A report setting out an assessment of the delivery of the regulatory framework to date, including the effectiveness of the current regulator in delivering on its agreed objectives and statutory functions; options for optimal charity regulation in NI, including the configuration of a statutory regulatory body; a review of the legal and regulatory framework within which the Commission operates and the Commission’s relationships with stakeholders. The review will examine whether the legislation and the Commission’s efforts within that legal framework strike the right balance, in light of best practice, between supporting charities to do the right thing and deterring or dealing with misconduct.
Since we last met . . .

- 9 community webinars
- 145 written submissions received
- 20 additional meetings with other Charity Regulators and key stakeholders

We’ve been listening to and learning from you . . .
What we heard . . .

Regulation is a good thing . . . But it should not take away from delivery of charitable services

- Lighten Regulatory Burden;
- Talk to charities directly;
- Make resources more user-friendly;
- Regulation evolves over time.

Majority of Respondents appreciate work of CCNI

All agree regulatory improvements are required

Some respondents had difficult & disturbing experiences with CCNI

Responses

- Orgs 72%
- Individuals

Good sector representation
Our report makes 93 recommendations over the course of 10 chapters:

Aimed at redesigning the existing regulatory framework to allow for:

- A fit for purpose legislative framework;
- A Commission equipped for the regulatory tasks required of it, which is outward facing in approach to support and enable the sector.
- A Sector that collaborates to achieve compliance and enforcement that is both timely and effective.
Better engagement is key to many of our recommendations. We examine what good regulatory engagement might look like and we listened closely to your experiences.

51% of respondents had a positive experience of engagement; 20% rated the experience negatively.

CCNI tone & style of communication is NB.

Good that Stakeholder Forum now established. Composition should be kept under review.

CCNI website, most commonly used resource, needs review.

NI Direct and access to CCNI needs review.

Better engagement with charities will lead to better compliance by charities.
Registration should remain a requirement for all charities

61% of respondents agree registration should be compulsory for all charities. 74% of respondents agree registration process could be improved.

CCNI should make completion of the Charities Register a priority.

- This will require reform (review of purpose) of the Combined List and a greater focus by CCNI on completing registrations. With a combined list of 7,000 charities, there are currently almost 3,000 charities actively waiting to be called forward for registration.
- Recognition of CCNI Transformation Project and recommendations to encourage further simplification and streamlining of registration process.

Not every non-profit is, or needs to be a charity. Greater public guidance is required from DfC on the range of non-profit options outside the charity subsector to better inform choices of those wishing to support their communities through voluntary activities.
If all charities must register, greater proportionality will be required in terms of reporting obligations:

Reduce the reporting burdens on “small charities”.
Small charities would not be required to file an annual financial statement that has been independently examined. Instead, they would complete a much more basic financial form with their annual monitoring return.

Increase Commission feedback to charities on basic compliance checks. (Currently at 19% of all returns)

Introduce traffic light system for belated annual returns.

Commence CIOs.
Introduction of the CIO would allow enable charities who become CIOs to avoid reporting to Companies House and, if below financial threshold, to file R&P accounts without the need to comply with SORP.
Reduce the reporting burdens on “small charities”.

Small charities would not be required to file an annual statement that has been independently audited. Instead, they will complete a much more basic financial form with their annual monitoring return.

Introduce traffic light system for belated annual returns

How do we define “small charities’?

This is a policy decision for Minister, based on consultation. We recommend it include those charities who have a gross annual income of £25,000 or less per annum (currently 50% of registered charities).

We realise that it may be important to consider an assets element when setting this financial threshold, as holding substantial assets, may be a good reason for the CCNI to have better annual visibility of your financial statements. We recommend the Minister consult on this element of the proposal in setting the appropriate threshold.

Increase Commission feedback to charities on basic compliance checks

Introduce traffic light system for belated annual return

Comment

Introduction of CIO would allow enable charities who become CIOs to avoid reporting to Companies House and, if below financial threshold, to file R&P accounts without the need to comply with SORP.
“A good compliance regime strives to balance supporting compliant charities to continue to do the right thing with the application of a graduated but clear compliance framework to less compliant minded charities.”

Adoption of a responsive and enabling approach to regulation by CCNI. Informed by experiences of peer regulators; applying a Risk Assessment Framework leading to reduced scrutiny of more compliant charities.

Development of compliance continuum, encouraging all charities to comply at each stage until enforcement action is unavoidable.

CCNI review and improvement of recording of decision making process in statutory inquiries to apply best practice standards.

Introduction of official warning power as extra tool for CCNI; expansion of power to remove Trustees who have resigned from office.
“In the exercise of its enforcement powers, CCNI’s objective should always be to enable the charitable enterprise at the centre of its compliance regime to flourish or, if survival is no longer viable, to wind down in an orderly manner.”

62% of respondents had no view on CCNI exercise of enforcement powers; when no views excluded, 59% agreed CCNI struck right balance and 41% disagreed. As between organisations and individuals, 74% of orgs agreed CCNI struck right balance between supporting and deterring charities compared with 35% of individuals.

• CCNI review its operating procedures to ensure that staff are fully briefed on the nature and format of material that Commissioners need to exercise the full scope of their powers effectively.

• CCNI should report in its Annual Report on the implementation of its published Action Plan arising out of Independent Counsel’s Review of Processes and Complaints final report.

• In line with best practice, CCNI should revise its approach of automatically naming charity trustees in its statutory inquiry reports.

• Review of CCNI Internal Review process and proposed extension of time to initiate such a review.

• DfC collaboration with DoJ with view to amending Charity Rules to allow a stay of Tribunal proceedings to be sought when CCNI internal review is underway.
Provisions of Charities Act 2008 dealing with CIOs should be commenced as a matter of priority. 52% of respondents agree; when those with no view excluded, this rises to 94% of respondents.

Section 167 Institutions
28% of respondents felt commencement of s.167 to be a matter of priority; when those with no view excluded, this rose to 73%.

- We recognise the need to review and amend the language of s.167 before its commencement to make it fit for purpose. We make recommendations to this effect for the Minister’s consideration.

Delegation
80% of respondents believed it appropriate to delegate some decisions to CCNI staff; 86% believed this should include Registration decisions and the making of schemes.

- Delegation should allow Commissioners to be more strategic in their involvement in decision-making – reserving high risk, high profile or precedent setting decisions to the Commission.

The Minister, in conjunction with CCNI, review the composition of, skills required for, and size of the Board of Commissioners to ensure proper resourcing for the tasks flowing from this report.
We hope you will take time to read the Panel’s Report at https://www.communities-ni.gov.uk/publications/independent-review-charity-regulation

It is not possible to convey all our findings or our reasoning fully in a webinar of this nature.

We are, however, happy to answer questions that may have arisen from our presentation this afternoon in the time remaining.