

CC News Winter 2010/11

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Introduction by Dame Suzi Leather

Happy New Year and welcome to CC News 33.

Making predictions can be dangerous. Sadly, however, there is one prognosis I feel safe in making this year: The financial worries for many charities are unlikely to lift in 2011. Following declines in investment income, the impact of a recession, and very significant public spending cuts, it's clear the charitable sector has a long term funding challenge. Trustees of charities facing cuts to their income will have to ask fundamental questions: what are we here to do, whom were we set up to help and how can we continue to pursue our mission?

The Commission has been grappling with exactly these issues since we learnt last October that our own budget will be cut by a third. Since then, we have been reviewing our priorities, our structure and our activities. Our aim is to shape a regulator that addresses the key risks facing charities in the years ahead. Hundreds of charities have responded to our strategic review consultation with suggestions for how we should approach this task, and we are grateful for their insightful, imaginative ideas. The responses have reminded us how seriously charities take the work of their regulator, and how important it is that we get this review right. We are now analysing the responses and developing our new strategy for 2011-15, which we hope to publish in the summer. In the meantime, you can see the debate unfold on the Commission's Strategic Review BlogSpot at <http://charitycommissionreview.blogspot.com/>

For most charities, the New Year means it's time to send in your Annual Returns and Accounts. Many charities have a financial year end of March 31, so those with incomes of more than £25,000 have until January 31 to file their accounts within the 10-month deadline. This edition of CC News reminds you why it is so important that you File on Time.

This edition also covers the Commission's updated investment guidance, new research on collaboration between small charities and a new section of our website designed specifically for small charities. I hope you find it useful.

Don't forget to File on Time

We are approaching the deadline for many charities to file their Annual Return and Annual Updates to the Commission. Filing your documents is not an empty exercise. It's an essential part of demonstrating to potential funders and donors that your charity is well managed and worthy of support. Missing your deadline is unacceptable - the public have a right to know how your charity's money is spent. Last year, the Commission published research, which revealed that sound financial management is among the most influential drivers of public trust and confidence in charities¹.

¹ Public Trust and Confidence Report July 2010:
http://www.charitycommission.gov.uk/Library/About_us/ptc_survey_2010.pdf

You can find out about the reporting requirements that apply to your charity on our website here: http://www.charitycommission.gov.uk/Charity_requirements_guidance/What_information_must_trustees_send_index.aspx.

In summary, all charities have to send us their Annual Return or Update Form (if their income is below £10,000). Charities of all sizes must also prepare annual accounts, but those with incomes of less than £25,000 a year don't have to submit these to the Commission. Charities have 10 months from the end of their financial year to send us their documents. If your charity fails to file on time, a red mark will appear against its name on the Online Register of Charities. While that mark will turn back to green when you do send your documents, your register entry will reflect the fact that you filed late for the next five years. Ultimately, if you don't send the required documents as proof that your charity is active, it could be removed from the Register of Charities.

The quickest and easiest way to file your documents is online. Around 85% of charities now submit their Annual Returns online and 50% send us their Annual Accounts online. For more information about filing online, please go to our website: http://www.charitycommission.gov.uk/Manage_your_charity/Submit_annual_return_index.aspx?Type=PAGE#

Tell us your thoughts on new draft investment guidance

We have updated our guidance on investments and would like to hear your views on the new draft. The updated guidance reflects how policy and practice have moved on in recent years. Many charities are now investing to deliver both a financial return and a direct social benefit, often described as 'social investment'.

Our new draft guidance makes clear that trustees are allowed to invest their charity's money to achieve a direct social benefit. But it also explains what trustees need to consider and know when making investments, whether they are social investments or financial investments. We now want to know whether charities and their advisers find this updated guidance clear and helpful. Does it answer any questions you had about investments? Does it help you decide on the best investment strategy for your charity?

Please let us know what you think of our revised guidance, which you can find on our [website](http://www.charitycommission.gov.uk/About_us/About_the_Commission/char_invest_index.aspx): http://www.charitycommission.gov.uk/About_us/About_the_Commission/char_invest_index.aspx Please send your responses to investment@charitycommission.gov.uk by February 28 2011

Have you found a charity friend yet?

New research suggests that collaboration between small charities can improve the quality of service charities provide for their beneficiaries.

The Commission surveyed charities with annual incomes of less than £250,000 about their experience of working with others. The research revealed that many small charities collaborate informally, for instance by sharing information and advice.

It also found that:

- 45% of small charities had worked with at least one other charity over the past two years.
- 84% of charities that had collaborated said it had brought benefits, such as improving their services, enhancing their reputation, making cost savings and gaining better access to funding opportunities.
- One of the key drivers to collaboration was the presence and availability of other charities in the local area and a key success factor was the quality of relationships before the collaboration was even embarked upon. This suggests networking locally is a good way to meet potential charity partners.

- Of those charities that hadn't collaborated, 34% said it was because they didn't know of any appropriate partners and 30% said it was because they had never been approached by other charities.

The Commission is now advising smaller charities to get in touch with others working in their area to consider how they might benefit from working together. Finding a friend could help your charity become more effective, more clued-in and better resourced. To read the full report of the survey, entitled Strength in Numbers, go to our [website](#):

<http://www.charitycommission.gov.uk/publications/rs24.aspx>

Update on the Charitable Incorporated Organisation

The Commission is preparing for the new structure for charities, the Charitable Incorporated Organisation (CIO), which will be introduced in late Spring. We'll soon be publishing detailed guidance for trustees that will explain how to set up a new CIO, how charitable companies or charitable industrial and provident societies can convert to CIOs and what unincorporated charities need to do to become CIOs. The introduction of the new model will be phased in to manage what we expect will be high demand from charities. You can find more details on the CIO section of our website:

[http://www.charitycommission.gov.uk/Start_up_a_charity/Do_I_need_to_register/Charitable Incorporated Organisations_index.aspx](http://www.charitycommission.gov.uk/Start_up_a_charity/Do_I_need_to_register/Charitable_Incorporated_Organisations_index.aspx)

Online help and information for small charities

Can your charity buy or rent property? How should you organise votes at board-level? What should you do when your charity grows? These are some of the common questions and issues faced by trustees of small charities. The Commission wants to help trustees find answers to their questions quickly and easily. That is why we have developed a new section of our website dedicated to advice and guidance for charities with small incomes.

The new pages provide trustees with basic information about:

- starting, running or winding down a small charity
- finding trustees
- registering with the Commission
- accounting and reporting
- holding meetings and voting
- dealing with property

The section also explains where trustees can go for more detailed guidance – often through links to other sections of our website. You can find the small charities web pages [here](#):

http://www.charitycommission.gov.uk/Charity_requirements_guidance/Specialist_guidance/Small_charities/default.aspx

Commission's website gets thumbs up

Most people find the Commission's website easy to use and prefer accessing the Commission's services online. Those are the main findings of a recent survey of 4,500 people using our website, which revealed that:

- 80% of respondents found the website very easy or easy to use
- 84% of those using online services said that they are better than paper transactions
- 84% of charities and advisers said they used online guidance

The survey also revealed how popular our Online Register of Charities is: more than 2.7 m charities were viewed on the Online Register during a period of just 6 months. This demonstrates how important it is that charities file their documents on time, thereby avoiding a red mark appearing against their name.

We're delighted with these results because they show that charities value the opportunity to access our services online and that we're on the right track in the way we organise and present information. This is crucial, because, as you will have read in previous editions of CC News, the Commission's online strategy will see us providing all our services online only by 2012. Last year, we asked you for your thoughts on the strategy, specifically on our planned timescale for withdrawing paper forms for annual returns and for registration applications and requiring Charitable Incorporated Organisations, once they are established, to register online. Many respondents were positive about the change, especially those who already use our online services. We also received lots of helpful suggestions on how to improve our online services and the support we offer people in using them.

Follow us on Twitter

Did you know that following the Commission on Twitter means you hear about new guidance and advice as soon as it's published? We tweet every time new guidance becomes available on our website, so that our followers can be among the first to know it's out there. Our tweets also include information about investigations into charities, general news about the Commission and useful reminders about filing on time and about the information available on our website. To become a follower of the Commission, go to our [profile page](#) and click 'follow': <http://twitter.com/ChityCommission>.

Have we got your email address?

CC News is now published online only. That means we need your charity's email address so that we can send you the next issue. It's really easy to give us your email address. Just visit the [Manage Your Charity](#) section of our website and update your charity's details to include a public email address.

How to contact us

The best way to contact us is online: www.charitycommission.gov.uk

If you would like versions of this newsletter either in Welsh or on audio CD, please order via the email address below.

We are always keen to hear from CC News readers, so please do send us your comments or suggestions for improving the newsletter. You can contact Polly, the editor, by email at cc_newseditor@charitycommission.gsi.gov.uk