The All-Party Parliamentary Group on Charities and Volunteering
Update from the charity regulators, 29 November 2017, Committee Room 18
Chair: Baroness Pitkeathley

William Shawcross, chair of the Charity Commission (CC)
- Charities are an important part of our society. Paula Sussex, former CEO, brought the CC into the digital age with £8m from the Treasury, so that the CC is now a more modern, robust regulator.
- The workload has grown massively. In former years they did 12 enquires, and used their powers 74 times – last year they carried out 197 enquiries and made 1099 uses of their powers.
- Previously the CC was criticised for not being tough enough. They are now tough on the few who damage wider public trust and confidence, to protect the bulk of charities who behave well.

Helen Stephenson, chief executive of the Charity Commission
- The CC has transformed into a modern, risk based regulator, as reflected in the NAO’s report.
- 300 very committed staff, but the organisation is more stretched than any government department she has worked in, due to a real terms budget decrease of 50% over ten years, with an increase in workload– compliancy cases up 50%, and a 40% increase in new registrations.
- The voluntary sector is now part of every area of public life, so ever more important we have an effective regulator. The CC exists to uphold public trust – calling out wrongdoing, but also helping people to get it right. 700,000 trustees oversee assets worth trillions, which is a big ask for a voluntary workforce. The CC wants to help them to get it right, to increase their impact.

David Robb, chief executive of the Office of the Scottish Charity Regulator (OSCR)
- Since OSCR’s last presentation to the APPG there has still been no legislation in Scotland to increase OSCR’s powers. Still vast disparities in the powers of the CC and OSCR.
- OSCR is focusing on risk led targeted activity. They believe in helping trustees get it right before they turn gamekeeper on them. They have updated a lot of their guidance, and will be producing guidance to help trustees with the annual report, and to provide guidance on investment.
- OSCR publishes the annual accounts of charities, but unlike the CC they must redact them. They would like the law changed on this. There is demand for this information and OSCR would like to make more of it available.
- Charities are embracing the opportunities of the digital age, and OSCR is looking to do so too, and to learn from other regulators in the UK and further afield.

Audience Q&A
Lord Lipsey praised the new Charity Governance Code and said there is lots of less good advice, particularly on investment, leading to charities being ripped off by investment advisors. He asked whether the regulators could produce better guidance. Helen Stephenson said that the CC is looking to make its guidance more accessible.

Asked about whether the regulators can help charities stuck in expensive pension schemes, David Robb highlighted the work of the Robertson Trust, who are helping struggling charities to get out of punitive schemes – and said OSCR has written to the Scottish Government in favour of the work.

The panel were asked whether the snap election highlighted a flaw in the Lobbying Act, because actions can retrospectively fall foul of it. The CC said that this is the remit of the electoral Commission and the Cabinet Office. Baroness Pitkeathley, chair of the house of Lords select
committee on charities, said that the committee had recommended that the government take up Lord Hodgson’s recommended changes to the Act, but that the Government do not plan to do so.

The regulators were asked whether they support charging charities a fee for regulation. Susan Elan Jones MP highlighted that the House of Lords select committee on charities had opposed the idea. William Shawcross said that most other regulators charge a fee, and that it is a necessary when public spending is being cut – they were disappointed that their funding wasn’t improved in the recent budget. He said they would only be asking the top 2/3% of charities to contribute, ideally raising £6m. They know that the sector is against it, and they will consult the public in the new year. David Robb added that OSCR may do the same thing if they were in the same position.

Asked what more the CC would offer with the increased income, Helen Stephenson said they would be able to widen their focus away from just the hardest cases. She said they are in a good position to help trustees to get it right, and that they need to be able to respond promptly to legal enquiries. The helpline is only open two hours a day, and more could be done for large and complex organisations. She asked whether, in the time of austerity, is it right to ask the public to pay for the regulation of charities?

On the issue of improving public trust and confidence in charities, Helen Stephenson said that with the increasing role of charities in society, more people were realising they were beneficiaries, and they hadn’t expected charities to operate in the ways they did, but the sector had clearly taken the issue very seriously. David Robb said that charities improve trust and confidence every day, in their interaction with individuals and that efforts to increase transparency and explain how charities work will help to close the gap between public perception and reality.

In response to a suggestion the regulators could monitor charities outcomes, not just inputs, it was agreed that while it is important to be aware of outcomes, this would be incredibly expensive. David Robb said that OSCR encourages charities to include public benefit in annual reports. Helen Stephenson added that there needs to be balance in what the regulator legally requires.

Asked about paid time-off for trustees, David Robb said they would support moves to improve diversity amongst volunteers – suggesting the term ‘volunteers who run charities’ may be more accessible than the word trustees. Helen Stephenson said that employers have noticed that supporting volunteering can be an asset. Susan Elan Jones MP said that discussion of holding trustees liable for the behaviour of charities undermines efforts to promote trusteeship.

Asked whether more could be done to make it easier for small charities to communicate with the regulator, Helen Stephenson said that they have 100,000 pieces of communication a year – much higher than other comparable government departments. They are stretched very thin, and need to prioritise those cases identified as high risk, which means smaller issues can take longer to deal with.

Asked whether the regulators could improve the market for training, in which many organisations compete at great expense, William Shawcross said that it isn’t the duty of the regulator to say which supplier is better than another. Helen Stephenson added that they are not well placed to quality assure the market, though they would encourage the sector to collaborate on creating a learning path for trustees.

The Charity Commission were asked why they have had a 40% increase in application for charitable status in four years. Helen Stephenson said it may be because CIO registrations don’t have an income threshold – and because more people wish to respond to issues by setting up charities, which they have a right to do. The CC can’t stop people registering, but they can nudge
them towards other organisations doing similar work in their area. David Robb suggested that it could be a sign of how effective regulation is, as many funders now only give to registered charities. Baroness Pitkeathley added that the negative publicity raised a lot of awareness about charities, and people want to get involved.

The regulators were asked whether they should provide just regulation, not advice — as larger charities can afford advice for mergers and structure changes. Helen Stephenson said that their role is set out in law, and that some organisations legally need to approach the CC about changes. David Robb said that everything OSCR does is as a regulator, but this isn’t just the sharp end of behaviour — it can mean helping people find more advice and support.