Committee Clerk
Culture, Media and Sport Committee
House of Commons
London
SW1A 0AA

Charity Commission
PO Box 211
Bootle
L20 7YX

Date: 27th February 2024

Dear Sir / Madam,

Charity Commission Supplementary Estimate 2023-24: 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

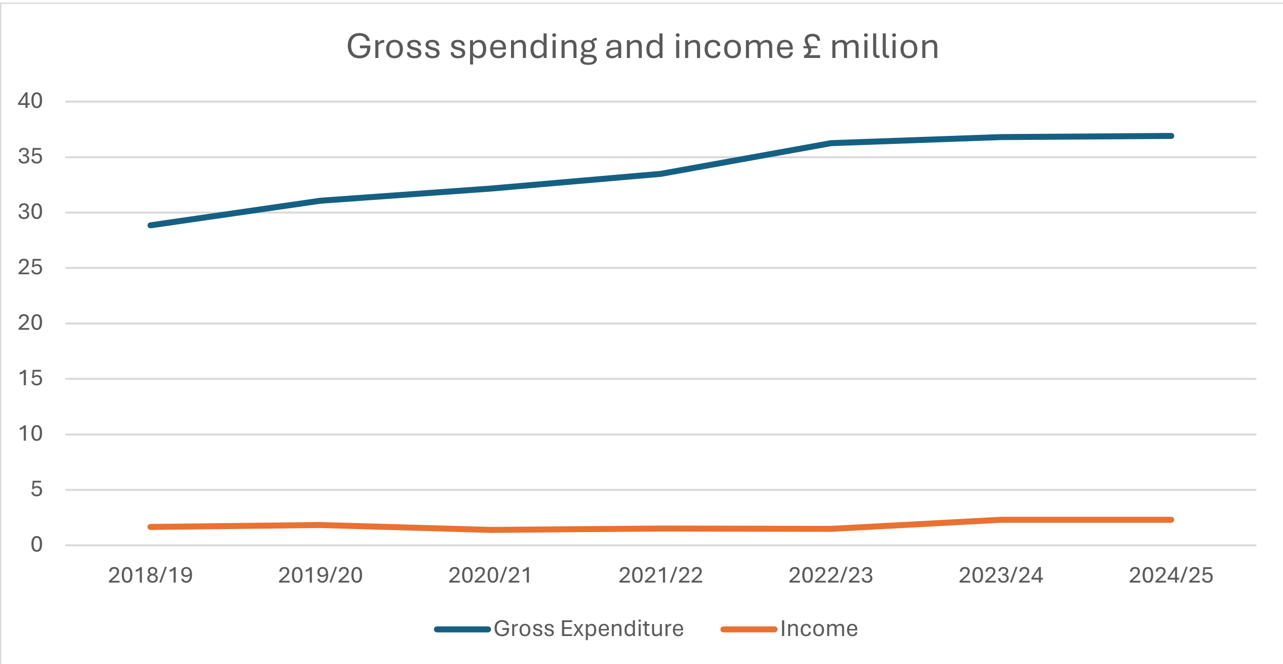
The table below shows how the net spending sought for the Commission compare to last year:

Net Spending total **Amounts sought this year** **(Supplementary Estimate 2023-24)**		**Compared to original budget** **(Main Estimate 2023-24)**		**Compared to final budget last year** **(Outturn 2022-23)**	
		£ m	**%**	**£m**	**%**
Resource DEL	£32.254m	+£0.95m	+3%	+£0.165m	+1%
Resource AME	£0.2m	+£0.2m	Nil in Main Estimate	+£0.2m	Nil Outturn

A breakdown of spending and income within the net total is shown in section 2.1. The above table shows a 3% increase in Resource DEL for 2023-24. This relates to one-off pay costs, met via a CDEL to RDEL swap and additional funding granted by Treasury to help the Commission address increased amortisation costs in relation to the Commission's IT roadmap programme. Resource AME sought is in line with prior year in order to allow for any potential legal provisions.

1.4. Spending and income trends

The charts below show overall Resource and Capital DEL spending and income trends for the last five years, plans presented in Estimates for 2023-24, and current future spending plans.



1.5 Administration costs and efficiency plans

Spending total **Amounts sought this year** **(Supplementary Estimate 2023-24)**		**Compared to original budget last year** **(Main Estimate 2022-23)**		**Compared to final budget last year** **(Outturn 2022-23)**	
		£ m	**%**	**£m**	**%**
Admin costs	£32.254 m	+£0.156	+0%	+£0.165 m	+1%

In our last CSR submission of 2020, the Commission detailed a plan to deliver a total of £2.8 million of savings over the next three years and to absorb a further £1m of activity increases. These savings and efficiencies are being delivered through a combination of system enhancements, improved risk assessment and smarter working – with our IT being a key enabler.

1.6. Funding: Spending Review and Budgets

For 2023/24, the Commission received a £0.79m decrease in Resource DEL via the last Spending Review.

Expenditure is funded through a combination of:

- Treasury provided Resource DEL funding of £31.304m;
- Treasury provided Capital DEL of £3m.
- Forecast additional funding of £2.3m transferred from other departments

With the next Spending Review due this year, the Commission intends to submit a strong case to support the development of our role as a regulator and as a supportive partner to the charitable sector, whilst also delivering an updated savings and efficiencies plan.

2. Spending and income detail

2.1. Explanations of changes in spending and income

	Resource	DEL			
	2023-24 Supplementary Estimates budget sought.	*2023-24 Main Estimates budget approved.*	In-Year change	change from last year	see explanation, note number
	£ million		%	%	
Giving the public confidence in the integrity of charity	34.554	33.604	3%	1%	Section 1.3
Gross expenditure	34.554	33.604	3%	1%	Section 1.3
Income from OGD's	-2.3	-2.3	0%	0%	
Net expenditure	**32.254**	**31.304**	**3%**	**1%**	

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 an 2% decrease in ring-fenced charges this year excluding adjustments for the introduction of IFRS16, attributable to an enlarged asset base following roll-out of digital services.

Resource DEL

Ring fenced budgets Amounts sought this year (Supplementary Estimate 2023-24)		**Compared to original budget this year (Main Estimate 2023-24)**		**Compared to final budget last year (Outturn 2022-23)**	
		£ m	**%**	**£m**	**%**
Depreciation & Amortisation (including adjustment for IFRS 16)	£3.776	0.2m	5%	-0.054m	-1%
Depreciation & Amortisation (excluding adjustment for IFRS 16)	£2.45m	0.2m	9%	-0.08m	-2%

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 Charity Commission’s clear purpose is to ensure that charity can thrive and inspire trust so that people can improve lives and strengthen society. We are in the final year of a 5 year strategy built around this purpose, with five strategic objectives that reflect our role in representing the public interest in charities and are underpinned by how people value charity, their expectations and what we can do to maximise the benefit it creates for society. Our five strategic objectives are:

1. Holding charities to account
2. Dealing with wrongdoing and harm
3. Informing public choice
4. Giving charities the understanding and tools they need to succeed
5. Keeping charities relevant for today’s world

Over the course of the year, the Commission demonstrated its ability to respond in an agile way to the impact upon charities of unfolding events such as conflict in the Middle East. Simultaneously, we have continued to progress with our longer term aims to act as an expert regulator which is fair, balanced and independent, ensuring delivery of a high volume of ‘business as usual’ regulatory work under our statutory functions.

A key change has included improvements to the data we hold about what each charity does, asking a set of streamlined and enhanced questions for the first time under the 2023 Annual Return. Once this is complete it will provide, for all stakeholders, a better understanding of how the sector is navigating challenges following the cost-of-living crisis. We have also successfully implemented changes flowing from legislative reforms under the Charities Act 2022, which have lowered the regulatory burden on charities making applications in areas such as using permanent endowment and land disposal regulations.

We have increased our robust enforcement and proactive work, including pursuing inquiries into charities failing to file accounts, and related to individuals sanctioned following the conflict in Ukraine. Equally, we have continued to improve the advice and guidance we offer to charities to help them fulfil their duties effectively. This includes the launch of a new knowledge-refresher quiz for trustees, and the addition of a well-received guidance package on how charities can use Social Media safely, responding to the risks that can be presented where charities are using this to undertake legitimate campaigning work. Internally, we have continued to enhance the competence and capability of our staff, including in communicating effectively with charities through our new Communications Commitments approach, as well as ensuring we reward and develop our people effectively through our internal People and Culture programme.

Over the course of the year, we delivered on our objectives through:

- Supporting over 31,000 unique charities, by answering over 68,000 calls to our Contact Centre. 79% of calls were answered within 120 seconds.
- Concluding 5,726 regulatory action cases, opening 72 new statutory inquiries (the most serious of the Commission's regulatory interventions) and closing 68.
- Assessing and responding to 99% of applications for registration and permission, and requests for advice within 10 working days.
- Deciding 85% of all registration, permission and advice requests within 30 working days.
- Considering 8,583 applications to register a charity.
- Releasing dormant funds from moribund charities to be repurposed into the community sector, with £25m in England, and £4.6m in Wales.
- Using our statutory powers 2,401 times, including issuing Official Warnings (11), and disqualifying trustees (11).

Finally, we have completed engagement with colleagues and stakeholders to complete development of our new 2024-2029 Strategy, which will inform the activities of the Commission through the period ahead.

3.2. Major projects

2023-2024 saw major changes to our IT systems, including a successful migration and upgrade of all of our main digital services for charities to a new cloud provider. From late July, we launched a new sign-in route to the My Charity Commission Account. This was a substantial undertaking for the Commission and for the charity sector, migrating charity contact points from a shared set of charity details to an individual, personalised account. Most customers invited to sign-up have been able to do so, but as anticipated technical issues experienced by some charities led to a higher volume of incoming queries to our Contact Centre than is typical, and longer waits to have these issues resolved. Additional staff were made available, and we are continuing to prioritise usability upgrades to the system in the coming financial year.

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.

Yours faithfully,

Dr Helen Stephenson CBE
Chief Executive / Accounting Officer
Charity Commission for England and Wales