



Northern Ireland
Assembly

Committee for Communities

OFFICIAL REPORT (Hansard)

Charities Bill:
Community Foundation Northern Ireland

23 September 2021

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Ms Paula Bradley (Chairperson)
Mr Andy Allen
Mr Mark Durkan
Mr Paul Frew
Ms Áine Murphy

Witnesses:

Ms Síofra Healy	Community Foundation Northern Ireland
Ms Dawn Shackels	Community Foundation Northern Ireland

The Chairperson (Ms P Bradley): I welcome Síofra Healy and Dawn Shackels. You are very welcome. Síofra, you can start off.

Ms Síofra Healy (Community Foundation Northern Ireland): We are delighted to be invited, and we welcome the opportunity to give evidence. Thank you.

The Community Foundation was set up in 1979 as a result of the number of charities that were forming in Northern Ireland around that time and their need for independent funding. We were formerly known as the Northern Ireland Voluntary Trust. Today, we have over 70 funds distributing donations and grants to charities — some registered, some not — around Northern Ireland. We have given away about £110 million since we started, and our grants range from £500 to £1 million. That will give you a flavour of the type of charity that we are working with. They range from a PTA in a local area to some of the major national charities. Around 1.5 million people benefit from the work of the foundation every year. Part of our role is around connecting funders with communities. We are like a vehicle for anybody who wants to support communities, and we try to make sure that their funding is impactful and gets to the right groups at the right time and in the right place. That is what we do through our funds. We have some strategic priority areas. I will not go into them today, because the issue is outside the brief, but we are more than a funder. That is important to us.

I said that we work with all charities, but we did a survey of our beneficiaries, last June, in response to COVID, and, of the groups that responded to the survey, 23% had an income of less than £10,000. That will show you that we are working with some of the smallest groups across Northern Ireland. Some 24% had an income of between £50,000 and £100,000. I think that we are one of the biggest funders dealing with those smaller groups in Northern Ireland.

This morning, Dawn and I will focus on the elements of the Charities Bill that will be relevant to our work. We are aware that it will have a broader remit, but we will talk to the elements that are relevant to us.

Clause 1 deals retrospectively with the ratification of the decisions and orders of the Charity Commission's staff. We fully endorse that for a number of reasons. The registration of charities generally has been a long-standing issue in Northern Ireland. We need to move on, and decisions need to be made. It can have an impact on funders that require a beneficiary or grantee to be registered to receive funds. Things would be set back years, if that clause was not included. There are about 3,000 charities still waiting to be registered, as mentioned by Frances McCandless in her briefing to you a couple of weeks ago. The absence of the ratification in clause 1 would have a negative impact on not only the funders that require a charity to be registered but the groups that are applying for funding. If they cannot register, it has an impact on them. It can also lead to a reduction in charitable activity, which is not easy at the minute. It is about the whole social capital in Northern Ireland. It is not easy to register as a charity; it is taking too long. All those issues feed into why we endorse clause 1.

One of the main points for us is around trust and confidence in the sector in general. It is relatively high in Northern Ireland — it is over 70% — compared with other regions in the UK and the Republic of Ireland. As a stakeholder in the sector, we would like to see that continue and grow. Any decisions to have to retrospectively ratify diminish that trust. Trust in the commission is also really important. It is the body that regulates the sector, and it is important that we have trust and confidence in its work.

Clause 2 is about decisions going forward. For all the same reasons as with clause 1, we believe that the clause makes absolute sense. The Charity Commission needs to be able to make operational decisions. We had one question about why Northern Ireland is slightly out of sync with other regions in terms of the delegation scheme. However, we do not have a view on that, because we do not know why that is. It may be something for the commission to consider.

On decision-making, I want to highlight a fantastic initiative. Revitalising Trusts is a programme through which funders that are registered trusts and give grants and donations but are what we term "sleepy trusts" are able to be revitalised through ongoing work with community foundations and charity commissions. That happens in other regions in the UK. We have not been able to progress it here for a number of reasons. Those include the decision-making powers of the commission but also the backlog of work being dealt with. We are still at registration stage rather than being able to move on with some of the more progressive initiatives. That is something to consider in your deliberations on the Bill. Some of those longer-term, vital projects need to get moving in Northern Ireland.

The issue in clause 3 about which there is most debate is the threshold on income and assets. Again, we are in favour of having legislative powers in Northern Ireland to introduce a threshold. We estimate that about 35% of charities that are formally registered have an annual income of less than £5,000. We estimate that because the survey that the commission did in 2016 showed that the figure was at 24%. We are aware of a survey that nfpSynergy, which is a private research company, did in Northern Ireland in 2017, which showed that, at that stage, the figure was around a third. That tells the story that there is a huge number of small charities in Northern Ireland. We are also aware of the time that it takes for the commission to register charities, the backlog that has been created and the disproportionate resources that need to go into that area. That is a barrier to making progress on more strategic issues.

We are in favour of either not having to register or having a voluntary or a light-touch registration for smaller groups. As a funder with our own funding and investments, we do not require charities to be registered, but we continue to do all the due diligence that is required with the groups that we fund. Some of the funders that work through us, such as the Garfield Weston Foundation, Citigroup or the Nationwide Foundation, require groups to be registered, but they give substantial grants, so you would expect them to look for the groups to be regulated. Some of the groups that we fund are smaller, so we would not expect them to be registered.

Those are some of the main points that we wanted to make today. We are happy to take questions.

The Chairperson (Ms P Bradley): Thank you for that. When you talked about clause 2, you said something about Northern Ireland being out of sync with the rest of the UK and the Republic of Ireland and the concerns that that might raise. If we are out of sync, how does that affect you or others? Will it pose any major problems for you?

Ms Healy: Not that we are aware of, except that the delegation scheme is out of sync. That fact has been highlighted. I put the question back to the Committee: would it affect the likes of the Revitalising Trusts initiative? We would be concerned if it did and if those kinds of decisions could not be taken at the commission. My colleague, Dawn, might have more to add.

Ms Dawn Shackels (Community Foundation Northern Ireland): Part of the argument is that there is not necessarily a need for a special case. We want to fall in line so that a more general principle is applied across different jurisdictions. We would welcome being brought into line and there being a common understanding of delegation across the various jurisdictions.

The Chairperson (Ms P Bradley): We also, as a Committee, have raised the question of why Northern Ireland will be treated differently. We will ask the Department for more clarification on Revitalising Trusts.

I have another quick question that I asked in our other two witness sessions. It is on the appeal period. You queried the 42 days. Our previous two witnesses this morning said that that should be extended to three calendar months. Is that your opinion as well?

Ms Healy: Dawn, will you take that?

Ms Shackels: Yes. Certainly, our opinion is that the time frame should be longer, as the other witnesses said, to allow charities to come together and to seek legal advice and opinion where required. We also ask that a similar period be given to the Charity Commission to respond to investigations so that they are also time-limited. At the moment, those investigations go on for some time. It should be a two-way process.

The Chairperson (Ms P Bradley): Yes. You make a good point. Charities are expected to respond within a certain period, but many government bodies do not respond in a timely manner.

Do members have any questions? Andy, do you want to ask the question on thresholds again?

Mr Allen: Yes, absolutely. I will, Chair. We asked the other two stakeholders — the Northern Ireland Council for Voluntary Action (NICVA) and the Rural Community Network — about the registration threshold. Do you have a view on where that should be set?

Ms Healy: Yes. We had some discussion when we were responding to the charity review. We thought that it should be £20,000, as the Rural Community Network did — I think that it said that to you. The question that comes up on income and assets is whether both or just income should be considered. Small community groups may have an asset such as a community hall but little income. That is something for the Committee to consider. In general, we are in favour of including assets, but it is about the level of asset, which can be very different and should be considered differently from a charity's income level.

Mr Allen: Yes. That is helpful. It is worth considering that when the Department brings forward the regulation, if the legislation goes through.

Mr Frew: Thank you very much for your presentation. You said that 35% of the 7,500 charities have an income of less than £5,000. Do you have the percentages of charities that have incomes of £10,000 and £20,000, or can you direct us to a report that has them?

Ms Healy: I direct you to the nfpSynergy report, Paul. I will forward it to you. It is from 2017. One of the difficulties is that the Charity Commission's information needs to be analysed. That has not been done. There are three or four years of accounts that would enable that to be done. You will see different figures quoted, but I direct you to that report.

Mr Frew: It would be helpful to get the state of play on charities that is as relevant and up to date as possible.

You raise a valid point about the exemption and allowing a charity to register or report voluntarily if it is below the threshold. I suspect that that is important, because any given funding body may well require the charity to prove that it is registered or is a real charity. It strikes me as sensible to have voluntary registration below a certain threshold or exemption level. Do you know whether you are a lone voice in that regard? Do people throughout the charitable world recognise that as being sensible?

Ms Healy: I do not know for sure. I know that, if you want to be exempt from rates or to claim back gift aid, for example, for all those reasons you need to be registered as a charity. For some smaller groups, you find that a lot of their income comes from events, collections and small fundraising

activities in local areas, and they would be able to claim back gift aid on those activities. That is one reason why a group may wish to register. It may be because they have plans to expand and want to apply for larger sums of money from trusts and foundations like ours or trusts and foundations outside Northern Ireland that look for charities to be registered. I cannot answer definitively your question about whether we are a lone voice, but those are the reasons; I can say that.

Mr Frew: It strikes me that we could be in an awful position if the facility to register was not there for charities below a certain threshold.

Ms Shackels: It is partly about what Síofra said about offering the benefits that come with being a charity. We so often hear about the downsides, which include the amount of administration and bureaucracy attached to it. However, as Síofra outlined, there are benefits. A voluntary scheme would allow organisations that feel confident about managing the administrative functions and requirements to access other benefits. We should be better promoting that generally, anyway.

Mr Frew: Thank you very much. Thank you, Chair.

The Chairperson (Ms P Bradley): Thanks, Paul, for that. No other members have indicated that they want to ask anything further.

I thank Síofra and Dawn for briefing us. We appreciate it. We have managed to tease out a few more questions that we need to ask the Department and a few more points that need to be made. Thank you for that.

Ms Healy: Thank you.