

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

CHARITIES BILL [*LORDS*]

First Sitting

Tuesday 25 January 2022

CONTENTS

Sittings motion agreed to.
Order of consideration agreed to.
CLAUSES 1 TO 24 agreed to.
SCHEDULE 1 agreed to.
CLAUSES 25 TO 40 agreed to.
SCHEDULE 2 agreed to.
CLAUSE 41 agreed to, with an amendment.
Bill, as amended, to be reported.

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Saturday 29 January 2022

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The Committee consisted of the following Members:

Chairs: SIR GARY STREETER, † DEREK TWIGG

- | | |
|---|--|
| † Afolami, Bim (<i>Hitchin and Harpenden</i>) (Con) | † Mishra, Navendu (<i>Stockport</i>) (Lab) |
| † Bailey, Shaun (<i>West Bromwich West</i>) (Con) | † Moore, Damien (<i>Southport</i>) (Con) |
| † Clarkson, Chris (<i>Heywood and Middleton</i>) (Con) | † Russell-Moyle, Lloyd (<i>Brighton, Kemptown</i>) (Lab/
Co-op) |
| Furniss, Gill (<i>Sheffield, Brightside and Hillsborough</i>)
(Lab) | † Smith, Jeff (<i>Manchester, Withington</i>) (Lab) |
| Greenwood, Margaret (<i>Wirral West</i>) (Lab) | † Wheeler, Mrs Heather (<i>South Derbyshire</i>) (Con) |
| † Hart, Sally-Ann (<i>Hastings and Rye</i>) (Con) | † Wild, James (<i>North West Norfolk</i>) (Con) |
| Howell, Paul (<i>Sedgefield</i>) (Con) | † Winter, Beth (<i>Cynon Valley</i>) (Lab) |
| † Huddleston, Nigel (<i>Parliamentary Under-Secretary
of State for Digital, Culture, Media and Sport</i>) | Kevin Maddison, Katya Cassidy, <i>Committee Clerks</i> |
| † Jupp, Simon (<i>East Devon</i>) (Con) | |
| † Maskell, Rachael (<i>York Central</i>) (Lab/Co-op) | † attended the Committee |

Public Bill Committee

Tuesday 25 January 2022

[DEREK TWIGG *in the Chair*]

Charities Bill [Lords]

9.25 am

The Chair: Before we begin, I have a few preliminary points. Please switch electronic devices to silent. Tea and coffee are not allowed during sittings. Mr Speaker has asked that Members wear face coverings in Committee except when they are speaking, unless they are exempt. The *Hansard* Reporters would be grateful if Members could email any electronic copies of speaking notes to hansardnotes@parliament.uk.

Resolved,

That the Committee shall (in addition to its first meeting at 9.25 am on Tuesday 25 January) meet—

(a) at 2.00 pm on Tuesday 25 January, and

(b) at 11.30 am and 2.00 pm on Thursday 27 January.—(*Nigel Huddleston.*)

Ordered,

That the Bill be considered in the following order, namely, Clauses 1 to 24, Schedule 1, Clauses 25 to 40, Schedule 2, Clause 41, New Clauses, New Schedules, remaining proceedings on the Bill.—(*Nigel Huddleston.*)

The Chair: We will now begin line-by-line consideration of the Bill. The selection and grouping list shows the order of debate. We have grouped some clause stand part debates together to avoid repetition. Only one amendment has been tabled; the decision on that will be taken when we come to the clause that the amendment affects.

Clause 1

ALTERATION OF CHARITABLE COMPANY'S PURPOSES

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

The Parliamentary Under-Secretary of State for Digital, Culture, Media and Sport (Nigel Huddleston): It is a pleasure to serve under your chairmanship, Mr Twigg, I believe for the first time. I want first to briefly acknowledge the task before us. These Committee sittings will enable line-by-line scrutiny of the Bill, which has been drafted to improve charity law and to pass time and cost savings on to the charity sector. I am pleased that we have reached this stage in the Bill's passage, and I am grateful for the support the Bill has received and the scrutiny it has been subjected to thus far.

Clause 1 changes the definition of a “regulated alteration”, meaning that only alterations to the substance of a charity's purposes will require Charity Commission approval. There will no longer be a requirement to obtain Charity Commission consent to simply change the wording of a charity's purposes where the overall meaning remains unchanged. This change creates consistency in the processes for amending a charity's governing document across the different legal forms that charities can take.

Jeff Smith (Manchester, Withington) (Lab): It is a pleasure to see you in the Chair, Mr Twigg. I thank the Minister for his introduction.

The Opposition agree with the measures in clause 1. They will reduce bureaucracy and allow charities to focus on the work that they do, which is the essence of the Bill. Charities do great work for society and our communities. We owe it to them to provide a legal framework that is clear and manageable—especially for the large number of small charities with limited staff and resources—but with sufficient safeguards for charities and for the system. We also owe charities an efficient framework that allows them to concentrate not on bureaucratic technicalities but on doing their work, and the clause is an example of the proposed changes in the Bill that will allow them to do that.

I am going to make the same point that I made the last time the Minister and I were in Committee together, on the Dormant Assets Bill. There is a temptation for Opposition spokespeople to get up every time a clause is moved, essentially repeat the Minister's remarks in brief and then say, “We agree,” but I will avoid that temptation. We agree with the Bill. It is well put together, we appreciate the safeguards in it, and we agree with the measures in it. The Bill is not controversial, so I will not respond to every clause; I will do so just in the few areas where we have particular points to make. Generally speaking, the Opposition are content with all the clauses.

The Bill is highly technical. It is the result of extensive consultation and discussion. I join the Minister in thanking the House of Lords for its scrutiny of the Bill and for looking thoroughly into the proposals. It is clear to me, having read the *Hansard* reports of all the Bill's stages, that the Lords looked carefully at the detail in the Bill and explored some of the Law Commission recommendations that were not included in it. I referred to that on Second Reading, particularly with respect to clause 40—I know that the Minister has written to my hon. Friend the Member for York Central about that—and clause 43. Since that debate was had in the Lords, I do not intend to repeat it today.

I thank the Law Commission for its thorough work in bringing forward the proposals in the Bill. It is supported throughout the sector. I thank the charities sector for its engagement and advice. The Opposition have not tabled any amendments. It is customary for very few substantive amendments to be proposed to Law Commission Bills, so we have not tabled any. We did not feel strongly enough about any proposals that were included or missed out to necessitate an amendment.

Having made those introductory remarks, let me say that I agree with clause 1 and I hope that we will speed through the rest of the Bill.

Nigel Huddleston: I thank the hon. Gentleman for the tone that he has adopted throughout. He is absolutely right; my *modus operandi* in politics is, “If things aren't party political, don't make them so,” and that is very much the case with charities. I thank both Opposition Members and Government Members for all their work. There is a great deal of expertise here, and the Bill gets to us in a good place because of the level of scrutiny that has taken place. I am more than willing to take questions now or as the Bill progresses. I also commit to moving at speed, but respectfully, through the Bill.

I appreciate the hon. Gentleman's comments. I have broken his rule by standing up to say, "I agree"—I will try not to do that.

Question put and agreed to.

Clause 1 accordingly ordered to stand part of the Bill.

Clause 2

AMENDMENTS TO CONSTITUTION OF CIOs

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

Nigel Huddleston: Clause 2 aligns the process for charitable incorporated organisations—CIOs—to amend their governing documents with the process in place for charitable companies. Specifically, CIOs will have greater control over the date that an amendment comes into force, offering them the ability to make changes at a time to suit their organisational objectives. The clause also sets out the considerations that the Charity Commission must make when deciding whether to consent to any alteration to a CIO's purposes.

Question put and agreed to.

Clause 2 accordingly ordered to stand part of the Bill.

Clause 3

POWERS OF UNINCORPORATED CHARITIES

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

Nigel Huddleston: Clause 3 introduces a new power in section 280A of the Charities Act 2011, which replaces sections 267 to 280 of the 2011 Act, creating a simpler and more consistent process for unincorporated charities to amend any provision in their governing documents. Charity Commission consent is still required for certain amendments. Important safeguards, such as Charity Commission consent for regulated alterations—changes to a charity's purposes, for example—remain in place to ensure that any amendments are in the best interests of the charity and its beneficiaries. Trustees can appeal to the charity tribunal against a Charity Commission decision to withhold consent for such an amendment.

Question put and agreed to.

Clause 3 accordingly ordered to stand part of the Bill.

Clause 4

POWER TO AMEND ROYAL CHARTER

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

Nigel Huddleston: Clause 4 allows charities established or regulated by royal charter to amend their governing documents more easily, by providing them with a new power to amend any provision in their charter where there is no express power to do so in the charter. Any amendments will be subject to approval by Her Majesty by Order in Council.

Question put and agreed to.

Clause 4 accordingly ordered to stand part of the Bill.

Clause 5

ORDERS UNDER SECTION 73 OF THE CHARITIES ACT 2011: PARLIAMENTARY PROCEDURE

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

Nigel Huddleston: Clause 5 repeals part of section 73 of the Charities Act 2011, so that when a charity amends its governing document using a section 73 scheme, which is given effect by secondary legislation, that secondary legislation will be subject to the negative parliamentary procedure by default. That is instead of distinguishing between section 73 schemes under private Acts, which follow the negative procedure, and schemes under public general Acts, which currently follow the affirmative procedure.

Question put and agreed to.

Clause 5 accordingly ordered to stand part of the Bill.

Clause 6

CY-PRÈS POWERS

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

The Chair: With this it will be convenient to discuss clauses 7 and 8 stand part.

Nigel Huddleston: On failed fundraising appeals and so-called cy-près schemes, clauses 6 and 7 expand the circumstances in which funds from a failed fundraising appeal can be applied to other purposes. The current law requires charities to contact donors to offer to return their donation if a fundraising appeal does not achieve its target. The Bill allows charities to use funds for a different but similar purpose if the funds cannot be used for the original purpose. Any use of funds over £1,000 would need approval from the Charity Commission. This change protects donors' wishes while reducing administrative burdens on charities.

Clause 8 confirms that any power to make schemes in respect of a charitable trust extends to charitable companies, charitable incorporated organisations or any other charity, thereby creating more consistency among different legal forms of charity. This excludes charities subject to special scheme-making procedures, such as those governed by royal charter or statute.

Question put and agreed to.

Clause 6 accordingly ordered to stand part of the Bill.

Clauses 7 and 8 ordered to stand part of the Bill.

Clause 9

DEFINITION OF "PERMANENT ENDOWMENT"

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

The Chair: With this it will be convenient to discuss clauses 10 to 13 stand part.

Nigel Huddleston: Clauses 9 to 13 set out a clearer definition of “permanent endowment”, removing ambiguity and providing a definition that is more in line with the sector’s understanding of the term. The Bill confirms that the existing power to release permanent endowment under the Charities Act 2011 is available to all charities, making it available without Charity Commission consent in respect of funds up to a value of £25,000—that is up from the existing £10,000 limit—and with Charity Commission consent for funds above that value.

The Bill provides a new power for trustees to borrow from their permanent endowment, creating the ability to use permanent endowments for loss-making social investments. These changes provide trustees with more options to make the best use of their assets. There are, of course, appropriate safeguards in place, such as thresholds for the amount of permanent endowment that can be borrowed, and a maximum time period within which the funds must be paid back.

Question put and agreed to.

Clause 9 accordingly ordered to stand part of the Bill.

Clauses 10 to 13 ordered to stand part of the Bill.

Clause 14

SPECIAL TRUSTS

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

Nigel Huddleston: Clause 14 repeals part 14 of the Charities Act 2011, which deals with special trusts, because most of it is now redundant. The content of section 287 of the 2011 Act, which sets out the definition of special trusts, is retained but transferred to section 353 of that Act.

Question put and agreed to.

Clause 14 accordingly ordered to stand part of the Bill.

Clause 15

SMALL EX GRATIA PAYMENTS

The Chair: With this it will be convenient to discuss clause 16 stand part.

Nigel Huddleston: Clauses 15 and 16 allow charities to make relatively small payments where there is a moral obligation to make a payment but no legal power to do so. This can be done without seeking Charity Commission approval if the payment falls below the threshold set out in the Bill, which is dependent on the size of the charity. The requirement for prior authorisation from the Charity Commission, the Attorney General or, in some cases, the court to make these small payments can be burdensome, and the cost disproportionate to the size of the payments.

The clauses also rephrase the test that charities must use in deciding whether to authorise ex gratia payments. That will allow charities to delegate decisions about ex gratia payments to their staff if they wish to do so.

Question put and agreed to.

Clause 15 accordingly ordered to stand part of the Bill.

Clause 16 ordered to stand part of the Bill.

Clause 17

SCOPE OF PART 7 OF THE CHARITIES ACT 2011

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

The Chair: With this it will be convenient to discuss clauses 18 to 20 stand part.

Nigel Huddleston: These clauses address some unnecessary administrative burdens, clarifying and simplifying the law around the buying and selling of charity land, and removing ineffective and burdensome statutory requirements.

Clause 17 clarifies which land held for or on behalf of a charity is affected by the requirements in part 7 of the Charities Act 2011. Clause 18 makes changes to the exceptions to those requirements. It also removes redundant provisions as a consequence of the repeal of provisions in the Universities and College Estates Act 1925.

Clause 19 removes the automatic requirement for charities to advertise the disposal of land as advised in a surveyor’s report. It instead allows trustees the freedom to consider a surveyor’s advice and decide the best choice for their charity.

Clause 20 lays the groundwork for secondary legislation to expand the range of advisers a charity can call upon when seeking advice on land disposals. The current restrictions on who can advise charities in land transactions place on charities unnecessary cost burdens that can be disproportionate to the value and complexity of the land disposal. Clause 20 anticipates future changes to expand the list of advisers, allowing charities to seek a more tailored approach to disposals of land, as trustees will have more flexibility to choose the most appropriate adviser for their transaction.

Jeff Smith: The Opposition agree with the clauses, which are sensible measures with sufficient safeguards that should produce a clearer and easier legal framework for buying, selling, leasing and mortgaging charity land.

We note that the Government decided to reject the recommendation to remove the statutory requirement to give public notice of land disposals. We are not against that decision, but I wonder whether there is scope for keeping that under review, and whether we might move from a less all-encompassing system, with a blanket rule for all disposals, to something more risk based. We do not propose that that should be part of the Bill, but I ask the Minister to keep that under review for future legislation.

Nigel Huddleston: I thank the hon. Gentleman for his comments. As we have seen in this tidying up of legislation and rules relating to charities, there is a need for constant and periodic review. We will of course take into account the views of the Law Commission and the Charity Commission, as well as the Opposition’s comments. If further tidying up is required in future legislation, we are always open to it.

Question put and agreed to.

Clause 17 accordingly ordered to stand part of the Bill.

Clauses 18 to 20 ordered to stand part of the Bill.

Clause 21

ADVICE ETC FROM CHARITY TRUSTEES, OFFICERS AND
EMPLOYEES

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

Nigel Huddleston: Clause 21 provides clarity on whether an individual associated with a charity—an employee, officer or trustee, for example—can act as the designated adviser in land disputes. There is no reason why charities should not have access to any relevant in-house expertise that is available to them.

Question put and agreed to.

Clause 21 accordingly ordered to stand part of the Bill.

Clause 22

RESIDENTIAL TENANCIES GRANTED TO EMPLOYEES

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

9.45 am

Nigel Huddleston: Clause 22 allows charities to grant short-term residential tenancies to employees without Charity Commission consent by changing the definition of a “connected person” in section 118 of the Charities Act 2011. This change will make it easier for charities to use their assets to run their organisations more efficiently—to facilitate an employee’s work by allowing them to stay on site in the short term, for example—without having to seek permission from the Charity Commission.

Question put and agreed to.

Clause 22 accordingly ordered to stand part of the Bill.

Clause 23

INFORMATION TO BE INCLUDED IN CERTAIN
INSTRUMENTS

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

Nigel Huddleston: Clause 23 protects buyers of charity land by resolving gaps in the wording of contracts concerning charity land transactions. This minor and technical change is necessary to save time and costs for purchasers, who currently have to check that statutory requirements have been complied with. That can deter buyers and increase costs for the charities that are selling the land.

Question put and agreed to.

Clause 23 accordingly ordered to stand part of the Bill.

Clause 24

AMENDMENTS OF THE UNIVERSITIES AND COLLEGE
ESTATES ACT 1925

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

The Chair: With this it will be convenient to discuss that schedule 1 be the First schedule to the Bill.

Nigel Huddleston: Clause 24 and the associated schedule 1 simplify the Universities and College Estates Act 1925, and remove layers of administration for charities that

fall under that Act. These minor technical changes clear up bureaucracy in land transactions for those charities.

Lloyd Russell-Moyle (Brighton, Kemptown) (Lab/Co-op): I refer the Committee to my entry in the Register of Members’ Financial interests in relation to universities and charities. I rise to say that, generally, these technical amendments are positive and reduce burdens on universities. However, I do think that there is a wider philosophical discussion to be had—probably not for this Bill, but more broadly—about the role of universities in disposing of land that they might not have acquired themselves but were given. Often that land is given at public expense, and includes heritage assets. Universities should not see those assets as pure money transactions but as heritage transactions. They have a wider duty to the public to look after and maintain those assets, and ensure that they are disposed of in a way that continues that maintenance.

I support the reduction of bureaucracy for universities and charities, but it is important to put on the record that universities should consider not just the business importance of their estate, but its wider social importance.

Nigel Huddleston: As the hon. Gentleman would expect, in my role as the Minister for Heritage, I agree with the principles that he set out. I do not believe that that is strictly the purpose of the Bill, which is very much about procedure, but he has put his comments on the record. I think most hon. Members would agree with the intent and thrust of what he said about universities’ responsibility to look after their heritage assets.

Question put and agreed to.

Clause 24 accordingly ordered to stand part of the Bill.

Schedule 1 agreed to.

Clause 25

WORKING NAMES ETC

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

The Chair: With this it will be convenient to discuss clauses 26 to 28 stand part.

Nigel Huddleston: Part 3 of the Bill includes clauses 25 to 28, which relate to the Charity Commission’s power to direct a charity to change its name. The adoption by a charity of a name that is similar to another charity’s name, or that is offensive, can lead to the public being misled, donations being made to the wrong charity and reputational damage for individual charities and, indeed, the entire sector.

Clause 25 extends the Charity Commission’s existing power to direct a charity to change its name to cover working names. Working names are names that charities are known by, but which are different from their registered name. Comic Relief, for example, is a working name of a charity called Charity Projects. The change closes a loophole that would allow charities to continue to operate with an inappropriate working name. The definition of “working names” has been considered in great detail and clarifications have been added to the explanatory notes in response to questions and comments from the Charity Law Association.

[Nigel Huddleston]

Clauses 26 and 27 allow the Charity Commission to delay registering a charity on the basis of an inappropriate name. They also allow the Charity Commission to delay changing a charity's name on the register in order to give enough time to address the issue properly. This is subject to a maximum delay period. Clause 28 ensures that the Charity Commission can also direct an exempt charity to change its name, as it can for charities that are not exempt. The Charity Commission would be required by the Charities Act 2011 to first consult with an exempt charity's principal regulator before making such a direction.

This group of changes provides the Charity Commission with clear and effective powers in the rare cases where a charity adopts an inappropriate name. I commend the clauses to the Committee.

Jeff Smith: My hon. Friend the Member for Brighton, Kemptown jogs my memory in relation to the register of interests. I did declare in our Second Reading Committee that I am a trustee of the charity Drug Science. I perhaps ought to put that on the record in Committee as well.

The Opposition support the measures in clauses 25 to 28. They are sensible safeguards that will not only make life less bureaucratic for charities, but will actually have a role in protecting the public from being misled. They are important parts of the Bill. However, there was some concern from charity lawyers that, because the working name proposals were not part of the original report, they may not have been given as much consideration as other parts of the Bill—in terms of unintended consequences and so on. The Opposition support the measures in the clauses, but we would ask for some kind of post-legislative review to make sure that they are working correctly.

Lloyd Russell-Moyle: I rise generally to support clause 25, but I wish to put on record a note of caution about historic charities that might have competing or similar names. The Charity Commission must act with caution in those cases. My background is in youth organisations, of which there are a number that take the name "Scouts". They might not be part of the official UK scouting group we know or be affiliated to the international World Organisation of the Scout Movement, but they are Scouts in the sense of the Baden-Powell scouting groups. The same goes for the Woodcraft Folk and others.

It is important that the Charity Commission does not act in a heavy-handed manner, but ensures that it is responsive and light-touch only when there is deliberate confusion taking place, not when a bigger organisation might just not like what a smaller organisation is doing, even though they have both been active for many years. I think it is important that the Charity Commission hear that. I am sure the Minister with his other hat on would agree with that as well.

Nigel Huddleston: In answer to the first question, the hon. Member for Manchester, Withington is right that clause 25 is not based on a formal proposal in the Law Commission's consultation. Instead, the recommendation arose from the consultation and was then discussed with the Charity Law Association. That was the genesis

of this proposal, and it is not an unusual occurrence in Law Commission projects and reports for that to happen.

With regard to the criteria, as the hon. Member for Brighton, Kemptown mentioned, the message of reasonableness and being sensible is key. The Charity Commission does have operational guidance, which caseworkers use to determine whether they consider a name to be offensive. The Commission has to date not needed to issue a direction that a charity had to change its name because it was considered offensive. We do not consider that the proposed changes will change the frequency or likelihood of a controversy where a charity's name is found to be offensive, but I am sure that the hon. Gentleman's comments, which seem eminently sensible, have been noted.

Question put and agreed to.

Clause 25 accordingly ordered to stand part of the Bill.

Clauses 26 to 28 ordered to stand part of the Bill.

Clause 29

POWERS RELATING TO APPOINTMENTS OF TRUSTEES

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

Nigel Huddleston: Clause 29 allows the Charity Commission to confirm that the election of a trustee that may previously have been considered defective or uncertain should be treated as if a valid election had taken place. It will create consistency with the commission's powers to determine a charity's members and provide certainty going forward.

Question put and agreed to.

Clause 29 accordingly ordered to stand part of the Bill.

Clause 30

REMUNERATION OF CHARITY TRUSTEES ETC PROVIDING GOODS OR SERVICES TO CHARITY

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

The Chair: With this it will be convenient to discuss clause 31 stand part.

Nigel Huddleston: Clause 30 addresses an anomaly in the current law under which trustees can be paid for services provided to their charity for both goods and services but not for goods alone. Allowing the remuneration of trustees for the provision of goods gives charities the opportunity to use their in-house contacts and to potentially source goods at better than market rates, saving valuable funds.

Clause 31 gives the Charity Commission powers to order a charity to pay a trustee for work they have completed for the charity where it would be unjust not to pay the trustee for that work. Such payments are rare and currently require authorisation by the court: although they will continue to be rare, the clause means the commission can provide authorisation, which will avoid the time and expense of going to court.

Question put and agreed to.

Clause 30 accordingly ordered to stand part of the Bill.

Clause 31 ordered to stand part of the Bill.

Clause 32

TRUSTEE OF CHARITABLE TRUST: STATUS AS TRUST
CORPORATION

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

Nigel Huddleston: Clause 32 represents a minor technical change that automatically confers trust corporation status on any trustee of a charitable trust that is a body corporate. It will be particularly useful in a variety of scenarios, including incorporations and mergers. It will save charities time and expense, as the current routes to obtaining trust corporation status are time-consuming and cumbersome.

Question put and agreed to.

Clause 32 accordingly ordered to stand part of the Bill.

Clause 33

GIFTS TO MERGED CHARITY

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

Nigel Huddleston: Clause 33 enables gifts to a charity that has since merged to go to the new merged charity. It will mean that charities no longer have to maintain a shell charity on the register simply to collect gifts for a charity that has ceased to operate. It will save them and the Charity Commission an administrative burden.

Question put and agreed to.

Clause 33 accordingly ordered to stand part of the Bill.

Clause 34

VESTING DECLARATIONS: EXCLUSIONS

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

The Chair: With this it will be convenient to discuss clause 35 stand part.

Nigel Huddleston: Clause 34 changes the types of property that are excluded from transfer during a merger. It is a technical change that clarifies charity law on mergers and removes redundant and outdated sections, including pre-1925 language on mortgages.

Clause 35 is a minor change to ensure the language in section 306 of the Charities Act 2011 is consistent with the new definition of “permanent endowment” brought in by clause 9 of the Bill. These technical changes remove administrative barriers, meaning a simpler and more cost-effective process for charities seeking to merge.

Question put and agreed to.

Clause 34 accordingly ordered to stand part of the Bill.

Clause 35 ordered to stand part of the Bill.

Clause 36

COSTS INCURRED IN RELATION TO TRIBUNAL
PROCEEDINGS ETC

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

10 am

Nigel Huddleston: Clause 36 allows the charity tribunal to make authorised costs orders to protect trustees from individually carrying the costs of charity proceedings. An authorised costs order will confirm in advance that the cost of proceedings can properly come from a charity’s funds, preventing trustees from being discouraged from raising genuine grievances.

Question put and agreed to.

Clause 36 accordingly ordered to stand part of the Bill.

Clause 37

PUBLIC NOTICE AS REGARDS COMMISSION ORDERS ETC

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

Nigel Huddleston: Clause 37 extends the Charity Commission’s discretionary power to give public notice, or require a charity to give public notice, for an order under the Charities Act 2011. This power will now extend to instances where the Charity Commission is required to give consent, for example, if a charity wishes to change the purposes in its governing document.

Question put and agreed to.

Clause 37 accordingly ordered to stand part of the Bill.

Clause 38

“CONNECTED PERSON”: ILLEGITIMATE CHILDREN

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

The Chair: With this it will be convenient to discuss clause 39 stand part.

Nigel Huddleston: Clauses 38 and 39 remove language that is outdated from the definition of a connected person. They also allow for secondary legislation to change this definition in the future. The ability to amend the definition of a connected person through secondary legislation provides the Secretary of State with the flexibility to ensure the regulatory regime is effective in modern times.

Question put and agreed to.

Clause 38 accordingly ordered to stand part of the Bill.

Clause 39 ordered to stand part of the Bill.

Clause 40

MINOR AND CONSEQUENTIAL PROVISION

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

The Chair: With this it will be convenient to discuss that schedule 2 be the Second schedule to the Bill.

Nigel Huddleston: Clause 40 gives effect to schedule 2, which contains minor and consequential amendments resulting from the Bill. Where appropriate, these

[Nigel Huddleston]

amendments have been referred to and explained above under the clauses to which they relate.

Question put and agreed to.

Clause 40 accordingly ordered to stand part of the Bill. Schedule 2 agreed to.

Clause 41

EXTENT, COMMENCEMENT AND SHORT TITLE

Nigel Huddleston: I beg to move amendment 1, in clause 41, page 30, line 15, leave out subsection (7).

This amendment would remove the privilege amendment inserted by the Lords.

The Chair: With this it will be convenient to discuss clause 41 stand part.

Nigel Huddleston: The amendment removes the privilege amendment inserted in the Lords. For Bills starting in the House of Lords, a privilege amendment is included to recognise the right of this place to control any charges on the people and on public funds. It is standard practice to remove such amendments at this stage of the Bill's passage through the House of Commons.

I also speak to clause 41 in this group. Clause 41 makes provision about the extent, the coming into force and the short title of the Bill. Clause 41 will come into effect on the day on which the Act is passed. Other provisions will come into force when the Secretary of State makes regulations by statutory instrument. The Department for Digital, Culture, Media and Sport will work with the Charity Commission on an implementation plan to bring the provisions into effect in stages after Royal Assent.

Jeff Smith: I will speak very briefly because this is really a technical clause. The Opposition agree with the Government's amendment and with clause 41. The Minister

referred to the implementation plan; Baroness Barran said at Committee stage in the Lords that the Government would publish an implementation plan before the Bill completes its passage through the House. Given that we are now at the end of the Committee stage and we do not yet have a date for Report and Third Reading, I will put on record my request to the Minister for an update on the progress of an implementation plan.

Nigel Huddleston: I note the hon. Gentleman's comments. DCMS is working with the Charity Commission on the Bill's implementation. We will announce further information in due course. If I am able to provide more information shortly, I will give it to the hon. Gentleman and others.

Amendment 1 agreed to.

Clause 41, as amended, ordered to stand part of the Bill.

Question proposed, That the Chair do report the Bill, as amended, to the House.

Nigel Huddleston: I would like to thank you, Mr Twigg, all the officials, stakeholders, the charities themselves, the Commissions and everybody involved in the Bill's progress today. I thank the Opposition, as well as Members on this side of the House, for the co-operation and attention they have given to this very important Bill. It will make a meaningful difference to the charities impacted.

Jeff Smith: May I briefly echo the Minister's comments? It is a highly technical Bill and an awful lot of work has gone on behind the scenes by the Law Commission, the Lords and the Clerks, which we should put on record. I thank all who have been involved, and also thank members of the Committee for their attendance today.

Question put and agreed to.

Bill, as amended, accordingly to be reported.

10.7 am

Committee rose.