

Speech: Helen Stephenson CBE speech at the Charity Law Association's Annual Conference

It's been four months since I started at the Commission. During that time, I've met and listened to staff in the Commission's four offices, visited trustees, staff and beneficiaries of charities ranging from small community groups to some of the largest organisations on our register – and I've had conversations with colleagues from umbrella bodies and across government.

The one, overwhelming impression these early encounters have made on me is that the charity sector is more crucial to our way of life as a country than – despite my background in the sector – I had fully appreciated. Charities are in every community, whether they be geographical communities, or communities of faith, interest, identity or culture.

They operate at the micro level – providing a village hall, for example – and they perform crucial national functions. And indeed some of the charities we regulate have an impact at global level. It is simply not possible to imagine our national life without them.

Compared to the size of that sector, and its value to our country, the Commission as regulator is a tiny player. But our role is vital. We have important statutory objectives as set out by Parliament that protect and promote the integrity of charity, and beyond that, we have a unique convening power that allows us to positively influence the way in which charities contribute to our society or respond to events.

Our role in bringing together charities and government following the Grenfell Tower disaster, for example, is having a tangible impact on the lives of those affected by that tragedy. We also play an important role in helping government make a success of its priorities – in housing, health, education, security.

I have been hugely impressed by the professionalism and dedication of the Commission's staff at all levels. The 300-odd officials that make up the Commission are doing a world-class job in regulating charities expertly and effectively according to risk and in furtherance of public trust.

So my early impressions and experiences of both the Commission and the charities we regulate have been overwhelmingly positive, and encouraging. And I see my principal job in the years ahead as being to continue to steer the Commission along the steady path that my predecessor, with the board, set for the organisation.

There are two areas, however, that I will be seeking to address, together with our board, in the years ahead.

First, I believe the Commission must develop and improve its services to trustees. It must continue to become easier to do business with us, we must be more available and accessible with advice and guidance for individual trustees. Charity trustees are, after all, overwhelmingly volunteers who are well-intentioned and passionate about the causes they espouse for the public benefit.

The public needs a regulator that can call out bad practice, but to secure the continued success of the charity sector we also need a regulator that is able to help trustees get it right. We need to recognise trusteeship as a national treasure that we must look after, grow, enable into the future.

Second, I am struck by the significant pressures on the Commission's finances. Our resources, set against the continued increase in demand on our services, are becoming more tightly stretched every day. For example, applications to register as a charity have increased by 40% over the past four years, whilst our resources in real terms have halved since 2007.

If we are to continue to prioritise the issues and cases presenting the highest risks to charities and to public trust – which I believe is right – then by logical conclusion our ability to deal with lower risk work will decline. The service we provide to charities could become slower. Charities may have to wait longer to be registered, to have our consent to modernise or adapt to the changing needs of their beneficiaries.

I am making the case to government for transition funding to help us bridge the gap between our funding and the significant increase in demand on our services. But, in the context of continued pressures on public finances, these two insights; that the Commission must do more to support trustees, and that our current funding settlement does not allow that – lead me to one longer-term conclusion. Namely that we must start a sensible, open debate about larger charities making a modest contribution to the cost of aspects of their regulation.

This is not a new idea, incidentally. There has been provision in primary legislation since 1993. It is also accepted practice across other parts of society that regulated communities make a contribution to their regulators. Indeed, I believe we are one of the very few, if not the only, regulator who does not charge for at least some of its services.

So I am working with my teams, and the board, to draw up proposals for such a system, which I hope we will consult on next year. This work is at an early stage, but our current thinking is that in order to improve our existing services and develop new services for trustees, we would need to raise in the region of £7million annually from the largest 2,000 charities on our register.

I am realistic about the timescales involved in developing a system for charging charities. Doing so will require legislation, and Brexit means that Parliamentary time is limited. And whilst I expect the debate with the sector on this to be heated, it is one I believe we need to have.

Charities in this country fulfil a significant role in society, and I want to ensure that the Charity Commission has the resources it needs to promote public trust and confidence in this vital sector.

Charitable endeavour is at the heart of our society: giving generously of our time and money and helping others is, at its simplest form, what the word charity embodies. It is, I believe what makes us distinct as a nation, has shaped our history and is what continues to make our nation both resilient and innovative.

From supporting medical research, to caring for the most vulnerable, and preserving our national heritage – reliance on the charity sector is growing.

The role of the Charity Commission at the heart of that ecosystem of charities, the state and the public, is to ensure trust and confidence in the sector stays strong. We are an enabler – enabling charities to retain the trust of the public and the state through ensuring they stay within the law and enabling them to be well governed. And we perform the vital function of holding to account the small proportion of trustees who do not behave as the law, and the public, expect.

The Commission's role I lead therefore involves a fine balance. Charities are neither our friends to be let off the hook, nor foes to be fought. We are their regulator, and at registration, in filing their annual return, when using our digital services and our guidance, they are our customers, who rightly expect a smooth, professional service.

The Commission is far down a journey of transformation, I believe whilst the work is far from complete, we are now an organisation that has not only been able to demonstrate that it can transform, but that it can continue to transform to meet the needs of the sector.

We have made vast improvement to our digital services, which makes doing business with the Commission much easier.

To manage the increasing numbers, income and impact of charities – the Commission must continue to change – last year 167k charities were regulated by around 300 of my staff. We regulated £74 billion income, and received almost 100,000 letters, calls and emails.

We are increasingly becoming a risk-led regulator. And we know that risk-based regulation is good for the regulator as it is good for charities.

For this we expect more from larger charities, and less from those smaller charities whose trustees are also their charities only staff, executives and fundraising team.

We recently consulted on our annual return for 2018 – to review the key information that we collect and display from charities, the changes we're proposing are the most significant since 2013 and are intended to reduce the amount of information that smaller charities have to supply each year and target more detailed questions tailored to each charity.

The annual return is a key regulatory tool that is used for two main purposes; it enables the Commission to collect information about charities that it can use to identify issues of concern, either in specific charities or areas of broader risk across the charity sector. It is also the principal source of much of the information that is displayed on the Register of Charities – a key driver to allow the public and donors to find out more information about the charities they are interested in or support.

Ensuring we collect the right information, in a way that is simple for charities to understand, is absolutely vital. Whilst this information is an essential regulatory tool for the Commission, this is also the main way that the charity register is populated – and with almost 12 million views of the public register per year, and many organisations across the sector relying on its accurate data – this is an essential tool for more than just the regulator. So we will continue to improve digital services – to make doing business with Commission easier.

Good charity governance will continue to be a priority for the Commission.

We know that poor governance is at the heart of abuse and mismanagement and we will continue to intervene where it's gone wrong. For example the recent case of the Manchester New Moston Congregation of Jehovah's Witnesses – and I was very proud that the Commission's investigation led to better safeguarding procedures and internal disciplinary processes in the charity.

But I also want us to continue to share good practice. Trustees' Week earlier this month was a great opportunity to share the amazing work by over 700,000 charity trustees who are often unseen and largely unrewarded financially, and you will have no doubt seen the many positive example of coverage that received – to not only recognise the sterling effort of existing trustees, but also inspire a new generation of them to come forward and embrace these roles.

For this to happen we need to continue to change – and charities need to continue to change.

The recently released trustee awareness – 'Taken on Trust' report, highlights some interesting facts that we all must pay attention to. Most positively – trustees value their role despite the significant demands on their time and expertise. And volunteering benefits individuals' well-being.

A recent study published in the British Medical Journal demonstrated that people who reported volunteering at least once per week scored higher on a test that measured happiness and wellbeing levels.

But in Trustee boards – the Trustees Awareness report highlighted a lack of diversity in many cases, showing us that trustees do not always reflect the communities that charities serve, and are often disproportionately older, white and male.

This by no means discredits the huge impact that our current trustees have and I don't want those of you who fit into that category to feel in anyway

underappreciated. However since the research highlights how much trustees enjoy their role, and we know that volunteering benefits individuals, why would we not try to open this up to a much broader pool of skills and backgrounds?

Trusteeship is valuable experience that charities can offer to groups currently underrepresented on boards. I would personally like to see many more young people come forward and benefit from the driving seat of social change that trusteeship can offer.

Very often, trustees are recruited informally, from within trustees' existing network, even in larger charities – meaning this lack of diversity is perpetuated over time. And charities are missing out on the widest range of skills, experience and perspective at board level. Particularly from younger people where the experience of trusteeship will also be invaluable to them.

A diverse board can bolster a charity's resilience and give it the best chance of fulfilling its purposes into the future. And how can we challenge our thinking, without refreshed experience and opinions?

And you – the CLA and its members play a very important role this. Charities and their trustees do not naturally come with all the required skills...research from the trustee awareness report I mentioned previously showed that the take up of formal support and advice was low, and trustees report lacking relevant legal, digital, fundraising, marketing and campaigning skills at board level.

The support you give to improving governance is essential to a well-run sector.

In addition, you are an important partner with us at the Charity Commission, and I want that partnership to continue to grow:

- I hope will continue a positive relationship;
- sharing a common interest;
- sometimes perhaps not always agreeing;
- but ultimately to protect the law and public trust and confidence in the sector

The strength of our continued liaison engagement with the CLA, will continue, led by our Director of Legal Services, Kenneth Dibble.

We also very much appreciate as I know our charities do, the pro bono work which many CLA firms do for their charity clients around governance and regulation – which we support and hope to see continued.

So finally, whilst we know that public trust and confidence in charities has taken a knock over the last few years, I don't think this undermines the value of the charitable sector in society. People continue to give their time and money and this has not abated – but they are no longer willing to mindlessly believe that everything with the label charity on it is good.

They expect the same, if not higher, standards than other areas of public

life. Our job at the Commission, is to play our part in maintaining the public's confidence and trust in the charities. My aim is that we will continue to this by:

- regulating robustly, in order to tackle abuse and mismanagement;
- supporting charities with increased access to digital services, guidance and direction; and
- sharing good practice wherever possible.