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Your Ref:

Our Ref: 2020/21 Main Estimate Memo

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Charity Commission Main Estimate 2020-21: 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 the Commission's key budgetary controls at Main Estimates 2020-21 and at the Main Estimate 2019-20.

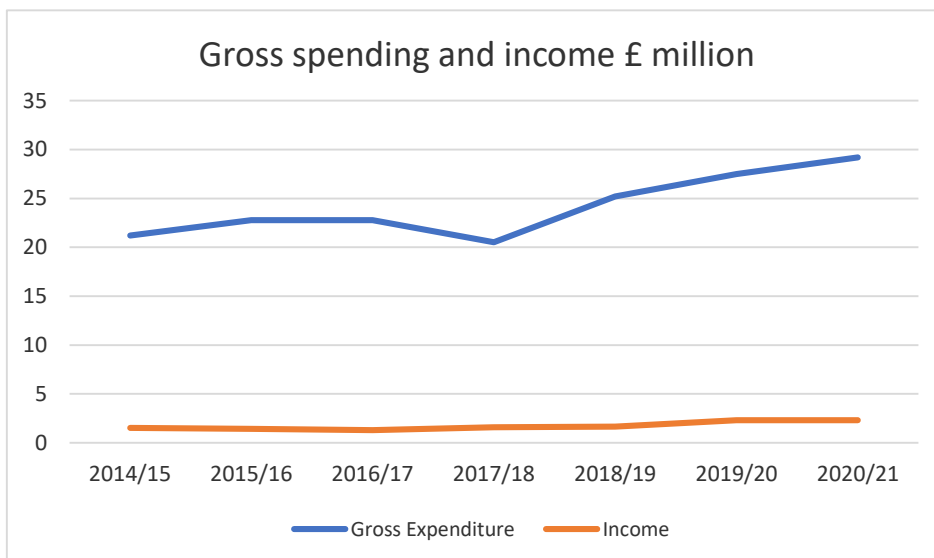
Control totals (£m)	2019-20	2020-21	Change (£m)	Change (%)
Resource DEL	27,043	29,200	2.157	8%
Capital DEL	1.200	2.200	1.000	83%
<i>Minus</i>				
<i>Non-cash DEL</i>	1.770	2.026	0.256	14%
Net cash requirement	26.473	29,374	2.901	11%

A breakdown of spending and income within the net total is shown in section 2.1. The above table shows a 8% increase in Resource DEL for 2020-21. This relates to £2.157m additional funding by HMT to cover budget pressures and increased depreciation costs arising from investments.

The increase in of £1m capital relates to additional funding by HMT to cover our continued investment in infrastructure, in particular in our IT capabilities.

1.4 Spending and income trends

The charts below show overall resource DEL spending and income trends for the last six years based on actual expenditure, 2019-20 Supplementary Estimate and 2020-21 Main Estimate.



1.5 Administration costs and efficiency plans

The Commission has an efficiency plan to deliver a total of £5.8 million of annual efficiencies over the next four years. These savings 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

The Commission received a “flat cash” settlement through the last Spending Review.

Expenditure is funded through a combination of:

- Treasury Resource DEL funding of £29.2m per annum
- 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.

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				see explanation, note number
	2020-21 Main Estimate	2019-20 forecast outturn	change from last year		
	£ million			%	
Giving the public confidence in the integrity of charity	31.500	28.998	2.502	8.6%	Section 1.3
Gross expenditure	31.500	28.998	2.502	8.6%	
Income from OGD's	-2.300	-1.823	-0.477	26.2%	
Net expenditure	29.200	27.175	2.025	7.5%	

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 9% decrease in ring-fenced charges this year, this will be reviewed throughout the year and amended if necessary, via the Supplementary.

Resource DEL

Ring fenced budgets Main Estimate 2020-21		Compared to final budget last year		Compared to final budget previous year	
		(Supplementary Estimate 2019-20)		(Outturn 2018-19)	
		£ m	%	£m	£ m
Depreciation & Amortisation	£1.95m	£2.15	-9%	£1.66	17%

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 has a 5-year strategy covering 2018-23, to deliver its purpose 'to ensure charity can thrive and inspire trust, so that people can improve lives and strengthen society', through 5 strategic objectives:

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

In year 1 of the strategy, the Commission's focus was on getting the basics right, so that its service levels improved, and using its voice more authoritatively on public expectations of charities. Both would be underpinned by key enabling activities, to improve the efficiency and effectiveness of its work.

As a result, operational teams have been successful in reducing backlogs, and have met performance targets, despite increasing volumes. This has been made possible by embedding new ways of working, including approaches to risk and proactivity in holding charities to account. This put the Commission in a good place to continue with the changes needed to deliver its ambitious 5-year strategy.

However, the Commission is now faced with meeting the increasing demands of a charity sector which is being significantly impacted by the Covid-19 crisis. The impact of this on the Commission's business is an increased demand for advice and guidance, and a growth in requests for its services related to protecting charities' beneficiaries and assets. Applications to register charities responding to the crisis, such as foodbanks, first responders and community support groups, have increased significantly as a result of the pandemic. The impact of this crisis on the sector and on the Commission will continue to be felt in the short, medium and longer-term.

This year, though, groundwork on improving customer service, informed by research, has provided a clearer picture of the Commission's customers' needs, such as extending the telephony service to provide a 9-5 operation and significantly reducing call waiting times, and dramatically improved handling of reports of serious incidents by charities.

Compliance rates in charities filing annual reports and accounts have improved as a result of trialling new ways of encouraging compliance and conducting research to inform further improvements, with a significant reduction in the number of charities which have defaulted twice on their filing. In addition, millions of pounds lying in the accounts of dormant charities have been released and recycled for charitable purposes. To date the Commission has released over £32m of dormant charitable assets back to the charity sector - this is important work, especially at the current time, and will form part of its plans going forward.

During 2019-20, the Commission has used its voice more clearly, calling out wrongdoing in charity and reflecting on why the outcomes of significant cases matter to the public. This more proactive communication has been aimed not only at promoting charities' compliance with the law but also influencing attitudes and behaviour, in order to build public trust and respond positively to addressing the public's concerns about charities.

It has concluded several important and high-profile investigations into household name charities, notably into Oxfam and Save the Children. In both cases, the publication of our inquiry reports represented the culmination of months of meticulous investigative work; during the Oxfam investigation, our teams examined over 7,000 items of evidence. Our detailed investigations led us to conclude that, over a period of years, Oxfam's internal culture tolerated poor behaviour, and at times lost sight of the values it stands for. The charity's leadership acknowledged past mistakes and committed publicly to learning the lessons.

During the 2019/20 financial year, the Commission used its regulatory powers 1,962 times to hold charities to account. The increased use in its powers marks the fifth consecutive year it has seen an increase with 1,073 uses in 15/16, 1,099 in 16/17, 1,136 in 17/18, 1,864 in 18/19 and 1,962 in 19/20.

However, in light of the Commission's five-year strategy, it is also considering a further review of its powers and regulatory model. This will allow it to identify how the current framework could be strengthened and sharpened so that both the Commission and the sector can better meet public expectations.


3.2 Major projects

IT infrastructure improvements, including the roll out of new IT equipment to all staff, have proven invaluable in the recent Covid-19 crisis. These improvements, together with an organisation redesign and people strategy have enabled the Commission to continue to operate effectively, putting it in a good position to respond to the crisis and deliver year 2 of its strategy.

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 sincerely


Helen Stephenson

Accounting Officer, Charity Commission for England and Wales

1st May 2020