

# Charity Commission

## Annual Report 2008-09



**There are 190,000 charities registered with the Charity Commission, with total incoming resources of nearly £51 billion, over 660,000 paid staff and 925,000 trustee positions.**

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

## **This** year in figures

In 2008-09, the Charity Commission:

- opened over **33,000** individual advisory charity cases...
- ...for charities with a combined total income of nearly **£30 billion**
- answered **210,000** calls from charities and the public via our Contact Centre
- answered **52,000** letters from charity trustees and the public
- registered **5,410** new charities
- removed **7,433** inactive charities from the register
- made **1,860** legal schemes and orders for charities to change and modernise
- had over **30 million** website pages viewed by charities, funders and the public
- answered **84%** of email enquiries within five days
- achieved a **60%** increase in take-up of our online services

# **Report of the Charity Commission for England and Wales for the year ending 31 March 2009**

Presented to Parliament in accordance with paragraph 11 of  
Schedule 1A to the Charities Act 1993.

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## Introduction by the Chair and Chief Executive

The UK has been in an economic downturn for much of the year, causing rising levels of social need. Charities have been trying to meet the growing demand for many of their services while some are also coping with falling income from investments, legacies and corporate donors. The vital role of the charity sector in society has rarely been more visible or more relevant.

At the same time, there has been a reassessment of the effectiveness of regulation across many different sectors, and the post-recession regulatory landscape may be very different as a result. Certainly, the need for visible, robust and effective regulation on which the public can depend has never been clearer.

### Regulation in a recession

While the effort we put into regulating charities is significant, our regulatory approach to the sector generally is to enable and support. We want to reduce the level of bureaucracy for all charities, rather than increase it, while also strengthening the public accountability of charities. For charities, the key to sustainability and growth is trust. It is more important than ever that charities maintain the high levels of public trust and confidence they currently enjoy, and which have been steadily growing since our first public trust and confidence survey in 2005. Our aim is to equip charities with both best-practice and practical advice to help them survive the downturn and put them on a firm footing to help respond to the eventual economic recovery.

Our own approach to regulation has long been based on risk and proportionality, but that doesn't mean focusing solely on those charities with the highest incomes. For smaller charities, we believe effective regulation is most likely to be achieved through the information and advice we provide via our website, the enabling provisions in the Charities Act 2006 to help them adapt and modernise, and through our ongoing partnership work and standards-endorsing initiatives with a range of membership charities.

Regardless of a charity's size, our regulatory approach will continue to prioritise the need for all charities to comply with their legal obligations. Society's support for charity relies on the public being clear about the range and scope of the work the sector undertakes. This was also the year when the public benefit reporting requirement came into being, reminding donors, beneficiaries and the public alike of the unique public good which charities deliver.

### Independent, expert assistance for charities

A sector which is seen to be effectively regulated will always engender greater levels of public trust and confidence than one which is not. Our independent third stakeholder survey showed a continued improvement in our ratings for key activities, as assessed by a range of our external stakeholders.

And, in a year which required a further reduction of our workforce in order to stay within our reduced funding, our dedicated staff have again provided award-winning services and advice to charities during this difficult time. Their proficiency has been recognised again by awards and commendations and their commitment remains the central plank in the Commission's ambitious plans to further enhance and improve service delivery.

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



## Promoting compliance with legal obligations

While our formal investigations into charities tend to have a high profile, they are just one aspect of our wider compliance work. More often, we use our range of powers to work with charities to help ensure their assets are protected and that they comply with the law.

### Staying on the rails

We encourage charities to come to us as soon as possible if they find their assets, beneficiaries or reputation are at risk, so that we can help them take action as soon as possible. Prevention is invariably better than cure and an important part of our job is to ensure that the sector as a whole can learn the lessons from individual charities' mistakes. In September, we published – for the first time – the themes and lessons of our compliance work in one report, *Charities Back on Track*.

This report provided a casebook of real-life examples of a range of problems in charities, explaining how the Commission dealt with them and providing guidance on how to prevent similar situations. The examples run across six key themes: covering cases on effective governance, fighting fraud, fundraising, vulnerable beneficiaries, tackling the threat of terrorism and disputes.

This was the first of what will be an annual report into this aspect of our work, tracking emerging themes and trends year-on-year.

*“Innovative thinking has long been key to charities finding new and imaginative ways to work, but charity trustees need to take these decisions in a fully informed way, and ensure they maintain oversight over longer term projects assessing relevant risks as they do so – even more so when significant charitable funds are at stake.”*

**Ray Mitchell**  
Large Charities Division, Charity Commission

## Case study: Reviewing and evaluating new initiatives

The charity Age Concern England launched its Heyday membership scheme in 2006. It was open to everyone over 18 and offered a range of benefits to the over-50s. Age Concern and its trading subsidiary spent £22 million on the scheme over the next four years, with the aim being to attract 3 million members in all.

However, only 40,000 members ever signed up and the scheme incurred significant costs to the charity. Concerns were raised with us and in the press and, given the significance of the issues, we looked into the scheme. It became clear that the trustees hadn't been able to show the necessary oversight and critical challenge when deciding to launch and continue with the scheme against a robust risk framework.

The Commission made a number of recommendations to the trustees, and published a regulatory case report on our website to record its findings and help other charities learn the lessons.

*"It's entirely right that trustees should explore new ways of meeting their charitable objects. But passion for the vision is not enough. Trustees must always ensure they have mechanisms to critically challenge new initiatives and evaluate the financial risks against an appropriate and proportionate risk framework. Further, dedicated ongoing oversight of expensive new initiatives should help ensure trustees make the right decisions."*

Debra Allcock Tyler  
Chief Executive, Directory of Social Change

### Emphasising charities' independence

Charities are expected to be independent from external control and this includes the need to be balanced and unbiased when it comes to party politics. This year has seen a number of cases where charities have risked their independence and reputation and we have had to become involved, including a case where charity money was given as a donation to a political party. Another case involved a charity operating close to the political environment whose work was not always sufficiently balanced or neutral. As well as publishing our findings into these cases, we also published revised guidance on charities and political donations to make that issue clear to all charities.

### Clarifying the voluntary principle of trusteeship

The Charities Act 2006 allows trustees to be paid for providing their charities with goods and services, but not for trusteeship itself. The principle of voluntary trusteeship remains central to the ethos of the charity sector. In June

we published updated guidance, *Trustee payments and expenses*, to help clarify how boards should handle both these types of payments and trustee expenses generally. Both types of payment must be in the best interests of the charity and its beneficiaries. However, our guidance is also clear that reimbursing trustees for their expenses is both a completely legitimate use of charity funds and one which can encourage a diverse board.

### Accounting for charitable spending

The last 12 months saw us continue our year-on-year *Accounts aren't optional* campaign to drive up the compliance rates of charities filing their accounts and annual returns within their 10-month deadline. We were pleased that this year saw 77% of all charities with annual income over £10,000 file within this period, up from 75% the previous year. As the accountability of charities to the public becomes even more important we will continue to focus resources on improving this rate further.



## Promoting the effective use of charitable resources

In these tough economic times, charities are once again in the frontline of meeting new needs, while increasingly challenged by falling income and escalating demand for their services.

### Supporting charities in a downturn

A number of charities were hit particularly hard by the collapse of Icelandic banks, compounded by uncertainty about their status in terms of state compensation. We publicised the Treasury's statement on the position of organisations affected and provided swift guidance on how this applied to charities.

The Minister for the Third Sector launched the Government programme *Real Help for Communities: Volunteers, Charities and Social Enterprises* in February. As part of this programme, we provided expert advice to support the Modernisation Fund - set up to help charities and voluntary organisations seeking to merge, collaborate or form consortia. We also started work with the Pensions Regulator to provide specific information for charities about the available options for developing affordable recovery plans for pension fund deficits.

We are planning additional practical advice and guidance to help all trustees bolster the sustainability and efficiency of their charities while the economic downturn continues.

### Providing consistent, quality support

In addition to issue-specific problems, charities need accurate advice and guidance on a day-to-day basis. A high quality and responsive service from the Commission saves

charities both time and money, as well as providing them with the best tools to run their charities as effectively as possible.

To do this our services need constantly to adapt to customers' needs. This year brought welcome acknowledgement of our success in doing so: our Contact Centre achieved accreditation from the Customer Contact Association, recognising customer service excellence in contact centre operations.

We're always seeking new ways to raise the standards of communications to customers in all areas of our work and were particularly pleased when our *Stop, Think, Write* programme won the public sector trophy at the Ideas UK awards. In January the Commission's online accounts filing facility received the central e-Government excellence award for take-up and growth, with over 106,000 sets of charity accounts filed online during the year.

### Raising standards of governance

A focus on good governance and organisational effectiveness becomes even more important for charities in hard times. Last July we published our revised and updated *Hallmarks of an Effective Charity*, which sets out the key principles of good governance and examples of how to put them into practice to provide a sound basis of governance for all charities.

## Case study: Encouraging resilience in a recession

Different charities are experiencing different problems during the recession. We wanted to understand better the impact of the economic downturn on the sector we regulate and to suggest new ways to help charities cope. This year we ran two Economic Surveys of Charities to gain a more detailed picture across the sector. The first survey, in September 2008, showed 38% of charities surveyed had been hit by the credit crunch. By February 2009 this had risen to 52%. The impact was not confined to smaller organisations, with 64% of charities with annual incomes of over £1 million telling us they were concerned that their future services might be greatly affected.

Yet only 3% of the 1,000-plus charities we surveyed in February said they were considering collaborating with another charity. In broadcast and newspaper coverage, with combined circulation and viewing figures of nearly 150 million, we strongly urged charities to consider this option and confirmed the appropriateness of charities using reserves to keep services running. We will repeat the Survey during 2009 to ensure there continues to be independent, authoritative and up-to-date evidence available about the impact of the recession on charities.

*"We were keen to help the Commission get this story in the news. It's important that people are aware of the impact of the recession on charities – and that charities think about the options available to them to help them maximize their resources and respond positively to the challenges we all face."*

**Katie Brewin**  
Media & PR Manager, Help the Hospices

*Hallmarks* remains widely used by the sector as an aid to assessing governance; with both independent research and feedback from charities demonstrating its popularity and relevance.

We also continue to recognise and endorse membership charities' own quality standards when these are consistent with *Hallmarks*. This year saw a further three national organisations - Community Matters, Crossroads and Mind - receive our endorsement of their quality standards.

*"While some charities are taking steps to mitigate recessionary risks, it's surprising that more are not considering collaborative working with each other to share expertise and costs. We really want to see more charities considering this approach."*

**Neal Green**  
Policy and Public Affairs, Charity Commission

Together they have a combined membership of over 1,500 charities reaching over 25 million beneficiaries. To date, eight large membership organisations have had their quality standards endorsed by us.

### Supporting charities to go green

As environmental responsibility moves up the agenda for all sectors, it's important that charities explore the opportunities for environmental responsibility available to them.

In December we published a report reflecting the experience of charities interested in this area. *Going Green: Charities and Environmental Responsibility* shows how these organisations are tackling the challenge – from the most basic steps to fundamental changes in the way they deliver their services. Interestingly, the report highlighted that charities are often only implementing environmental initiatives because of pressure from key individuals within the organisation – and when they move on, that impetus for change can be lost.



## Enhancing the accountability of charities to donors, beneficiaries and the general public

The Charities Act 2006 required many previously exempt and excepted charities – around 6,500 in total – to register with the Commission. Exempt charities were not previously allowed to register with the Commission as it was assumed they were adequately overseen by other public bodies, while excepted charities were specifically excepted from having to register. Examples of excepted charities include a number of Protestant churches, Boy Scout and Girl Guide groups.

### Greater accountability for more charities

We decided to start with the registration of the 4,000 excepted charities with annual incomes over £100,000. The commencement order enabling us to do this came into force at the end of January 2009. Since then, we have been engaged in a significant programme of work to register about 4,000 previously excepted charities. We plan to complete the registration process for excepted charities by October 2009, after which we'll be ready to accept the applications from around 2,500 previously exempt charities with incomes over £100,000.

### The balancing act between charities and beneficiaries

There remains a wide public knowledge gap about what is, and isn't, charitable, with many people believing that charity remains something given solely to the 'needy' without recognising how modern-day charities benefit virtually all of us in our daily lives.

The relationship between charities and their beneficiaries has changed too, with charities increasingly incorporating user feedback and involvement into their service delivery strategies. In February, we published the first-ever report surveying these three-dimensional perceptions. *A balancing act: new perspectives on the charity/beneficiary relationship* provided analysis of the relationship between charities, their beneficiaries and public views of what being a recipient of a charity's services might mean today.

The report found that there are still widely differing attitudes to user involvement, up to and including users as trustees. It looked at a number of innovative examples where user involvement is successfully achieved and maintained.

### Faith, scope and charity

Religious charities contribute to their local communities through a wide range of services and activities, yet the scope of their work can often be underestimated. This year we established an Advisory Group on Faith. Acting

## Case study: Instantly accessible information about charities

Charity accounts and trustee reports can be rather opaque for non-accountants, yet our 2008 survey into public levels of trust and confidence in charities showed near-universal support for the need for charities to provide public information on how they have spent their money, with 96% saying it was the single biggest factor likely to make them trust charities.

So, in October, we launched a new version of our online Register of Charities. With new colour graphics and details of activities, trustees, key financial information and – at a glance – a charity’s recent record on filing their accounts and returns on time, it provides clear and easily understandable information about every charity on the Register.

The new version of the Register has been widely welcomed by the sector. We were also particularly encouraged when 39 MPs signed a Parliamentary Early Day Motion welcoming its introduction, followed by a Written Statement of Opinion from 26 Members of the National Assembly for Wales congratulating us on its launch. It has proved popular with the public and other users too - with nearly 10 million page views during the year.

*“The new online Charity Commission Register of Charities, with its attractive accessible graphics and easy to follow basic information about charities’ activities, trustees and accounts provides a swift and helpful way to find out more about the increasing number of charities in the UK.”*

**Dr Harriet Crabtree**  
Director, Interfaith Network for the UK

as critical friends to the Commission, the Group has representatives from all the major religions as well as inter-faith organisations. The Group is proving a useful resource in providing us with advice and providing their views on emerging policy developments as they affect faith-based charities.

Some charities have a religious building which is either no longer, or only partially, needed. We worked with English Heritage and its Places of Worship Forum to develop joint guidance for all faith charities in this position, to prepare forthcoming guidance on the range of options available to trustees.

In February, our Faith and Social Cohesion Unit (FSCU) published the first detailed telephone-based survey of 255 mosques as part of its wider work with faith-based charities. It highlighted the wide range of services that mosques provide, from healthy living activities, legal advice services, fundraising for those in financial hardship, to sport and leisure. The survey has been welcomed by a number of national Muslim representative bodies as well as Ministers.

Since the start of the FSCU project towards the end of 2007, there has been a 37% increase in the number of mosques registering as charities. We continue to remind those mosques still unregistered with us of the legal requirement to do so and to explain the advantages of registration, including the reputational benefits, tax breaks, and the specialist advice and guidance we can provide.

*“With more information and greater clarity the new Register is designed to take public accountability on to the next level. We’ve been delighted with the positive reaction but we aren’t complacent: more improvements are on the way.”*

**Mark Pinfold**  
Information Management, Charity Commission



## Increasing public trust and confidence in charities

Our online Register of Charities contains detailed information about the 190,000 charities registered in England and Wales. It is the definitive source for this type of detailed information about charities and it's our statutory responsibility to ensure the Register is an accurate picture of the charity sector.

### A reliable Register of Charities

We rely on information from charities' Annual Returns to update the Register but, too often, charities that have ceased to exist fail to inform us of this.

Given our statutory responsibility to ensure the Register is accurate, we introduced new measures to ensure charities which no longer operate are removed, after a series of targeted reminders have been sent to them.

*“Emergency appeals rely on publicity to ensure they are well supported by the public. Without the funds that result from that publicity, aid agencies could be severely hampered.”*

**Dave Walker**  
Outreach and Development, Charity Commission

During the year, as a result of these measures, 1,100 charities which had ceased to exist were removed from the Register, ensuring improved accuracy of the public information we hold about the sector.

### A toolkit for MPs on the ground

Our public affairs function further developed its relationship with constituency MPs, who are often the first port of call for concerns about charities. In May, at an event attended by the Minister for the Third Sector, we launched our new MP toolkit in Parliament. The toolkit provides a series of factsheets tackling issues which MPs told us commonly arise in constituency correspondence and should raise MPs' understanding of the role of both charities and the Charity Commission.

While this was only the second year in which we have had a public affairs function, we were encouraged by the results of this year's politician's perception survey which showed a promising 5% increase in the percentage of MPs viewing the Commission as effective. Clearly, there remains much more work to be done in building our relationships with both MPs and Members of the National Assembly of Wales, but we are pleased with the foundations built so far.

## Case study: Protecting the reputation of charities

In January, the Disasters Emergency Committee (DEC), a coalition of 13 humanitarian charities, launched a television appeal to raise funds to help those in desperate need in Gaza.

While other television channels were happy to show the appeal, both the BBC and Sky refused to do so on the dual grounds that it might affect their neutral political stance and that they had doubts about the DEC's member agencies' ability to deliver aid on the ground.

We felt it was critical that broadcasters did all they could to publicise this humanitarian appeal. In addition to issuing a statement asking the BBC and Sky to reconsider their decision, we appeared on a number of television and radio programmes defending the ability of the DEC's member agencies to deliver aid in an effective and non-partisan way.

*“As a member of the DEC, ActionAid appreciated the Commission’s public support for our professionalism and ability to work in difficult contexts. This was reassuring for donors who may have had doubts about supporting humanitarian work in such a contested situation.”*

**Richard Miller**  
Executive Director, ActionAid UK

### Raising awareness in Wales

Since we opened our Newport office in 2004 we have consistently sought new ways to support the 9,000 charities in Wales and enhance their profile. To further raise awareness, in January we brought together information about the Welsh charity sector to produce a revealing overview.

The report, *A snapshot of charities in Wales*, was welcomed by Members of the National Assembly of Wales who felt it gave a strong overview of the scale and scope of the sector. It also received extensive broadcast and newspaper coverage in Wales.

### Supporting independent regulation internationally

The benefits of an independent charity sector on the development of civil society cannot be underestimated. With over 13,000 English and Welsh charities stating that they work overseas, it is important that the Charity Commission provides the necessary support and guidance for them to work effectively. British charities and their local partners need good regulation wherever they are working

if they are to be successful in providing much needed services and support to the world's poorest communities. Our own independence helps both governments and charities alike see us as an authoritative and impartial regulator.

This year the International Programme continued its work in Sub-Saharan Africa, South and South East Asia as well as taking on new initiatives in the Middle East. During the year the Programme has provided support and training to charity regulators in Kenya, Saudi Arabia and other countries. In Pakistan we began an ongoing programme to train 200 local civil servants responsible for charity regulation.



## Promoting awareness and understanding of the public benefit requirement

The Charities Act 2006 highlighted the requirement that all charities' aims must be for the public benefit.

### The right guidance at the right time

In January 2008 we published our general guidance on public benefit for all charities. In December, after extensive consultation, we published supplementary public benefit guidance for charities whose aims include preventing or relieving poverty, advancing education or religion and those which charge fees.

The requirement that all charities report on the public benefit they deliver came into force on 31 March. To ensure that charities most affected by the change had clear guidance in advance, we produced supplementary guidance on public benefit for charities advancing a number of different purposes.

### Leading by example

The requirement that all charities report on the public benefit they deliver came into force on 31 March 2009. We recognise the need to strike the right balance between providing sufficient information for charities to be able to report on their public benefit while at the same time not overloading them with information. To inform charities'

thinking in the run-up to compiling their own reports, we published a range of illustrative example reports for different types of charities, both above and below the more detailed reporting threshold. These examples provide a practical framework which we hope charities find useful as they draft their own public benefit reports for the first time.

### Assessing public benefit in charities

In October, we started a programme of public benefit assessments of some charities as part of our continuing work to promote awareness and understanding of the public benefit requirement for charities. The assessments cover a selection of fee-charging residential care homes and charitable schools, and charities which advance religion.

The assessments will help identify wider themes and general points of interest about public benefit. We aim to publish the conclusions of these first assessments this summer.

# This year in figures

In 2008-09, the Charity Commission:

- opened over **33,000** individual advisory charity cases...
- ...for charities with a combined total income of nearly **£30 billion**
- answered **210,000** calls from charities and the public via our Contact Centre
- answered **52,000** letters from charity trustees and the public
- registered **5,410** new charities
- removed **7,433** inactive charities from the register
- made **1,860** legal schemes and orders for charities to change and modernise
- had over **30 million** website pages viewed by charities, funders and the public
- answered **84%** of email enquiries within five days
- achieved a **60%** increase in take-up of our online services

## Looking forward to the year ahead...

### Promoting compliance with legal obligations

We will publish our Risk and Proportionality Framework covering our approach when providing services to charities.

We will further develop our strategic planning to better understand the environment in which charities are operating and the risks to which they are exposed.

We will publish the second *Back on Track* report, highlighting lessons learned from our compliance work to provide help and convey wider lessons to charity trustees.

We will publish our rewritten regulatory stance to ensure it remains robust in today's climate and so that all stakeholders are clear about our approach.

### Promoting the effective use of charitable resources

We will issue all registered charities with a checklist covering key aspects of charity governance and finance for board discussion to help them review their risks, options and opportunities in the economic downturn.

We will publish reports on both the experience of grant-making trusts and of charities and fundraising in the recession.

We will further develop and encourage take-up of our online services to enable charities to undertake more of their administrative transactions more efficiently online.

We will review our guidance on charities' investments to ensure it remains relevant to current economic circumstances.

### Promoting awareness and understanding of the public benefit requirement

We will publish the conclusions of our initial public benefit assessments to help identify wider themes and general points of interest about public benefit, and disseminate best practice examples from Trustees' Annual Reports as widely as possible to the sector.

We will publish research on trustees' attitudes and awareness of the public benefit reporting requirement.

### Enhancing the accountability of charities to donors, beneficiaries and the general public

We will enhance the online register of charities, providing more information about charities and further develop online Summary Information Returns for charities with annual incomes above £1 million.

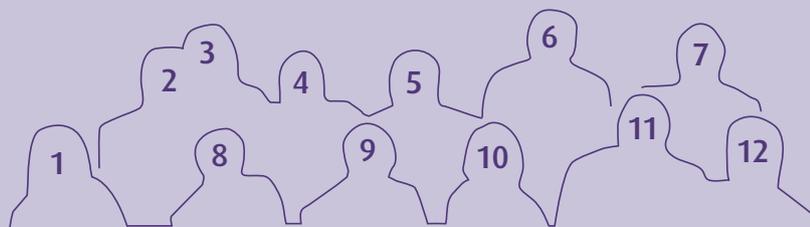
### Increasing public trust and confidence in charity

We will launch a new subscription service, providing self-selected updates on topics of interest and charity information to a wide range of audiences.

We will complete our programme to register all exempt and excepted charities which now come under our jurisdiction.

We will publish a profile of the charity sector in England and Wales.

# Board Members and Directors



## 1. Sharmila Nebhrajani, Board Member

Sharmila joined us in July 2007. She is Director of Financial and Commercial Strategy at the BBC and has held several non-executive positions across a range of sectors including science, health, charity and the Olympics. A strategy consultant by background, she is a member of the ICAEW and chairs the Commission's Audit Committee. She also sits on the Audit Committee of the RSC.

## 2. Dr Andrew Purkis OBE, Board Member

Andrew joined us in July 2007. He was, until April 2009, Chief Executive of the Tropical Health and Education Trust and formerly 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.

## 3. 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 intergovernmental organisations on policy development, evaluation and advocacy. She has been a board member for a wide range of charities and foundations for over 16 years.

## 4. Simon Jones, Board Member

Simon joined us in July 2007. He chaired Cardiff and Vale NHS Trust until the end of 2008 when he became Head of Public Sector Service for Odgers Berndtson in Wales. He was previously Chief Executive of the Wales Co-operative Centre and has worked in the trade union movement. Simon chaired the Communities First Support Network. He led a review of the National Assembly of Wales' voluntary sector scheme.

## **5. Kenneth Dibble, Executive Director, Legal and Compliance**

Kenneth joined us as a lawyer in 1978 before 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.

## **6. 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.

## **7. John Williams, Board Member**

John joined us in 2005. He has a background in 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 has just stepped down as Chair of Tomorrow's Company, he is a board member of Business in the Community and has recently been appointed Chair of Tourism South East.

## **8. 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.

## **9. 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.

## **10. Dame Suzi Leather, Chair**

Dame Suzi joined us as Chair in August 2006. Prior to this, she was Chair of the Human Fertilisation and Embryology Authority, and of the School Food Trust. Previously, she chaired the Exeter and District Community NHS Trust as well as the Health Forum. Dame Suzi was the first Deputy Chair of the Food Standards Agency, and is currently a Board member of both Consumer Focus and the UK Accreditation Service.

## **11. John Wood, Board Member**

John joined us in February 2008 and is one of the two legally qualified Members of the Commission. He is a consultant with Herbert Smith LLP, where he was a partner for 25 years and headed up its Trust and Charities practice. John is a member of the Charity Law Association and the Society of Trust and Estate Practitioners (STEP). He is a founder and committee member of the Association of Contentious Trust and Probate Specialists (ACTAPS). He is also an executive member of the Trust Law Committee and a CEDR qualified mediator.

## **12. Simon Wethered, Board Member**

Simon joined us in July 2007 and is one of the Commission's two legally qualified Members. Simon is a legal consultant specialising in charities with Charles Russell LLP and was formerly a partner there. He has 39 years experience as a solicitor, 15 specialising in charity work. He is a member of the Charity Law Association, associate member of the Charity Finance Directors' Group and co-editor of Butterworth's Charity Law Handbook.

## **Nick Allaway, Executive Director, Charity Information and Corporate Services (not shown)**

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.

## **Tess Woodcraft, Board Member**

Tess, who joined us in 2005, left the Commission at the end of April. Her contribution to the Commission's development, particularly her work on our Diversity Steering Group, has been extremely valuable. We wish her every success as she takes on new challenges.

The Charity Commission is funded by Government and in the year 2008–09 spent a total of £32.3 million on operating activity and capital investment

## Managing our resources

### The sector we regulate

There are 190,000 charities registered with the Charity Commission, with total incoming resources of nearly £51 billion, over 660,000 paid staff and 925,000 trustee positions.

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

### Summary of our financial performance

The Charity Commission is funded by Government and in the year 2008-09 spent a total of £32.3 million on operating activity and capital investment.

This was another year of significant challenges, including the need to negotiate terms for moving the Commission's London offices to a new, cheaper site, but the overall financial position is satisfactory and the Commission operated within its approved expenditure limits. The Commission spent £0.5 million on capital development in 2008-09. The majority of this expenditure was for investment in online registration and a new case management system.

### The future

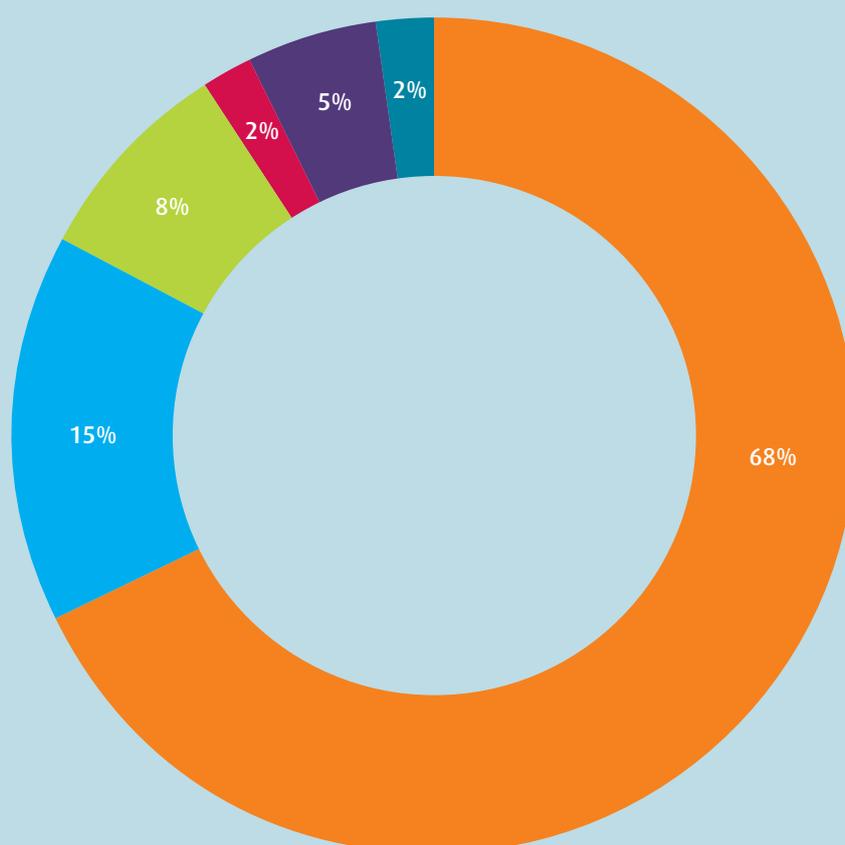
The Charity Commission's 2007 Comprehensive Spending Review settlement for 2008-11 is seeing an annual reduction of 5% in real terms to the Commission's budget for each of these years. Our baseline funding will fall to £29.5 million in 2010-11.

### Find out more

The National Audit Office gave an unqualified opinion on the Commission's full accounts for 2008-09. 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 at **[www.charitycommission.gov.uk](http://www.charitycommission.gov.uk)** or from TSO on **0870 600 5522**

## Breakdown of 2008–09 expenditure



	£ million	Percentage
 Staff and related costs:	21.8	68%
 Property and accommodation:	4.9	15%
 Office services:	2.6	8%
 Other:	0.7	2%
 Information Technology:	1.8	5%
 Capital Investment:	0.5	2%
<b>Total Expenditure:</b>	<b>32.3</b>	<b>100%</b>

The evolving nature of our work and regulatory approach means it is vital we have staff with the right skills and knowledge to ensure we consistently deliver quality services, both for charities and the public

## Staff development and diversity

### Our People Plan in action

Our priority has been to develop the quality of leadership and management we need at all levels of the organisation. Our Leadership Group structure is now in place, and a wide range of managers have benefitted from a programme of management training which they evaluated extremely positively.

We were particularly encouraged by the results of our latest staff survey in March, which showed significant improvement in ratings since the previous survey in 2007. The average rating given of staff satisfaction was 6.7 out of a possible 10, compared to 5.4 in 2007. The biggest single improvement was in the opportunity staff felt they had to contribute to team plans and decisions. The average rating given here was up 85% since 2007 – from 4.0 then to 7.4 today.

We have also taken further steps to reduce staff absence through the introduction of a new absence management action plan. The results so far have been positive; while 2007 saw average sickness absence of 9.6 days per member of staff, this year saw that figure reduce progressively to 6.5. We will continue to further improve absence levels across the Commission.

### How others see us

While it's important to know that our staff feel increasingly positive about working for us, a key driver of public trust and confidence in charities is ensuring the sector is seen as effectively regulated.

Our third stakeholder survey, undertaken in March, showed a continued improvement in the way external stakeholders assess our performance. These stakeholders included representatives from across the charity sector, Whitehall and Westminster, the charity sector media and those who provide specialist charity guidance and advice. Results showed the following improvements in the Commission's ratings compared to the last survey in 2006:

- The quality of service delivery – now 7.1 out of 10 – up from 6.4
- The quality of our partnership working – now 6.5 out of 10 – up from 6.0

The Commission's overall effectiveness is now rated at 6.8% out of 10 – up from 6.3

## Diversity

The consequences of the reduction in the Commission's budget for the period 2008-11 has been a further 3% reduction in staff numbers; we have now reduced staff by 22% since 2004-05.

Our total workforce of 464\* staff is distributed across four offices.

	Staff numbers	Percentage
Liverpool	204	44%
London	115	24%
Newport	8	2%
Taunton	137	29%

\* Average number of full-time equivalent staff in post during the year

Pay band	Total staff employed 2008-09		In year appointments		Exceptions to fair & open competition	Diversity of permanent appointees		
	Perm	Temp	Perm	Temp		Female	BME origin	Disability
PB1	11	0	0	2	0	0	0	0
PB2	41	1	7	0	0	3	0	2
PB3	125	5	14	12	0	9	0	2
PB4	122	7	20	10	0	10	2	1
PB5	86	6	15	3	0	10	1	0
PB6a	44	1	8	1	0	6	0	0
PB6b	6	1	1	2	0	1	0	0
SCS	8	0	0	0	0	1	0	0
	443	21	65	30	0	39	6	5
<b>Total</b>	<b>464</b>		<b>95</b>		<b>0</b>	<b>39</b>	<b>6</b>	<b>5</b>

	Charity Commission	Civil Service Average
Female staff	56.6%	53%
Staff with a disability	9.8%	6.6%
Staff of BME origin	6.6%	8.5%

Since appointing a dedicated Diversity Manager in 2007 we have a comprehensive and ongoing programme to inform and improve our approach to diversity, both internally and in our work with external stakeholders

In 2008-09 we awarded a total of 130 contracts to Small and Medium Enterprises to a value of £2,051,341.

Since appointing a dedicated Diversity Manager in 2007 we have a comprehensive and ongoing programme to inform and improve our approach to diversity, both internally and in our work with external stakeholders.

This year, that work included:

- Creating a Single Equality Scheme covering all aspects of diversity – this will be issued for consultation later in 2009.
- Appointing specialist providers to deliver equality, diversity and cultural awareness training to every one of our staff.
- A programme of meetings by our Charity Engagement team with a number of charities involved in the field of diversity from which an action plan will be developed.
- Starting an internal audit review across different parts of the organisation to identify areas which need action for improvement.
- Significantly improving our ranking in the Stonewall Workplace Equality Index – moving up 29 places in one year.

# Achievement of key performance indicators

Our key performance indicators (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 five out of six of our KPIs in 2008-09, with targets against KPI 4 not being achieved.

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

	Target	Achievement
Overall level of trust and confidence in charities	To continuously improve ratings over 2005 baseline (63% in 2005)	66%
Stakeholder survey of the Commission's effectiveness as the charity sector's regulator	To continuously improve ratings over 2004 baseline (63.15 in 2006, 49.3% in 2004)	68.3%
20 key operational targets met	75%	75%
Trust and confidence in charities compared with other organisations and professions	Ranked in top 6 of 12 in an independent survey	Ranked 3rd of 11 in an independent survey

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

	Target	Achievement
Percentage of customers in surveys across operational areas who said we do a very good job	70%	81%
Percentage of individuals or charities at first point of contact, Charity Commission Direct, who said we provided the service they required	70%	90%(median)
Increase in take-up of online services	4% increase on previous year	60% increase
Increase in our publications sent out electronically or directly downloaded*	4% increase annually – 1,511,785 hits in 2006-07	1,858,669 hits = 23% increase over two years
Increase in our publications sent out electronically or directly downloaded**	4% increases annually – 239,610 views in 2007-08	341,723 views = 43% increase over one year
Average time taken to deal substantively with letters	15 days	7.6 days
Time taken to deal substantively with emails	80% within 5 days	84% within 5 days

\* This target is based on the non-qualitative 'hits' method and has been replaced by the more qualitative 'views' method\*\*. Both are included for this year but only the views figure will be reported in future years.

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

	Target	Achievement
Annual survey of the accuracy of the register of charities	97.5%	100%
Proportion of charities for which the most recent due accounts and annual returns are held	92%	Accounts – 90% Returns – 91%
Proportion of the sector’s total income for which the most recent due accounts and annual returns are held	98%	Accounts – 98% Returns – 98%
Proportion of charities filing accounts and annual returns within the 10-month deadline	75%	Accounts – 77% Returns – 77%
Proportion of the sector’s total income for which accounts and annual returns have been filed within the 10-month legal deadline	90%	Accounts – 94% Returns – 92%
Proportion of charities with annual income of over £1 million for which the most recent due summary information returns are held (within 10 month deadline)	75%	81%

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

	Target	Achievement
Average time to complete formal investigations satisfactorily*	275 days	358 days
Where published investigation reports are necessary, percentage of those reports published within 3 months of the completion of the investigation**	95%	74%

\* This KPI was not met in the year. It relates only to statutory inquiries, dealing with the most complex and serious concerns about charities. 21 statutory inquiries were completed in 2008-09. However, the Commission also completed 167 regulatory compliance cases in 2008-09, where our statutory inquiry powers were not required. These were completed in an average time of 158 days, excluding two cases delayed by the involvement of other regulators, compared to our internal target of 183 days.

\*\* Delays in publishing inquiry reports were mainly due to the need to co-ordinate with 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 agreement.

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

	Achievement
Income of charities having substantive engagement with us during the year	£29.4 billion (£27.3 billion in 2007-08)

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

We remain on course to meet our timetable. Of our five targets for the year, three have been met and another two are close to being met, representing an 80% success rate against an overall target of 75%.

### Met:

Supplementary guidance for four charity sub-sectors were published in December. A fifth was not proceeded with following public consultation.

Commentaries on responses received to public consultations were produced in September. We published summaries of the responses to our consultations in September and published updated versions of those summaries in December to show how we had addressed the responses in our revised guidance.

Five example accounts highlighting the public benefit reporting requirement have been published.

### In progress:

Engagement with 10 umbrella bodies on public benefit issues not yet completed: final scoping underway.

Publication of 12 public benefit assessment cases delayed although cases have been completed and are under final review.

## 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

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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