

CC News Autumn 2010 Issue 32

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Introduction by Dame Suzi Leather

This edition of our newsletter marks two firsts.

It is the first online-only edition, the last ever hard copy of CC News having been published during the summer.

It is also the first edition of CC News since Sam Younger took over as Chief Executive of the Charity Commission in September. I am delighted he has joined us. Sam has extensive experience of senior public and voluntary sector service, having most recently led two large charities as interim chief executive. You can read more about his background at http://www.charitycommission.gov.uk/About_us/About_the_Commission/commissioners.aspx#2

Sam has taken over at a very challenging time. On October 20, the government published the outcome of the Comprehensive Spending Review, setting out how it plans to save £81 bn during this Parliament.

The Charity Commission has not escaped the cuts. The funds available to us will be reduced by 33%, in real terms, over four years.

This is a disappointing and challenging outcome for us and means that we have to think again about the scope and priorities of our regulatory activity and about the services we provide to charities. We remain committed to maintaining the high levels of public trust and confidence that charities enjoy, to reducing the administrative burden on charities and enabling them to maximise their impact, but business as usual simply won't be an option.

Sam's first task as Chief Executive will be to steer the Commission through a Strategic Review. In the first part of the review, we will be speaking to a wide range of stakeholders to identify what our future priorities should be.

Trustees are among the most important people we work with. Because we can't speak to each of you individually, we have launched a public consultation to enable you to give us your views and help shape the Commission of the future.

I urge you to take part in this important consultation. It is a unique chance to have your say on how you think charities should be regulated in the future.

There is more information about the consultation and how to take part in this edition of CC News.

Dame Suzi Leather, Chair

You can help shape the Commission's future

Like many other government departments, the Commission has been told that its funding is being cut by a third over the next four years.

As Dame Suzi's introduction mentions, this requires a radical response from us. We certainly can't make up for such a loss of income through efficiency savings alone. Sadly, we are likely to have to reduce the number of people we employ by about a third too.

But we are committed to remaining an effective modern regulator and want to hear from you about what the Commission should look like in five years.

For that reason, we've launched a consultation, which is set out as a list of questions about the approach we should be taking.

Examples of the questions include whether the Commission's investigations should focus on cases where large amounts of charitable money are at risk, or whether we should investigate all cases where there is evidence that a charity is breaking charity law.

Please take part in the consultation – to see details about how to participate, go to <http://charitycommissionreview.blogspot.com/>

Lessons from our compliance work

Most charity trustees are doing a good job to manage their charities and protect them from harm and abuse.

The Commission has analysed our compliance work over the past year and found that only 0.1% of registered charities were subject to an investigation opened in 2009-2010.

But the report, *Charities Back on Track*, also shows that many trustees make basic mistakes which can have serious consequences for their charities.

These include, among others:

- not putting proper financial controls in place;
- not having adequate governance processes;
- failing to manage serious disputes among trustees;
- failing to manage conflicts of interest on the board; and
- not developing effective systems to safeguard vulnerable beneficiaries.

We're urging trustees to read the report so they can learn from the mistakes others have made.

The report includes case studies of real investigations and sets out what lessons can be drawn from the problems those charities faced.

Guidance on new discrimination law

A change in the law may affect your charity's ability to limit the group of people you help.

The changes are included in the Equality Act, which came into force on 1st October and aims to prevent discrimination.

The law states that people should be treated equally.

But it also recognises that some charities are set up to help particular groups in society because they are disadvantaged or in order to meet clear social objectives.

The law therefore allows charities to depart from the principle of equal treatment in these circumstances.

The Commission has drawn up guidance for existing charities and those seeking to register, which explains the criteria charities need to meet if they wish to limit their beneficiary group on certain grounds.

Where an existing or proposed restriction to a particular group of people is not based on the needs or disadvantages experienced by that group, charities will need a strong justification for discriminating.

Our guidance complements the guidance already produced by the Government Equalities Office and the Equality and Human Rights Commission.

We aim to produce more detailed guidance by the end of the year.

Help maintain trust in charities

Charities are among the most trusted groups in society, according to a recent survey.

The *Public Trust and Confidence report*, which was published in July, shows that charities come third after doctors and police.

The survey also reveals that people's overall trust in charities remains high, at 66%.

But the findings show that the factors influencing people's trust are changing.

Ensuring that a reasonable proportion of donations go on the end cause is now the most important factor driving trust. That's changed since the last survey in 2008.

This suggests people are becoming more discerning about financial management in charities.

The public want you to demonstrate that your spending decisions are wise and help meet your aims.

That's why we're encouraging charities to be open and transparent about their spending priorities.

That starts with meeting your reporting requirements. If your charity's income is over £25,000, that includes sending us your annual accounts on time.

But you can go beyond that, and think of creative ways of telling the public how you're managing your charity.

That might include posting interactive annual reports on your website, which make it easy for people to recognise how much good you're doing with the money they donate.

Warning about clothing collections

We're warning trustees and the public about bogus and misleading clothing collections.

The Commission has taken calls from people worried about leaflets which suggest the money made will go to charity when it actually goes to a private business or individual.

We also know of cases in which fraudsters use the name, logo and registration number of genuine charities to appeal for donations and keep the profits.

It's important people keep giving to genuine charities, so we've issued reminders about how to make sure your donations reach the right cause:

- Check for the words 'registered charity' – don't assume it's a charity because of the pictures used.
- Look out for a registered charity number – and check the number against the Online Register of Charities.
- Call the charity – if it's genuine the leaflet should include contact numbers, which you can call to ask if the charity really is collecting in your area.
- Call the Council – clothing collections that benefit a charity have to be licensed by the local authority.
- Go straight to the charity shop – if you're still concerned about the leaflets you receive, leave your clothes at a charity shop or an official charity clothes collection point.

Could your trustee board do with a breath of fresh air?

Just 0.5% of trustees in England and Wales are aged between 18 and 24, even though that age group makes up 12% of the population.

And the average age of trustees is 57.

So it's likely that your charity's board doesn't include any young trustees, but is this in its best interests?

Last month we published *A Breath of Fresh Air* (RS23), a report on young people's attitudes towards and experience of trusteeship.

Our research found that few young people know about charity trusteeship, and that charities are not thinking creatively about how to attract them to the role.

This means that most charities miss out on the energy, enthusiasm and fresh perspective that young people can bring to the boardroom.

We would like all charities to do more to ensure that their board includes a range of trustees of different ages.

To help with this, we've produced a checklist to help charities ask the right questions when thinking about including young people on the board.

We also provide tips for supporting young trustees once they're appointed.

Celebrating trusteeship

In the last issue of *CC News* we told you about Trustees' Week, the new joint initiative by the Commission, NCVO, Reach Volunteering, CTN, Getting on Board and ICAEW (the Institute of Chartered Accountants).

The idea behind Trustees' Week is to help raise awareness of the important role trustees play in charities and to encourage new trustees to come forward.

Since then, the first ever Trustees' Week has taken place and has proven a great success, thanks to the enthusiasm of the charities taking part.

At least 35 events were organised across the country, many aimed at recruiting new trustees or at providing advice and support to existing trustees.

You can read more about Trustees' Week and the events which took place, by visiting the Trustees' Week website at www.trusteesweek.org.uk. The website also includes case studies of famous and inspirational trustees and provides information about becoming a trustee.

Share your thoughts about our plans for online

Summer's *CC News* included an update on the Commission's online strategy, which aims to get all of the Commission's services online only by 2012.

We'd now like to hear your thoughts about the first stages of that strategy, which are to:

- withdraw paper forms for Annual Updates and Annual Returns for the financial year ending 1 January 2011 onwards; and
- withdraw paper forms for registering a charity from April 2011.

We hope these moves will allow us to keep providing a high standard of service, despite the funding cuts announced this month.

Most trustees already access our services online. During August, 86% of charity registration applications were made online and last year, 80% of annual returns and updates were submitted through our website.

If you'd like to have a say on our plans, please look at the consultation at [http://www.charitycommission.gov.uk/About us/About the Commission/ols_consultation_intro.aspx](http://www.charitycommission.gov.uk/About_us/About_the_Commission/ols_consultation_intro.aspx)

We're especially keen to hear your suggestions for any improvements we can make to our website and online services.

We're always working on our systems to make sure we're making your online experience as simple and quick as possible.

Have you sent us your email address?

This is the first issue of *Charity Commission News* which is published online only. If you have previously received the newsletter in hard copy we will need your email address to send you the next issue. You can do this through the *Manage Your Charity* section of our website by simply updating your charity's details to include a public email address. If other trustees or employees of your charity would like to receive *Charity Commission News*, they can sign up to our free email updates on the front page of our website.

How to contact Charity Commission Direct

The best way to contact us is online: www.charitycommission.gov.uk

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Your comments and suggestions for improving this newsletter are always welcome. Please write to the editor via the Charity Commission Direct email form or email: cc_newseditor@charitycommission.gsi.gov.uk