



Charity Commission
Annual Report 2006-07



Our vision

Charity working at the heart of society

Our mission

The Charity Commission is the independent regulator for charitable activity

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

Our values

- Effective
- Expert
- Fair
- Innovative
- Responsive

Charities have unique value. They are like no other type of organisation. This distinctiveness is recognised by the public, by legislation and by the Charity Commission as their regulator. The spectrum of their work, and the diversity they represent are vitally important – both to our society as a whole and to the millions of people who benefit from their existence. Charities provide a key framework within which civil society can thrive. Our role is to help them achieve what they do in the most effective way possible.

There are over 190,000 charities registered with the Charity Commission, with a combined annual income of over £40 billion, over 600,000 paid staff and nearly 925,000 trustee positions.

Report of the Charity Commission for England and Wales for the year ending 31 March 2007

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 Chair and Chief Executive

This has been a year when debate about, and knowledge of, charities broke new ground. Issues such as charities delivering public services, providing public benefit and allegations of charities falling prey to terrorist links have led to an increase in public discussion about the very nature of charity.

The long awaited Charities Act 2006 was passed last November, offering new flexibility and tools to help all charities undertake their vital work more efficiently and modernise to keep pace with the needs of today's society.

Different charities will approach these issues in different ways – it is our role to provide effective regulation for all of them. We must ensure that every charity operates in line with both the law and the principles which make these organisations charitable – independence, accountability and the delivery of public benefit.



The evolving role of the regulator

The Charity Commission has both kept pace with, and sought to lead, the debates about what makes charity effective. We also encourage charities to tell the story of their very real impact, and we advise or intervene if problems occur.

Our *Consultation on draft public benefit guidance*, for example, has produced a valuable range of responses which show the importance we as a society place on the public ethos of charity.

At the same time, this year has also seen us complete our own major re-organisation to deliver the strategy we published in 2005. A survey of our key stakeholders confirmed that we have improved performance in all areas but we still want to achieve much more.

Proportionate regulation

Most people involved in charities have the highest of motivations, and give their time without asking for payment. We take a proportionate approach to risk when 'regulating angels' – most charities need more streamlined regulation, not additional administrative burdens.

In December, we published our Simplification Plan which, as well as the provisions of the Charities Act 2006, aims to reduce the administrative burden on charities by at least 25% by 2010. Our Plan includes major changes to financial thresholds, including raising the threshold for independent examination – an area we plan to consult on later this year.

We also took further steps to ensure our regulatory engagement with charities is more proportionate and focussed on risk – making serious incident reporting a key driver of this agenda. This year's Annual Return (AR07) removes a number of information requirements, and instead requires charities to tell us about serious incidents so we can provide assistance at the earliest opportunity. It also makes the most of interactive technology, ensuring our Register of Charities is updated more swiftly than ever before.

The corporate Commission

Our evolution continues with a new corporate structure, allowing us to expand our Board and ensure our governance arrangements include the breadth of skills and experience we need to regulate this particularly diverse sector.

One of our legal Commissioners, David Unwin, will be stepping down this summer. David joined us in 2002, and his expertise has helped see the Commission through a particularly innovative time in its history. His contribution has been invaluable and we wish him every success as he moves on to new challenges.

Our continuing development is based on the quality of our staff, who are fewer in number than a year ago but more expert and better equipped. Despite reduced funding, and with increased responsibilities from the Act, they have delivered outstanding service to charities and the public at a challenging time. They are the key to our ability to anticipate change while dealing with the vital day-to-day regulation of the hugely diverse charity sector.

Last year's stakeholder survey indicated we were on the right track and this spring *Governance* magazine surveyed 600 charities – 84% of which felt the level of charity regulation was just right. This is encouraging but we have further to go. The achievements in this annual report provide a solid foundation for the next eventful year.

Dame Suzi Leather, Chair
Andrew Hind, Chief Executive

Enabling charities to maximise their impact

We concentrate our engagement with charities where it is most needed and in a way which makes most difference to charities and their beneficiaries.

We have a clear responsibility to help charities maximise the effect of their work – with finite resources they need to make the greatest impact with what they have. Our role here starts right at the point of registration.

We registered 5,081 new charities this year, and removed 4,576 making a total of 190,469 registered charities at 31 March 2007. The sector's diversity continued to be reflected in this year's applications, with organisations as varied as the Bath Technology Centre, the recycling charity Freecycle UK, and Newbury Park Islamic Centre joining the 190,000 charities already on the register.

Accessible answers

Charities need swift, accurate responses to their questions. This year we extended the opening hours of *Charity Commission Direct*, our one-stop shop for advice and guidance, which received a Civil Service Awards commendation. We now take calls for 12 hours on weekdays and provide a Saturday service, answering over 185,000 calls in total in 2006-07. We also introduced a new web-based system, *Right Now*, which gives immediate responses to questions through a growing database of answers, enabling us to answer a further 47,000 enquiries. In addition, our website received over 39 million hits this year.

Helping change happen

A large part of our work involves giving individual advice to charities about specific issues and we provided 22,000 pieces of advice in the last year. We also use our legal powers to make schemes, orders and constitutional changes to help charities modernise and use their resources more effectively, something we did over 5,300 times in 2006-07.



Bringing charities up to date

The Charities Act 2006 provides new options for all charities, and they need the right information and guidance to help them make these choices. As well as working with the Office of the Third Sector to provide a new plain language guide to the Act, we have used our website and twice-yearly newsletter to explain the key provisions and signpost those coming up, ensuring charities are in the best position to take advantage of the opportunities available.

Building a strong foundation

Knowledgeable and committed trustee boards are key to any charity's performance. This year we revised our guidance, *The essential trustee: what charities need to know*, to make sure those filling the 925,000 trustee positions which govern the charities we regulate have the essential grounding they need to perform as effectively as possible in the light of the new Act.

The politics of persuasion

Charities have a long history of campaigning to bring about social change and it is important they are aware of how they can do this. We brought our guidance *Political activities and campaigning by charities* right up to date and issued it ready for this spring's local elections.



Looking forward

We are committed to ensuring we achieve the targets we set to reduce the administrative burden on charities. In the next year we will conduct a review of financial thresholds.

We will develop and publicise our guidance for charities to ensure they are aware of the options available to them through the provisions of the Charities Act.

A fund for the Farepak victims

Last winter, when the Christmas voucher and hamper company Farepak collapsed, thousands of families who had made monthly payments lost all the money they had paid in advance, leaving many facing a bleak Christmas.

Trustees of the charity Family Fund, which helps families with severely disabled children, had the experience needed to administer the Farepak Response Fund and offered to run it.

The Fund's application for registration was received on 9 November 2006. Christmas was fast approaching and, given the clear urgency of the situation, we fast tracked the application to ensure it was registered as a charity the following day. Nearly £8 million was donated to the fund in time for the money to be distributed to families before Christmas.

'So many people responded magnificently to the Farepak Response Fund – from Farepak agents, to the public, the media and the voluntary sector itself. The Commission's work in ensuring the Fund was registered so swiftly proved a remarkably successful example of charity law really working for beneficiaries on the ground.'

Shirley Young, Chair of Trustees for the Family Fund.

Ensuring compliance with legal obligations

We place considerable emphasis on ensuring that trustees comply with their legal obligations, thereby promoting public trust and confidence in charities.

We take actions which are proportionate, fair and reasonable, which take account of the risk involved to the charity and its beneficiaries and the capacity of the charity to comply.

Maximising their impact is crucial, but charities also have a basic responsibility to meet their legal requirements. Charities enjoy high levels of public confidence which they cannot take for granted. They should demonstrate that they are open, accountable, comply with charity law and that they exist for the benefit of the public.

Demonstrating public benefit

The Charities Act 2006 removes the presumption that charities set up to advance religion or education, or relieve poverty automatically benefit the public. All charities will have to show that they deliver public benefit in meeting the needs of their beneficiaries and it is our role to develop the guidance charities need to help them do so.

In March, we launched a high-profile three-month public *Consultation on draft public benefit guidance* which included the results of our first-ever Citizens' Forum to explore public expectations of what this key requirement means. The consultation received

over 900 responses from both charities and the public and generated considerable debate – an important goal as we develop appropriate public benefit guidance for each and every charity.

Ensuring accountability across the sector

This year our ongoing *Accounts aren't optional* campaign challenged some of the very largest charities. Our research showed over 10% of the leading 100 charities failed to file their accounts within the ten month legal deadline. Of those charities filing on time, over half took more than eight months, compared to the top 100 FTSE companies which filed their accounts with Companies House within an average of five and a half months. The campaign included a practical web-based guide to help all charities ensure they prepare and file their accounts on time.

Safeguarding vulnerable beneficiaries

Safeguarding vulnerable beneficiaries is one of charity trustees' key responsibilities, including ensuring appropriate Criminal Records Bureau (CRB) checks are carried out where necessary. In February we launched a consultation, *Criminal Records Bureau checks of trustees of charities*, as part of our review of our policy on CRB checks of trustees. We received an excellent response and will publish our final policy later this year.



Tackling allegations of terrorism

The profile given to our work involving alleged links between charities and terrorism was high this year. These cases must be handled robustly but sensitively, ensuring public trust in charities is maintained and taking decisions on evidence alone.

Raising awareness amongst public authorities

Local Authorities are responsible for millions of pounds' worth of charitable assets. While many councils are excellent trustees, others sometimes fail to recognise their responsibility in the administration of charitable land and funds. Our Newport office ran a pilot initiative in collaboration with Wales' 22 local authorities to identify all these charitable assets in Wales. We sent a bilingual 'e-report' to chief executives which highlighted common problems and provided links to our website guidance, encouraging councils to take a fresh look at these charities to maximise the benefits to their communities.



Looking forward

We will publish the final version of our high-level draft guidance, *Charities and public benefit*, and subsequently hold further consultations on how the public benefit requirement will apply to different groups of charities, including one covering fee-charging charities. We will publish the findings of these in preparation for the universal public benefit requirement which comes into force in 2008.

We will increase the proportion of charities for which the most recent accounts and Annual Returns are held to 90.5% in 2007-08.

Protecting the young

While an important use of our powers is to ensure that charity assets are safeguarded, we will also act to protect vulnerable beneficiaries. When Telford Social Services and the police came to us with concerns about the children's charity Young Minds and Mentors we took immediate action.

We found that one of the trustees was not a suitable person to act for a children's charity and that both of the trustees had given us false information, including an alias. We suspended and removed both trustees and appointed new ones.

We subsequently wrote to all Social Services departments in England and Wales, raising awareness of the regulatory role we have in these situations.

'The Local Children Safeguards Board in Telford and Wrekin was pleased with the way the Commission worked with us to protect vulnerable children. Their response was swift and constructive and a great example of joined-up action with us.'

Barbara Evans, Telford County Council Social Services.

Encouraging innovation and effectiveness

We collate the knowledge we gain from our own casework and work in partnership with others to share this widely across the sector.

We help to define best practice and make charities aware of the standards to which they should aspire.

It is vital that we actively seek the experience of charities themselves to ensure our guidance is relevant and really does help the sector improve its effectiveness.

The information we get from charities helps us both provide specific advice to individual charities and develop advice for the sector as a whole. Our Review Visits team, for example, visited 236 charities in 2006-07 and, in addition to providing each charity with a tailored report, our Research Report team uses the information learned from reviews to develop subject-specific information for the whole charity sector.

Spreading best practice in the sector

Regeneration has only been recognised as a specific charitable purpose since 1999, but our research report into the charities adopting it showed they were exceptionally strong in measuring impact and involving users. The lessons from *The regeneration game* can help other charities develop their performance in these areas.

Our report into the extent of charities' reserves and reserves policies, *Tell it like it is*, showed significant improvement in the proportion of charities with a reserves policy since our first reserves report in 2002. But it also showed £3.6 billion is held by charities without being accounted for by a reserves policy. We will continue to stress to charities the importance of having a reserves policy, both to ensure continued service delivery and as an important accountability tool for the benefit of the public and charity donors alike.



Faith, hope and charity

Our programme of events with faith-based charities was extended this year to cover Jewish, Sikh and Buddhist charities, as well as Hindu and Muslim groups. These events have proved both challenging and invaluable to us, giving us further knowledge and understanding of the issues facing these charities. We are now feeding this practical experience into all aspects of our work with faith-based charities.

Encouraging innovation in charity communication

One of our new duties under the Charities Act 2006 is to facilitate innovation by charities. The ways the sector works with the mainstream media as well as new media outlets such as social networking on the internet, is an area with great potential. This year, in association with the BBC, we hosted a conference under the title *Building participation through innovation*.

This brought together over 100 representatives from charities, citizenship organisations and the media to explore new ways in which charities can work with the media to strengthen active citizenship and public participation, and how their work can best be portrayed.



Looking forward

We will redesign our website, providing more accessible web pages to stimulate trustee innovation and best practice and creating a free on-line subscription service for subscribers to select the topics of interest they would like information about.

We will develop our twice-yearly newsletter to all charities to include special coverage on aspects of charity effectiveness and innovation.

Working in partnership to raise standards

Charities that champion best practice in their quality standards should be applauded and, this year, we decided to raise the stakes to encourage more charities to develop them. We will now endorse quality standards from organisations who meet the criteria for good practice laid down in our publication *Hallmarks of an effective charity*.

This new accolade for good practice charities forms just part of our wider partnership strategy. We launched this strategy in January, on the same day that Age Concern and YMCA England joined Community Foundation Network as the first charities to publish their Commission-endorsed quality standards. These cover everything from risk management to accountable governance structures and managing staff and volunteers.

With these three charities having 600 member organisations between them, the potential impact of this initiative is huge and we hope to see more charities approaching us for endorsement of their quality standards in the coming year.

'Quality standards are key to formalising and rolling out best practice to membership charities like ours and the Commission's decision to endorse them is a real step forward in getting them embedded as standard across more of the sector.'

Angela Sarkis, National Secretary,
YMCA England.

Championing the public interest in charity

We promote the work of trustees and volunteers and the distinctive contribution charitable activity makes to society.

We engage with politicians and government in influencing policy development for the sector as a whole.

Protecting public trust

Public support for charity remains extremely high and it is important that both the public, and charities themselves, don't fall victim to those who would exploit this support for their own ends.

This year saw us launch a series of publicity campaigns against various types of bogus fundraising, including a highly successful Christmas campaign warning against bogus collectors in pubs, clubs and restaurants.

At the start of 2007, we joined forces with the Office of the Scottish Charity Regulator and the Department for Social Development for Northern Ireland to issue UK-wide guidance for people approached by door-to-door collectors and fundraisers – a good example of joined-up regulation.

Accountability and engagement

We have worked closely with the Office of the Third Sector in its first year to ensure our experience of charities helps inform policy development. Our new Public Affairs function made a strong start in actively engaging with politicians and government this year, including a series of meetings with Shadow Ministers to discuss and exchange viewpoints.

We developed a Parliamentary and Assembly 'Handbook' for MPs and Welsh Assembly members answering major questions on sector regulation. We also relaunched our dedicated micro-site on the epolitix website – widely used by politicians of all parties.

In January we contacted all MPs in England and Wales, seeking their help with local publicity about the widespread practice of commercial clothing collections which give the impression of being undertaken by charities. Their response was very encouraging, with over 40 regional newspapers featuring our MP-endorsed checklist and reaching over one million people.



As part of our charity engagement programme, our Board members and senior staff met formally with over 60 chairs and chief executives of leading charities to explore challenges and opportunities. The suggestions which come from these meetings directly inform our work to improve regulation and the quality of the advice we provide to trustees.

Helping charities tell their story

The publication of our research report, *In their own words*, into the Summary Information Returns (SIRs) completed by charities with an annual income of over £1 million showed many were making the most of the opportunity to tell their story and demonstrate their impact – and provided some excellent examples. It is important that charities have a way of explaining their outcomes and impact which is easily accessible to an interested public and funders alike. Our current review of SIRs aims to identify ways to further encourage the best use of this valuable vehicle for public communication.



Looking forward

We will undertake research-based seminars with parliamentarians and other policy-makers to raise awareness of current issues affecting charities and influence public policy for the sector as a whole.

We will establish a regular parliamentary bulletin with news from the Commission and the sector.

We will undertake research to identify the reasons for lower levels of trust in charities among BME communities and take action to help address this.

Standing firm to deliver public services

Charities delivering public services on behalf of public authorities is nothing new, but government encouragement for them to do this is growing. It is not the Commission's role to say whether or not charities should undertake public service delivery but we have always been very clear about the key issues trustees need to consider before taking it on.

Early this year we published the results of the first ever all-charity survey of charities and public service delivery, along with updated guidance to charities on the issue. The report's findings were significant – over 60% of charities with annual income of over £500k deliver public services. Our research suggested charities delivering public services are more likely to feel under pressure to conform to the wishes of funders.

Our findings generated considerable debate. We hope the evidence in our report will help ensure the environment in which these charities operate supports their independence, financial sustainability and focus on charitable mission.

'The Commission's new research on public service delivery is a welcome addition to the ongoing debate on funding. We should all address this call to view our independence as absolute, non-negotiable and sacrosanct.'

Stuart Etherington, Chief Executive,
National Council for Voluntary
Organisations.

Board Members and Directors

Under the Charities Act 1993 five charity commissioners, including the Chief Charity Commissioner, are appointed to oversee the work of the Charity Commission. Commissioners are appointed through an open recruitment process.

The senior executive management structure comprises the Chief Executive and three Directors.

The implementation of the Charities Act 2006 made provision for the Commission's Board to be expanded to nine. The recruitment process for the additional board members was started in winter 2006 and we anticipate they will take up post shortly after the publication of this report.

The Commission became a body corporate on 27 February under the Charities Act 2006. A report for the period covering 27 February to 31 March 2007 is included later in this report.

As one way of demonstrating our accountability to our stakeholders we regularly hold Board meetings which are open to the public, and publish information about the operation of the Board, minutes of meetings and reports. We also hold an annual public meeting to review performance.



Non-executive Board Members

- 1 Dame Suzi Leather** joined the Charity Commission 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 a member of the Royal Society's Inquiry into Infectious Diseases of Livestock.
- 2 Lindsay Driscoll** started with us as a Legal Commissioner in August 2003. She has extensive experience of charity law, having been Head of Legal and Governance at NCVO, a partner with Sinclair Taylor & Martin and a consultant both in the UK and internationally.
- 3 David Unwin QC** joined us as a Legal Commissioner in January 2002. David was previously a barrister specialising in charity cases as well as other chancery and commercial work. He was also Treasury Junior Counsel on charity matters for eight years.
- 4 John Williams** joined the Board in January 2005. He was formerly Chairman and co-founder of public relations consultancy Fishburn Hedges and is now an independent management consultant specialising in communications strategy and branding. John has a long-term commitment to the voluntary sector both as a consultant and as a trustee of four charities.
- 5 Tess Woodcraft** joined us as a Commissioner in May 2005. She is director and co-founder of the Centre for Strategy and Communication. Tess has significant experience of the voluntary sector, including being Chief Executive of the national childcare charity Kids Club Network (4 Children) and a trustee of several charities.

Executive Directors

- 6 Andrew Hind** joined us in October 2004 when he became 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 also served as a trustee for a wide range of charities. He is the author of *The Governance and Management of Charities*.
- 7 Nick Allaway** is Executive Director, Charity Information and Corporate Services and joined us in 2004. Prior to that, he was Director of Finance at the New Opportunities Fund (now the Big Lottery Fund) and has also worked in a number of central government departments. Nick is a qualified accountant.
- 8 Rosie Chapman** is Executive Director, Policy and Effectiveness and 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 Kenneth Dibble** is Executive Director, Legal and Charity Services and has over twenty years' experience of charity law and regulation gained with the Commission. He previously worked in banking and insurance. Kenneth is a barrister and an Associate of the Chartered Institute of Bankers.

Charity Commission report on performance for the period 27 February 2007 – 31 March 2007

On 27 February 2007 the first phase of the Charities Act 2006 took effect. One of the provisions which came into force established the Commission as a corporate body with new responsibilities, duties and objectives.

The Commission's new objectives are:

- To increase public trust and confidence in charity
- To promote awareness and understanding of the operation of the public benefit requirement
- To promote compliance by charity trustees with their legal obligations in exercising control and management of the administration of their charities
- To promote the effective use of charitable resources
- To enhance the accountability of charities to donors, beneficiaries and the general public

The provisions also included new rules for the Commission's Board and its constituent members. At a meeting of the Board on 27 February 2007, Board members reviewed and updated the Commission's governance framework and the Board's standing orders to put these changes into effect. The changes were approved and the framework was published on our website following the Board's final confirmation at their public meeting on 27 March.

Key activities undertaken in the period 27 February to 31 March 2007 included:

- The launch of our public consultation on our draft guidance on public benefit principles
- The first ever seminars with both Buddhist and Sikh charities as part of our larger nationwide campaign to develop our knowledge of the issues facing faith charities; and
- A conference, hosted by the Commission and supported by the BBC, bringing together representatives from the media and third sector to discuss new ways in which charities can work with the media.

Managing our resources

Summary of financial performance

The Charity Commission is funded by Government and in the year 2006-07 spent a total of £31.83 million on operating activity and capital investment. The challenges this year have been significant but, despite this, the overall financial position is satisfactory and the Commission operated within its approved expenditure limits. The Commission spent £0.93 million on capital development in 2006-07. This expenditure was for a number of information technology projects including development of an online registration system and the replacement of the Commission's case management system.

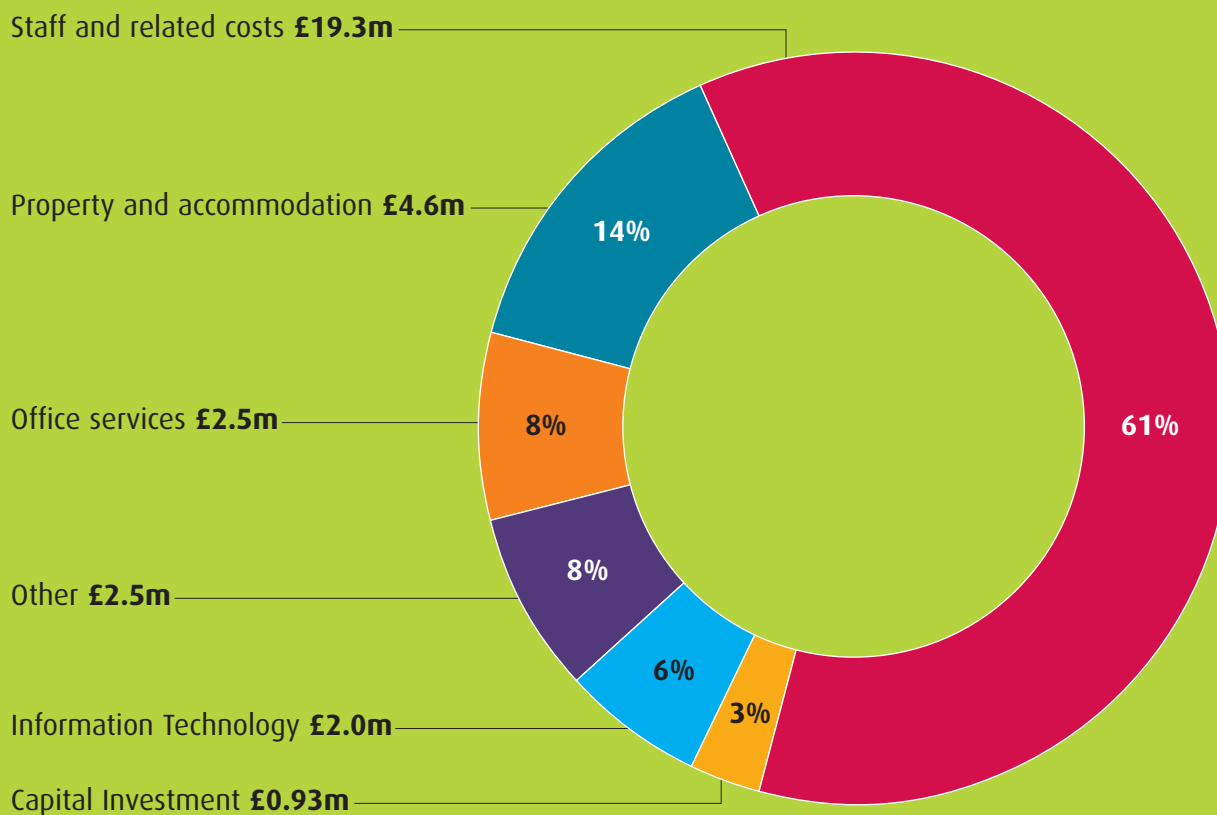
The future

In 2004 the Government set the Commission's funding at £31.6 million for each of the three financial years from 2005-06 to 2007-08. The fact that this funding level will remain unchanged in cash terms until 2008 will result in a fall in real terms of an estimated 2.8% per annum over this time.

Find out more

The National Audit Office gave an unqualified opinion on the Commission's full accounts for 2006-07. These accounts provide a more detailed picture of our financial results and are available from Charity Commission Direct on **0845 3000 218**, from our website or from TSO on **0870 600 5522**.

Breakdown of 2006-07 expenditure



Total Expenditure £31.83m 100%

Staff development and diversity

This has been another challenging year as the impact of our cash-flat budget has involved a further reduction of 5% in staff numbers; resulting in an overall 17% reduction of staff numbers since 2004-05.

Our total workforce of 490* staff is distributed across four offices:

	Staff numbers	Percentage
Liverpool	185	38
London	126	26
Newport	9	2
Taunton	170	34

* Average number of full-time equivalent staff in post for 2006-2007

In 2006-07 key highlights included:

- Forming a new internal communications function to stimulate and improve the way we communicate with, and engage, our workforce to support cultural change.
- Developing and publishing both a revised Race Equality Scheme and a new Disability Equality Scheme.
- Providing a programme of learning and development, including:
 - a pilot career planning workshop aimed at our Black and Minority Ethnic staff
 - accredited financial investigation programmes aimed at heightening our investigative skills; and
 - plain English and e-mail management seminars as part of a drive to improve our customer communications
- Ensuring our staff have the relevant skills and expertise to fulfil our future service delivery plans by running 58 recruitment campaigns resulting in 52 new starters.
- Joining the Stonewall Diversity Champions Programme in support of gay, lesbian and bisexual employees and establishing a new diversity forum for Parents and Carers.
- Continuing to comply with our health and safety obligations.
- Working to improve the diversity of our workforce, particularly BME representation, through positive action initiatives in recruitment advertising in the BME press. Progress is being made in respect of both BME employees and employees with disabilities:

	Charity Commission	Civil Service average
Female staff	53%	52%
Staff with a disability	9%	5%
Staff of BME origin	6%	8%

- Awarding a total of 122 contracts to Small and Medium Enterprises, to a value of £1,250,044

Recruitment data – 2006-07

Pay band	Total number of staff by pay band	Total permanent appointments 2006-2007	Exceptions to fair and open competition	Number of female staff appointed	Staff of BME origin appointed	Staff with a disability appointed
1	37	2	0	1	0	0
2	71	3	0	3	0	0
3	133	11	0	5	1	0
4	123	17	1	7	2	1
5	74	15	0	11	2	0
6a	35	3	0	1	0	0
6b	9	1	0	1	0	0
SCS ⁺	8	0	0	0	0	0
Total	490*	52	1	29	5	1

* Average number of full-time equivalent staff in post for 2006-2007

+ Senior Civil Service

Achievement of our key performance indicators

2006-07 saw the introduction of new key performance indicators (KPIs), more effectively measuring our impact and better reflecting our new objectives. 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

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 back to Treasury annually on our 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 2006-07, with targets against all but KPI 3 being achieved.

KPI 1 – Improve the level of public trust and confidence in charities, including increasing trust levels within ethnic minority communities

This KPI relates to our new statutory public confidence objective, 'to increase public trust and confidence in charities'

	Target	Achievement
Overall level of trust	Currently being benchmarked	Available 2007-2008
Stakeholder survey of the Commission's effectiveness as the charity sector's regulator	To continuously improve ratings over 2004 baseline	63.1%, up from 49.3% in 2004
20 key operational targets met	75%	75%

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 expressing satisfaction with our services	90%	98%
Percentage of individuals or charities at first point of contact, Charity Commission Direct, who said we provided the service they required.	90%	94%
Increase in take-up of on-line services	4% annual increase	6%
Increase in our publications sent out electronically or directly downloaded	4% annual increase	First benchmarking year – 1,511,785 publication hits
Average time taken to deal substantively with letters *	15 days	9 days

* From 2007-2008, we will additionally report on average times taken to deal substantively with both emails and telephone calls.

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 new 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%	99.6%
Proportion of charities for which the most recent due accounts and annual returns are held	90.5%	Accounts – 87.5% Returns – 89.7%
Proportion of the sector’s total income for which the most recent due accounts and annual returns are held	97%	Accounts – 97.3% Returns – 97%
Proportion of charities filing accounts and annual returns within the 10-month legal deadline	74.5%	Accounts – 73.6% Returns – 76%
Proportion of the sector’s total income for which accounts and annual returns have been filed within the 10-month legal deadline	87.5%	Accounts – 90.6% Returns – 88.9%
Proportion of charities with annual income of over £1 million for which the most recent due summary information returns are held	95%	89.7%

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

This KPI relates to our new 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
Percentage of formal investigations completed satisfactorily within nine months of commencement	95%	100%
Where published investigation reports are necessary, percentage of those reports published within three months of the completion of the investigation	95%	100%

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 new 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’.

	Achievement
Income of charities having substantive engagement with us during the year	£26 billion

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

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

The public benefit requirement will not become law until early 2008. Outcomes towards meeting this KPI in 2006-07 include:

- Producing the document *Consultation on draft public benefit guidance* and running a 3-month public consultation on the document between March and June 2007; and
- Undertaking a series of regional events with the Office of the Third Sector to explain the principles of the draft guidance to over 700 representatives of umbrella organisations, large charities and specialist sector advisers between May and June 2007
- Proactive communications work with the national, regional and charity sector press, about our draft consultation on public benefit, achieving 56 articles in the national, trade and consumer press and 32 articles in the regional press, with a combined circulation of over 13 million. 19 television and radio programmes also featured the draft guidance.

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