

# [Press release: Charity regulator makes robust use of new enforcement powers](#)

The Charity Commission has used new legal powers on over 130 occasions since they were introduced in the Charities Act 2016. The 2016 Act provided a range of new enforcement powers to the regulator, including the power to disqualify individuals from charity trusteeship, and to issue Official Warnings to a charity or an individual trustee.

[A report published today](#) shows that, in total, the Commission has used new powers on 137 occasions; this has included disqualifying 21 and suspending 7 individuals from trusteeship, and removing 12 individuals as a trustee during an inquiry.

The Commission has also issued 6 Official Warnings since the power became available to it in November 2016, and issued 14 notifications of its intention to issue an Official Warning. Among the charities that have been issued with an Official Warning is the [RSPCA](#), which received an OW in August 2018.

On 17 occasions, the Commission issued a direction requiring that charity property be applied in the interests the charity.

The information is included in the latest annual review of the Commission's compliance case work, Dealing with wrongdoing and harm 2017-18. The report covers the first full financial year during which the Commission has been able to use new legal powers introduced in the Charities Act 2016.

The regulator published a [new strategy](#) in October last year, which sets out a new purpose and five strategic priorities for the regulator, one of which is Dealing with wrongdoing and harm.

In her foreword to the report, the Commission's chief executive Helen Stephenson makes clear that responsibility for the reputation of charity is one the regulator shares with those whom it regulates and urges all trustees to recognise their role as the first line of defence against wrongdoing and harm, and the ambitions of the Commission to do more to support them.

## **Increased safeguarding case work**

The report also reveals that safeguarding issues continue to feature highly in the Commission's compliance case work. The regulator opened 552 new safeguarding cases in 2017-18, compared to 302 in 2016-17 and 163 in the preceding year.

Overall, the regulator opened 2,269 regulatory compliance cases, up from 1,164 in 2016-17. 1,174 cases were opened during the first half of 2018-19.

In October 2018, as part of a [final report of its interim safeguarding](#)

[taskforce](#), the Commission reported having received a total of 2,114 reports of serious incidents from charities relating to safeguarding incidents or issues between 20 February and 30 September 2018, compared to 1,580 serious incident reports about safeguarding received in the whole of 2017-18, and 1,203 received in 2016-17.

In total, the Commission dealt with 2,819 reports of serious incidents by charities in 2017-18, up from 2181 during the previous year.

Work undertaken by the regulator has also helped address underreporting by auditors of matters of material significance. During 2017-18, the Commission handled 287 reports from auditors and independent examiners of charities, up from 54 the previous year. Most of these reports (82%) related to matters of material significance.

This resulted in part from work the Commission undertook with professional accountancy bodies, in the wake of a review of auditors' compliance with [new rules on reporting matters of material significance](#), which highlighted serious concerns about accountants' awareness and compliance.

## **Increased exchanges of information with other agencies**

Exchanges between the Charity Commission and other agencies increased by 31% year-on year to 2017-18.

In 2017-18, the Commission made 3,579 data exchanges with other agencies, compared to 2,733 exchanges in 2016-17.

Exchanges on safeguarding issues more than doubled from 244 in 2016-17 to 596 last year. These exchanges represented 17% of all exchanges.

The Commission says these figures demonstrate a more proactive approach to exchanging intelligence with partners so as to effectively deal with wrongdoing and harm in charities and secure regulatory outcomes in the public interest.

Among the agencies with which the Commission exchanged information about charities are police bodies, other government departments, other statutory regulators and local government.

## **Helen Stephenson, CEO of the Charity Commission, says:**

This report tells of the Commission's continued effectiveness in dealing with wrongdoing and harm in charities, including through the appropriate and confident use of the new powers we were granted.

Our new five year strategy sets out our purpose: to ensure charity can thrive and inspire trust so that people can improve lives and strengthen society. We cannot achieve that goal by ourselves. The shared benefits of a thriving sector bring with them a shared responsibility to meet popular expectations of behaviour and

conduct. It is a responsibility which binds together the regulator and those whom we regulate. Trustees who together oversee more than £70 billion of annual income are the first line of defence in securing the reputation of their own charities and more widely that of the sector as a whole.

That is a huge responsibility and the Commission is here to help, not just to step in when things go wrong. So while we are dealing with more regulatory compliance cases and more reports of serious incidents than ever before as the number of charities on the register continues to grow, it is important to recognise the hard work and dedication of the overwhelming majority of trustees. Nevertheless, where things do go wrong, the potential impact of such cases on public trust and confidence when they do come to light also demonstrates how precious and fragile the good standing of charity can be.

That is why we are working on becoming more preventative in our approach, developing the risk-based element to its work so that it can spot potential problems before they occur.

## **Other key figures**

- 138: new inquiries opened, representing a decrease year-on-year; the figure of 187 in 2016-17 included a class inquiry involving 74 connected charities.
- 415: new monitoring cases opened (2016-17: 503)
- 101: whistleblowing reports received (2016-17: 88)
- 1,135: uses of the Commission's compliance powers – old and new (2016-17: 1,099).
- £33.2m: total charitable funds directly protected by regulatory intervention (2016-17: £81m)

## **Ends**