Helen Stephenson CBE speech at the ICAEW Charity Conference 2021

Good morning,

I am delighted to be taking part in the ICAEW Charity Conference 2021. ICAEW – and all of you as its members – are important partners for the Commission as we deliver against our purpose.

Back in the autumn, when I accepted this invitation, I had hoped to speak with you about the light at the end of the tunnel, about the slow and difficult process of recovery and renewal ahead.

Sadly, we're not quite in that recovery phase yet. The pandemic continues to rage, taking a complex, varied and in some cases devastating toll on the charity sector. It will be a long while before we can tally up the losses and credits, and draw up, as it were, a final account of the impact Covid has had on the sector.

So as we start this conference, I would like to take it as read that charities are facing challenges of an unprecedented scale. And I'd like to examine first not that upheaval, but instead those things that have remained unchanged – perhaps even been reinforced – as the crisis has unfolded. The pandemic has shown that charities make a vital contribution to public life: whether large, national charities, relied on to provide life-saving services; or small, local community groups innovating and helping people, in support of a common cause.

The charity sector has always been made up of this range of organisations. But the entire charity sector is dependent upon – literally fuelled by – public support; whether the impulse of people to offer money, expertise, support, time to help; or the tax benefits charities receive.

I'd like to examine the fundamental principles guiding the relationship between charities and wider society and between the Commission and charities, as well as the important role finance professionals play in these dynamics.

And I'll start with the Commission itself. Like that of so many charities, businesses, and public institutions, our work has been challenged and changed by the pandemic.

But our core purpose, or our guiding tenet, remains: we continue to put the public, and the public interest, at the heart of everything we do.

Whatever is thrown at us, or at the charities we regulate in the months ahead, we will not divert from that fundamental principle.

Because we recognise that charities rely on continued public goodwill and support and because the public – that's all of us – need well governed, efficient and accountable charities that we can support with confidence.

The diversity of the sector we regulate is such that many charities have little in common. But collectively, all charities represent the expression of people’s willingness to give time, or money, and to help others, to make a positive difference in their communities and around the world. This is the essence of charity and it is what unites charities, whatever their size or purpose.

Most people will been touched by the work of a charity. Charities curate so much of what is joyful in our lives, and it’s to charities we often turn when things are hardest, like now. In both these contexts, and whenever we encounter a charity, legitimacy and trust are crucial. They are the life-blood of all organisations on our register, in one way or another.

The Charity Commission exists – as one of the oldest regulators in continuous existence in the world – precisely because our society, through Parliament, has recognised that it is vital to protect and nurture a functioning relationship between the public and the charities through which we channel our better natures. To maintain and protect the legitimacy, the status of charity in the minds of the public.

I see our job as helping to safeguard what is essentially a covenant between the public, charities and the state. A covenant founded on a bond of trust which is why Parliament set us the statutory objective to increase – not maintain – but to increase public trust and confidence in charity. And we will strive to change and adapt as a regulator only insofar as it makes us better able to uphold that covenant.

Of course that same covenant shows up in other ways too. As you will know well, it is reflected not least in a fiscal system that incentivises charitable donations and charitable activity generally.

It’s reflected in the work of government to ensure assets released from dormant bank accounts go to registered charities. It shows up in the rights many employers grant their staff to take special leave every year to volunteer. Or in the recognition we place on those volunteers through the honours system (and I was thrilled to see so many of those people recognised in the honours system this year).

But it’s the Commission – our functions, as well as our authority and voice – which exist as the primary guardian of the relationship between the public and charitable institutions.

Some in the sector may have hoped the Commission’s explicit, and vocal focus on serving the public interest was just a passing fashion.

Far from it.

The covenant I have mentioned was implicitly recognised in 1853, when the Charity Commission was established. But it is even more vital that we protect it now, in the 21st century, as people’s deference for institutions and authorities has given way to scepticism, scrutiny and the expectation of transparency.

The Commission has adapted to this age of scrutiny in the way we regulate, to protect the legitimacy of charity into the future, and for the next generation.

That’s why we take charities to task when they have failed to meet the expectations of the law or our guidance and in that sense have broken the covenant. And why we call out behaviour which, whilst not a technical breach of the law, goes against the reasonable expectations of the public that charities should behave differently from private or commercial entities.

That’s why we hold charities to exacting standards of probity and accountability, improving the online register of charities, and working as part of the SORP-making body to ensure the accounting framework remains up to date, and serves the public.

And it’s the reason we must meet every concern that is raised with us about a charity with respect, regardless of the worldview that informs or motivates it. Not all complaints will lead to regulatory action from us, but every single one is heard, and taken seriously.

But we help charities meet those legitimate public expectations not just by holding them to account when things go wrong, but also by helping them to realise greater impact for the good of society- to help them get it right.

In fact, it requires us to ensure that when a charity or a member of the public has to deal with us – whether at the point of registration, when filing their annual documents, looking for guidance, or reporting a concern – the service they receive from us is user-friendly, effective, efficient.

During this, the second year of implementing our strategy, a priority was for the Commission to be open for business. Signalling to all our potential customers – trustees, the public, whistleblowers, finance professionals– that we want them to come to us, and that we are here to provide a service. Even- indeed all the more so- during these testing times.

We’ve made important progress. We’ve invested in our contact centre and increased its capacity, ensuring it provides a full-time service.

And I am especially proud that during the upheaval of the first lock-down, as we moved within days from working across our 4 offices, to home working, our Bootle-based contact centre didn’t miss a beat. The brilliant team has been open, answering calls, every working day since the pandemic hit – helping 43,000 customers since last March. Not every public service can point to such an effective, continuous service, and I’m really proud that we were able to be there for charities when they needed us.

We’ve also, crucially, strengthened our approach to dealing with whistleblowing reports, ensuring people who take the brave step of coming to us with concerns about a charity they are close to, feel heard and supported.

We’ve introduced a new online form for charities themselves to report serious incidents, which means we now receive the information we need up front, and don’t have to enter into protracted correspondence with charities before we can arrive at an initial assessment.

That makes us more efficient, saves precious time for the charities involved and means we can be on the case quicker where further investigation is merited.

Our work to improve our online offer for charities is another crucial part of becoming in every sense open for business.

We know charities don’t always find our gov.uk site easy to navigate, and our guidance in the past has not always been as accessible and focused as it now needs to be.

Again, we’ve made big strides in recent months.

I am immensely proud of the new 5-minute guides we launched in November.

They cover what we are calling the ‘core syllabus’ of charity management, spanning the basics that we expect all trustees to be across, including, of course, the basics of financial oversight for trustees.

We are clear that full subject experts – finance professionals such as yourselves – will find the guides a little simple.

But we know from our case work that many trustees are lacking precisely that basic understanding of how their duties and responsibilities play out in practical situations, and these guides are designed to help bridge that entry-level knowledge gap.

And as I’m on the subject of guidance – last week we announced that we are reviewing our guidance on responsible investments. A listening exercise last year revealed that many trustees find our current guidance on responsible investments does not give them confidence to consider that form of investment.

We know that the public cares about charities staying true to their stated purpose, including in the way they invest their assets. And that how trustees meet their charity’s purposes is as important to public trust and confidence as what they do. So while it’s not for the Commission to direct all charities to adopt a responsible investment approach, our guidance should certainly not be putting them off.

We’re hoping to publish the revised guidance for consultation in the spring, and I encourage anyone with an interest in charity management and finance to take part in that consultation, and share their views.

As well as ensuring the commission becomes more ‘open for business’, I have also focused this year on building a better, more professional organisation.

Again, this is driven by the public interest, ensuring we make the most of the public funds that support us, ensuring that as a relatively small organisation, we continue to punch above our collective weight.

Over the past year, we've welcomed a great wealth of new expertise into the organisation, across our diverse functions – from intelligence, policy and communications to investigations.

That new expertise and increased capacity is helping to improve our assessment of, and response to, risks facing the sector, ensuring that we are as proactive as possible, and target our interventions where they can make the biggest difference.

We cannot just respond to catastrophes in individual charities, or scandals impacting the sector – we must help charities prevent issues developing into crises in the first place.

Including by thinking creatively about policy levers, as well as operational or investigatory interventions.

So expect to see some innovative work coming out of the Commission in the months and years ahead.

Finance professionals, of course, can play a crucial role in supporting trustees to avoid problems from arising, and responding quickly when they do.

We're pleased that reporting of matters of material significance has improved – we are seeing more timely reports from auditors than in the past, and I am grateful for ICAEW's concerted efforts to encourage better reporting. There is more still to do in that respect, but the progress has been welcome.

And, more fundamentally: I mentioned earlier the covenant between the public, and charities, and the role the Commission plays in upholding that.

You are part of that covenant too.

We know what the public – as donors, volunteers and as beneficiaries – expect from charities. The expectations are quite simple – not easy, perhaps! – but simple:

- they expect charities to 'live their values' – behaving, as I mentioned earlier, consistently in ways that align with their purpose and mission
- they expect charities to make a positive difference – to make their little patch of the world demonstrably better thanks to the work they do, and the way in which they do it
- and they expect openness, and transparency – for charities to give a true and fair account of how they are run, and how they spend their money

You can play a role in helping charities meet each and every one of those expectations.

You can help charities find ways of reporting authentically, and meaningfully on the impact they make.

You can help ensure charities prepare clear, accurate, and compelling accounts.

You can help your charities make prudent decisions that make the most of the funds and assets as their disposal.

You too, as finance professionals, need to play your part in helping charities to do better and to be better.

Thank you for the work you are doing, but my challenge to you, as a profession is to play your full part in helping charities thrive, to maximise their positive impact in a way that inspires trust.

Of course, as I alluded to earlier, you are doing your jobs under circumstances that would have been unimaginable this time last year.

Many charities have seen demand for their services sky-rocket, just as they are having to make painful decisions to reduce their offer, or suspend their work entirely.

And while a few have seen their income increase dramatically, not least because of heroic fundraising efforts by the likes of Captain Sir Tom Moore, many, many more charities are grappling with significant reductions in income.

We do not yet know what the full scale of the pandemic will be- and it could be months or years before we realise the true nature of the impact of the crisis on the shape and size of the sector. Certainly, the Commission's data does not yet allow us to identify very firm trends or arrive at definite conclusions.

I won't pretend I have anything to offer by way of comfort or resolution to those charities that are in crisis.

But what I can promise is that, just as the Commission kept going during the first lockdown, focusing our work where it offered the greatest public benefit, so we will this time around.

We continue to deal swiftly with permissions case work, such as requests to change a charity's objects, where that is needed to help it respond to the pandemic.

We will continue to reduce, where possible, short-term regulatory burdens or hurdles that may get in the way of charities responding to urgent need.

For example, as many of you will know, we introduced a facility allowing charities to apply for a postponement of their annual reporting deadline. That cannot remain in place forever, but nor is it coming to an end imminently.

We will continue to ensure public donations are accounted for in line with the charity law framework and, where relevant, that public expectations have been considered. We will continue to hold charities to account where there has been serious wrongdoing.

And we will continue to prioritise applications for registration from organisations responding to the pandemic.

These responses can't fundamentally alleviate the financial or delivery pressure on individual charities.

But I am confident that they play some small role in helping the sector as a whole pull through, with public trust and legitimacy enhanced, rather than damaged, by this crisis.

We have all seen how deep charity runs in our society over the past year. How important it is for people of all walks to life to get involved in charity – whether by giving their time or their money – and to help find solutions to the challenges their communities face.

Together with our partners in the professions, and with charities themselves, that public enthusiasm and trust is what the Commission exists to nurture and protect.

That remains, as I said at the start, the Commission's unwavering focus.

Thank you.

Deputy Cabinet Secretary to stand down

Press release

The Deputy Cabinet Secretary, Helen MacNamara, has today announced that she will be standing down from her role in the Civil Service

Helen MacNamara, the Deputy Cabinet Secretary, will be leaving the Civil Service in February. She will take up a new role in the private sector later this year.

Helen has spent the last three years at the Cabinet Office, joining as DG, Propriety & Ethics before being promoted to Deputy Cabinet Secretary in March 2020.

The Prime Minister, Boris Johnson said:

“I would like to congratulate Helen on her tremendous public service over the last two decades. I am hugely grateful for her support during my time in office and I wish her all the best in her future endeavours.”

Cabinet Secretary, Simon Case said:

“Helen and I have worked together in various roles over the last decade and throughout that time she has been a close friend and colleague. She has been instrumental in transforming the Cabinet Office over the last three years and I am especially grateful for the personal support she has given to me in my role. She will be greatly missed and I hope that she may one day return to the Civil Service.”

Helen MacNamara said:

“It’s been an absolute honour to have served as a civil servant over the last two decades. I am very grateful for the support I’ve had from the Prime Minister and the Cabinet Secretary and I wish them and all my friends and colleagues in public service every success for the future.”

Notes to Editors:

Before joining the Cabinet Office in 2018, Helen was Director General for Housing and Planning from 2016 to 2018.

She was previously Director of the Economic and Domestic Secretariat in the Cabinet Office, working for the Cabinet Secretary from 2013 to 2016. She was responsible for brokering collective agreement in the coalition government, coordinating government preparations for the 2015 General Election and contingency preparations for the Greek Eurozone crisis.

She worked in the Department of Culture, Media and Sport from 2002 to 2013 where she held a variety of roles including working on the Olympic bid, as Principal Private Secretary to the Rt Hon Tessa Jowell and as Director for media policy.

She spent the early part of her career working in the digital and creative industries.

Published 21 January 2021

AAIB Report: Pitts S-2A Pitts Special,

fatal accident

News story

During an aerobatics training flight, the aircraft a Pitts S-2A Pitts Special (G-ODDS) struck the ground whilst in a spin. The aircraft was destroyed and both pilots were fatally injured, 24 August 2019.

During an aerobatics training flight, the aircraft, a Pitts S-2A Pitts Special (G-ODDS) struck the ground whilst in a spin. The aircraft was destroyed and both pilots were fatally injured.

A definitive cause could not be determined, but it is likely that the commander became incapacitated during a spin and the student was unable to recover the aircraft in time. The aircraft had a Centre of Gravity position that was out of limits aft, which would have reduced the capability of the aircraft to recover and extended the time to do so. Unapproved devices, which adjusted the rudder pedal positions, were found on the rudder cables but were unlikely to have been a contributory factor.

Safety action has been taken by the operator regarding aircraft weight and balance to ensure accurate weights are used.

Read the report.

Media enquiries call: 01932 440015 or 07814 812293

Published 21 January 2021

Appointment of Church Commissioner: 21

January 2021

Press release

The Queen has approved that Mr Nigel Timmins be appointed a Church Commissioner, in succession to Lord Best, for three years effective from 3 April 2021.

The Queen has approved that Mr Nigel Timmins be appointed a Church Commissioner, in succession to Lord Best, for three years effective from 3 April 2021.

Background

Nigel Timmins is currently the Humanitarian Director of Oxfam International, having previously worked for Christian Aid and Tearfund. With a strong Christian faith, Nigel Timmins has considerable experience in grant-making and impact assessment.

Published 21 January 2021

Property investment companies wound up

Rationale Asset Management PLC, Value Asset Management PLC and Merydion Corporation Limited were wound up in the public interest on 12 January before ICC Judge Prentis. The Official Receiver has been appointed liquidator of the companies.

During the proceedings, the court heard that Rationale Asset Management and Value Asset Management acted as property investment companies based in London and came to the attention of the Insolvency Service after concerns were reported about their business practices.

Confidential inquiries found that Rational Asset Management claimed to prospective clients that they purchased and developed businesses such as care homes, hotels and pubs to sell on for a profit

Investigators uncovered that Rational Asset Management received more than £2 million from investors but only a fraction of this money was used for property investment activities. Instead, most of the money was used to pay the directors of Rational Asset Management and used for other companies in which the directors had a controlling interest.

Rational Asset Management also obtained £1 million of funding from a pension scheme called the Optimum Retirement Benefits Plan which had previously been investigated by both the Insolvency Service and the Pensions Regulator following allegations that the pension scheme was linked to pension liberation activity.

The second property company, Value Asset Management, was closely linked to Rational Asset Management and was subject to a parallel investigation by the Insolvency Service. Inquiries found that the company sold bonds to investors, which Value Asset Management claimed were secured against property assets.

Value Asset Management also sold shares with the promise that the capital raised would be used to invest in new properties.

Investigators, however, found Value Asset Management’s marketing materials were misleading and the company’s accounts showed that Value Asset Management was insolvent, owning no property. Value Asset Management also received £200,000 from Rational Asset Management, which did not benefit Rational Asset Management’s investors.

The third company involved in the court proceedings, Merydion Corporation Limited, was based in Cheshire and was closely connected to Rational Asset Management.

Confidential inquiries revealed that £300,000 of investments received by the company was from the same pension scheme that Rational Asset Management had obtained funds from. Funds were then used by Merydion Corporation to invest in hotel properties the director of the company owns under separate companies.

David Hill, Chief Investigator for the Insolvency Service, said:

> These companies were entirely misleading to their investors, taking millions of pounds without making any genuine investments. There is no evidence that Value Asset Management ever commenced any property development projects and all of Rational Asset Management’s investors have been left with worthless shares.
>
> The courts recognised the severity of their misconduct and these companies have been wound up, putting a stop to this ongoing pattern of harmful business practices. We also urge anyone considering investments of this type that they should always take

independent financial advice before doing so.

Any investors, creditors or shareholders of these companies should contact the Official Receiver – via piu.or@insolvency.gov.uk – with the relevant unique reference, providing details of their investment, shareholding or debt including the date, amount and their contact details.

Company information

Rationale Asset Management PLC – company registration number 10278737 – was incorporated on 14 July 2016. The company's registered office is at Silverstream House, 4th Floor, 45 Fitzroy Street, London, W1T 6EB. Reference number: LQD6038639

Value Asset Management PLC – company registration number 10706398 – was incorporated on 4 April 2017. The company's registered office is at 23 King Street, London, SW1Y 6QY. Reference number: LQD6038651

Merydion Corporation Limited – company registration number 09755209 – was incorporated on 1 September 2015. The company's registered office is at Beck House, 77a King Street, Knutsford, Cheshire, WA16 6DX. Reference number: LQD6038635

The Official Receiver was appointed as provisional liquidator of the companies on 27/08/2020 by Mr Edwin Johnson QC sitting as a Deputy High Court Judge of the High Court in London.

About Insolvency Service

Company Investigations, part of the Insolvency Service, uses powers under the Companies Act 1985 to conduct confidential fact-finding investigations into the activities of live limited companies in the UK on behalf of the Secretary of State for Business, Energy & Industrial Strategy (BEIS). Information about how to complain about a live company.

Information about the work of the Insolvency Service.

You can also follow the Insolvency Service on: