CHARITY COMMISSION
FOR ENGLAND AND WALES

Charity Commission Annual Report and Accounts 2022-23

For the period 1 April 2022 to 31 March 2023

Presented to Parliament pursuant to section 13 and paragraph 11 of Schedule 1 of the Charities Act 2011

Ordered by the House of Commons to be printed on 10 July 2023

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(For the year ended 31 March 2023)

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Part 1 Foreword from the Chair

Welcome to the Charity Commission's Annual Report for 2022-23. As I mark my first full year as Chair, I look back with a sense of pride on a rich and eventful twelve months for the Commission, and ahead to a crucial and challenging period for our organisation, and for the sector we regulate.

Over the past year, I have had the great privilege of meeting and visiting a wide range of charities across Wales and England. I have tried my hand at juggling skills at a small circus charity in Wales, and learnt about the vital services delivered by large and complex organisations working nationally, and around the world. I have met inspiring volunteers, staff members, and, of course, trustees and have also spoken with many charity beneficiaries about the impact charities are having in their lives. In October, I was thrilled to host the Commission's Annual Public Meeting in Cardiff – a hybrid event, that gave me the opportunity to meet many trustees of charities in Wales, and which was also accessible online to those unable to travel.

Earlier this year, I witnessed the work of charities supporting Ukrainian refugees in Romania. The projects I visited are funded by British donors to the Disasters Emergency Committee's appeal, which so far has raised a remarkable £400m. The works were coordinated by great British charities such as Oxfam, CAFOD, and Save the Children, among others. No charity can replace a person's home, family, or sense of community and belonging. But the organisations I visited were both saving lives, and working to preserve the dignity and humanity of the people they work with. The response of the British public, and the charity sector, to the horrific war in Ukraine has reminded us of the generosity, kindness and trust that fuels the work of charities, and the vital contribution international aid charities make around the world.

As regulator, we must help uphold and protect the role and impact of charity for future generations. I have committed to leading an expert Commission that is fair, balanced and independent. Over the course of the year, we have worked to embed these principles explicitly in our work, across our functions. This commitment will also form the core themes of our next strategic plan, which is currently in development. I look forward to sharing more with the sector as our strategy takes shape in the months ahead.

The values of fairness, balance and independence are reflected in my interventions on charity campaigning and political activity. In launching a new 5-minute guide on the subject at our Annual Public Meeting, I made clear that the law permits charities to campaign in furtherance of their purposes, but that it also sets clear limits. Much positive social change has been achieved thanks to courageous campaigns by charities, but charities should not speak out on issues beyond their purposes, and they must never steer into party political territory. I have also set out in my March blog the Commission's view that charities should campaign with kindness, respect and tolerance, modelling a better kind of public discourse than that we see in the political sphere. I am pleased that this balanced approach, which is based on the law and recognises the unique role of charities in our society, has been welcomed within and beyond the sector.

As we develop our strategy, we are painfully aware of the impact of the cost of living crisis on many charities. In her foreword, our Chief Executive Helen sets out the Commission's wider response to these developments. One of my priorities this year has been to encourage the very rich in our countries to donate a greater proportion of their income to charity. Our countries compare poorly in that respect to, for example, Canada and New Zealand, not to mention the United States, in which philanthropy is a deep and ongoing tradition. As inequalities on our society sharpen, it is incumbent on those with means and privilege to support their communities, and those within them whose lives have not been so lucky. Encouraging philanthropy will continue be a priority for me personally in the months ahead.

Charity trustees are, of course, ultimately responsible for steering their charities through turbulent times. In my meetings with trustees of a wide variety of organisations over the past year, I have been struck by their reliance and ingenuity in responding to financial challenges with prudence and care. Demonstrating careful financial stewardship is always important – and all the more vital as money is tight for many donors. These duties can weigh heavily on trustees – and society owes them a great debt of gratitude for the work they do, on a voluntary basis, and often with little recognition. We at the Commission are very aware of their service, and grateful for it.

I would also like to take this opportunity to thank the Commission's staff for their continued commitment. We are a small organisation, compared to the vast size of the sector we regulate. We can only achieve the impact we do - punching consistently above our weight - thanks to the expertise and dedication of our staff. We will continue to invest in our people, ensuring we attract, and retain, the best candidates, and offer them an opportunity to excel and develop.

Orlando Fraser KC
Chair

Foreword from the Chief Executive

The charities we regulate are so many, and so diverse, that wider societal developments rarely impact the entire sector evenly. But I would wager there are few organisations on our register that have not been affected, in one way or another, by the stark increase in the cost of living we've experienced over the past year. For many, the financial climate has presented as a perfect storm, with demand on services increasing, just as the costs of running these services rises and downward pressures on donations begin to pinch. Added to this, for many, is the challenge of keeping staff and volunteers, who in turn are facing personal pressures, motivated and supported in their work. And all this comes so soon after the devastating impact of the global pandemic.

As we look ahead, supporting the sector through these difficult financial times will remain a priority for me, and for the Commission. Whilst, sadly, we have no silver bullet that can ease all financial strains, we have made it a priority to respond appropriately to the crisis, both in the way we regulate, and the way in which we support charities. We continue to use our data to understand the diverse ways in which charities are impacted, and we have issued guidance aimed at supporting trustees in navigating the decisions they may face during periods of financial pressure and uncertainty.

We have thought creatively about ways in which we can encourage funds to flow into the sector and I am also immensely proud of the successes of the Revitalising Trusts programme, which is of immediate, tangible benefit to charities and those they support. This year, the programme, which works to help charities use, or pass on, assets that are lying dormant, reached the £100m milestone. Together with our partners in Government and Community Foundations across England and Wales,

we have helped hundreds of charities either wind up and release their assets to other charities, or refresh their governance and operations and resume doing good.

Another central focus for the Commission this year has been the roll-out of our new service for trustees, My Charity Commission Account. This is a complex, significant IT project, and it represents a real investment into our future relationship with individual trustees. Over time, the service will become the front door for trustees into the Commission – where they can access our guidance, services, and information tailored to and targeted at their needs, depending on who they are, and the charity or charities they are involved in. This is a long-term goal and, in the meantime, we have been working to ensure charity contacts are on-boarded, allowing all charities to use the new service to file their Annual Return for 2023 later this year. That Annual Return has been updated, following extensive consultation, and is designed to ensure we have the information we need to regulate effectively, and to allow the public to make informed decisions, without excessive red tape for charities. I am confident that we have struck the right balance, and hope that the guidance we have made available will enable charities to complete the new return without undue strain.

We are also mindful of the importance of continuing to regulate robustly during times of financial strain, ensuring donors and the public give to charity, and funders continue to make grants to and contract with charities, confident that that any wrongdoing will be identified and addressed. This year, we have opened 72 new inquiries, and have used our legal and enforcement powers on 2,401 occasions. Among the charities we have placed under inquiry is My Space Housing Solutions, a charity providing housing to vulnerable people, which we are investigating over serious governance concerns. We have also placed the Islamic Centre for England Limited under inquiry over concerns about a range of issues, including trustee oversight over events held at the charity, and the content of its website. We will publish reports of those investigations, and the others we have launched, as they conclude.

I was reminded recently that the first charity was recorded over 900 years ago and the Charity Commission itself has a history dating back 170 years. Through the social changes and upheavals that have occurred during that period, the charity sector has continued to change, develop and grow – finding new ways to help people, support communities and strengthen society. And the Charity Commission has developed with it, as this report will show. Despite the challenges of the last few years, I have confidence that the sector will continue to serve as the lifeblood of our two nations.

Dr Helen Stephenson, CBE
Chief Executive

Part 2 Performance Report

Part 2a Overview

The role of the Charity Commission

The Charity Commission is the registrar and regulator of charities in England and Wales. We are an independent, non-ministerial government department accountable to Parliament. We are also accountable for the exercise of our powers to the First-tier Tribunal and the High Court.

As registrar, we are responsible for maintaining an accurate and up-to-date register of charities. This includes determining whether organisations are charitable and therefore should be registered, as well as removing those that are no longer considered to be charities, have ceased to exist or do not operate.

As a regulator, we regulate both registered charities and charities that are not required to be registered. We operate within a clear legal framework and follow published policies and procedures, ensuring that in making regulatory decisions we are proportionate in our approach.

At 31 March 2023, there were 168,893 charities on the Register. During the financial year 2022-23, we regulated £88bn of charity income (2021-22: £83.8bn) and £85bn of charity spend (2021-22: £80.1bn).

Our statutory objectives

Parliament, through the Charities Act 2011, gives us five statutory objectives. These are to:

1. Increase public trust and confidence in charities.
2. Promote awareness and understanding of the operation of the public benefit requirement.
3. Promote compliance by charity trustees with their legal obligations in exercising control and management of the administration of their charities.
4. Promote the effective use of charitable resources.
5. Enhance the accountability of charities to donors, beneficiaries and the general public.

We have wide discretion in how we achieve our objectives.

Our strategy and values

In October 2018, we published our Statement of Strategic Intent for 2018-2023. At the heart of this strategy is our purpose: 'To ensure charity can thrive and inspire trust so that people can improve lives and strengthen society'. Our purpose drives and informs what we do, including how we exercise our core functions and meet our statutory objectives.

Over the course of the coming year, we will be working to develop our strategy for the coming five-year period (2024-29). Our future strategy will be developed around our new values, agreed in March 2023, for the Commission to be an expert Commission that is *fair*, *balanced*, and *independent*.

These values will form the corporate framework that will feed into our business plan priorities over the next five years, setting us up to deliver our new strategy.

Our regulatory approach

We are a risk-led regulator. Being risk-led in our regulation means being proactive in identifying risks and intervening, where possible, to prevent harm before it occurs; addressing harm effectively where it occurs; and focusing our resources effectively on the highest risks. Our Regulatory and Risk Framework outlines how we operate as a risk-led regulator, and in particular how we identify and assess risks, how we respond to risks, and how we review and adapt our approach.

We seek to hold charities to account to basic standards, and while we ensure concerns are investigated and intentional wrongdoing dealt with, we also focus on supporting trustees in getting things back on track when they do not go exactly as intended.

We continue to put the public interest front and centre of our approach to regulating charities – making sure that the public have the information they need to make informed choices about charities and that they are confident that our approach to regulation is clear and consistent.

Our quasi-judicial functions

As the charity registrar and regulator, we carry out quasi-judicial functions, regulating against both the common law and statutory obligations which govern charities. We adopt a rigorous approach in the exercise of our powers, act fairly and proportionately and give reasons for our decisions. Where the law is unclear or imprecise, we approach our work in a way we think the courts would. The common law is developed by the courts in the light of changing social and economic conditions and values, and we recognise this in our decisions. The exercise of many of our legal powers can be appealed to the First-tier Tribunal and, as a public authority, our decisions are subject to judicial review in the High Court. Decisions on charitable status and registration, the use of our powers to give formal advice and permissions, our compliance work, dealing with investigations, taking remedial action against defaulting trustees and those who abuse charities, are all subject to appeal or review in this way. Some case reports are included within the Legal Developments section of this report.

Our governance

While day-to-day and operational management is delegated to our Chief Executive, our Board is ultimately responsible for all that we do. This includes:

- our purpose and strategy
- our overall performance
- our values
- how we meet our statutory objectives and use our legal powers
- our business direction and planning
- our Executive Leadership Team's performance, governance standards and delivery against plans

Our Board pays particular attention to:

- maximising our impact and effectiveness
- identifying and managing risks
- maintaining our independence from government and the sector we regulate
- making sure we use public funds prudently
- making sure we act fairly, responsibly, transparently, accountably, proportionately and ethically

Orlando Fraser KC became Chair in April 2022, following appointment by the Secretary of State for the Department for Culture, Media and Sport. Dr Helen Stephenson CBE is our Chief Executive, having been appointed to that role in July 2017.

Alongside the Chair and CEO, there are currently eight non-executive members of the Commission's Board. Imran Gulamhuseinwala OBE and Paul Martin CBE departed the Board in November 2022, and Tony Cohen left in December 2022. In September, Ann Phillips and Pippa Britton were appointed to the Board, with Joanne Prowse's term being extended to March 2024. In March 2023, Rory Brooks CBE, Shrenik Davda and Mark Simms were appointed to the Board.

For more information about the Commission's governance, see the Accountability Report.

Our resources

In 2022-23 our revenue budget was £32.35m of which we spent £32.09m. This was largely funded by HM Treasury.

We had 511 staff on payroll as at 31 March 2023 (including 9 Board Members).

The Commission is structured in the following directorates:

- Communications and Policy
- Digital, Data and Technology
- Legal and Accountancy Services
- Regulatory Services
- Resources

We operate across four sites in Liverpool, London, Newport and Taunton. We operate bilingually in Welsh and English.

The charity sector regulated by us

2022-23 at a glance

8,583
applications to register as a charity

Commission budget
£32.35m

168,893
charities on the register

Register views
49m
30% were new visitors

4,146 charities removed from the register

Total charity income we regulate

£88bn
charity income

£85bn
charity spend

Charities that operate outside England and Wales
19,333

Contact centre

31,402
number of individual charities supported through the contact centre

68,497
calls answered

Total trustees
921,862
trustee positions

Part 2b Performance Analysis

Operational Performance – summary

This year, we have performed our key statutory functions robustly and effectively, to deliver the penultimate year of our five-year strategy, focusing on the following priorities:

- we will improve our ability to regulate efficiently, effectively and robustly
- we will better engage with trustees to support them to run their charities well
- we will strengthen the organisation to ensure we deliver our ambition

As we have delivered over the course of 2022-23, we have sought to build on the progress we have made in the previous three years, as well as continuing to track operational performance against our agreed performance standards.

In 2022-23, we concluded 5,726 regulatory action cases (5,324 in 2021-22). Of these, 68 were statutory inquiries, our most serious type of regulatory engagement. This compares to 45 statutory inquiries concluded in 2021-22, with the higher rate of closure due to our focus on bringing to close some of our most long-running inquiries.

We opened 72 new inquiries this year (49 in 2021-22). A significant factor in the increase in the number of inquiries opened is the number of double defaulting charities (where a charity has failed to file their accounting information for two or more years in the last five years) entering into inquiry. This is in addition to an increase in inquiries being opened in response to charities linked to individuals sanctioned in respect of the Russia (Sanctions) Regulations.

We have increased the number of times we have used our powers to promote compliance with charitable law to 2,401 times (2,034 in 2022-21). Among the powers we use most often are those that help us establish whether wrongdoing has taken place, including powers that allow us to direct charities or third parties to provide documents, accounts or statements. In 2022-23, we used our power to issue a charity with an Official Warning on 11 occasions (12 in 2021-22), and our power to disqualify a trustee 11 times (14 in 2021-22).

During 2022-23, we received 8,583 applications (8,005 in 2021-22) to register a charity. On average, 48% of applications resulted in successful registrations of new charities (52% in 2021-22).

This year we have continued our relationship with the whistleblowing charity Protect, which provides a dedicated, independent, and confidential whistleblowing helpline giving support and guidance to whistleblowers. In 2022-23, we received 327 whistleblowing reports compared to 281 in 2021-22[1].

In 2022-23, we assessed 2,969 new serious incident reports (3,451 in 2021-22). This represents a decrease in the reporting of new serious incident reports for the third year in a row.

1. In our 2021-22 Annual Report we reported that we had received 287 whistleblowing disclosures. Upon further checking of the underlying information source, we have identified an error and include the revised and verified figure of 281 in this report.

Delivery against operational performance standards

2022-23

Our aim	What we achieved
We aim to answer phone calls within 120 seconds	We answered 95% of calls and **79%** of calls in 120 seconds (We answered 97% of calls and 84% of calls in 120 seconds in 2021-22)
We aim to acknowledge all written enquiries within 4 working days and start work on our initial assessment	We acknowledged **99%** of all written enquiries within 4 working days (97% in 2021-22)
We aim to assess and provide an initial response to applications for registration, permissions and requests for advice within 10 working days	We assessed and responded to **99%** of applications within 10 working days (96% in 2021-22)
We aim to decide registration, permission and advice requests within 30 working days	We decided **85%** of all requests within 30 working days (80% in 2021-22)
All charities on our register to have an up-to-date annual return	**91%** of charities had an up to date annual return (92% in 2021-22)
Use our powers to promote compliance with charitable law	We used our powers on **2,401** occasions to promote compliance with charitable law (2,034 in 2021-22)
We aim to investigate and provide a response to complaints about the Commission within 30 working days	We provided a response to **81%** of complaints within 30 working days (76% in 2021-22)
We aim to respond to Freedom of Information requests and letters from Members of Parliament within 20 days	We responded to **90%** of Freedom of Information requests and letters from Members of Parliament within 20 days (90% in 2021-22)

Delivering against our strategic objectives

To deliver our purpose, we set five strategic objectives, which are:

- Holding charities to account
- Dealing with wrongdoing and harm
- Informing public choice
- Giving charities the understanding and tools they need to succeed
- Keeping charity relevant for today's world

The following section of this report sets out examples of our work against each strategic objective, during 2022-23.

Holding charities to account

For charities to live up to their purpose and the high expectations of the public they need, at times, to do more than simply comply with minimum legal requirements. There is a strong sentiment amongst the public that charities should be distinct from other types of organisation, not just in what they do, but how they do it.

In particular, charities need to demonstrate prudence and sound financial stewardship, in order to be accountable for the privilege of charitable status. They need to be able to demonstrate to their beneficiaries that they are spending every penny wisely, and ultimately for their benefit.

Recovering charitable donations

In September 2022, the High Court ruled in favour of the Commission following our decision to take legal action for restitution against the sole trustee of the Frank Wingett Cancer Relief Fund.

The charity came under scrutiny after its funds were misused to support the creation of a 210ft Welsh dragon statue – despite the charity having been set up to benefit cancer patients in Wrexham and District hospitals, through raising funds for medical and surgical equipment and facilities. This was a clear case of charitable resources being used for a project that had no connection to advancing the aims of the charity.

While we had already, in July 2019, disqualified the trustee from acting as a trustee or senior manager of any charity in England and Wales – the outcome of this case allowed us to reclaim over £117k of charitable funds by way of restitution.

In this case, the significant misuse of funds was an abuse of the trust placed in the charity by the many donors. The ruling has ensured that the charitable proceeds raised can be directed to the benefit of those in the local community they were intended for.

Ensuring charitable funds are properly accounted for

In November 2022, we issued an Official Warning to Christ Church, Oxford, after finding that the trustees failed to manage the charity's resources responsibly. Christ Church had been involved in long and costly disputes involving its former Dean, who left his role in 2022 following a mediation process. Between August 2018 and late January 2022, the college spent over £6.6m on legal and public relations fees in various actions related to the former Dean, of which over £5.3m appears to have been approved retrospectively. In addition, we found that costs associated with the charity's actions involving the former Dean had been reported in a way that had the potential to mislead the readers of the charity's published accounts.

To accompany the Official Warning, we published a press release that set out these findings and the actions we thought the charity should take to rectify them. We used this as an opportunity to highlight that all trustees must demonstrate sound financial stewardship, regardless of the level of resources available to them.

Political activity and campaigning

In October 2022, we published the latest of our 5-minute guides, which focused on political activity and campaigning by charities. With this guidance we sought to remind trustees of their responsibility for making sure their charities follow the rules on political activity and campaigning – recognising that legislation enshrines a charity's right to campaign to promote their charitable purposes.

Over the course of the year, we have seen opinions from across the political spectrum on a myriad of issues intensify, sometimes resulting in inflammatory rhetoric which risks undermining public trust in the sector. In response, in March 2023, our Chair published a blog setting out the Commission's desire for charities to take the opportunity to model a better kind of public discourse. We have also made it clear that, while we will support charities' right to campaign, we will hold them to account if they do not adhere to the rules.

Dealing with wrongdoing and harm

Our strategy makes clear that anyone who has serious concerns about the way a charity is being run should feel able to report them to the Commission, confident their concerns will be heard. Our interventions, where required, should be objective and timely. We will deal effectively with wrongdoing when it has occurred and will equip charities with the tools they need to protect themselves against abuse or mismanagement.

Ensuring our investigations make a difference

This year, we concluded several high-profile and long-running investigations, where we took actions against individuals who have abused their positions or failed to discharge their duties, and to protect charity property.

In March 2023, we published our inquiry report into Rhema Church London, concluding that the charity's trustees had failed to fulfil their duties to protect the charity and its assets, as well as failing to demonstrate any effective oversight of senior staff leading to serious misconduct and/or mismanagement, including misuse of funds and other assets. The Interim Managers worked at length to settle the charity's accounts and in doing so were able to recover over £136k, which was distributed to other charities which all held similar charitable purposes. In addition, we disqualified the charity's former pastor from being a trustee and/or holding any office or employment with senior management functions at any charity for 10 years and ensured that the charity was wound up and removed from the Register.

Our inquiry into The Ashley Foundation, published in January 2023, found evidence of serious financial mismanagement, and evidence that the charity's funds were used to benefit the charity's former Chief Executive and former trustees. Our investigation identified significant personal benefit, including the use of charity funds to repair and upkeep personal properties belonging to the former Chief Executive and his son, as well as charity expenses being used to fund luxury travel and inappropriate purchases.

We used our powers to safeguard the charity's assets, we took action to disqualify the former Chief Executive, his son and the former Chair from charity trusteeships and senior management, and we worked with the charity's current trustees to rectify governance problems and put in place the appropriate controls to safeguard the charity's assets in future.

Taking action against sanctioned individuals

Over the course of the year, we have continued our work looking at Russian funding into charities registered with the Commission. Since the start of the invasion of Ukraine and the subsequent sanctioning of individuals in respect of the Russia (Sanctions) Regulations, we have opened six statutory inquiries into charities affected by sanctions on trustees and/or founders. In doing so, we have sought to protect almost £100m in charitable funds and have appointed interim managers to five of the charities under inquiry.

Informing public choice

More than ever, charities need the support and generosity of the public to succeed. This means providing people with the information they require to make informed decisions about which charities to support. As the regulator, it is our responsibility to make sure that the information charities provide about themselves is current, accurate and relevant – as well as being easy to access and use. It should allow charities to demonstrate how effective and efficient they are and show the impact they are making. It should also help to identify gaps or duplicated effort in charitable provision which might suggest new initiatives, partnerships or mergers.

Improving our Register

We understand how important our Register is as a source of reliable information about the charity sector to a wide range of stakeholders – from charities to policymakers to the public. In 2022-23, our Register was viewed over 49 million times, with 30% of those views coming from new visitors.

This year, we have continued to deliver improvements to our Register by building our understanding of how the public are using it. We have introduced user feedback mechanisms and implemented new features to capture this feedback for analysis and reporting. One of the main requests we receive in relation to our register is to provide APIs (Application Programming Interfaces), which allow the public to create dynamic links to specific information on the register. We have this year doubled the amount of API users and fulfilled over 17 million successful API requests.

A new Annual Return for 2023

In June 2022, we launched a public consultation on a number of changes and improvements to be made to the existing Annual Return questions set. The Annual Return, which all charities with yearly incomes of over £10k complete, is our most significant opportunity to collect data about the sector.

The changes and improvements we proposed, as part of the consultation, were a key step to improving the data reported by charities. We received over 450 responses to the consultation. After analysing these responses, we made a number of changes to our proposal for the 2023 Annual Return, including further reducing the questions set and rewording questions to make them clearer.

In December 2022, we published our response to the consultation alongside the new Annual Return Regulations. The implementation of these changes will enable the Commission to better identify risks and problems in the sector, help the public make informed and confident choices about charities, and allow policy-makers, researchers, the sector, and the public to gain a richer understanding of the sector in England and Wales.

Safer giving

In 2022-23, the regulated income of the charity sector amounted to £88bn, which makes it a potential target for criminals – though the number of successful charity scams appears relatively small compared with how much is given safely to charity each year.

Throughout 2022-23, we have worked with partners such as the Fundraising Regulator and Action Fraud to encourage donors to follow simple steps before giving, such as checking the Register and asking simple questions, to ensure their money reaches the intended beneficiaries. Our Ramadan campaign, which set out simple steps donors can take to ensure their donations reach the intended cause, reached 863,792 people.

In September 2022, we witnessed the devasting floods in Pakistan. Then, in February 2023, the world was left horrified by the earthquakes in Turkey and Syria. In response to both tragic events, we saw charities stepping in to support those in need and a desire from the public to contribute to the relief efforts. We worked with the Fundraising Regulator to urge the public to give safely when seeking to support international aid efforts, and to draw the public's attention to the Disasters Emergency Committee (DEC) appeals. DEC brings together 15 leading UK aid charities to raise funds quickly and effectively in times of crisis overseas. By supporting registered charities, like DEC, the public can be assured that their donations are regulated and accounted for in line with charity law.

In April 2023, our Chair made a three-day visit to Bucharest to see how the money raised by the DEC is being used on the ground to support to the refugees who sought sanctuary in Romania following the Russian invasion of Ukraine. As part of this visit, he gave an interview to the Telegraph, in which he highlighted the crucial role that DEC plays in its ability to raise funds quickly in times of crisis.

Giving charities the understanding and tools they need to succeed

As regulator, we want to help charities to fulfil the purposes for which they were established by working with them both to help trustees get things right. This means improving our guidance and ensuring the transactions that charities must complete, such as filing reports and accounts and keeping their register entries up to date, are user-friendly and intuitive. It also means putting excellent customer service at the heart of what we do, delivering continued improvements to our contact centre so that more trustees can come to us for help and guidance – with 31,402 individual charities supported during 2022-23.

Designing accessible and up to date guidance

In November 2022, we published a statement clarifying the position in respect of our investment guidance, following the earlier Butler-Sloss judgment. We used the statement to confirm that charities could continue to rely on the legal position in our published guidance Charities and investment matters: a guide for trustees (CC14) when making investment decisions. We also took the opportunity to set out our direction of travel, confirming that we were undertaking a wider redesign of CC14, which we expect to publish in summer 2023.

In January 2023, we published draft guidance on the use of social media, recognising charities' increasing visibility online as they take the opportunities presented to engage supporters and the public, but which can also generate complaints and concerns. Our draft guidance sought to encourage charities to adopt a policy on social media as part of identifying and managing the risks that can arise. We are currently analysing the responses to the consultation, ahead of publishing our final guidance later this year.

'Here to help' – trustee campaign

In February 2023, we launched the next phase of our ongoing trustee campaign. This year, the campaign – 'here to help' – focused on raising awareness of core trustee duties and the guidance we have available to support trustees, particularly as they seek to navigate the current challenging times.

As with previous years, the campaign includes a suite of animated videos designed to be short and engaging, and to boost use and awareness of our 5-minute guides. The campaign has proved extremely effective, reaching over 4.7m people and driving 112,000 clicks to our guidance.

The cost of living crisis

The cost of living crisis has created an existential risk for many charities, as they face rising costs, rising demand and the risk of dwindling income as donors are adversely impacted as well. In November 2022, our Chair gave a speech at the Beacon Philanthropy Forum where he highlighted the importance of philanthropic giving by high-net worth-individuals in these challenging times.

In recognition of the complex challenges the cost of living crisis has created for charities, we have created a bespoke page on our website bringing together guidance for trustees who are dealing with financial difficulties.

The page, first published in December 2022, sets out the guidance available for trustees to help them to understand and comply with their duties to provide effective financial stewardship and to ensure the decisions they are making are not only legally sound but also in the best interests of their charity. The page also provides practical steps for trustees to consider if their charity experiences financial difficulty, as well as signposting to other organisations who have resources available to support charities.

Keeping charity relevant for today's world

Our strategy commits us to lead thinking about how charities can thrive in a changing and ever-more challenging world. We are shaping the agenda, speaking confidently and authoritatively across government, in Parliament and more widely on charity matters as the expert regulator informed by our experience and data.

Implementing the Charities Act 2022

On 31 October 2022, the first set of changes introduced by the Charities Act 2022 came into force. The changes set out in the Act are designed to make a positive, practical difference to charities – and to make things easier for trustees. The changes introduced last year, included the following:

- an extended power for charities to pay trustees for providing goods to the charity under certain circumstances (in addition to services, and goods connected to services)
- a reduction in the administrative complexities surrounding fundraising appeals that do not reach, or exceed, fundraising targets (often known as 'failed appeals')
- a new statutory power for Royal Charter charities to change sections of their Royal Charter which they could not previously change, with the approval of the Privy Council

To support the implementation of the new provisions, we have updated our guidance to reflect the first set of changes so that trustees can understand what this means for them and the charities they serve. The next set of provisions relating to the Charities Act 2022 are expected to come into force in spring and autumn 2023.

Revitalising dormant funds for charities

The Revitalising Trusts programme seeks to release funds from charities that are either inactive, having had no income or expenditure over the last five years, or ineffective, having spent less than 30% of their total income over the last five years. Since the launch of the programme in 2018, over £100m has been revitalised to help charitable causes.

In 2022-23, we revitalised 203 charities in England (207 in 2021-22) and 86 in Wales (21 in 2021-22), taking the total to 923 charities in England and 107 in Wales, since the programme began.

We also, this year, supported the repurposing of £25m of charitable funds in England (£25.5m in 2021-22) and £4.6m of charitable funds in Wales (£58k in 2021-22).

Strengthening our Welsh identity

As the registrar and regulator for charities in Wales, as well as England, we recognise that engaging with and understanding the work of the sector in Wales is important to our role. We therefore set out in our business plan for 2022-23 that, while we have a permanent Welsh office, speak at a number of events and work with sector bodies in Wales, we wanted to do more to strengthen our Welsh identity and engage more closely with stakeholders on matters of shared importance.

We have therefore formulated and begun to deliver a plan to do just that – developing our Welsh identity to bring together the different elements of our work into a coherent vision for how we will engage with and regulate the sector in Wales.

Highlights this year have included hosting our Annual Public Meeting (APM) in Cardiff. This was our first trilingual APM (English, Welsh and British Sign Language), and was attended by 80 in-person delegates, with just under 400 joining online. We have also undertaken several senior leadership charity visits in Wales and, in honour of St David's Day, our Chair spent a day in Wales visiting local charities and hosting a roundtable discussion on the challenges that Welsh charities are currently facing.

Measuring the impact and effectiveness of our strategy

In 2019-20, the Board agreed a series of impact measures designed to monitor the progress of the Commission as it sought to deliver on our strategy. Each impact measure covers a different aspect of our work or the outcome of that work. Collectively, they are designed to show some of the outward benefits to trustees and the wider public of our progress against our strategic objectives set for 2018-23.

The impact measures address the following areas:

- overall levels of public trust and confidence in charities
- trustees' confidence in the risk-based regulatory model
- the assurance the public thinks it can draw from registered status and the importance it attaches to that assurance
- trustees' understanding of what public expectations are and the extent to which they take these seriously
- awareness of the Charity Commission and familiarity with its work

This is our third year of reporting performance against these measures.

Overall levels of public trust and confidence in charities

This measure tracks overall public trust and confidence in charities in absolute terms and relative to other professions and institutions. It also seeks to understand the extent to which trust and confidence in charities varies among different parts of the public. The aim is to increase public trust and confidence in charities, as per the Commission's statutory objective.

In 2023, overall trust and confidence in charities among the public rose very slightly to 6.3 out of 10 (6.2 in 2022). Our research shows that this is against a background of declining trust in many social institutions, by comparison to which, trust in charities appears to have stabilised and improved - having significantly recovered from a low point in 2018. Charities remain the second most trusted social institution in the survey (with doctors being the most trusted).

Trustees' confidence in the risk-based regulatory model

This measure aims to assess overall confidence among trustees in the Commission's risked-based model of regulation. The aim is to maintain high levels of confidence among trustees in how effectively the Commission deals with instances of wrongdoing and harm once they have been brought to our attention. We also want to increase the proportion of trustees who are confident in our ability to uncover wrongdoing and harm in the first place.

The proportion of trustees surveyed in 2023 who were confident in the Commission dealing with instances of wrongdoing and harm effectively, once these have been brought to its attention, has slightly increased to 95% (94% in 2022). At the same time, the proportion of trustees surveyed who are confident in the Commission's ability to uncover wrongdoing and harm in the first place has increased from 86% in 2022 to 87% in 2023.

Our research suggests that, over the last four years, trustees have become more confident in the Commission's ability both to uncover and to deal with wrongdoing. The proportion of trustees saying they are very confident that the Commission will deal with instances of wrongdoing and harm effectively, once these have been brought to its attention, has increased from 46% in 2020 to 55% in 2023.

The assurance the public thinks it can draw from registered status and the importance it attaches to that assurance

This measure seeks to understand what inferences the public thinks it can draw from a charity having registered status, and whether the Commission has direct power to influence some of these elements or not. The aim is to help understand and manage any gap between public expectations of regulatory action and what such action can achieve.

Registered status remains a powerful marker of charities doing the right thing in the public mind. In 2023, over three-quarters of the public thought that a charity is more likely to be making an impact (77%), ensuring that a high proportion of donations are spent directly on the cause (79%), and operating ethically (76%) if it is registered and regulated by the Charity Commission. This is a slight increase on last year, where the scores were 76%, 78% and 74% respectively. Responses have remained broadly consistent over the last four years.

Trustees' understanding of what public expectations are and the extent to which they take these seriously

The aim of this measure is to show that an increasing proportion of trustees have a clear understanding of how public expectations should guide their charities, and that there should be an increasing acceptance that the onus is on charities rather than the public to adapt where this is not the case.

Over the last four years, trustees have continued to recognise the importance of responding to public expectations. In 2023, 56% of trustees surveyed said they have a clear understanding about how public expectations ought to shape the way charities go about doing what they do, while 20% of trustees said they were unclear (compared to 55% and 20% in 2022).

When it comes to where the responsibility lies when charities fall short of public expectations, 41% of trustees surveyed think the responsibility rests with charities for not spending enough time and trouble understanding those expectations. In contrast, 27% of trustees surveyed said they think responsibility rests with the public for not understanding the complexities and difficulties involved. Since 2020, the balance of responses has moved slightly towards trustees saying the onus is on charities to better understand the public, rather than the other way round.

Awareness of the Charity Commission and familiarity with its work

This measure monitors the extent to which the public is aware of the Commission and familiar with its work, and the extent to which this is correlated (if at all) with overall levels of trust and confidence in charities. The aim is that awareness and familiarity should increase over time and should help (or at least not be at odds with) the growth in public trust and confidence in charities.

In 2023, 48% of the public said that they had heard of the Charity Commission and 17% said they knew it very or fairly well. This compares with 50% and 18% in 2022. While our research indicates that there is limited public awareness of what the Commission does, almost half of those asked knew the Commission by name.

Part 3 Legal Developments

Many of our decisions are challengeable in the courts, and this year we have successfully defended a number of challenges to the exercise of our regulatory compliance powers. These include challenges by individuals that the Commission considered were unfit to act as trustees and sought to remove from trusteeship.

This section gives an overview of some of the main developments relevant to our legal framework during the year in the High Court and in the First-tier Tribunal. It focuses on decisions in which the Court or the Tribunal considered significant points of law or of the regulatory framework for charities, and which will inform our approach to their regulation.

High Court

Butler-Sloss & Ors v The Charity Commission for England and Wales & Anor [2022] EWHC 974 (Ch)

This High Court decision concerned whether two charities, whose purposes included environmental protection and improvement and the relief of poverty, should be able to adopt an investment policy that excludes many potential investments because the trustees consider they conflict with their charitable purposes.

The trustees of the Ashden Trust and the Mark Leonard Trust were granted permission to bring a case seeking the Court's approval for the adoption of their proposed new investment policies to ensure that they were acting lawfully in such respect. They also sought a series of declarations as to the proper approach to be taken in relation to such issues generally by charity trustees.

The claimants sought the Court's approval for the adoption of a proposed new investment policy which sought to ensure that the charities' investments were aligned with the goals of the 2016 Paris Climate Agreement (which aims to keep global warning below 2 degrees Celsius while pursuing the means to limit the increase to 1.5 degrees) and thereby, avoid direct conflict with their charitable purposes. Pursuing the proposed investment policy would mean that the trustees would necessarily exclude over half of publicly traded companies and many commercially available investment funds.

The Commission and the Attorney General were also parties to the case and invited the Court to deliver a judgment that set out the correct approach in law for charity trustees to follow in considering adopting an ethical or responsible investment policy.

The Court granted the Claimants one of the ten declarations that had been sought. It was found that the trustees had been permitted to adopt an investment policy that excluded potential investments which were not aligned with the 2016 Paris Climate Agreement, and that doing so would discharge their duties in respect of the proper exercise of their powers of investment.

More broadly, Green J provided clarification on the law in relation to charity trustees taking into account non-financial considerations when exercising their powers of investment. The Court found that charity trustees have a discretion as to whether to exclude investments which they reasonably believe to conflict with their charity's purposes. In particular, the Court expressly recognised that the law relating to trustees' powers of investment should be capable of being implemented and complied with by trustees of all types of charities and should not be overly prescriptive to enable trustees to adopt policies that are suited to their particular charity.

As part of his judgment, Green J provided the following summary of the law in relation to charity trustees taking into account non-financial considerations when exercising their powers of financial investment:

1. Trustees' powers of investment derive from the trust deeds or governing instruments (if any) and (where, as in this case, the relevant charities are constituted as trusts) the Trustee Act 2000.
2. Charity trustees' primary and overarching duty is to further the purposes of the trust. The power to invest must therefore be exercised to further the charitable purposes.
3. That is normally achieved by maximising the financial returns on the investments that are made; the standard investment criteria set out in s.4 of the Trustee Act 2000 requires trustees to consider the suitability of the investment and the need for diversification; applying those criteria and taking appropriate advice is so as to produce the best financial return at an appropriate level of risk for the benefit of the charity and its purposes.
4. Social investments or impact or programme-related investments are made using separate powers than the pure power of investment.
5. Where specific investments are prohibited from being made by the trustees under the trust deed or governing instrument, they cannot be made.
6. But where trustees are of the reasonable view that particular investments or classes of investments potentially conflict with the charitable purposes, the trustees have a discretion as to whether to exclude such investments and they should exercise that discretion by reasonably balancing all relevant factors including, in particular, the likelihood and seriousness of the potential conflict and the likelihood and seriousness of any potential financial effect from the exclusion of such investments.
7. In considering the financial effect of making or excluding certain investments, the trustees can take into account the risk of losing support from donors and damage to the reputation of the charity generally and in particular among its beneficiaries.
8. However, trustees need to be careful in relation to making decisions as to investments on purely moral grounds, recognising that among the charity's supporters and beneficiaries there may be differing legitimate moral views on certain issues.
9. Essentially, trustees are required to act honestly, reasonably (with all due care and skill) and responsibly in formulating an appropriate investment policy for the charity that is in the best interests of the charity and its purposes. Where there are difficult decisions to be made involving potential conflicts or reputational damage, the trustees need to exercise good judgment by balancing all relevant factors in particular the extent of the potential conflict against the risk of financial detriment.
10. If that balancing exercise is properly done and a reasonable and proportionate investment policy is thereby adopted, the trustees have complied with their legal duties in such respect and cannot be criticised, even if the court or other trustees might have come to a different conclusion.

The Charity Commission for England and Wales v Simon Wingett [2022] EWHC 2775 (Ch)

This High Court decision concerned restitution against Mr Simon Wingett, the sole trustee of a charity which he and members of his family and others had set up called the Frank Wingett Cancer Relief Fund Committee (the Charity). The Charity was set up to relieve patients in Wrexham and District hospitals, particularly those suffering from cancer and allied diseases, through raising funds for medical and surgical equipment and facilities.

This decision followed a compliance case into the Charity, which the Commission opened in 2017 to investigate concerns about the Charity's management. The Charity was removed from the Register of Charities in May 2019 on the basis that it was no longer operating, and with effect from July 2019 Mr Wingett was disqualified from acting as a charity trustee for a period of 10 years. The Commission proceeded to pursue the restitution of funds in the High Court.

The Commission claimed that Mr Wingett breached his duties as a trustee by misapplying £117,106.32 of the Charity's funds and sought to recover that sum from Mr Wingett personally. The Commission claimed that between 2009 and 2016, Mr Wingett instigated support by the Charity for the Dragon Project. This was a project which Mr Wingett established to build a large statue of a dragon near to the Welsh border. The Dragon Project was not within the Charity's objects and no statue had been built. The Commission's claim pleaded that Mr Wingett spent a total of £38,888.32 of the Charity's money on payments associated with the Dragon Project and that Mr Wingett paid £78,218 to himself and his wife or to a bank account in their name by way of remuneration.

The Commission sought to recover the funds to compensate the charitable fund so that the moneys could be put to the objects for which the Charity was established in the first place, as even though the Charity ceased to exist, the Commission still had ample legal powers to apply the funds it recovered as closely as possible to the Charity's own objects.

The High Court held that Mr Wingett accepted that the payments made, both in relation to the Dragon Project and also in relation to remuneration, amounted to a misdirection of charity money because, first, the Dragon Project represented a purpose that was well outside the objects of the Charity. Second, so far as the remuneration was concerned, there was no such authority in the Charity's governing document, which would be required if charities are to have the authority to pay their own trustees for remuneration.

Judgment was given in favour of the Commission for the full amount claimed, together with the Commission's legal costs.

Batson & Ors v The Charity Commission for England and Wales [2022] 7 WLUK 42

This High Court decision concerned an application by four trustees of the Professional Footballers Association Charity (the Charity) to bring charity proceedings pursuant to s115 of the Charities Act 2011 (the 2011 Act), seeking to challenge the Commission's proposed regulatory measures and seeking relief from the court. The four individual claimants (Brendon Batson, Garth Crooks, Gareth Griffiths and Darren Wilson) were each former professional footballers who, following their retirements, were pursuing secondary careers and, at the same time, volunteering as trustees of the Charity.

The Charity had been the subject of a whistle-blower complaint to the Commission in late 2018. As a result of that, the Commission undertook an initial investigation and concluded provisionally in 2019 that it would be appropriate for it to use its powers pursuant to s75A of the 2011 Act to issue an official warning. The Commission initiated the first step under s75A and issued a notice that the Commission proposed issuing a warning against the trustees of the Charity. The trustees opposed the proposed warning and responded to it. Following consideration of a detailed submission from the trustees, the Commission determined that it was too premature to issue an official warning but that instead, it was going to undertake a formal investigation process. As part of this process, the Charity appointed an independent reviewer, who found that there had been breaches of duty by the trustees of the Charity, but that these seemed to be honest mistakes and that there was no real reason for any further disciplinary procedures to be undertaken. The Commission, during its investigation process reached the conclusion that there was a need for further processes and procedures to be undertaken. The Commission, having previously decided not to issue a warning under s75A against the trustees of the Charity subsequently issued a notice to the Charity itself, which was sent to the trustees in accordance with s75A that the Commission was considering and proposing to issue a warning to the Charity. The Commission also pursued disciplinary proceedings against one of the trustees.

The Claimants were concerned that if an official warning pursuant to s75A was given to the Charity, which may refer to breaches of duty or the like, that is likely, given the public interest in football and the media interest in the Charity, to attract a great deal of media, including tabloid interest, and that the Charity may be the subject of criticism. The Claimants wished to avoid that as the position taken by the four trustees was that they had not breached any duties, that they had not engaged in misconduct, and that they had not misbehaved in relation to the Charity.

The four trustees initially sought consent from the Commission to bring proceedings under s115 and the Commission refused such consent. Whilst the Commission accepted that the proposed proceedings would be charity proceedings and that the Claimants were persons interested in the Charity, it refused consent on the basis that it would not be proportionate or appropriate to provide consent to the trustees in order for them to potentially circumvent or frustrate the s75A process before any decisions or factual determination had been taken.

The Claimants made the application to the High Court for permission to bring the s115 proceedings, having been refused such consent by the Commission. The proposed proceedings that the Claimants now sought to bring would seek two things, first a declaration that the matters set out in the notice to the Charity from the Commission do not constitute a breach of duty, or misconduct, or mismanagement by any of them. Then secondly, to seek in the alternative, if they had been guilty of various matters, in essence a waiver from the Court pursuant to s1157 of the Companies Act 2006 on the basis that the trustees acted honestly and reasonably and ought, in all fairness, to be excused. The trustees proposed that the High Court had inherent jurisdiction to make a negative declaration.

The High Court refused permission to bring charity proceedings pursuant to s115 of the 2011 Act seeking a declaration that they had not been guilty of breach of duty or mismanagement where disciplinary proceedings were ongoing against one of them, and where the Commission was still considering whether to issue an official warning to the Charity under the process in s75A of the 2011 Act.

The Court held that it is not the role of the High Court, even when it has an inherent jurisdiction, to manage and control charities and to usurp the statutory regime. The statutory regime had been put in place by Parliament to determine how disciplinary proceedings and charities should be regulated. When the statutory process is ongoing, it needs to be allowed to proceed. The considerations that the High Court had been asked to take into account would necessarily be taken into account by the Tribunal in its procedures but they will take into account other matters as well. Therefore, it would be wrong and improper of the High Court to fetter the Tribunal from fulfilling its statutory purpose as enacted by Parliament. The Court held that the least unsatisfactory course, having regard to the interests of the Charity as a whole and not those of the applicants, was to allow the Commission to carry on with the statutory process.

First-tier Tribunal

Blacker v The Charity Commission for England and Wales (CA/2021/0026)

This First-tier Tribunal decision concerned a challenge to the Commission's refusal to grant a waiver from disqualification under s.181 of the Charities Act 2011 (the 2011 Act).

The appellant, Dr Alan Blacker, was a founding trustee of the Joint Armed Forces Legal Advisory Service (the Charity) and had undertaken various roles and work for the Charity. In 2020, he was convicted of an offence contrary to s.111A of the Social Security and Administration Act 1992 (making a false statement or representation to obtain benefits). As this was an offence involving dishonesty or deception, he was subject to automatic disqualification from charity trusteeship under s.178(1), case A (b), of the 2011 Act. Dr Blacker was sentenced to a term of imprisonment of 9 months, suspended for 4 years, so that the conviction will be spent (and the automatic disqualification will expire) in October 2024.

Dr Blacker was contacted by the Commission and informed of his disqualification and in September 2020, Dr Blacker applied for a waiver under s.181 of the 2011 Act, wishing to serve as a charity trustee for the Charity and generally for other charities. In April 2021, the Commission refused to grant either waiver and following an internal Decision Review, the Commission again refused to grant the waivers sought in September 2021.

As this was the first time the Tribunal heard an appeal against the refusal of a waiver, there were no decisions of the Upper Tribunal or higher courts which bound the Tribunal in making its decision. Judge McKenna noted the similarity between the automatic disqualification and discretionary waiver regime and the regime, under s.17 of the Company Directors Disqualification Act 1986, that enables disqualified company directors to apply to court for permission to act. Having considered the courts' settled approach to such applications, she noted that both types of decision involved the exercise of discretion by a judicial decision-maker on a fact-sensitive basis. Therefore, it was determined that the Tribunal should conduct a balancing exercise, in which the "pros" and "cons" of granting a waiver are transparently listed before a judgment is reached. Disputed facts had to be proven by the relevant party and to the relevant standard before they can be allocated to the "pro" or "con" side of the scales and finally weighed in the balance.

The Tribunal was required to consider afresh the Commission's decision and was able to consider evidence that was not available when the decision was made. The Tribunal was required to ask itself whether, on the basis of all the information before it, it would itself grant the waiver, thus the appeal was a re-hearing rather than a procedural review. The burden of proof (the balance of probabilities) rested with Dr Blacker as the person seeking to disturb the status quo.

On the evidence, the Tribunal concluded that, while there were limited factors in favour of granting a waiver, these failed to outweigh the substantial factors in favour of refusing it. Therefore, the decision to refuse a waiver was a proportionate response to the outcome of the balancing exercise. The appeal was dismissed.

Part 4 Financial Report

The resource accounts report a revenue underspend of £0.259m (2021-22: £0.14m). This underspend amounts to 0.8% of our net £32.348 million annual budget, which reflects the tight margins under which the Commission operates in order to maximise resource utilisation.

Our funding was largely via the HM Treasury Vote of £32.348m supplemented by additional funding from other government departments to cover the cost on ongoing projects delivered on their behalf.

The following table sets out our funding limits over the current spending period (2020-24).

	2019-20	2020-21	2021-22	2022-23	2023-24
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Revenue DEL	27,493	29,200	30,550	32,348	31,304
of which non ring-fenced	25,343	27,250	28,300	28,533	27,728
of which ring-fenced depreciation	2,150	1,950	2,250	3,815	3,576
Capital DEL	2,200	2,200	2,200	3,107	3,000

Note: ring fenced revenue DEL (Departmental Expenditure Limit) is the element of voted funding set aside for depreciation and amortisation.

Financial performance against statutory limits

The level of expenditure incurred by government departments, including the Commission, is subject to statutory funding limits approved by Parliament. It is a fundamental form of accountability that expenditure within a financial year must not exceed these limits. There are three key financial limits which the Commission must achieve and all three of them were duly met. These are Revenue DEL, Capital DEL and Net Cash Requirement.

	Revenue DEL	Capital DEL	Net Cash Requirement
	(£'000)	(£'000)	(£'000)
Main Estimate	32,098	3,107	31,573
Supplementary Estimate	250	-	-
Final Limit	**32,348**	**3,107**	**31,573**
Expenditure and/or cash used	32,089	2,676	31,498
Surplus for year	**259**	**431**	**75**
Performance within funding limit?	✓	✓	✓

The above expenditure was used to deliver the strategic objectives of the Commission.

Sustainability Report

We are committed to reducing the impact of our activities on the environment. This is achieved through the implementation of our Sustainability Action Plan. In addition, all government departments and executive agencies have mandated targets for reducing greenhouse gas emissions, waste and water consumption, known as SDiG targets (Sustainable Development in Government). Our performance against each of the four SDiG targets is set out below.

Greenhouse Gas Emissions

There are three different classifications of greenhouse gas emissions, known as Scopes:

Scope 1: Direct emissions occurring from sources owned or controlled by the organisation, for example, emissions from combustible boilers and from organisation-owned fleet vehicles.

Scope 2: Indirect emissions resulting from electricity consumed which is supplied by another party.

Scope 3: Other indirect emissions. All other emissions which occur as a consequence of our activity but which are not owned or controlled by the Commission. For example, emissions resulting from staff travel on public transport and emissions resulting from work done on the Commission's behalf by its suppliers.

Scope 1 and 2 no longer apply to the Commission as we did not manage buildings during the financial year – in each of our four sites we are minor occupiers of a larger government building.

Direct emissions are accounted for by the relevant major occupier, who in each case has building-wide responsibility for sustainability reporting. Scope 3 does apply to the Commission.

Detailed analysis of performance on Scope 3:

		2018-19	2019-20	2020-21	2021-22	2022-23
Scope 3 Business Travel Gross Emissions. CO2/ Tonnes		116.18	80.3	2	10	71
Financial indicators (£'000)	Expenditure on official business travel	479	391	21	74	229

Scope 3 covers all types of travel undertaken by Charity Commission staff and use of couriers; both have increased this year due to the relaxation in pandemic restrictions this year, resulting in increased costs and emission in comparison to last year. On a like for like basis this shows a reduction in comparison to pre-pandemic levels and the ongoing use of technology will continue to sustain reductions in 2023-24.

Dr Helen Stephenson CBE
Chief Executive and Accounting Officer
28 June 2023

Part 5 Accountability Report

Statement of Accounting Officer's responsibilities

I have been appointed as Accounting Officer of the Charity Commission by HM Treasury. The responsibilities of an Accounting Officer, which include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Commission's assets, are set out in Managing Public Money published by HM Treasury.

As Accounting Officer, I am required to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission and of its net resource Outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, I am required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis
- ensure that I am not aware of any relevant audit information of which the entity's auditors are unaware, that I have taken all steps that ought to have been taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information
- confirm that the annual report and accounts as a whole is fair, balanced and understandable, and I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable

The annual governance statement below sets out the Commission's governance, risk management and internal control arrangements for the financial year 2022-23 and up to the date of approval of our annual report. I have not prepared a separate Directors' Report as the contents of which are included within the Financial Report.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Charity Commission's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Annual governance statement

The Commission's governance structures

The Commission's Board is responsible for the strategic oversight of the Commission. It is responsible for developing strategy, monitoring progress, overseeing legal matters, providing corporate governance and assurance, and managing corporate risks.

The Board comprises a Chair, the Chief Executive, two members with legal qualifications, one member with knowledge of conditions in Wales and up to five additional members with relevant skills and expertise in operations, accountancy, diversity and inclusion, charity law and the charity sector. They use their range of backgrounds, skills and expertise to provide the necessary strategic direction and oversight.

All Charity Commission Board members, bar the Chief Executive, are appointed by the Secretary of State for the Department for Culture, Media and Sport (DCMS) through open and competitive selection and serve for an initial term of three years. The Secretary of State may renew a board appointment for up to a maximum of ten years.

Changes to the Board

Orlando Fraser KC became Chair of the Charity Commission on 25 April 2022, taking over from Ian Karet, who had served as interim Chair from 27 February 2021.

In September 2022, Ann Phillips was appointed to the Board as a Legal Board Member and Pippa Britton was appointed as our Welsh Board Member, both for a three-year term. Also in September, Joanne Prowse received an extension to her existing term, which is now due to end in March 2024. In March 2022, Ian Karet's term was extended until February 2024.

In March 2023, Mark Simms, Shrenik Davda and Rory Brooks CBE were appointed to the Board, each for a three-year term.

Paul Martin CBE and Imran Gulamhuseinwala OBE stood down from the Board on 13 November 2022 and Tony Cohen stood down on 31 December 2022, all on completion of their terms of appointment.

The Board's work

Throughout 2022-23, the Board has continued to oversee progress towards delivering the Commission's five-year strategy. The Board has monitored performance against the 2022-23 business plan, reviewing progress in delivering the activities identified to support the achievement of the key priorities. It has also reviewed the strategic risks and performance against the operational performance standards.

This year, the Board has continued to monitor the activity undertaken in response to of the conflict in Ukraine, the rising cost of living and the energy price crisis. In terms of policy priorities, the Board approved, following public consultation, a revised question set for the Annual Return for 2023. The Board also considered and approved plans for strengthening the Commission's activity and engagement in Wales.

The Board has maintained oversight of delivery of the Commission's project portfolio for 2022-23, including the delivery of phase 1 of My Charity Commission Account, and the implementation of the first phase of the changes in respect of the Charities Act 2022. It has overseen activity to deliver the Commission's People and Culture programme, including monitoring performance against our people performance standards and approving a new set of values for the Commission.

In March 2023, the Board approved the Business Plan for 2023-24, which will deliver the last year of the current strategy while setting the organisation up to deliver the new strategy from 2024. The Plan sets out four key priorities:

- we will regulate effectively, being clear about our role and our decision-making
- we will strengthen our support and interventions to ensure charities are run well
- in challenging times, we will improve how we use our voice, data and intelligence to help charity deliver impact
- we will invest in our people and our systems so that we continue to be an expert Commission

Board Effectiveness

In line with good practice in corporate governance, this year the Board commissioned Campbell Tickell to undertake an external review of Board effectiveness. The Board received the final review in April 2023. The review found that the Charity Commission's governance is in a good place, with a skilled and committed Board of integrity and diversity, and an appropriate division of roles between the Board and Executive. The review recommended a number of ways to increase Board effectiveness, which are being addressed by the Board.

Committees of the Board

Our Committee structure is as follows:

Board

Overall strategy and direction of the Commission

Audit and Risk Assurance Committee	**Casework Risk Committee**	**Remuneration and Appointments Committee**
Reviews and advises the Board and Accounting Officer on assurance arrangements, effective risk management and controls, financial reporting including the annual audit and governance statement	Reviews risks and issues arising from casework, and considers how the Commission is responding	Oversees Board-level appointments, senior executive performance and remuneration policy

Committee membership

The Board's committee membership at the start of 2022-23 was as follows:

- Audit and Risk Assurance Committee: Tony Cohen (Chair), Imran Gulamhuseinwala OBE, Will Lifford and Paul Martin CBE.
- Casework Risk Committee: Paul Martin CBE (Chair), Imran Gulamhuseinwala OBE and Ian Karet.
- Remuneration and Appointments Committee: Joanne Prowse (Chair), Ian Karet and David Gillies (independent member)[2].

From November 2022, the membership of the committees was:

- Audit and Risk Assurance Committee: Will Lifford (Chair), Pippa Britton, Joanne Prowse, and Tony Cohen (to 31 December 2022).
- Casework Risk Committee: Orlando Fraser KC (Chair), Ian Karet and Ann Phillips.
- Remuneration and Appointments Committee: Joanne Prowse (Chair), Orlando Fraser KC and Jonathan Russell (independent member).

The work of the Committees

Set out below is an overview of the work the committees have undertaken during 2022-23. As part of their terms of reference, all committees are required to provide oral reports to the Board following each of their meetings.

The Audit and Risk Assurance Committee met five times during the year to support the Accounting Officer and the Board in their responsibilities for ensuring the adequacy of risk management, internal control and governance arrangements, and that public funds are used efficiently and effectively. Across the year, the Committee has reviewed the Commission's approach to risk management, in line with the requirements of the HM Treasury Orange Book, overseeing the maintenance of our strategic risk register, including tracking key risk indicators and monitoring the position of each risk against agreed tolerances and targets. A rolling programme of deep dives scrutinising controls in place for each strategic risk, supported by the relevant assurance maps, has also been implemented by the Committee.

In addition, the Audit and Risk Assurance Committee has received and reviewed the planned activity and results of the annual assurance programme undertaken by our internal auditors, the Government Internal Audit Agency (GIAA), and management progress against actions resulting from this programme. It has also considered the results of the annual audit undertaken by our external auditors, the National Audit Office (NAO), which provides key assurance on the integrity and accuracy of our financial accounts. All meetings of the Committee were attended by the NAO and GIAA.

2. David Gillies' BA (Hons), FCIPD, former HR Director Ofgem, term as independent member to the Remuneration and Appointments Committee came to an end on 31 July 2022. Jonathan Russell CBE, Chief Executive of the Valuation Office Agency, was appointed independent member to the Remuneration and Appointments Committee on 1 September 2022.

The Committee has provided oversight and scrutiny of any reportable incidents such as data breaches, whistleblowing or allegations of fraud. There were no instances of staff whistleblowing (raising a concern) to report for the period.

The Casework Risk Committee met seven times during the year to review emerging themes and trends in casework risk; how the Commission is responding, or planning to respond, to this risk; and to provide advice and guidance, where appropriate, on the handling of high-risk casework.

The Remuneration and Appointments Committee also met five times during the year to evaluate the performance of our most senior officials and to determine fair remuneration levels. It reviewed key people activity, covering succession planning arrangements, outcomes of the People Survey, performance against the People Performance Standards, and the delivery of the Commission's People and Culture Programme.

Quality of information provided to the Board and Committees

The Executive has continued to work closely with the Board to ensure it has the information it needs to support informed decision making, enable effective monitoring of the Commission's work and performance, and to drive continuous improvement in the quality of our Board and Committee papers. The quality of information provided to the Board and its Committee was also considered as part of the external review of corporate governance that was undertaken this year.

Corporate governance code

The HM Treasury corporate governance code (the 'code') remains in force. Whilst it is primarily applicable to government departments, as a non-ministerial department we adopt and adhere to the code where it is constructive and practical to do so, and not incompatible with our statutory duties.

Attendance at meetings

Attendance of Board members and independent members during 2022-23 is listed in the below table.

	Board meetings		Audit and Risk Assurance Committee		Remuneration and Appointments Committee		Casework Risk Committee	
	Attendance	Attendance %	Attendance	Attendance %	Attendance	Attendance %	Attendance	Attendance %
Board members								
Orlando Fraser KC (Chair)	8/8	100%			3/3	100%	6/6	100%
Dr Helen Stephenson CBE (CEO)[3]	9/9	100%						
Pippa Britton	4/5	80%	2/2	100%				
Rory Brooks CBE	1/1	100%						
Tony Cohen	7/7	100%	4/4	100%				
Shrenik Davda	1/1	100%						
Imran Gulamhuseinwala OBE	6/6	100%	2/3	67%			3/4	75%
Ian Karet	9/9	100%			1/1	100%	7/7	100%
Will Lifford	9/9	100%	5/5	100%				
Paul Martin CBE	6/6	100%	3/3	100%			4/4	100%
Ann Phillips	5/5	100%					3/3	100%
Joanne Prowse	9/9	100%	2/2	100%	4/4	100%		
Mark Simms	1/1	100%						
Independent members								
David Gillies					2/2	100%		
Jonathan Russell					2/2	100%		

3. The Chief Executive also attends, but is not a member of, all the Committees.

Members’ interests

All Board members declare all relevant personal or business interests and these are recorded in our register of interests, published on GOV.UK.

Any potential conflicts of interest are declared and recorded at the outset of each board or committee meeting and, if needed, the individual(s) take no further part in decision making or withdraws as required.

Executive leadership

Our Chief Executive and our Directors make up the Executive Leadership Team (ELT). The ELT works together as the decision-making body on all operational matters, ensuring that we deliver our strategy. The ELT develops and delivers the business plan, assesses resource against priorities and risks, making appropriate resource allocations; plans and oversees the recruitment of staff, all with the aim of achieving the Commission’s statutory duties and strategic objectives. The ELT meets formally on a monthly basis.

In 2022-23, the Executive Leadership Team was as follows:

- Dr Helen Stephenson CBE, Chief Executive
- Nick Baker, Chief Operating Officer
- Roberto Confessore, Director of Data, Digital and Technology
- Helen Earner, Director of Regulatory Services
- Paul Latham, Director of Communications and Policy
- Aarti Thakor, Director of Legal and Accountancy Services

Executive interests

All our staff should avoid doing anything that might reasonably be seen as compromising their judgement or integrity. Our policy and process for managing conflicts of interest continues to be in place to ensure that we have robust arrangements in place for identifying and managing conflicts appropriately. The policy is reviewed on an annual basis with regular communications to the wider organisation to ensure good awareness and understanding. Our policy and process reflects the provisions set out in the Civil Service Management Code (section 4.3).

Executive governance structures

The Executive Casework Committee met on a monthly basis throughout 2022-23. The Committee, which is chaired by the Chief Executive, oversees the management of casework, monitors performance against operational targets, and considers emerging sector risks, ensuring the Commission responds as required. The Committee also enables the Chief Executive to provide appropriate assurance to the Board about the effectiveness of casework and to ensure that cases are escalated to the Board in line with the agreed guidelines. In December 2022, the Committee undertook an effectiveness review, which identified that the Committee promotes good collaboration across the directorates.

The Portfolio Delivery Board (PDB) has provided oversight of, and direction to, the Commission's portfolio of programmes, projects and associated business change activity. It is chaired by the Chief Operating Officer and meets monthly.

The Data Protection Oversight Group (DPOG) has met quarterly to provide oversight and direction on data protection matters within the Commission, including evaluating compliance with legal obligations; identifying data protection risks and priorities; overseeing plans to address areas for improvement; and reviewing relevant policies and procedures. The DPOG is chaired by the Chief Operating Officer in recognition of his role as SIRO (Senior Information Risk Owner).

Our Diversity and Inclusion Forum (DIF) is a cross-Commission forum aimed at helping the Commission improve the working environment for all by championing equality, diversity and inclusion. This year, the DIF has monitored delivery of its strategic aims by reviewing progress against agreed actions. The DIF has also continued to raise organisational awareness of cultural events through internal communications and engagement, and has promoted its work through all staff communications and dedicated induction sessions for new starters. The DIF is chaired by the Director for Digital, Data and Technology.

The Chief Executive has continued to chair the bi-monthly Engagement Champions Network. Engagement Champions represent all Directorates across a range of sites and grades. The Network is the means by which staff can share examples of good employee engagement, celebrate what is going well, and learn from good practice in other areas of the organisation.

The Health and Safety Committee meets quarterly to review compliance with Health and Safety legislation and guidance; assess risks to staff while working at home and in the office; analyse information on health and safety incidents reported, including identifying any preventative actions that may be taken; and review relevant policies and procedures. It is chaired by the Head of Estates and comprises representatives from cross-business functions, office locations and the trade union.

The Security Steering Group (SSG) has met quarterly to provide direction in terms of security issues, including managing the response to security incidents; ensuring compliance with central policies, guidance and legislation; and ensuring adequate protection of government assets for which the Commission has responsibility. It is chaired by the Commission's Security Advisor, with representation from Digital, Data and Technology, Estates and HR.

Risk management

In 2022-23, there has been a focus on embedding corporate risk management across the organisation, in particular strengthening the Risk Champion Network through the delivery of a series of training and refresher sessions, and the creation of a monthly network meeting to share insight, intelligence and good practice. In March 2023, the GIAA completed an audit looking at how well the Commission was embedding corporate risk management, and gave a substantial assurance rating for this.

The Board has continued, through the Audit and Risk Assurance Committee, its oversight of the implementation of our work in this area. In March 2023, the Board approved our Corporate Risk

Management Policy, which sets out the key responsibilities and accountabilities for risk management across the organisation.

At an executive level, oversight of risk management is provided by the ELT through monthly reviews of the strategic risk register and consideration of a monthly risk management paper that provides a bottom-up view of risk. Risk champions are responsible for promoting risk identification and discussions with all staff members, including at Senior Management and Senior Leadership Team meetings. All new starters are expected to attend an induction session on corporate risk management.

In the year we acted on the principal risks in our strategic risk register in the ways set out below.

Political and financial uncertainty

In common with other organisations, this risk has been heightened in a year of political change and financial challenge. While the Autumn 2022 statement confirmed that existing spending reviews stand, the inflation in operating costs and the rising cost of living have made 2022-23 an inherently challenging operating environment.

Throughout the year, we have worked to mitigate this strategic risk through horizon scanning and regular, strategic engagement with key stakeholders, working to maintain positive, two-way relationships. While we believe that this risk has been well managed in 2022-23, we continue to carefully monitor the risks presented, to understand their impact and to ensure they do not impede our ability to deliver our strategy and operate as an effective regulator.

Workforce capacity and capability

Throughout 2022-23, the recruitment market has continued to be turbulent, with limited availability of candidates in the market meaning specialised skills have proved difficult to fill (for example in digital and accountancy services). We have in place a dedicated Recruitment Manager who has implemented new and different ways of recruiting, and has led innovative approaches to recruitment, to enable us to compete in the market and attract the calibre of candidate we require.

We have continued to monitor our attrition rate which, while it has dropped below levels seen in 2021-22, remains an issue for us. The impact of rises in the cost of living has been felt and members of our staff took industrial action in March 2023.

IT infrastructure and cyber security

As for many organisations, the risks of cyber-attack or major system failure are amongst the most significant we face. In particular, we have been alert to the increased possibility of cyber-attack as a result of heightened tensions with Russia following the invasion of the Ukraine. Our Security Operations Centre identifies, detects and responds to threats on a 24/7 basis.

In March 2023, we successfully achieved Cyber Essentials Plus accreditation for the third year in a row, giving us a clear picture of our cyber security protection level and providing assurance to internal and external parties on the cyber protection level across the Commission.

Loss of confidential information or data breaches

The risk of confidential information, including personal data controlled or processed by the Commission, being misused, lost, stolen or corrupted remains a risk. Alongside the practices listed above to control cyber security risk, we have focused on ensuring all staff are aware of their obligations and responsibilities for information security, particularly as staff operate between remote and office environments.

This year, we have rolled out new data protection training to staff, seeking to foster an open and transparent working environment where data breaches and incidents and concerns are readily recognised, reported and managed. More information about the ways in which we are monitoring and controlling data protection can be found in the section below.

Casework and customer services

The risk of failure in executing casework or providing the appropriate levels of service to charities and other external customers continues to be a critical focus for the organisation. The services we provide must be efficient and delivered effectively, while identifying and tackling wrongdoing in charities.

Following implementation of our Quality Assurance Framework (QAF) in 2021-22, we have this year focussed on embedding the QAF and reviewing its initial findings, including the implementation of any improvements identified for us to strengthen our casework. Other activity of note includes rolling out new training to our case-working teams, building on the Technical Competence training launched in 2021-22.

Governance failure

It is essential that we fulfil our statutory duties and act within our remit, recognising that public and stakeholder trust could be harmed if the Commission were to materially misuse the powers entrusted to it in law, or the public funds under its control.

Effective board and committee oversight of the Executive has continued throughout the year. In line with good practice in corporate governance, the Board commissioned Campbell Tickell to undertake its external review of Board effectiveness, referred to above. This year, our comprehensive induction programme, commended by Campbell Tickell, has been run for our new Board members, supporting them in getting up to speed as quickly as possible.

Another development in our governance framework this year has been the agreement of a Framework Document with our sponsor department, DCMS. As set out in Managing Public Money, all Arm's-length Bodies (ALBs) should have a Framework Document agreed with their sponsor department that describes the governance and accountability framework that applies between the two. The Framework Document is available on GOV.UK.

Identifying and responding to sector risk

This risk recognises that a failure to respond appropriately to a sector risk could lead to negative impacts for the sector and the Commission. Fundamental to the management of this risk has been deepening our understanding of the pressures charities are under, including through building more regular dialogue with sector representative bodies.

We have also continued to refine our methods for identifying and assessing risks to the sector and its beneficiaries, using this information to direct resources to where they are needed most. Our dedicated Commission Tasking and Co-ordination Group plays a key role in helping us make informed decisions about how we can mitigate risk to the sector.

This year, many charities are facing difficult circumstances resulting from rapidly increasing costs. In December, we launched a dedicated guidance page for charities, pulling together in one place the relevant guidance we hold for trustees that may need help when facing difficult decisions about their charity's financial position. We also continue to monitor the risks posed to charities by the war in Ukraine, feeding this information into our casework to ensure a coordinated response and updating our guidance as needed.

Data protection

The Commission handles a number of data assets, including personal data, that are essential to the delivery of its services. Ensuring compliance with revised data protection legislation implemented through the UK General Data Protection Regulation and Data Protection Act (2018) therefore remained a priority for the year.

We operate a corporate framework for protecting personal data to ensure that we comply with our duties under data protection law. The Data Protection Officer reports quarterly to the ELT and six-monthly to the Audit and Risk Assurance Committee on compliance with legislation and our performance on data protection matters. Key activity this year has included launching new data protection training for all staff to build awareness and capability; completing Data Protection Impact Assessments for key strategic projects; and analysing information on data breaches to identify trends, risks, and areas for improvement.

Our data incident management policy ensures that prompt action is taken to contain and resolve data incidents. There has this year been an increase in reported data incidents, however this is considered to be a positive reflection of an increased awareness of the importance of data protection and when to report a potential incident or breach. The majority of incidents reported have been minor and low-risk. Only one was considered necessary to report to the Information Commissioner's Office (ICO), and they took no further action, being satisfied with our own containment and improvement actions. The incident involved accidental disclosure of staff data to a mistyped email address; the personal data was not considered to be high-risk or special category, but the incident was reported due to the number of staff involved.

We have also encouraged the reporting of 'near-miss' incidents, where a breach or incident has nearly occurred, but it was recognised in time, or circumstances meant an actual breach did not occur. This has allowed us to identify risk areas and make improvements to current practices, guidelines and procedures to prevent an actual incident from happening in the future, as well as illustrating an increase in awareness amongst staff in recognising and reporting potential areas of risk.

	Category/Nature of personal data breach	2022-23	2022-23 Notified to ICO
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	0	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	3	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0	0
IV	Unauthorised disclosure	43	1
V	Other	1	0
	Total	**47**	**1**

Independent assurance and scrutiny

As in previous years, the Government Internal Audit Agency (GIAA) has delivered our annual assurance programme. Of the six audits completed as part of the 2022-23 assurance programme, 1 audit, which covered our embedding of corporate risk management, received a 'substantial' assurance rating. The substantial rating is the highest level of assurance and reflects the robustness and effectiveness of our risk management, control and governance arrangements in these areas.

4 audits received an overall 'moderate' assurance rating. These audits covered compliance with the Acceptable Use Policy (cybersecurity), GDPR compliance, Business Continuity and Disaster Recovery Planning, and implementing the Quality Assurance Framework in casework.

1 audit received a 'limited' assurance rating. This audit report covered key financial controls relating to payroll – although it did not cover the processing and payment of payroll, which is undertaken by an external supplier. While there was no evidence of any significant payroll errors, the audit did find weaknesses relating to the effectiveness and documentation of some control processes. We have accepted the audit's recommendations in full and, as of 31 May 2023, 6 of the 7 management responses had already been implemented, with the final response due for implementation by end of June 2023.

There were no matters arising from the work of internal audit during the period that require separate comment. Internal audit found no fundamental or systemic control weaknesses by design or operation, fraud or improbity, but did find areas where controls have not yet been fully implemented or require improvement, for which appropriate actions to address the risks have been agreed.

Government functional standards

As of March 2022, all central government departments and their ALBs were required to have a plan in place to comply with each functional standard in a way that meets its business needs and priorities.

We continue to assess our position in relation to the standards and are satisfied that we are complying in a way that is proportionate and appropriate for an organisation of our size and scope. This assessment is subject to monitoring and review, including to identify actions that can be taken to improve any gaps in compliance.

Accounting officer's statement of effectiveness

I have reviewed the effectiveness of the Commission's governance structures, risk management and internal controls. Taking into account: the results from our internal audit programme and other external assurances; assurance letters from each of my directors summarising the effectiveness of their systems of governance, risk management and control; and the ongoing review of our governance arrangements, I have concluded that the Commission has satisfactory governance and risk management systems in place, with effective plans to ensure continuous improvement.

Dr Helen Stephenson CBE
Chief Executive and Accounting Officer
28 June 2023

Remuneration and staff report

Remuneration Report

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The recruitment principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise. All appointments are overseen by the Office of the Commissioner for Public Appointments.

All Board members are on fixed-term contracts from the Department for Culture, Media and Sport. Dr Helen Stephenson is also on a fixed-term contract. The Chief Executive and the directors are all directly employed by the Commission.

Further information about the work of the Civil Service Commission can be found at:
www.civilservicecommission.org.uk

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of Board members and the most senior executive officials of the Commission.

Remuneration (audited)

All non-executive Board members (excluding the Chair) serving in 2022-23 received a fee of £350 per day (unchanged from last year), so their overall fee/salary reflects days worked.

No pension contributions are paid for non-executives (2022-23: £nil).

Board, Chair and Chief Executive	Fee/salary £'000		Bonus payment £'000		Pension benefits £'000		Total £'000	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Orlando Fraser KC (Chair from 25 April 2022)	55-60 (60-65 full year equivalent)	N/A	0	N/A	0	N/A	55-60 (60-65 full year equivalent)	N/A
Dr Helen Stephenson CBE (Chief Executive)	135-140	135-140	5-10	5-10	(32)	(2)	110-115	135-140
Pippa Britton (from 01 September 2022)	0-5 (5-10 full year equivalent)	N/A	0	N/A	0	N/A	0-5 (5-10 full year equivalent)	N/A
Rory Brooks CBE (from 27 March 2023)	0	N/A	0	N/A	0	N/A	0	N/A
Tony Cohen (to 31 December 2022)	5-10 (5-10 full year equivalent)	5-10	0	0	0	0	5-10 (5-10 full year equivalent)	5-10
Shrenik Davda (from 27 March 2023)	0	N/A	0	N/A	0	N/A	0	N/A
Imran Gulamhuseinwala OBE (to 13 November 2022)	0-5 (5-10 full year equivalent)	0-5	0	0	0	0	0-5 (5-10 full year equivalent)	0-5
Ian Karet (interim Chair to 24 April 2022)	0-5 (0-5 full year equivalent)	35-40	0	0	0	0	0-5 (0-5 full year equivalent)	35-40
Will Lifford	10-15	5-10	0	0	0	0	10-15	5-10
Paul Martin CBE (to 13 November 2022)	0-5 (5-10 full year equivalent)	5-10	0	0	0	0	0-5 (5-10 full year equivalent)	5-10
Ann Phillips (from 01 September 2022)	0-5 (5-10 full year equivalent)	N/A	0	N/A	0	N/A	0-5 (5-10 full year equivalent)	N/A
Mark Simms (from 27 March 2023)	0	N/A	0	N/A	0	N/A	0	N/A
Joanne Prowse	5-10	5-10	0	0	0	0	5-10	5-10

Directors and Chief Operating Officer	Fee/salary £'000		Bonus payment £'000		Pension benefits £'000*		Total £'000	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Nick Baker (Chief Operating Officer)	115-120	115-120	0-5	0	47	47	170-175	165-170
Roberto Confessore	90-95	90-95	0-5	0-5	36	36	130-135	130-135
Helen Earner	90-95	85-90	5-10	0-5	8	25	105-110	115-120
Paul Latham	95-100	95-100	0	0	14	28	110-115	125-130
Aarti Thakor	95-100	105-110	5-10	0-5	35	37	135-140	145-150

* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

The pension benefits for each Director are calculated as the real increase in actuarial assessed capitalised valuation of the pension scheme – see later section on Civil Service Pensions for additional explanation of the scheme. No other benefits in kind were paid to the above officials.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

In 2022-23, Nil (2021-22: Nil) employees received remuneration in excess of the highest-paid Director. Remuneration ranged from £18,278 to £140,000-£145,000 (2021-22: £18,260 to £140,000-145,000).

Total remuneration includes salary, non-consolidated performance pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. Salary includes gross salary, performance pay or bonuses, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation.

Fair Pay Disclosures (audited)

Percentile ratio to highest earner

	2022-23	2021-22
75th percentile ratio	3.4:1	3.2:1
Median pay ratio	4.5:1	4.2:1
25th percentile ratio	5.1:1	4.9:1

	2022-23		2021-22	
	Total pay and benefits	Salary component of pay and benefits	Total pay and benefits	Salary component of pay and benefits
75th percentile	42,703	42,603	43,351	43,351
Median pay	31,647	28,569	32,150	28,731
25th percentile	27,966	27,291	27,520	26,860

Increase/(decrease) in Salary and Allowances and Performance Pay and Bonus

	Highest Earner		Mean Earner	
Year	Salary and Allowances	Performance Pay and Bonuses	Salary and Allowances	Performance Pay and Bonuses
2022-23	2%	(14%)	7%	22%

The highest earner salary has increased as expected in line with the 2022-23 pay award, although the 'Performance Pay and Bonus' has reduced by 14% due to lower bonus being paid.

The mean salary has increased due to recruitment at higher pay bands throughout 2022-23. This can also be seen via our 'Workforce Shape' disclosure within the Staff Report.

The 75th percentile and Median pay ratios have increased due to the pay award in 2022-23, resulting in a larger monetary increase for the highest earner than those at the 75th percentile and Median pay levels. The 75th and Median pay values (£) have decreased due to number of new recruits at the higher pay grades commencing employment at the pay grade minima, when compared with more experienced staff exiting the Commission on higher salaries.

The 25th percentile pay value has increased due to working wage salary increases and a higher percentage pay award for those at the lower grades than for other employees.

Our senior staff pay policy is in line with the work and recommendations of the Senior Salaries Review Body.

Reimbursement of expenses

Expenses claimed by Board Members are in respect of actual receipted expenditure for travel, subsistence and accommodation in 2022-23. For the Chair, Chief Executive, Directors and other Commission staff, expenses claimed are in respect of costs expended for business travel and accommodation and subsistence allowance, in accordance with Civil Service guidelines. The Commission publishes on its website details of expenses claimed by the Chair, Board Members and the Chief Executive.

Pension Benefits (audited)

	Accrued pension at pension age at 31 March 2023 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2023	CETV at 31 March 2022	Real increase in CETV
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Dr Helen Stephenson CBE (Chief Executive)	45-50 plus a lump sum of 135-140	0 plus a lump sum of 0	1,102	1,052	-40*
Nick Baker (Chief Operating Officer)	5-10	2.5-5	101	60	28
Roberto Confessore	5-10	0-2.5	100	73	16
Helen Earner	30-35 plus a lump sum of 45-50	0-2.5 plus a lump sum of 0	461	417	-4*
Paul Latham	35-40	0-2.5	503	453	-1*
Aarti Thakor	25-30	0-2.5	270	238	13

* Taking account of inflation, the CETV funded by the employer has decreased in real terms.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate in 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website:
www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Staff Report

This year, our focus has been on shaping and delivering our People and Culture programme. The programme aims to create an expert Commission that is a great place to work, where people are empowered and enabled to deliver excellence in regulation; and where there is an employee experience that attracts, retains, engages, and develops talented people who believe in what the Commission does.

A key deliverable of the People and Culture programme this year has been agreeing a new set of values for the Commission:

*We are an expert Charity Commission that is **fair**, **balanced**, and **independent**. We work together in a way that is **supportive**, **collaborative**, and **innovative** to achieve our ambitions.*

These values were agreed following an extensive consultation exercise with our staff, including through externally facilitated workshops and at an all-staff awayday. This consultation highlighted the need to have values that articulate both how we operate as a regulator (Fair, Balanced and Independent) and how we work together as one Commission (Supportive, Collaborative and Innovative). Our values, alongside our other work in regard to our people, will act as a key enabler in attracting and retaining expert staff who we can invest in and who want to invest in us. In 2023-24, we will be focussing on infusing our values in all that we do.

Other achievements this year have included the following:

Last year (2021-22), the volatile recruitment market led to high levels of attrition at the Commission. Over the course of this year (2022-23), despite the recruitment market continuing to be challenging, our attrition rate has fallen significantly.

Our hybrid working model is now fully embedded, with staff utilising office space in a more collaborative way, appreciating the benefits of coming together to work in their teams or to undertake departmental face-to-face activities. This is particularly important for our new starters, as being together with colleagues helps to develop their skills and knowledge, as well as driving engagement with their team and the Commission's aims and objectives.

Our leadership programme (Future, Engage, Deliver) has now been successfully rolled out to our Executive Leadership Team, Assistant Directors and senior managers, and we are seeing signs of improved leadership and understanding of broader corporate issues as a result. The programme will now be launched to the next tier of leaders at middle management level.

The digitised approach to our Line Manager Essentials programme, which focusses on essential line management skills and processes, has achieved high levels of commitment and buy-in. We have achieved 100% training completion rates across the organisation for 2022-23, bringing with it a demonstrably more robust approach to performance issues.

Our Commission Academy is now fully embedded in the organisation. The Academy aims to improve the skills, efficiency, and effectiveness of our casework by increasing consistency and improving outcomes. New joiners have reported feeling that their Academy journey has provided them with key knowledge and skills to be effective in the organisation, and all courses have been rated (on average) as good or above by colleagues who have attended them. There is positive team and departmental support to help staff complete this training, and we are getting feedback that learners have been able to put the training into practice in their work.

We have also achieved high completion rates for our other all-staff training, which includes modules on well-being, inclusion, health and safety, and data protection. We had set ourselves a target of 95% staff completion rates for this training by the end of year, and achieved above target in all areas.

Finally, we have this year better targeted our investment in learning and development to focus on business learning, including organisation, team and individual knowledge and skills. As a consequence, the results of the People Survey for 2022 showed an uplift in staff feeling they have been able to access the right learning and development opportunities for them. We will focus in the next 12 months on continuing the journey of developing skills across the business to make us truly expert and to live up to our values of being fair, balanced and independent in all that we do.

Staff Changes over the year

		31 March 2021	31 March 2022	31 March 2023
Staff on payroll	Number in post	443	470	511
Contingent Labour (Agency and Contractors)	Number in post	30	25	1
Workforce shape*	Headcount at pay band 3 and below	30% (132)	31% (144)	28% (145)
	Headcount at pay band 4 and above, excluding SCS	68% (297)	68% (314)	71% (358)
	Senior civil servants	2% (6)	1% (6)	1% (6)
Workforce diversity**	BME in full	7%	5%	9.2%
	Women	57%	62%	60%
	Women (SCS only)	50%	50%	50%
	Disabled	10%	6%	14%
Attendance	Average working days lost	5.2 days	5.8 days	6 days
Civil Service People Survey	Engagement Index %	65	66	65

* Our staff on payroll also includes 9 public appointments as at 31 March 2023.

The size of the workforce in 2022-23 has increased in headcount by 41 over the year. During this period 69 employees and 3 Board members have left the organisation, while 107 employees and 6 Board members have joined.

** The figures portray an increase in the proportion of staff with disabilities and from ethnic minority backgrounds. These figures are based on self-declarations on our HR database – in both instances there remain a significant number of 'undeclared' or 'prefer not to say'.

Our attrition figure showed a steady decline across the whole organisation over the year from 19% down to 13%, mainly attributable to better retention as filling some specialist vacancies is still a challenge in the difficult recruitment market.

10 staff left as planned at the end of a fixed term contract.

The split of our workforce at 31 March 2023, by employment type, was as follows:

Type of appointment	31 March 2021 (% of headcount)	31 March 2022 (% of headcount)	31 March 2023 (% of headcount)
Permanent Employee	82% (386 headcount)	86% (427 headcount)	94% (479 headcount)
Fixed Term	12% (56 headcount)	9% (43 headcount)	6% (30 headcount)
Secondment In	0% (1 headcount)	0% (0 headcount)	0% (0 headcount)
Contingent Labour	6% (30 headcount)	5% (25 headcount)	0% (1 headcount)

Staff policies applied throughout 2022-23

We have continued to focus on the wellbeing of our employees over the last 12 months, for example by encouraging the completion of individual Carer and Disability passports, a tool that staff members can use to record and discuss with their line managers what reasonable adjustments they might need relative to those circumstances. We have also signed up to the Wellbeing of Women's Menopause Workplace Pledge, as well as running several wellbeing seminars focused on men and women's health issues over the course of the year.

Aligned to our Line Manager Essentials programme, we have refreshed our Absence and Performance Management policies to assist with the robust handling of these issues.

We also participated in the Civil Service wide 'Speak Up' campaign, a programme designed to encourage a workplace where employees feel free to challenge and raise any issues concerning them.

Diversity and Inclusion

Reporting gender pay gap outcomes is a legal requirement for organisations with more than 250 employees under the Equality Act 2010 Gender Pay Gap Information Regulations 2017.

Our Gender Pay Gap for 2022 is 2.8%, which is unchanged from 2021. Our 2022 figures show that hourly pay of women in the Commission is on average 0.2% more than men, showing a 3% shift in favour of women from 2021, while for bonus payments it is 2.6% in favour of men, up from 1.3% in 2021. The Commission's gender pay gap is significantly lower than the mean gender pay gap reported for the Civil Services as a whole in 2022 (11.3%)[4].

We have refreshed our Work Experience policy, seeking to encourage young people to experience what working for a Government regulator is like. Following our appointment of 14 individuals on the Kickstart scheme (a government scheme that aims to create roles and provide experience for 16-24 year olds), we were pleased that 4 permanent job opportunities were subsequently secured with us.

Our Diversity and Inclusion Forum continues to play an active role, including helping to shape the organisation's Diversity and Inclusion Strategy.

4. Civil Service statistics 2022: **https://www.gov.uk/government/statistics/civil-service-statistics-2022**.

Employee Engagement

Our response rate to the People Survey 2022 was 83% and our engagement score was 65%, which is identical to the broader Civil Service average, but 1 percentage point lower than the previous year's score. Pay and reward was an area that was consistently lower scoring. Our overall score for pay was 17%, which is a 13 percentage point drop from our 2021 score, and sits 11 percentage points below the 2021 Civil Service average. Looking at how to address this will be a key objective of the People and Culture Programme.

We have improved our capacity to reinforce and recognise positive contributions from staff throughout the year, and have pulled together and better publicised the non-pay benefits and rewards that are available to our staff through the development and publication of our benefits hub.

In December 2022, we held our fifth employee awards ceremony, designed to encourage and celebrate excellent corporate behaviours. This year the awards ceremony was held in person, for the first time since before the pandemic. The awards scheme is extremely popular with employees, who are invited to nominate colleagues for six different categories of awards including innovation, excellence and kindness.

Trade Union Facility Time

Type of appointment	2022-23	2021-22	2020-21
Organisation name	Charity Commission for England and Wales	Charity Commission for England and Wales	Charity Commission for England and Wales
Headcount	50 to 1,500	50 to 1,500	50 to 1,500
Number of TU representatives	10	12	13
FTE Number of TU representatives	10	12	13
Number of TU representatives that spend 0% of working hours on facility time	0	1	1
Number of TU representatives that spend 1-50% of working hours on facility time	10	11	12
Number of TU representatives that spend 51-99% of working hours on facility time	0	0	0
Number of TU representatives that spend 100% of working hours on facility time	0	0	0
Organisation's total pay bill	£24,005,756	£22,259,230	£21,103,910
Total cost of facility time	£15,800	£10,050	£20,507
Percentage of pay spent on facility time	0.07%	0.05%	0.10%

Staff costs (audited)

	2022-23			2021-22		
	Permanently employed staff	Temporarily employed staff	Total	Permanently employed staff	Temporarily employed staff	Total
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Wages and salaries	17,559	0	17,559	16,165	0	16,165
Social security costs	1,896	0	1,896	1,666	0	1,666
Other pension costs	4,550	0	4,550	4,209	0	4,209
Agency staff	0	593	593	0	793	793
Severance costs	0	0	0	219	0	219
(Decrease)/Increase in IAS 19: employee benefits accrual	88	0	88	(10)	0	(10)
Total	**24,093**	**593**	**24,686**	**22,249**	**793**	**23,042**
Charged to Capital	(664)	(197)	(861)	(132)	(0)	(132)
Total Net Costs	**23,429**	**396**	**23,825**	**22,117**	**793**	**22,910**

As a non-Ministerial Government Department, the Commission's pay costs relate to staff. There are no Ministers or Advisors.

The Principal Civil Service Pensions Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as 'alpha' – are unfunded multi-employer defined benefit schemes in which the Charity Commission is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2016. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation.

For 2022-23, employers' contributions of £4.515 million were payable to the PCSPS (2021-22 £4.1 million) at one of four rates in the range 26.6% to 30.3% (2021-22 26.6% to 30.3%) of pensionable earnings, based on salary bands.

The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022-23 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, which is a stakeholder pension with an employer contribution. Employers' contributions of £35k (2021-22 £40k) were paid to one or more of a panel of three appointed stakeholder pension providers. Employers' contributions are age-related and range from 8% to 14.75% (2021-22 8% to 14.75%). Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £nil was payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

No staff members retired early on ill health grounds, so the total additional accrued pension liabilities amounted to nil.

Contributions due to the partnership pension providers at 31 March 2023 were £6k. Contributions prepaid at that date were £nil.

Average number of persons employed (audited)

The average numbers of full-time equivalent persons (FTE), including senior management, employed during the year was as follows:

	Permanently employed staff	Temporarily employed staff	2022-23 Number	2021-22 Number
Charity Commission staff	464	0	464	450
Agency staff	0	7	7	14
Total	**464**	**7**	**471**	**464**

Reporting of Civil Service and other compensation schemes – exit packages (audited)

Unless otherwise stated, redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. Where the Commission has agreed early retirements, the additional costs are met by the Commission and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

The table below shows the total cost of exit packages agreed and accounted for in 2022-23. No new exit packages were agreed in 2022-23. One exit package to the value of £59,090 was paid in 2022-23. This relates to the £59,000 exit package accrued into 2021-22. (£131,808 paid in year 2021-22 with an additional £59,000 accrued for in 2021-22):

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Less than £10,000	0	0	0	0	0	0
£10,000 - £24,999	0	0	0	0	0	0
£25,000 - £49,999	0	0	0	3	0	3
£50,000 - £99,999	0	0	0	1	0	1
£100,000 - £150,000	0	0	0	0	0	0
Total number of exit packages	**0**	**0**	**0**	**4**	**0**	**4**
Total resource cost (£'000)	**0**	**0**	**0**	**191**	**0**	**191**

	2022-23	2021-22
	£'000	£'000
Highest exit package	0	59
Lowest exit package	0	29
Mean exit package	0	48

Parliamentary accounting disclosures

Statement of Outturn against Parliamentary Supply (audited)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires the Commission to prepare a Statement of Outturn against Parliamentary Supply (SoPS) and supporting notes.

The SoPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SoPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SoPS mirrors the Supply Estimates, published on GOV.UK, to enable comparability between what Parliament approves and the final Outturn.

The SoPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so Outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following: Outturn by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of Outturn to net operating expenditure in the SOCNE, to tie the SoPS to the financial statements (note 2); a reconciliation of Outturn to net cash requirement (note 3); and, an analysis of income payable to the Consolidated Fund (note 4). In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires the Commission to prepare a Statement of Parliamentary Supply (SoPS) and supporting notes to show resource Outturn against the Supply Estimate presented to Parliament, in respect of each budgetary control limit. The SoPs and related notes are subject to audit.

Summary of Resource and Capital Outturn 2022-23

								2022-23 Voted	2021-22 Outturn
	Estimate				Outturn				
	SoPS note	Voted	Non-voted	Total	Voted	Non-voted	Total	Outturn compared with Estimate: saving/ (excess)	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Departmental Expenditure Limit									
– Resource	1.1	32,348	0	32,348	32,089	0	32,089	259	30,407
– Capital	1.2	3,107	0	3,107	2,676	0	2,676	431	1,562
Annually Managed Expenditure									
– Resource	1.1	200	0	200	0	0	0	200	0
– Capital		0	0	0	0	0	0	0	0
Total Budget		**35,655**	**0**	**35,655**	**34,765**	**0**	**34,765**	**890**	**31,969**

Non-Budget									
– Resource	1.1	0	0	0	0	0	0	0	0
Total		**35,655**	**0**	**35,655**	**34,765**	**0**	**34,765**	**0**	**31,969**

Total Resource		32,548	0	32,548	32,089	0	32,089	459	30,407
Total Capital		3,107	0	3,107	2,676	0	2,676	431	1,562
Total		**35,655**	**0**	**35,655**	**34,765**	**0**	**34,765**	**890**	**31,969**

Net cash requirement 2022-23

				2022-23	2021-22
	SoPS Note	Estimate	Outturn	Net Outturn compared with Estimate: saving/(excess)	Total Outturn
		£'000	£'000	£'000	£'000
Net cash requirement	3	**31,573**	31,498	75	31,006

Administration costs 2022-23

		2022-23		2021-22
	Estimate	Outturn		Total Outturn
	£'000	£'000		£'000
	32,348	32,089		30,407

Figures in the areas outlined in bold are control limits voted by Parliament. In addition, although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

All Estimate and Outturn balances disclosed under the Departmental Expenditure Limit relate to administration costs. All estimate and Outturn balances disclosed under Annually Managed Expenditure are classified as programme costs and relate to transactions in respect of Provisions.

Statement of Outturn against Parliamentary Supply

SoPS 1. Net Outturn

SoPS 1.1 Analysis of net Resource Outturn by section

	2022-23									2021-22
	Outturn							Estimate		Outturn
	Administration			Programme						
	Gross	income	Net	Gross	income	Net	Total	Net total	Net total compared to Estimate:	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Spending in department expenditure limit										
Voted: Giving the public confidence in the integrity of charities										
	33,579	(1,490)	32,089	0	0	0	**32,089**	32,348	259	**30,407**
	33,579	**(1,490)**	**32,089**	**0**	**0**	**0**	**32,089**	**32,348**	**259**	**30,407**
Annually managed expenditure										
Voted: Giving the public confidence in the integrity of charities										
	0	0	0	0	0	0	0	200	200	**0**
Total	**33,579**	**(1,490)**	**32,089**	**0**	**0**	**0**	**32,089**	**32,548**	**459**	**30,407**

SoPS 1.2 Analysis of net Capital Outturn by section

	2022-23					2021-22
	Outturn			Estimate		Outturn
	Gross	income	Net	Net	Net total compared to estimate	Net
Spending in department expenditure limit	-	-	-	-	-	-
Voted: Giving the public confidence in the integrity of charities	2,676	0	2,676	3,107	431	1,562
Total	**2,676**	**0**	**2,676**	**3,107**	**431**	**1,562**

SoPS 2 Reconciliation of net Resource Outturn to net operating expenditure

		2022-23	2021-22
	SoPS Note	£'000	£'000
Total Resource Outturn in Statement of Parliamentary supply	1.1	32,089	30,407
Net operating expenditure in Statement of Comprehensive Net Expenditure		**32,089**	**30,407**

As noted in the introduction to the SoPS above, Outturn and Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the Resource Outturn to net operating expenditure, linking the SoPS to the financial statements.

SoPS 3 Reconciliation of net Resource Outturn to net cash requirement

		Estimate	Outturn	Net total Outturn compared with Estimate: Saving/(Excess)
	SoPS Note	£'000	£'000	£'000
Resource Outturn	**1.1**	**32,548**	**32,089**	**459**
Capital Outturn	**1.2**	**3,107**	**2,676**	**431**
Accruals to cash adjustments: Accruals to remove non-cash items:				
Depreciation/Amortisations		(3,815)	(2,526)	(1,289)
Interest Right of Use assets		0	(16)	16
Leased asset additions		0	(347)	347
Loss on disposal of fixed asset		0	(49)	49
New provisions		(200)	0	(200)
Auditors remuneration		(67)	(70)	3
Adjustments to reflect movements in working balances:				
Increase/(decrease) in trade and other receivables		0	(96)	96
(Increase)/decrease in trade and other payables		0	(163)	163
Net cash requirement		31,573	31,498	75

As noted in the introduction to the SoPS above, Outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the Resource and Capital Outturn to the net cash requirement.

SoPS 4 Amounts of income to the Consolidated Fund

	Outturn Total		Prior Year 2021-22	
	Accruals	Cash basis	Accruals	Cash basis
	£'000	£'000	£'000	£'000
Income outside the ambit Estimate	0	0	0	0
(Excess) cash surrenderable to the Consolidated fund	0	0	0	0
Total payable to the Consolidated fund	**0**	**0**	**0**	**0**

Regularity of expenditure (audited)

There are no material losses and special payments for the year. There are no material contingent liabilities for the year.

Fees and charges disclosure requirements under Managing Public Money are met in Note 3 to the Accounts. The column headed 'Other Government Funded projects' relates wholly to services for which costs are fully recovered.

Dr Helen Stephenson CBE
Chief Executive and Accounting Officer
28 June 2023

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

Opinion on financial statements

I certify that I have audited the financial statements of the Charity Commission for the year ended 31 March 2023 under the Government Resources and Accounts Act 2000. The financial statements comprise the Charity Commission's:

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Charity Commission's affairs as at 31 March 2023 and its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2023 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022).* My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Charity Commission in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Charity Commission's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charity Commission's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Charity Commission is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Charity Commission and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Charity Commission or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Charity Commission from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- assessing the Charity Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Charity Commission will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Charity Commission's accounting policies and key performance indicators.
- inquired of management, the Charity Commission's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Charity Commission's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Charity Commission's controls relating to the Charity Commission's compliance with the Government Resources and Accounts Act 2000, Managing Public Money and the Charities Act 2011;
- inquired of management, the Charity Commission's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Charity Commission for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Charity Commission's framework of authority and other legal and regulatory frameworks in which the Charity Commission operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Charity Commission. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public

Money, Supply and Appropriation (Main Estimates) Act 2022, employment law, pensions legislation, tax legislation and the Charities Act 2011.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of my certificate.

Other auditor's responsibilities

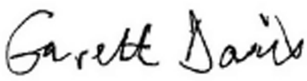
I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.



Gareth Davies
Comptroller and Auditor General
04 July 2023

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Part 6 Resource Accounts

Contents

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2023

This account summarises the expenditure and income generated and consumed on an accruals basis.

The notes on pages 76 to 89 form part of the financial statements.

	Note	2022-23	2021-22
		£'000	£'000
Operating income	5	(1,490)	(1,509)
Total operating income		**(1,490)**	**(1,509)**
Staff costs	4	23,825	22,910
Other administration costs	4	9,754	9,006
Total operating expenditure		**33,579**	**31,916**
Net operating expenditure		**32,089**	**30,407**

Statement of Financial Position

As at 31 March 2023

The Statement of Financial Position is a summary of all the Commission's assets and liabilities as at 31 March 2023.

The notes on pages 76 to 89 form part of the financial statements.

	Note	31 March 2023	31 March 2022
		£'000	£'000
Non-current assets:			
Property, plant and equipment	6	789	964
Intangible assets	7	4,924	4,995
Right of use assets	8	3,228	0
Total non-current assets		**8,941**	**5,959**
Current assets:			
Trade, other receivables and prepayments	10	1,527	1,623
Cash and cash equivalents	9	75	427
Total current assets		**1,602**	**2,050**
Total assets		**10,543**	**8,009**
Current liabilities:			
Trade and other payables	11	(4,940)	(3,733)
Total current liabilities		**(4,940)**	**(3,733)**
Total assets less liabilities		**5,603**	**4,276**
Non-current liabilities:			
Trade and other payables	11	(1,847)	0
Total non-current liabilities		**(1,847)**	**0**
Total assets less total liabilities		**3,756**	**4,276**
Taxpayers' equity:			
General fund		3,756	4,276
Total taxpayers' equity		**3,756**	**4,276**

Dr Helen Stephenson CBE
Chief Executive and Accounting Officer
28 June 2023

Statement of Cash Flows

For the year ended 31 March 2023

The Statement of Cash Flows records the actual transfer of cash into and out of the Commission during the financial year.

The notes on pages 76 to 89 form part of the financial statements.

	Note	2022-23	2021-22
		£'000	£'000
Cash flows from operating activities:			
Total net operating expenditure		**(32,089)**	**(30,407)**
Non-cash transactions	4	3,965	2,342
Decrease/(increase) in trade and other receivables	10	96	(140)
(Decrease)/increase in trade and other payables*	11	163	(1,239)
Net cash outflow from operating activities		**(27,865)**	**(29,444)**
Cash flows from investing activities			
Purchase of plant, property and equipment	6	(392)	(511)
Purchase of intangible assets	7	(1,937)	(1,051)
Net cash outflow from investing activities		**(2,329)**	**(1,562)**
Cash flows from financing activities			
From Consolidated Fund (Supply) – current year		31,147	30,032
Lease payments not posted through SoCNE		(1,305)	0
Net financing		**29,842**	**30,032**
Net (decrease)/increase in cash in the period		**(352)**	**(974)**
Cash and cash equivalents at the beginning of the period		**427**	**1,401**
Cash and cash equivalents at the end of the period		**75**	**427**

* The cash payments of our lease charges are shown within the net operating expenditure figure. The increase in trade and other payables excludes the increase in lease liabilities shown in note 11 as this is an IFRS 16 movement.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2023

The Statement of Changes in Taxpayers' Equity summarises the movement in the net worth of the Commission.

The notes on pages 76 to 89 form part of the financial statements.

	Note	£'000
Balance as at 1 April 2022		**4,276**
Non-cash charges – auditors' remuneration	4	70
Net operating cost for the year		(32,089)
Total recognised income and expense for 2022-23		**(32,019)**
Net Parliamentary Funding – drawn down		31,147
Net Parliamentary Funding – deemed		427
Supply payable		(75)
Balance as at 31 March 2023		**3,756**

Changes in taxpayers' equity for 2021-22

	Note	£'000
Balance as at 1 April 2021		**3,609**
Non-cash charges – auditors' remuneration	4	68
Net operating cost for the year		(30,407)
Total recognised income and expense for 2021-22		**(30,339)**
Net Parliamentary Funding – drawn down		30,032
Net Parliamentary Funding – deemed		1,401
Supply payable		(427)
Balance as at 31 March 2022		**4,276**

Notes to the Departmental Resource Accounts

1. General information

The Charity Commission is an independent, non-ministerial government department, accountable to Parliament with our registered head office at: 102 Petty France, London, SW1H 9AJ.

Our responsibilities are to:

1. Increase public trust and confidence in charities.
2. Promote awareness and understanding of the operation of the public benefit requirement.
3. Promote compliance by charity trustees with their legal obligations in exercising control and management of the administration of their charities.
4. Promote the effective use of charitable resources.
5. Enhance the accountability of charities to donors, beneficiaries and the general public.

2. Statement of accounting policies

These financial statements, which cover the accounting period 1 April 2022 to 31 March 2023, have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Commission for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Commission are described below. Other than the adoption of IFRS 16 with effect from 1 April 2022 (see 2.10) they have been applied consistently in dealing with items that are considered material to the financial statements.

In addition to the primary statements prepared under IFRS, the FReM also requires the Commission to prepare one additional primary statement. The Statement of Parliamentary Supply and supporting notes show Outturn against estimate in terms of the net resource requirement and the net cash requirement.

In common with other government departments, the group's liabilities are expected to be met by future grants of supply and the application of future income, both to be approved annually by Parliament. There is no reason to believe that future Parliamentary approval will not be forthcoming, and therefore, in accordance with FReM 8.2.2, it has been concluded as appropriate to adopt the going concern basis of preparation for these accounts. The Commission has been given a three-year funding settlement taking us through to the financial year 2024-2025 which assures its medium-term tenure.

2.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets.

2.2 Property, plant and equipment

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis where that expenditure exceeds £1,000 and the benefit it yields has a life of more than one year. Expenditure on routine repairs and maintenance that does not add to the value of the asset is not capitalised. Grouped assets with a total value exceeding £1,000 and individual item value exceeding £500 are also capitalised.

Property, plant and equipment held for their service potential are stated at depreciated historical cost which is regarded as a suitable proxy for current value in use given their short lives and low value. Such expenditure includes any costs such as installation directly attributable to bringing them into working condition.

2.3 Intangible assets

Intangible assets are assets that do not have physical substance but are identified and controlled by the Commission and have a life of more than one year, such as software licences. Expenditure on intangible assets is initially recorded at cost. This includes directly attributable costs for bringing the intangible asset into use. Intangible assets will only be recognised where these costs exceed £1,000. Once the assets have been brought into use, they are amortised at a rate calculated to write them down to an estimated residual value on a straight-line basis over their estimated useful life. They are therefore stated at depreciated historical cost which is regarded as a suitable proxy for depreciated replacement cost as any indexation would not be material.

The Commission capitalises intangible assets in line with IAS 38. Projects are separated into two clearly identifiable stages (the research phase and the development phase). Costs are capitalised when the development phase is entered and there is a commitment and funding to see the project through to completion, bringing future benefit to the Commission.

2.4 Depreciation and Amortisation

Property, plant and equipment and intangible assets are depreciated/amortised at a rate calculated to write down their value to their estimated residual value on a straight-line basis over their estimated useful life. Depreciation on property, plant and equipment, and amortisation of intangible assets, is applied in the year of acquisition for purchased assets or, in the case of assets under construction, in the year which the asset is brought into use. Asset lives are estimated drawing on experience of similar assets in the past and our expectations of new asset usage. Asset lives are normally in the following ranges:

- Information technology (equipment): 2-7 years
- Information technology (laptops): 2 years
- Furniture and fittings: 5-7 years
- Leasehold improvements: Term of lease or initial break point
- IT databases (inc. management systems): 2-5 years

Right-of use assets

Where a lease has been identified, the Commission recognises the right-of-use asset and a corresponding lease liability. Right-of-use assets are depreciated on a straight-line basis over the associated lease term, or estimated useful life where this is shorter. Impairment losses are charged in the same way as those arising on property, plant and equipment.

As permitted by the FReM, right-of-use assets are subsequently measured using the cost model as a proxy for the measurement of the cost value in use. This is because lease terms require lease payments to be updated for the market conditions, for example, rent reviews for leased properties, which will be captured in the IFRS 16 provisions. Right-of-use assets also have shorter useful lives and values than their respective underlying assets and, as such, cost can be used as a proxy for assets with shorter economic lives or lower values in accordance with the FReM.

2.5 Impairments

The value of databases and assets under construction are reviewed at the end of each financial year for evidence of reduction in value. Where an impairment is identified that is attributable to the clear consumption of future economic benefit, the loss is charged to the Statement of Comprehensive Net Expenditure.

2.6 Operating income

Operating income is income which relates directly to the operating activities of the Commission. Operating income is stated net of VAT. Income is recognised as it is earned. This income has been recognised as follows in line with IFRS 15 principles:

- contracts have been agreed and approved by both parties
- performance obligations have identified and agreed
- transaction prices have been agreed and revenue recognised on the following basis:

  fees for services which are charged as a fixed annual fee for the service provided in that year have been recognised in full for that financial year on the basis that when the year comes to an end the service has been fully provided

Fees charged to recover costs incurred where it has been agreed that these costs will be charged to other government departments have been recognised in line with when those costs have been recognised by the Commission. Our main source of operating income relates to our work for the Home Office. Income under this arrangement is claimed quarterly in arrears based on actual costs incurred.

2.7 Administration expenditure

Administration expenditure reflects the costs of running the Commission. The classification of expenditure as administration follows the definition of administration costs set by HM Treasury.

2.8 Foreign currency

As part of the Commission's International Programme, work is undertaken in foreign countries and expenditure will be incurred in the local currency. These transactions are converted into £ sterling using the exchange rate at, or close to, the official exchange rate on the date of the transaction.

2.9 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme and alpha scheme, which are described in the Remuneration Report. The Commission recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the schemes of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS and alpha, and is not, therefore, reflected in the Commission's Statement of Financial Position. In respect of the defined contribution schemes, the Commission recognises the contributions payable for the year.

2.10 Leases

The Commission has adopted IFRS 16, as interpreted and adapted in the FReM, with effect from 1 April 2022. In accordance with the FReM, intra-UK government agreements, including Terms of Occupancy Agreements (TOA) with GPA, are treated as contracts and therefore within the scope of IFRS 16 where they convey the right to use an asset.

Where a lease has been identified, the Commission recognises a right-of-use asset and a corresponding lease liability, except for short term leases and leases for which the underlying asset is of low value. For such leases, the lease payments are recognised as an expense on a straight line basis over the lease term.

The Commission has not set a specific threshold for identifying assets that are of low value, and applies the guidance in IFRS 16 on a case by case basis.

Where the interest rate implicit in a lease cannot be readily determined, the Commission calculates the lease liability using the HM Treasury discount rates promulgated in the Public Expenditure System paper as the incremental borrowing rate. For leases that commence or are remeasured in the 2022 calendar year, this rate is 0.95% (2021: 0.91%).

The Commission does not apply IFRS 16 to leases of intangible assets and recognises these in accordance with IAS 38 where appropriate.

2.11 Value Added Tax

Most of the activities of the Commission are outside the scope of VAT. In general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT on revenue expenditure is charged to the Statement of Comprehensive Net Expenditure. VAT incurred on capital expenditure is included within the cost of property, plant and equipment and intangible assets. Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT.

2.12 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Commission discloses for Parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money. Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament noted separately. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

2.13 Significant estimates and judgements

The Commission is required, when applying its accounting policies, to make certain judgements, estimates and associated assumptions relating to assets, liabilities, income and expenditure. These judgements, estimates and associated assumptions are based on knowledge of current facts and circumstances, assumptions concerning past events and forecasts of future events and actions. Actual results may differ from the estimates stated for the provisions and the useful economic lives of the tangible and intangible assets.

2.14 Initial application of IFRS 16

IFRS 16 is applicable for reporting periods beginning from 1 January 2019, although to the COVID-19 pandemic, HM Treasury delayed mandatory application of IFRS 16 by government departments until 1 April 2022.

HM Treasury has withdrawn the accounting policy choice to apply IFRS 16 retrospectively to each prior reporting period presented in accordance with IAS 8. At the date of initial application, therefore, the Commission has recognised the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of taxpayers' equity. HM Treasury has also withdrawn the option to reassess whether a contract is, or contains, a lease at the date of initial application. The Commission therefore initially applied IFRS 16 to any contracts already identified as a lease, or containing a lease, under IAS 17 and did not apply IFRS 16 to any new contracts. The following leased assets were identified in this way:

a) Land and buildings – The Commission leases office accommodation throughout its estate, primarily through the Government Property Agency. Under IAS 17, these contracts were treated as operating leases.

In accordance with the FReM, the Commission has not recognised any assets or liabilities for leases where the underlying asset is of low value, and has made no adjustment for such leases. Similarly, the Commission has not recognised any assets or liabilities for leases of 12 months or less, and has made no adjustment for leases ending within 12 months of initial application of IFRS 16. On initial application of IFRS 16, the Commission has recognised right-of-use assets at an amount equal to the initial lease liability, adjusted by the amount of any prepaid or accrued lease payments recognised immediately before the date of initial application. The initial lease liability has been calculated based on the present value of future cash flows for each lease over the applicable lease term determined in accordance with the new standard.

The Commission has recognised the following opening balances in 2022-23:

Operating segment	Buildings
	£'000
IAS 17 operating lease commitments at 31 March 2022	4,199
Less leases treated as short term on initial adoption of IFRS 16	(87)
Adjustment from committed expenditure to future cashflows	168
Adjustment for discounting of future cashflows	(96)
IFRS 16 lease liability at 1 April 2022	**4,184**
Right-of-use value at 1 April 2022	**4,184**

3. Statement of Operating Costs by Operating Segment

For internal reporting purposes, the Charity Commission operates two segments: Charity Commission core business and other Government funded projects. The other Government funded projects are reported separately as they have their own funding streams and are operated as distinct units within the Commission. The primary financial statements record the total income, expenditure, assets and liabilities of the Charity Commission and the other Government funded projects. The note below shows the amounts attributable to the two segments.

	2022-23			2021-22		
	£'000			£'000		
	Charity Commission: core business	Other government funded projects	Total	Charity Commission: core business	Other government funded projects	Total
Gross Expenditure	32,089	1,490	**33,579**	30,407	1,509	**31,916**
Income	0	(1,490)	**(1,490)**	0	(1,509)	**(1,509)**
Net Expenditure	32,089	0	**32,089**	30,407	0	**30,407**
Total Assets	**10,161**	**382**	**10,543**	**7,640**	**369**	**8,009**
Total Liabilities	**(6,787)**	**0**	**(6,787)**	**(3,733)**	**0**	**(3,733)**
Net Assets	3,374	382	**3,756**	3,907	369	**4,276**

4. Expenditure

		2022-23	2021-22
	Note	£'000	£'000
Staff Costs:			
Wages and salaries		17,559	16,165
Social security costs		1,896	1,666
Other pension costs		4,550	4,209
Agency staff		593	793
Severance costs		0	219
(Decrease)/Increase in IAS 19: employee benefits accrual		88	(10)
Total staff costs		**24,686**	**23,042**
Charged to Capital		(861)	(132)
Total net staff costs		**23,825**	**22,910**
Goods and services:			
Rentals under operating leases*		88	886
Interest Right of Use assets*		28	0
Travel, subsistence and staff related costs		1,203	899
Accommodation**		16	502
Office services		89	191
Contracted services/consultancy		1,058	603
Information systems and telephony		3,114	3,295
Specialist services		193	287
Losses and special payments		0	1
Total Goods and services		**5,789**	**6,664**
Non-cash items:			
Depreciation	6 & 8	1,865	386
Amortisation	7	1,965	1,883
Revaluation/re-lifed assets	6 & 7	0	5
Interest Right of Use assets*		16	0
Loss on disposal of fixed asset	6 & 7	49	0
Auditors' remuneration		70	68
Total non-cash items:		**3,965**	**2,342**
Total expenditure		**33,579**	**31,916**

*These categories are affected by the adoption of IFRS 16 (see note 2.14).
**Reduction in 2022-23 costs relate to implementation of IFRS16, moving these to depreciation.

The amount spent on consultancy during the year was £91,767 (2021-22 £119,087). Further analysis on staff numbers, compensation scheme packages and pension disclosure can be found within the accountability report.

Auditors

This year's resource accounts have been audited by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General. No further services were provided by the NAO. The cost of audit work was £70,278 (2021-22: £67,575). This includes fees charged to the Commission for the audit of the Official Custodian of Charities' Financial Statements.

5. Income

	2022-23	2021-22
	£'000	£'000
Income received from other UK government departments:		
Income to support Home Office initiatives	1,422	1,279
Income in respect of services rendered	26	37
Income to support DCMS initiatives	42	193
Total income	**1,490**	**1,509**

6. Property, plant and equipment

	Information technology	Furniture and fittings	Leasehold improvements	Total
	£'000	£'000	£'000	£'000
2022-23				
Cost or valuation				
At 1 April 2022	2,107	6	835	**2,948**
Additions	392	0	0	**392**
Disposals	(461)	(2)	0	**(463)**
Impairments	0	0	0	**0**
At 31 March 2023	**2,038**	**4**	**835**	**2,877**
Depreciation				
At 1 April 2022	1,534	6	444	**1,984**
Charged in year	416	0	145	**561**
Disposals	(455)	(2)	0	**(457)**
At 31 March 2023	**1,495**	**4**	**589**	**2,088**
Net Book Value at 31 March 2022	**573**	**0**	**391**	**964**
Net Book Value at 31 March 2023	**543**	**0**	**246**	**789**
2021-22				
Cost or valuation				
At 1 April 2021	2,291	6	517	**2,814**
Additions	171	0	340	**511**
Disposals	(350)	0	(22)	**(372)**
Impairments	(5)	0	0	**(5)**
At 31 March 2022	**2,107**	**6**	**835**	**2,948**
Depreciation				
At 1 April 2021	1,543	6	421	**1,970**
Charged in year	341	0	45	**386**
Disposals	(350)	0	(22)	**(372)**
At 31 March 2022	**1,534**	**6**	**444**	**1,984**
Net Book Value at 31 March 2021	**748**	**0**	**96**	**844**
Net Book Value at 31 March 2022	**573**	**0**	**391**	**964**

All assets are owned by the Commission.

7. Intangible assets

	Databases and management systems	Assets under construction	Total
	£'000	£'000	£'000
2022-23			
Cost or valuation			
At 1 April 2022	15,762	233	**15,995**
Additions	0	1,937	**1,937**
Transfers	379	(379)	**0**
Disposals	(1,048)	(18)	**(1,066)**
At 31 March 2023	**15,093**	**1,773**	**16,866**
Depreciation			
At 1 April 2022	11,000	0	**11,000**
Charged in year	1,965	0	**1,965**
Disposals	(1,023)	0	**(1,023)**
At 31 March 2023	**11,942**	**0**	**11,942**
Net Book Value at 31 March 2022	**4,762**	**233**	**4,995**
Net Book Value at 31 March 2023	**3,151**	**1,773**	**4,924**
2021-22			
Cost or valuation			
At 1 April 2021	14,600	355	**14,955**
Additions	0	1,051	**1,051**
Transfers	1,173	(1,173)	**0**
Disposals	(11)	0	**(11)**
Impairments	0	0	**0**
At 31 March 2022	**15,762**	**233**	**15,995**
Depreciation			
At 1 April 2021	9,128	0	**9,128**
Charged in year	1,883	0	**1,883**
Disposals	(11)	0	**(11)**
At 31 March 2022	**11,000**	**0**	**11,000**
Net Book Value at 31 March 2021	**5,472**	**355**	**5,827**
Net Book Value at 31 March 2022	**4,762**	**233**	**4,995**

All intangible assets are owned by the Commission. There are no intangible assets held under finance leases (nil in 2021-22). Assets under construction represent expenditure on IT developments.

8. Right-of-use assets

2022-23	Buildings
	£'000
At 31 March 2022	0
Initial adoption of IFRS 16 on 1 April 2022	4,185
Cost or Valuation	
At 1 April 2022	4,185
Additions	347
At 31 March 2023	**4,532**
Depreciation	
At 1 April 2022	0
Charged in year	1,304
At 31 March 2022	**1,304**
Carrying amount at 31 March 2022	**0**
Carrying amount at 31 March 2023	**3,228**

9. Cash and cash equivalents

	2022-23	2021-22
	£'000	£'000
Balance at 1 April	**427**	**1,401**
Net change in cash and cash equivalent balances	(352)	(974)
Balance at 31 March	**75**	**427**
The following balances at 31 March were held at:		
Government Banking Services	75	427
Balance at 31 March	**75**	**427**

The Commission holds no cash equivalents.

10. Trade, other receivables and prepayments

	2022-23	2021-22
	£'000	£'000
Amounts falling due within one year:		
VAT	314	393
Other receivables	120	72
Prepayments and accrued income	1,093	1,158
	1,527	**1,623**

11. Trade and other payables

	2022-23	2021-22
	£'000	£'000
Amounts falling due within one year:		
Taxation and social security	453	436
Trade payables	923	1,251
Staff exit costs	0	59
Lease Liabilities*	1,396	0
Accruals and deferred income	2,093	1,560
Amounts issued from the Consolidated Fund for Supply but not spent at year end*	75	427
Total current payables	**4,940**	**3,733**
Amounts falling due after more than one year:		
Lease Liabilities*	1,847	0
Total non-current payables	**1,847**	**0**
	6,787	**3,733**

* For the purposes of the Cash Flow Statement, movements in these figures are excluded.

11.1 Legal

The Commission had no material legal commitments or liabilities as at 31 March 2023 (nil as at 31 March 2022).

12. Contingent Liabilities

The Commission has no contingent liabilities judged to be probable or material as at 31 March 2023 (nil as at 31 March 2022).

13. Financial Instruments

The Commission's resource requirements are met from Parliament through the Estimates process and minimal income from other Government Departments. The Commission has no powers to borrow money or to invest surplus funds. The only financial instruments held by the Commission are those that arise from the Commission's day-to-day operational activities and include trade and other receivables (Note 10) and trade and other payables (Note 11). The carrying value of the financial instruments approximates to their fair value and the Commission is exposed to limited credit, liquidity or market risks.

Liquidity risk

The Commission's net revenue resource requirements and capital expenditure are financed by resources voted annually by Parliament or through the reimbursement of costs charged to bodies funded by Parliament. The Commission is therefore not exposed to material liquidity risks.

Credit risk

The Commission recharges other Government Departments for the re-imbursement of costs relating to joint Departmental projects. These parties receive funding from Parliament and there has been no history of default on any amounts due to the Commission and management assesses its counter parties to not present a significant credit risk.

Market Risk

From time-to-time the Commission has some exposure to foreign currency markets because some purchases are denominated in US Dollars or Euro's. Due to the minimal value of these transactions management assesses that there are no significant market risks.

14. Related party transactions

During the year 2022-23, no Board Member, key manager or other related parties undertook any material transactions with the Commission except remuneration (Board and senior staff salaries are disclosed within the accountability report). As an entity, the Commission had a small number of transactions with other government departments and other central government bodies. These transactions were with the Ministry of Justice, the Home Office, the Department for Work and Pension, the Office of National Statistics, the Civil Society and youth Directorate (part of the DCMS), the Government Internal Audit Agency, and the Charity Commission for Northern Ireland. All transactions were undertaken on arm's length terms.

15. Events after the reporting period date

There have been no events after the Statement of Financial Position date requiring an adjustment to the financial statements. The Annual Report and Accounts were authorised for issue on the same date that the Comptroller and Auditor General signed his Certificate.

Glossary (not audited)

Accruals

Income or expenditure relating to the financial year which had not been received or paid by the financial year end but is reflected in the financial statements.

Amortisation

The writing off of the value of an intangible asset over the useful life of that asset.

Annually managed expenditure (AME)

Expenditure incurred by the Commission that falls outside the scope of DEL control totals. In general, this relates to the creation of, and increase to, provisions.

Capital expenditure

Expenditure greater than £1,000 on the acquisition or construction of plant, property and equipment and intangible assets, or on enhancing the value of such assets. Grouped assets with a total value exceeding £1,000 and individual item value exceeding £500 are also capitalised. All laptops are capitalised.

Consolidated fund

The Government's 'current account' operated by HM Treasury and used to finance central government spending. The main source of income to the Fund is taxation receipts.

Contingent liability

A possible liability to make a future payment that is dependent on the outcome of certain events, for example, legal action.

Corporate governance

The systems and processes by which organisations are directed and controlled to ensure they meet their aims and fulfil statutory requirements.

Delegated Expenditure Limit (DEL)

A control total specified for the Commission. Separate DELs are set for Resource and Capital. The Commission's expenditure cannot exceed its DEL.

Depreciation

The measure of wearing out, consumption or other reduction in the useful economic life of property, plant and machinery.

Estimate/Supply Estimate

A summary of the resources and cash voted by Parliament to the Commission for the financial year, against which we monitor our expenditure.

Excess vote

Additional funding that is approved by Parliament where expenditure by a government department exceeds the Estimate for the financial year.

Finance lease

A lease that transfers substantially the risks and rewards of ownership of the asset to the lessee.

Financial instrument

A contract that gives rise to a financial asset for one party and a financial liability to another party.

Financial Reporting Manual (FreM)

The technical accounting guide to preparing the financial statements of Government Departments, written by HM Treasury.

General fund

This represents the historic costs of the total assets less the liabilities of the Commission. It is included in Taxpayers' Equity in the Statement of Financial Position.

Impairment

The reduction in value of plant, property and equipment and intangible assets reflecting either the consumption of economic benefits, such as obsolescence, or physical damage, or a general fall in prices.

International Financial Reporting Standards (IFRS)

The financial reporting standards under which the Commission's financial statements are prepared. IFRSs are set by the International Accounting Standards Board.

Managing public money

HM Treasury publication setting out the principles Government Departments should follow when dealing with resources.

Materiality

The extent to which a misstatement or omission in the financial statements might reasonably be expected to impact on the understanding of the reader.

National Audit Office (NAO)

The external auditors of the Commission.

Net book value

The amount at which non-current assets are included in the Statement of Financial Position after providing for amortisation, depreciation and revaluations.

Net cash requirement

The amount of cash to be released from the Consolidated Fund to fund the Commission's expenditure for the financial year. The Net Cash Requirement will be different from the DEL as DEL takes into account 'non-cash' expenditure such as depreciation and notional charges for which there is no physical transfer of cash.

Net current replacement cost

The current cost of replacing or recreating an asset in its existing use.

Net resource out-turn

The net total of income and expenditure of the Commission during the financial year.

Non-cash transactions

Items of expenditure that are recognised in the Commission's financial statements but do not give rise to the physical transfer of cash, for example, depreciation.

Operating lease

A lease where the risks and rewards of ownership of the asset rest substantially with the lessor.

Outturn

The actual level of expenditure and income for the financial year.

Prepayment

Payment in the current financial year for goods or services to be received or provided in the next financial year.

Provisions

Amounts set aside to fund known liabilities relating to the current or previous financial years, the exact timing and amount of which is uncertain.

Resource Expenditure

Expenditure on non-capital related activity, which is either subject to the Delegated Expenditure Limit (DEL) or Annually Managed Expenditure (AME).

Supply

The resources voted to the Commission by Parliament.

Trade payables and receivables

Payables are amounts the Commission owes for goods and services received in the financial year for which payment has not been made by the year end. Receivables are amounts owing to the Commission for goods or services provided in the financial year for which payment has not been received by the year end.

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