13 February 2017

Phillip Hammond MP

Chancellor of the Exchequer

HM Treasury

1 Horse Guards Road

London

SW1A 2HQ

Dear Mr Hammond

**RE: Funding of the Charity Commission and proposals to charge charities fees**

The Chair of the Charity Commission, William Shawcross, has repeatedly made clear his intention to raise in the region of £5m directly from charities to part-fund the Commission.

As you will be aware, the Commission’s budget has roughly halved over recent years, from around £40m to £20m p.a. This has led to the departure of many senior and experienced staff, and to critical help and advice for charity trustees being curtailed.

We have been awaiting a consultation from the Commission on the question of charging for several years now, and recently came across news reports that this had been delayed. DSC and many other charities vigorously oppose plans to charge charities for their own regulation. I am writing to you in advance of the Spring Budget to ask that the Treasury not go down this road, and to request that you find a viable funding settlement for the Commission out of general taxation.

This debate has been on-going for several years with little detail from the Commission over how the fees would work and how any charging scheme might be structured in a proportionate way. So far, few sound arguments have been put forward in favour of seeking funding from charities, apart from that charities might receive a better service from their regulator.

However, the arguments against charging charities are numerous and include:

* **Fees are wrong in principle** – they would siphon off charitable donations given by the public in good faith in order to help charitable causes. Donors don’t give to charity expecting that a portion of their donation will subsidise statutory agencies.
* **Fees would be a damaging burden on charitable resources** – put simply, this would be yet another overhead, leaving charities less money to help people at a time when many charities are experiencing increasing demand for their services.
* **Fees could lead to bad or distorted regulation** – leaving the regulator open to criticism for being influenced by large charities responsible for a significant part of the Commission’s budget.
* **Fees would be poor value for money** – charging charities would be unprecedented and there will inevitably be costs associated with setting up a system to collect and administer the scheme, which would take away from any revenue collected. Funding the Commission via general taxation is a more efficient mechanism.

I strongly urge you to find an adequate settlement for the Charity Commission which does not involve charging charities. The Commission’s work is critical to the effective functioning of hundreds of thousands of charities across England and Wales. Adequately funding it via general taxation is in the country’s best interest.

On another note, under separate cover you have received a number of policy proposals on financial and taxation matters, put together by the Charity Finance Group, in advance of the Spring Budget. DSC also supports these proposals and asks you to take them into consideration.

Best wishes,

Debra Allcock Tyler

**Chief Executive**