



**THE DEPARTMENTAL INVESTMENT STRATEGY (DIS) 2002
OF THE CHARITY COMMISSION**

(Incorporating the Commission's SR2002 financial settlement)

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SUMMARY AND STRATEGIC CONTEXT

1. The Charity Commission is responsible for the regulation of charities in England and Wales.
2. There are over 180,000 charities on the Commission's Central Register of Charities. In 2000-01, their gross annual income exceeded £25 billion and they had assets of approximately £70 billion.
3. The Commission's aim is to give the public confidence in the integrity of charity.
4. The Commission's three objectives, together with their related principal activities are as follows:

Objective One: to ensure that charities are able to operate for their proper purposes within an effective legal, accounting and governance framework.

- Determining the charitable status of organisations.
- Taking legal decisions in order to empower transactions or change governing provisions, where doing so will improve the administration of charities or allow their resources to be used more effectively.
- Working with charities, umbrella bodies and the rest of Government to develop the legal and accounting framework within which charities operate, and to develop and promote appropriate standards.
- Undertaking a programme of review visits to larger charities.

Objective Two: to improve the governance, accountability, efficiency and effectiveness of charities.

- Promoting efficiency, good trusteeship and effective administration by providing trustees and others with information in the form of leaflets, presentations and - increasingly - by electronic means.
 - Providing guidance and advice to trustees and others on matters affecting the efficiency and proper administration of particular charities, and charities in general.
 - Keeping the Register of Charities up-to-date and accurate, and providing public access.
 - Requiring the submission of annual accounts and returns; monitoring, and pursuing the issues arising.
 - Publishing and monitoring compliance with regulatory reports on best practice and accountability within the sector.
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Objective Three: to identify and deal with abuse and poor practices.

- Evaluating and, where appropriate, investigating allegations and suspicions of maladministration or abuse.
 - Enforcing the submission of late annual returns and accounts.
5. In meeting and supporting the aim and the three principal objectives, the Commission employs around 600 staff based on three sites: Harmsworth House, London; Woodfield House, Taunton; and 20 Kings Parade, Queens Dock, Liverpool.
 6. Office accommodation for the Commission and its staff is leasehold and does not form part of the Commission's capital expenditure. Similarly the Commission's data and voice network infrastructure (cabling and telecommunications) is currently provided through a managed-service agreement from Tyco Electronics Ltd.
 7. The Commission's capital expenditure is therefore used solely to provide for the Commission's office equipment and Information Technology systems and equipment requirements. This equipment and support is intended to provide the Commission's staff with the tools and operational capacity to undertake their individual business activities which deliver the Commission's key objectives and business plan commitments.

CURRENT ASSET BASE

8. The Charity Commission has an asset base with a net book value of £1.1million. The bulk of this value relates to IT equipment and systems and to IT systems development.
9. Table 1 shows the net book value of the Commission's asset base by type of asset and also the capitalised value of assets under construction as at 31st March 2002. All assets have been revalued under the "Modified Historic Cost" method using appropriate indices agreed with the Commission's auditors. The values in Table 1 are given post-revaluation.

Table 1: The value of Charity Commission assets at 31st March 2002

	Office Equipment £000	Information Technology £000	Assets Under Construction £000	Total £000
Cost or Valuation	216	1,482	401	2,099
Accumulated Depreciation	131	839	0	970
Net Book Value	85	643	401	1,129

(Source: The Resource Accounts of the Charity Commission 2001-02)

10. All assets under construction are IT systems development projects. Assets are transferred to the main Commission asset register on completion of the associated development project.
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11. The main Commission systems include:

- a wide area network (WAN) of servers, PCs and peripheral equipment across all three sites supporting standard software packages for use by all of the Commission's operational and support staff;
- a database of registered charities;
- a system to manage and measure the flow of casework – casework is a fundamental operation of the Commission. The Case Management System (CMS) enables the Commission to manage the efficiency and effectiveness of casework, both at individual case/case officer level and at functional level. Without CMS this would be resource- and time-intensive. CMS provides output data for many of the Commission's key performance indicators;
- a database to monitor charity accounts in accordance with the Charities Act – this database enables the processing of volumes of paperwork without generating significant additional administrative overhead resource costs; and
- a financial management information system (the Resource Management System (RMS)) which enables budget holders to more accurately forecast expenditure and commitments against their budget allocations. As well as providing financial data for local use, the system also permits high-level monitoring and control of the Commission's overall financial position (in terms of both resources and capital).

These core systems directly support the key activities and operations of the Commission and also facilitate the production of management information to underpin the achievement of the Commission's objectives.

INVESTMENT STRATEGY

(i) Capital Expenditure Allocations 2002-03 to 2005-06

12. The Charity Commission's investment strategy comprises two key strands - maintenance of the Commission's asset base and new capital investment.

13. Capital funding for the investment strategy arises from monies brought forward under the End-Year Flexibility (EYF) scheme, the 2002-03 capital allocation from SR2000 and the capital allocations from SR2002 for the years 2003-04 to 2005-06. Table 2 provides details of these allocations.

Table 2: Capital Allocations

End-Year Flexibility £m	2002-03 £m	2003-04 £m	2004-05 £m	2005-06 £m
1.02	1.37	1.40	1.40	1.40

14. Paragraphs 15 to 21 and 23 to 27 below detail the specific workstreams of the Commission's investment strategy. Table 3 shows the pattern of planned capital expenditure for the years up to the end of SR2002 between the two main maintenance workstreams (equipment refreshment and infrastructure maintenance) and expenditure on new investment projects. It should be noted that EYF funding would be drawn down as necessary to meet any shortfalls in annual capital allocations.

Table 3: Planned Capital Spending

	2002-03 £000	2003-04 £000	2004-05 £000	2005-06 £000
<i>IT Equipment Refreshment</i>	246.0	137.0	541.3	173.0
<i>IT Infrastructure Maintenance</i>	0.0	125.0	498.0	430.0
<i>New Investment Projects</i>	1,404.3	1,643.0	514.7	886.0
Total	1,650.3	1,905.0	1,554.0	1,489.0

(ii) Asset Base Management & Maintenance

Asset Management

15. The Commission maintains a full asset register of its IT and office equipment items. This is based on the Archibus Facilities Management package, which allows for comprehensive storage of purchase and location information and space planning for all the Commission's assets. Part of the information that is held on each asset is the date of acquisition. This allows for the implementation of a strategy of equipment replacement that is based on asset lives. Also included in the information for IT assets is secondary detail that includes the technical generation of the assets which allows the planning of the replacement of groups of assets of similar functionality and/or performance.

Office Equipment Assets

16. The Commission's holding of capitalised office equipment is small and consists mainly of photocopiers, library equipment and some non-IT training equipment. This equipment is relatively new and a formal programme of replacement is not planned over the period of the DIS. Nevertheless a small annual capital budget is maintained for urgent and essential replacement of damaged or broken down equipment that might be beyond economic repair.

IT Equipment and Systems

17. As has been stated, the Commission's policy on maintaining its asset base in respect of IT equipment and systems is primarily based on asset lives refined by functionality and level of technology. The Commission has a ten-year refreshment programme. Details are provided below for the first four years of the programme (covered by existing Treasury Spending Review settlements). Movements in the programme in later years become more

likely over time and the plan will be subject to regular review in terms of requirements and affordability.

18. Tables 4 and 5 show the asset refreshment programme for IT equipment over the financial years 2002-03 to 2005-06 in terms of (i) numbers of asset by type and (ii) value of assets by type.

Table 4: Refreshment of IT equipment: Numbers by asset type.

	2002-03	2003-04	2004-05	2005-06
<i>PCs</i>	0	0	350	100
<i>Laptops</i>	25	50	200	25
<i>Workgroup Printers</i>	0	0	0	30
<i>Personal Printers</i>	0	0	32	0
<i>Colour Printers</i>	0	0	0	0
<i>Application Servers</i>	0	3	0	0
<i>File & Print Servers</i>	3	0	0	0
<i>Data Servers</i>	1	0	0	0

Table 5: Refreshment of IT equipment: Value by asset type (in today's prices)

	2002-03 £	2003-04 £	2004-05 £	2005-06 £
<i>PCs</i>	0	0	192,500	55,000
<i>Laptops</i>	40,000	80,000	320,000	40,000
<i>Workgroup Printers</i>	0	0	0	78,000
<i>Personal Printers</i>	0	0	28,800	0
<i>Colour Printers</i>	0	0	0	0
<i>Application Servers</i>	0	57,000	0	0
<i>File & Print Servers</i>	81,000	0	0	0
<i>Data Servers</i>	125,000	0	0	0
Total	246,000	137,000	541,300	173,000

19. The disposal of redundant IT equipment is undertaken in accordance with all appropriate “greening” requirements, and it is not foreseen that any significant income will be generated from the disposal of old, and generally technologically obsolete, equipment.

IT Infrastructure

20. The Commission also has a ten-year refreshment plan for maintaining its IT infrastructure. Table 6 (overleaf) shows details of the proposed refreshment expenditure for the four years of existing settlements, 2002-03 to 2005-06 for network infrastructure and (possibly) for voice and data cabling (see overleaf).

Table 6: Planned spending on the refreshment of IT infrastructure (in today's prices)

	2002-03 £	2003-04 £	2004-05 £	2005-06 £
<i>Infrastructure Refreshment</i>	0	125,000	498,000	430,000

21. It should be noted that, for the past few years, the voice and data network infrastructure has been provided under a managed-service agreement from Tyco Electronics Ltd. As the Commission moves forward with the appointment of a new infrastructure services provider, alternate options for the delivery of this service will be explored. These could include finance leasing, renewal of the managed service agreement or some other form of commercial agreement.

(iii) New Investment Plans

22. The Commission's new investment plans deal primarily with the Commission's IT equipment and systems capacity and its response to initiatives such as Modernising Government, E-Government and also to the overall growth in E-business solutions in general. To that end, there are five key strands to the Commission's investment strategy for the future:

- Development of Communication Infrastructure;
- Development of Performance Reporting & Analysis Systems;
- Electronic Records Management;
- Electronic Services/E-Government; and
- Development of the Commission's Operating Capacity.

Descriptions of the streams with examples of the projects they involve are given below. Indicative costings are also shown. Costings are based on the capital element of streams and projects over their development lives and exclude any administrative (revenue) expenditure. Costings may include expenditure already incurred or projected to arise after the period covered in detail by the Departmental Investment Strategy 2002.

Development of Communication Infrastructure (£2,009k)

23. This stream of work involves developing the Commission's internal communications and networking systems so as to enable staff to more readily access the Commission's core information system ("Connect") and to communicate with each other and to promote further flexible working patterns ("Remote/Mobile Working").

Development of Performance Reporting & Analysis Systems (£784k)

24. This project stream contains work that is intended to develop enhancements to the Commission's systems that monitor, control and report on performance and financial information. The key projects of this stream are:

Corporate Applications Reporting Module (£155k)

Interrogation of the information contained within the core line of business applications supporting the main operational functions of the Commission is based on either a set of standard application-based views of the data, or ad-hoc reports prepared by the Information Services Division. This project will deliver an ad-hoc reporting function for staff across the Commission to access the information contained within these core applications.

Resource Management System (£219k)

This system allows interrogation of the Commission's financial and accounting databases at the desk of budget holders and managers allowing them to monitor, in a variety of ways, their budgets against actual spend in a "live" environment. The system also allows budget managers to produce their own, customised management accounting reports.

Workflow system (410k)

The current Case Management System was designed to support a narrow range of business processes. As the role of the Commission has developed over the years, the original system has been amended to incorporate these new and amended working practices. The time has come where further amendment to the system is no longer viable, and given the close integration of the system with our file management system, a new workflow solution will be implemented alongside the Electronic Records and Document Management System.

Electronic Records Management (£2,103k)

25. This workstream is intended to develop further the Commission's movement away from paper-based information and working systems. It is intended to allow staff to readily access records electronically and also to ensure that the Commission is fully aware of what information it actually holds. Key projects are:

Electronic Records and Document Management (£2,010k)

This will enable the Commission to meet the Modernising Government requirement for all new records created after 2004 to be stored and managed electronically. A scan on demand facility will capture historical records as and when access to these is required. This development will also facilitate publication of the Accounts and Governing Documents for charities, processes for which are due to be implemented by April 2003.

E-Forms (93k)

This will provide on-line automation for the key internal support processes - such as travel bookings; expenses; training and development applications etc. Forms will be completed and authorised electronically with automated routing where appropriate. It is included in this workstream as it links closely with data capture, being the first stage of building up an electronic record.

Electronic Services/E-Government (£702k)

26. This workstream reflects the Commission's commitment to the Government's stated aim of allowing UK citizens to interact with, and to conduct all their business with, public bodies electronically. Projects in this area often cross those of the other four project streams. In the short-term specific work is being undertaken on developing the Commission's ability to image correspondence and records electronically and to develop an electronic, on-line payments system.

Development of the Commission's Operating Capacity (£554k)

27. Development of the Commission's operating capacity so as to seek improvements in its effective and efficient delivery of its published Service Delivery Agreement targets is a core aim of the investment strategy. There are a number of key projects intended to support this development:

E-Mail Management (£37k)

A growing amount of the correspondence handled by the Commission's "contact centres" now arrives from the public as e-mail. This system will provide an interim management and tracking solution while the new workflow and Electronic Records and Document Management System solutions are being implemented.

Trustee Database (£250k)

The project will replace the existing trustee management function within the current Charity Database Application with full-featured database application. This will integrate with the Intelligence Analysis System (see below) to support an enhanced monitoring and evaluation facility for new and existing trustees of charities.

Intelligence Analysis System (£297k)

This is based on the I2 analysis system deployed within many law enforcement and regulatory organisations. It will enable the Commission to build upon its existing intelligence capabilities and undertake more far-reaching analysis of the information on charities and trustees contained within its current systems and processes.

E-Learning (£75k)

This will deliver an on-line learning environment for staff, providing access to a core set of training modules supporting the induction and development of the technical skills. The system will be integrated into the Commission's intranet and will integrate with the learning management system. Promotion of workforce skills development in this way will improve the capacity of the Commission's staff to deliver its business objectives.

INVESTMENT CONTROLS

28. The Commission's Business Strategy and Planning Unit (BSPU), supported by the Finance Division, has responsibility for co-ordinating and reviewing expenditure priorities and plans. The Unit ensures that investment plans are business driven and will contribute to the achievement of objectives.
 29. The Commission's Business Assurance Unit (BAU) provide project control in the form of a Business Assurance Co-ordinator who ensures that PRINCE2-based methodology is adhered to throughout, and beyond, the life of a project and that the project plan is on track in terms of time and resources. The BAU also carry out post-project reviews to ensure that the assumptions made in the business case have been achieved. These reviews also help to inform the Commission's thinking with regard to future priorities for investment and changes to its systems.
 30. The Commission also has a procurement policy maintained by a specific Procurement Unit whose aim is to provide the organisation with high quality professional procurement services which deliver value for money, and guarantee full legal compliance and compliance with EU public sector procurement regulations. The Unit's main duties are to:
 - develop strong, fair and impartial relationships with key suppliers to ensure that quality and continuity of services are maintained;
 - provide advice and guidance on best practice to all staff involved in the procurement of goods and services; and
 - ensure that value for money is secured over the period of any agreement, and that solutions are as flexible as possible, to adapt to changing needs.
 31. Monitoring the adequacy and effectiveness of the Commission's controls on investment is carried out by Internal Audit. This function has been contracted out to the private sector and a rolling, three-year plan of audit work is agreed.
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