



CHARITY COMMISSION  
FOR ENGLAND AND WALES

## Consultation

# Annual return for 2017 - information collected from charities

## Introduction

We are seeking your views on changes to the content and structure of the Annual Return and how we target questions so that they only require the information which is needed for regulatory purposes.

The Annual Return is one of the Commission's key regulatory tools. It enables us to collect information about charities which we use to understand the sector generally and to have a better knowledge of individual charities. This helps us to identify whether they are operating within the requirements of charity law or are at risk through poor administration or other difficulties.

The Commission collects and holds a range of information about each registered charity which is held on the Register of Charities. Only parts of this information are made available to the public through the charity's entry on the public Charity Register. The public Charity Register enables the public and others who use it to find out about charities which they want to support. We are exploring ways to ensure that this Charity Register information is kept up to date in real time and no longer relies on being updated only through the Annual Return.

Over the next two years, we are taking a fundamental look at how we collect information using the Annual Return; whether we are collecting the right information for our regulatory work and exploring other ways to keep the Charity Register up to date. The Commission takes a risk based approach to its work and improved technology enables us to determine risk in individual charities. In order to make the best use we can of this technology we want to ensure that the information we collect is the right information and that we can adapt the questions easily in the light of our experience.

This consultation is about the first stage of this work. It will enable us to make some structural changes to how we collect information in the Annual Return for 2017. During 2017, we will be developing this further. We will be looking at the purpose of the Annual Return and its relationship with other reporting and we want to align the Annual Return more closely with our regulatory risk framework. Our aim is to develop the Annual Return and the underlying technology through which it operates so that it becomes a tool which can be adapted to meet future needs both for charities and for the Commission as regulator.

## What changes are we making?

### **Keeping the fundamental information about each charity up to date**

The Charity Register contains the name of each charity and such other information as the Commission thinks fit. Previously we have used the Annual Return to ask charities to check that this information is up to date. We think that this information should be accurate throughout the year and that when anything changes, the charity should use the facility to change or amend their register details as soon as they can. If charities only amend these details through the Annual Return process there can be a considerable delay before the new information is available to the Commission and the public. This change will improve the quality of the information on the Charity Register (including the public Charity Register) and better meet the needs of charities and the public. By separating the fundamental charity information from the other regulatory questions in the Annual Return we will be able to provide a more usable system for charities when updating the fundamental information.

We will be asking charities to keep this fundamental information up to date throughout the year. In the Annual Return we will provide the fundamental information and ask the charity to confirm that the information is accurate and that no changes are needed.

***Do you agree that the fundamental information about charities should be kept up to date by charities throughout the year so that the Charity Register is accurate?***

## Focussing the questions so that they reflect the Commission's regulatory risk priorities and are targeted at relevant charities

Over the next two years we will be reviewing all of the questions which are asked in the Annual Return. For the Annual Return in 2017 we are beginning this process by ensuring that the questions are focussed on themes which reflect the Commission's need for financial data together with information which supports our regulatory priority risk issues. These themes are:

- Financial data
- Fraud and financial abuse
- Public trust and confidence
- Safeguarding
- Terrorism and extremism

Grouping the questions in this way will help us to create sets of questions which will only be given to charities for which they are relevant. This means that questions can be asked based on a charity's activities and not determined only by the level of income of the charity as we have done previously. For example, we will use a trigger question to find out if charities have vulnerable beneficiaries. Those charities which do will be asked further questions on safeguarding but other charities will not receive these questions.

By using this approach we are able to target our questions only at charities where the questions are relevant. This fits better with the requirements of good regulatory practice.

It also means that for many charities there will be fewer questions for them to answer in the Annual Return

Using themes in this way will also make it easier for the Commission to adapt the Annual Return in future years to meet changes in our regulatory risk priorities and to tackle new regulatory issues as they emerge.

***Do you agree that the questions in the Annual Return should be structured so that they match the Commission's regulatory risk priorities?***

***Do you agree that more detailed questions within any theme should be targeted only at charities for which the information is relevant?***

## The burden of regulation

The Commission has power under the Charities Act 2011 to define the information collected for inclusion in the Charity Register and through the Annual Return. This is limited by the need to minimise the burden which such requirements place on charities. By changing the structure of the Annual Return so that it is clearer which information is collected for the Charity Register and which is for regulatory purposes it will be possible to streamline the requirements such that some charities will be asked fewer questions. The approach complies with the principle of best regulatory practice that regulatory activities are proportionate and targeted only at cases in which action is needed.

## Next steps

We are not adding any new question areas to the Annual Return for 2017 but are looking at the nature of the questions and how they fit with the new approach of using trigger questions to enable us to target questions only at charities where they are relevant. During the next few months we will carry out extensive user testing with a diverse cross section of charities from across England and Wales, ensuring that the digital Annual Return is designed to meet the needs of users so that we create a service which is simple to use and enables users succeed the first time (with assisted digital support if required).

If you are interested in participating please indicate in your response to this consultation.

We will also begin work on a more fundamental review of the questions the Annual Return in 2018. We will consult on this in late 2017 and early 2018.

## What we are not consulting on

We are not consulting on the detailed financial information we collect through the Annual Return.

## Who do we want to hear from?

We particularly want to hear from registered charities that complete the annual return.

We also welcome views from anyone who uses the register and has an interest in the information we collect and publish about charities.

## How, where and when to send comments on this consultation

You can respond to this consultation by completing an online survey, which includes all the questions asked in the consultation document and also gives you the opportunity to provide any additional comments you may have:

[Complete survey](#)

If you have more comments that you would like to make on the Annual Return 2017 please send this by email to [mike.mckillop@charitycommission.gsi.gov.uk](mailto:mike.mckillop@charitycommission.gsi.gov.uk) or [jane.adderley@charitycommission.gsi.gov.uk](mailto:jane.adderley@charitycommission.gsi.gov.uk)

The consultation period finishes on 9 March 2017.

## What will happen at the end of the consultation period?

We will take into account the comments we have received by the end of the consultation period and these will help inform the decisions we make about the information we collect from charities through the Annual Return for 2017.

## Annex A

### Filing Requirements for the Annual Return for 2016

All registered charities are required via the Annual Return to update their charity's details, with those with an annual income of £10,000 or less simply required to submit income and expenditure details.

Registered charities with an income of over £10,000, and all Charitable Incorporated Organisations (CIOs) regardless of their income, must complete an Annual Return within 10 months of the end of each financial reporting period.

Registered charities with an income over £500,000 are required to provide extra financial information from their accounts through the Annual Return.

Registered charities with an income of £25,000 or more must state if any serious incidents took place in the last year, including any that should have been reported but were not.

