

Charity Commission

Annual Report 2009/10



Annual Report of the Charity Commission for England and Wales
for the year ending 31 March 2010

Presented to Parliament pursuant to paragraph 11 of Schedule 1A to the
Charities Act 1993.

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Introduction by the Chair and Chief Executive

In the past year there has been much debate about the breakdown of public confidence in some of our most important national institutions. The charity sector continues to enjoy high levels of public trust and confidence, but this should not be taken for granted. Inappropriate activity by one charity can damage the whole sector's reputation. Both charities and the Commission need to work at maintaining that trust.

We continue to take swift and tough action where charitable funds are at risk, or where the good name of charity is threatened. Our regulatory approach is based on both firm enforcement action and the provision of advice and guidance to charities on maximising the effective use of their resources.

There are 180,000 registered charities with an income last year of £52 billion. Some charities are large both in income and staffing, but more than half of registered charities have an annual income of less than £10,000. These small charities play a vital role in our communities, which is why we are putting even greater emphasis on ensuring that our services meet their needs. One of our challenges lies in regulating such a diverse sector in a way that is relevant to all charities and the wider public.

During the economic downturn, a sharp rise in demand for services combined with a drop in income has adversely affected many charities. We've worked hard to support them in these testing times and help them cope.

In the last five years the Commission has made significant efficiency savings as our budget has reduced by 16% in real terms. We are now likely to face even greater financial challenges. Part of the solution will be to further develop our online services, which will also provide charities with a faster and more efficient service. Our new improved website has also made accessing guidance even easier for hundreds of thousands of trustees.

This year more than ever, charities have demonstrated the vital role they play in society, and this is recognised by the public and across the political spectrum. So our commitment to charities and to the public remains at the heart of everything we do – continuing to deliver effective regulation and the best possible service.

Dame Suzi Leather
Chair

Andrew Hind
Chief Executive



“This year more than ever, charities demonstrated the vital role they play in society.”

Promoting compliance with legal obligations

Issues for the wider sector

The Commission's work remains focused on taking appropriate and decisive action when problems in charities occur, and, by publicising our findings, we help other charities to avoid the same problems. Our approach to regulation is evidence-based and proportionate.

The number of charities we need to investigate is relatively small compared to the size of the sector. However, this year we still dealt with more than 2,600 serious concerns about charities and opened 180 new investigation cases.

Our second annual *Charities Back on Track* report showed that the recurrent themes in our compliance work were financial mismanagement, issues concerning trustee duties and responsibilities, cases involving vulnerable beneficiaries and inappropriate political activities and campaigning by charities. The report has been well received by stakeholders and the wider sector. We also updated our guidance for trustees on reporting serious incidents to us as regulator, in order to help them follow best practice and comply with the law.

Upholding the independence of charities

A charity's independence is essential, and charities must guard against any perception of being party political. A number of compliance cases this year involved concerns about party political activity, including one which showed a charity which was found to have inadvertently given support to an MP and his party through a research project.

To help charities ahead of the general election, we updated our *Charities and Elections* guidance. We also gave advice to numerous charities to ensure that their activities stayed within charity law.

Protecting the good name of charity

The Commission acted swiftly and opened a statutory inquiry when a large public appeal was set up by a charity. The Commission had concerns over the financial governance arrangements relating to the control and application of the charity's funds and the fact that the charity wasn't registered with the Commission. We ensured that the charity's funds were effectively managed and controlled by the trustees and that it registered with us.



"Our relationship with the Charity Commission helps us to identify problems and work effectively to protect charitable funds."

Mike Gallagher
HMRC

The Commission was notified of serious allegations relating to an education charity and the conduct of a senior charity employee. Our subsequent inquiry found that the trustees did not adequately manage the risks arising from the allegations, and that the trustees had failed to implement sufficient procedures to manage those risks. The Commission directed the trustees to take specific action and

“The Dedicate and Raise a Smile cases send a strong signal to trustees that they are held fully accountable for their actions, and the Commission will act to protect charity.”

Michelle Russell
Head of Compliance
The Charity Commission

also directed them to undertake a governance review aimed at improving the charity’s decision-making.

Helping trustees safeguard their charities

Although proven instances of terrorist abuse of charities are rare, they are completely unacceptable. The Commission published *Charities and Terrorism*, which is aimed at all charities but has particular relevance to charities which, whether working at home or abroad, are likely to be exposed to greater risk of abuse. This is the first part of a new online toolkit resource to help all charities and their trustees to protect their charities from potential harm and abuse. It will also cover risks to charity funds, acting with due diligence and safeguarding people, property and reputation. We have also begun issuing alerts to inform trustees and members of the public of scams or fraudulent activity that we become aware of within the sector.

Case study - Tackling fundraising concerns

The Commission ran inquiries into two charities, Dedicate Limited and Raise A Smile Limited, after concerns were raised about fundraising activity undertaken by the charities’ trading subsidiaries. The trading subsidiaries raised funds for their respective charities and for other charities.

The inquiries found that the structure of the charities and their trading subsidiaries meant that an unacceptably low amount of money actually reached the charities from the trading subsidiaries’ activities, which was not in the interest of the charities.

The inquiries found that substantial amounts of funds raised by the trading subsidiaries were spent on goods and services supplied by organisations connected with people who held various positions in the charities.

The Commission liaised extensively with the Department for Business, Innovation and Skills and HMRC. One of the trustees was subsequently disqualified from acting as a Director of a company or as a charity trustee for 11 years.

The Commission’s actions protected the public by preventing further fundraising activity by the charities. Both charities have been removed from the Register of Charities.

Promoting the effective use of charitable resources

Monitoring the sector

The Commission stepped up its response as the economic downturn continued to affect charities. Having an authoritative and accurate picture of how charities were being affected was important. We ran two further comprehensive economic downturn surveys of charities, which showed that the number of charities affected by the downturn rose from 38% of charities in the first survey in September 2008, to 59% of charities in March 2010. With cuts expected to both local and central government resources, we warned that charities which receive money from the public purse could find themselves at a financial cliff edge in March 2011.

Equipping charities to beat the recession

In May we published the *Big Board Talk*, a checklist of subjects which we called 'the conversation all charities need to have', and which resulted from a programme of outreach and research. It covered the key areas where charities told us they were most vulnerable, and asks 15 key questions to help trustee boards look at both the options and opportunities available to them. Charities' survival depends on them having the courage to face and tackle those fundamental issues. We have been pleased to hear

that numerous charity trustee boards have been using the *Big Board Talk* in away days and special meetings to determine their future strategy for dealing with the problems of the downturn.

The Commission also took part in a series of regional road shows around the country, providing resources, advice and guidance to hundreds of charities. This continuing contact directly with trustees has helped us make sure our guidance continues to meet their needs in today's challenging environment.

Measuring the impact on foundations

Charitable foundations have also felt the effects of the downturn. Despite this, charitable trusts and foundations are still committed to supporting Britain's charities at a time when they need it most. In our research report *Firm Foundations*, we found a clear indication from trusts that levels of grant-making are, despite the recession, being maintained. Many trusts and foundations have already adopted a sustainable approach which would allow them to offer this vital support not just now, but into the future.

The report also found that foundations showed a strong commitment to supporting charities and their beneficiaries through these tough times and

Case study - A big help for small groups

Peter Lathbury is Senior Officer for Voluntary Sector Development for the Powys Association of Voluntary Organisations in Wales.

"I typically use the small charities constitution two or three times a month when dealing with enquiries from groups about developing their governing document. Whilst not all of these groups necessarily adopt it, it provides a very useful tool to help groups think through their essential needs as regards their governing document as it clearly illustrates the essential contents of a basic functional constitution.

It provides a basic framework which can have the administrative provisions adapted or extended to meet the group's specific needs. The feedback I've had from groups when working with them using the model constitution is that it is simple, straightforward and it is easy to understand what it means. I can't recall any adverse comment about the document from groups I've worked with using it. The document's accessibility via the Commission's website is also a big plus."

“It’s great that the small charities constitution, which Welsh charities piloted first, is now available to help all small organisations be more effective.”

Harry Iles
Head of the Wales Office
The Charity Commission

long into the future. They are taking a strategic and considered approach, with trustees reflecting more on their collective board responsibilities. Although the research found that levels of grant-making were being sustained, monitoring the full effects of the recession will still be important.

Supporting the smallest charities

There are many small, community-based charities that will never reach the £5,000 threshold to register with us, but still want to ensure that they run properly. To help them, we have published a simplified constitution for small charities in partnership with nine umbrella bodies

across the charity sector, many of whom specialise in the needs of small charities.

The new constitution is designed to provide a concise, practical framework for charities with an income of under £5,000. First piloted in Wales, it uses clear, direct language that is easy to understand and covers the requirements for a very small charity which does not own land or employ staff. Feedback to date has been positive and we hope it will be a helpful document for anyone setting up a very small charity.

Giving the green light to environmental sustainability

The Commission’s Board approved an update to our guidance *Hallmarks of an Effective Charity*, and to *The Essential Trustee*. The updated guidance says that trustees of an effectively run charity will consider ways in which their charity can take an environmentally responsible and sustainable approach to its work, which is consistent with the charity’s purposes even when those purposes are not specifically related to the environment. Both sets of guidance have been expanded to clarify that there is no legal barrier to charities exploring the environmental impact of their work, even if it is not part of their core charitable purposes.



Enhancing the accountability of charities to donors, beneficiaries and the general public

Improving accountability through accounts

The Commission has been urging more charities to be accountable by making their annual information public within the ten-month deadline. Last year we introduced a red and green 'banner' system to the online Register of Charities to show clearly which charities had overdue documents. This, along with operational initiatives, has helped to improve compliance trends. We have now increased the proportion of charities filing their annual

returns and accounts on time from 75% to just over 80%, which means the amount of the sector's income that is accounted for within that ten-month deadline, through annual accounts, is 96%.

However, one in five charities are still late, which means their annual information is not available to the public, donors, beneficiaries or to us as the regulator. This is not good enough. Among other initiatives we ran a regional media campaign, called File on Time, to make charity trustees aware of the importance of making information available. The campaign reached nearly two million people and led to charities sending in accounts that were overdue, which further improves compliance.

"Thames Reach and Blenheim CDP are a great example of two charities taking a pragmatic approach to their work and seeing what can be gained from a collaborative approach."

Richard Black

Head of Mergers and Collaborative Working
The Charity Commission

Improving our Register of Charities

In 2008 we introduced our new look online Register of Charities to make information more accessible. This year we have added 'flags' to show where a charity has been the subject of an investigation in the last six months if a published report is available. This allows people to form a rounded view of the charity by having all relevant information on the charity's register entry.

"We felt this was a good approach to both maximise our resources and share and receive expertise, and were also grateful for the Commission's advice with this."

Jeremy Swain
Chief Executive
Thames Reach



Previous statutory inquiry reports and regulatory case reports are also listed on our website should people wish to have copies.

Collaborating and merging

Our surveys of charities have shown that very few charities have considered collaborating with others or, if appropriate, merging with another similar charity. There may be many reasons for this. It is vital, however, that charities have the right information and tools to be able to consider these options. We have produced two new toolkits; *Choosing to Collaborate* and *Making Mergers Work*, which provide charities with a clear framework within which they can decide whether collaborative working or merging will help them and their beneficiaries. The toolkits use practical tips and case studies to set out the risks, challenges and opportunities that collaborative working and mergers can bring. We hope these will encourage far more charities to consider if collaborating or merging might be in the best interests of their beneficiaries, particularly in a difficult economic climate.

Guidance for faith-based charities

The Commission published a new guide for all faith-based charities to help them establish strong trustee bodies and good practice. The publication, *Faith in Good Governance*, is aimed at the trustees, staff and volunteers of all those charities established with a religious purpose whose main focus is religious worship and related activities. It brings together, in one place, aspects of the legal and good practice framework which are most likely to be of relevance to faith-based charities.

Through outreach work undertaken by the Faith and Social Cohesion Unit set up in 2007, the Commission has also successfully identified and increased the number of mosques registered with us to 593, a 79% increase from the previous figure of 331. In addition, the Unit has organised nearly 100 events for trustees and professionals that work with faith-based charities.



Case study - Collaboration in practice

Blenheim CDP and Thames Reach are two medium-sized charities that work across London and whose services complement each other, with Blenheim CDP providing services for people with drug problems and Thames Reach working with homeless people. They are already jointly providing some frontline services.

The charities agreed a memorandum of understanding to provide a more strategic approach to their work and to establish a framework of principles within which joint working and collaboration can take place. The charities feel that sharing knowledge and expertise is an important result of joint working. Also they are confident that they will make more effective use of their resources by establishing this partnership and as a consequence deliver even better services to the disadvantaged men and women that both organisations support.

Increasing public trust and confidence in charities

Listening to our customers and partners

Our third stakeholder survey, published in 2009, showed a continued improvement in our ratings against key activities. This was assessed by a range of external stakeholders from across the charity sector, Parliament, the charity sector media and those who provide specialist charity guidance and advice. The survey showed that since 2006, our stakeholders said that they felt that our rating on ensuring charities' compliance with the law has improved. Our stakeholders also said that the quality of our service delivery had improved and the quality of our partnership working had also increased. The Commission's overall effectiveness is now rated at 68%, up from 48% in 2004. These findings will help to inform our strategic response to the changing environment in the next few years.

Increasing public trust and confidence

We commissioned independent research to look at what drives the public's trust and confidence in charities, and to see if this had changed in the last

“The Haiti scam alert is a good example of the Commission acting proactively and quickly, helping prevent abuse and making trustees and members of the public aware of potential problems.”

Chris Cassin
Compliance Outreach Manager
The Charity Commission

two years. We found that the high level of public trust in charities has held up well; the average score given to charities by the public was 6.6 out of 10, unchanged from 2008. This is good news for charities during a challenging period.

Case study - Haiti

The Haiti earthquake disaster led to a huge and generous response from the public. However, we became aware of online scams and fake charity websites designed to steal charitable donations.

In January the Commission issued a warning to charities about such scams and provided advice to the public on how to give safely including how to check if an appeal is genuine. The Commission's advice was also picked up widely by the media at a time when there were many charity appeals for Haiti. The Commission has now set up a system for issuing similar warnings via our website both to the public and to charities themselves.



Supporting strong regulation internationally

With over 13,000 charities in England and Wales stating that they work overseas, it is vital that we can provide the necessary support and guidance for them. Our International Programme, funded mainly by the Foreign and Commonwealth Office, works to assist other countries to develop good regulatory practice which in turn benefits UK charities working there.

The work of our International Programme was recently recognised in a UN report. It stated that the Commission should ‘continue, and expand, its International Programme within priority countries. It is also recommended that the Commission develop a training programme or other method for non-priority countries to gain from its experience’.

During the past year the Programme has worked closely with both the charity sector and government in Kenya. This was to provide technical expertise to help support the review of the legal framework for charities, ultimately leading to a more informed and consultative

draft law. The Kenyan government has written to thank ‘the International Programme which has been of immense help to us in Kenya (and no doubt in other countries) in improving our work’. In Pakistan we have helped set up a national database of charities, which has helped dramatically improve the ability of charities to comply with local charity law, with compliance rates rising from 5% to 50%.

Protecting the independence of charities

The independence of NHS charities from NHS bodies was also an important issue this year. The Commission was concerned that plans to consolidate NHS charity accounts with NHS bodies could threaten their independence and create the risk that charitable assets could be perceived to be available for use by a public body. We are pleased that HM Treasury has announced a review and deferred implementation of these plans for a year.



“It was important that the regulator was able to help ensure that the public’s valuable donations were going to the people who needed them the most, through genuine registered charities.”

Brendan Gormley
Chief Executive
The Disasters Emergency Committee (DEC)

Promoting awareness and understanding of the public benefit requirement

Measuring trustee awareness

Our statutory objective to raise awareness of the public benefit requirement for all charities is clearly important to the public. In a recent survey, 94% of people agreed that it is crucial that charities demonstrate how they benefit the public. In December we published research amongst charity trustees themselves which showed that three-quarters said that they knew about the public benefit requirement. Nearly all (98%) of respondents who knew about the requirement said they were confident that their charity could demonstrate its public benefit.

Help for trustees on reporting public benefit

Our guidance had also been well received, with most charity trustees saying they had found it useful, and two-thirds saying that they found it easy to understand. As well as publishing general statutory guidance and supplementary guidance, we have also published a series of fictitious example annual reports for a range of charities, to help them see how public benefit might

be presented in their annual reports. The examples include charities that advance religion, an overseas charity, an arts charity, a grant-making charity, a charitable independent school and both a small and large charity.

Ongoing programme of public benefit assessments

We published detailed reports of public benefit assessments of twelve individual charities, including care homes, independent schools and religious charities, together with a report of our emerging findings from this work. Our aim here was to help all charities develop their understanding of public benefit. We found that eight charities were being administered for the public benefit, and that two charitable care homes and two charitable independent schools were not. These charities have worked on plans to address the areas of concern and will have a period of time in which to implement their plans.

Case study - Assessing public benefit

Thomas Garnier is the Headmaster of Pangbourne College, one of the charities whose public benefit was assessed by the Commission in 2009.

“We did not volunteer for the public benefit assessment but decided early in the process to approach it positively. We were not disappointed: being compelled to articulate the public benefit which we provide was immensely beneficial, reinforcing our sense of purpose and the value of a Pangbourne education, even before the report was published in July affirming our public benefit and confirming our charitable status.”



This year in figures

- Registered **6,261** charities in a reduced average time of **28** days
- Made accounts and annual returns available to the public for **98%** of the sector's income
- Carried out **2,615** assessments into concerns raised about charities by the public and other complainants
- Completed **121** compliance investigations, of which **15** were statutory inquiries
- Exercised legal powers on more than **8,400** occasions, including **325** legal schemes for charities to change and modernise
- Provided bespoke regulatory advice to charities on **11,774** occasions
- Dealt with nearly **300,000** contacts with trustees and other customers via post, email and telephone
- Achieved a **24%** increase in take-up of our online services
- Received nearly **40 million** page views of our website
- Handled **245** Freedom of Information requests

Looking forward to the year ahead....

In our compliance work we will strengthen liaison with other key regulators. We will prioritise carrying out investigations thoroughly and promptly, and develop further how we communicate key compliance messages to charities. We will also further develop the professional investigative skills and competence base of our staff.

We aim to increase the proportion of charities submitting their annual returns online to 85%, and increase the proportion of charities submitting annual accounts online to 75%. To further speed up registration times, we aim to increase the proportion of applications for new charities that we receive online to 90% of all registration applications.

We aim to provide more advice and guidance through email and web-based services, creating a faster service for our customers and more efficient use of Commission resources. We aim to reduce the number of hard copy letters we receive by 35% and tailored requests for advice by 10%.

We will communicate with charities more frequently and consistently, whilst reducing the quantity of hard copy resources being produced. To ensure this, we aim to increase the proportion of charities for whom we have an email address from the current level of 65-70% to 90% of charities.

We will continue to prepare for the work arising from the Charities Act 2006, including the introduction of Charitable Incorporated Organisations (CIOs) and exempt charity registration. We will also prepare for the planned review of the Charities Act 2006 in 2011.

We will continue to increase awareness of the public benefit requirement, as well as producing further sub-sector guidance for charities.

We will continue to improve the quality and uptake of our Welsh language services in line with the Welsh Language Scheme.

This year we will work with umbrella bodies to promote Trustees' Week, to raise awareness of the role of trustees and promote good governance.

Board Members and Directors

1 Dame Suzi Leather, Chair

Dame Suzi has been our Chair since August 2006. Her previous chairing roles include the Human Fertilisation and Embryology Authority, the School Food Trust, an NHS Trust and a community project. Dame Suzi was also the first Deputy Chair of the Food Standards Agency. She is a member of the State Honours Committee, a Deputy Lieutenant of Devon and sits on the board of Consumer Focus, UKAS and the University of Exeter.

2 Andrew Hind, Chief Executive

Andrew became our first Chief Executive in 2004 and stands down later this year at the end of his six year term. He was previously Chief Operating Officer at BBC World Service. Earlier in his career, Andrew was a senior executive both with ActionAid and Barnardo's and has served as a trustee for a wide range of charities.

3 Irene Khan, Board Member

Irene joined us in January 2010. She is an internationally renowned expert on human rights and humanitarian issues and was Secretary General of Amnesty

International until December 2009. She currently sits on the boards of a number of human rights and development organisations and was a founding member of the International NGO Accountability Charter and the Berlin Civil Society Centre.

4 Simon Jones, Board Member

Simon joined us in July 2007. Simon is Head of Public Sector for Odgers Berndtson in Wales. Until 2008 he was Chair of Cardiff and Vale NHS Trust. For ten years he was Chief Executive of the Wales Co-operative Centre. He is a former Chair of the Independent Commission to review the National Assembly of Wales' Voluntary Sector Scheme.

5 John Wood, Board Member

John joined us in February 2008 and is one of the Commission's two legally-qualified members. He is a consultant with Herbert Smith LLP. John is a member of the Charity Law Association, the Society of Trust and Estate Practitioners, the Association of Contentious Trust and Probate Specialists and Honorary Secretary of the Trust Law Committee.



6 Theo Sowa CBE, Board Member

Theo joined us in July 2007. She is an independent adviser on various international issues with a focus on social development, children and youth issues, and works with numerous international and intergovernmental organisations on policy development, evaluation and advocacy. She has been a Board member for a wide range of charities and foundations for over 16 years.

7 Sharmila Nebhrajani, Board Member

Sharmila joined us in July 2007. She is Director of Finance and Investment of the two East Sussex PCTs following a 15 year career in media and business. She has held a range of non-executive positions in health and media and is a member of the Royal Shakespeare Company's Audit committee. She is a Chartered Accountant.

8 Dr Andrew Purkis OBE, Board Member

Andrew joined us in July 2007. Andrew was, until April 2009, Chief Executive of the Tropical Health and Education Trust and formerly Chief Executive of the Diana, Princess of Wales Memorial Fund, Secretary for Public Affairs for the Archbishop of Canterbury and National Director for the Council for the Protection of Rural England. He has recently become Chair of ActionAid UK.

9 Kenneth Dibble, Executive Director, Legal Services and Compliance

Kenneth joined us as a lawyer in 1978 before becoming Director of Legal Services in 2002, and Executive Director of Legal Services and Compliance in 2005. Kenneth is a barrister and had previously worked in banking and insurance. He is an Associate of the Chartered Institute of Bankers. Kenneth is a Visiting Lecturer at Cass Business School where he teaches charity law and regulation.

10 David Locke, Executive Director, Charity Services

David joined us as a lawyer in 2002, becoming Head of Charity Services in 2005 and Executive Director in

2007. David is a qualified solicitor and, prior to joining us, he spent over 10 years working in advice centres managing the delivery of services to the public.

11 Simon Wethered, Board Member

Simon joined us in July 2007 and is one of the Commission's two legally-qualified members. Simon is a legal consultant specialising in charities with Charles Russell LLP. He has 40 years experience as a solicitor. He is a member of the Charity Law Association, associate member of the Charity Finance Directors' Group and co-editor of Butterworth's Charity Law handbook.

12 Nick Allaway, Executive Director, Charity Information and Corporate Services

Nick joined us in 2004, from the New Opportunities Fund (now the Big Lottery Fund) where he was Director of Resources. Nick is a qualified accountant and has worked in a number of central government departments and agencies.

13 Rosie Chapman, Executive Director, Policy and Effectiveness

Rosie joined us in 2001. She was formerly Assistant Director (Regulation Policy) at the Housing Corporation and has also worked for a housing association and in local government. Rosie is a Fellow of the Institution of Chartered Secretaries and Administrators.

John Knight, Board Member (not in picture)

John joined us in December 2009. He is Director of Policy at Leonard Cheshire Disability. John was a member of the Treasury's 2002 Review of the Voluntary and Community Sector, was Convenor of the Voluntary Organisations Disability Group and a Commissioner for the Commission for Social Care Inspection. He is a member of the Cabinet Office Third Sector Advisory Board.

John Williams, Board Member (not in picture)

John Williams, who joined us in 2005, left the Commission in January. His contribution to the Commission's development was invaluable and we wish him every success as he takes on new challenges.

Managing our resources

Summary of financial performance

We are funded by the Government and in the financial year 2009/10, we spent a total of £32.7m on operating activities and capital investment, which included utilising £1.9m of our reserves.

This year has been challenging. We have made significant efficiency savings on our day-to-day expenditure and have invested in some major corporate projects that will provide future savings. These include the relocation of our London office, consolidating the space we occupy in our Liverpool office from two floors to one and developing a more sophisticated database to hold details of registered charities. Despite the pressures on our budget, we have kept our expenditure within the limits set by Government.

The future

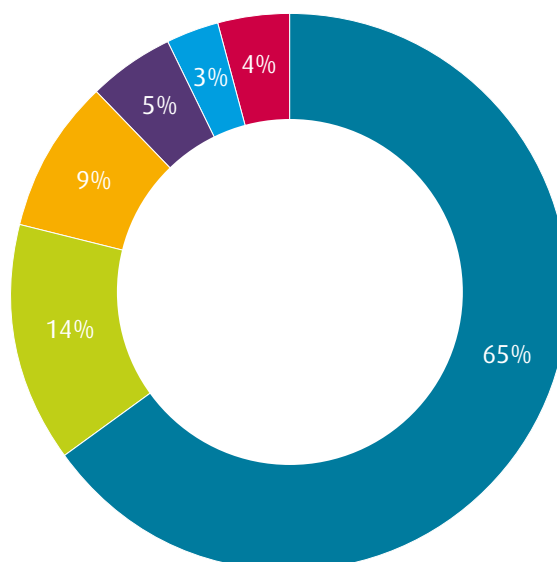
Our 2007 Comprehensive Spending Review Settlement for 2008-11 provided for an annual funding reduction of 5% in real terms for each of the three years covered by the Review. Our baseline funding in 2010/11 will fall to £29.3m and access to our reserves is likely to be restricted.

Find out more

The National Audit Office gave an unqualified opinion on our Resource Accounts for 2009/10. These Accounts provide a more detailed picture of our financial results and are available on our website at www.charitycommission.gov.uk

Breakdown of our 2009/10 expenditure

	£million	Percentage
Staff and related costs	21.3	65%
Property and accommodation	4.5	14%
Office services	2.9	9%
Information Technology	1.6	5%
Other	1.1	3%
Capital investment	1.3	4%
	32.7	100%



Staff development and diversity

This year we continued to prioritise the development of the quality of leadership and management that is needed at all levels of the Commission, particularly during these challenging financial times. We have also worked on raising expertise in the organisation through measurable learning and development and improving productivity and effectiveness.

We have made good progress against the priorities we set out in our People Plan. A range of formal development activities have been delivered to improve technical, management and individual skills. All training events have been evaluated to demonstrate return on investment with an aggregate score for all courses giving an average satisfaction rating of 94%.

Our recruitment activity has been restricted during much of this year to anticipate the impact of the continued budget reduction. We cut 29 vacant posts from our staff complement and we will need to cut 30 further posts before 1 April 2011.

We have also concentrated on incorporating our equality and diversity policy into a new Single Equality Scheme, to ensure that equality and diversity is integral to all of our work. Our new diversity vision is:

‘We should act inclusively, upholding equality law, treating everyone fairly and seeking to provide and promote a culture which delivers the best outcomes for the diverse society in which and for whom we work.’

We have also extended our staff monitoring categories so that we can now collect staff data in respect of sexual orientation, religion and belief and people with caring responsibilities, to ensure that we know whether our commitment to diversity is reflected in our staff make up.

This year we have also conducted equality, diversity and cultural awareness training for all staff using an external training partner. This training was specifically tailored to different areas of the Commission and was developed using real-life Commission experiences and scenarios.

Staffing/Diversity

Our total workforce of 466* staff is distributed across our four offices as follows:

	Staff numbers	Percentage
Liverpool	213	46%
London	111	24%
Newport	8	2%
Taunton	134	28%

*Average number of full-time equivalent staff in post during the year

	Total staff employed 2009/10		In year appointments		Exceptions to fair & open recruitment	Diversity of permanent Appointees (in year)		
	Permanent	Temporary	Permanent	Temporary		Female	BME origin	Disability
PB1	6	1	0	1	1	0	0	0
PB2	40	3	2	3	1	2	1	0
PB3	126	4	7	1	0	5	0	0
PB4	129	6	10	7	2	7	2	1
PB5	87	5	3	3	0	3	1	0
PB6a	42	2	4	1	0	4	0	0
PB6b	7	1	0	0	0	0	0	0
SCS	7	0	0	0	0	0	0	0
	444	22	26	16				
Total	466		42		4	21	4	1

All exceptions to fair and open competition were short-term temporary appointments

	Charity Commission Average (all staff)	Civil Service Average
Female staff	57.0%	53.0%
Staff with a disability	11.8%	7.1%
Staff of BME origin	7.4%	8.9%

Achievement of key performance indicators

Our key performance indicators (KPIs) are agreed with HM Treasury and are formally set out in our Corporate Plan, which can be viewed on our website at www.charitycommission.gov.uk

There are six top-level KPIs, each of which is measured via a number of different targets covering the range of our work. Not all of these KPIs have annual targets and some will provide cumulative results over a period of years.

We formally report annually to the Treasury on achievement against our KPIs and also against the wider commitments set out in more detail in the Corporate Plan.

The results below show that we met five out of six of our KPIs in 2009/10, with only the target for KPI 5 not being met.

KPI 1 - Improve the level of public trust and confidence in charities

	Target	Achievement
Overall level of public trust and confidence in charities (survey carried out independently for us every two years)	To continuously improve ratings over 2005 baseline (66% in 2008 and 63% in 2005)	66% (in 2010)
Stakeholder survey of the Commission's effectiveness as the charity sector's regulator (survey carried out independently for us every two years)	To continuously improve ratings over 2004 baseline (63.1% in 2006, 49.3% in 2004)	68.3% (in 2009)
20 key operational targets met	75%	85%
Trust and confidence in charities compared with other organisations and professions (every two years)	Charities ranked in top half of sample of organisations and professions	3rd of 11 (in 2010)

KPI 2 - Achieve standards of service delivery and effectiveness acceptable to our customers, whilst increasing use of our online services annually

	Target	Achievement
Percentage of customers in surveys across operational areas who said we do a very good job	70%	74%
Average rating of individuals or charities at first point of contact, Charity Commission Direct, who said we provided the service they required	70%	86%
Increase in take-up of Commission's online services	4% increase on previous year	24% increase on previous year
Increase in our publications sent out electronically or directly downloaded	4% increase on previous year	6.3% increase on previous year
Average time taken to deal substantively with letters (all Commission)	15 days	9 days
Time taken to deal substantively with emails (all Commission)	80% within 5 days	73% within 5 days ¹

¹ This new target is achieving the desired effect of rapidly increasing the proportion of correspondence with customers that is undertaken electronically. However, this sudden increase has impacted on the turnaround time and we are reviewing how this can be best dealt with.

KPI 3 - Enhance the accountability and transparency of charities by making key information about individual charities more readily available to the public

	Target	Achievement
Annual survey of the accuracy of the register of charities	97.5%	100%
Proportion of charities for which the most recent due accounts and annual returns are held	92% ²	Accounts – 91% Returns – 91%
Proportion of the sector's total income for which the most recent due accounts and annual returns are held	98%	Accounts – 98% Returns – 98%
Proportion of charities filing accounts and annual returns within the 10-month legal deadline	76%	Accounts – 82% Returns – 81%
Proportion of the sector's total income for which accounts and annual returns have been filed within the 10-month legal deadline	90%	Accounts – 96% Returns – 94%
Proportion of charities with annual income of over £1 million for which the most recent due summary information returns are held (within 10 month deadline)	76%	81.5%

² Although the target for this measure was narrowly missed, performance against KPI 3 overall was strong.

KPI 4 - Improve the effectiveness of investigations and related regulatory work into charities by improving detection, investigation and prevention and with clear reported outcomes

	Target	Achievement
Percentage of compliance assessments carried out correctly within 30 working days	90%	90%
Number of compliance visits carried out annually to charities which are subject to monitoring and identified following a risk assessment	20 visits	20 visits
Average time taken to complete all regulatory compliance cases (excluding statutory inquiries)	183 days	162 days
Percentage of all investigations resulting in at least one of the specified beneficial impacts which protect charities from mismanagement, misconduct or abuse (see below for results that qualify) ³	90%	93%
Percentage of statutory inquiry reports published within three months (92 days) of completing the proactive investigation process	90%	80% ⁴
Publish an annual report on the 'Themes and Lessons from the Charity Commission's Compliance Work' (<i>Charities Back on Track</i>), which includes listing the duration of each statutory inquiry, reporting on the impact of investigations, the use of sanctions (including legal powers of remedy and protection), and the operation of our compliance work	Publish report during third quarter of financial year	Report published in October 2009

³ Beneficial investigation impacts protecting charities:

- charity assets protected and/or recovered
- vulnerable beneficiaries protected
- reputation protected (for the charity and/or the charity sector)
- disputes resolved
- charity governance restored to a proper standard
- conflicts of interest resolved
- fundraising concerns resolved

⁴ Management focus on this target has improved performance from 74% in 2008/09. Delays in publishing inquiry reports are mainly due to the need to co-ordinate with other agencies/regulators, including police investigations and the handling of sensitive issues, or where we have engaged actively with charities to resolve issues and reach agreement.

KPI 5 - Demonstrate our impact on the charitable sector by increasing the sector's income we directly regulate through our substantive contact with charities

	Achievement
Income of charities having substantive engagement with us during the year	£26.6 billion (£29.4 bn in 2008/09)

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

Activity	Achievement
1. Publish the results of responses to our public consultation on the advancement of moral or ethical belief systems for the public benefit	Published September 2009
2-4. Preparation work on revised guidance for public consultation on: <ul style="list-style-type: none"> • benevolent charities • the advancement of amateur sport for the public benefit • the advancement of human rights for the public benefit 	Research and informal consultation completed on all three
5. Publish further individual case reports of public benefit assessments according to plans agreed with the Board	First group of 12 assessments were published in July 2009. The first reports of the next group are due in Summer 2010
6. Work with 10 intermediary organisations, that each represent a number of charities, to challenge and inform groups of charities that may not have thought about public benefit at all	We raised awareness and understanding through working with 10 umbrella bodies on quality standards accreditation, including a focus on public benefit reporting
7. Work with two intermediary bodies where they represent groups of charities that have particular concerns or issues	We worked with key intermediary bodies for independent charitable schools, and faith groups, through organised events
8. Publish an evidence-based research report assessing charity trustees' awareness, understanding and attitude towards the new public benefit provisions	Published December 2009
9. Provide a further three examples of how public benefit is demonstrated	Six example trustee annual reports, showing how a charity can describe how it delivers public benefit, were issued

There are 180,000 charities registered with the Charity Commission in England and Wales, with a total income of £52 billion, over 700,000 staff and almost 850,000 trustee positions. For every £1,000 of income received by registered charities, the Commission costs only 58p to run.

Our role is to help charities achieve what they do in the most effective way possible.

Our Vision

Charity working at the heart of society for public benefit

Our Mission

Increasing public trust and confidence in charities by:

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

Our Values

Effective


Expert

Fair

Independent

Innovative

Responsive



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