PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

CHARITIES (PROTECTION AND SOCIAL INVESTMENT) BILL [*LORDS*]

Fourth Sitting

Tuesday 5 January 2016

(Evening)

CONTENTS

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Saturday 9 January 2016

STRICT ADHERENCE TO THIS ARRANGEMENT WILL GREATLY FACILITATE THE PROMPT PUBLICATION OF THE BOUND VOLUMES OF PROCEEDINGS IN GENERAL COMMITTEES

The Committee consisted of the following Members:

Chairs: † Fabian Hamilton, Mrs Anne Main

† Churchill, Jo *(Bury St Edmunds)* (Con)
† Haigh, Louise *(Sheffield, Heeley)* (Lab)
† Jenrick, Robert *(Newark)* (Con)
† Johnson, Gareth *(Dartford)* (Con)
† Kyle, Peter *(Hove)* (Lab)
† Lefroy, Jeremy *(Stafford)* (Con)
† McGinn, Conor *(St Helens North)* (Lab)
† Mak, Mr Alan *(Havant)* (Con)
† Morton, Wendy *(Aldridge-Brownhills)* (Con)
† Newton, Sarah *(Truro and Falmouth)* (Con)
† Stevens, Jo *(Cardiff Central)* (Lab)
† Streeting, Wes *(Ilford North)* (Lab)
† Throup, Maggie *(Erewash)* (Con)
† Tugendhat, Tom *(Tonbridge and Malling)* (Con)
† Turley, Anna *(Redcar)* (Lab/Co-op)
† Wilson, Mr Rob *(Minister for Civil Society)*

Marek Kubala, Ben Williams, *Committee Clerks*

† attended the Committee

Public Bill Committee

Tuesday 5 January 2016

(Evening)

[Fabian Hamilton *in the Chair*]

Charities (Protection and Social Investment) Bill [*Lords*]

Clause 12

Records of disqualification and removal

7 pm

Question proposed, That the clause stand part of the Bill.

The Minister for Civil Society (Mr Rob Wilson): I welcome you to the Committee, Mr Chairman. It is a pleasure to serve under your chairmanship.

Clause 12 extends the duty of the Charity Commission to keep a publicly accessible register of people who have been removed from office by either the commission or the High Court. The register includes the name of the removed trustee, their address at the time of removal, the date when the order was made and the name of the charity concerned. It contains details of individuals who are disqualified only because they have been removed by the commission or the court; it does not contain details of those disqualified for reasons such as an unspent criminal conviction or bankruptcy.

The register can be searched by name on www.gov.uk. It is an offence to act as a trustee while disqualified, so all charities should have a vetting procedure in place to check that new and existing trustees are eligible to act, and checking the Charity Commission's register of removed trustees is a good way to do that. It is also good practice for trustee boards to ask prospective trustees to confirm in writing that they are not disqualified. The Charity Commission provides a model declaration form that charities can download from the aforementioned website.

Under clause 12, the register of removed trustees would be extended to include details of persons who are subject to disqualification orders made under clause 11 and those disqualified trustees removed from office by the commission under clause 5.

Anna Turley (Redcar) (Lab/Co-op): It is a pleasure to serve under your chairmanship, Mr Hamilton. I welcome you to the Committee.

The Opposition support clause 12. We have tabled no amendments to it because it is an important measure in ensuring public scrutiny and accountability regarding the decisions taken by the commission and the court, along with the circumstances surrounding, and any learning that might come from, them. The clause provides that the commission must maintain a publicly accessible register of persons who have been removed from office by the commission or the High Court, and extends the register to include details of persons subject to a disqualification order.

My only question at this stage is whether the Minister envisages any scenarios in which it would not be appropriate to take that action. The clause states that "the register must include", but the Minister mentioned exemptions in the case of bankruptcy and so on. Given that addresses and other details will be publicised, might he envisage a scenario in which, for reasons of public or individual protection, or any other reason, someone would not be included in the register?

Mr Wilson: I will give some thought to that question, but the commission already processes a vast amount of information in accordance with a number of legal obligations, including data protection legislation. It is important to mention that, because there might be concerns about publicly available information being in some way misused.

The commission currently maintains, in accordance with its statutory duties, including data protection considerations, a register of 164,000 charities. The commission fully accepts its responsibility to protect individuals from any unauthorised and unreasonable case for disclosure of personal information, while balancing that with legitimate considerations. The commission is overseen in its management of personal data by the Information Commissioner's Office, as are all public bodies. I will write to the hon. Lady in answer to her question.

Question put and agreed to.

Clause 12 accordingly ordered to stand part of the Bill.

Clause 13

Participation in corporate decisions while disqualified

Mr Wilson: The provision is relatively straightforward and I hope to be able to provide the Committee with a quick and short explanation.

Trustees do not need to be natural persons; they can be legal persons. That means it is possible for a corporate body to be a trustee of a charity. This gives rise to a loophole relating to disqualified trustees. As the law currently stands, a disqualified trustee is not prevented from acting as an officer of a corporate body—where that corporate body is a charity trustee—and participating in decisions about the management and administration of the charity. This can potentially be used to circumvent disqualification. Clause 13 enables us to put this matter right. It prohibits disqualified individuals from participating in decisions about the administration of a charity where they are an officer of a corporate body and that corporate body is a charity trustee. It also extends the civil and criminal sanctions that apply where a disqualified individual acts as a trustee. It is a common-sense provision and I commend it to the Committee.

Anna Turley: I support the Minister's view on the provision. It is technical, but important. The clause inserts into the Charities Act 2011 new section 184A, which sets out that where a person is disqualified either under section 178 or new section 181A of the Charities Act 2011, which we have discussed in some detail in

Committee, and where they are an officer of a corporate body that is a charity trustee, the provision prohibits that person from participating in decisions relating to the charity's administration. We think it is absolutely right that we abide by the decision that the Charity Commission has made and that the person is not able to continue to participate through that loophole.

It is right that new section 184A extends the existing criminal and civil sanctions to apply to officers who participate in decisions relating to a charity's administration when they have been disqualified from being charity trustees, and we therefore support the provision.

Question put and agreed to.

Clause 13 accordingly ordered to stand part of the Bill.

Clause 14

FUND-RAISING

Question proposed, That the clause stand part of the Bill.

Mr Wilson: You have me working hard this evening, Mr Hamilton.

The clause introduces important new requirements that will greatly increase transparency in relation to a charity's approach to fundraising. These provisions were added to the Bill in the other place following a series of media exposés of poor fundraising practices in which elderly and vulnerable people were targeted by charities or subjected to undue pressure to donate. Many of those poor practices are completely and utterly unacceptable. It is important to remember that although bad practice has been uncovered, most charities fundraise well. They need to be able to ask people to donate to raise funds, and we should not forget that many do so responsibly and in line with best practice.

The sorts of poor practices that we have seen in the media recently are mainly in the areas of mass marketing fundraising, such as direct mail or telephone fundraising. In these high volume data-driven areas, some charities have been treating donors as a means to an end, rather than focusing on the charity's relationship with the donor as an individual. The first new requirement under subsections 7 and 8 will ensure that charities put in place explicit safeguards for potential donors when they wish to fundraise through third party contractors.

The provision prohibits a contractor from fundraising for a charity unless the written agreement between the fundraiser and the charity includes standards such as how it will protect vulnerable people from undue pressure and how the charity will monitor the contractor's compliance. It has become clear that much of the poor practice we have seen over the past year or so occurs when there is a lack of accountability over how charity fundraising is conducted. The new requirement aims to make it absolutely clear that charities are responsible for ensuring that third parties who are paid to fundraise on the charity's behalf act in a moral, respectful and responsible manner when asking the public for money.

The second requirement under new section 162A will introduce much greater transparency in relation to a charity's track record in fundraising. It will require charities to publicly disclose information on how they conduct fundraising, whether they subscribe to appropriate self-regulation, and whether any good practice requirements have been breached. They will also need to publicise more details on the number of complaints that they have received, as well as what principles they follow in order to protect vulnerable donors and the wider public from poor practice. That will ensure that high-quality fundraising becomes a board-level issue and returns to the heart of a charity's operations where it belongs. In that respect, I also warmly welcome the Charity Commission's new guidance for trustees on their responsibilities to do with fundraising. The new guidance, which is being consulted on, should be a must-read for all trustees of charities that fundraise from the public.

To update the Committee on our progress in strengthening the self-regulation of fundraising, which sits alongside the provisions in the Bill and is arguably more important, not only did we amend the Bill in the other place, but I asked Sir Stuart Etherington to undertake a review of fundraising self-regulation over the summer. He was supported by a cross-party panel of peers. His report, published in September, recommended the establishment of a new, tougher, single self-regulator to oversee charity fundraising with universal coverage, high standards of best practice, stronger sanctions and close links to existing statutory regulators.

The review also recommended the setting up of a fundraising preference service so that people who felt inundated with charity fundraising requests would be able to reset their consent to be contacted. That has proved a popular concept with the public. Taken together, the proposals will provide a strong and comprehensive framework for the self-regulation of fundraising.

We are making good progress on implementation. I appointed Michael Grade, Lord Grade of Yarmouth, to be the interim chair of the new fundraising self-regulator. In December he appointed his interim chief executive, Stephen Dunmore. He also appointed a working party to develop plans to implement the fundraising preference service, led by George Kidd, who has vast experience in direct marketing regulation. In December the largest fundraising charities were invited to a summit, which was streamed live and at which Lord Grade set out his vision for the new self-regulator. The meeting was a success and I left with the impression that the largest charities accepted that things needed to change and were willing to throw their weight behind the new regulator.

Over the next few months Lord Grade's vision will be turned into reality and we expect to see the new regulator up and running from spring 2016, with the fundraising preference service following shortly afterwards. Most of the largest charities have committed to fund the new self-regulator's set-up costs and I am sure that the others will soon follow. This is an opportunity for the charity sector to demonstrate its leadership and maturity and to show that it can put its own house in order.

I have every confidence that, with charity support, the new self-regulatory system will succeed and, most importantly, consign poor fundraising practices to history. If the new self-regulatory system were to fail, however, we need a back-up plan, which is where new clause 7 on the Government's reserve powers to regulate fundraising through statute comes in. I will explain those powers to the Committee in more detail at our next sitting.

Anna Turley: The Opposition welcome clause 14 and have tabled no amendments to it. However, it is important and deserves discussion, so I will take some time, with the leave of the Chair, to make a few points.

[Anna Turley]

Due to the clause's importance and, in particular, because of some of the public exposure that led to it, it is essential to explore some of the issues behind it. It amends section 59 of the Charities Act 1992 and prohibits commercial fundraisers from raising funds for a charitable institution unless the fundraising agreement between the commercial fundraiser and the charitable institution includes certain terms on fundraising standards that the commercial fundraiser undertakes to follow. That is extremely important, because many within and outside the sector have felt that what could be described as the outsourcing of a charity's fundraising function can perhaps play a part in distancing that process from the charity's original aims and objectives. People have also felt that the accountability of a charity itself could be somewhat loosened by the outsourcing of fundraising provisions. We therefore think the clause is an important amendment to ensure that a proper agreement is in place setting out a certain number of standards that must be followed.

Clause 14 also amends the Charities Act 2011 by inserting new section 162A, which requires charities whose accounts have to be audited in accordance with section 144(2) of the Act—currently, those with a gross annual income of more than £1 million, or those with a gross annual income of more than £250,000 and assets with an aggregate value exceeding £3.26 million—to set out in annual reports their approach to fundraising, including in particular whether they use commercial fundraisers and how they protect vulnerable people from undue pressure in their fundraising.

7.15 pm

It is particularly right that vulnerable people and other members of the public are protected from behaviour that is, in the words of the Bill, an

"unreasonable intrusion on a person's privacy",

that consists of

"unreasonably persistent approaches for the purpose of soliciting or otherwise procuring money or other property"

and that places

"undue pressure on a person to give money or other property."

We welcome the transparency and accountability that will come from the inclusion in the annual statement of a charity's approach to fundraising, whether that activity was outsourced, any failures to comply or any monitoring activity, the number of complaints received and what steps the charity has undertaken to protect people from the behaviours I have set out. Those are important steps to improve transparency and accountability, and it is right that they are part of the Bill.

There is no doubt that 2015 was a seismic year for the charitable sector in terms of fundraising. A raft of difficult headlines and media stories threw into relief the unpleasant practices of a very small minority of charities, but had a hugely and disproportionately damaging effect on the thousands of hard-working, diligent, sensible and cautious fundraising professionals and volunteers in the charitable sector who raise money from people who donate generously to causes that are dear to their hearts. That was a real shame.

It is important to ensure that no one falls below the standards expected of the sector, in order to protect not only citizens—particularly the most vulnerable—but fundraising, which is a vital lifeline for charities, particularly in today's difficult and austere climate. As Sir Stuart Etherington said in his review:

"Britain is a generous society with a strong tradition of philanthropic action. In turn, there is tremendous, though not inexhaustible, public goodwill towards Britain's charities. As such, they have a privileged status in society. With this comes a responsibility to live up to the very highest standards. Most charities are conscious of this and strive to work to high standards in everything that they do."

We support that view and believe that the clause works hard to ensure the sector takes responsibility and strives to reach the high standards set out in the review. Where standards fall short, as has recently happened in the case of some fundraising practices, it is important to ensure that charities and the bodies charged with regulation act swiftly and effectively to restore public trust. As such, we welcome Sir Stuart Etherington's review and its recommendations.

It is clear that the current arrangements for self-regulation are not working and are complex and badly resourced. We believe the sector will respond accordingly, and I am reassured by the Minister's update about the positive response from the sector. We also believe that state regulation should be a last resort, where self-regulation has failed. While I welcome the Minister's update on self-regulation, we look forward to hearing the detail of new clause 7, which sets out a fall-back scenario, should self-regulation fail and we need to take further steps. We believe the clause remains an important part of the Bill and of the broader suite of reforms being undertaken to protect the integrity of charity fundraising.

Mr Wilson: I did not note many questions in the hon. Lady's speech, but I am grateful for her strong support for the clause. There have been some worries in the sector about the financial burden on charities as a result of the clause. Overall, we estimate the cost to the charity sector to be about £1 million over 10 years, which is marginal compared with the benefits of greater transparency about how charities will safeguard the public from poor practices. That is a very positive investment.

Tom Tugendhat (Tonbridge and Malling) (Con): Having sat through sittings of the Select Committee on Public Administration and Constitutional Affairs and listened to stories of misery from various people, and seen the rapid reaction of the Government on this issue, I would like to pay a little credit to both the Government and the Opposition. They have worked closely together to produce what is a very effective response to the malpractice of various of our charities and what, I hope, will go far in securing the greater confidence that the public have the right to have in our charitable sector.

Mr Wilson: It is very kind of my hon. Friend to make those comments. It is true that the Opposition have worked effectively in the other place and, indeed, in this place. I deliberately set up the Etherington review as an all-party review because I wanted every party to be involved and to have a stake in ensuring we get this right. By and large, the Etherington review, all of whose

terms I have accepted, has proved to have produced a very effective report, and we need to get on with implementing all parts of it.

Robert Jenrick (Newark) (Con): I strongly support the changes in the Bill, but I want to press the Minister on the annual statement that the larger charities will have to make about how they conduct their fundraising. One question that it does not seem to ask is what percentage of the public money that is given to charities is spent on funding commercial fundraising operations. I have written to a number of charities on behalf of my constituents to ask that question, and on every occasion they have replied by saying that they cannot provide that information because it is commercially sensitive. The public want that information. They want to know how much of their money is spent on funding commercial fundraising operations, rather than on the charities. I would like that to be either in the Bill or the Charity Commission's guidelines.

Mr Wilson: I understand what my hon. Friend says, and I believe there would be a level of support among the public for that. There certainly are commercial confidentiality considerations, in the same way as there are for Government contracts, but I will look seriously at what he said and come back to him.

To take that point a little further, there are questions about how extensive the problem of poor fundraising is for charities. The hon. Member for Redcar said that it is a small problem that affects a small number of charities. By and large that is true, but the Fundraising Standards Board received 52,000 complaints in one year, so the activity is deep-rooted. That is why it is important that we introduce these measures and try to do something about it. I believe that these two measures, coupled with the others, will help to stop some of the poor practices. They will ensure that there is oversight and accountability among the trustees and that fundraising is overseen directly.

Peter Kyle (Hove) (Lab): It would be nice if the Minister said how many of the 52,000 complaints that he has mentioned were upheld. For context, we should bear in mind that the charitable sector, despite the very focused challenges in recent months, is still the most trusted sector in society.

Mr Wilson: The hon. Gentleman will have seen in the recent reports that trust has gone down to 2008 levels as a result of some of the stories that have been heavily profiled in the media. The issue is not whether 52,000 complaints were upheld; it is that 52,000 people felt that they had to complain about being inundated with telephone calls or direct mail containing information that, in many cases, they obviously did not want to receive. Clearly, the public are seriously concerned about the targeting of elderly and vulnerable people in particular. I believe we are doing the right thing in introducing these measures and changing the law to ensure that charities are directly accountable for the fundraisers that act on their behalf. They must ensure that those fundraisers act in a proportionate and moral way that reflects the best practices of the charity itself.

Peter Kyle: Does the Minister agree that the trustees of a charity are ultimately responsible for safeguarding the way that money is spent and for upholding the moral activity of the charity?

Mr Wilson: That is exactly what these measures are for. They will ensure that trustees look at the things they should be looking at: how their fundraising is conducted and how it interfaces with the public. The two measures will ensure they do that through the annual report and the contracts that they sign with third parties. It is for exactly those reasons that we are making these changes.

Question put and agreed to.

Clause 14 accordingly ordered to stand part of the Bill.

Clause 15

POWER TO MAKE SOCIAL INVESTMENTS

Question proposed, That the clause stand part of the Bill.

Mr Wilson: I am sure that everybody is getting bored of the sound of my voice by now. [HON. MEMBERS: "No!"] That was half-hearted—try a bit harder.

Clause 15 introduces a new power for charities to make social investments. It is the first time the term "social investment" has been defined in legislation. I will briefly address the merits of social investment and why the Government have decided to bring forward the power of social investment for charities. Traditionally, charities with money to invest have taken one of two approaches. On one hand, they may invest the funds to maximise the financial returns from their investment and then spend the financial returns on furthering their charitable purpose. On the other hand, they may spend the funds directly to further their charitable mission. Social investment is different because it involves investments that do both.

A social investment furthers the charity's mission and also generates a financial return, meaning that the capital can be recycled again and again, contributing to a sustainable model and reducing dependency on grants and donations. In the right conditions it can enable a greater long-term impact than traditional financial investment models, and there are further benefits from a focus on measuring and reporting on the outcomes that have been generated.

The UK already has the world's most developed social investment market, having introduced the world's first social investment bank and social investment tax relief. Last year, I launched Access, the new £100 million social investment foundation that will help organisations to become social investment ready. We have pioneered the use of social investment bonds and payment by results for delivering public services. There are now 32 social impact bonds in the UK, which is more than in the rest of the world put together.

My right hon. Friend the Chancellor of the Exchequer announced in the spending review that the Government would expand support for social impact bonds by allocating £100 million over the current Parliament to tackle issues including homelessness, poor mental health and youth unemployment. Despite growth over the past few years, the social investment market is still developing. It is

[Mr Rob Wilson]

estimated that charities currently have only about £100 million of social investments out of a potential investable asset base of about £80 billion, which indicates the scale of current activity and the future potential.

In response to concerns raised by the social enterprise sector about barriers to making social investments, the Government asked the Law Commission to undertake a review of charities' ability to make social investments and whether the law should be clarified. The Law Commission found that most charities were able to make social investments under existing powers—a combination of their financial investment power and their power to spend in pursuit of their charitable mission. However, the Law Commission recommended introducing a new power of social investment to put the matter beyond question and send a strong positive signal to the sector. That was strongly supported by charities and social enterprises on consultation, and clause 15 is that new power.

The new power will make it easier for charities to make social investments, particularly by reducing uncertainty and transaction costs. The definition of social investment used in the Bill has been deliberately drafted to be as wide as possible. It covers a spectrum from investments that are mostly intended to further charitable purposes but involve some return of capital, through to those that are primarily financial but have a small mission benefit. Neither the furtherance of the charity's purposes nor the financial return is required to take precedence. All that is required is that the elements of both a social and a financial return exist. The trustees will need to consider the combination of the mission benefit and the financial return together for a social investment to be made in the interests of the charity.

Let me offer an example of the practical benefits of stimulating social investment. Hackney Community Transport is a social enterprise that delivers a range of transport services from London red buses to social services transport, from school transport to park and ride, and from community transport to education and training. It reinvests profits from its commercial work into further transport services or projects in the communities it serves. In December 2014 it raised £10 million from investors, including social investments from charities such as the Esmée Fairbairn Foundation. HCT intends to use that capital to fund growth, purchase new vehicles and depots, improve infrastructure and deliver greater impact for the communities that it serves and in which it operates. I am sure that all Members will agree that it is a fantastic social enterprise and an excellent example of a social investment by a charity that both delivers on its charitable mission and delivers a financial return.

7.30 pm

We do not seek to claim that the power of social investment will solve all the problems faced by charities, but it will make a positive contribution by giving them certainty that they can explore the model as a tool that can help them to increase their impact. It fits with the wider Government aim of supporting the flow of investment into charities and social enterprises. Those organisations have huge expertise in their areas, along with an unwavering commitment to helping some of the least fortunate in our society. Supporting them in their numerous missions has been a consistent aim of the Government, as it was of the previous Government. I am pleased that the new power will take a small but meaningful step in that direction, and I commend it to the Committee.

Anna Turley: I thank the Minister for setting out the views and values behind the clause, which we welcome. Social investment is an important part of the fabric of our community and voluntary sector. We have tabled no amendments to the clause, and we recognise that it will make an important contribution.

As the Minister set out, the Bill is the first attempt to define in statute social investment, which is

"the use of repayable finance to achieve a social as well as a financial return."

Community and voluntary sector organisations are playing an increasingly large role in society. As such, demands on the sector will be higher than ever. However, the third sector faces a chronic lack of investment. Many organisations are constantly in a state of fragility and vulnerability, and many are urgently seeking the next source of funding rather than investing to create a sustainable and robust social business. The climate of cuts, particularly in local government, as well as increased pressures and demands on many of the services that community and voluntary sector organisations provide, mean that they are facing a difficult climate. Any opportunity to look at new and innovative ways of raising finance are therefore to be welcomed.

Often, when funding comes it is unsuitably packaged for the purpose. It might be aimed at short-term projects or something specific, with many strings attached. It could come with unrealistic expectations and may not always be support the core aims and objectives of the charity. Social investment is growing in response to those needs and challenges. Done well, it could not only create more capital for the sector but help to build long-term capacity and develop a movement towards early intervention and prevention, which the Opposition welcome as part of our approach to public services. That could result in a stronger third sector that is better able to play its important role in society.

The Bill's helpful explanatory notes give examples of acts that might constitute social investments, and the definition is welcome. Such examples include a charity for the support of homeless people letting out housing at a low rent; an overseas development charity investing in fair trade tea production; a charity for the advancement of medicine making a high-risk investment in a medical research company; a diabetes charity investing in a company that is developing foods intended to reduce the impact of diabetes on sufferers; or a charity for the reduction of reoffending investing in a social impact bond to fund a project that supports individuals leaving prison. Those are all worthy and important aims and objectives, and we support efforts to put a social investment framework into statute.

Nevertheless, it is important that we continue to see the funding of the community and voluntary sector as diverse and variable. We do not want a one-size-fits-all solution to the funding crisis in the charity sector, as not all charities will be able to make social investments. Some charities need to be able to take risks and fail, which is in the nature of any charity or community organisation. Because of the kinds of people that they support and deal with, or because of their aims and

objectives, some community and voluntary sector organisations will have to spend money just to manage or prevent decline or difficult scenarios. We must ensure that charities that support such social investment, which may never have a financial return, are not starved of the finance and support that they would traditionally get through a grant-based model.

The clause sets out an important framework for social enterprise, which we support and welcome as an important new means for charities to gain income and to be longer-term and more strategic in their approaches. It gives charities the reassurance that they need to feel empowered to undertake investment. Definitions will continue to change and evolve, but in the meantime, this is an important regulatory framework to encourage and support social enterprise.

Question put and agreed to.

Clause 15 accordingly ordered to stand part of the Bill.

Clause 16

REVIEWS OF THE OPERATION OF THIS ACT

Question proposed, That the clause stand part of the Bill.

Mr Wilson: This is a review clause. We took on board the concerns raised in the other place that five years would be too long before the first review, and we have debated some of those concerns today. We amended the Bill so that the first review will have to start within three years of enactment and conclude within a year. Subsequent reviews will have to take place every five years. All the reviews will be reported to Parliament.

We must remember that the Charity Commission estimates that some of the new powers might only be exercised once or twice a year, so allowing time for the development and publication of guidance and, in some cases, public consultation before the provision can be commenced means that for some of the powers there may be a limited evidence base for the first review after three years. Nevertheless, this is a sensible provision that will enable us to determine whether the Bill has achieved its aims, and I commend it to the Committee.

Anna Turley: The Opposition support this clause because it is a simple and practical way of providing for the Minister to review the operation of the Bill. As he mentioned, we have had quite a lot of discussion and debate today about the timeframe for monitoring the Bill. We have had a lot of debate about the onus that much of the Bill puts on the Charity Commission, about many of the new powers and about many of the new expectations that will be placed on charity and community groups. It is right that we review those things.

The Minister has used the word "proportionate" many times when talking about the decision making and judgments that the Charity Commission will have to exercise in taking steps to raise standards within the charity sector. Continuing to review that will be important. We will also continue to assess the financial impact, particularly on the Charity Commission but also on the charity sector, of many of the new demands and powers.

As the Minister said, it is important that new guidance, new policy papers and new explanations, definitions and criteria for the Charity Commission will be set out, consulted on, established and reviewed consistently within three years of the enactment of the Bill. Three years, moving to five years thereafter, is a perfect timeframe to establish that, so we support the clause.

Question put and agreed to.

Clause 16 accordingly ordered to stand part of the Bill.

Clause 17

SHORT TITLE, EXTENT AND COMMENCEMENT

Mr Wilson: I beg to move amendment 9, in clause 17, page 20, line 34, leave out subsection (6).

A technical amendment to remove the Privilege amendment that was inserted in the House of Lords.

This is a technical and procedural amendment to remove the privilege amendment that was made on Third Reading in the other place. The privilege amendment recognises that provisions in the Bill may infringe the privilege of the House of Commons with regard to the control of public money. Amendment 9 will leave out subsection (6), thus ensuring that the imposition of any charge resulting from the Bill is properly approved. In practice, the new powers that the Bill confers on the Charity Commission are expected not to result in additional costs for the commission. The commission itself has said that the new powers will help it to regulate charities more efficiently by ensuring that more proportionate and effective action can be taken at an early stage and by limiting the opportunity for delaying tactics, which can waste the commission's resources.

The remainder of clause 17 addresses the Bill's territorial extent, which is England and Wales. The Bill team has submitted a memorandum to the Committee's Chairs for the purposes of Standing Order No. 83L covering the Government amendments that have been made today. It reflects the Department's continuing view that the Bill, as amended, extends and applies to England and Wales only. We liaise with the devolved Administrations on cross-border charity law and regulation, and the Charity Commission similarly liaises with its counterparts in Scotland and Northern Ireland on matters of mutual interest.

The final provisions relate to the commencement of provisions in the Bill. We will work with the Charity Commission to publish an implementation plan for the Bill once it is passed. As I have mentioned, there are a number of provisions of which we will need to give charities, and those working in them, sufficient notice before we commence them. The extension of automatic disqualification is an important one. Other provisions will need guidance to be published before they can be commenced. I hope that my explanation suffices.

Anna Turley: We support the amendment. We agree with the Minister that it is a technical, procedural amendment to ensure the passage of the Bill, and we have no comments to make at this stage.

Amendment 9 agreed to.

Clause 17, as amended, ordered to stand part of the Bill.

Ordered, That further consideration be now adjourned.—*(Sarah Newton.)*

7.41 pm

Adjourned till Thursday 7 January at half-past Eleven o'clock.

Written evidence to be reported to the House

CHB 06 Directory of Social Change

CHB 07 Professor Gareth G Morgan

CHB 08 The Charity Law Association Working Party

CHB 09 Quaker Housing Trust

CHB 10 This individual wishes to remain anonymous

CHB 11 City of London Corporation

CHB 12 Douglas G Cracknell, LLB, barrister

CHB 13 ICSA

CHB 14 Staffordshire and West Midlands CRC

CHB 15 This individual wishes to remain anonymous

CHB 16 This individual wishes to remain anonymous