



# NEWS

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## Commission reports on its work and welcomes the Prime Minister

On 9 January, the Commission held its annual public meeting at the Royal Society. On this occasion we were joined by a very special guest as the Prime Minister, Rt Hon Theresa May MP, delivered the keynote address.

The annual public meeting is a time for the Commission to present the achievements of the past year and look to the future. We were pleased to set out the significant progress that we have made in delivering our strategy to be an engaged and effective risk-based regulator. It was also an opportunity to announce our **revised statement of regulatory approach**.

Eryl Besse, Deputy Chairman of the Charity Commission, said:

*"Good governance and strong leadership within charities are imperative in securing public confidence; a vital part of this is enabling trustees to undertake their roles effectively. Today we have published an updated statement of regulatory approach, to place further emphasis on our enablement work and the support we provide for trustees."*

The Prime Minister joined the Commission for the second half of the meeting to deliver the keynote speech. A full copy of the speech is available on [GOV.UK](#).

William Shawcross, Chairman of the Charity Commission, said:

*"I was very proud to welcome the Prime Minister as our guest and honoured that she chose the Charity Commission's public meeting to give such a significant speech. There could be no better indication of the importance of charities to this country, and of our responsibility as regulator."*

The Commission's presentation, William Shawcross' opening speech and a round-up of the day are available on [GOV.UK](#).

## New reporting obligation to HMRC affects charities making grants

Those charities which receive more than half of their income from financial investments in any year need to check whether they have an obligation to report details of their grant recipients to HM Revenue and Customs (HMRC). If more than half of your charity's income is from financial investments and those investments are managed for you **in whole or in part** by a broker, fund manager, independent financial adviser, or wealth manager then you may need to carry out checks on your

grant recipients and make a report to HMRC to meet your obligations under the 'Common Reporting Standard'.

The Common Reporting Standard is a global agreement to combat offshore tax evasion through the sharing of financial information between tax administrations. For more information on the Common Reporting Standard and the reporting requirements please refer to **guidance issued by HMRC**.



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## Regulatory alerts issued for fundraising charities

The Commission recently issued an **alert to promote the new Charities Act fundraising rules**, which came in to force on 1 November 2016. The new rules affect:

- the trustees' annual reports of larger charities that fundraise from the public
- the agreements that must be in place when third-party fundraisers raise money for charities

The changes will help charities demonstrate their commitment to protecting donors and the public

from poor fundraising practices. The new law will also help to ensure that fundraising standards form part of the agreements between charities and any **commercial participators** or **professional fundraisers** with whom they work. Find out **how your charity is affected by the new provisions**, and when compliance with them is required. You can also look at **Charity reporting and accounting: the essentials (CC15d)** which have been updated to reflect the new requirements.

The Commission also issued joint alerts with the Fundraising Regulator about the importance of **following data protection law** when handling donors' personal information, and about complying with their legal trustee duties when **working with third party fundraisers** as set out in the Commission's guidance **Charity fundraising: a guide to trustee duties (CC20)**.

## Celebrating local charities and trustees

Trustees' Week 2016 ran from 7 to 13 November. This annual event was established to celebrate the brilliant work that trustees in the UK do, and this year was no different, with a theme highlighting 'stronger charities through good leadership' and almost 100 event listings on **Trusteesweek.org** for existing trustees as well as anyone looking to become a trustee. The Commission's first webinar took place during the week and is now available to watch on **GOV.UK** if you missed it.

We have also been supporting **Local Charities Day**, a new government initiative that took place on

16 December 2016 to help small, local charities and community groups thrive and demonstrate the great work they do in their areas. Small local charities make up a large proportion of the voluntary sector and this event was a great reminder of where small charities can get support, such as the **Foundation for Social Improvement**, the **Small Charities Coalition**, and **CFG's Small Charities Finance Programme**.

Thank you to everyone that supported both events with us. Trustees' Week next year will be on **13-17 November**, so mark the date in your diary now!

### Are your contact details up-to-date?

Please take a moment to log in to our **online portal** and check that we have the correct contact details for your named contacts, including an up-to-date email address, so that we can quickly contact you when needed.

## Shaping the future of our digital services

December saw the launch of our **customer digital survey** which was created to help us identify ways to improve our range of digital services and make them easier to use. Improving our digital services will also enable us to protect the integrity of the **register of charities** by displaying key information on charities in a clear and simple way.

The survey asked when you would like us to contact you and in what way, as well as your priorities when contacting the Commission. The survey lasted for 6 weeks, closing on 18 January and we received 206 responses which will now be analysed and used to inform our digital services plans going forward.

We are continually looking at ways to improve our digital services through workshops and user testing. If you would like to be involved please email your details to **usability@charitycommission.gsi.gov.uk**.

## Keeping your finances in check in 2017

Trustees have a legal duty to look after their charity's money and other assets. They need to understand and keep track of their charity's income and spending to spot any issues as early as possible to prevent them from affecting the charity's success. Here are some key tips from the Commission's wide ranging guidance on financial issues.

Charities should:

- be able to recognise at an early stage when the charity is no longer viable and plan for what will happen to beneficiaries, staff and assets
- develop a policy on reserves which establishes a level of reserves that is right for the charity and clearly explains to its stakeholders why holding these reserves is necessary
- recruit trustees with time and the right skills and experience to understand their finances and plan strategically for the future

- hold regular trustee meetings to keep track of income and spending
- put internal financial controls in place to make sure all spending is properly authorised
- review sources of income - are there any new opportunities?
- regularly review planned and proposed expenditure - can they do anything better or stop doing something altogether?
- regularly review their risk and risk management policy
- take professional advice before agreeing significant future financial commitments

Our **15 questions** document helps trustees check these critical areas and signposts other relevant information. We are also currently reviewing our financial guidance to ensure it is accessible and of most use to trustees.

## Is collaboration or merger the way forward for your charity?

The Commission encourages trustees to review regularly whether any of their charity's activities could be run more effectively either by working with others or by fully merging with another charity. Managed well, either of these can help to make charity resources have a bigger impact, but it is important to understand what is needed to make these successful. You can find **detailed guidance** on GOV.UK about this, but here are some of the critical factors to take account of:

### For successful collaborations

1. Be clear that any collaboration is in the interests of your charity's beneficiaries.

2. Make sure you are satisfied that the collaboration furthers your charity's objects.
3. Have an agreement in place that clarifies objectives, processes, roles and responsibilities.
4. Pay attention to communications and make sure all stakeholders understand how and why your charity should collaborate.
5. Make sure that your charity's independence is not compromised.

### For successful mergers

1. The merger should be in the best interests of the charity's beneficiaries and trustees should

be united in believing that the merger is the best way forward.

2. The charities involved should be compatible in objects, culture and values.
3. Effective communication with all stakeholders from the outset is vital - processes and outcomes should be clear to all involved.
4. Identify the key roles and responsibilities in the merger process.
5. Communicate and negotiate in a way that reflects the interests of all parties.

## Learning from the Commission's case reports

The large majority of concerns that we identify in charities are dealt with in operational compliance cases, making up over 90% of our casework. These cases are not formal investigations, but are aimed at ensuring trustees address any failures and weaknesses in their charities' management. Where it is in the public interest

to do so and where we identify useful lessons for other trustees, we publish reports on these cases detailing our findings, the impact of our involvement, and lessons for other charities. Take a look on **GOV.UK** to read more and see our advice on how to respond to the issues identified by the Commission.

## Safer giving for charities

When fundraising it's important to familiarise yourself with fundraising best practice to safeguard donations and charity integrity:

1. If you give fundraisers official charity material such as identity badges, tabards and tins, make sure you collect everything back as soon as possible and check that nothing is missing or has been tampered with.
2. Ensure that people who fundraise for you by conducting street or house to house collections have a licence to do so.
3. Consider providing your volunteers with a basic information pack on what they must do and not do when collecting on your behalf.
4. If your charity doesn't use cash or street collections, let your supporters know this and make it clear on your website.
5. If you suspect collectors are collecting fraudulently in your name, contact the police and Action Fraud.

## Tackling abuse and mismanagement in the charitable sector

In December, we published our annual report on our compliance and investigatory work, **Tackling abuse and mismanagement**. The report highlights the Commission's work in identifying and tackling concerns in charities as we continue to make better use of our powers and in providing guidance for trustees to help them fulfil their roles.

The report confirmed that poor governance was at the heart of a lot of our case work this year, and reminds

readers that the strategic vision, oversight and evaluation that a board of charity trustees provide is not an 'optional extra' in a charity. The report also highlights the increasingly proactive side of the Commission's compliance work, and many of the lessons can be taken on board by charities more widely. The full report, along with a full statistical analysis of the Commission's case work, is available on **GOV.UK**.

## Consulting on information collected in the 2017 annual return

The annual return is the primary method that charities use to communicate their activity to the Commission and it contains valuable information in the public interest about charities. In December we opened a **public consultation** on the information that will be collected

from charities via the annual return from 2017. This is part of a wider 2 year project to fundamentally review the key information that we collect and display from charities.

The consultation looks at how we can collect the information needed to

allow us to regulate effectively, drive public transparency, and gain a good understanding of the sector, but also to minimise the administrative burden on charities. The consultation can be filled in using a simple **online survey** and is open until 9 March 2017.