CHARITY COMMISSION
FOR ENGLAND AND WALES

Digital, Culture, Media and Sport Committee
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Our Ref: 2019/20 Supplementary Memo

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Charity Commission Supplementary Estimate 2019-20: Estimates Memorandum

1 Overview

1.1 Objectives

The Commission is a non-ministerial Government Department, established by law to be the registrar and regulator of charities in England and Wales. The Commission maintains an electronic public register of charities, provides guidance and advice to charities, monitors their activities through their accounts and annual returns and seeks to identify and investigate any impropriety that may place charitable assets at risk. These activities aim to give the public confidence in the integrity of charity.

1.2 Spending controls

The Commission's net spending is broken down into a several different spending totals, for which Parliament's approval is sought.

The spending totals which Parliament votes are:

- Resource Departmental Expenditure Limit ("**Resource DEL**") - a net limit comprising day-to-day running costs, less income funded projects from other Government Department.
- Capital Departmental Expenditure Limit ("**Capital DEL**"): - investment in capital equipment such as IS infrastructure.

In addition, Parliament votes a net cash requirement, designed to cover the elements of the above budgets which require the Commission to pay out cash in year.

1.3 Comparison of net spending totals sought

The table below shows how the net spending sought for the Commission compare to last year:

Net Spending total **Amounts sought this year** **(Supplementary Estimate 2019-20)**		**Compared to original budget** **(Main Estimate 2019-20)**		**Compared to final budget last year** **(Outturn 2018-19)**	
		£ m	**%**	**£m**	**%**
Resource DEL	£27.49m	+£0.45m	+1.6%	+£2.3	+9%
Capital DEL	£2.20m	+£1.0m	+83%	£0 m	0%

A breakdown of spending and income within the net total is shown in section 2.1. The above table shows a 1.6% increase in Resource DEL for 2019-20. This relates to additional funding granted by Treasury to help the Commission address increased amortisation and impairment costs in relation to our IT Roadmap Programme.

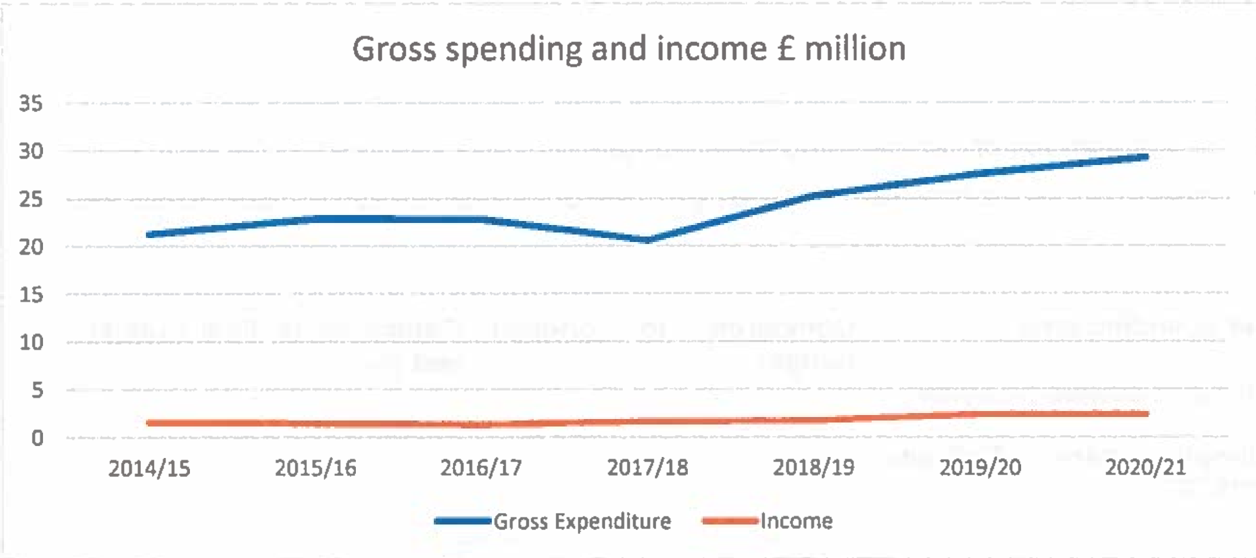
1.4 Key drivers of spending changes since original budget this year

The Resource DEL has increased from the original budget by £0.45m to cover additional amortisation.

The Capital DEL has is increased from the original budget by £1m to support our IT Roadmap Programme.

1.5 Spending and income trends

The charts below show overall resource DEL spending and income trends for the last five years, plans presented in Estimates for 2019-20, and current future spending plans.



1.6 Administration costs and efficiency plans

Spending total **Amounts sought this year** **(Supplementary Estimate 2019-20)**		**Compared to original budget last year** **(Main Estimate 2019-20)**		**Compared to final budget last year** **(Outturn 2018-19)**	
		£ m	**%**	**£m**	**£ m**
Admin costs	£27.49 m	+£0.45 m	+1.6%	+£2.3 m	+9%

The Commission had an efficiency plan to deliver £0.5 million of annual efficiencies by the end of the 4 years covered by SR 2015 (2016-17 to 2019-20). Most of these savings have been delivered through estate rationalisation, including lease termination at its former Taunton office and relocation into smaller premises sublet by Department for Work and Pensions. The remainder of savings were delivered via the Commission's IT budget during 2019-20.

It can be seen from the above table that admin costs increased by only 1.6% on the Main Estimate, following the impact of the annual impairment review. The 9% step increase in admin costs is attributable to the extra funding provided by Treasury – see section 1.3 for explanation due to additional amortisation costs.

1.7 Funding: Spending Review and Budgets

The Commission received a "flat cash" settlement through the last Spending Review, but this was subsequently updated as explained in section 1.3, when an increased funding of 9% was approved by Treasury for 2019-20.

Expenditure is funded through a combination of:

- Treasury Resource DEL funding of £27.49m per annum
- Additional funding of £2.3m transferred from other departments

2. Spending and income detail

2.1 Explanations of changes in spending and income

Resource DEL

The table below shows how spending plans for Resource DEL compare with last year.

	Resource	DEL			
	This year (2019-20 Supplementary Estimates budget sought)	*This year (2019-20 Main Estimates budget approved)*	change from last year		
	£ million	£ million	£ million	%	see explanation, note number
Giving the public confidence in the integrity of charity	29.79	29.34	2.94	11%	Section 1.3
Gross expenditure	29.79	29.34	2.94	11%	Section 1.3
Income from OGD's	-2.3	-2.3	0.64	38%*	See below*
Net expenditure	**27.49**	**27.04**	**2.30**	**9%**	

* At Main Estimate, income cover of £0.64m was sought to incorporate MoU's under discussion with DCMS and Charity Commission Northern Ireland – the latter was not subsequently pursued for operational reasons

2.2 Ring fenced budgets

Within the totals, the following elements are ring fenced i.e. savings in these budgets may not be used to fund pressures on other budgets

The following table illustrates a 27% increase in ring-fenced charges this year, attributable to an enlarged asset base following roll-out of digital services and an impairment to an existing database which reached the end of its useful life earlier than expected.

This is the same increase described above in section 1.3, which amounts to 9% when viewed in the context of the full Treasury vote.

Resource DEL

Ring fenced budgets **Amounts sought this year** **(Supplementary Estimate 2019-20)**		**Compared to original budget this year** **(Main Estimate 2019-20)**		**Compared to final budget last year** **(Outturn 2018-19)**	
		£ m	**%**	**£m**	**£ m**
Depreciation	£2.15m	0.45m	26%	+£0.45m	+27%

2.3 Changes to contingent liabilities

There is no change: £nil reported in our Annual Report and Accounts

3. Priorities and performance

3.1 Measures of performance against each priority

The Commission's strategic plan 2018-22 sets out five high-level objectives, as follows:

Objective 1: Holding charities to account

Objective 2: Dealing with wrongdoing and harm

Objective 3: Giving charities the understanding and tools they need to succeed

Objective 4: Informing public choice

Objective 5: Keeping charities relevant for today's world

The Executive Team monitor progress towards these objectives on a quarterly basis, with any performance issues reported to the Board on an exceptional basis. Good progress is being made towards Objectives 1-4, whilst most of the business initiatives that will contribute to Objective 5 are due to be launched next financial year. Progress against all five objectives will be fully reported in our Annual Report and Accounts 2019-20, due to be published in July 2020.

3.2 Major projects

The Commission completed the first phase of its digital rollout in 2017-18, and the second phase went live in November 2018. Work on the third phase is scheduled for 2020-21, together with a new upgrade of our main casework management system. Feedback received from customers on our digital services has been encouraging.

4. Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by HM Treasury and the House of Commons Scrutiny Unit, available on the Scrutiny Unit website.

The information in this Estimates Memorandum has been approved by myself as Departmental Accounting Officer.

Helen Stephenson CBE

Accounting Officer, Charity Commission for England and Wales
7th Feb 2020