



VOICE & JUSTICE ALLIANCE NI | Written Submission

Effective Regulation Requires More Than Powers

Submission on the Charities (Amendment) Bill (NIA Bill 36/22-27)

Submitted to:

Committee for Communities, Northern Ireland Assembly

Submitted by:

Voice & Justice Alliance NI

Prepared by Tracey Tedford, Co-Director

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Executive Summary

The Voice and Justice Alliance (VJA) welcomes the Charities (Amendment) Bill and supports its broad direction. An effective, independent regulator is fundamental to public confidence in the charity sector, and several of the Bill's provisions — particularly the strengthened intervention powers in Clauses 3 to 6 — address real and serious gaps in the current framework.

Our central observation is this: the Bill expands the powers of the Charity Commission for Northern Ireland, but gives comparatively little attention to two things on which the value of those powers depends — the Commission's **capacity** to exercise them, and its **accountability** for how it does so. Powers that a regulator lacks the resources to use, or is not held to account for using well, risk becoming powers on paper.

The effectiveness of regulation should ultimately be judged not by the breadth of statutory powers alone, but by whether those powers are exercised fairly, proportionately and within reasonable timescales to protect beneficiaries, strengthen public confidence and maximise public benefit.

This is not an argument for lighter or faster regulation at the expense of safeguards. It is an argument that stronger powers must be matched by adequate resourcing and clear standards, so that the regulator can actually protect beneficiaries, charitable assets and public confidence — the very purposes the Bill sets out to serve.

This submission is informed by direct governance experience within the Northern Ireland charitable sector, including first-hand experience of what happens when regulation is slow, weak or under-resourced. On that basis, VJA asks the Committee to consider:

- whether the Commission is adequately resourced to deliver the new powers, given the modest figures in the Bill's own financial memorandum;

- how the regulator will be held accountable for the accessibility, timeliness and consistency of its decisions, including through published service standards and performance information;
- amendments to the enforcement clauses (Clauses 4 to 6) and, critically, recognition of those who raise concerns in good faith, for which the Bill currently makes no provision; and
- a risk-based rather than income-only approach to reduced oversight of small charities (Clause 8).

1. About this submission

Voice and Justice Alliance is an independent, non-profit organisation that works to improve public services and systems through lived-experience evidence, policy development and cross-system learning. Although our primary focus lies in justice and public services, effective charity regulation is central to confidence in organisations that frequently support vulnerable individuals and communities.

This submission draws on direct governance experience within the Northern Ireland charitable sector — including experience, as a former trustee of a small, newly registered charity, of how the current framework performs when governance breaks down. That experience is offered thematically, to illustrate why the issues below matter in practice, rather than in relation to any individual organisation.

2. VJA's general position

VJA supports robust, independent and proportionate charity regulation, which protects charitable assets, maintains public confidence, promotes good governance, supports legitimate charities and identifies misconduct where necessary.

We support the broad direction of the Bill. In particular, we welcome the strengthened intervention powers in Clauses 3 to 6, which begin to close gaps that currently allow individuals to evade accountability. We also support proportionate, tiered reporting for genuinely low-risk charities in principle.

Our concerns are twofold and run through the rest of this submission. First, the Bill expands powers without a corresponding commitment to the regulator's capacity and accountability. Second, in reducing oversight of small charities, the Bill treats low income as though it were the same as low risk.

3. Powers must be matched by capacity

The Bill hands the Commission a substantial set of new functions, each of which must be delivered by people, systems and processes. The official warnings regime (Clause 3) requires notice, the handling of representations, decisions on publication, and variation and withdrawal. The new power to direct that action not be taken (Clause 5) requires review at least every six months. The removal machinery (Clause 4) requires formal process. Template accounting and reporting for small charities (Clauses 7 and 10) requires new guidance and systems.

Yet the Bill's own Explanatory and Financial Memorandum anticipates only approximately £100,000 of capital and £240,000 to £250,000 of resource costs for the Commission across

2026 to 2028, and describes the net cost to the public sector as “minimal” (**Explanatory and Financial Memorandum, paragraph 14**).

This prompts a foundational question that sits at the heart of the Bill: if the Assembly expands a regulator’s statutory responsibilities, should it not also satisfy itself that the regulator has the operational capacity to discharge them effectively? A regulator cannot deliver expanded statutory duties without the financial backing to do so. If the resourcing is not adequate, the practical result is not stronger regulation but a wider gap between what the law permits and what the regulator can deliver — and it is beneficiaries, trustees and the public who absorb that gap.

We therefore ask the Committee to seek assurance on the Commission’s operational capacity, and to consider recommending a review of whether its resourcing matches the responsibilities the Bill confers. The consultation itself points the same way: the Department reports that respondents consistently emphasised that stronger regulatory powers must be matched by clear safeguards and operational deliverability, including timely regulatory decision-making (Consultation Report, paragraphs 1.6–1.7).

4. Powers must be matched by accountability

Regulatory authority and regulatory accountability should develop together. As the Assembly entrusts the Commission with greater powers, equal consideration should be given to how the regulator is held to account for exercising them.

Principle 1 – Operational Accountability. A regulator is rightly independent in the decisions it reaches. Independence does not, however, mean freedom from expectations about how it operates — about accessibility, communication, timeliness and consistency. These are operational standards, not interference in regulatory judgement.

The Bill provides considerable detail on statutory powers but little on operational performance. Public confidence depends not only on the existence of powers, but on confidence that they are used fairly and efficiently, whatever the outcome in a given case. VJA suggests the Committee consider whether the Bill, or accompanying commitments, should provide for:

- published service standards covering matters such as acknowledgement of correspondence, response and registration times, and complaint-handling times;
- regular progress updates to those involved during lengthy regulatory processes; and
- annual publication of performance information — for example average registration times, investigation durations, complaint-handling times, operational capacity and anonymised lessons learned.

Operational accountability also means being clear about the limits of jurisdiction. Where a concern falls outside the Commission’s statutory remit, those raising it should be told so clearly and, where appropriate, signposted to the body that is responsible — rather than told only that a matter is “not our remit” and left without direction, particularly where the concern raises issues that may fall within the remit of another regulator or statutory body. None of this restricts the Commission’s independence; it makes its performance visible and improvable.

5. The Regulatory Consequence Principle

Every regulatory decision, and every avoidable delay in making one, has consequences beyond the regulator itself. This works in two directions, and both matter.

Delay and inaction can harm legitimate charities trying to do good. Delays in registration, for example, may prevent an organisation from opening a bank account, accessing grant funding or commencing planned activities — postponing the delivery of public benefit.

Equally, weak or slow regulation allows harm to continue. Where governance has broken down, every month of delay is a month in which charitable assets remain exposed and vulnerable beneficiaries remain unprotected. In our experience, the cost of an under-resourced or slow regulator is not felt by the regulator; it is felt by the people the charity exists to serve.

Principle 2 – The Regulatory Consequence Principle. Every regulatory decision — and every avoidable failure to make a timely one — creates consequences beyond the regulator itself. Effective regulation should therefore seek not only to secure compliance, but to minimise avoidable harm arising from delay, poor communication or inaccessible process.

These are two sides of the same principle, and they point to the same conclusion: effective regulation requires not only robust powers but the capacity and standards to exercise them promptly and well.

6. Clause-by-clause observations

The following observations anchor VJA's position to specific provisions of the Bill.

Clause 2 — Disclosure of information. We support improved information-sharing between the Commission and other regulators. Concerns about a single charity frequently span more than one body, each holding part of the same picture. We welcome the post-consultation limiting of the power, and ask that disclosures be made on a clear necessity-and-proportionality basis, with the Commission recording significant disclosures and reporting on their use in aggregate to support scrutiny.

The need for these safeguards is not hypothetical. Section 24 already underpins a fraud-referral framework involving public-sector bodies, including the Commission, and the police; and it is the stated legal basis for a draft purpose-specific information-sharing agreement between the Commission and the police capable of covering personal, special-category and criminal-offence data. Arrangements of this kind are not routinely published and may come to light only through freedom-of-information requests. Clause 2 would widen this disclosure power further. We therefore ask that its exercise be accompanied by a commitment to transparency, so that the existence and scope of such arrangements are visible to the Assembly and the public.

Clause 3 — Official warnings. We support this graduated tool, which fills the gap between doing nothing and a full statutory inquiry. Two points of caution: in a small jurisdiction, publishing a warning that names a small charity or individual can be disproportionately damaging, while non-publication can let harm continue — so a genuine, workable representation period matters, and a withdrawal notice should be published with at least the same prominence as the original warning. The Committee may also wish to consider

whether the Commission should be required to weigh the proportionality of publication where a party is likely to be identifiable despite anonymisation — a particular risk in a small jurisdiction and in specialist sectors where the organisations are few. The regime will only be fair if the Commission is resourced to operate it promptly.

Clauses 4 to 6 — Removal, directions and disqualification. We strongly support these provisions. Clause 4 closes a serious loophole by which a person under scrutiny can resign to avoid removal and its disqualifying effects — a gap with real consequences in practice. Clause 6's extension of automatic disqualification to officers, agents and employees is equally important, because in small charities the person responsible for harm often holds no formal trustee title. Clause 5's power to direct that specified action not be taken is a valuable preventive brake, for instance where charitable funds might otherwise be committed to activity serving no charitable purpose.

The safeguards for those subject to these powers — notice, representations, six-monthly review and appeal rights — appear proportionate. There is, however, no equivalent recognition of those who raise concerns in good faith, which we address at section 7.

Clauses 7 and 8 — Accounts and audit. We support proportionate reporting for genuinely low-risk charities, but not the removal of independent examination for all charities with income under £20,000 on the basis of income alone. A very small charity can still hold and misuse charitable assets, carry out sensitive work with vulnerable people, and be controlled by one or two individuals with no external check. Independent examination is one of the few external scrutiny points that exists precisely where internal governance is weakest. We ask that reduced oversight be risk-based rather than purely financial — for example, retained where a charity undertakes regulated or safeguarding activity — and that the Commission retain an express power to require examination on a risk basis regardless of income. A risk-based approach should also recognise that the person effectively controlling a small charity may be known to other statutory bodies as presenting a risk, without that being visible to the Commission; where relevant safeguarding or public-protection concerns are held elsewhere, the framework should enable, rather than obstruct, appropriate checks over the life of a charity working with vulnerable people. This concern is not ours alone: respondents to the Department's own consultation warned that exempting the smallest charities could undermine public confidence and leave limited visibility over how donated funds are used, and the Department acknowledged those concerns before proceeding (Consultation Report, paragraph 4.8.6). Small does not mean low-risk.

7. Matters the Committee may wish to consider

Alongside its provisions, the Bill does not currently address several matters that fall within the Committee's scrutiny. Each is capable of being met by amendment or by commitments accompanying the Bill.

Recognition for those who raise concerns in good faith. The Bill provides extensive procedural protection for individuals who are the subject of regulatory action — notice, representations, review and appeal. That is appropriate. It contains no equivalent recognition of those who raise governance concerns in good faith. Trustees, volunteers, employees and beneficiaries who identify a problem should be able to know how a concern can be raised, what will happen once it is, what protection exists for raising it, and how any conflict of interest will be managed. A regulatory framework should provide confidence both to those

who are the subject of regulatory action and to those who raise governance concerns responsibly and in good faith. We ask the Committee to consider a clear route for raising concerns with the Commission, and protection from retaliation for those who use it.

The regulator's capacity. The Bill confers powers without a commitment to the resourcing needed to exercise them (section 3).

Standards and performance. The Bill does not provide for service standards or published performance information (section 4).

A risk-based trigger for oversight. The Bill reduces oversight of small charities by income alone, without a risk-based safety valve (Clauses 7 and 8).

8. Recommendations

VJA respectfully recommends that the Committee consider:

1. **Capacity (Clauses 3–7; EFM paragraph 14).** Seek assurance that the Commission is adequately resourced to exercise the new powers effectively and promptly, and recommend a review of its operational capacity and funding.
2. **Accountability (general).** Recommend that the Department and the Commission publish regulatory service standards and annual performance information, so that the exercise of expanded powers is transparent and improvable.
3. **Transparency of information-sharing (Clause 2).** Require agreements made under section 24 to be recorded in a register maintained by the Commission, reviewed periodically and reported on in aggregate, so that their existence and scope are visible to the Assembly and the public without reliance on freedom-of-information requests.
4. **Enforcement safeguards (Clauses 4–6).** Support the strengthened powers while ensuring safeguards and appeal rights are maintained.
5. **Good-faith reporting and protection from retaliation (Clauses 3–6).** Introduce a clear route for trustees, volunteers, employees and beneficiaries to raise concerns with the Commission, with protection from retaliation and clarity on how conflicts of interest are managed.
6. **Proportionate but risk-based oversight (Clause 8).** Replace the income-only exemption from independent examination with a risk-based test, and give the Commission an express power to require examination on a risk basis.
7. **Warning publication (Clause 3).** Specify a workable minimum representation period, require withdrawal notices to be published with at least the same prominence as the original warning, and require proportionality of publication to be weighed where a party may be identifiable despite anonymisation.
8. **Clarity of jurisdiction and signposting (general).** Where a concern falls outside the Commission's statutory remit, those who raise it should receive a clear explanation of that jurisdiction and, where appropriate, signposting to the alternative regulator or oversight body responsible.
9. **Post-legislative review (general).** Recommend that the Department review the operation and effectiveness of the amendments after three years, including whether

the expanded powers have improved governance, public confidence and regulatory effectiveness.

Conclusion

VJA supports the aims of the Charities (Amendment) Bill and the modernisation of charity regulation in Northern Ireland. Strong regulation protects the public not simply because a regulator holds statutory powers, but because those powers are exercised transparently, proportionately and effectively, and within reasonable time. Public confidence depends on the regulator having the capacity to use its powers, and being accountable for using them well. The Committee has an opportunity to strengthen not only the Commission's authority, but public confidence in the way that authority is exercised. We would welcome the opportunity to give oral evidence should the Committee find it helpful.

Appendix A — Summary of VJA recommendations

For ease of reference, the table below summarises each of VJA’s recommendations and the clause of the Bill to which it relates.

Recommendation	Bill clause
Capacity review	Clauses 3–7
Operational accountability and service standards	General
Transparency of information-sharing	Clause 2
Enforcement safeguards	Clauses 4–6
Good-faith reporting and protection from retaliation	Clauses 3–6
Risk-based oversight	Clause 8
Warning publication	Clause 3
Clarity of jurisdiction and signposting	General
Post-legislative review	General