

# Charity Commission Annual Report 2007-08



There are over **190,000** charities registered with the Charity Commission, with total incoming resources of nearly **£45 billion**, over **600,000** paid staff and over **927,000** trustee positions.

Our role is to help them achieve what they do in the most effective way possible.

#### Our vision

Charity working at the heart of society for public benefit

#### Our mission

Increasing public trust and confidence in charities by:

- enabling charities to maximise their impact
- ensuring compliance with legal obligations
- encouraging innovation and effectiveness
- promoting the public interest in charity

#### Our values

- Effective
- Expert
- Fair
- Independent
- Innovative
- Responsive

# **Report of the Charity Commission for England and Wales for the year ending 31 March 2008**

Presented to Parliament by the Charity Commission for England and Wales in accordance with paragraph 11 of Schedule 1A to the Charities Act 1993.

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# Introduction by the Chair and Chief Executive



This year has seen us complete the ambitious plan set out in our Strategic Review of 2005. The intervening years have seen change on an unprecedented scale for charities and their regulator alike.

For us, they have included new statutory responsibilities introduced by the Charities Act 2006, responding to policy developments in a rapidly changing sector and a major restructuring of the Commission itself. As we come to the end of this stage of our development, we are in a strong position to deliver on our new statutory objectives.

## Evolving to meet the challenge of change

Our evolution has not occurred in isolation, but in tandem with the wider regulatory environment. Our risk and proportionality framework, published this year, is based on the need for proportionate and meaningful regulation which is targeted at areas of greatest risk.

The introduction of serious incident reporting last year has also helped charities flag up issues for our consideration at a much earlier stage, reducing resources used and the impact that a later, more serious, intervention would have.

Working with other agencies and regulators helps us produce co-ordinated solutions but our independence is vital and our priorities are informed by those of the sector we regulate. So, for example, this year has seen us respond to charities' wishes for clarification on the extent to which they can engage in political activity and campaigning by publishing clearer guidance on the topic.

The requirement in the new Charities Act that all charities must now demonstrate that they have charitable aims that are for the public benefit resulted in widespread debate, and the response to last year's consultation on our general guidance on public benefit was unprecedented. We published our general guidance in January, which reflected the comments made to us in the consultation, in advance of further consultations on supplementary guidance on the public benefit of different types of charities. The publication of our general public benefit guidance, which will be used by hundreds of thousands of trustees, has been one of our most significant achievements this year.

## An independent voice

Charities are unique organisations but they are also of the world and in it. It's important that their experience and that of their beneficiaries is reflected in the development of public policy and relevant legislation. Our engagement with the wider public, Parliamentarians and Members of the National Assembly for Wales, is important in raising levels of understanding about the sector. We had a rolling programme this year, meeting with a significant number of MPs, Members of the National Assembly for Wales and Peers to discuss a range of charity issues and help to inform the ongoing public policy debates about the charitable sector in 2008 and beyond.

## Adapting to change

While this has been an exceptionally eventful year for us, it has also proved challenging. With a reduction in our funding of 5%, in real terms, for each of the next three years, we have had to make difficult decisions about our activities and resources.

In this context, we have prioritised our compliance function which is at the core of our regulatory role. Public trust and confidence in charity depends on consistent and confident regulation; ensuring charities operate within the law and meet their statutory responsibilities will remain at the heart of what we do.

## Ready for the future

Our Board is now at full strength, with nine members representing a diverse range of experience and skills. One of our longest serving legal Commissioners, Lindsay Driscoll, left us in January, after nearly five years. Both her technical knowledge and her practical experience of how the law is actually applied by charities have been of enormous value to us. We thank her for her outstanding commitment and wish her well for the future.

Our service has been further improved this year by the development of more extensive online services, a redesigned website with enhanced browsing facilities and our expanded Charity Commission Direct team, which this year won the Operational Delivery category in the *Whitehall and Westminster World* Civil Service Awards 2007.

Being on the front foot has enabled us both to anticipate and keep pace with change, and our expert staff are dedicated to meeting the demands this creates. Their focus and effort has enabled us to keep up with the rate of change experienced during the year, and their experience and skills will prove invaluable over the next three as we make the most of the opportunities our new statutory objectives provide.

**Dame Suzi Leather**, Chair  
**Andrew Hind**, Chief Executive

# Enabling charities to maximise their impact

**“We really appreciated the payment from the Flood Fund and in particular the timely response to our application. Our thanks to all involved, especially all those who donated to the Fund – I’m sure that knowing it was a registered charity boosted people’s confidence to give.”**

Teri Andrews, helped by the Gloucester Relief Fund

On 20 July 2007, Gloucester experienced one-and-a-half times its average monthly rainfall. Flash floods were followed by river floods as rivers burst their banks. At times during the crisis, 350,000 people in Gloucester were without a mains tap supply and 42,000 had no power. 4,000 homes and 500 businesses were flooded.

The seven Gloucestershire authorities acted swiftly to set up a fund for local people who faced hardship as a result of the floods. We received their application to register the fund as a charity on the morning of 7 August. Given the increasingly urgent needs involved we ensured the fund was registered that afternoon. The Gloucester Relief Fund raised over £600,000 in its first month alone. So far, it has provided help to over 2,000 families affected by the floods and given over £1.2 million in financial support. One year on, the Fund has played an important part in helping households recover from the damage the floods inflicted.

**“Watching the news really brought home the scale of the damage this type of flooding can do, and we were determined to make sure the Fund was registered as soon as possible.”**

Andy Butler, Registration Team,  
Charity Commission

new charities registered

# 4,953

## Improving impact right from the start

One of our core responsibilities is to help charities maximise the impact of their work – helping them ensure their limited resources have the most effect for their beneficiaries. This responsibility starts right from their registration. New registrations continue to highlight the incredible diversity of charities – the Riva club, providing leisure opportunities for disabled youth in Sheffield; Deep Roots, promoting sustainable development here and in developing countries; and Rilindja, helping the Albanian community nationwide, are a few examples of our recent registrations in 2008. At the other end of the scale, the vast majority of charity removals from the register occur because a charity has ceased to exist.

## Faith, hope and clarity

In 2007, building on our Faith Groups programme, we established our Faith and Social Cohesion Unit (FSCU). With at least 29,000 charities on the register including the advancement of religion as one of their objects, the valuable contribution to society of the work they undertake is immense. The FSCU’s work started with Muslim organisations, many of which have told us they would like support and guidance to improve governance standards and further develop their effectiveness. Working in partnership with the Mosques and Imams Advisory Board – representing over 1,000 mosques – we held launch events in Birmingham and London this March for representatives of over 130 organisations. These events explained the Unit’s role, raised awareness of governance standards, highlighted the requirements of the Charities Act 2006 and explored the issues involved in charity registration.

## The Charities Act in action

Many of the provisions in the Charities Act came into force this year. These included provisions for charities to change outdated objects to bring them up to date, for charitable companies to alter their memoranda and articles and for smaller charities to transfer their assets or spend their capital. These 'nuts and bolts' provisions have the potential significantly to reduce expense and bureaucracy for charities and it's important that trustees are aware of the options now available.

## Speaking out

Charities have a legal right to campaign and engage in political activity in support of their charitable purposes, but the extent to which they can do so provoked much debate this year. Feedback from the sector indicated that some charities, particularly smaller charities, were self-censoring themselves. Using additional external evidence, we undertook a major re-write of our guidance on the subject to clarify the issue.

We published our re-written '*Speaking out – campaigning and political activity by charities*' in March, to a wide welcome from charities and charity law specialists.

We hope it makes clearer the extent to which charities can engage in this type of activity – it's vital that charities feel confident in continuing their long tradition of advocacy and campaigning for their beneficiaries, while continuing to work independently of political influence.

## Award-winning answers

Our single point of contact for all incoming enquiries, Charity Commission Direct, dealt with more questions than ever from trustees and members of the public, answering over 186,000 calls. The high standards of the service were recognised by winning the Operational Delivery category in the *Whitehall and Westminster World Civil Service Awards 2007* – one of only 13 winners from 600 nominees.

The range of our online services continues to grow, with the introduction of online registration in January this year. Charities can now use online facilities to do everything from filing their annual returns and reports to updating their contact details.

## Looking forward

- We will deliver a revised and improved start-to-finish Registration service.
- We will raise awareness of the regulatory framework amongst faith groups, providing tailored guidance that meets their needs and developing a national directory of both registered and unregistered mosques.
- We will further develop and enhance the advisory and educational impact of the Annual Return by delivering a bespoke online service which produces direct links to up-to-date, relevant advice.

# 5,073

charities removed from the register



# Ensuring compliance with legal obligations

**“Safeguarding vulnerable people is our top priority. This was a particularly serious case and we were glad we were able to work with the Commission to ensure joined-up action was taken so effectively.”**

Sue Lee, Southampton City Council

Nearly 80,000 charities on the register have children as beneficiaries, and another 5,000 exist to help people experiencing mental illness. It's a key duty of every trustee to make sure that vulnerable beneficiaries are protected and we advise trustees of charities working with these groups to ensure they carry out CRB checks on those working with them.

When Southampton Social Services told us that a trustee at the Southampton and District Sports and Leisure Association for the Disabled had several previous convictions for serious physical and sexual assaults against children we opened a statutory inquiry. The charity provides leisure activities for local people with disabilities and we were concerned that the trustee, despite having told the charity's board of his previous convictions, was allowed to be alone with beneficiaries.

We removed the trustee, making sure he couldn't again be a trustee of any other charity, and suspended the trustees who had known of his conviction but failed to monitor his contact with beneficiaries adequately. The trustee was later convicted of several serious sexual offences and sentenced to 21 years in prison. The suspended trustees resigned from the charity, which has now implemented new protection policies, including implementing CRB checks.

**“Charities should be the very last place where vulnerable people are put at risk, and trustees need to carefully consider the risks these beneficiaries are exposed to. CRB checks should be used consistently, with trustees acting on what they find.”**

Louise Edwards, Compliance and Support division, Charity Commission

increase in annual returns filed online

# 29%

## Getting risk in proportion

We have enhanced our risk-based approach to ensuring charities comply with the law; we now resolve most compliance issues by providing trustees with timely advice, guidance and supervision – reserving statutory inquiries only for the most serious cases. Our risk and proportionality framework was published last year and explains how we prioritise our actions and target our resources where the risks are highest.

## 10/10 for top 100 charities

Last year, as part of our ongoing *Accounts aren't optional* campaign, we highlighted the fact that 10% of the leading 100 charities failed to file their accounts on time. This year, we were happy to publicise the news that each of them had met the deadline, indicating a growing awareness of the importance of timely filing of accounts and returns.

## Improving accountability

The new Annual Return introduced in 2007 is radically changing both the way in which charities report to us and how their information will be viewed in the future. Designed as a user-friendly online process, charities are now able to instantly update their register entry. We have also introduced new ways for charities to report any serious incidents within the charity at an earlier stage, using our email and online service. Later this year we will be introducing improvements to the way a charity's details are shown on the online register as well as new search facilities to better supply information about charities.

The improvement in the rate of returns filed within deadline amongst larger charities – with annual income over £500k – has grown from 79.8% in 2006/07 to 82.6% in this reporting year.



### Terrorism – helping charities become part of the solution

While actual incidents of charities being linked to terrorism are rare, it's vital that they ensure they are not vulnerable to anyone who would try to use them for criminal ends.

Our Special Investigations team deals with cases involving allegations of terrorist abuse within charities and has built up considerable specialist expertise in handling these types of allegations.

Our response to the Home Office and HM Treasury consultation, following its Review of safeguards to protect charities from terrorist abuse, included a commitment to publish a counter-terrorism strategy. This was published for consultation in December and the final version will be published later this year.

### Equalising financial thresholds

The Charities Act 2006 simplified the rules about when a professional audit is required and gave both company and non-company charities similar thresholds. This year, together with the Office of the Third Sector, we ran a consultation to review all the regulatory and reporting thresholds which

apply to charities. Nearly 20% of registered charities would see their reporting requirements reduced if our recommendations are implemented.

We'll announce the results of the consultation with the Office of the Third Sector and the way forward later this year.

### Looking forward

- We will develop a public benefit assessment unit to ensure charities are established and operate for the public benefit.
- We will produce a first bulletin for the sector and public on key risk factors and vulnerabilities for charities, including information on the terrorist threat to charities, by the end of 2008.
- We will further increase the proportion of charities submitting their accounts on time, to provide up to date information about charities to potential donors and the public.

# 98%

sector's income covered by annual returns filed



# Encouraging innovation and effectiveness

**“Charities need to keep an eye on their performance and regularly review – especially important for federations. When we needed to make a major change the Commission stuck with us from start to finish, advising and making the changes we needed. The consolidation of Victim Support charities into one national body will make an ongoing difference to the victims of crime and the witnesses we support.”**

Gillian Guy, Chief Executive, Victim Support

There were 11.5 million recorded crimes in the UK in 2006/07. They affected the lives of everyone from young victims of crime to those experiencing assault on trains, mugging, burglary and vandalism. Victim Support was there for around 1.5 million victims of crime last year as well as providing a witness support service to nearly 400,000 people in England and Wales alone.

Victim Support first started in Bristol nearly 35 years ago. Until recently, it comprised 89 local member charities, some inevitably larger, better resourced and with more staff, services and volunteers than others. Decisions taken at national level had to be agreed by every member branch and inevitably this caused delay in their implementation. Good ideas and improved service delivery to victims of crime were taking longer than they should and there were inconsistencies between branches.

Victim Support came to us to see if we could help merge all the local member charities to create one single charity.

The merger would also provide an ideal opportunity to overhaul, update and unify the services provided to victims of crime across England and Wales.

We explained what this would involve and advised the charity on the legal steps required to transfer the assets of all to the new national body before dissolving each member charity. This transfer of assets will be concluded by summer 2008 and the dissolution process largely completed by the end of the year.

**“Victim Support has a huge positive impact on the lives of those it helps. This merger is a complex process and we remain committed to ensuring they have all the help they need on the legal and regulatory issues involved.”**

Richard Black, Mergers Unit, Charity Commission

emails answered within 5 days

**92%**

## Waking up to global warming

It is now almost universally agreed that climate change is the most significant threat facing our planet but, so far, there has been little reference to the issue in publicly available information from charities. Last October, we hosted a conference with over 30 charity representatives to discuss the options available both for charities with environmental objects and those without.

Without encouraging charities to overstep the limits of their objectives, we looked at the scope charities have to limit their own carbon footprint and undertake activities promoting sustainability. We subsequently published practical advice to help inform charities about their scope to act in this area. Climate change is with us for the long term; how charities respond will be an important step change for the sector.

## Yardsticks for youth involvement

There are over 927,000 trustee positions in England and Wales, but less than 1% of these are filled by people under 25. Together with the Governance Hub, National Children's Bureau (NCB) and Participation Works, we hosted a round table conference for representatives of leading national charities, agencies and funders to analyse the barriers to youth involvement in governance, and seek ways to overcome them.

The results of the conference have been used in seminars specifically for managers and practitioners run by NCB and Participation Works, as part of ongoing debate and action to build the base of young people involved in the governance of charities.

### Rapid resolution

When charities want to make changes to the way they work they often have to come to us for advice and authorisation. It's important for charity effectiveness that we respond to these requests as swiftly as possible.

Our Quick Response team, for example, authorises bespoke legal changes for the nearly 168,000 charities with annual incomes of up to £5 million. In 2007/08, we actioned over 15,500 enquiries for these charities, with 99% of queries being responded to within 15 working days. For e-mailed enquiries, turnaround times for the team were even better – 95% were resolved within 5 working days.

We regularly seek feedback about our customers' experience of our services. Our 2007 customer survey showed over 99% of customers rated the advice the Quick Response Team gave as helpful, with 94% of enquiries either entirely or partly resolved.

### Setting the highest standards

Our partnership strategy to help raise quality standards across membership organisations saw the Federation of Groundwork Trusts and the National Association of Citizens Advice Bureaux charities' standards endorsed against those in our *Hallmarks of an effective charity* this year. Over 1,000 member organisations now implement these quality standards, reaching over 3 million beneficiaries every year.

### Influencing international regulation

The benefits of an independent charity sector on societal development cannot be overestimated. Our International Programme team, funded by external grants, works globally to support the creation of local effective regulation in partnership with national governments and charity sectors.

Our own independence helps both governments and charities alike see us as an authoritative and impartial regulator. This year, as well as providing ongoing detailed technical help in six countries, we trained 30 district charity regulators in Pakistan and supported the Government and charity sector in Oman in developing a joint strategy and improving charities' capacity.

### Looking forward

- We will ensure that models for Charitable Incorporated Organisations (CIO) and accompanying regulations are ready for consultation to meet the timetable of the Office of the Third Sector.
- We will endorse further charity standards which meet the criteria against *Hallmarks of an Effective Charity*.
- We will establish a policy hub of external policy specialists from umbrella and specialist bodies to address more effectively the changing trends and needs of the sector.

# 1,600

legal schemes and orders made



# Promoting the public interest in charity

**“With at least £2 million of donated goods being taken annually by clothing collectors implying they are charities, the more information the public has when receiving solicitation leaflets the better able they are to make informed choices about where to donate.”**

David Moir, Association for Charity Shops

There are at least 7,000 charity shops in the UK. 93% of the goods they sell are donated by the public so it's important that these donations keep coming. Clothing collectors wrongly implying they are collecting for charity, and those who simply steal bags of clothes left out for charity collectors, make a real dent in the funds these goods could generate for charities. Last Christmas, together with partners including the Office of the Third Sector, the Association for Charity Shops and Trading Standards, we launched a campaign to raise awareness of the issue.

We asked MPs to highlight the problem in their local press, spoke on numerous radio programmes and generated a wide range of articles in both local and national press. We hope that those who donate so generously are now more aware of what to look out for if they want to ensure their donations go to genuine charities.

**“With media coverage of this issue reaching over 40 million people during the campaign, it's encouraging that many more people are now armed with the information to spot non-charitable collections and make sure real charities get the donations they so urgently need.”**

Chris Higgins, Policy Team, Charity Commission

circulation of public benefit press articles

# 99m

## Trusting to charity

Charities regularly score highly in surveys of levels of public trust and confidence. Encouragingly, our 2008 survey into these levels showed a small but significant increase over the last survey results conducted in 2005, with charities achieving a rating of 6.6 out of a possible 10. But this is a two-way 'contract' between charities and the public – 96% of respondents said it was important to them that charities provide public information on how they spend their money. And, of course, as well as being open and accountable and complying with charity law, charities must also show that their aims are for the public benefit.

## For the public benefit

The Charities Act 2006 highlighted the requirement that all charities' aims must be for the public benefit. This, coupled with a new requirement for charity trustees to report on how they have carried out their charity's aims for the public benefit, creates a level playing field whereby all charities must more clearly articulate the public benefit they deliver.

Our extensive public consultation on our draft guidance on the issue last summer resulted in an unprecedented number of responses. Analysing these took time and our final general guidance on public benefit, *Charities and Public Benefit*, was published in January this year.

We followed this general guidance with further consultations on draft supplementary guidance on the public benefit of charities set up to advance religion or education, relieve poverty and for those which charge fees. We aim to publish the supplementary guidance by the end of 2008, in advance of the first public benefit reports by charities in 2009.

### From public benefit to public affairs

Our public affairs function became fully established during the year; engaging Parliamentarians and Members of the National Assembly of Wales on a number of issues. We held briefings for politicians to explain the public benefit requirement and appeared before the Public Administration Select Committee in Westminster to discuss the issue. We have also undertaken a programme with selected MPs to raise awareness of the work of our Faith and Social Cohesion Unit.

We provided MPs with detailed information about charities in their constituencies and have improved the quality of our constituency correspondence and follow-up. Our regular Parliamentary eBulletin has been welcomed by MPs. More recently, we have focused on working with the National Assembly of Wales and this work will be further developed in 2008/09.

### Looking forward

- We will develop an integrated and effective communications strategy for the public benefit requirement that focuses on improving understanding of the operation of the requirement and our approach to reporting and assessment.
- We will develop our guidance about related charitable purposes and public benefit work on a number of further areas, including human rights and sport.
- We will launch a new format for the Register of Charities, populated with more accessible key data about the work and finances of charities.

# 325,000

advisory newsletters sent to charities



# Board Members and Directors



**1 Dame Suzi Leather**, Chair. Dame Suzi joined us as Chair in August 2006. Prior to this, Dame Suzi was Chair of the Human Fertilisation and Embryology Authority, and the School Food Trust. Previously, she chaired the Exeter and District Community NHS Trust as well as the Health Forum. She was the first Deputy Chair of the Food Standards Agency and is a member of the new National Consumer Council.

**2 Simon Jones**, Board Member. Simon joined us in July 2007. He is Chair of Cardiff and Vale NHS Trust and chair of the Welsh NHS confederation. He was previously Chief Executive of the Wales Co-operative Centre and before that worked in the trade union movement. Simon chairs the Communities First Support Network. He led a review of the Welsh Assembly's voluntary sector scheme and has been involved in European Funds.

**3 Sharmila Nebhrajani**, Board Member. Sharmila joined us in July 2007. She is Finance Director and Chief Operating Officer for BBC Future Media & Technology, developing innovative new media services for UK and international audiences, and holds non-executive positions across a range of sectors including science, health, charity and media. She is a chartered accountant and chairs our Audit Committee.

**4 Dr Andrew Purkis OBE**, Board Member. Andrew joined us in July 2007. He is currently Chief Executive of the Tropical Health and Education Trust and former Chief Executive of the Diana, Princess of Wales Memorial Fund, Secretary for Public Affairs for the Archbishop of Canterbury and National Director for the Council for the Protection of Rural England. He has been Chair of three national charities.

**5 Theo Sowa**, Board Member. Theo joined us in July 2007. She is an independent adviser, focusing on international social development, children and youth issues and working for numerous international and inter-governmental organisations on policy development, evaluation and advocacy. She has been a board member for a range of charities and foundations for over 15 years.

**6 Simon Wethered**, Board Member. Simon joined us in July 2007 and is one of our two legally-qualified members. He is a legal consultant specialising in charities, and former partner, with Charles Russell LLP. He has 37 years experience as a solicitor, nine of these specialising in charity work. He is a member of the Charity Law Association and co-editor of Butterworth's Charity Law handbook.

**7 John Williams**, Board Member. John joined us in 2005. He has a background in advertising, marketing and corporate communications. He is a co-founder and former



Chairman of the communications consultancy Fishburn Hedges, where he remains a senior adviser alongside a number of non-executive roles. He is Chair of Tomorrow's Company and a board member of Business in the Community.

- 8 John Wood**, Board Member. John joined us in February 2008 and is one of our two legally-qualified members. He is a consultant with Herbert Smith LLP, where he was a partner for 25 years and headed its Trust and Charities practice. John is a member of the Charity Law Association and a founder and committee member of the Association of Contentious Trust and Probate Specialists.
- 9 Tess Woodcraft**, Board Member. Tess joined us in 2005. She specialises in diversity, equal opportunities and communications. Tess has been Chief Executive of Kids Club Network (4 Children) and worked as a broadcast journalist for both BBC Radio 4 and Channel 4. She co-founded the consultancy Centre for Strategy and Communication and has sat on a wide range of voluntary and charity boards.
- 10 Andrew Hind**, Chief Executive. Andrew joined us in 2004, becoming our first Chief Executive. Prior to this he was Chief Operating Officer at the BBC World Service. Earlier in his career Andrew was a senior executive with both ActionAid and Barnardo's and has served as a trustee for a wide range of charities.

**11 Nick Allaway**, Executive Director, Charity Information and Corporate Services. Nick joined us in 2004, from the New Opportunities Fund (now the Big Lottery Fund) where he was Director of Finance. Nick is a qualified accountant and has worked in a number of central government departments.

**12 Rosie Chapman**, Executive Director, Policy and Effectiveness. Rosie joined us in 2001. She was formerly Assistant Director (Regulation Policy) at the Housing Corporation and has also worked for a housing association and in local government. Rosie is a Fellow of the Institute of Chartered Secretaries and Administrators.

**13 Kenneth Dibble**, Executive Director, Legal Services and Compliance. Kenneth joined us as a lawyer in 1978 becoming Director of Legal Services in 2002, and Executive Director of Legal Services and Compliance in 2005. Kenneth is a barrister and had previously worked in banking and insurance. He is an Associate of the Chartered Institute of Bankers

**14 David Locke**, Executive Director, Charity Services. David joined us as a lawyer in 2002, becoming Head of Charity Services in 2005 and Executive Director in 2007. David is a qualified solicitor and, prior to joining us, he spent over ten years working in advice centres managing the delivery of services to the public.

# Managing our resources

## Summary of financial performance

The Charity Commission is funded by Government and in the year 2007/08 spent a total of £33.5 million on operating activity and capital investment.

This was another year of significant challenges but the overall financial position is satisfactory and the Commission operated within its approved expenditure limits. The Commission spent £0.97 million on capital development in 2007/08. This expenditure was for investment in online registration and replacement of the Commission's case management system.

## The future

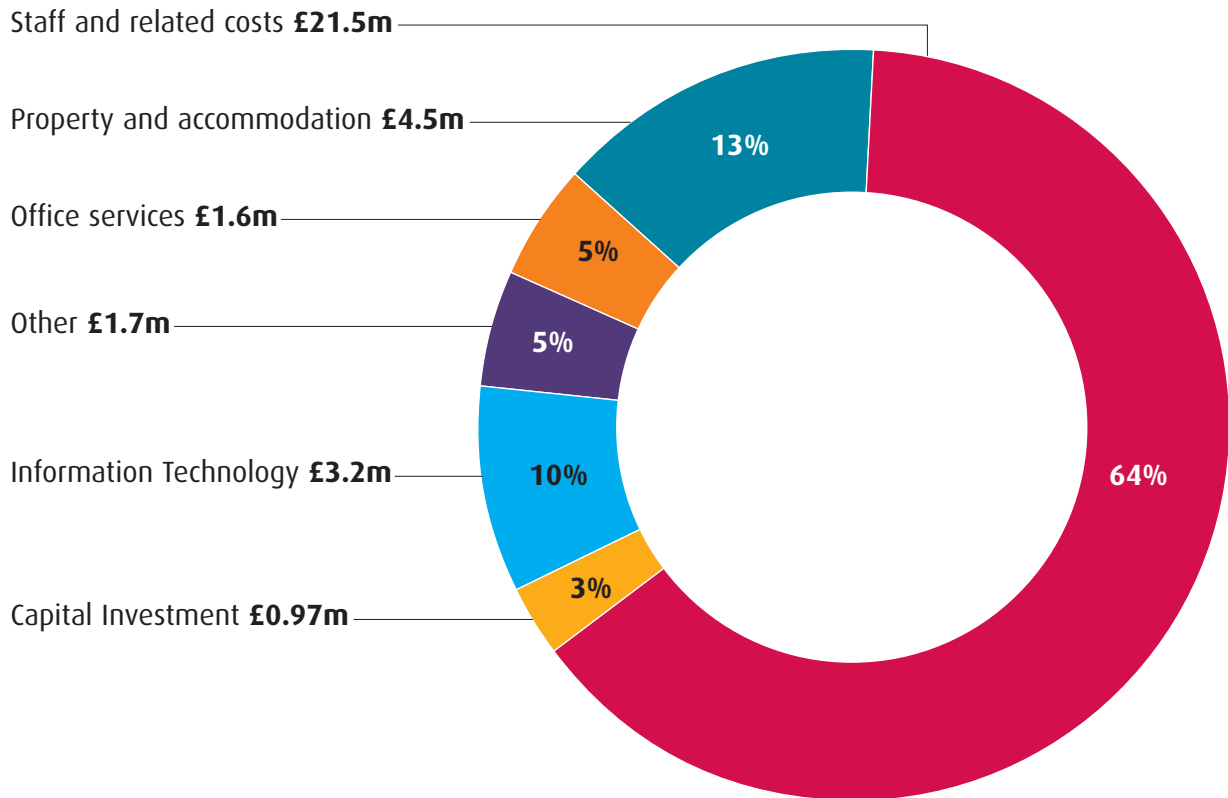
The Charity Commission's 2007 Comprehensive Spending Review settlement for 2008-11 was announced by HM Treasury in October. This will see an annual reduction of 5% in real terms to the Commission's budget for each of these years, reducing our funding baseline from £31.7 million in 2007/08 to £29.5 million in 2010/11.

## Find out more

The National Audit Office gave an unqualified opinion on the Commission's full accounts for 2007/08. These accounts provide a more detailed picture of our financial results and are available from Charity Commission Direct on **0845 300 0218**, from our website or from TSO on **0870 600 5522**



## Breakdown of 2007/08 expenditure



**Total Expenditure £33.5m 100%**

# Staff development and diversity

The consequence of the reduction in the Commission's budget for the period 2008-11 has been a further 4% reduction in staff numbers; we have now reduced staff by 20% since 2004-05.

Our total workforce of 471\* staff is distributed across four offices.

	Staff numbers	Percentage
Liverpool	179	38
London	124	26
Newport	9	2
Taunton	159	34

\*Average number of full-time equivalent staff in post for 2007/08

## In 2007/08 key highlights included:

- Ensuring our staff have the relevant skills and expertise to fulfil our future service delivery plans by running 50 recruitment campaigns, resulting in 44 new starters.
- Improving the leadership and management abilities of 127 of our staff by running a training programme with Happy People to develop these skills.
- Running Plain Language courses for 138 staff as part of our 'Stop Think Write' programme which helps staff address customer needs by considering language and accessibility issues.
- Publishing our Gender Equality Scheme and a draft single equalities scheme on which we began consulting in 2008.
- Participating in a mentoring programme run by Liverpool University; providing mentoring support to students from ethnic minority backgrounds, those who have a disability, are over 30 or are the first in their families to attend university.
- Introducing a facility for our Contact Centre to provide a translation service in over 150 languages and 'Textbox', a facility to assist customers with a hearing impairment.
- Working to improve the diversity of our workforce by appointing a dedicated Diversity Manager to further improve our performance in reflecting diversity. We have also undertaken a number of positive action initiatives including: holding open days and attending recruitment fairs in order to attract employees from more diverse backgrounds:

	Charity Commission	Civil Service Average
Female staff	55%	52%
Staff with a disability	8%	5%
Staff of BME origin	6%	8%

- Awarding a total of 100 contracts to Small and Medium Enterprises, to a value of £1,308,578.

Pay band	Total number of staff in payband	Total permanent appointments	Exceptions to fair and open competition	Number of female staff appointed	Staff of BME origin appointed	Staff with a disability appointed
1	21	0	0	0	0	0
2	50	0	0	0	0	0
3	131	12	0	8	1	0
4	125	7	0	5	0	0
5	85	3	0	3	0	0
6a	40	4	0	4	1	0
6b	10	0	0	0	0	0
SCS**	9	0	0	0	0	0
<b>Total</b>	<b>471</b>	<b>26</b>	<b>0</b>	<b>20</b>	<b>2</b>	<b>0</b>

\*\* Senior Civil Service

# Achievement of key performance indicators

2007/08 saw the first full year of our new key performance indicators (KPIs). These KPIs are agreed with HM Treasury and are formally set out in our Corporate Plan, which can be viewed on our website at [www.charitycommission.gov.uk](http://www.charitycommission.gov.uk)

There are six top-level KPIs, each of which is measured via a number of different targets covering the range of our work. Not all of these KPIs have annual targets and some will provide cumulative results over a period of years.

We formally report annually to the Treasury on achievement against our KPIs and also against the wider commitments set out in more detail in the Corporate Plan.

The results below show that we met four out of six of our KPIs in 2007/08, with targets against all but KPIs 3 and 4 being achieved.

## KPI 1 – Improve the level of public trust and confidence in charities

This KPI relates to our statutory public confidence objective, ‘to increase public trust and confidence in charities’.

	Target	Achievement
Public survey to assess the overall level of trust in charities	To continuously improve ratings over 2005 baseline	6.6 out of 10, up from 6.3 in 2005
Stakeholder survey of the Commission’s effectiveness as the charity sector’s regulator	To continuously improve ratings over 2004 baseline (63.1% in 2006, 49.3% in 2004)	Biennial survey. Next survey due 2008/09
20 key operational targets met	75%	85%

## KPI 2 – Achieve standards of service delivery and effectiveness acceptable to our customers, whilst increasing use of our online services annually

This KPI relates to Government standards for service delivery and our strategic objective, ‘continually improving services, assisting charities to deliver’.

	Target	Achievement
Percentage of customer surveys across operational areas who said we do a very good job*	70%	86%
Percentage of individuals or charities at first point of contact, Charity Commission Direct, who said we provided the service they required	90%	Due to be measured next in 2009 (previous year’s achievement was 94%)
Increase in take-up of online services	4% increase on previous year	Annual returns: 29% Accounts: 19%
Increase in our publications sent out electronically or directly downloaded	4% increase on benchmark – 1.5 million	940,226**
Average time taken to deal substantively with letters	15 days	7 days
Average time taken to deal substantively with emails	50% within 5 days	92% within 5 days

\* previously we have included ‘good’ in this measure with a target of 90%

\*\* Due to technical issues 2006/07 data is not an accurate benchmark for comparison with 2007/08. A new method of collecting data from 2008/09 will give an accurate benchmark to monitor progress against this target.

### KPI 3 – Enhance the accountability and transparency of charities by making key information about individual charities more readily available to the public

This KPI relates to our statutory accountability objective, ‘to enhance the accountability of charities to donors, beneficiaries and the general public’ as well as our strategic objectives involving ‘proportionate regulation’ and ‘guiding charities in complying with their legal obligations’.

	Target	Achievement
Annual survey of the accuracy of the Register of Charities	97.5%	98.6%
Proportion of charities for which the most recent due accounts and annual returns are held	Accounts: 92% Returns: 92%	Accounts: 88% Returns: 90%
Proportion of the sector’s total income for which the most recent due accounts and annual returns are held	Accounts: 99% Returns: 99%	Accounts: 98% Returns: 97%
Proportion of charities filing accounts and annual returns within the 10-month legal deadline	Accounts: 75% Returns: 75%	Accounts: 74% Returns: 75%
Proportion of the sector’s total income for which accounts and annual returns have been filed within the 10-month legal deadline	Accounts: 90% Returns: 90%	Accounts: 92% Returns: 89%
Proportion of charities with annual income of over £1 million for which the most recent due summary information returns have been submitted within the 10-month deadline	75%	77%

### KPI 4 – Improve the efficiency of formal investigations into charities begun after 1 April 2006 by completing them more quickly and with clear reported outcomes

This KPI relates to our statutory compliance objective, ‘to promote compliance by charity trustees with their legal obligations in exercising control and management of the administration of their charities’ as well as our strategic objective, ‘guiding charities in complying with their legal obligations’.

	Target	Achievement
Proportion of formal investigations completed satisfactorily within nine months of commencement	95%	76%*
Where published investigation reports are necessary, proportion of those reports published within three months of the completion of the investigation	95%	31%**

\* There is a need for this KPI to be further refined. From 1 April 2008, the new inquiry indicator will be a target of 100% completion of inquiries within an average of 9 months, excluding inquiries delayed because of the involvement and investigations of other regulators/agencies.

\*\* Delays in publishing reports were mainly to avoid prejudicing other regulators/agencies, including police investigations, and the handling of sensitive issues or where we have been actively engaging with charities to resolve issues and reach agreements.

### **KPI 5 – Demonstrate our impact on the charitable sector by increasing the sector’s income we directly regulate through our substantive contact with charities**

This KPI relates to our statutory charitable resources objective, ‘to promote the effective use of charitable resources’ as well as our strategic objectives ‘sharing knowledge and working together across the sector’ and ‘enhancing trustees’ knowledge and understanding’.

	<b>Achievement</b>
Income of charities having substantive engagement with us during the year	£27.3 billion (£26.0 billion in 2006/07)

### **KPI 6 – Promote awareness and understanding of the public benefit requirement**

This KPI relates to our statutory public benefit objective, ‘to promote awareness and understanding of the operation of the public benefit requirement’.

The public benefit requirement became law on 1 April 2008. Outcomes towards meeting this KPI in 2007/08 include:

- Analysing nearly 1000 responses to our *Consultation on draft public benefit guidance* to inform our publication of *Charities and public benefit: summary guidance for charity trustees* in January 2008.
- In February 2008 publishing four-month consultations on draft supplementary guidance on public benefit and:
  - the prevention and relief of poverty;
  - the advancement of religion;
  - the advancement of education; and
  - fee-charging charities.
- A comprehensive programme of Public Affairs engagement. This has included: Parliamentary mailings; one-to-one meetings with key politicians such as Ministers and Shadow Ministers; a series of briefing events for MPs; and an appearance at the Public Administration Select Committee. We have also begun to engage with the Welsh Assembly Government and key Assembly Members on this issue.
- Proactive communications work with the national, regional, legal and charity sector press about both our summary guidance and draft supplementary consultations on public benefit. The combined broadcast, consumer, national, trade and web circulation provided 855 million opportunities-to-view, 64% of this coverage was independently evaluated as positive.

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More information about the Commission together with a range of guidance for charities can be found on our website at [www.charitycommission.gov.uk](http://www.charitycommission.gov.uk) or by contacting Charity Commission Direct:

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