

Speech: Baroness Stowell: The Future of Charity

Good evening, I'm delighted to be here, and I am grateful to Matthew and his team here at the RSA for hosting us.

As Matthew has explained, I'd like this evening to set out my ambitions for the Charity Commission and for the charities we regulate in the years ahead.

Before I do so, I'd like to tell a story.

It's a familiar story, but one that goes to the heart of the issue we are discussing tonight.

Over a year ago, in the early hours of the 14 June 2017, a devastating fire took hold of a residential housing block in west London. The consequences of the Grenfell Tower disaster have been utterly horrifying. They are not for me to relate. It is for the victims and survivors to do to so themselves, on their terms.

Nor do I want to go into the official response to the disaster, or indeed the work of the many registered charities that stepped into coordinate relief efforts.

I'd like instead to look at the response of ordinary people, private citizens, in the hours and days after that terrifying event.

What we saw was hundreds of people, from within North Kensington and far beyond, moved to help those in need. People brought food and water. They brought clothes, blankets, nappies for babies, toys for children. They came to give their time, offer a hand, their ear, and whatever expertise they had to offer. And thousands of people donated over £28m. They gave to registered charities, to informal appeals, via online fundraising platforms, in whatever way was available to them.

That was, that is, charity in its purest form.

It's the impulse that compels us to take action that benefits others: our neighbours, our community, our nation, people and causes in places and countries far removed from our own experience.

Charity involves generosity of course, but it is more than that. It's the fundamental human instinct to seek solutions where we see problems, improve on what is already good, and to leave the world better than we found it.

All charity is, at heart, about altruism and selflessness: about respect and care for people and causes other than ourselves.

That is why we feel moved when we see or hear stories about people who genuinely put themselves out for the sake of others.

Why seeing genuine acts of charity from others can motivate us to get involved too.

And why, when charity reaches its full potential, its benefits stretch far beyond the immediate recipients or beneficiaries.

It has wider consequences. It makes for better communities, a better society. A better world.

This is not a new insight. For generations, we have had laws and regulations to promote charitable behaviour and maximise its potential for good.

But I argue that this is more important now than it has ever been.

We live in a country marked by divisions and disruption – social, political, economic – and by deep uncertainties.

We are watching high street stalwarts decline and in some cases crumble.

Our politics is more divisive, and our public discourse shriller than in living memory.

And as citizens, we increasingly live in echo-chambers of our own assumptions. Many communicate more with like-minded strangers online than with the real, complex people that surround them in their communities.

These divides and uncertainties are creating profound challenges to our way of life.

Charitable behaviour has a unique potential to bridge divides and help us confront uncertainty with purpose and hope.

Acts of charity bring people together – in place and in shared aims, attitudes and achievements.

And they prove that we all gain a lot, when we give a little, according to our means and our abilities.

Our society needs charitable behaviour to flourish.

But we know that, at the moment, charities collectively are not fulfilling their potential.

The clearest evidence we have for this is that the public no longer give charities as organisations the benefit of the doubt.

In fact people now trust charities no more than they trust the average man or woman on the street.

Robust research, published by the Commission in July, tells us this. It also provides insight as to why this is the case.

It's at least partly because the public has seen questionable behaviour by some charities and has concluded: You are not who you appear to be. You say

one thing, but you do another.

People have seen some charities displaying uncharitable behaviour – whether that be aggressive fundraising practices, exploitation of vulnerable people, a single-minded pursuit of organisational growth – and they have become less inclined to trust them unquestioningly.

They feel that the promise of charity has not always been kept.

That charities are not always motivated by the same sense of decency, concern and selflessness which drives them when they donate hard earned money, when they volunteer, when they take their possessions to a charity shop rather than selling them online. When they practice their altruism through countless acts of kindness and consideration.

Charities do not have a natural, eternal monopoly over the channelling of our altruistic impulses.

People can find other ways to do good that do not depend on registered charities.

Technology and social change have provided the means: crowdfunding platforms that help us support informal appeals. Apps that enable peer-to-peer support for people who share a problem. Social enterprises that have a social purpose, while also creating wealth.

Indeed many traditional for-profit businesses now aim to make a positive impact, rather than simply pursuing growth and shareholder value for their own sakes.

And there will be ever more new kids on the philanthropic block, as technology and human ingenuity progress.

I welcome these developments, as I am sure we all do.

But they raise questions about what makes the registered charity, with the tax breaks and legal benefits associated with it, distinctive and special?

My conviction is that being a registered charity will need to amount to more than it does today if that status is to survive, let alone to thrive.

I truly believe that unless all of us involved in charity – that means all charities, and the Commission as regulator, take steps now to promote what is special about charity, and to meet legitimate public expectations of charity, then we risk being complicit in its decline.

All of us must recognise our collective responsibility as custodians of what it means to be a charity in the eyes of the public.

We must all fulfil our responsibility for making the changes needed.

This is my personal conviction, and it will inform every aspect of my leadership of the Commission.

But it's based on more than belief.

We have firm evidence of near universal accord among the public on this basic expectation:

That a charity, to inspire trust, must be more than an organisation with laudable aims.

It must be a living example of charitable purpose, charitable attitudes, and charitable behaviour.

It must behave like a charity, not just call itself a charity because of the aims it has and the work it does.

Charitable aims cannot justify uncharitable means.

Our evidence shows that many people from all walks of life, across all backgrounds, ages and inclinations, feel this way.

They may arrive at this point for different reasons, whether because they are aware of the vulnerability of many charity beneficiaries, and of the potential for charities or those working in charities to abuse that power.

Or because they think charities need to be more closely rooted in the values of the people who are being asked to support them.

But they all end up at the same place. Our evidence shows that people want to see charities being held, and holding themselves, to the highest standard of charitable behaviour.

What does this mean, what does charitable behaviour imply?

Ask your neighbour, ask your family, ask the person you sit next to on the train. This is not complicated. It's simple, and it goes back to the basic charitable instinct I spoke about earlier:

- treat the most vulnerable with the utmost care and kindness
- relate to all people, including your colleagues, with respect
- run your affairs with integrity and care
- be prudent with your resources
- avoid extravagance, complacency and the appearance of self-interest
- be open, transparent and above all:
- be driven by the charitable purpose that got you on the register in the first place. And this implies a relentless focus on the welfare of your beneficiaries, rather than the interests of your organisation.

I am not advocating a new rule book for charities based on these principles. I don't think words on paper and tick-box compliance with those rules would serve anyone.

What I propose is that the Commission works with charities to help achieve a culture change.

A culture change where – whatever else your organisation may be – the people involved never forget that it is a charity. And that means showing how charity is pulsing through everyone's veins in the decisions they make and the things they do.

Let me give you an example: I recently met the leader of a household name charity. They told me that, under their leadership, the charity will not compete to deliver a contract if that service is already being provided well by another local charity. Why? Because that leader understands that the charity's purpose is to help their beneficiaries, not to grow bigger and stronger for the sake of it – or worse, at the expense of another, smaller charity.

And because they are aware that as a leader of a charitable organisation, they have a wider responsibility towards the flourishing of charity as a whole, so more people benefit. To making society a bit better, a bit kinder.

That's charitable behaviour, that's behaviour that separates a charity from a profit-making business, that's the attitude, the ethos the public expect.

I mentioned earlier that protecting what is special in charity is a collective responsibility.

This is crucial.

Change is needed not just from the few charities in which something has badly gone wrong. I call on all charities to consider the impact their behaviour has in the world and to ask: is what we are doing, and does the way we are doing it make us proud, and chime with what our beneficiaries and the public associate with charitable behaviour?

Many of those who are involved with charities do this already, instinctively. They hold themselves accountable against the highest standards of conduct and behaviour because they are a charity.

And I've given you an example of that.

To you we say: do not be reticent about this. Talk about the high standards you set, and why that makes you better equipped to fulfil your purpose, better at making a difference. That is how you can fulfil your share of responsibility for charity more widely. Be conscious that you are more than a role model for other charities; you are helping to uphold the meaning of charity for those who feel they've been let down.

But I also know there are some in the sector whose response might be to poo-poo the idea of charitable behaviour.

Who might reject the notion as 'motherhood and apple pie', as the perspective of a naïve public that simply doesn't understand how complex an operation a modern charity is, or how clever and sophisticated you need to be to run one.

Of you I ask: if you do not buy into the basic principle that a charity should hold itself to high standards of charitable behaviour and attitudes, then why are you involved at all?

And if the nature of your charity's work is complex, all the more reason to reassure the public and your beneficiaries that you're getting the basics right. Because if you can't be trusted on the basics, how can you be trusted to deliver sensitive programmes and oversee complicated structures?

This is what I mean when I say charity leaders carry collective responsibility, not just for their own organisations, but for the very idea of charity itself.

If you are involved in a charity today, you form part of the ship that holds within it the very concept of charity. And if you fail the public, you're chipping away at the hull of that ship, and you risk sinking more than just yourself and your own organisation.

Thinking beyond legal structures and activities: that maxim applies to the Charity Commission as much as it does to the charities we regulate.

The Commission, too, will need to offer more, and amount to more, in the years ahead if we are to help maximise the benefit of charity.

And if we are to meet our responsibility, fulfil our duty, toward the idea, the concept of charity.

The Commission has improved enormously in recent years.

We have become a more effective, robust and proactive regulator. And we have begun making much better use of digital technology.

This is in large part thanks to the work of my predecessor William Shawcross and his board and senior team, and of course to the Commission's expert staff.

We are, as a result, in a position of relative strength.

But we must now steer a new course, if we are to do our duty by the public we serve. The Commission cannot afford – literally or metaphorically – to see the fulfilment of our statutory functions as the totality of its mission.

We must be able to demonstrate what we stand for in ways that chime with people's lives, concerns and interests, and to achieve this, what we stand for must be greater than simply the sum of what we do.

We must be an organisation led by purpose.

And so we have set ourselves an ambition, which is at the heart of the strategy we are launching today and which will drive everything we do:

Under my leadership, the Commission will work to ensure charity can thrive and inspire trust so that people can improve lives and strengthen society.

The statement of strategic intent that we are publishing today paints a clear picture of what we need to achieve and why it matters that we do.

Our ambition for the charity sector is greater than our current capacity. But before any debate about resources, it is right that I set out what role the Commission intends to play to deliver the greater benefit for the public that we and the sector together have the potential to create.

Work is now underway to develop the map that will get us there. That will translate our strategy into a work plan for the next 5 years. The details are yet to be worked through and I don't want to pre-empt that work.

But I do want to give some examples of the ways in which we'll change, a sense of what I expect we'll be doing differently in light of our new direction.

First, I've spoken about the basic public expectation that a charity must behave like one.

The Commission will do more to hold charities to account against that expectation.

Today much of our focus is on compliance with the law. And it is right that we can only use our regulatory powers of protection and sanction within the legal framework.

But when we limit ourselves to this, it can sometimes feel to the public like we are missing the point. At worst, it feels like we are letting them down.

We also have a leadership role, and a powerful voice, and I am clear that we have a responsibility to use these.

So in future, we will speak out more strongly to encourage the behaviour that people expect. To remind charities that it's not just about what they aim to achieve – it's also about the behaviour they display along the way.

We must, of course, continue to deal with wrongdoing and harm in individual charities. We've made significant improvements in this area in recent years. But here too, there's room for us to become more purposeful, more efficient.

For example, in future, I want us to make better use of technology, to become more fleet-of-foot in concluding straightforward enforcement cases.

And I want to ensure that no complaint about a charity is ignored, so that those that don't result in regulatory action do inform our trend data, and in turn help us become more proactive in preventing problems in charities in the first place.

I also want us to provide a better service to trustees who are trying to run their charity well. To provide advice, facilitate collaborations and mergers,

provide swift and user-friendly permissions where these are required. More fundamentally, to back the people who demonstrate what it means to be a charity.

And crucially, the Commission must do more to help the public exercise meaningful choice around charity.

As many of you know, we hold, and display, significant volumes of information about individual charities. And we provide data about the sector as a whole.

But I'm not convinced that the way we gather, hold, and report information about charities is as purposeful and useful as it should be.

Working with others, I want us to become less of a warehouse for charity data, and more of a curator of knowledge about individual charities, and about the sector.

If we do that well, we are handing the public power, and in turn giving them some confidence in charity more widely.

I've mentioned that regulation needs to amount to more than the exercise of statutory functions, as prescribed in law.

That must mean that our perspective is broadened. I want us to look at the wider environment in which charity operates, and at the factors that influence the behaviour of charities.

I have no doubt that, on occasion, that may mean speaking truth to power.

My aim this evening has been to tell of the Commission's purpose and focus under my leadership.

I encourage you to read the statement of strategic intent in full. I hope you will see that it describes a Commission that is purposeful, and whose aims are straightforward and chime with what the public expect, and what charities deserve from the regulator.

Straightforward does not mean easy.

For the Commission, fulfilling our purpose may involve making judgements that risk challenge – political, and indeed legal.

But we will not be put off from doing what's right just because it's difficult.

And I am clear that we can only achieve our purpose if we have the right relationship with the charities we regulate.

I see no benefit in a deliberately adversarial approach. I will not measure my success in the number of public fights I pick. I will not feel stronger for having criticised charities.

And I fully expect that, in pursuing our purpose, my team and I will be championing charitable behaviour, as much as we will be required to draw attention to shortcomings or failings.

As I said in a previous speech. It is the job of the Charity Commission to represent the interests of the public to charities – not to represent the interests of charities to the public. I hope charities come to see that promoting the public interest is to their benefit.

As I have said, we cannot assume that the concept of the registered charity remains the primary vehicle through which people express their charitable instincts into the future.

Charities and the Commission have a shared, collective responsibility for ensuring that the concept of Charity survives into future generations, and to enable charities to maximise the good they do.

I hope I've made clear this evening that I am not complacent about the challenge ahead, or the burden of responsibility on the Commission's shoulders. We need to change.

And I urge charities, of all sizes, to recognise that they too must read the writing on the wall, and respond.

I want us to work together to ensure that charity, which is so crucial to all of us, fulfils its potential, and thrives for the benefit of our society, and the most vulnerable within it.

Thank you.