

19 October 2017

Elizabeth Truss MP
Chief Secretary to the Treasury
1 Horse Guards Road
London
SW1A 2HQ

Dear Chief Secretary

Re: Increasing the Charity Commission's Annual Budget

I am writing to you ahead of the Autumn Budget to ask that you increase the grant provided to the Charity Commission for England and Wales.

As the Prime Minister has rightly highlighted, there are important needs and injustices that need to be addressed in our society. Recently she has spoken out about mental health and racial equality, for example. Britain's charities are a key part of serving and advocating for such causes, and to be effective they need an adequately resourced regulator.

The charity sector is hugely important not just in social but economic terms. There are over 165,000 registered charities, which as a group generates over £45bn annually in income for charitable purposes. The sector employs over 850,000 people and mobilises millions of volunteers, including over half a million voluntary trustees. It supports tens of millions of people and plays a critical role in the social economy of communities across the country.

The work of the Charity Commission fundamentally underpins this charitable activity, which has such a wide-ranging and diverse impact. Donors need confidence that if they give money, time or support to organisations delivering public benefit, there is a sound regulatory system that underpins their efforts. Charitable beneficiaries need to know that the charity serving them is held to high standards. Volunteer trustees need support and clear information about complicated law and regulation to perform their role properly.

However, over the past decade the Charity Commission's budget has been roughly cut in half, which has affected its ability to effectively regulate charities in England and Wales. Staffing levels have reduced drastically, and the regulator has lost many long-serving and very knowledgeable people.

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Unfortunately, the government is currently putting at risk the billions raised by the public and tens of millions of volunteering hours, by freezing an already tiny budget of around £20m annually, until the end of the decade. This is despite rising demand for charitable services and inflation eroding the real terms value of the grant given by government.

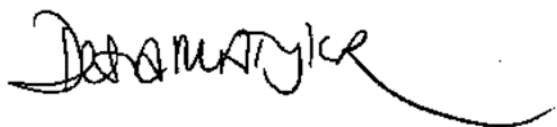
The solution to this is not introducing a 'charity tax' which forces charities to hand over donors' money to subsidise the regulator. The most cost-effective and least risky way to fund the Commission is for the government to provide additional funding to it directly through its annual grant. Recent cuts have forced the Commission to prioritise enforcement and compliance functions. These are important, but such an approach on its own would be short-sighted because it risks storing up bigger and more costly problems for the long-term.

DSC wants any extra funds spent on accessible guidance and advice for charity trustees, for example via the helpline and the website, as well as improvements to and awareness of the online register of charities. A few million pounds from government could go a long way to support the sector's hundreds of thousands of charities and millions of volunteers.

I hope that you will consider providing additional resources for the Charity Commission in the upcoming Autumn Budget. Their officials will have a clearer idea of what they need and what can be delivered for different amounts of financial support.

I look forward to your response.

Yours sincerely



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cc Philip Hammond MP, Chancellor of the Exchequer

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