Good morning all.

I am delighted to be taking part in ICAEW’s annual charity event, which brings together such an important group of finance professionals to share ideas, learn, and connect. The roles you hold and the organisations you work for may vary. But each one of you plays a crucial part in keeping the wheels of this remarkable sector turning.

As it’s the start of a new year, and I’m now nine months into my term as Chair of the Commission, I’d like to do two things.

First, I’d like to share my reflections on the months since April last year, when I joined the Commission, and then I’d like to look ahead, setting out the principles of my vision for the Commission during my term of office, and say a little about our concrete priorities for 2023.

My time as Chair so far has, of course, coincided with an extraordinarily difficult period for many charities. I said last March, during my pre-appointment hearing in Parliament, that the rising cost of living was my greatest concern for the sector, and I’m afraid that hasn’t changed, far from it.

The energy crisis, and the resulting increase in the cost of living, is forcing many who were once able to make ends meet to seek the help of charities. At the same time, and as you will know all too well, charities themselves are reeling from sky rocketing bills, and there are understandable fears that, in time, donations too will be squeezed, as people across the country tighten their belts.

During my first few months as Chair, I’ve had the privilege of visiting charities across England and Wales. This has given me a real sense of the acute need for charitable support among so many people, and the difference charities are making in relieving that need.

Last month, I visited a charity in Manchester that has seen a nearly ten-fold increase in demand for its services. Visits to the charity’s three food clubs have risen from 250 a week at the start of the pandemic, to 2,000 a week now.

Similarly, I went to see a Bristol charity, which among other activities runs an advice line for people struggling with their energy bills. It won’t surprise you to hear that the charity last year saw a record spike in calls – in 2021-22 they fielded 25,000 enquiries from over 15,000 people. Tendency: rising.

I have no doubt that the burden of responding to the current pressures falls especially heavily upon your shoulders as finance professionals. Especially those of you working in-house. Your mettle may well be tested in the months ahead, as you demonstrate yet again the crucial importance of intelligent, prudent, purpose-driven, financial planning and management. Your work is your charity’s engine room, providing the fuel and energy required to deliver for your beneficiaries.

This work is of course always important. But ensuring that charities use their resources wisely will become ever more crucial as this economic crisis unfolds.

As donors and supporters feel the pinch, their expectations of efficiency and effectiveness in charities is only going to increase. Charities, I expect, will come under ever more intense scrutiny as to how they set their priorities, how they use their resources, and the difference they make.

One crucial answer to this, which you contribute to directly, is transparency, notably around financial matters. You play a key role in ensuring your charities report accurately, clearly, in line with requirements and in a way that promotes public understanding and confidence.

While the Commission as regulator cannot directly resolve charities’ financial pressures, we are determined that we do whatever we can within the limits of our statutory purposes to support charities at this time.

Just before Christmas, we released new guidance on responding to the cost-of-living crisis. This doesn’t impose any new rules or legal principles, instead it brings together relevant existing guidance in a format that we hope trustees will find easy to access and navigate.

My hope and expectation is that, supported by your expertise and professionalism, and with a watchful, supportive Commission, charities will rise to this challenge.

Again and again charities have demonstrated resilience, the determination to bounce back from challenge, and the ingenuity to respond to new or changing need. This was very evident during the Covid crisis, in response to the war in Ukraine, and we’re seeing it again now.

I’ve been impressed with the dedication and passion I’ve seen in the many charities I’ve visited or met over the past 9 months, and a hardnosed realism, a recognition that sometimes, fulfilling your core purpose faithfully, means doing something new or different. The charities I’ve come into contact with have varied enormously in their size, and type of operation, but they have all had in common an iron focus on the needs of the people they were set up to help and support.

So while the outlook is in some ways bleak for many charities, I am not pessimistic. My mood is one, instead, of cautious optimism.

Not least because I have also seen first-hand how determined those working at the Charity Commission are to support and strengthen the sector.

In our contact centre, in our guidance team, our accountants, our legal team, our case workers and investigators, our policy and comms teams – across the board, there is a shared sense of mission.

There is much we need to do more of, or better, or differently, which I will come on to.

But my reflection, having now come to understand the work of the Commission in great detail, is that we need to evolve and improve, rather than change fundamentally what we do, or how we do it.

This brings me onto my vision for the Commission in the years ahead. What we do – the functions we perform – are set out in statute, most recently in the Charities Act 2022.

As I see it, my role, and the role of the board, is to set clear direction as to how the Commission carries out those functions. The principles that inform our work, the values we aspire to.

And my ambition in that respect is in some ways quite simple. I am determined to lead an expert Commission that is fair, balanced, and independent.

I would like to explain a little as to what we mean by this, and give some examples of these values from the Commission’s work over recent months.

Being expert means that we need the best people, with diverse, relevant skills and experience. Our resources do not allow for huge numbers of staff, and so we need to focus on quality. We need the best accountants, lawyers, caseworkers, customer service professionals and so on.

I’ve been very impressed with the work I’ve seen so far in that respect.

As a lawyer myself, I am of course especially aware of the work of our professions, including those working under the leadership of Aarti Thakor, our director of legal and accountancy services.

On the legal side, our litigation team has had a near total success rate in the charity Tribunal in recent times. It has been two and a half years since a decision was overturned at Tribunal, pointing both to the expertise of our lawyers, and the judiciousness and care of our case workers in getting decisions right in the first place.

We also take pride in the legal accuracy of our guidance, such as our guidance on investment by charities, the underlying principles of which were recently confirmed by the High Court in the Butler-Sloss case, and which we will update this year.

And you may be familiar with the expertise of our policy and operational accountants, who have unique knowledge and experience of the charity accounting framework, and who are absolutely crucial in our work both to support charities, and in examining any concerns about charities’ work.

Our accounting colleagues are, of course, key experts feeding into the Commission’s involvement in the SORP-making body, which continues to develop the next Charities SORP.  A crucial piece of work, with wide-ranging implications, which I know is of direct relevance to the work many of you do in your charities.

And I’m also delighted to have recruited two excellent, expert board members in recent months. Ann Phillips is a renowned and respected charity lawyer with immense expertise. Pippa Britton, our new Welsh board member, has extensive experience in a wide range of charities and has in-depth knowledge of the voluntary sector in Wales, as well as being a distinguished Paralympian.

But we must never become complacent. We must continue to recruit and retain the right people, and that means being clear about what we offer candidates, about the professional and personal rewards of working for us, which are considerable.

Fair is well understood by us all, I think it’s a principle all human beings instinctively understand, and expect from others.

In the context of our work, it means that people who come into contact with us – regardless of the context – should feel they were treated with dignity, that the process we followed was transparent and without bias, even if the result of their engagement with us is not what they hoped for.

So, for example, we cannot register all organisations that come to us – many do not provide the right information or indeed are not capable of being charitable in law.

But all must feel that their application was considered in the same way as all other applications were, that no-one is favoured, and no-one disadvantaged.

Balance is of course of particular relevance to our work with trustees in the context of compliance case work. And here I mean that we must respond proportionately to the issues we encounter, and be measured in our response.

We cannot always be lenient. We cannot turn a blind eye to harmful neglect, wrongdoing or abuse. And, as regulator we do at times need to take tough action.

But we must not come down hard on trustees who make honest, reasonable mistakes. We must always remember that we are regulating a voluntary sector, run by people, overall, with good intentions, who are doing their best in often difficult circumstances.

To give some examples of what balanced means in concrete terms:

We are often made aware of accusations against and concerns about charities that are in the public eye. This can mean that we come under intense pressure to respond, sometimes that pressure comes from people with a particular agenda or axe to grind. We respond with care, calm. We neither allow third party agendas to determine our response, but nor do we dismiss information brought to us point blank. Instead, our experts examine the issues thoroughly, before deciding on the most proportionate, consistent response. That, to me, is balance – and, indeed, fairness – in action. That is what it means.

Similarly, last week we opened an inquiry into a charity in default in filing its accounts. This followed extensive engagement. First we sent the trustees numerous reminders. When that didn’t produce a result, we issued an Official Warning, and only when that also failed to result in compliance, did we open an inquiry.

This demonstrates that we like to give trustees an opportunity to comply with their requirements. But, ultimately, submitting accounts is a legal requirement for this charity, and we have to uphold the law.

But balance is not just important to our case work, but also in the way in which we describe trustee duties in our guidance.

In October, we published a new five minute guide summarising the rules on charities and political activity. The way it is drafted, and the way in which we presented it, is, I feel a good example of balance.

We were keen to ensure the guide explains what charities can do, and in a speech to launch the guide, I stressed the important role charity campaigning has played over the decades, making our nations kinder, better places.

But we also stressed, for those concerned about charities’ involvement in political matters, that there are rules in place, there are limits to what is permissible for charities. And that we will hold charities to account where those boundaries are breached.

Finally, I am determined that under my leadership, the Commission will be independent. That means independent of party politicians, government, interest groups, the media and the sector itself. We report directly to Parliament for our overall performance. But in enforcing the law, we will be beholden to no-one, and nothing, but the law itself.

And this independence also relates to the way in which we use our authority as regulator – our willingness to speak out on urgent matters that are relevant to the sector we regulate.

I personally, am determined to use the voice and platform I have as Chair of the Commission to influence where appropriate for positive change.

For example, just before Christmas, I spoke publicly about my concern at the state of philanthropy in this country.

I am troubled that the very richest in our society give less than their counterparts in comparable countries such as Canada and New Zealand, and they give proportionally less than those on lower incomes.

This worries me for two reasons. First, quite simply, because charities are missing out on a potentially very important source of income. It’s important not just in quantity, but quality.

Often, donations from philanthropists come with fewer strings attached. Because they are using their own money, philanthropists should, in my view, be better able to support risk taking innovations, for example, than governments or charitable grant-givers. Risk taking and innovation are especially important during times like this, where clever solutions are needed to new and entrenched problems alike. Charities can be powerhouses of innovation, if they are enabled, resourced to do so.

Second, I worry that those with the deepest pockets are undermining the long established social contract in this country, according to which the very successful, and very fortunate, give back to support others who have not been so lucky. This is always important, never more so than during times such as this.

There are many great examples of philanthropy supporting charities in England and Wales. Today I’ll name-check a few who made their fortunes or whose families made their fortunes in retail or technology.

We have, for example, Sir Tom Hunter who together with his wife has, over the years, donated millions to a wide range of causes, recently to address the impact of Covid, and support education, and children’s causes. He has also spoken publicly about why this matters to him, saying in an interview that “making money is only half of the equation”, the other is to give it away.

Then there is Strive Masiyiwa, who in recent times has given over £8m to a range of humanitarian, educational and medical causes, and who is estimated to have provided scholarships to over a quarter of a million young Africans through his family foundation.

And of course there is the Weston family, which is globally active, in this country through the Garfield Weston Foundation, and who in recent times alone has donated a staggering 182.5 million, in support of a range of causes including education, welfare and the arts.

We at the Commission will do what we can to encourage more such philanthropic efforts, including by creating an environment in which giving is celebrated.

Where those who use their great wealth for good are welcomed, not subject to additional scrutiny.

In this context, and given your professional interests, I would also like to mention a matter much discussed at the moment, namely whether charitable donations or philanthropic projects should form part of the checklist for financial advisers to the wealthy.

This strikes me as a very sensible idea, and a great way of encouraging those with means to consider how they might give back to their communities.

So I hope I’ve provided a sense of what I mean by fair, balanced and independent, and what those values might look like in practice.

There’s another aspect of our work matters to me, and that I’d like to elaborate on a little.

And that’s collaboration with the sector, openness, the willingness as regulator to listen, as well as to broadcast.

This is hugely important.

Effective regulation of so vast a sector should largely be achieved by consent.

That is to say – the vast majority of charities need to be willing and motivated to follow the legal requirements, to do what the law and we as regulator expect.

There are two principal ways in which we must engage with the sector.

The first is by, where relevant and appropriate, seeking the input of the sector as a whole in our charity-facing work.

There are times when this is required by law, when we must consult formally, such as in the recent example of the Annual Return for 2023.

But we should not limit our conversation with the sector to those circumstances.

In that vein, earlier this week, we started a consultation on new social media guidance for charities.

The aim of the guidance is to help trustees make the most of the great opportunities social media use presents, while also managing the potential risks carefully.

The draft guidance is therefore intended to be supportive, helpful, enabling.

We did not need to formally consult on this guidance, as it presents no new requirements or duties.

But it is important to me that we seek the view of those involved in charities before we finalise the guidance, to ensure it is drafted as clearly as possible, empowering charities to use social media wisely and with confidence.

Please do encourage your charities to take part in that consultation, and to let us know what they think of the draft guidance.

The second important way in which I want the Commission to engage better with the sector is through our digital services, using technology to be a more accessible, supportive presence for trustees.

The new My Commission Account is at the centre of this.

With time, we expect the new portal will offer authoritative, accessible and timely guidance to individual trustees, as and when they need it.

So in other words that our engagement with each trustee will be tailored according to his or her circumstances – how long they’ve been a trustee, what their charity does, and whether they are on the board of more than one charity.

This will not happen overnight, but with time, I have every confidence that the service will prove a ‘game changer’ in our relationship with individual trustees. Helping them understand what is expected, supporting them to meet their responsibilities, preventing problems from arising in the first place.

At the moment, we are rolling the service out to charity contacts.

It’s important therefore that we have the right people listed as contacts – please check in your charities whether this is the case. At least one person in each charity must have an account, so that you can access online services, such as the annual return.

Then, later this year, we hope to on-board individual trustees, and in the longer term to build on the functionality and service the account offers.

The final specific piece of work I would like to mention is the Annual Return 2023, which I alluded to earlier.

The Annual Return is a crucial way for us to gather information we need both to regulate individual charities, and to ensure we have intelligence about the sector as a whole.

This intelligence feeds into our guidance, strategic policy, research and so on.

I’m very grateful to those who took part in the recent consultation. We listened carefully, and made a number of changes to the question set in response.

For example we have reduced maximum number of questions that can be asked of charities by three, and introduced income thresholds for 5 of the new questions, to further reduce the regulatory burden on smaller charities.

I hope you have seen the final question set that we made available before Christmas, to help charities familiarise themselves with what is required, ahead of their 2023 filing deadline.

Ensuring that charities understand, and then complete the next annual return is another important project for us this year.

So I hope I have given you a sense both of my impressions of the sector and the Commission during my time as Chair, and of my priorities in the months ahead.

I would like to end by thanking you for the work you do on behalf of charities.

I’m aware, in particular, that many of you are involved on a voluntary basis, as trustees, in the sector. That contribution of time and expertise is very much noted, and appreciated.

The work you do is rarely easy, and is often unseen and unacknowledged publicly.

But the Commission, and I personally, know that your professionalism and knowledge is absolutely crucial to individual charities, and the sector as a whole.

So thank you – and I wish you courage and fortitude in the difficult months ahead.