



NEWS

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Charity Commission News 23 – Winter 2005

Call 0845 3000 218 www.charitycommission.gov.uk



Winter update

Introduction by Geraldine Peacock

I hope this edition of *Charity Commission News* provides plenty of food for thought to take charities into 2006 stronger, smarter and better equipped. We've been busy with the implementation of our own changes, which are covered in more detail later in the newsletter. We hope that you are starting to see the benefits of these changes - bringing a better service to you and your charity. The launch of our online services facility, for example, will make a number of tasks faster, easier and more convenient for trustees.

We're also producing new and updated guidance for charities on a whole range of subjects, so have a look at the update included in the newsletter and see what's coming up.

As we come to the end of the Year of the Volunteer, I'd like to thank you for your hard work and commitment in a challenging year.

May I wish everyone involved with your charity a very happy and successful New Year.

Geraldine Peacock

Geraldine Peacock, Chairman

Our new strategy in action – improving our service to you

Charity Services

In our Spring edition we told you about our plans to streamline services and avoid duplication by bringing together all of our operational services into one department. Our new Charity Services Division is now up and running under its new head David Locke.

Charity Services aims to improve the consistency and quality of the services we provide to our customers and to make life easier for them by developing a more proportionate approach to charity regulation. This means focusing our attention on the areas of greatest risk, where our work will make the biggest impact. A large programme of reorganisation is currently underway and we'll report on progress in future editions of *Charity Commission News*.

Reception Unit

The first port of call for charity trustees wanting our help will be our new Reception Unit, led by Sandie Brown, who has joined us from the Health and Safety Executive where she managed information services. Staff in the new Reception Unit will be highly trained to provide answers to the most frequently asked questions. Where a more detailed response is needed they will direct queries to the right part of the Commission for a speedy answer.

The team will also be able to sign-post callers to other organisations who can help answer questions. Wherever customers are ultimately directed, the aim is to give charities the help they need as soon as possible and not to keep them waiting for answers or help.

Registration

An immediate development is that all new charity registration cases will be managed through our office in Taunton.

This new Registration Unit will provide a bespoke service to give advice to would-be charities and fast-track registrations for new charities in the shortest time possible. To improve the level of service we provide we've doubled the number of experienced senior staff in the unit.

We plan a full review of our registration services in the next 12 months and we'd like your feedback on the way we currently carry out this work and how best we could improve it. Please send your comments to Neil Robertson, our Head of Advice and Orders, at neil.robertson@charitycommission.gsi.gov.uk

Calling us gets cheaper

We've taken another step to improve our services to customers by changing our previous contact number from a national rate to a local rate number. The new number is **0845 3000 218** but calls to the previous number will be automatically redirected. Minicom users can call us on **0845 3000 219**.

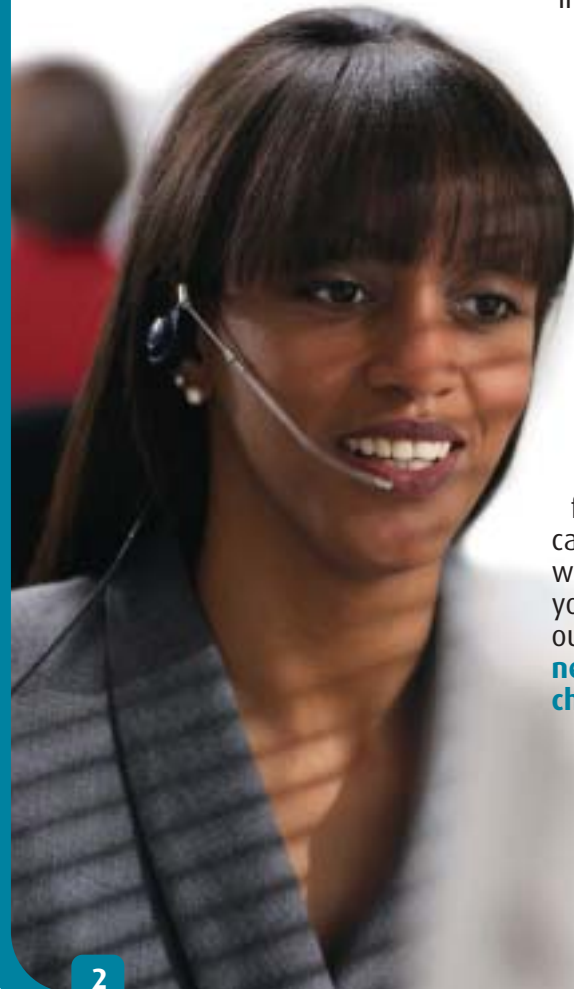
With over 200,000 calls to our Contact Centre each year we hope the new number will make a considerable difference to all our callers.

Click for online services

Online services for charities with an annual income of over £250k have been available since the beginning of October. In our first full week, over 1,400 charities used their password to submit Annual Returns or update their charity details. The leaflet enclosed with this issue of *Charity Commission News* provides information on our plans to extend this service to all charities. You can also follow the 'Click' logo on our website to find out more about the benefits online services can offer your charity.

Charity engagement

We'll also be setting up a Charities Engagement Unit, focusing on building two-way relationships with the top 200 or so charities. We'll learn more about the needs of the very largest charities and they, in turn, can help us test new approaches and ideas. We also hope these charities will act as a critical friend and tell us what we're doing well and where we need to develop further. We intend to set up the unit early in the New Year when we'll start talking to the charities identified about the best way forward.



Lords debate new charity law

The Charities Bill was re-introduced into Parliament in May following the general election. If it becomes an Act it will make a number of changes to charity law which will allow charities to operate more flexibly and with less red tape. It will also redefine the role of the Commission as the charity regulator.

So far the Bill has been debated in the House of Lords. The Lords have taken a lively interest in the various provisions and their effect on individual charities and the sector. The next step for the Bill will be to move to the House of Commons where over a series of debates MPs will have their opportunity to discuss the Bill and decide whether it achieves all they would like it to for the charity sector.

At the moment it looks unlikely that we will have an Act before early summer 2006. We will keep you informed about progress both through this newsletter and on our website.



Annual returns – focusing on delivery

We've been encouraged by the initial return rates for charity accounts and annual returns this year, and we're on course to reach 71% compliance within charities' ten-month deadline.

Our new organisational structure aims to make sure we use our resources where they have the greatest impact. From now on, before we can offer advice and assistance to charities, we'll be checking that their accounts and annual returns aren't more than two months overdue, i.e. they still haven't been received and it's over 12 months after the end of their financial year.

In order to provide effective guidance or help, we'll need to have any overdue documents sent in to us. Where charities need our assistance to get overdue accounts and returns to us, such as appointing additional trustees, we'll be happy to help them get back on track.

We'll also still open cases on defaulting charities where inaction on our part would cause reputational or financial risk to the charity, or where a complaint has been made against it. We'll also continue to remind charities about their outstanding documents and list them as defaulters on our website. And, of course, if defaulting charities want to make complaints about the Commission our Customer Service Team will still look into these.

Charities, quite rightly, receive a number of benefits and enjoy huge public support, but they also have responsibilities. Getting annual returns and accounts in to us on time is one of the most basic of these, ensuring they remain accountable to their donors and the public. For more information on getting accounts and returns to us on time visit the 'Annual Return' pages on our website at www.charitycommission.gov.uk or call our Contact Centre on **0845 3000 218**.



Get on Board gets results

Readers may remember the announcement of our 'Get on Board' campaign in the last issue of the newsletter, encouraging charities to register their trustee vacancies on dedicated websites. The campaign was launched jointly with the charity TimeBank on 23 August, with excellent coverage thanks to many trustees who were interviewed in the press and on radio.

At the end of October, over 1,500 people had signed up to volunteer as trustees and numbers continue to rise. Around three quarters of these are under the age of 45, compared with just one quarter amongst currently serving trustees.

A quarter of those who signed up are people from black and minority ethnic backgrounds, compared with less than 5% of trustees generally.

We hope that by raising awareness of trusteeship among the general public, charities won't struggle so much to recruit new board members in the future. Do remember to speak to your local volunteer centre if you have a vacancy that you'd like them to post on the web. In England, go to

the home page www.volunteering.org.uk for a link which finds your nearest centre. In Wales, go to www.volunteering-wales.net and select from the drop-down menu.

Our sincere thanks to all those trustees who took time from their busy schedules to help us publicise the campaign, and to the Wales Council for Voluntary Action for their help in running the Welsh campaign.



Delivering public services – clarifying the debate



Government continues to encourage charities to take on a greater role in public service delivery, and it's vital that any charity considering this option is clear about whether it's in the best interests of its beneficiaries to do so. It's not the Commission's role to make the decision for a charity about whether it should deliver public services. Our view on this is neutral, as long as the service is compatible with the aims of the charity.

The issues involved in delivering public services need careful consideration so, in June, we published a policy statement on our website which provides some ground rules for charities considering delivering public services.

'Charities and Public Service Delivery' particularly highlights the fact that charities must not allow their independence to be compromised when undertaking to deliver public services. It also confirms that charities should always aim to recover the full cost of delivering services for public authorities wherever possible.

'Charities and Public Service Delivery' is available from our website at www.charitycommission.gov.uk under 'Guidance for charities'.

Scotland gets new charity framework

The Charities and Trustee Investment (Scotland) Act 2005 is expected to come into effect next April. It's intended to provide a clear and accountable legal framework to protect public interest and help charities flourish - an equivalent to the legislation that applies to charities in England and Wales.

It also creates an independent regulator for charities in Scotland - the Office of the Scottish Charity Regulator (OSCR) which will be accountable to the Scottish Parliament.

OSCR will decide which organisations have charitable status in Scotland and will keep an online Register of all bodies which can represent themselves as charities there.

UK-wide and foreign charities will need to register with OSCR if they own or occupy land or premises in Scotland or have activities in premises there. OSCR has said that where a charity, registered in England and Wales, has an office presence in Scotland or pays, or claims relief for, non-domestic rates to the Local Authority for these premises, it will meet the criteria

for registration. Fundraising activity alone doesn't make registration in Scotland necessary. More details can be found at www.oscr.org.uk

We know that some charities will have concerns about how this legislation will affect them and will want to keep the administrative burden on them to a minimum. OSCR and the Charity Commission have recently signed a memorandum of understanding setting out how both of us can best work together. The memorandum concentrates on co-ordinating the application of law and policy and minimising the regulatory burden on charities.

OSCR intends to phase in registration for cross border and UK-wide charities over a 12-month period from the commencement date of the Act, currently expected to be April 2006. Charities which want to register in Scotland will need to apply to OSCR. However, charities whose Scottish operation is already recognised separately as charitable by the Inland Revenue don't need to take any action. They

will already have an SC (Scottish Charity) number and their details will automatically be included on the OSCR Register when it goes live in April 2006.

If your charity is registered in England and Wales and you also operate in Scotland, the Commission and OSCR would like to be able to update you on useful information about registration in Scotland and other matters as soon as the information is available. To allow us to do so, please send your email details or postal address to Monica Davidson, Charity Commission, Harmsworth House, 13-15 Bouverie Street, London EC4Y 8DP or by email to monica.davidson@charitycommission.gsi.gov.uk.

The Commission and OSCR will also be issuing joint guidance on both their websites for any charities which might be affected by the new legislation. If you have given your address details, this joint guidance, along with any subsequent information, will be sent to you directly.



Establishing a baseline to slash bureaucracy

The Better Regulation Task Force estimates that unnecessary bureaucracy costs British businesses, charities and the voluntary sector between £20bn and £40bn a year. In response, the Government has launched a programme to reduce these administrative burdens year on year. The first step will be to measure the current burden caused by regulations and set a baseline.

All parts of government are involved in this exercise, including the Charity Commission, and the accountancy firm PricewaterhouseCoopers has been charged with delivering it.

They're currently getting feedback from charities about the time and effort involved in meeting the requirements of these regulations.

If you'd like to express an interest in being interviewed then telephone **02890 415234** and leave a message or email adminburdens.measurement@uk.pwc.com. The schedule for these interviews ends in the middle of December.

If you'd like to be interviewed as part of the HM Revenue and Customs parallel exercise for the tax and duty system you can email: abmeasures@hmrc.gsi.gov.uk

If you'd like more information write to: Admin Burdens Reductions Project, Cabinet Office, Better Regulation Executive, 22 Whitehall, LONDON, SW1A 2WH, visit their website www.betterregulation.gov.uk or email: abmeasure@cabinet-office.x.gsi.gov.uk



Publications update

This summer, our publications team produced two key publications to help trustees run their charities even more effectively. These and all future publications have a new, clearer format and use straightforward language to tell charities what they need to know.

The Essential Trustee: What you need to know (order reference CC3) was the first of our publications to be re-written in this new format. It explains the duties and responsibilities of charity trusteeship in a straightforward and accessible way, starting with the basics and building up a clear picture of what trustees need to do and to know.

Start as you mean to go on (RS10) looks at the issue of recruiting and training trustee boards and the benefits of diversifying trustee recruitment. It also provides best practice examples to help boards give new members the skills and knowledge they need to play a full role and stay committed.

And there are more new publications to come:

Finding New Trustees: What charities need to know (order reference CC30)

Collaboration and Mergers (CC34)

Receipts and Payments Accounts Pack – updated version (CC16)

Accruals Accounts Pack – updated version (CC17)

Hallmarks of an Effective Charity – updated version (CC10)

- all of which should be available by early 2006.



Annual Report reflects a year of change

We published our Annual Report in July and it reflects a year of great change for both charities and the Commission. Key points covered in the report include:

- 27,000 cases of advice and guidance given
- 6,279 new charities registered
- 11 new and substantially revised publications
- Over 20 million visits to our website; and
- 325 investigations completed, safeguarding £34 million of charitable funds

Our Annual Report is available from our website at www.charitycommission.gov.uk under 'Publications'.



Seminars for legal eagles

Building on the well-received charities and litigation seminars held for charity advisers earlier this year, our legal team will be presenting the following seminars in London:

The first seminar in December will focus on issues involved in charities selling or mortgaging land.

The second will look at the legal aspects of making ex gratia payments and will take place in January 2006.

Further details are available on our website.

AGM and open Board meetings

Our first Annual General Meeting took place in London on 20 September. It was one of our biggest open-to-all events yet, and we were pleased to have the opportunity to discuss our work and future direction with so many people.

We also held our first open Board meeting in Wales on 30 November, giving our Board a useful opportunity to meet a wide range of those involved in the Welsh charity sector.

Our next open Board will be held in London on 26 January and, as always, our website at www.charitycommission.gov.uk has full details for those wanting to attend.





Questions, Questions...

Q. Can my charity, which is winding up, transfer its investments and assets to a charity operating overseas?

A. If the purposes and activities of the overseas charity are consistent with those of your charity then it's likely this can be done. It's probably a good idea to transfer the funds for use on a specific purpose or project to make sure they're used for the same or similar type of activities your charity was originally set up to do. We'll be happy to advise charities in this position.

Q. Can our charity's trading subsidiary have an income which far exceeds that of the charity?

A. It's unusual for the trading income of a subsidiary to be greater than that of the parent charity, but it can happen. Trading activities can be a key source of income for charities but they need to be properly controlled, managed and profitable.

It's also vital charities don't lose focus on their primary activities. Trading subsidiaries exist purely to generate income for the charity to do its work and any potential expansion of trading activities needs to be considered solely with this in mind.

Q. I read something about a 'charity website' called GuideStar – what is it?

A. GuideStar UK is a registered charity that aims to promote the voluntary and community sector by providing web-based information about charities in England and Wales. It gets basic information from charities and from us, and charities can provide more information directly to GuideStar UK to build up a fuller picture of what the charity does. This aims to supplement the information available on the Charity Commission's own Register of Charities.

Q. What can we do if GuideStar get our charity's information wrong?

A. GuideStar's website gets its information about charities from three sources: from the Commission's Register of Charities, from the charity's annual report and accounts and additional information from the charity itself.

If information from our Register of Charities is wrong – such as correspondent details – then you need to let us know. You can do this using the annual return, using our on-line amendment facility (as long as you've received your password) or by giving our Contact Centre a call on **0845 3000 218**.

If the extract from the Trustees Annual Report or accounts is wrong then charities need to call GuideStar on **020 7240 1969**

If the additional information your charity provided is wrong this can be changed by you using the charity's profile builder on the GuideStar website.

How to get in touch with us

Here are the contact details for each of our offices:

Contact Centre for general queries and to contact any of our offices

Telephone: 0845 3000 218

Minicom: 0845 3000 219

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