducted via email at [charity-neo@cabinetoffice.gov.uk](mailto:charity-neo@cabinetoffice.gov.uk)

However, you can also write to us at:

### **National Exemption Order Scheme**

Office for Civil Society, Cabinet Office  
Blue Zone, 4th Floor, Deskbank 10  
1 Horse Guards Road  
London, SW1A 2HQ

## 2. National Exemption Orders - An Overview

To conduct house-to-house (or door-to-door) collections charities need to comply with the rules laid down by the:

- House to House Collections Act 1939 (“the Act”) and
- House to House Collections Regulations 1947 (“the Regulations”).

Promoters of collections need to obtain a collection licence - issued by the local licensing authority (usually the local council, but in Greater London they are the Commissioner of Police for the Metropolis and the Common Council for the City of London).

However, the Act also provides for a National Exemption Order (NEO) scheme to alleviate promoters from having to apply to large numbers of local licensing authorities in order to carry out collections. The scheme was mainly introduced as a time and cost-effective alternative for large charities operating at a national level.

The holder of an NEO is exempted under section 3(1) of the Act from having to apply for individual collection licences from local councils. The benefits of this are:

- It reduces the amount of administrative work carried out by the charity, reducing their costs and thus increasing the net proceeds raised.
- It reduces the workload (and costs) of local licensing authorities.

NEOs have been made on a national basis in the past but the Minister can make an order in relation to specific localities.

The list of NEO holders is kept up to date and is available online at:

<https://www.gov.uk/government/publications/national-exemption-order-scheme>

### 3. Roles and Responsibilities under the NEO Scheme

National Exemption Orders are issued in the name of the **PERSON EXEMPTED** (thereon referred to as the **NEO holder**) who, under section 3(1) of the Act, "pursues a charitable purpose throughout the whole of England or a substantial part thereof and is desirous of promoting collections for that purpose (...)". In most cases charities (except for trusts) fulfil this criteria. However, individuals may also be eligible. NEO holders retain overall responsibility for the manner in which house-to-house collections are conducted and reported. Therefore, the duty to submit countersigned accounts in a timely fashion falls on the NEO holder.

Where the NEO holder is a charity, another person may act as a **PROMOTER** under its authority and retain the same level of responsibility for collections as the NEO holder. **When Orders have been issued in the name of an individual rather than a charity the Promoter and the NEO holder are the same.**

NEO holders, promoters of collections and collectors are subject to legal requirements, so should familiarise themselves with the provisions of the Act [\[link\]](#) and the Regulations [\[link\]](#).

More specifically, the Promoter is responsible for:

1. Ensuring that only "fit and proper persons" are involved in undertaking collections.
2. Ensuring badges and certificates of authority are issued in compliance with legal requirements (see section 10).
3. Ensuring that collection bags for property collections meet with the legal requirements (see section 11).
4. Failure to comply with these requirements, for example allowing a collection to be conducted by someone who is not a "fit and proper person" under the Act, or failing to submit audited annual NEO accounts of collections, may result in criminal liability and/or the order being revoked.

In addition to the specific requirements that apply to Promoters of collections, the Cabinet Office expects:

- Adherence to all relevant legislation relating to fundraising.
- Adherence to the Code of Fundraising Practice, to demonstrate the Promoter is committed to best practice.

It is a requirement for NEO holders to let Cabinet Office know as soon as the Promoter changes (e.g. he or she doesn't work for the charity anymore) and provide details of the new Promoter. Where the NEO holder and the Promoter are the same (order issued in the name of a person aside from a charity) then the NEO will be revoked and a new one will be issued in the new name provided (subject to satisfactory checks).

Should an NEO holder wish to change the name of its Promoter a notice should be given, by email or post, providing the Cabinet Office with the following details for the Promoter:

1. Full name:
2. Address:
3. Relationship to the charity:
4. Email address:
5. Phone number:

Section 3(1) of the Act states that "the provisions of this Act shall have effect in relation to the person exempted, to a promoter of a collection (...) who acts under the authority of the person exempted and to a person who so acts as a collector (...)". Therefore, **COLLECTORS** are also subject to the Act and Regulations in respect to house-to-house collections carried out by them on behalf of the NEO holder. Collectors are the individuals undertaking the collections and can include volunteers, charity employees and commercial partners (e.g. professional fundraisers and commercial participators, such as textile recycling companies).

The Cabinet Office asks NEO holders to submit the details of a named **CONTACT PERSON** who acts as the point of contact between the NEO holders and the Cabinet Office on matters relating to house-to-house collections. He or she can be different from the NEO holder and/or the Promoter.

The Person of Contact has the responsibility to:

1. Maintain contact with the Cabinet Office regarding changes in contact details, setting mutually agreed deadlines for submitting NEO accounts, etc.
2. Contact the relevant people in the charity to inform them of any communications from the Cabinet Office and arrange for the timely submission of annual audited accounts.

To update their details with the Cabinet Office the NEO holder must provide the following to [charity-neo@cabinetoffice.gov.uk](mailto:charity-neo@cabinetoffice.gov.uk):

1. The contact's full name:
2. Relationship to the charity:
3. Email address:
4. Phone number:

The **Minister for Civil Society** is responsible for the National Exemption Order Scheme for house-to-house collections. New applications and changes to current policy are subject to the Minister's approval. Officials may also act on his behalf in this respect.

#### 4. Eligibility to receive a NEO

The House to House Collections Act 1939 does not specify criteria for determining the award of an NEO. It states, in section 3(1) of the Act, that the Minister **may** issue an NEO where he is satisfied that a person pursues a charitable purpose throughout the whole of England or a substantial part thereof and is desirous of promoting collections for that purpose.

For the purposes of determining whether or not to award an NEO a range of factors may be considered, including (but not limited to):

1. Indicators that the charity is pursuing its charitable purpose(s) throughout a large part of England. In effect, that the charity is national (or covers at least several regions) in its reach. Consideration would normally include:
  - a. The charity's size (by income and spending on charitable activities and in some cases the number of employed staff and/or volunteers).
  - b. The extent of activities the charity undertakes to further its charitable purpose and the geographical spread of its charitable activities.
2. The charity can demonstrate a good track record of undertaking licensed house-to-house charity collections in a significant number of local authority licensing areas, and can provide evidence of licenses granted for the two preceding years.
3. The Promoter of the collections is a fit and proper person (taking into account past convictions or current investigations).
4. The charity and where relevant any third party acting under the charity's authority has a track record of good conduct in relation to its fundraising activity and adheres to fundraising best practice.
5. Excessive remuneration is not being paid to collectors or third parties in relation to the charity's house-to-house collections (or other fundraising activity).
6. The proportion of the collection proceeds received by the charity to spend on its charitable purposes is reasonable given the type and nature of the collection. This is particularly important where the charity contracts with a third party to undertake its house-to-house collections.
7. All required documentation has been provided (see section 5).

In some cases, further information (in addition to the application) will be required in order to make a decision. Failure to provide the requested additional information (or information requested in the application form) is likely to result in refusal to issue an NEO.

## 5. Applying for a National Exemption Order

To apply the applicant must send the following documentation by email ([charity-neo@cabinetoffice.gov.uk](mailto:charity-neo@cabinetoffice.gov.uk)) or by post (see section 1 for postal address):

1. Application Form in Annex A to this guidance.
2. List of collection licenses issued to the applicant by local authorities in each of the two previous years.
3. Any commercial participation or professional fundraising agreement which the applicant has entered into with a commercial participator or a professional fundraiser who collects on behalf of the charity, if applicable. A Commercial Participator or Professional Fundraiser is understood here as any third party that makes house-to-house collections on behalf of the charity and keeps part of the proceeds of the collection or is otherwise paid to collect for the charity, and would operate under the authority of the NEO.
4. Materials used in the house-to-house collection (e.g. collection bags for second-hand goods). These should comply with legal requirements and industry best practice (relevant professional fundraiser or commercial participator statement, registered charity number, contact details for the public if concerned about the validity of a collection, etc.) (see section 11).

Following the submission of your application Cabinet Office Officials will request collection licenses from at least 15 local authorities randomly selected from the list provided.

Where a charity (or its third party professional fundraiser or commercial participator) is under investigation by the police, relevant statutory regulator (e.g. Charity Commission) or relevant self-regulatory body (e.g. FRSB or the new fundraising self-regulator to be created in 2016), consideration of the application may be suspended until the investigation has been concluded.

For successful applicants, the NEO certificate will be posted to the address provided by the charity and a digital copy will be sent electronically. Details of the NEO holder will be added to the published list of NEO holders on [www.gov.uk](http://www.gov.uk).

## 6. Requirements for NEO holders

National Exemption Order holders are required to:

1. Submit their audited annual NEO accounts with details of the sums collected in house-to-house collections. These need to reflect the charity's relationship with any commercial company they might rely on for these collections and clearly illustrate what proportion of the proceeds of collections go to the charity (please see sections 12, 13 & 14).
2. If applicable, notify us, at the time of accounts submission, of any Commercial Partner(s) the charity has used during house-to-house collections for the reported year, along with the terms and conditions of the agreement with them. Commercial Partner is understood here as any third party that aids the charity in making the collections and keeps part of the proceedings.
3. Notify the licensing department of each local council before carrying out a collection in their area so the council can manage slot allocation and respond to public queries.

Please notify them at least one month in advance of the collection stating precise dates and location.

4. Comply with rules on badges and collection bags (please see sections 10 & 11).
5. Notify us when the charity ceases to undertake house-to-house collections so that we can revoke the NEO.

## **7. Verifying whether a door-to-door collection is authorised or not**

To check whether a house-to-house collection is authorised, an interested party can check whether a charity has a:

1. Collection licence from a local authority by getting in touch with their local council.
2. National Exemption Order by checking the online list of NEOs available here ([link](#)).

'Authorised' here means that the collection has either:

1. A collection licence - from the local council licensing department, or
2. A National Exemption Order - from the Cabinet Office.

If an interested party is unable to confirm that a house-to-house collection is authorised they can make a complaint to the local council. The collection can then be investigated by the local council and they can take action to stop it, including enforcement and prosecution. If the collector claims to act on behalf of an NEO holder and the charity on whose behalf they're making the collection is not on the online list of NEO holders, the council can then get in touch with the Cabinet Office at [charity-neo@cabinetoffice.gov.uk](mailto:charity-neo@cabinetoffice.gov.uk) to verify the claim. Local councils can also check against their house-to-house collections register to see whether the charity announced the time and place of their collection which is one of the requirements of being an NEO holder (see section 9).

Unlicensed collections, or inappropriate conduct during a licensed collection, undermines trust in charitable giving and affects everyone in the charity sector. When an illegal collection is stopped, genuine charities benefit.

## **8. NEOs renewal, revocation and appeals**

National Exemption Orders are subject to an annual review by Cabinet Office officials which will take into account:

1. Whether there has been timely submission of annual audited accounts.
2. Review of annual audited NEO accounts based on the criteria laid in the section on 'Submitting Audited Annual Accounts' of this document (see sections 12, 13 & 14).
3. Details of any complaints from local authorities and members of the public.
4. Any investigations by the Charity Commission, the law enforcement agencies, the Information Commissioner and/or the fundraising self-regulatory bodies.

The annual review will take place no later than 10 months after the charity's end of the financial year and the person exempted shall be informed of the result of the review within a further 30 days period.

The Minister may revoke an NEO due to factors including:

1. An annual review that shows misconduct by the NEO holder, the promoter or the collectors acting under its authority during collections or repeated non-compliance with this Guidance.
2. No collections were made in the course of the previous financial year.
3. A request by the NEO holder to have their NEO revoked.
4. The total amount likely to be applied for charitable purposes as the result of the collection is inadequate in proportion to the value of the proceeds received.
5. That remuneration which is excessive in relation to the total amount aforesaid has been, retained or received out of the proceeds of the collection by any person.
6. Evidence that the order has facilitated the commission of an offence under section three of the Vagrancy Act 1824, or that an offence under that section has been committed in connection with the collection.
7. Evidence that the Promoter is not a fit and proper person (e.g. has been convicted of an offence in the United Kingdom).
8. The Promoter has failed to exercise due diligence to secure that persons authorised by him to act as collectors for the purposes of the collection were fit and proper persons, to secure compliance on the part of persons so authorised with the provisions of regulations made under the House to House Collections Act 1939.
9. The holder of the licence has failed to provide the Cabinet Office with the information required of them (e.g. not provided the details on the charity's Commercial Partners along with annual accounts submission).

In considering the factor in (4) above, what we regard as "inadequate" will depend on the nature of the collection. We acknowledge that the costs of conducting certain types of house-to-house collection (e.g. of second-hand clothing) tend to be higher than other collections (e.g. of cash). In relation to collections of second-hand goods for re-sale, the value of the goods at the point of donation may be low, and it is through the collection and sorting process that value is added, resulting in a saleable product. We will therefore take into consideration reasonable costs of conducting the collection.

Similarly, for Direct Debit collections, we recognise that the net benefit to the NEO holder in the first year collection varies depending on the nature of the agreement with any professional fundraising agency. We want to understand the net projected income to the charity of collections based on your calculation of the average donor lifetime.

If an NEO is revoked:

1. The charity's name will be removed from the online List of NEO holders.
2. The charity won't be able to conduct house-to-house collections (or have them conducted on its behalf) without a collection licence issued by the local council.

Former NEO holders may re-apply for a new NEO. Where an NEO has been revoked as a result of concern in an annual review, the applicant must submit satisfactory evidence of how those concerns are being tackled.

NEO holders who make a request to have their NEO revoked must still submit the final audited accounts for that financial year (within ten months).

## **9. Guidance on notifying local authorities of collections under the NEO scheme**

Licensing authorities should be notified by NEO holders of proposed collection dates as soon as possible each year. These dates are entered on their registers and are then used to avoid the overlapping of collections in their areas. The licensing authorities for both house-to-house and street collections in England and Wales are district councils, except in London, where they are the Commissioner of Police for the Metropolis and the Common Council for the City of London.

Local authorities keep local registers in which all proposed collecting times are recorded and promoters should notify the licensing authorities at the earliest possible moment of the date and place of all collections they propose to make. Apart from collections relating to a sudden emergency, one month will be regarded as the minimum acceptable time for giving notice of a collection. A considerably longer period should normally be allowed to avoid finding the desired place and time slots unavailable.

By using their registers, licensing authorities can alert promoters to the possibility of overlapping collections and can take steps to prevent this by suggesting alternative dates, or by putting them in touch with each other so that they can resolve any conflicts. For this system to operate effectively it is important for the registers to be kept up to date.

The notice given to local authorities should be as specific as possible in terms of period of collection and locality. We recommend that this is done at least by postcode areas and weeks of the month.

Consistent failure to comply with these arrangements may be a factor in deciding whether or not a collection should be permitted to continue under the authority of an NEO. If local authorities inform the Cabinet Office of cases of difficulty arising involving NEO holders, appropriate action will be considered.

## 10. Guidance on badges and certificates of authority

Each individual collector must be issued and have in their possession during door-to-door collections:

1. A prescribed badge; and
2. A certificate of authority.

In addition, collectors should also be in possession of ID cards as evidence that the collector is employed by the commercial company, if applicable.

Every collector must sign his name on the prescribed badge issued to him and wear the badge prominently whenever he is engaged in collecting.

The Regulations prescribe the form of badge and certificate of authority in Schedules 3 and 4 respectively. Any deviation from the standard badge obtainable from The Stationery Office (TSO) needs to be submitted to the Cabinet Office for approval ([charity-neo@cabinetoffice.gov.uk](mailto:charity-neo@cabinetoffice.gov.uk)). Nothing may be printed on the collector's badges in addition to the words indicated in Schedule to the Regulations.

Please note that the Promoter is responsible for the badges and certificate of authority given to collectors and that they should, therefore, be returned to the Promoter when the collection is completed or at any other time on the demand of a Promoter of the collection.

## 11. Guidance on collection bags

Should the person exempted organise and run its own property collection (e.g. clothes), as opposed to using a commercial partner, then the collection bags should have displayed on them the following:

1. The name of the charity;
2. The charitable purpose of the charity;
3. Registered charity number;
4. Landline telephone number for queries.

In addition to the above, should the charity be doing property collections through a third party the collection bags need to have a solicitation statement clearly printed on them in a font sufficiently large to be read by the mildly visually impaired.

The Charities Act 1992 requires clear solicitation statements to be made about the amounts a charity will receive from any fundraising venture (for commercial participators), or the amount (actual or estimated) of the partner's remuneration (for professional fundraisers).

Along with your application please send us through post a collection bag used in door-to-door collections which are to be conducted under the NEO. This is to ensure that the collection bag meets the aforementioned requirements.

## 12. Submitting annual audited accounts

NEO holders must submit annual audited accounts on their house-to-house collections filling in the appropriate documentation provided on the website or on request:

1. *Accounts in the form of the Schedule 5 to the Regulations* if conducted cash and envelope collections.
2. *Accounts in the form of the Schedule 6 to the Regulations* if conducted property (clothes) collections, either by the NEO holder itself or a commercial partner under the authorisation of the order holder.
3. *Form of Account for Direct Debit Registrations* if funds were raised through donor recruitment during house-to-house collections, by a professional fundraiser on behalf of the NEO holder or the order holder itself.
4. *Nil Return Form* if the NEO holder hasn't done any collections during the reported financial year.

All forms, except for the *Nil Return Form*, need to be submitted signed by both:

1. The Promoter, who is the designated person responsible for house-to-house collections on behalf of the person exempted (see section 3), and
2. An independent auditor, external to the operations of the person exempted.

All signatories should have their names written in print next to the signature. In addition, auditors should also write their qualification under their signature.

Please note that the annual accounts reporting on proceeds from house-to-house collections under the NEO scheme are **different** from the annual reports and accounts.

The submitted forms should reflect the proceeds, the expenditure incurred during the collection (including the sum retained by any third party that has carried out the collections on behalf of the NEO holder) and the net benefit to the NEO holder (the sum/donation the order holder retains). The auditor should place their signature on the forms on the basis of the accuracy of the return, which involves understanding and testing the systems in place. Comments on this may also be covered in an explanatory note. Stating that the schedule reconciles back to the general audited accounts will not be sufficient.

The PROCEEDS OF COLLECTION section will show the income from house-to-house collections conducted during the reported financial year. The FROM COLLECTORS box must be completed with the aggregated sums collected from all local authorities where the collections took place. Also, attach a list (or name in this box) of all local authorities where cash/debit card or property collections, as applicable, took place during the reported financial year.

The EXPENSES & APPLICATION OF PROCEEDS box should contain the breakdown of how the total income from house-to-house collections has been used/spent:

1. Proportion of cost relating to collections - please fill this box with the sums of cost relating to the collections during the reported financial year; this includes the costs of printing, publicity, collection boxes, envelopes, printing of badges, salaries of staff employed by the charity proportionate to the time and effort dedicated to fundraising through house-to-house collections, payment to contractors, and/or the sum retained by any third party carrying out the collections on the behalf of the charity (i.e. commercial partner, professional fundraiser, clothes recycling company, etc.)
2. Disposal of Balance (or net benefit) - this box needs to reflect the net benefit to the NEO holder/charity as a result of it using a NEO for house-to-house collections. This might be understood as the profit after expenses were taken out of the proceeds or the donation given by the commercial partner as part of their agreement.

Please note that the TOTAL PROCEEDS OF COLLECTION and the TOTAL EXPENSES & APPLICATION OF PROCEEDS boxes should be equal in value to show that the account has balanced out. Should this not be the case we shall inquire further into your accounts to find the source of the discrepancy. A possible reason for this might be the existence of a sum of money unaccounted for.

Please establish a date with the Cabinet Office team when they should be expecting the submission of audited accounts. As a cost-effective option of auditing the NEO accounts we suggest signing them off with your external auditors at the same time with your annual report and accounts.

Please note that we require the accounts to be submitted no later than ten months after the end of the NEO holders' financial year. Failure to submit the accounts on time can result in the revocation of the NEO.

### **13. Guidance on accounting for collections through debit cards registrations**

If proceeds have been collected as a result of donor recruitment during house-to-house collections please:

1. Complete the *Form of Account for Direct Debit Registrations*;
2. Complete the PROCEEDS OF COLLECTION box with the total income received in the reported financial year as a result of debit card registrations from current and previous years;
3. Complete the proportion of cost relating to collections in the form of:
  - Cost of in-house activities - aggregated cost of fundraising through direct debit solicitations relating to in-house activities;
  - Payment to any third party carrying out solicitations on behalf of the NEO holder - sum retained by any third party carrying out the collections on the behalf of the charity (i.e. contractors, commercial partner, professional fundraiser, etc.) and management of payments from the donors; and
  - Other items.

4. The Disposal of Balance section should display the net benefit/or the sum returned to the charity as a result of the door-to-door collections during the reported financial year.
5. Attach a note explaining the net benefit to the charity of these direct debits over time (the average length of time that direct debits, which have been secured through this method, continue to be paid to the charity, along with other terms of condition of the agreement between the commercial partner and the charity regarding the ratio of funds based on sign ups).

#### 14. Reporting Nil Return

If the charity has not undertaken any collections during the reported financial year the Promoter must complete and sign the Nil Return Form. However, it is not necessary for this form to be signed by an independent auditor.

This form should not be used where collections were organised but no proceeds were collected, or where there were no net benefits to the charity (e.g. the charity wasn't left with any monetary benefit after expenses were subtracted from proceeds).

The form also requires the NEO holder to state whether the NEO is being used/ will be used in the current financial year and it allows the NEO holder to add any reasons for why it should retain the NEO. Current policy allows order holders to maintain an NEO based on demonstrated need. Should the charity not conduct house-to-house collections in the reported financial year then the Cabinet Office will consider revoking the NEO.

#### 15. Making annual accounts public

Accounts submitted starting from January 2016 will be made public online on [www.gov.uk](http://www.gov.uk), in line with current government policy to enhance transparency, by being posted in the form in which they were submitted.

The names of the Commercial Partners used during the reported year to conduct house-to-house collections on behalf of the NEO holder **shall not** be published, but the payment arrangements between the two parties will.

Before this information is made public we give charities the opportunity to add an explanatory note of no more than 100 words to explain any imbalances shown by the accounts.

Should NEO holders have any concerns regarding the information being published please email [charity-neo@cabinetoffice.gov.uk](mailto:charity-neo@cabinetoffice.gov.uk).