

Making it easier to set  
up and run a charity,  
social enterprise or  
voluntary organisation  
Progress update

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# Foreword by Nick Hurd MP

## Minister for Civil Society

The Government wants to unlock the huge potential for civil society to improve more lives. Our challenge is to reconcile that goal with the short term need to reduce the deficit.

Tough economic conditions and radical public sector reform create a very challenging environment for the sector. Money is scarce and more demands are being made of many civil society organisations. But change on this scale in both the public and private sectors brings big opportunities for civil society organisations that can adapt and innovate.

Since May 2010, the Office for Civil Society has focused on:

- **Encouraging social action** and **building social capital**, especially in communities that need more support.
- **Helping civil society** seize the opportunity to play a bigger role **shaping how communities work together** and **how public services get delivered**.

The work to support civil society has three strands:

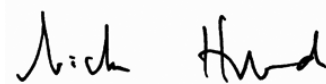
1. **Making it easier** to set up and run a civil society organisation, such as a charity, social enterprise or voluntary organisation.
2. **Getting more resources into the sector** – both time and money.
3. Making it easier for civil society organisations **to participate in public service delivery**.

This document is a stocktake on progress in delivering on the first strand. In the last two years, we have undertaken a comprehensive review of the regulation that affects the sector. We are also investing more than £39 million in the infrastructure that exists to help civil society. There is much more to do. In this paper we focus on opportunities to:

- further improve regulation and strip out frustrating bureaucracy;
- improve the support available to frontline civil society organisations; and
- develop the sector skills and leadership needed to manage new opportunities and risks.

This document complements the Giving and Social Investment updates which summarise our work in relation to strand two. The series will be completed by a document that focuses on the public service delivery opportunity.

Civil society has an important role to play in the economic and social recovery of the country. We must take this opportunity to underpin its long term resilience and effectiveness. Success will mean that many more people have the support they need to improve their lives.



**Nick Hurd MP**  
Minister for Civil Society

# 1. Further improving regulation and stripping out frustrating bureaucracy

1.1 For any sector to thrive, the regulatory environment must be right. It must reflect the realities of the modern sector, and must not impose unnecessary red tape that gets in the way and soaks up time and money that can be better spent elsewhere. But it must also be robust enough to maintain the respect and confidence upon which charities depend.

1.2 We have undertaken a comprehensive review of legislation and regulation affecting the sector and have already made real progress, **especially in removing red tape** in a number of ways.

## Achievements

1.3 '**Unshackling Good Neighbours**',<sup>1</sup> the report of the **Civil Society Red Tape Task Force**, led by Lord Hodgson, published in May 2011, concluded that a 'suffocating blanket of red tape and an insidious mythology about being sued are deterring millions of Britons, volunteer organisations and charities from helping out more fully in society'. The report made **17 main recommendations to cut red tape in a range of ways to make it easier to volunteer and run civil society organisations**. Lord Hodgson was invited to return after a year to review the progress made.

1.4 We have found that there is a real will amongst Government departments, civil society organisations and others to tackle the red tape burden and '**Unshackling Good Neighbours – One Year On**'<sup>2</sup>, published in May 2012, **reported good progress in implementing the recommendations**.

1.5 Key changes include:

- Following the publication of '**Volunteer Driving – The motor insurance commitment**'<sup>3</sup> on the Association of British Insurers (ABI) website all drivers can find out easily whether their insurance provider covers their volunteer driving without charging an extra premium. When first published in August 2011 this document listed **54 insurance companies that provided cover for 85% of all drivers and did not charge volunteer drivers extra**. By August 2012 the number of insurance companies has risen to **68 that provide cover for over 90% of all drivers**.
- Insurance issues such as those affecting personal volunteer liability and facilitating community volunteering and engagement are being addressed by the joint Civil Society/Insurance Industry Working Group, set up under one of the Task Force's recommendations. The group has already developed a **Code of Good Practice for Volunteers**<sup>4</sup>, which helps people stay safe and avoid risk when volunteering. Key sector umbrella organisations are represented on the group, including the **National Council for Voluntary Organisations (NCVO)**, the **Association of Chief Executives of Voluntary Organisations (ACEVO)**, **Volunteering England** and the **Sport and Recreation Alliance**, as are insurance providers such as **Zurich Municipal, Direct Line and Besso Insurance**. The guidance resulting from the work will provide much greater clarity about the insurance that each individual or civil society organisation actually needs and how best to access it.

1 [www.cabinetoffice.gov.uk/resource-library/unshackling-good-neighbours](http://www.cabinetoffice.gov.uk/resource-library/unshackling-good-neighbours)

2 [www.cabinetoffice.gov.uk/resource-library/unshackling-good-neighbours](http://www.cabinetoffice.gov.uk/resource-library/unshackling-good-neighbours)

3 [www.abi.org.uk/information/consumers/general/volunteer\\_driving\\_.aspx](http://www.abi.org.uk/information/consumers/general/volunteer_driving_.aspx)

4 [www.volunteering.org.uk/iwanttovolunteer/code-of-practice-for-volunteers](http://www.volunteering.org.uk/iwanttovolunteer/code-of-practice-for-volunteers)

1.6 Many people are put off volunteering by unnecessary **criminal records checks**, but the **Protection of Freedoms Act 2012** has enabled changes that will scale back the need for these checks to common sense levels. There are two major thrusts of change: **many fewer people will be in regulated activity** to which the barring regime applies (**from 9.3 million, had the original vetting and barring scheme been fully implemented, down to 5 million**); and those who do need checks will find it much easier to carry those checks around the system because they **will be more portable**. Changes to the definition of regulated activity will be introduced in September 2012, and the new update service, making checks more portable, should be rolled out early in 2013.

1.7 '**Health and Safety Made Simple**<sup>5</sup> is new online guidance from the Health and Safety Executive (HSE) relevant to many civil society organisations, providing simple, straightforward guidance on what is required based on common sense and proportionality. A series of online simplified risk assessments for lower risk workplaces, such as village and community halls and shops (including charity shops) has also been published. The HSE is also undertaking a **comprehensive review of all its guidance**, with the intention of simplifying it where possible.

1.8 Finally, in a tough financial environment, most charities, as well as businesses and other organisations, will be thinking about how they can reduce their costs without affecting the benefits they provide. Many will have been attracted to the idea of sharing services with other organisations. This has been frustrated by the need to pay VAT on those services which is not fully recoverable. In effect this has meant that the cost efficiencies provided by economies of scale when organisations work together were harder to achieve. This obstacle to collaborative working has now been reduced by this Government's decision to **implement the exemption from VAT for shared services** for qualifying organisations. This is a measure that came into force on 17 July 2012 and supports the Government's **wider objective**

**of providing a fair tax system**. As a result we have made it easier for charities to make themselves as cost effective as possible.

### Our priorities now

1.9 We are continuing to create the right regulatory backdrop to the sector's work and the following describes some of the work we will be taking forward in the coming months.

1.10 Following very widespread consultation with the sector, Lord Hodgson reported on his **Review of the Charities Act 2006** in July 2012. The report, **Trusted and Independent: Giving charity back to charities**<sup>6</sup>, contains recommendations to cut red tape for charities and let trustees use their judgement rather than follow bureaucratic processes. A short summary of the recommendations is at Annex A.

1.11 We warmly welcome Lord Hodgson's report, and will carefully consider all his recommendations.

1.12 In doing so, we want to focus on changes that will have the highest impact, through promoting public trust and confidence or making it easier to set up and run a charity.

1.13 We will prioritise those recommendations that score highly on do-ability and impact against those criteria. To help us make sure we get this right, we have asked our strategic partners to prioritise the recommendations using a green/amber/red traffic light system. We will continue to work with the sector in developing our response.

1.14 The Government will also be laying the secondary legislation that will enable the new form of charity, the **Charitable Incorporated Organisation (CIO)**, to be created, soon after Parliament returns from the summer recess. This new form of charity will enable smaller charities to enjoy the benefits of limited liability, with regulation by the Charity Commission that is lighter touch when compared to that applying to charitable companies. **It should be possible for the first CIOs to be created later in 2012.**

<sup>5</sup> [www.hse.gov.uk/simple-health-safety/](http://www.hse.gov.uk/simple-health-safety/)

<sup>6</sup> [www.cabinetoffice.gov.uk/resource-library/trusted-and-independent-giving-charity-back-charities-review-charities-act-2006](http://www.cabinetoffice.gov.uk/resource-library/trusted-and-independent-giving-charity-back-charities-review-charities-act-2006)

1.15 But there is more to be done to cut through the thicket of bureaucracy that make things difficult for charities and other civil society organisations, which is why in May 2012 we launched the **Civil Society Red Tape Challenge**<sup>7</sup>. This is **open until mid September 2012**, and we want people and civil society organisations to tell us what red tape can be cut to let them get on with doing what they were set up to do. We ask for the answers to three questions:

- Is there red tape that stops you giving your time or money?
- If you run a civil society organisation are there rules and regulations that stop you making it more successful?
- Should it be easier to invest in social ventures?

1.16 **We are interested in all comments**, which can be placed on the website<sup>7</sup> or emailed to [redtapechallenge@cabinet-office.gsi.gov.uk](mailto:redtapechallenge@cabinet-office.gsi.gov.uk).

<sup>7</sup> [www.redtapechallenge.cabinetoffice.gov.uk/themehome/civil-society/](http://www.redtapechallenge.cabinetoffice.gov.uk/themehome/civil-society/)

## 2. Improving the support available to frontline civil society organisations

2.1 We know how challenging it is to run a civil society organisation. So we want to play our part in making sure that frontline organisations have access to really effective online and offline support that:

- provides easy access to valuable information;
- makes it easier to access valuable resource, such as volunteers; and
- provides network value and local leadership to develop better partnerships with local businesses and public sector agencies.

### Achievements

2.2 Where such support is good it adds great value, but currently its quality is fragmented and patchy. To help tackle this patchy performance we have set up the **Transforming Local Infrastructure Programme**<sup>8</sup>. **Over £30 million has been distributed to 74 organisations** across England, to challenge local providers to think harder about the value they provide and the most effective way of delivering and sustaining it. Some of the funding helps organisations improve performance by:

- collaborating, to make efficiency savings and become more effective by consolidating assets, merging back-office functions and sharing services;
- redesigning services to meet the changing needs of groups and communities; and

- building networks of support with local businesses, local government and other groups.

2.3 What this funding can achieve is illustrated by **Birmingham Council For Voluntary Service (BVSC)**<sup>9</sup> and **Catalyst Stockton**<sup>10</sup>.

**BVSC** is leading a partnership of 20 Local Infrastructure organisations to transform how they support frontline groups and to encourage citizens to play a more active part in civil society.

The project will simplify access to support locally through the creation of local support hubs in neighbourhood centres and use technology to improve its reach and coverage. It will also establish a shared services network offering frontline groups a wide range of commercial back-office support.

The partnership will promote self help and more peer support among frontline organisations and will also encourage groups to be more enterprising so that private business, statutory agencies and philanthropic institutions will invest in them. It is pioneering an Infrastructure Endowment Fund to support this.

<sup>8</sup> [www.biglotteryfund.org.uk/prog\\_transforming\\_local\\_infrastructure](http://www.biglotteryfund.org.uk/prog_transforming_local_infrastructure)

<sup>9</sup> [www.bvsc.org/news/transforming-local-infrastructure-success](http://www.bvsc.org/news/transforming-local-infrastructure-success)

<sup>10</sup> [www.catalyststockton.org/about-us.html](http://www.catalyststockton.org/about-us.html)

**Catalyst Stockton** has successfully created a single infrastructure voice and series of shared services hubs in Stockton-on-Tees, bringing together all infrastructure groups in the area. Discussions are now underway about the restructuring of local authority contracts for the civil society sector support to match the more simplified way of working. This single voice should make support for the sector easier and more efficient as duplication has been removed. It has also made working with the local authority easier. The shared services hubs offer frontline organisations the opportunity to share back-office functions and access specialist support in a range of areas.

2.4 There are other good things happening in the sector. For example, the Big Lottery Fund (BIG) and NCVO have teamed up for a new £6 million initiative, the **Assist programme**<sup>11</sup>. This is the first stage of BIG's **Building Capabilities for Impact and Legacy approach** and will help sector support and development organisations adapt to the changing needs of the frontline. This is a radical departure from previous capacity-building investments, as the majority of funding will go directly to local support and development organisations. The programme will work closely with such organisations to understand the areas where they can improve the services they offer to the frontline. **Organisations will then be able to choose from a menu of support services** to get help from leading experts as well as the opportunity to take part in a peer to peer support programme to help each other to improve the quality of their services.

2.5 The Office for Civil Society (OCS) has also supported the infrastructure websites **Do-it**<sup>12</sup> and **Funding Central**<sup>13</sup> to make it easier for charities to access an extensive database of volunteers and information on funding opportunities.

**Do-it.org** is the UK's largest volunteering database with over 200,000 people finding volunteering opportunities with charities and in their local communities every year. Over the past 18 months, Do-it has been moving to a leaner, more sustainable model. Government funding of £900,000 has allowed Do-it to open up its data further—the number of searches made through syndication feeds has more than doubled since last year. Recently the expectations of both volunteers and organisations have changed. Increasingly volunteers are interested in shorter, one-off opportunities and organisations need volunteers with specific qualities. The demand for brokering these relationships is growing, and Do-it is responding by developing a new search function that will allow charities to search for, find and connect to volunteers. £48,450 from the Government's Innovation in Giving Fund is enabling the development of this search function.

**Funding Central** is a free website for charities, voluntary organisations and social enterprises that has received over £800,000 in Government investment since May 2010. The website provides access to thousands of funding and finance opportunities, plus a wealth of tools and resources supporting organisations to develop sustainable income strategies appropriate to their needs. We are in discussions on how best to sustain and improve the service so that it fully meets the needs of sector organisations and helps even more of them to find funding.

2.6 **National Infrastructure Bodies** also have a key role to play. In particular, **OCS's Strategic Partners programme funds nine civil society sector partners**. The partners, who will

<sup>11</sup> [www.ncvo-vol.org.uk/advice-support/assist](http://www.ncvo-vol.org.uk/advice-support/assist)

<sup>12</sup> [www.do-it.org.uk/about-us](http://www.do-it.org.uk/about-us)

<sup>13</sup> [www.fundingcentral.org.uk/Default.aspx](http://www.fundingcentral.org.uk/Default.aspx)



collectively receive around £8.2 million over the four year programme, are:

- ACEVO in partnership with Euclid Network and New Philanthropy Capital (NPC);
- NCVO;
- The National Association for Voluntary and Community Action (NAVCA);
- Locality;
- The Community Foundation Network (CFN) in partnership with the Association of Charitable Foundations (ACF);
- The Institute of Fundraising;
- The Social Entrepreneurship Partnership (the School for Social Entrepreneurs in partnership with UnLtd, CAN, Plunkett Foundation and Social Firms UK);
- Social Enterprise UK in partnership with Co-operatives UK; and
- Volunteering England.

2.7 The funding helps these partners deliver the services they offer to frontline organisations as well as represent the sector to Government.

### Our priorities now

2.8 We will continue to make selective investments to improve the effectiveness of the support that frontline organisations receive. One example is the £10 million **Innovation in Giving Fund**<sup>14</sup> (IiG) being delivered by **Nesta**<sup>15</sup>, a charity with a mission to help people and organisations bring ideas to life by providing investments and grants and mobilising research, networks and skills. Round one of IiG provided a range of initiatives such as **SENCS (Social Enterprises Need Corporate Support)**<sup>16</sup>.

**SENCS** is a collaboration between Charities Aid Foundation (CAF) and Legal & General Insurance to create a model that links large businesses and their employees with local social enterprises through a community investment model. This can be through a combination of social investment, employee engagement and mentoring. The model will see local social enterprise funds being set up and managed by multi-stakeholder investment committees. Those organisations have been awarded £65,000 to build and test this new investment and employee engagement model in Brighton and Hove (before it is rolled out nationally) and also to fund expert social enterprise consultants for the social enterprises.

2.9 Round 2 has a dedicated strand to **support innovation in volunteer infrastructure**, which Nesta will be developing over the next few months. Volunteer centres have been an important part of the volunteering landscape for many years, but we know that they face significant funding challenges and their operating models need to be updated. In response, the IiG will be running an innovation programme to explore and generate new operating and funding models for volunteer centres, making them more sustainable into the future.

2.11 The programme will do this by enhancing the ability of volunteer centres in mobilising significant numbers of volunteers in local areas. Space will be provided to rethink how volunteer opportunities and **experiences are generated and designed in order to attract more volunteers** from a wide demographic. Resources will be devoted to supporting collaboration in developing new approaches to resourcing volunteer centres. **Nesta will be running the programme in partnership with Volunteering England**<sup>17</sup>, and will work with them to identify innovative volunteer centres in a number of localities and invite them onto the programme.

<sup>14</sup> [www.nesta.org.uk/areas\\_of\\_work/public\\_services\\_lab/giving](http://www.nesta.org.uk/areas_of_work/public_services_lab/giving)

<sup>15</sup> [www.nesta.org.uk/about\\_us](http://www.nesta.org.uk/about_us)

<sup>16</sup> [http://www.nesta.org.uk/areas\\_of\\_work/public\\_services\\_lab/giving/assets/features/social\\_enterprises\\_need\\_corporate\\_support](http://www.nesta.org.uk/areas_of_work/public_services_lab/giving/assets/features/social_enterprises_need_corporate_support)

<sup>17</sup> [www.volunteering.org.uk/aboutus](http://www.volunteering.org.uk/aboutus)

## 3. Developing the sector skills and leadership needed to manage new opportunities and risks

3.1 Running a civil society organisation requires extraordinary skill and tenacity. However the environment in which they are working is changing and that has implications for the skills needs of the sector. It is also a time in which really effective leadership is needed to help organisations adapt and take advantage of new opportunities. Again the Government wants to play its part in helping the sector maximise its capability. Our approach has two elements:

- support infrastructure that adds value; and
- maximise transfer of relevant skills.

### Infrastructure

3.2 In addition to the investment in mainstream infrastructure, we have continued to invest in specialist infrastructure. Since May 2010 we have continued to invest in **Skills Third Sector**<sup>18</sup>, a charity that supports the development of a sector workforce that is ambitious, skilled and capable of achieving the objectives of civil society organisations and the communities they serve.

### Skills transfer

3.3 **We know that the sector needs more business skills.** Those skills already exist in communities across the country and we want to make it much easier for those skills to be transferred in a way that creates two way value. Local lawyers, accountants, IT experts and marketing specialists can all add huge value to charities in their area, and in doing so can learn a great deal from the charities.

3.4 So we are working to make it easier for people with relevant business skills to use them to enhance the capability of charities by sharing skills, services and offering pro bono support. For example, OCS seed funded Business in the Community's (BITC) **Business Connectors**<sup>19</sup> programme, by making **grants totalling £272,000 to support the first twenty Connectors**. This programme, which is also supported by a coalition of businesses involves private sector companies providing senior members of their staff on secondment for six months to a year to build networks between local businesses and the local voluntary, community and social enterprise sector. **Sarah Goldsmith**, of BT, has worked as a Business Connector in Bristol.

<sup>18</sup> [www.skills-thirdsector.org.uk/about\\_the\\_sector/about\\_skills\\_-\\_third\\_sector](http://www.skills-thirdsector.org.uk/about_the_sector/about_skills_-_third_sector)

<sup>19</sup> [www.bitc.org.uk/business\\_connectors/](http://www.bitc.org.uk/business_connectors/)

**Sarah** has led the establishment of **Business on Board**. This is an exciting Bristol based initiative that matches professionals who are seeking to volunteer, to vacancies that will enable them to use their particular skills on the governing bodies of civil society organisations. The initial pilot has been supported by the regional offices of **Business in the Community**, **the Institute of Directors**, **the Chamber of Commerce**, **the Confederation of British Industry** and **Voscur**.

This initiative gives civil society organisations in Bristol a real opportunity to find volunteers to join their governing body to fill a specific skills gap in areas such as legal assistance, accounting and finance support, income generation and business planning. In addition to providing advice and support to the governing body, the scheme also offers the opportunity for civil society organisations to work more closely with the private sector and, in return, for the volunteers themselves to gain opportunities to develop leadership and team skills and help to provide strategic direction for an organisation.

The pilot has already successfully matched twenty volunteers to different civil society organisations. Following this success, Business on Board is moving on to re-launch in January 2013 with a more substantial programme, aimed at matching a minimum of 45 business volunteers to civil society organisations every year.

Apart from Business on Board, Sarah has also supported key projects in Bristol to:

- connect student unions to local neighbourhood partnerships;
- launch a mentoring programme between young professionals and students to reduce the barrier between education and employment; and
- explore ways to enable the reserve services to recruit more effectively by linking with Jobcentres.

3.5 Thanks to an award of £4.8 million from BIG, BITC will now be able to take this initiative forward with the aim of enabling over 670 Business Connectors to work in over 200 disadvantaged local communities within five years.

3.6 Through the Social Action Fund, which is managed by the Social Investment Business on behalf of the Cabinet Office, we have also invested in programmes that look to inspire business people to get involved with charities and social enterprises. The **Impetus Trust**<sup>20</sup> and CSV initiative **The Professionals**<sup>21</sup> provide examples of what this funding can achieve.

The **Impetus Trust** is a venture philanthropy pioneer that has received a £310,000 grant from the Social Action Fund. The funding helps Impetus engage the UK's city professionals, setting them to work with community groups and charities across the UK on problems as diverse as reducing reoffending and improving the life chances of the young. The funding will directly create over 800 high-impact social action opportunities for over 1,000 professionals.

In March 2012 CSV launched **The Professionals**, a network of current and newly retired professionals giving time in their local communities. The network, based in over 40 locations across England, will use existing resources (BBC and business and statutory partners) to train 9,000 volunteers to help local charities in their communities. The sharing of professional skills, including recruitment, governance, management, finance, legal and fundraising will strengthen more than 400 local charities, enabling them in turn to improve their community services.

<sup>20</sup> [www.impetus.org.uk/](http://www.impetus.org.uk/)

<sup>21</sup> [www.csv.org.uk/professionals/](http://www.csv.org.uk/professionals/)

### Our priorities now

3.7 Given the importance of this issue and the changing environment, we will work with the sector over the coming months to identify what needs it has, where best practice already exists and areas where improvements could be made, whether by Government, the sector or other stakeholders.

3.8 We will continue to invest in scaling up programmes that give people the opportunity to offer their business skills to civil society organisations that need them. This is exactly the kind of high-impact social action that we want to encourage. It is also in the interests of business to encourage this activity as it brings them closer to the community and helps with the personal development of their people. In the **Giving White Paper – One year on**<sup>22</sup> update, we announced a further £40 million commitment to fund social action and social innovation, and we expect some of that money to be committed in this space.

3.9 When it comes to capability development, one area is a stand-out priority. We want to help the sector embrace the potential of technology to reduce costs, increase income and mobilise people. It became clear from our recent **Giving Summit** (summarised in the 'Giving White Paper – One year on' update) that there are still many charities that are either unable to fully exploit the potential of technology and digital media or see the opportunities it provides. NCVO has also suggested that information technology is the biggest skills gap in the sector. For example, only 33% of charities accept donations online<sup>23</sup>. Often they just do not have the 'head space' to assess the options efficiently and many small and medium sized charities say they have nobody they trust to discuss IT needs with.

3.10 But this is beginning to change with the sector taking a strong lead in helping charities to get online and make best use of technology. **Community How To** is a good example of this.

**Community How To** is a resource being developed by the **Online Centres Foundation** and funded by the **Nominet Trust**<sup>24</sup>. The site will help individuals and organisations working in their communities to make better use of technology to help them achieve more. Using real life stories, the site will help people discover how to use digital tools, and how they can help people work more effectively. Users can also rate tools, share the tools they are already using and talk to like-minded people. The website is planned to be launched in late autumn.

3.11 In addition, a number of ideas for supporting the sector's digital capability were put forward at the Giving Summit. These included consolidating and raising awareness of the support already available, generating demand by helping organisations better understanding the benefits of integrating technology into how they work, and encouraging businesses to offer more pro bono IT support for charities. These insights and ideas are among those now being considered by the recently launched charity, **Go On UK**<sup>25</sup>, which is carrying out research into the digital capability needs of charities and working towards a national action plan this autumn. The **Charity Technology Trust** will be among the partners that will help to deliver this.

<sup>22</sup> [www.cabinetoffice.gov.uk/resource-library/giving-white-paper](http://www.cabinetoffice.gov.uk/resource-library/giving-white-paper)

<sup>23</sup> 8nfpSynergy's Charity Awareness Monitor – <http://nfpsynergy.net/nfpsynergy-monitors/charity-awareness-monitor>

<sup>24</sup> <http://www.nominettrust.org.uk/>

<sup>25</sup> [www.go-on-uk.org/](http://www.go-on-uk.org/)

## Conclusion

This update has explained the progress we are making in helping the civil society sector to operate and take advantage of new opportunities. We have come a long way, but there remains much more to do.

The sector achieves amazing things and has a very significant role to play in the social and economic recovery of the country. We look forward to continuing our positive and constructive work with civil society organisations to meet the challenges ahead.

## Annex A: Summary of key recommendations in ‘Trusted and Independent: Giving charity back to charities’

The Government is keen to make it easier to run a charity and improve public confidence in charities. Last year Lord Hodgson of Astley Abbots was appointed to conduct a wide-ranging review of the Charities Act 2006 to investigate whether it is fit for purpose. He was asked to consider if better regulation is needed and whether the existing rules are enabling charities to operate easily. The Government will be considering his recommendations very carefully before publishing its response later this year.

In his report, **Trusted and Independent: Giving charity back to charities**, Lord Hodgson concludes that charities should be given more control and freedom over how they are run but this must be balanced with greater transparency. The report includes recommendations to:

- Hand back power and control to trustees by reducing red tape. This includes:
  - enabling the trustees of small charities, with an annual income of less than £25,000, to be able to decide to change their purposes or transfer their charity’s assets to another charity with similar purposes if it means that those purposes will be achieved more effectively; and
  - generally simplifying the rules governing sales and other disposals of charity land so that the trustees only have to rely on their general duty of care.
- Help charities demonstrate their success by making information requirements simpler and more transparent. This includes:
  - all registered charities submitting the information the Charity Commission requires annually in a single document,
  - the Summary Information Return, that larger charities have to complete being abolished with the information being included in the Annual Return, and
  - the Commission publishing the accounts and annual reports of all registered charities on its website.
- Change investment rules to open up the social investment for charities, including enabling:
  - trustees to consider the totality of benefit that an investment is expected to provide, in terms of both financial and social benefit, when making investment decisions; and
  - the term ‘investment,’ for these purposes, includes any outlay of money where the charity expects some form of financial return, whether or not that is the primary motive for making the outlay.

In return, and to improve public confidence in them, charities should be asked to be more transparent and accountable to the public, by focusing information requirements on what the public need and want, and agreeing stronger rules on the regulation of fundraising to be taken forward through self-regulation. This includes clearer systems for dealing with public complaints, and local authorities getting more powers to control where and how often fundraisers on the street who seek non-cash (eg direct debit) commitments (often referred to by their detractors as ‘chuggers’) can collect to bring them into line with other forms of fundraising.

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