

Special Edition - the new Commission

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Introduction by Dame Suzi

Welcome to this special edition of CC News, which puts the spotlight on the 'new Commission' and which I hope will help you gain a sense of how we are changing following our strategic review.

The review came in response to a cut in our budget of a third over four years and began with a wide-ranging consultation, which helped us establish core principles as to our future - notably that we exist to serve the public, that we must focus on our core regulatory duties and that we must concentrate on doing the things only we can. Over the summer, we have been busy embedding these principles into a new strategy and structure. This edition introduces the strategy and includes practical examples that demonstrate how our approach is changing. I hope you find it helpful.

First, however, an update on the outcome of a legal case brought by the Independent Schools Council, which was heard earlier this year in the Upper Tribunal (Tax and Chancery): The case concerned our public benefit guidance as it applies to fee-charging charitable schools. The judges have now published their decision, which upholds our general interpretation of charity law. It agrees with us that an organisation cannot be a charity and expressly exclude the poor. The judgment also upheld our view that charities must operate for the public benefit, meaning that trustees must run their charity so as to ensure the poor can benefit in a way that is more than minimal or tokenistic. However, the decision did say that our guidance does not explain the law clearly enough. We are already reviewing the guidance and will take into account the points raised by the judges. We cannot say exactly how long that process will take, but any updates on the guidance will be reflected on our website and we will update you on any changes to the guidance in future editions of CC News. You can read our response to the decision on our website.

Suzi Leather

The Commission's new strategy

As Dame Suzi's foreword explains, the Commission has, over recent months, been developing a new strategy that sets out what our key goals and priorities will be over the coming four years. Here, we explain the key planks of the new approach.

Improving charities' compliance and accountability

The public expects us to be a robust regulator - that message emerged clearly from the focus groups we held with members of the public during our consultation.

We will therefore improve the way we assess and manage risk in charities and will continue to focus on producing excellent guidance that helps trustees manage those risks. We will also take decisive action when we discover serious malpractice in charities.

At the same time, we are placing renewed emphasis on ensuring the online Register provides people with the right information about charities. That includes getting tougher on charities that fail to file their annual documents and accounts within the 10-month deadline. We want charities to understand that by filing late - and incurring a 'red-mark' against their name on the register - they risk reducing public trust in their own organisations and the wider charitable sector.

Helping charities become more self-sufficient

We want to help trustees become more self-sufficient and independent - in other words, to gain greater confidence in their ability to make the right judgements and decisions on behalf of their charities. In the past, charities have often come to us to 'hold their hand' - to confirm that they're making the right decision or doing the right thing. That kind of support doesn't form part of the core duties of a regulator - especially one whose budget is being cut - so our new strategy places new emphasis on helping trustees help themselves.

That will involve producing the best guidance possible, that is tailored where necessary to different groups of charities and which is principle-based, thus allowing trustees to apply it to their own charities' situation.

At the same time, we are working with charity umbrella bodies to help them take over more responsibility for providing one-to-one advice to individual charities.

Making the best use of technology

We often tell charities that using technology well can help them do a better job more efficiently. The same applies to us. We will continue to push our services online - for example, from this year onwards, all charities are being asked to file their annual documents online. We aim to improve our online services continuously, and are putting together new teams dedicated to improving access and usability. We will also focus resources on making our website easier to use for charities and members of the public. We want our online visitors to be able to find the information they need quickly and easily.

At the same time, we will develop the way we use new tools, including social media, to explain to trustees and to the public what charities are and how they should be run. The CC News survey results did not reveal a huge appetite for keeping in touch with

us via social media, such as Twitter and Facebook. It is clear that many of you are still getting accustomed to these new forms of communication, so we do not intend to make any radical changes in this respect. But we will keep trying to develop innovative ways of keeping trustees informed about their duties and communicating with the public about our work.

Improving efficiency

Over recent years, we've made great progress in improving efficiency - becoming smarter about the way we use our money and our time. That is reflected in the improvements we have made to our standards of customer service, for instance in reducing the time it takes us to answer charities' emails or register new charities. Given that we now have fewer resources - we are losing around a third of the staff members we had in 2010-11 - it is vital that we keep looking out for better, more efficient ways of carrying out our duties.

Our new approach in action

Our new strategy does not represent a radical departure from the way we have done things in the past. Rather, we are undergoing a gradual evolution that will see us focussing ever more closely on our core regulatory duties. Some of our work and output over the past weeks and months already reflects some of the ways in which our role is evolving.

Charity Review Project

In September, we launched a new charity review project with the Institute of Chartered Accountants in England and Wales (ICAEW). Participating charities will receive a free review conducted by an ICAEW member with the relevant experience. The project aims to help charities review their financial controls and systems of risk management. The various results will also be collated anonymously and analysed by the reviewers. The project is a precursor to a wider Review Programme we are developing in partnership with the sector and other relevant partners. It is an example of the work we will do with the sector to improve the intelligence available to us and the sector about the common risks charities face. The project is also an example of the closer relationships we are forging with charity umbrella bodies and other relevant partners. Places on this first project were limited to 25, and have now been filled, but keep an eye on our website for future opportunities to take part in the wider review programme.

New guidance on Charities and investment matters

In October, we published updated guidance on Charities and Investment Matters. The new guidance describes the legal duties and principles that apply to charity investments and the risks that trustees must address. It offers a framework for decision making, but explains that it is up to trustees to decide on the most appropriate over all investment strategy for their charity.

The guidance reflects changes in policy and practice within the charity sector over recent years, which have seen increasing numbers of charities considering investing funds in ways that directly further their charitable aims. In the past, charities invested solely to achieve the best financial return. The updated guidance confirms that charities can invest ethically, sustainably, for a financial return or to achieve charitable aims or for a mix of all or any of these. But it emphasises that trustees must be clear

about their motive in making an investment and must be able to justify that they are using their charity's resources in its best interests.

Online tools to help trustees

In August, we launched new video tutorials to help you file your Annual Return and update your charity's details online. The videos provide step-by-step guidance on getting it right and are designed especially for those filing online or updating their details online for the first time. From 2011 onwards all charities are being asked to submit the required information online and these videos are an early example of the work we are doing to help make our website as easy to use as possible.

New registration bulletin

As part of our new strategy, we are making better use of the information we hold on charities. For example, we are now publishing a regular bulletin on charities joining our register, to help us and others analyse changes and trends in the type, size and location of charities. The first bulletin was published earlier this month and reveals that, during the six months from April 1st 2011, 3,000 charities joined the register. Most are small, with more than half reporting incomes of less than £100k.

This bulletin also revealed findings of a survey we conducted with over 100 register applicants. The survey, which focused on trusteeship, found that 39% of respondents were looking to recruit additional trustees and that most were using internal recruitment or informal means such as word of mouth. These would-be charities may wish to broaden their recruitment strategies by advertising vacancies externally to help identify the most talented individuals.

New style public meetings

In September, we held our first new-style annual public meeting (APM). Our APMs are a chance for us to account for our performance (see our *Annual Report and Accounts 2010-11* for details) and to answer any questions people might have about our work or our priorities. This year, for the first time, we also organised a special panel debate on a topical issue for the charitable sector. Three eminent peers, **Baroness Tyler**, **Lord Smith of Finsbury** and **Lord Hodgson of Astley Abbotts** discussed the question of 'Self-regulation - how far can it go?' This new approach to public meetings is aimed at encouraging members of the public to engage with us on important issues that affect the way charities are managed and regulated.

The Commission's new structure

In light of the strategic review and our new strategy, the Commission has also made changes to our internal structure and processes.

In summary, our structure is flatter, in that there are fewer levels of management and our staff members are being encouraged to make decisions at the most appropriate level. For instance, the new Commission does not include Director-level positions. Instead, 11 heads of division now report directly to the chief executive.

The new approach is also multidisciplinary - all our teams include people with a range of skills and professional backgrounds. For instance, most routine queries from charities and members of the public will be dealt with by a First Contact team. The more complex case work will be dealt with by four case work teams (one in each of

our four offices in England and Wales), which will also include accountants, lawyers and officers with specialist expertise. The most serious concerns about problems in charities will be dealt with by a new Investigations and Enforcement team.

What did CC news survey tell us?

Many thanks to all who took part in the readers' survey that accompanied the last edition of CC News. The results have given us a useful insight into way in which you access the newsletter and the types of articles you find most helpful. We will now be making adjustments in light of your comments. For instance, from next year, we will change the format of the newsletter and will start including stories about our work with individual charities - such as our investigations into charities.

Conclusion

We hope this special edition of CC News has given you a feel for the way the Commission is changing and developing as a result of our strategic review.

Later this year, we will publish the full strategy document on our website. We will also be publishing information about our new performance targets. These are the targets against which our work and our performance will be measured each year.

Reminder of how to get in touch

The best way to find general information about the Commission and our guidance is on our website. If you have queries about issues or topics that are not covered online, you can email the Commission's first contact team at enquiries@charitycommission.gsi.gov.uk. Please share any comments and suggestions on CC News with the editor cc_newseditor@charitycommission.gsi.gov.uk