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FILE TITLE:	SERIES
Policy.	VOLUNTEERING
	PART 2

PART BEGINS	PART ENDS	CAB ONE
25 June 02	27 August 03	

PREM 49/3379

Labour Administration

PART CLOSED 27/8/03

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PART

2

CLOSED

DATE CLOSED	27 August 2003

Series : **VOLUNTEERING**

File Title : **POLICY**

Part : **2**

Date	From	To	Subject	Class	Secret
25/06/2002	PPS	WAP	Princes Trust	R	
29/06/2002	pd(rl)	PD(AA)	Community Action Network	U	
03/07/2002	DCMS	DWP	Prince's Trust	U	
19/07/2002	PD(NA)	PM	Princes Trust	C	
22/07/2002	PD(SH)	DCMS	Co-ordination of summer activities	R	
22/07/2002	PD(NA)	DWP	Prince's Trust	U	
22/07/2002			Summer Splash Schemes	U	
29/07/2002	SS/WAP	PM	Prince's Trust	U	
23/10/2002	HS	PM	Community Interest Companies	U	
01/11/2002	PD(NA)	PM	Community Interest Companies	R	
04/11/2002	PD(NA)	HO	Community Interest Companies	R	
08/11/2002	PD(NA)	PM	Prince's Trust	C	
11/11/2002	PM	PoW	Princes Trust "volunteers" programme	C	
05/12/2002	PS/PoW	PPS	Princes Trust	U	
23/12/2002	HS	PM	Community and voluntary sector	C	
23/12/2002	PUS/HO	PPS	Central Govt funding of voluntary and community organisations 2001/	U	
09/01/2003		Ch.Staff	From RSPCA: Strategy Unit Review of Voluntary Sector	U	
13/01/2003	PUS/DoT	PUS/HO	Central Govt funding of voluntary and community organisations	C	
21/01/2003	PUS/MOD	PUS/HO	Central Govt funding of voluntary and community organisations	U	
30/01/2003	MS/DoH	SS/DoH	Section 64 general scheme of grants to voluntary organisations - bud	C	
12/02/2003	SS/SO	PUS/HO	Central Government Funding of voluntary and Community Organisati	U	
05/03/2003			Report on Community Action Network	C	
10/03/2003	ss/dti	DPM	Enterprise for Communities: The Community Interest Company	U	
20/03/2003	ss/dti	DPM	Partnership Accord between HM Government and Citizens Advice	U	
21/03/2003	ss/dfes	DPM	The community interest company	C	
26/03/2003	DPM	ss/dti	Enterprise for Communities - The Community Interest Company	U	
07/04/2003	ss/defra	DPM	Partnership accord between HMG and citizens advice	C	
07/04/2003	PUS/DoH	ss/dti	Partnership accord between HMG and citizens advice	C	
11/04/2003	LC	ss/dti	Partnership accord between HMG and citizens advice	U	
23/04/2003	pus/ODPM	DPM	Partnership accord between HMG and citizens advice	U	
21/05/2003	HO	PD(PD)	Worldwide Vounteering for Young People	U	
10/06/2003	DPM	ss/dti	Partnership Accord between HM Government and Citizens Advice	U	
23/06/2003		PD(SPM)	Briefing notes for a meetin between policy unit and WW volunteerin	C	
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30/06/2003	PUS/HO	HS	Strategy Unit Review of Law and Regulation of Charities and Non-For	U	
10/07/2003	MS/DTI	HS	Strategy Unit Review of law and regulation of charities and not for pro	U	
14/07/2003	MS/DoT	PUS/HO	Strategy Unit review of law and regulation of charities and not for profi	U	
15/07/2003	SS/DCMS	HO	Strategy Unit review of law and regulation of charities and not for profi	C	
29/07/2003	PPS	PS/PoW	Charity	U	
01/08/2003	HS	DPM	role of Voluntary and community sector in service delivery - a cross c	U	
08/08/2003	PUS/HO	HS	Public Charitable Collections - a consultation paper on proposals for	U	
20/08/2003	PUS/HO	PD(SPM)	Philanthropy	U	
22/08/2003	FCO	FA/APS	Libya: Letter to the Prime Minister from Qadhafi	R	
27/08/2003	odpm	HS	Public Charitable Collections	U	
27/08/2003	DEFRA	HS	Public Charitable Collections	U	

AMc
cc SM

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Email alun.michael@defra.gsi.gov.uk
Website www.defra.gov.uk

defra
Department for Environment
Food and Rural Affairs

Rt. Hon David Blunkett MP
Home Secretary
Home Office
50 Queen Anne's Gate
London
SW1H 9AT

27th August 2003

From the Minister for Rural Affairs and Local Environmental Quality
The Rt Hon Alun Michael MP

Dear David,

I am writing in response to the letter received 8 August from Fiona Mactaggart asking members of the DA(AC) Committee to comment on the consultation paper for a new local authority licensing scheme 'Private Charitable Collections'.

I welcome the proposed response to Strategy Unit review 'Private Action, Public Benefit' and its 61 recommendations, however I would like you to know that we have a couple of concerns about the wording of the document.

Throughout the document it refers to licenses being granted for collections by local authorities. This is fine for unitary authorities but the document does not make clear which local authority grants the licence when there are two tiers. As this is particularly relevant to rural areas, I think this needs to be more clearly defined.

My other concern is that the document, in one part, appears to propose that all collections need a licence. Page 17, para 3, says that 'one of the principles of the proposed new scheme is that all eligible licence applications would be granted, provided capacity exists'. Research shows that the rural voluntary and community organisations are typically very small and heavily dependent on volunteers to operate. The question is asked on page 12, end of para 4, 'Should small local collections be exempt?' To require (without charge) a licence for all collections regardless of size is, I would argue, out of step with proposals to reduce the regulatory burden on business and organisations.

I do hope you can clarify these two points before publication of the document.

Yours sincerely

Alun

[Copies to the Prime Minister, members of DA(AC), the Attorney General and Sir Andrew Turnbull]

file

The Rt Hon Nick Raynsford MP
Minister of State for Local and
Regional Government

OFFICE OF THE
DEPUTY PRIME MINISTER

26 Whitehall
London SW1A 2WH

Tel: 020 7944 3013
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Our Ref: PH/014814/03

Rt Hon David Blunkett MP
Home Secretary
Home Office
50 Queen Anne's Gate
LONDON
SW1H 9AT

Any
cc: Spen or
JSH

27 AUG 2003

Dear David

PUBLIC CHARITABLE COLLECTIONS

I have seen Fiona Mactaggart's letter of 8 August to you and members of DA(AC) seeking approval to publish the consultation paper "Public Charitable Collections".

I am pleased to offer my support to these proposals which I believe will bring greater clarity both for those seeking licences and for those licensing. It is important to take into account and handle correctly the impact of any legislative changes falling on local authorities and hence the local taxpayer. I am pleased therefore that Fiona intends to consult fully with local authorities about the cost of these changes. The Local Government Association will also be able to give valuable assistance in costing the proposals.

In her letter Fiona says that the there will be an initial impact on public expenditure in terms of set up costs, but in the long term the impact will be minimal. As you are aware under the Government's New Burdens principle the Home Office is responsible for fully funding set up and long term running costs of any new burdens they impose on local authorities. This could be done by the Home Office making a transfer to the Local Government Finance Settlement or by an SR2004 bid.

I am copying this letter to the Prime Minister, members of DA(AC) Committee, the Attorney General and Sir Andrew Turnbull.

Yours ever

Nick

NICK RAYNSFORD

R228 SOM WJJH

Home Office

Fiona Mactaggart MP
PARLIAMENTARY UNDER SECRETARY OF STATE
50 Queen Anne's Gate, London SW1H 9AT

Simon Morys
Policy Unit
10 Downing Street
London
SW1A 2AA

20 AUG 2003

Dear Simon

PHILANTHROPY

I am writing to ask if you would be willing to join me and a small group of those working in this area to discuss the scope for an initiative to encourage more charitable giving, particularly by people who are amongst the most wealthy.

Thanks to the Chancellor's 2000 budget we now have a tax regime which is extremely favourable to the charitable sector. A lot of effort has gone in to explaining the tax incentives that are now available. Charitable giving appears to be on the increase. Yet it is increasing very slowly, and, as a nation, we do not give as generously as for example does the United States. The rich give less generously than do those who are less well off.

The purpose of the meeting I have in mind would be to explore the reasons why rates of charitable giving in this country are so low, and to see what steps might be taken, by Government or by others, to improve the position. Depending on the outcome of the discussion, I would like to see the development of a strategy for philanthropy, to complement the legislative and other measures which the Government is proposing to take to strengthen the charitable sector in response to the Strategy Unit report on Private Action, Public Benefit.

The meeting will take place from 11 am to 1 pm on Wednesday 24 September in my office here at 50 Queen Anne's Gate. I very much hope you will be able to come. I am asking officials to prepare an annotated agenda which I will circulate beforehand. Do please contact my private secretary, Kishor Mistry on 7273 2500, if you have any comments or questions.

Yours ever

K Mistry

MP FIONA MACTAGGART

APPROVED BY THE MINISTER AND SIGNED IN HER ABSENCE

Volunteering Policy
MATRIX
CO
cc: JR
NA
EM.
SH.
CM.
WP.

Home Office

Fiona Mactaggart MP
PARLIAMENTARY UNDER SECRETARY OF STATE
50 Queen Anne's Gate, London SW1H 9AT

Rt Hon David Blunkett MP
Home Secretary
Home Office
50 Queen Anne's Gate
London
SW1H 9AT

0 8 AUG 2003

Dear David,

Public Charitable Collections – a consultation paper on proposals for a new local authority licensing scheme.

This letter seeks policy approval to publish the consultation paper "Public Charitable Collections". I would be grateful for replies by 27 August 2003.

The Strategy Unit review "Private Action, Public Benefit" made 61 recommendations for modernising the legal and regulatory framework for charities and the wider not-for-profit sector. The Government's response to the review "Charities and Not-for-Profits: A Modern Legal Framework" was published on 16 July.

One of the Review's recommendations was that a new, updated and unified local authority licensing scheme for public collections should be introduced. The aim of the new scheme, which would apply to both street and house to house collections, would be to create a fair and cost effective system of licensing, which facilitates responsible fundraising, but deters excessive or bogus collections and prevents nuisance to the public.

The respondents to the Strategy Unit review who commented on this recommendation overwhelmingly agreed that there should be a unified statutory licensing scheme, administered by local authorities, for all public collections. They believed that the current arrangements (one scheme for street collections, another for house to house collections) were inadequate and outdated. However, the last attempt to introduce a similar scheme, through Part III of the Charities Act 1992, was unsuccessful. Part III was enacted but never bought into force. That was because the licensing scheme in Part III was believed by charities to have flaws in the detail of its procedures, which would have made the scheme unworkable.

In order to ensure that the new scheme is practicable, the Government intends to undertake further detailed consultation with charities, local authorities and others interested in the regulation of public collections. This letter seeks approval to publish the consultation document attached at Annex A. The consultation document sets out the objectives of the proposed new scheme and makes proposals and seeks views on them.

Impact on public expenditure

There will be an initial impact on public expenditure in terms of setting up and establishing the unified licensing scheme. Once the scheme has been established the impact would be minimal as most local authorities already operate a licensing scheme for street collections and all are required to operate a scheme for house to house collections.

We have found it difficult to estimate with any accuracy the likely costs of the proposed scheme both for local authorities and charities. The consultation document asks both sets of bodies for their assessment of the costs of implementing the proposals.

Impact on small businesses

A number of small businesses have expressed concern about excessive street collecting. They complain about collectors who position themselves outside retail outlets and have a negative impact on their trade. The new licensing scheme for public collections, which would also apply to face to face fundraising, would deter excessive collections and prevent nuisance to the public and small businesses.

Impact on voluntary organisations

Charities and other voluntary organisations will benefit from a unified licensing scheme, which will focus on basic minimum requirements and will be geared towards legitimate collecting activity. The unified scheme will provide for a clear and consistent approach to the regulation of fundraising. The "lead authority" proposal should ease the overall burden on charities. There will be a right of appeal in the case of both house to house and street collections. There is no right of appeal against the refusal of a street collection licence at present. The current avenue of appeal against the refusal of a house to house collection licence is to the Home Secretary. The proposal is that the appeal should be to the Magistrates Court.

Regulatory Impact Assessment

A partial Regulatory Impact Assessment is attached at Annex B. This has been cleared by the Regulatory Impact Assessment Unit.

Legislation

The establishment of the unified licensing scheme would be included in a Charities Bill.

Devolved administrations

The licensing scheme would apply in England and Wales only. Charity law is a devolved matter in Scotland and Northern Ireland.

Equal treatment

Consideration has been given to the interests of women, elderly people, disabled people and Black Minority and Ethnic groups. The unified licensing scheme would not have an adverse impact on those groups. Charities and other voluntary organisations working in the interests of these groups will benefit from a licensing scheme which will focus on basic minimum requirements and will be geared towards legitimate collecting activity.

Local Government

The introduction of a new, updated and unified local authority licensing scheme for public collections would be administered by the local authorities. Currently local authorities have a duty to licence house to house collections and the power (but not the duty) to create licensing schemes for street collections. They can refuse a licence even to a charity which is registered and fully regulated. At present local authorities sometimes experience difficulty in deciding how to exercise their powers and duties in respect of the regulation of fundraising. The new clearer structure and the additional central Home Office guidance, which will be published, should make their task easier.

Conclusion

I am copying this letter to the Prime Minister, members of the DA(AC) Committee, the Secretary of the Cabinet and the Attorney General (for his interest as protector of charities on behalf of the Crown).

Yours ever

Fiona.

FIONA MACTAGGART

Annex A

Home Office

BUILDING A SAFE, JUST AND TOLERANT SOCIETY

Public Charitable Collections – a consultation paper on proposals for a new local authority licensing scheme

Deadline for responses: November 2003

August 2003

Public Charitable Collections – a consultation paper on proposals for a new local authority licensing scheme

Contents

Executive summary

Introduction

Section 1 The structure of the scheme

Section 2 Local authority operation of the scheme

Section 3 The requirements placed on the organisers of collections

Questionnaire for respondents

Executive summary

Purpose of the consultation

This consultation paper contains proposals for a new local authority licensing scheme for public charitable collections conducted both house to house and in the street.[1] It follows up on a recommendation in the Strategy Unit paper 'Private Action, Public Benefit'.[2]

Background

There is at present legislation in respect of house to house and street collections. The legislation is inconsistent, fragmented, outdated and complex. It is difficult both for collection organisers to understand and for local authorities to implement effectively. Proposals for the new scheme aim to overcome difficulties which are known to exist within the current system.

Objective of the proposed new licensing scheme

The overall objective of the proposed new scheme is to create a fair and cost effective system of licensing which facilitates responsible fundraising but deters bogus collections and prevents nuisance to the public.

The principal elements of the proposed scheme

In the new scheme local authorities will be required to license all public charitable collections apart from the very small and local, which will be exempt. The licensing requirement will extend to direct debit solicitation, sometimes called face to face fundraising.

Currently, the law is not clear as to whether face to face fundraising conducted on the street requires a licence. That means that in general it is unlicensed and there is concern that activity in some local authority areas may be excessive and give rise to public nuisance.

<u>The definition of public place</u>

Generally, local authorities do not license charitable collections on private property such as supermarket forecourts. That provides a potential loop hole for those who wish to avoid the checks and controls of the licensing system.

This consultation paper proposes that collections should in future be licensed if they take place on the public highway or on land commonly used by the public as a highway (e.g. supermarket forecourts and station concourses). That is on the basis that the owners of such property are not capable of easily controlling the activity.

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[1]Charitable is used as a short hand for charitable, philanthropic and benevolent – see discussion of the definition of this term in section 2.1

[2]See the main report at:
http://www.cabinet-office.gov.uk/innovation/2002/charity/report/download/strat-data.pdf
And, the background paper on the regulation of fundraising at:
http://www.cabine-ofice.gov.uk/innovation/2002/charity/background/RegulationofFundraising.pdf

Replacing national exemption orders with a 'lead authority' system

Currently, national organisations can apply for exemption orders which remove the need for them to apply for a local licence when undertaking house to house collections. However, these are available only to national organisations with a record of large scale house to house fundraising. The perception is that exemption orders give such organisations an unfair advantage.

The proposal is that national exemption orders should be replaced by a new 'lead' local authority system. That would reduce the overall administrative burden for those wishing to collect both house to house and in the street in more than one local authority area.

Appeals against the refusal of licences

There is at present a right of appeal against the refusal or revocation of a licence to hold a house to house collection but not of a street collection. The current avenue of appeal against a decision to refuse an application for a house to house collection licence is to the Home Secretary. The consultation document proposes a right of appeal in respect of both types of collection and that the appeals should be heard in the Magistrates' Court.

Responsibility for licensing in London

Currently, in London the Metropolitan Police and the City of London Police are responsible for the licensing of both street collections and house to house collections. The consultation paper asks whether responsibility for licensing in London should be transferred from the police to local authorities.

Local authority operation of the scheme

There is a need for clear central guidance for local authorities on the operation of the new scheme in order to secure consistency in implementation. It is proposed that this guidance would expand on the features described below.

The scope of charitable, philanthropic and benevolent purposes/causes

It is proposed that the new scheme would cover collections for charitable, philanthropic and benevolent purposes. Local authorities often have difficulty determining whether particular non charitable causes qualify as philanthropic and benevolent. The proposed central guidance would address that question.

Capacity

Local areas because of their differing circumstances can sustain different levels of collecting activity. The level at which collections will generate a viable return will be referred to as the capacity of an area throughout this paper.

A principle of the proposed scheme is that licences should not be denied on the basis of arbitrary criteria. Local authorities should provide maximum opportunity for eligible and well conducted collections consistent with local capacity.

Local authorities would need to review their policies on the granting of licences in the light of that new requirement. The proposed guidance would help to steer those reviews.

Providing fair access

The proposal is that a duty would be placed on local authorities to provide fair access to collecting opportunities to all eligible organisations, that is, they should not favour local over national causes or particular collecting methods. The guidance would set out the factors which would have to be taken into account when allocation decisions were made.

Accounting for collections and returns

Many public collections are organised by registered charities. Those organisations already report and account to the Charity Commission. The consultation paper therefore asks whether charities should be required to submit returns to local authorities on their public collecting activity.

The proposed guidance would set out the form of returns required from non charitable organisations and how they might be validated.

The proposed guidance would also consider:

- how local authorities might ensure that collections do not constitute a public nuisance;
- what checks local authorities should make on the eligibility of applicants;
- what arrangements should be put in place to provide effective liaison between local authorities and other bodies including the police and the Charity Commission to ensure that appropriate checks were made on applicants and that enforcement was effective.

The requirements placed on the organisers of collections

The consultation paper also considers:

- the information collection organisers would be required to submit when they make an application for eligibility to collect;
- the basic safeguards needed to secure collection proceeds;
- how collection organisers might ensure that collectors are fit and proper;
- record keeping and local authority monitoring.

Partial Regulatory Impact Assessment

Published with this paper is a Partial Regulatory Impact Assessment (PRIA). It is important that respondents consider the matters raised by the PRIA. Separate questions are raised in this document which we would appreciate you taking the time to consider.

Responding to the consultation and the PRIA

Please respond using the following postal address, email address or telephone number:

Mr Henry Wood
Charities Unit
Home Office
3rd Floor
Allington Towers
19 Allington Street
London SW1E 5EB

E-Mail: Henry.Wood2@homeoffice.gsi.gov.uk

Tel: 020 7035 5352

The deadline for responses is **November 2003**.

Introduction

The purpose of this consultation paper

This consultation paper contains proposals for a new integrated licensing scheme for public charitable collections conducted both house to house and in the street. The scheme would operate in England and Wales and would be introduced through legislation.

The Strategy Unit report 'Private Action, Public Benefit', published in September 2002, suggested a framework for such a licensing scheme. This paper both:

- addresses issues raised by respondents to the consultation on the Strategy Unit report; and

- takes the Strategy Unit proposals on licensing further, filling in some of the missing detail.

It is designed to be a focus for further discussion with interested parties.

The Strategy Unit report considered other issues relevant to the regulation of fundraising. For example, it proposed the setting up of a new voluntary scheme to promote good practice in fundraising. This paper does not address that proposal which is being considered separately.

Objectives of the new licensing scheme

Many different groups have an interest in the licensing of public collections including donors and the general public, fundraising charities and voluntary organisations, local authorities, the police, the Charity Commission and the Home Office. Each has a different perspective on, and therefore a different attitude to, the licensing of collections.

However, one objective is shared: to create a fair and cost-effective system of licensing which strikes an appropriate balance between facilitating responsible fundraising and charitable work while deterring bogus collections and avoiding public nuisance.

Charities and voluntary organisations understandably want increased access to fundraising opportunities. But controls are needed to ensure that the volume of requests does not irritate potential donors and depress collecting revenues and to reassure the public that funds reach the charitable causes for which they are donated.

Existing legislation

The existing legislation and main regulations dealing with public collections are:

Street collections - the Police, Factories Etc (Miscellaneous Provisions) Act 1916: a model of local regulations is contained in the Charitable Collections (Transitional Protection Provisions) Order 1974, though local authorities are not obliged to introduce such a system of licensing in their area; and

House to house collections – the House to House Collections Act 1939 and the House to House Collections Regulations 1947 established a central licensing regime for such collections.

The Local Government Act 1972 transferred responsibility for both forms of licensing to local authorities from the police, except in London where responsibility remains with the Metropolitan Police and the City of London Police.

The issue of reform of the licensing of public charitable collections was previously considered in the early 1990s. The 1992 Charities Act dealt with the control of fund raising, professional fundraisers and commercial participators. Part III of the Act set out a new regime for the licensing of collections covering both house to house and street collections. Part III has never been brought into force because concerns were raised about whether it would work in practice.

The structure of this paper

The next section, section 1, discusses a possible structure for a new scheme.

Section 2 considers how local authorities might administer it. It is proposed that the Home Office should issue guidance to local authorities, developed in consultation with key stakeholders, on the operation of the scheme. Clear central guidance would be required to secure appropriate consistency in implementation.

Section 3 discusses the requirements which might be placed on those organising collections.

A questionnaire for respondents, at the end of the document, brings together the main questions raised in the consultation paper. It is designed with the aim of making it easier for you to respond.

Responding to the consultation and the PRIA

Your comments on this consultation paper and the PRIA are very important. They will help to ensure that a workable scheme is developed.

Please respond using the following postal address, email address or telephone number:

Mr Henry Wood
Charities Unit
Home Office
Allington Towers
19 Allington Street
London SW1E 5EB

E-Mail Henry.Wood2@homeoffice.gsi.gov.uk

Tel: 020 7035 5352

The deadline for responses is November 2003.

Section 1 The structure of the scheme

This section examines the principal elements of the structure of the proposed scheme.

1. The status of the licensing regime

Separate legislation currently governs house to house and street collections (see introduction). This legislation is inconsistent. One major difference is that while local authorities are required to license house to house collections, they are not required to license street collections. Although it is estimated that approximately 80% of local authorities do license street collections, that difference is one of several which make the system complex and difficult for collection organisers or potential organisers to understand.

Other important inconsistencies between the house to house and street collections legislation include:

- differences in interpretation about the need for licensing of the solicitation of direct debit commitments (explained further in 2. below);
- national exemption orders which remove the need for local assessments of eligibility to collect are available only for house to house collections (explained further in 5. below);
- there is a formal right of appeal only against local authority decisions to refuse or revoke a house to house collections licence;
- each street collection must be individually licensed and a return made in respect of the collection which creates a heavy administrative burden for organisations which collect frequently.

The Strategy Unit recommended a new integrated licensing scheme for public collections for charitable purposes to address the main problems which arise with the current system. Under the proposed new scheme no public charitable collection (apart from the small and local which might be exempt – see 4. below) could lawfully be conducted without a licence from a local authority.

Is the proposal for a new integrated licensing scheme in principle a good one?

2. The activities covered by the proposed new scheme

The house to house legislation defines a collection as an appeal to give whether for consideration or not, money or other property[1]. The street collection legislation applies to collections of money or the sale of articles for the benefit of charitable or other purposes not in the ordinary course of trade[2]. So while it is generally agreed that the collection of direct debit commitments carried out on a house to house basis requires a licence, there is some doubt as to whether the same activity does when it is conducted on the street.

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[1] House to House Collections Act 1939, Section 11.
[2] Police, Factories etc (Misc Prov) Act 1916 Section 5.

The Strategy Unit report proposed a single licensing scheme covering public collections where a representation is made that some or all of the proceeds will go to a charitable cause. The scheme would apply whether the proceeds consisted of:-

- cash;
- goods; and/or
- direct debit commitments.

The Strategy Unit intended that the licensing scheme should also apply where goods are being sold and the same representation is made.

This proposal aims to secure, in the interests of fairness, greater consistency in the treatment of different collecting methods. It also aims to avoid excessive collecting which could cause annoyance to members of the public.

Fundraising methods change and develop over time. For example, direct debit solicitation (or face-to-face fundraising) was not envisaged when the current legislation governing house to house and street collections was drafted. It will therefore be important to frame the legislation in such a way that new forms of pledge are covered.

Should a licence be needed to carry out face-to-face fundraising? What would be the main consequences of such a change for local authorities and fundraising organisations?

3. The definition of public place

The existing legislation covers collections in public places but public place is not defined in the legislation. Case law defines a public place as any place to which any section of the public has access, on payment or otherwise, as of right or by virtue of express or implied permission[3]. That definition would include not only shopping centres and railway stations but also ticketed events such as concerts or garden parties. It is understood that generally, local authorities have not required collections on such premises or in such circumstances to be licensed.

Part III of the 1992 Act would have covered collections in stations, airports, shopping precincts or any other similar property[4]. The Strategy Unit report proposed that the licensing scheme should not apply to collections on such premises but that proposal has proved controversial.

The new proposal therefore is that public place should be defined as a place to which the public has unrestricted access, which means for example, that they are not required to have a ticket for entry. In order to avoid public nuisance and guard against bogus fundraising, collections for charitable purposes should be licensed if they are:

- on the public highway or on land commonly used by the public as a highway;

---

[3] Cf DPP v Vivier (1991)

[4] Section 65(2)(b) and section 65 (9) (b).

- conducted by visits house to house (including pub to pub, office to office or shop to shop).

That suggests a broad definition of public place encompassing privately owned sections of the highway, the common parts of shopping centres, supermarket forecourts and railway station concourses, that is, private property where it is not clear that the owner would know about collecting activity/be capable of easily controlling it.

Licensing would not extend to collections:

- in shops;
- on the premises of charitable organisations (including churches and schools);
- during events primarily aimed at raising money for charitable purposes.

Those collections should be easily capable of control by those in charge of the property or event. And, licensing them would be burdensome for local authorities.

Collections on private property to which the public has unrestricted access would, as now, require the permission of the owner.

Should the definition of public place include private property to which the public has unrestricted access? If that definition is accepted should exceptions be made and if so are the ones proposed the right ones?

4. Should very small local collections be exempt?

The legislation covering house to house collections allows the police to approve a temporary local collection outside the normal licensing controls[5]. In practice that is most commonly used to provide an exemption for collections by carol singers at Christmas. Frequently, the organisers of such collections already approach their local authority in the first instance and are referred by them to the police.

The Strategy Unit proposed that, under the new scheme, the local authority would give permission for very small local collections outside the normal licensing controls. The fear is that a licensing requirement would dissuade people from engaging in small scale or ad hoc fundraising activity. Such activity is low risk because it is generally conducted amongst people who know both each other and the cause for which they are collecting.

A small, local collection might be defined as a one off collection of goods or money over a small geographical area (for example, house to house in one local authority ward) or a small ad hoc collection on one set of premises. The intention is to exclude the very smallest collections including:

- the collection of goods for church bazaars;
- carol singing;
- a single small ad hoc collection for example, in one pub.

[5] House to House Collections Act 1939, section 1 (4).

The proposal is that the organisers of such collections would be required to contact the local authority but would not be subject to the usual requirements of the licensing scheme. The local authority could advise on appropriate controls given the nature and scale of the collection.

Should small local collections be exempt? How should they best be defined?

5. Replacing national exemption orders with a 'lead authority' model

Currently, national exemption orders which remove the need for local assessments of eligibility to collect are available for house to house collections:

> "Where the Secretary of State is satisfied that the person pursues a charitable purpose throughout the whole of England or Wales or a substantial part thereof and is desirous of promoting collections for that purpose"[6].

43 fundraising organisations currently hold national exemption orders. These are generally available to organisations which have obtained house to house collection licences in at least 70-100 local authority licensing areas for the two preceding years.

The Strategy Unit report proposed the abolition of national exemption orders. They are perceived as giving national organisations an unfair advantage over smaller, local ones. The report argued that given the existing requirement for liaison with individual local authorities about collection dates and locations, abolition should not impose an undue burden on collection organisers or local authorities[7].

The proposal to abolish national exemption orders does not command universal acceptance. Some charities and voluntary organisations who currently have orders have argued that abolition will increase their administration costs. Any change to the system would have to aim to minimise the overall administrative burden for collection organisers and local authorities.

The proposal is to replace national exemption orders with a new 'lead authority' system. The collection organiser would nominate a lead local authority from amongst those in whose areas he/she wishes to collect. This lead local authority would make the necessary checks and determine whether the proposed activity requires/is eligible for a licence (see also 4. in the next section). If the proposed collection was eligible, the only basis on which any local authority would be able to refuse a licence would be that their area did not have the capacity to accommodate the proposed collecting activity (see also 2. in the next section).

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[6] House to House Collections Act 1939, section 3 (1).

[7] The guidance for applicants for national exemption orders says that organisations with orders should liaise with local authorities about collecting dates and sites. It explains that organisations that persistently breach the guidance may not be allowed to collect under the order. The Institute of Fundraising code on house to house collecting, which is binding to their members, also specifies that organisers with exemption orders must tell local authorities when and where they plan to collect.

This "lead authority" proposal has major advantages over the current system of national exemption orders. The option of nominating a lead authority would be available to all organisations/individuals who wished to collect in more than one local authority area rather than being limited to national organisations with a record in large scale house to house fundraising.

Is the proposal for lead authorities welcome? What are the advantages and disadvantages of the proposal?

6. Licence applications and accommodating the collection of goods

In essence the proposal set out above is that lead authorities would provide collection organisers with a certificate of eligibility for the collecting activity proposed in the application But, organisers would still need to confirm with each individual local authority that their area had the capacity to accommodate the activity. A licence to collect, lasting between a year and eighteen months, would be issued when a local authority gave the organisation permission to collect on particular days and in particular locations in their area. The collection of goods might however, be treated differently.

Those organising street collections of cash generally plan them well in advance and should therefore be able to specify in licence requests the locations and times at which the activity would take place. However, collections of goods for charity shops are often undertaken at short notice when stocks have run down. The proposal is that licences for collections of goods might be granted without the need for the organiser to specify collecting dates and locations. That proposal is made on the basis that such collections (in contrast with collections for cash and direct debit commitments either house to house or in the street) do not appear to raise capacity issues. That is to say, we have seen no evidence that the public feel pestered by multiple requests to donate goods.

Nonetheless those collections require regulation. There is evidence of abuse by commercial participators who represent that they are raising money for charitable causes by collecting goods and do not declare that only a tiny proportion of the proceeds are donated to such causes (see 7. of section 2 of this paper). Local authorities do need to be able to monitor the activity. Organisations requesting licences to collect goods might, therefore, be required to provide information about the scale of their proposed collecting activity including approximate locations and likely frequency. And, they might be required to inform the local authority periodically if they were to deviate markedly from these plans.

Is the proposal to differentiate between administrative arrangements for the collection of goods a sensible one? Is it true that the collection of goods does not raise capacity issues (even when taken alongside door to door collections of cash and direct debit commitment)?

Appeals against the refusal of licences

Under current legislation there is a right of appeal against the decision of a local authority to refuse an organisation a licence to hold a house to house collection. There is no equivalent right of appeal in the case of street collections. That is one of the major inconsistencies in the current legislation. The consultation document addresses that inconsistency and proposes a right of appeal in respect of both types of collection.

The current avenue of appeal in the case of house to house collections is to the Home Secretary. The consultation document proposes that the right of appeal in the case of

both house to house and street collections should be transferred to the Magistrates' Court. That would align the appeal process with what happens in respect of other licence applications.

Is there any reason why the appeal process should not be the same for both types of collection?

Are there any arguments for not making the Magistrates' Court the avenue of appeal?

7. Responsibility for licensing public charitable collections in London

Currently in London the Metropolitan Police and the City of London Police are responsible for both the licensing of house to house and street collections. The Strategy Unit paper did not specifically consider transferring responsibility from the police to local authorities in London but that would be an option.

Part III of the 1992 Act proposed such a transfer of responsibility. However, that was controversial because of the large number of organisations who organise street collections across a number of London boroughs. The lead authority proposal however, should overcome the major difficulties associated with such a change (see 5. above).

Should responsibility for licensing public collections in London be transferred from the police to local authorities?

8. Penalties for non-compliance

It is proposed that the new scheme would provide sanctions for non-compliance. The sanctions build on those currently provided by the House to House Collections Act 1939 and Part III of the Charities Act 1992 [8], with the exception of number 6 below which would be a new offence.

Any person found guilty of an offence would be liable on summary conviction to a fine. The offences and related maximum penalties would be:

1. **Organising a collection without a licence / permission from the local authority (Section 1 (2) of the 1939 Act and Section 66 of the 1992 Act).**
   A fine not exceeding level 5 on the standard scale (max £5,000).

2. **Collecting without a licence / permission from the local authority (Section 1(3) of the 1939).**
   A fine not exceeding level 3 on the standard scale (max £1,000).

3. **Unauthorised use of documents / badges ((Section 5 of the 1939 Act and Section 74(1) of the 1992 Act).**
   A fine not exceeding level 5 on the standard scale (max £5,000).

4. **Giving false information for the purposes of the Act (Section 8(6) of the 1939 Act and Section 74(3) of the 1992 Act).**
   A fine not exceeding level 5 on the standard scale (max £5,000).

[8] Part III of the Charities Act 1992 has not been bought into force.

5. **Breaching the requirements on: use of badges in the prescribed form; presentation of badges, certificates on request; not allowing people under a certain age to collect (Section 73(2) & (3) of the 1992 Act).**

A fine not exceeding level 2 on the standard scale (max £500).

6. **Breaching the requirements on the record keeping of specified records / the submitting of returns (this would be a new offence).**
A fine not exceeding level 3 on the standard scale (max £1,000).

In general, it is proposed that the maximum fine levels would increase from the levels provided by the Charities Act 1992. The maximum fine levels should act as a deterrent to non-compliance, but it would be for the courts to pass sentence according to the circumstances of the case, including any aggravating or mitigating factors.

It is not proposed that there would be a specific offence concerning the falsification of documents / and or badges. An offence of that nature would be covered by the law on forgery provided by the Forgery and Counterfeiting Act 1981.

Do you consider that any offences should be added to or removed from the list above? Please give your reasons.

9. Current costs of administering the system

There is little up to date information available centrally on the costs to charities or to local authorities, and in London the Police, of administering the present systems. It would be helpful to have more information on both the present and proposed systems.

What information do charities and local authorities have which they could without disproportionate effort make available to us?

What are the cost of administering the present system?

What additional costs/ saving are envisaged under the proposed system?

Estimates of the financial costs/ savings would be welcomed.

10. Charging for issuing licences

It is the case in some other areas of licensing by local authorities that a charge is levied. Currently local authorities do not have a power to charge organisations for issuing licences in respect of charitable collections. Representations have been received occasionally in the past that authorities should have such a power. More recent discussions have indicated that, to be worthwhile, charges would have to be set at a level which would be unacceptable to charities and so the matter has not been pursued. This document does not propose charging for licences.

Does it remain the general view that no charges should be levied?

Section 2 Local authority operation of the new scheme

The proposal is that the Home Office should issue clear guidance on how local authorities should operate the scheme. The guidance, which would be informed by the responses to this consultation, would seek to:

- address issues/questions which local authorities find difficult;
- encourage efficient operation of the scheme;
- secure greater consistency in practice.

This section of the paper considers issues which the proposed guidance should cover:

1. The scope of 'charitable, philanthropic and benevolent' purposes / causes

The current legislation covers collections for charitable, philanthropic and benevolent purposes. It is proposed that the new scheme would use the same definition of eligible purposes. However, some local authorities report that they have difficulty determining whether licences are required for particular collections because they are unclear about the scope of the definition.

Collections made for organisations which are registered with the Charity Commission, or recognised as charitable by the Inland Revenue, are clearly within scope. However, collections for non charitable purposes are more difficult. For example, is a collection to enable a child to access innovative medical treatment overseas philanthropic or benevolent? There is also some doubt about whether sponsorship requests conducted house to house, for charitable causes or organisations, fall within scope. Those include requests for sponsorship for challenge events where the money contributes not only to the charity but also to an adventure holiday for the collector. Similarly, is a collection towards the costs of a school trip charitable, philanthropic or benevolent? Those questions, and others like them, would be considered in the proposed guidance for local authorities.

How should philanthropic and benevolent best be defined? Are collections which benefit an individual or in which there is a significant element of private benefit (for example, sponsorship for challenge events) either philanthropic or benevolent?

2. Capacity

Because circumstances in local authority areas vary greatly, different areas are capable of sustaining different levels of collecting activity. If too much activity is allowed, collections would not generate a viable return.

Different local authorities take a very different approach to allowing collections, for example in relation to the number of days per week on which street collections are allowed (ranging from one to six or seven). In part this could be explained by differences in capacity locally. However, in some areas arrangements may have been settled by historic precedent without scrutiny or review. They may concentrate on one objective (eg avoiding nuisance) without giving equal weight to other objectives (eg maximising charitable income, consistent with acceptable conduct).

A fundamental principle of the proposed scheme is that licence requests would not be denied on the basis of arbitrary criteria. For example, local authorities should not limit collecting activity to one day or location, simply on the grounds that that is administratively convenient, if it is the case that the area has a greater capacity.

Local authorities would therefore need to review their policies on the granting of licences to ensure that they provided maximum opportunity for eligible and well conducted collections, consistent with local capacity. Clear central guidance would need to be developed to steer those reviews.

How might local authorities best determine local capacity to collect? What criteria/evidence should they consider in assessing capacity? (see also 6. in the previous section which suggests that the collection of goods house to house does not raise capacity issues)?

3. Providing fair access to both national and local collections and to the broad range of charitable causes

One of the principles of the proposed new scheme is that all eligible licence applications would be granted, provided capacity exists. The proposal therefore is that a duty should be placed on local authorities to provide fair access to collecting opportunities to all eligible organisers, that being so, they should not favour:

- particular charitable, philanthropic or benevolent causes;
- particular public collecting methods; or
- local causes over national causes.

Again, the proposed guidance for local authorities would consider this issue in greater detail. It might helpfully propose factors that should be taken into account when making allocation decisions. It might for example, suggest that one such factor should be the likely yield from particular collecting slots. Some, because of their location and timing would be likely to generate a high yield, for example weekend slots on the busiest shopping streets.

What factors should the proposed guidance say that local authorities should take into account when allocating collection slots?

4. Checks on the eligibility of applicants

The proposed guidance would set out the aspects that local authorities would consider when assessing eligibility for a licence. Those would be:-

a) eligibility of the organisation or cause collected for;

b) eligibility of the organiser of the collection;

c) nature of the collection proposed.

The lead authority proposal (discussed in the previous section in 5.) would enable one local authority, where a collection is to take place over a number of local authority areas, to make the checks relevant to a), b) and c) above.

It is proposed that the local authority would check that:

- the collection is genuinely for charitable, philanthropic or benevolent purposes (see 1. above);

- (if the collection is being made on behalf of a particular named charity or voluntary organisation) the organiser has a letter authorising the activity;

- the organiser is not an individual who has an unspent conviction for an offence involving deception or dishonesty;

- the organiser is not an individual who has an unspent conviction for a breach of the public collections legislation, or other relevant legislation, particularly that covering professional fundraisers and commercial participators.

- an organiser is not collecting for a charity, and does not have a formal relationship with a charity (i.e. he/she is a member of staff/board member, regular volunteer), in respect of which a Charity Commission order prohibiting fundraising generally or just by means of public collections is still in force;

- the organiser gives an assurance that he or she has proper systems in place to check that collectors are fit and proper (see 3. in the next section);

- the organiser gives an assurance that he or she understands and agrees to abide by the basic requirements designed to guarantee the security of the collection (eg the use of sealed collecting boxes for cash collections, the use of badges in a specified format – see 2. in next section);

- the organiser undertakes to keep and to provide local authorities, on request, with specified records of collecting activity (see 4. in the next section);

- the organiser gives an undertaking that the collection would not cause public annoyance taken by itself or in combination with others because, for example, it would cause an obstruction or involve noise pollution (see 6. below).

Are the checks on eligibility which are proposed the right checks? Are there other checks which should be included?

5. Liaison with other bodies including the police and the Charity Commission

The Strategy Unit report recommended that liaison arrangements between local authorities, the police and the Charity Commission should be improved in order to secure effective implementation and enforcement of the proposed new scheme.

Local authorities would need to work closely with the police and the Charity Commission on licensing. Effective liaison arrangements would be necessary to:

- secure the relevant checks on eligibility (see above);

- ensure a swift, effective response to unlicensed collections, licensed collections which do not comply with the legislation and/or the reported abuse of collected funds.

Liaison of that nature is important to ensure that the system is not abused and to guard against bogus collections.

In many local areas effective liaison arrangements have been put in place between local authorities, the Charity Commission and the police. Such liaison arrangements should be developed in every local authority area. The proposed guidance for local authorities would make recommendations as how they might best operate.

How might liaison arrangements between local authorities, the police and the Charity Commission be improved?

6. Public nuisance

Local authorities are responsible for regulating the use of space in town centres. It is therefore legitimate for them to determine how many collectors the local area can reasonably accommodate and for what periods (and to allocate licences accordingly). The presence of too many collectors on the street can itself constitute a nuisance.

Local authorities should also seek to ensure that collectors are not proposing to cause/do not cause a nuisance by, for example:

- harassing members of the public who have declined a request to give or to engage in conversation with the collector;

- setting up tables which obstruct the pavement;

- using PA systems.

(See 4. above). Such controls are likely to be in the best interests of fundraising taken as a whole.

Again, the proposed guidance for local authorities on the operation of the scheme should clearly define what type of behaviour would constitute a public nuisance. The definition used should reflect public concerns.

Are the factors suggested above the right ones for local authorities to take into account when assessing whether a collection is likely to be/will be a public nuisance? What other factors should be taken into account?

7. Accounting for collections

Local authorities are currently able to deny a licence for house to house collections if they consider that the costs associated with a particular collection are too high[9]. Payments cannot be made to collectors under the street collections regulations and payments to organisers, or any other person, for services connected with the collection have to be approved by the licensing authority[10].

The Strategy Unit concluded that local authorities should not be concerned with costs except in extreme cases. That is, excessive costs might be taken as evidence of an intention to defraud the organisation or cause on whose behalf the collection was organised and/or to mislead the public about the nature of the activity.

It is not universally accepted that local authorities should pay any regard to the costs of collecting activity. A number of arguments have been made against:

Firstly, the majority of cash collections are organised by the staff or regular volunteers of registered charities and all the costs and proceeds of such collections go through the charity's accounts. Those accounts are monitored by the Charity Commission. It does not examine the costs of public collections in isolation (either individually or collectively) but if it considered that fundraising costs were high overall it would raise the matter with a charity. The costs shown in the accounts would also include those attributable to paid third party fundraisers contracted to the charity (see below).

Secondly, there is a legislative requirement that paid third party fundraisers or commercial organisations should have a written agreement with charitable organisations on whose behalf they are fundraising[11]. Those agreements are designed to protect the charity's interests.

The same legislation seeks to ensure that the public is not misled but is informed if fundraisers are paid or, where a commercial arrangement exists, what part of the proceeds from transactions goes to a charitable, philanthropic or benevolent cause. Many collections of direct debt commitments are undertaken by paid third party fundraisers. They are required to explain when they make a solicitation that they are paid. They must also explain the basis on which their remuneration is calculated[12]. Some collections of goods, where a representation is made that some or all the proceeds go to a charitable, philanthropic or benevolent cause, are made by commercial second hand clothing exporters. In such cases, collection material should state how the return to the good cause is calculated (for example, a proportion of the annual profit made on the sale of the goods or a set payment per week)[13].

Thirdly, it is suggested that assessing the costs associated with particular collection methods can be difficult, particularly those with complex cost structures such as direct

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[9] House to House Collections Act, 1939 2 (3) (a) and (b)
[10] Model street collection regulations 15 (1) and (2).
[11] Charities Act 1992, Part II, section 59 (1) and (2).
[12] Charities Act 1992, Part II, section 60 (1) and (2).
[13] Charities Act 1992, Part II, section 60 (3). The Strategy Unit report recommended that this clause should be amended to require a specific statement of the return made to charitable purposes from commercial participation of this kind. The proposal was that the Home Office would issue guidance, building on that already available in its publication 'Charitable Fundraising: Professional and Commercial Involvement' setting out the form of statement appropriate to the particular circumstances of the case.

debit solicitation. It would therefore be unreasonable to expect every local authority to have the requisite expertise.

Fourthly, any assessment of the acceptability of costs would need either to take the form of an assessment of estimates at the time of application for eligibility or scrutiny of annual returns (detailing the costs of, and proceeds from the licensed activity) or both. Depending on the nature of the returns required, that could place a heavy administrative burden on collecting organisations and local authorities.

So far as they go, those arguments are reasonable. However, there is no mechanism for checking the fundraising costs of non charitable voluntary organisations (including the overall costs associated with contracting paid third party fundraisers).

The solution might be to require collection organisers for non charitable organisations or causes to prepare and submit estimates of and/or annual returns detailing the costs of and proceeds from their collecting activity.

The proposed guidance for local authorities could consider what form those returns should take and how they might be validated. The intention would be to introduce a proportionate system, for example, auditing only of large national campaigns.

In order to provide extra security, every collection organiser would be required to keep detailed records of collecting activity which the local authority could inspect if they had concerns about any aspect of the licensed activity (see 4. in the next section for further detail).

Should all collection organisers be required to submit estimates before and/or returns after the collection detailing the costs of and proceeds from the activity? Should collection organisers who are employees, trustees or regular volunteers for a registered charity be exempt from the requirement to submit such returns?

Section 3 The requirements placed on the organisers of collections

1. Making an application for eligibility

In order for their eligibility to collect to be assessed, collection organisers would be required to:

- describe the cause on whose behalf they were collecting (specifying, if relevant, the name of the organisation and providing a letter confirming that it consents to the collection, including the method proposed);

- describe the formal relationship, if any, which they had with the body collected for, e.g. member of staff of that body, trustee or board member or member of staff of a commercial fundraising organisation contracted by that body;

- describe the nature of the collection they wished to undertake, for example, the collection of direct debit commitments in the street or house to house;

- make a statement that they did not have a relevant unspent conviction (see 4. in the last section);

- give permission for the local authority to make the necessary checks on their eligibility (see 4. in the last section);

- provide a list of collectors and undertake to check that collectors were fit and proper (see 3. below);

- give an assurance that they understood and agreed to abide by the requirements of the public collections legislation and other relevant legislation including that covering professional fundraisers and commercial participators;

- give a specific assurance that they agreed to abide by the information requirements described in 4. below;

- give a specific assurance that the collection would not be conducted in a manner that created a public nuisance (see 6. in the previous section which explains that the interpretation of public nuisance would be covered in guidance);

And, assuming the organiser wished to collect in more than one local authority area, to:

- provide a list of the other local authority areas in which they wished to collect;

- (if they are deemed eligible by the lead authority - see 4. in the last section) make contact with each local authority in whose area they wished to collect and obtain a licence to collect on specific dates and in specific locations (however, see 6 in the first section).

It is proposed that application forms for eligibility should have guidance notes attached which explain to organisers:

- the requirements of the legislation and the penalties for breach;

- the process for appealing against a local authority eligibility/licensing decision including a decision to revoke a licence

- that failure to comply with the conditions of the scheme might result in the licence being revoked and that a new licence application (either from that particular organiser or on behalf of that particular organisation or cause or both) might not be considered until a specific period had elapsed (perhaps a 1 year period).

The application for an assessment of eligibility and the licence request could obviously be combined where the proposal was to limit a collection to one local authority area.

Is this list comprehensive or are there other issues that should be covered in the application for eligibility/in the guidance notes?

2. Basic safeguards for collections

The public needs to have confidence that the money that they put in collecting tins reaches the cause to which they have donated. That means that the organisers of collections should be required to put basic systems in place to secure the proceeds of cash collections including:

- the use of sealed and consecutively numbered collecting boxes (collecting envelopes when filled should be placed in such boxes) clearly marked with the name of the charity or voluntary organisation or fund being collected for;

- securing the return of and accounting for all collecting material issued including badges and collecting boxes that have not been used (but not including envelopes);

- the organiser and another responsible person not connected with the cause on whose behalf funds are being raised (or two responsible people) being present at the opening of collecting boxes and both signing a statement on the proceeds of each numbered box;

- the proceeds to be banked by the organiser and one other responsible person (or two responsible people) and a receipt obtained on the day or the next working day after the boxes have been opened;

- all collection proceeds to be paid into bank accounts controlled by the organisation on whose behalf they were raised;

- official badges to be used by all collectors (provided by the charity according to a specified format and signed by the collector?);

- all collectors to be furnished with a copy of the licence giving permission to collect which they should show on request.

The public also needs to be confident that when they provide their bank details to those soliciting direct debit commitments, that information is kept safe.

Are those the right basic safeguards needed to secure the proceeds of any type of collection? Are there omissions? How should 'another responsible person' be defined in this context?

3. Determining that collectors are fit and proper

The organisers of public collections would be required to ensure that collectors are 'fit and proper'. As a basic minimum they might be expected to ask all their collectors to sign an undertaking that they do not have a relevant unspent conviction (see 4. in the previous section).

Is this requirement sufficient/reasonable? Might the issue be tackled in another better way?

In a number of areas, street collections regulations provide the licensing authority with discretion to permit the use of collectors between the ages of 14 and 16. Before granting permission the licensing authority would need to be satisfied that the use of collectors from that age group was justified and that an adult would accompany them. There is an anomaly here in that the regulations governing house to house collections specify that the minimum age for a collector would be 16.

Should the minimum age of street and house to house collectors be set at 14 (or lower), provided that the collectors up to the age of 16 are accompanied by an adult or should the minimum age for all collectors be set at 16 (or higher)?

4. Record keeping and monitoring

The proposal is that organisers should be required to keep detailed records of their collecting activity, including:

- an account of the proceeds of each numbered collecting tin (and of the location and day and time on which the tin was used);
- an account of the direct debit commitments made (and of the location and day and time on which the commitment was given);
- if a third party is undertaking cash collections - confirmation that the proceeds, before any expenses have been paid, have reached the organisation or fund on whose behalf they were collected;
- an account of the expenses associated with each collection, national or local;
- if a third party is undertaking the collection of goods and is representing that a proportion of the proceeds go to charitable causes - confirmation of the total revenue generated by the activity and of the amounts paid over to the cause over specified periods (quarterly and annually).

Local authorities should have the power to require organisers to provide that information at their discretion. They might require it to be presented if complaints were made about the conduct of particular collections and/or they might make random checks.

Local authorities should be able to take further action on the strength of information provided where there was suspicion of:

- fraud or theft;
- undisclosed participation by commercial organisations or paid fundraisers;
- inaccurate statements about the payment of paid fundraisers or the return from commercial participation;
- accounting irregularities concerning expenses.

They might for example, suspend licences while such concerns were being investigated. If concerns were found to be well founded, licences would be revoked. Criminal offences would be referred to the police. Concerns about misuse or mismanagement of charitable funds would be referred to the Charity Commission.

Are the record keeping requirements proposed the right ones? Should local authorities be able to suspend licences while they investigate any concerns?

Questionnaire for respondents

Proposals for consultation

Your comments on this consultation paper are very important. They will help to ensure that a workable scheme is developed.

This section brings together the main questions raised in the consultation paper. It is designed to help you respond. You are not required to answer all the questions, only those relevant to you. If you are working from a hard copy and need more space for your answers please attach additional sheets.

The deadline for responses is **November 2003**.

Section 1 The structure of the scheme

This section examines key features of the structure of the proposed scheme.

1. Is the proposal for a new integrated licensing scheme in principle a good one?

2. Should a licence be needed to carry out face-to-face fundraising?

3. What would be the main consequences of licensing face-to-face fundraising for local authorities and fundraising organisations?

4. Should the definition of 'public place' include private property to which the public has unrestricted access (for example, supermarket forecourts)?

5. Should some types of property and types of collection be explicitly excluded? If so, are the right exceptions proposed (for example, collections in shops)?

6. Should small local collections be exempt?

7. How should a small local collection be defined (for example, collections conducted only in one local authority ward)?

8. Is the proposal for 'lead authorities' (to assess the eligibility of collections where the proposed activity spans a number of local authority areas) a good one?

9. What are the advantages of the 'lead authority' proposal?

10. What are the disadvantages of the 'lead authority' proposal?

11. Is the proposal to differentiate between administrative arrangements for the collection of goods a sensible one?

12. Is there any reason why the appeal process should not be the same for both types of collection?

13. Are there any arguments for not making the Magistrates' Court the avenue of appeal?

14. Should responsibility for licensing public collections in London be transferred from the police to local authorities?

15. Do you consider that any offences should be added to or removed from the list above? Please give your reasons.

16. Cost of administering the licensing scheme:

(a) What information do charities and local authorities have which they could without disproportionate effort make available to us?

(b) What are the cost of administering the present system?

(c) What additional costs/saving are envisaged under the proposed system? Estimates of the financial costs/savings would be welcomed.

17. Does it remain the general view that no charges should be levied for a licence?

Section 2 Local authority operation of the new scheme

Responses to this section will inform the proposed guidance for local authorities on the operation of the new scheme.

18. How should philanthropic and benevolent best be defined (for example, by analogy with local authority rating decisions)?

19. Are collections where there is a significant element of private benefit (for example, sponsorship for challenge events) philanthropic or benevolent?

20. What factors should local authorities consider when assessing the capacity of a local area to accommodate collecting activity?

21. What factors should local authorities take into account when allocating collection slots (for example, the quality of different sites)?

22. Are the checks on eligibility suggested the right ones?

23. How might liaison arrangements between local authorities, the police and the Charity Commission be improved?

24. What factors should local authorities take into account when assessing whether a collection is likely to be/is a public nuisance?

25. Should all collection organisers be required to submit estimates before and/or returns after the collection detailing the costs of and proceeds from the activity?

26. Should collection organisers who are employees, trustees or regular volunteers for a registered charity be exempt from the requirement to submit returns on their collecting activity?

27. Is the information which it is proposed organisers should submit sufficiently comprehensive (see section on Accounting for Collections)?

Section 3 The requirements placed on the organisers of collections

28. This paper proposes that the collection organiser and another responsible person or two other responsible people should be present at the opening of collection boxes? How should 'another responsible person' be defined in this context?

29. Collection organisers should have basic safeguards in place to secure the proceeds of collections? Are other safeguards, in addition to those suggested needed?

30. The organisers of public collections might require all their collectors to sign an undertaking that they do not have a relevant unspent conviction. Is this requirement sufficient to ensure that collectors are 'fit and proper'?

31. Should the minimum age of street and house to house collectors be set at 14 (or lower), provided that the collectors up to the age of 16 are accompanied by an adult or should the minimum age for all collectors be set at 16 (or higher)?

32. Are the record keeping requirements suggested sufficient/reasonable?

33. Should local authorities be able to suspend licences while they investigate any concerns about collecting activity?

34. If you have other comments to make in response to the consultation please use this space.

Please respond using the following postal address, email address or telephone number:

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Annex B

Partial Regulatory Impact Assessment

1. Title of proposal

Public Charitable Collection Regulation - the reform of public charitable collection legislation.

2. Purpose and intended effect of measure

(i) The objective

To create a fair and cost effective system of local authority licensing of public charitable collections which strikes an appropriate balance between facilitating responsible fundraising and charitable work, removing the existing confusion for charities and fundraising organisations, and restricting inappropriate fundraising, for example, excessive or bogus appeals and limiting public nuisance.

Devolution

The scheme, if implemented, would apply in England and Wales only.

(ii) The background

In September 2002 the Strategy Unit (SU) issued for consultation a report, *"Private Action, Public Benefit – A Review of Charities and the Wider Not-For-Profit Sector"* in response to a request from the Prime Minister to look at the law and regulatory structures which govern the whole sector. One of the issues the report considered was the regulation of public charitable collections. It concluded that the existing legislation covering public collections in the street and house to house is inconsistent, outdated and unnecessarily complex. It therefore recommended that legislation be brought forward to establish a new integrated local authority licensing scheme.

Almost 1,100 responses were received to the SU consultation. A small number commented on the proposal for a new integrated licensing scheme. The majority of respondents agreed that there should be a unified statutory licensing scheme, administered by local authorities, for all public collections.

The Government is aware that the last attempt to introduce a similar scheme through Part III of the Charities Act 1992 was unsuccessful. Part III was enacted but never brought into force because it was believed that the licensing scheme had flaws in the detail of its procedures. Therefore, to ensure that the new scheme is practicable, further detailed consultation with the sector, local authorities and other interested parties is required.

As at 31 March 2003 there were 187,316 charities on the Charity Commission's Register (of which 163,013 were "main" charities; the remainder were subsidiaries or branches of other charities). There is an estimated similar number of charities which are currently either exempt or excepted from registration with the Commission. In addition, there are

voluntary organisations which would qualify as benevolent or philanthropic but because most of them are informally constituted and not registered with any authority, their numbers are unknown but they could run into several tens of thousands.

(iii) Risk assessment

Main risk

The main risk that the scheme is designed to guard against is the possibility of a depression of collection revenues through a decline in public trust and confidence in this form of fundraising.

How much do public charitable collections raise each year?

Because no records are kept centrally of the total amount of revenue raised by house to house and street collections it is impossible to state how much income is raised by these methods of fundraising and none of the research breaks it down in this way. However, NCVO/NOP surveys indicate that individual charitable giving in general was well over £11 per person per month from over 70% of the population in 1995, which equated to £5.7 billion worth of donations, but that by 1997 this total figure had fallen by about £1 billion from fewer donors and smaller monthly donations. By 2000 the average monthly donation had surpassed its 1995 level to almost £12 per person but the proportion of the population giving to charity had fallen to 67.5%, although that equated to £6.58 billion worth of donations, an increase of 10% since 1995 *(NCVO UK Voluntary Sector Almanac 2002)*.

Please provide specific examples of how this affects your organisation and practices. Have collection revenues from these types of cash collections declined/increased in recent years? Have face to face collections (direct debit solicitations) increased income received? Are there any other factors influencing collection revenues of which we should be aware/take into account when drawing up any new regulations?

Specific risks

That bogus street collection activity is not being tackled in some areas.

To what extent is this a problem at the moment? How many incidents are there of bogus street collections in licensing authority areas each year? How much is it estimated is lost to charities through fraudulent collections each year?

A decline in public trust and confidence in this form of fundraising because of 'saturation' in some areas with some popular collection sites being over-used.

Please provide any examples to demonstrate the extent of this problem and any evidence that fundraising has declined in certain areas because of over-use of some sites.

To evade licensing, bogus fundraisers could make collections on types of private property such as supermarket forecourts and railway stations, where the owners would be unlikely to know about the activity /be capable of controlling it.
Is there any evidence of such bogus collections taking place? On what scale are these carried out?

National exemption orders granted by the Home Office to organisations collecting in a significant number of local licensing authority areas throughout England and Wales provide an unfair advantage to national organisations engaged in large-scale house to house fundraising activity over smaller organisations which do not collect so extensively.
Do you have any evidence to suggest that this conention is correct? Has your organisation been disadvantaged because it does not hold an exemption order? Has that caused you to incur extra costs?

That implementation of the existing legislation is inconsistent and that, as a result, collecting revenues are depressed because local authorities do not provide maximum opportunity for eligible, well conducted collections consistent with local capacity.
Please provide any evidence either in support of or refuting this view.

That specific accounting and reporting requirements for licensing do not add value by for example, achieving greater transparency about the costs of collecting activity.
Do charities, fundraisers and local authorities find the current system supportive of their work?

3. Options

Option 1: Do nothing

Option 2: Get the sector to impose a voluntary code of practice/self-regulation

Option 3: Local authorities should licence <u>all</u> public charitable collections under a new integrated licensing system.

4. Benefits

Option 1: None. The current legislation is hopelessly out of date (although the sector and local authorities should be familiar with it) and the extent of its application is not clear.

Option 2: None. Total self-regulation would be impractical and onerous for the sector to administer. Existing charitable collection law provides a level of protection against bogus collections, fraud and public nuisance and a total absence of regulation would harm public confidence in charitable giving

through the risk of non-compliance especially by those motivated by self-interest and /or personal gain.

Option 3: For the most part, the proposals build on existing provision, simplifying and rationalising it to provide a single regime which should be easier to understand than the current legislation. This would entail removing, so far as is possible, the current confusion which exists for charities, local authorities, professional fundraising organisations and the public.

Principal elements of the proposed scheme

Licences

In the new scheme authorities will be required to license all public charitable collections apart from the very small and local which will be exempt. The licensing requirement will extend to direct debit solicitation, sometimes called face to face fundraising. It is envisaged that licences will be a standard licence for all public charitable collections, valid for a year to eighteen months and that existing licences should be allowed to expire and new licences granted under the new scheme. The proposal at present is that there should be no charge for licences.

The definition of public place

Generally, local authorities do not license charitable collections on private property such as supermarket forrecourts and railway stations. This provides a potential loophole for those who wish to avoid the checks and controls of the licensing system. It is proposed that collections should in the future be licensed if they take place on the public highway or land commonly used by the public as a highway or to which they have regular access.

Replacing national Exemption Orders with a 'lead authority' system

National Exemption Orders issued by the Home Office to large organisations conducting house to house collections in a significant area of England and Wales will be replaced by a new 'lead authority' system which should reduce the overall burden for those wishing to collect both house to house and in the street in more than one local authority area.

Appeals against the refusal of licences

At present there is a right of appeal to the Home Secretary against the refusal of a house to house collection licence but not against the refusal of a street collection licence. The new proposal is for a right of appeal against refusal of both. It is proposed that appeals should be to the magistrate's court.

Responsibility for licensing in London

Currently in London Metropolitan Police and the City of London Police are responsible for the licensing of both street and house to house collections. Consideration is given to the transfer of this function to local authorities in London.

Local Authority operation of the scheme

The need for clear central published guidance on the operation of any new scheme is accepted.

The scope of charitable, philanthropic and benevolent purposes/causes

It is proposed that the new scheme would as at present cover collections for charitable, philanthropic and benevolent purposes. Local authorities often have difficulty determining whether particular non charitable causes qualify as philanthropic and benevolent. The proposed central guidance will address this question.

Capacity

Local areas, because of their differing circumstances, can sustain different levels of collecting activity. The level at which collections will generate a viable return, referred to as the capacity of an area, should not be decided on the basis of an arbitrary criteria.

Providing fair access

It is proposed that a duty should be placed on local authorities to provide fair access to collecting opportunities to all eligible organisations. The guidance will set out the factors to be addressed when allocation decisions are made.

Accounting for collections and returns

Many public collections are organised by registered charities. Those organisations already report and account to the Charity Commission and the requirement to submit returns to local authorities on their public collecting activity could be seen as over regulation.

The proposed guidance will set out the form of returns required from non-charitable organisations and how they might be validated.

The guidance will also consider how local authorities might ensure that collections do not constitute a public nuisance, what checks local authorities should make on the eligibility of applicants and what arrangements should be put in place to provide effective liaison between local authorities and other bodies, including the police and the Charity Commission, to ensure the appropriate checks are made and to secure effective enforcement.

Requirements placed on the organisers of collections

Consideration is being given to the information collectors will be required to submit when an application for eligibility to collect is made, the basic safeguards needed to secure collection proceeds, how collection organisers might ensure collectors are fit and proper and record keeping and local authority monitoring.

The proposed system should:

- increase public trust and confidence in public charitable collections.
  Do you consider that the proposed new scheme will have the desired effect?

- cut the administrative burden associated with many licensing requests for potential collection organisers and local authorities as the need for individual licence applications to each local authority where collections are to take place will be replaced by the proposed 'lead authority' proposal.

What estimates do you have of the savings which might accrue to charities and local authorities or do you envisage that there will be increased costs/burdens?

- make the system easier for promoters and potential promoters to understand and will thus encourage legitimate collecting activity through a consistent approach to the regulation of charitable collections.

- help local authorities, the police and the Charity Commission to work effectively together to tackle bogus fundraising through consistent licensing.

- reduce the administrative burden for those organising small ad hoc collections such as carol singing or one-off spontaneous appeals in the street. At present, such activity has to be licensed as no local exemption is currently available for such collections in the street in the way that there is for house to house collections.

- reduce the administrative burden for organisations as the option of nominating a 'lead authority' will be available to all those wishing to collect in more than one local authority area.

- reduce the overall administrative burden that licensing places on local authorities because eligibility checks will not be duplicated due to the 'lead authority' proposal.

- reduce the time that individual local authorities spend on the administration of the scheme through greater clarity on some of the issues/questions that local authorities find difficult.
  How much time do licensing departments currently spend on charitable collection licensing work? How much time is it envisaged that the new scheme will entail? Are you able to translate this into an additional cost or saving?

- reduce the administrative burden on professional fundraising organisations which run street collections on behalf of charities and other voluntary organisations as they will no longer be required to make a return to the local authority for each collection. It may be that because of the nature of the collection, e.g. direct debits, clear accounts cannot be provided and organisers might be required to prepare and submit annual estimates and/or returns detailing the costs and proceeds from their collecting activity.
  How much of a saving is it thought this will be for fundraising organisations in both time and monetary terms?

- reduce the administrative burden on charities which run public charitable collections as they will no longer be required to submit returns on collecting activity to local authorities. However, as a matter of good practice they should keep detailed accounts of collecting activity which the local authority could request for inspection in the event of concern

How much of a saving is it thought this will be for charities in both time and monetary terms?

- significantly reduce the burden on local authorities of assessing returns. *How much of a saving is it thought this will be for local authorities in both time and monetary terms? What are the advantages/disadvantages of the returns being considered by the local authorities? On balance do you agree that returns should not be made and should not be considered by local authorities?*

Business sectors affected

The standardisation of the licensing system for charitable fundraising will impact primarily on the charitable sector. Secondary sectors affected will be professional fundraisers and commercial participators undertaking clothing/household goods collections for redistribution and/or recycling whereby it is represented that a portion of the proceeds will go to charity.

More effective regulatory controls will be welcomed by businesses some of whom complain that saturation cover by face to face collectors adversely impacts on their businesses.

Issues of equity and fairness

The objective of the new local authority licensing scheme for public charitable collections is to correct the current inconsistent, outdated and unnecessarily complicated legislation governing such collections. The aim is to create a fair and cost effective system to replace the existing system.
Do you agree with this objective and is the way forward suggested well suited to achieving the objective?

5. Costs for businesses, charities and voluntary organisations

(i) Compliance costs

Option1: No additional costs.
How much does it cost charities and fundraising organisations to comply with existing legislation? How much does the absence of modern, fit for purpose legislation cost charities and local authorities each year?

Option 2: Likely to be significant additional costs for the sector. Any self-regulation would have to be financed through what, in effect, would amount to a levy on donations and may lead to a further loss in income more generally through an increase in bogus fundraising and poor practice.

Option 3:
There will be the cost of organisations familiarising themselves with the requirements of the new licensing scheme. There may also be increased administration costs to regulated organisations associated with applying for licences for activities which currently may not require licensing eg face to face fundraising (solicitation for direct debit commitments to give to charities on a regular basis), public collections

on private property to which the public has unrestricted access. Costs will vary depending upon the nature and extent of the collecting activity because of the requirement for liaison with individual local authorities about collection dates and sites. The consultation document touches on charging a standard fee for licences but the proposal is to maintain the current position of not charging for licences.

How much additional expenditure do organisations envisage they will incur through compliance with the proposed new licensing system? How many organisations is it thought will be affected by the proposed licensing scheme?

The 43 organisations currently holding Home Office Exemption Orders for house to house collections throughout England and Wales will need to adapt their policies to ensure compliance with the new system as Home Office Exemption Orders will be abolished.
How much do Exemption Order holding organisations think the proposal to abolish the current system will cost them?

The organisers of small local collections such as carol singing or one-off spontaneous local appeals will be required to inform the local authority of the activity and obtain its permission. Permission, as opposed to a formal licence application, will alert the local authority to the nature and location of such a collection. Organisers of such collections are currently required to obtain similar permissions from their local police so the cost of the transfer of this function to the local authority should be negligible for organisers.

(ii) Other costs

There will be a cost to local authorities in as far as familiarising themselves with the requirements of the new licensing scheme – staff time in the development of new policies and procedures to secure compliance with the new system.
How much do local authorities think it will cost to familiarise staff with a new system?

There will be an increase in the number of licensing requests because of the requirement for the licensing of street collections, including face to face fundraising, and house to house collections because Home Office Exemption Orders will no longer exist. Collections on private property to which the public has unrestricted access will also be licensed for the first time and local authority permission for small local collections will be required although most organisers seeking an exemption contact their local authority in the first instance and the burden should be negligible. However, the impact on different local authorities will vary.
How much do local authorities envisage it will cost to administer the new system? How much of a new burden is it perceived the new requirements will be on resources?

Fundraising organisations will be able to nominate a 'lead authority' from amongst those in whose areas they wish to fundraise. This should spread the

burden. But, this makes it difficult to estimate the cost to a particular local authority.
How much do local authorities think it will cost? What are the perceived benefits/ drawbacks of the proposed new system?

Fundraising organisations will no longer have to make a return to each local authority for each collection they hold. For their own use and as a matter of good practice, detailed accounts of collecting activity should be kept and the local authority should be able to request these for inspection if concerns arise.
How much of a saving will this be for local authorities?

That a licensing requirement would dissuade people from engaging in small scale ad hoc fundraising activity which is low risk, eg carol singing or a one-off spontaneous local appeal.
Would this be the case?

(iii) Costs for a typical business

The standardisation of the licensing system for charitable fundraising will impact primarily on the charitable sector and the professional fundraisers and commercial participators they have agreements with. It aims to create a fair and cost effective system for the licensing of all public charitable collections.

6. Consultation with small businesses: the "Litmus Test"

We have spoken to three businesses, which the Small Business Service is satisfied represents a cross-section of small businesses for the purposes of this Regulatory Impact Assessment, to confirm that nothing in these proposals would represent a burden to them. They said that they would welcome clearer regulation of charitable fundraising because of their concerns about collectors who position themselves outside their retail outlets and have a negative impact on their trade. That view was endorsed by written representations received from other small businesses.

7. Competition Assessment

We have applied the competition filter test in accordance with the Office of Fair Trading's guidelines for competition assessment. In doing so we have considered the effect of the proposed regulatory framework across business sectors in England and Wales.

The proposal will impact primarily on the charities sector. At this stage, we do not expect that the proposal will have any significant effect on competition in any related commercial sector.
We would welcome views from stakeholders on this conclusion.

Whilst charities do compete with each other for revenue from the general public in the 'traditional' sense of the meaning of the word competition, such competition arguably differs from that between commercial businesses which compete on products and services. It is the latter form of competition which the competition filter seeks to determine in considering market shares, entry

barriers and whether the effect of a proposal is proportionate on the size of a business.

8. Enforcement and Sanctions

Local authorities will be responsible for administering the new unified licensing scheme, but the Home Office will provide clear guidance on how it should be operated. The guidance will be published and will therefore be available to charities. A representative from the Local Government Licensing Forum is on the Fundraising Advisory Group working group set up by the Home Office to consider this matter.

As all local authorities are currently required to licence house to house collections and have the power (but not the duty) to create licensing schemes for street collections the extra costs of administering the unified scheme should be minimal on most local authorities. At present it is estimated that 80% of the 410 local licensing authorities have street collection regulations in place. Indeed, in some local authorities, where there is confusion about the operation of the current scheme, the introduction of a unified scheme might be more cost effective. However, as part of the consultation exercise we are asking local authorities to provide an estimate as to the extra costs they would incur in setting up and administering the scheme.

The proposed legislation will impose sanctions for non compliance – the sanctions build on those already provided by the House to House Collections Act 1939 and Part III of the Charities Act 1992 [1], with the exception of (VI) below, which would be a new offence.

The offences and related penalties are:

(I). Organising a collection without a licence / permission from the local authority (Section 1(2) of the 1939 Act and Section 66 of the 1992 Act).

A fine not exceeding level 5 on the standard scale (max £5,000).

(II). Collecting without a licence / permission from the local authority (Section 1(3) of the 1939 Act).

A fine not exceeding level 3 on the standard scale (max £1,000).

(III). Unauthorised use of documents / badges (Section 5 of the 1939 Act and Section 74(1) of the 1992 Act).

A fine not exceeding level 5 (max £5,000).

(IV). Giving false information for the purposes of the Act (Section 8(6) of the 1939 Act and Section 74(3) of the 1992 Act).

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[1] Part III of the Charities Act 1992 has not been bought into force.

A fine not exceeding level 5 (max £5,000).

(V). Breaching the requirements on: use of badges in the prescribed form; presentation of badges, certificates on request; not allowing people under a certain age to collect (Section 73(2)&(3) of the 1992 Act).

A fine not exceeding level 2 on the standard scale (max £500).

(VI). Breaching the requirements on the keeping of specified records / the submitting of returns (this is a new proposed offence).

A fine not exceeding level 3 on the standard scale (max £1,000).

The introduction of a unified licensing scheme would go some way to establishing better fundraising practice. However, the Strategy Unit review found that where fundraising organisations did not comply with the current system that was largely because of a lack of awareness of their duties. The review concluded that it would be of benefit to have a single point of contact for information about the regulatory requirements for fundraising. It recommended, therefore, that a self-regulatory initiative should be established based on a new voluntary Code of Practice which would promote and raise awareness of good practice in fundraising. The Institute of Fundraising has sponsored an independent project to explore different models for a system of self-regulation and to recommend a preferred model. The project aims to report with its recommendations by the end of the year.

9. Monitoring and Review

It is the Government's intention that the Charity Commission, with advice from the Cabinet Office's Regulatory Impact Unit, will quantify the impact of regulation on charities and other not-for-profit organisations, monitor it over time, publish the results and highlight areas where regulation appears excessive. That would include the impact of the regulation of fundraising.

10. Consultation

(i) Departmental consultation

The proposals for reform have been developed in conjunction with the Fundraising Advisory Group set up by the Home Office. The group included representatives from the Charity Commission, Home Office, Institute of Fundraising, National Council for Voluntary Organisations, Public Fundraising Regulatory Authority, Charity Law Association, National Consumer Council, Welsh Assembly and Local Government Licensing Forum. We have also been in contact with the Office of the Deputy Prime Minister and the Department for Constitutional Affairs.

(ii) Public Consultation

The Government intends to consult with charities and other not-for-profit organisations, local authorities and others affected by the regulation of public charitable collections. The consultation document will be published on the

Home Office website and copies of it will be sent to representatives from the charitable sector as well as all local authorities. The document will be translated into Welsh and copies will be sent to the Welsh Assembly for onward distribution.

It is intended that there will also be four or five consultation events – one event in London, Bristol and Wales and one or two events in the North of England. Those will help to ensure that the proposals are brought to the attention of a wide group of organisations with an interest.

11. Summary and recommendation

Option 3 maximises the benefit to charities and local authorities. It builds on existing provision, but simplifies and rationalises it to provide a unified scheme, which should be easier to understand than the current system. It should also be more consistent and so fairer than the current regime.

It also maximises the benefits to small businesses in terms of their concerns about excessive fundraising. (This is new info and concerns of small business should therefore be referred to earlier in the RIA)The new licensing scheme for public collections, including face to face fundraising, would deter excessive appeals and prevent nuisance to the public.

Option 3 represents the recommendation of the Home Office in conjunction with the working group on public collections, which was established to look specifically at the licensing of public charitable collections. The aim of the consultation exercise is to formulate the practical details of the new licensing scheme.

Contact point

Any queries about this assessment or the proposed legislation should be addressed to:

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SH
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Home Office

Home Secretary
50 Queen Anne's Gate, London SW1H 9AT

The Rt Hon John Prescott MP
Deputy Prime Minister
Office of the Deputy Prime Minister
26 Whitehall
LONDON SW1A 2WH

1 AUG 2003

Dear John,

I have read Stephen Ladyman's letter of 23 July 2003 on the Department of Heath's Section 64 Review report. I agree it is important that this Review report be published. It would demonstrate the Government's commitment to strengthening the sector in line with the recommendations in 'The Role of the Voluntary and Community Sector in Service Delivery: a cross cutting review'.

The draft Review report contains many positive proposals for establishing a sustainable funding relationship with the voluntary and community sector. In particular, I am pleased to see proposals to enable the Department to enter into contracts with voluntary and community sector organisations in the social care field and the power to delegate to voluntary organisations the power to make grants or other payments to other voluntary organisations. The implementation of these could play an important role in providing flexible and responsive services that are able to meet the needs of particular communities and groups.

I also welcome recommendations for improving funding arrangements for voluntary and community sector organisations. This is a key element of the cross cutting review and officials in the Active Community Directorate are currently implementing the recommendations relating to establishing an effective funding regime. It will be important that our officials join-up.

I note that the Review group considered the principle of full cost recovery and recognised its attractiveness as a means to securing the stability of voluntary and community sector organisations. As an important recommendation in the cross cutting review, it will important to ensure that the price of contracts reflects the full cost of the service, including the legitimate portion of overhead costs.

949db

02072733965

The Review report does not consider the status of faith groups in delivering Department of Health objectives through Section 64. It will be important that Department of Health officials give this consideration when implementing the recommendations.

I would like to take the opportunity to thank Stephen for involving my officials in the Review and would welcome continued involvement in the implementation of the recommendations to ensure that they are in line with the recommendations in the cross cutting review.

I am copying this letter to all DA Colleagues, Stephen Ladyman and Sir Andrew Turnbull.

Best wishes,

David

DAVID BLUNKETT

949db

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or Number not used.

File - Volunteering - Policy

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SPM cc. SH
WP

C03/06363/02993/DC

Fiona Mactaggart MP
Parliamentary Under Secretary of State
Home Office
50 Queen Anne's Gate
LONDON
SW1H 9AT

10th July 2003

Dear Fiona,

Thank you for copying me your letter of 30 June to David Blunkett, seeking agreement to publish the Government's response to the Strategy Unit Review of the law and regulation of charities and non-for-profit organisations.

I am happy to give my policy approval to publication of our response to this Review. I agree that the recommendations which we will be accepting will be of great benefit in strengthening the charitable sector, to help revitalise communities and deliver public services. In that respect, I welcome the Review's recommendation to establish Community Interest Companies (CICs), which I hope will play a significant role in this area. As you may know, the Lottery Funding Decision Document, which my Department published last week, highlighted the potential of the Lottery to work closely with CICs in funding local initiatives to regenerate deprived communities, and I therefore strongly support this recommendation.

I also welcome the proposed extension of the definition of charity in law to allow amateur sports clubs to gain charitable status. I would hope, however, that we can ensure that sporting organisations are closely involved in the consultation on the draft Charities Bill in this area, to make sure that any definition of sport does not contradict existing classifications, such as the list compiled by Sport England.

Finally, I agree that it is important that exempt charities are accountable, transparent and compliant with the basic principles of charity law. I am pleased, however, to see that you are not proposing a blanket registration for such bodies, where existing control systems can deliver an equivalent level of control to that provided by the Charity Commission. This is an important issue in relation to the many museums and galleries with exempt charitable status which my Department sponsors.

INVESTOR IN PEOPLE

I am copying this letter to the Prime Minister, members of the DA (ACF) Committee, the Secretary of the Cabinet, the Attorney General, Ministers of State at DfID and the FCO, Ministers of State at the MoD and DfT, and the Chief Scientific Adviser.

Yours

Tessa

TESSA JOWELL

Department for
Transport

From the Minister of State

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Parliamentary Under Secretary of State
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SPM 4 CO CM

OUR REF: KM/011141/03

14 JUL 2003

Dear Fiona

STRATEGY UNIT REVIEW OF LAW AND REGULATION OF CHARITIES AND NOT-FOR PROFIT ORGANISATIONS

Thank you for sight of your letter of 30 June to David Blunkett, seeking policy approval to publish the Government's response to the recommendations made in the Strategy Unit Review. I am content with the Review's recommendations

I am copying this letter to the Prime Minister, members of the DA(ACF) Committee and Sir Andrew Turnbulll.

Yours

Kim

KIM HOWELLS

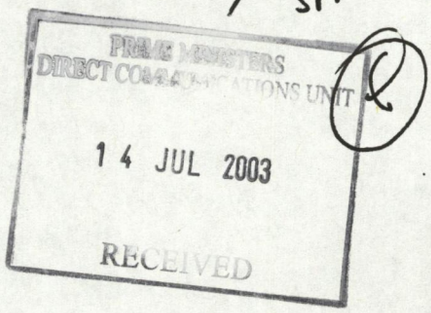
DG

dti

Jacqui Smith MP
MINISTER OF STATE FOR INDUSTRY AND THE REGIONS AND DEPUTY MINISTER FOR WOMEN AND EQUALITY

SH
cc: WP
SPM

16 July 2003



Rt Hon David Blunkett MP
Home Secretary
Home Office
50 Queen Anne's Gate
London
SW1H 9AT

Dear David

STRATEGY UNIT REVIEW OF LAW AND REGULATION OF CHARITIES AND NOT-FOR-PROFIT ORGANISATIONS

Fiona Mactaggart's letter to you of 30 June sought policy approval to publish the Government's response to the Strategy Unit's recommendations.

I welcome the proposed positive response to the Strategy Unit review. As you know, the Department of Trade and Industry is already working closely with the Home Office to bring forward legislation on the Community Interest Company (CIC), a new legal form for social enterprise and one of the review's key recommendations. The proposed reforms of charitable and Industrial and Provident Society law will complement the CIC and ensure that social enterprises have access to a full range of modern and appropriate legal forms.

I am copying this letter to the Prime Minister, members of DA(ACF) Committee, the Secretary of the Cabinet, the Attorney General, Ministers of State, DfID, FCO, MoD and DfT, and the Chief Scientific Adviser.

Yours sincerely

Jacqui Smith

Department of Trade and Industry

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Home Office

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Rt Hon David Blunkett MP
Home Secretary
Home Office
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30 JUN 2003

SPM
cc SH
WP.

Dear David

STRATEGY UNIT REVIEW OF LAW AND REGULATION OF CHARITIES AND NOT-FOR-PROFIT ORGANISATIONS

1. This letter seeks policy approval to publish the Government's response to the recommendations made in this Strategy Unit Review. I would be grateful for replies by Monday, 14 July.

2. This Review, commissioned by the Prime Minister, made 61 recommendations for modernising the legal and regulatory framework for charities and the wider not-for-profit sector. The recommendations were made to the Government and have been put out to public consultation, the results of which have been analysed. This letter seeks policy approval to publish the Government's response to the consultation in a document (Annex B):

- summarising the response to the consultation;
- indicating which of the recommendations the Government accepts.

3. The response from the charitable and not-for-profit sector to the Review was very favourable, and the sector is keen to see it implemented. You have already announced that a Charities Bill will be prepared, for publication in draft, to take forward the changes to charity law. We propose to publish the draft Bill in the next session and to seek agreement to introduce it in the session after that.

4. A summary of the Review's recommendations, showing which we propose to accept and which we do not propose to accept, together with the method of implementation, is at Annex A.

5. The document we propose to publish as the Government's response to the Review sets out the recommendations in full, summarises the consultation views on each recommendation, and explains the Government's intentions. It is at Annex B.

Impact on public expenditure

6. There will not be a significant impact on public expenditure as a result of the implementation of the Review's recommendations.

Regulatory Impact Assessment

7. A partial Regulatory Impact Assessment (RIA) was prepared by the Strategy Unit and published at the same time as the Review. It had been cleared by the Regulatory Impact Unit and does not require updating at this time. A copy of the partial RIA can be found on the Strategy Unit's website www.strategy-unit.gov.uk/2001/charity/main.shtml. It is our intention to publish a full RIA with the draft Charities Bill.

Environmental Objectives

8. The Review recommends that the advancement of environmental protection and improvement should be recognised as a charitable purpose in its own right. The advancement of environmental protection and improvement is already charitable under existing case law, but its specific inclusion in a new statutory list of charitable purposes would give it especial prominence.

Legislation

9. Some of the review's recommendations can be implemented by administrative action, but about 35 of them will require changes to legislation. Legislation will be needed in three area; in company law to create a new corporate form for social enterprise (DTI); in Industrial and Provident Society Law (Treasury); and in charity law (Home Office). The Charities Bill will amend the Charities Act 1992 and 1993.

Devolved administrations

10. The Charities Bill will apply in England and Wales only. Charity Law is a devolved matter in Scotland and Northern Ireland.

Equal treatment

11. Consideration has been given to the interests of women, elderly people, disabled people and Black Minority and Ethnic groups. There are no recommendations which would have an adverse impact on those groups. Charities and other voluntary organisations working in the interests of these groups will benefit from improvements to the legal and regulatory framework of the sector.

020 7273 2565

Local Government

12. The Review recommended the introduction of a new, updated and unified **local authority** licensing scheme for public collections, which we propose to accept. Currently **local authorities** have the power (but not the duty) to create licensing schemes for street collections, and can refuse a licence even to a charity which is registered and fully regulated.

13. To ensure that the new licensing scheme is practicable, the Government intends to carry out a further detailed consultation with charities, **local authorities** and others interested in the regulation of public collections.

Conclusion

14. The Review's recommendations which we intend to accept will strengthen the capacity of charities and not-for-profit organisations to play their essential role in delivering high quality services and revitalising communities, by:

- modernising charity law and status to provide greater clarity and a stronger emphasis on the delivery of public benefit;
- improving the range of available legal forms enabling organisations to be more effective and entrepreneurial;
- developing greater accountability and transparency to build public trust and confidence; and
- ensuring independent, fair and proportionate regulation.

15. I therefore commend them to colleagues and seek agreement to publication of the Government's response to the Review.

16. I am copying this letter to the Prime Minister, members of the DA(ACF) Committee, the Secretary of the Cabinet, and the following colleagues: the Attorney General (for his interest as protector of charities on behalf of the Crown); Ministers of State, DfID and FCO (charities operating overseas); Minister of State, MoD (armed forces charities); Minister of State, DfT (transport charities); and the Chief Scientific Adviser (proposal to make advancement of science explicitly a charitable purpose).

Yours ever

Fiona.

FIONA MACTAGGART

2. *strict enforcement of the law for political violence* *"The Government and law enforcement agencies should strictly enforce the law in respect to all acts of political violence."*[6]	- The Report of the Law Society of Zimbabwe for 2002 indicates that the forces of law tend to be selective in the performance of their duties. In particular widespread allegations continue of political bias on the part of the police in the investigation of allegations of violence.[7] - There is no reported case of anyone having been charged and convicted in connection to incidents of violence against the opposition throughout 2002, even where the Government of Zimbabwe has undertaken to pursue such cases.[8]
3. *repeal laws impeding freedoms of association, movement and speech* *"The provisions of the General Laws Amendment Act, the Public Order and Security Act and the Access to Information and Privacy Act which impede the freedoms of association, movement and speech should be repealed."*[9]	- The elements of the *Public Order and Security Act*, the *Access to Information and Protection of Privacy Act* and the *General Laws Amendment Act* found to impede the freedoms of association, movement and speech have not been repealed.[10]
4. *review election administration* *"The responsibility (of electoral administration) is currently shared between the Elections Directorate, the Registrar-General and the Electoral Supervisory Commission. All these bodies are appointed by either the President or the Executive. There is a need to establish an Independent Electoral Commission."*[11]	- No steps have been taken towards the establishment of an independent electoral commission.[12]

[6] Paragraph 14 (c) of the COG Report
[7] Paragraph 51 of the SG Report
[8] Paragraph 57 of the SG Report
[9] Paragraph 14 (d) of COG Report
[10] Paragraph 30 of the SG Report
[11] Paragraph 15 (a) of the COG Report
[12] Paragraph 31 of the SG Report

Marlborough House Statement

Benchmarks from the Marlborough House Statement	**Secretary-General's assessment** in his report of March 2003
1. political dialogue and national reconciliation *"The Committee expressed its determination to promote reconciliation in Zimbabwe between the main political parties. To this end the committee strongly supported the initiatives of the President of Nigeria and the President of South Africa in encouraging a climate of reconciliation between the main political parties in Zimbabwe"*[13]	- Dialogue between Zanu-PF and the MDC facilitated by the envoys of the Presidents of Nigeria and South Africa had broken down at the time of the report.[14] The visit of the two Presidents to Zimbabwe on 5 May sought to start a dialogue, but as of June 2003 talks had yet to commence. - The MDC would not accept withdrawing its court challenge on the outcome of the 2002 Presidential elections as a condition for talks but is ready to commence talks with ZANU-PF without pre-conditions.[15] - The MDC leader and two other senior colleagues in the party are under trial for treason. [16]
2. the implementation of Commonwealth Observer Group recommendations *"The Committee noted that the Commonwealth Observer Group, led by General Abdulsalami Abubakar of Nigeria, had concluded that the Presidential Election was marred by a high level of politically motivated violence and that 'the conditions in Zimbabwe did not adequately allow for a free expression of will by the electors'. They deemed these conclusions, together with other aspects of the Report of the Observer Group, to be an adverse reflection on the electoral process, requiring an appropriate Commonwealth response."*[17]	- No steps have been taken by Zimbabwe to implement any of the Group's recommendations (see the preceding section for details).

[13] Paragraph 5 of Marlborough House Statement, 19 March 2002
[14] Paragraphs 22 & 23 of the Secretary SG Report
[15] Paragraph 23 of the SG Report
[16] Paragraph 24 of the SG Report
[17] Paragraph 3 of the Marlborough House Statement, 19 March 2002

3. the promotion, in collaboration with the UNDP, of transparent, equitable and sustainable measures for land reform in Zimbabwe *"In line with the Abuja Agreement and the Coolum Statement, the Committee stated that land is at the core of the crisis in Zimbabwe and cannot be separated from other issues of concern, and the Commonwealth will be ready to assist Zimbabwe to address the land issue and to help in its economic recovery in co-operation with other international agencies. The Committee requested the Commonwealth Secretary-General to remain actively involved with the United Nations Development Programme in promoting transparent, equitable and sustainable measures for land reform in Zimbabwe."*[18]	- The Government of Zimbabwe has failed to reach agreement with the UNDP on effective and sustainable measures for land reform. It has decided to press ahead instead with its own 'Fast-Track' land reform programme.[19] - The UNDP described the Government's 'Fast-Track' land reform programme as chaotic and the cause of much political, economic and social instability. [20] - Reports have continued of a disproportionate number of the best farms being allocated to senior members of government and security services. [21] - The Government of Zimbabwe admits that abuses have taken place. It has instituted an audit but this has not yet been published.[22]
4. engagement with the Secretary-General *"The Committee mandated the Commonwealth Secretary-General to engage with the Government of Zimbabwe to ensure that the specific recommendations from the Commonwealth Observer Group Report, notably on the management of future elections, in Zimbabwe are implemented."*[23]	- The Government of Zimbabwe has rejected the Marlborough House decision, as well as the Report of the Commonwealth Observer Group.[24] - The Secretary-General notes "All my efforts to engage with the Government in fulfilment of the mandates given to me by the Troika have been rebuffed."[25] - The Secretary-General's proposal of Sir Shridath Ramphal, former Commonwealth Secretary General, as a special envoy was rebuffed by President Mugabe.[26]

[18] Paragraph 10 of the Marlborough House Statement, 19 March 2002.
[19] Paragraphs 35 & 62 of the SG Report
[20] Paragraph 34 of the SG Report
[21] Paragraph 65 of the SG Report
[22] Paragraph 66 of the SG Report
[23] Paragraph 8 of the Marlborough House Statement, 19 March 2002.
[24] Paragraph 4 SG Report
[25] Paragraphs 4 & 7 of the SG Report
[26] Paragraph 5 of the SG Report

WWV

WorldWide Volunteering for Young People

7 North Street Workshops, Stoke sub Hamdon, Somerset TA14 6QR
Telephone: 01935 825588 Fax: 01935 825775
Email: worldvol@worldvol.co.uk Website: www.wwv.org.uk

President: The Right Hon. the Viscount Cranborne

Patrons: The Lord Astor of Hever DL
Captain Michael Fulford-Dobson CVO, KStJ, JP, RN
Martyn Lewis CBE
Sir Michael Lickiss
Lord Puttnam of Queensgate CBE
Professor Sir Kenneth Stuart
General Sir John Wilsey GCB, CBE, DL

Director: Roger Potter

Briefing notes for a meeting between the Policy Unit, 10 Downing Street and WorldWide Volunteering for Young People – Tuesday 24th June 2003

WorldWide Volunteering for Young People (WWV) is concerned that the Government may not have a full understanding of **WWV**'s aims and achievements; and that, despite the quality of its product, **WWV,** unlike similar organisations, has failed to attract government funding.

Background

- **WWV** is a registered charity whose aim is to provide young volunteers free of charge with the highest quality volunteering information.
- **WWV** has created the UK's most comprehensive database of full-time volunteering opportunities primarily for 16-25 year olds throughout the UK and overseas. Projects last from one week to one year or more.
- 970 volunteer organisations with 300,000 annual placements in 214 countries.
- The **WWV** CD Rom database is currently used by nearly 700 subscribers including 95 inner city London schools, offenders institutions, ethnic minority youth clubs, maintained and independent schools, careers and connexions services, libraries and volunteer bureaux.
- Unique software allows multi-option requests within a single search. This hugely reduces the time involved and is more advanced than similar databases eg Timebank and Do-It.
- A fully-enabled on-line version of the **WWV** database to be launched in June/July 2003.

Trustees: Robert Barnes; Alan Brierley; Alistair Cooke OBE PhD; Brigadier John Cornell CBE; Dr John Dunford OBE; Andrew Graham; Laura Morrison; David Potter; Carrie Williams

WorldWide Volunteering is supported by: British Youth Council, Duke of Edinburgh's Award Scheme, The English-Speaking Union, Fairbridge, GAP, London Youth, National Centre for Volunteering, The Prince's Trust-Action, Students' Partnership Worldwide, Toc H, Trident, Youth Clubs UK, Youthnet UK

Registered Charity No.1038253 Company Limited by Guarantee No.2932195

- **WWV**'s success has been achieved on a budget averaging just under £100,000 per annum for the past three years. Our estimated spend in for 2002/03 is £160,000

The Future

- **WWV wishes to develop a national network of Volunteering Project Managers to promote volunteering take-up and awareness in our subscriber organisations. This first of these has been appointed.**
    - Deutsche Bank and The Jack Petchey Foundation have both made grants of £25,000 + to fund Volunteering Project Managers in London to promote volunteer awareness and take-up via the **WWV** database. **WWV** proposes to extend this network across the country. The first of these is now in place.
- **WWV and Do-It both wish to combine our complementary databases provided that financial viability can be combined with free access for young people.**
    - Volunteers are already directed to a free access point wherever possible. The Mark Leonard Trust has underwritten the cost of our postal individual search and match enquiry service enabling us to move closer to the provision of free access.
- **WWV's database is already supporting volunteering in general, Citizenship in the National Curriculum, the objectives of the Connexions Service and a range of cross-curricular uses. We wish to expand this support.**

What are we seeking from the Government?

- **WWV** has developed a superb facility that is gaining widespread support and recognition. The construction of a national network of support workers is under way.
- We now seek the Government's recognition of the huge amount that has been achieved on a minimal budget and its help in enabling **WWV** to:
    - **make this resource available to young people throughout the country;**
    - **support the resource with a network of Volunteering Project Managers;**
    - **enable Do-It and WWV to combine their databases making an unrivalled single portal for volunteering information;**
    - **raise approximately £500,000 a year to achieve these aims.**

Roger Potter, Director WorldWide Volunteering for Young People

- Founded **WWV** in June 1994.

- Current positions include membership of DfES Consultation Group on gap year volunteering; National Task Force for European Voluntary Service; Council of Gap Activity projects.

THE NATIONAL ARCHIVES

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H The Prince of Wales

Working for Charity

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WORKING FOR CHARITY

Working for charities and voluntary organizations and making a difference for the better, in this country and internationally, is a central part of The Prince of Wales's role and contribution as Heir to the Throne. His Royal Highness is Patron or President of more than 350 charities and helps to raise tens of millions of pounds for charitable causes each year.

The Prince of Wales meets schoolchildren in Lancashire

Some of the charities, like The Prince's Trust, The Prince of Wales's Foundation for Integrated Health, The Prince's Foundation for the Built Environment, The Prince of Wales's Phoenix Trust, In Kind Direct, The Prince of Wales International Business Leaders Forum and Arts & Kids, were started by The Prince himself, while he has been closely and actively involved with others like Business in the Community over many years. His Royal Highness helps, directly or indirectly, to raise over £70 million a year for BITC and the thirteen main charities[1] which he has established himself. The £70 million is only a proportion of the funds which The Prince helps to raise. Furthermore, this figure does not include the financially un-quantified time, skills and commitment put in by tens of thousands of volunteers, mentors and others.

The Prince undertakes around 300 charitable engagements a year. With some he has a very close working involvement such as giving strategic direction, making key appointments and supporting operational management. With others The Prince takes a less 'hands-on' approach, but still spends considerable time paying visits, attending fundraising events and taking part in policy meetings and discussions. Whatever the level of his involvement, The Prince of Wales will not accept a position unless he has time to take an active interest in the organization.

[1] The Prince of Wales's Charitable Foundation (UK), The Prince of Wales Foundation (US), The Prince's Trust, The Prince of Wales's Foundation for Integrated Health, The Prince's Foundation for the Built Environment, The Prince of Wales Drawing School, The Prince's School of Traditional Arts, The Prince of Wales's Phoenix Trust, In Kind Direct, The Prince of Wales Arts & Kids Foundation, The Prince of Wales International Business Leaders Forum, Youth Business International and PRIME.

The Prince of Wales has a wide range of interests which are reflected in his charitable activities. They include social and community issues, rural affairs, health, education, young people, the built and natural environments, art and music, national heritage, the elderly and religion. Underlying much of his work is His Royal Highness's long standing commitment to drawing on the nation's talents and traditions to help people realize their potential and opportunities.

Many of the ideas and concepts initiated and developed by The Prince of Wales have had widespread influence extending beyond the initial charitable objectives. For example:

- The Prince's Trust has led the way with programmes to support and encourage young people, a number of which have been adopted by the Government.
- The Prince's commitment to organic farming, and support for the Soil Association and other charities, has helped to establish the benefits of organic farming both in providing good, natural food and protecting the countryside.
- Corporate Social Responsibility, as propounded by Business in the Community and The Prince of Wales International Business Leaders Forum, is now firmly on the business agenda.
- The principles put forward by The Prince's Foundation for the Built Environment have been widely accepted as a way to help create or maintain communities and pride of place, and thereby to address problems such as vandalism and social exclusion which can, in part, result from poor urban design and building.
- The Prince of Wales's Foundation for Integrated Health is a leader in helping the country's health services to take better advantage of all that a combined approach (conventional with complementary healthcare) has to offer.

A list of all the charities and voluntary organizations of which The Prince of Wales is Patron or President is included at the back of this booklet.

The Prince of Wales meets the public in Lubeck, Germany, where he received the Euronatur environmental award

RAISING MONEY FOR CHARITY

As mentioned in the previous section, The Prince of Wales helps to raise tens of millions of pounds for charitable causes each year. The Prince's Trust now has an annual budget of nearly £50 million and Arts & Business has encouraged annual business investment in the arts of £110 million.

The Prince of Wales raises money for charity playing polo

The Prince of Wales often plays a direct role in fundraising. The Prince's Trust's annual fundraising concert, Party in the Park, was The Prince's idea and an event which His Royal Highness has attended every year since 1997. Other charities benefit from Royal Film Premieres, recitals, award ceremonies and gala dinners. In addition, during the past five years The Prince of Wales has raised over £2 million from his company Duchy Originals and £1.3 million from other initiatives such as his paintings and books. He also raises around £800,000 each year playing polo.

Unless raised for a specific charity, The Prince's fundraising proceeds go to his Charitable Foundations in the UK or US.

THE PRINCE OF WALES'S CHARITABLE FOUNDATION (UK)

Established by The Prince in 1979, The Prince of Wales's Charitable Foundation (UK) supports a wide range of charitable causes and projects. The Foundation is mainly funded by Duchy Originals, the food company which The Prince launched in 1992. Duchy Originals is expected to make profits of approximately £1 million in 2003, which will be donated to charity. In 2001, during the Foot and Mouth crisis, £400,000 of the money raised by Duchy Originals, together with £100,000 from the Duke of Cornwall's Benevolent Fund, was donated by His Royal Highness to support farmers.

The Charitable Foundation (UK) also derives a significant part of its income from royalties from the sale of lithographs of The Prince of Wales's watercolours, from retail sales at the Highgrove Shop and from books written by His Royal Highness, such as The Garden at Highgrove.

The Foundation receives an ever-increasing number of requests for assistance, which are considered on a regular basis by The Prince of Wales. More than one hundred charities benefited from the £923,000 donated by The Prince of Wales's Charitable Foundation in the year 2001 to 2002. Donations ranged from £40,000 for various hospices to £17,000 to different appeals for the restoration of churches and cathedrals.

THE PRINCE OF WALES FOUNDATION (US)

The Prince of Wales Foundation (US) is an American registered charity which was established in 1991 and is located in Washington DC. Funding for The Prince of Wales Foundation is raised from its International Patrons Programme. The annual support of these Patrons enables The Foundation to fund programmes in education, healthcare, youth services, urban and rural renewal, community development and the environment.

In 2002, The Foundation donated $1.2 million to organizations including The Prince's Foundation for the Built Environment, The Prince of Wales's Phoenix Trust, The John F. Kennedy Centre for The Performing Arts in Washington DC, Breakthrough Breast Cancer, The Harvard AIDS Institute and The English College in Prague.

AUCTIONS

The Prince of Wales receives many requests for items to auction for a wide range of charities and causes. His Royal Highness donates items such as lithographs of his watercolours, signed books and tours of the garden at Highgrove for charitable auctions. In 2002, these donations raised in excess of £100,000.

DUCHY ORIGINALS

Duchy Originals embodies The Prince of Wales's commitment to the virtuous circle of providing natural, high quality food, while helping to protect and sustain the countryside and wildlife. All of its profits are donated to The Prince of Wales's UK Charitable Foundation.

The range of organic products includes biscuits, preserves, chocolates, bread, bacon, sausages, milk and soft drinks.

The only non-organic, but free-range, products are sausages and bacon which are produced to high animal welfare standards under the 'Duchy Selections' name. The company recently extended its range to include outdoor furniture under the name 'Duchy Collection'. Each piece is made by hand in Herefordshire using natural hardwood from sustainable woodlands.

The Prince of Wales in a field of rye at Home Farm

CASE STUDY

Duchy Originals HDRA Organic Gardens for Schools Programme

Duchy Originals sponsors the Henry Doubleday Research Association's schools programme, setting up small gardens in or near school grounds to teach children where their food comes from. Each term, member schools receive a newsletter pack, structured to fit the national curriculum, containing vegetable seeds and teaching materials which show children how to grow, prepare and cook food.

The project already reaches over 14,000 children through 400 member schools, which the project aims to more than double.

THE PRINCE'S TRUST – CREATING OPPORTUNITIES FOR YOUNG PEOPLE

The Prince's Trust was created by The Prince of Wales to enable young people, who would not otherwise have the opportunity, to fulfil their potential. Over 450,000 young people have been helped since the charity was established in 1976.

IN THE BEGINNING...

When The Prince of Wales left the Navy in 1976, he decided to use his £7,400 severance pay to set up The Prince's Trust. The Prince's idea came from his concern that too many young people were being excluded from society through lack of opportunity. As Founder and President of The Trust, The Prince of Wales still plays an active role in new project development and the strategic direction of the charity.

THE PRINCE'S TRUST TODAY

The Prince's Trust is now the United Kingdom's leading youth charity with an annual turnover of nearly £50 million. With 12,000 volunteers and staff, The Trust operates in all nine English regions and in Wales, Scotland and Northern Ireland.

The charity targets 14 to 30 year-olds facing problems such as unemployment, crime and poor basic skills. The level of need for The Trust's work is demonstrated by current statistics. One young person in twenty leaves school with no qualifications and 74 per cent of those in care have no qualifications. Three per cent of 16 to 25 year-olds have been convicted of a criminal offence within the last 12 months and eight per cent are unemployed.

The Trust helps young people develop confidence and skills through personal development programmes, business start-up advice and loans, and focused financial support. Its core work supporting business start-ups and personal development is the acknowledged inspiration for key parts of the Government's programme in this area.

The Trust also has programmes that support young people leaving care, educational underachievers and young offenders.

The Prince of Wales with pop singer Shakira during The Prince's Trust Party in the Park concert in London

STARTING NEW BUSINESSES

One of The Trust's largest initiatives is its Business Programme, which was established in 1983 to help young people to start their own small enterprises. The programme gives 18 to 30 year-olds support including low interest loans, grants, mentoring schemes, self-help kits, links to trade associations and marketing advice. The Business Programme has helped over 50,000 young people set up their own businesses to-date, of whom over 60 per cent continue to trade into their third year.

BOOSTING SKILLS

The Prince's Trust Volunteers Programme helps young people to improve their skills and boost their self-confidence through team-based community projects. Each team includes employed and unemployed young people to foster respect and understanding regardless of background. Over 65,000 people have benefited from the Volunteers Programme, with over 70 per cent of unemployed participants progressing on to employment, education or training.

CASE STUDY

The Prince's Trust

For many years Robin Eveleigh suffered from a debilitating illness, which resulted in a lack of self-confidence and inability to interact socially. In 1998 Robin's illness resulted in a complete breakdown forcing him to leave his job.

Refusing to give up and determined to overcome his illness, Robin decided to get back to work. He applied for numerous posts but failed his medical each time. With the help of a loan and mentor from The Prince's Trust in 2001, Robin launched Eveleigh's Gardening Services.

After three years of trading, the business has grown from tending back gardens to managing church grounds and country estates. Robin's health has now improved and in 2003 The Prince of Wales presented him with The Prince's Trust & Royal Bank of Scotland Group Business of the Year Award.

BUILDING MOTIVATION AND SELF-CONFIDENCE

Too many young people are under-achieving at school, or jeopardising their futures through exclusion or truancy. The Prince's Trust 'xl network' tackles under-achievement and exclusion through school-based clubs. Students are encouraged to connect with the learning process by defining their own goals and discovering how learning can relate to real life experience. There are now 400 xl clubs across the United Kingdom.

SUPPORTING YOUNG PEOPLE LEAVING CARE

The Trust is spending £2 million on schemes which try to help young people leaving local authority care by providing mentors to offer support and advice. Research by The Trust has found that one in ten has hardly attended school, a fifth say they have no real friends and nearly a third say they are lonely. The Trust aims to offer advice and direction to enable them to lead fulfilling independent lives.

INSPIRING NEW INTERESTS

The charity continues to capitalize on young people's passions in order to give them a route to a better future. Sound Live courses build on young people's interest in music and The Trust's Football Initiative uses the appeal of Premiership and Nationwide League football clubs to encourage young people to join Prince's Trust Volunteers' Teams.

WORKING IN PARTNERSHIP

The Trust works in partnership with many organizations and individuals including central and local Government, colleges, the Learning and Skills Council, faith communities, the emergency and uniformed services, the majority of the FTSE 100 companies, The Employment Service, universities and other voluntary organizations and charities. The Trust also involves a wide range of industries including fashion, music, media and sport.

BUSINESS IN THE COMMUNITY – ENCOURAGING CORPORATE SOCIAL RESPONSIBILITY

Business in the Community (BITC) is a unique network in the United Kingdom of 700 member companies; three-quarters of FTSE 100 companies are members.

In 1985 The Prince of Wales became President of BITC in recognition of his role as a leader in community development, particularly through his work with The Prince's Trust.

Membership of BITC is a commitment to action and to the continuing improvement of the member company's impact on society. BITC members work in a variety of ways including developing projects on behalf of deprived inner-city and rural communities, seeking to raise achievement standards in schools and promoting better corporate environmental responsibility.

Together, member companies employ over 15.7 million people across 200 countries. In the United Kingdom, membership represents one in five of the private sector workforce.

In 2003 BITC launched the Corporate Responsibility Index, the first benchmark of responsible business practice helping companies to improve their performance by being able to compare their performance with that of others in their sector. It works alongside other benchmarks such as Business in the Community's Percent Club Index

which encourages companies to donate a minimum of at least one per cent of their pre-tax profit into the community. For the financial year 2001 to 2002, the Percent Club Index recorded £651.2 million given in cash, time and gifts in kind.

BITC brings companies together to tackle disadvantage in the most deprived communities across the UK through its ten regional offices and delivers a range of programmes tackling key issues such as homelessness, rural and urban poverty and crime.

As well as being actively involved in the strategic development of BITC, The Prince of Wales has personally initiated several major programmes including Seeing is Believing, Rural Action, Pro Help, Business Action on Homelessness and Cares.

SEEING IS BELIEVING

The Prince of Wales believes strongly that it is important for business leaders to understand how social exclusion, unemployment and crime affect local communities by seeing for themselves. Established in 1990, The Prince's Seeing is Believing initiative has taken over 3,000 top executives into Britain's most deprived areas. Business leaders taking part in the Seeing is Believing programme are invited to report back to The Prince of Wales personally with their findings. In 1999 The Prince of Wales expanded Seeing is Believing into the countryside when he invited leading BITC companies to play a role in regenerating rural communities with a campaign called Rural Action.

Seeing is Believing has helped many businesses to improve the quality of life in their local areas and to create successful new initiatives such as the Right to Read Programme, which promotes literacy through one-to-one reading tuition with 7 to 11 year-olds, and Business Action on Homelessness.

Business Action on Homelessness aims to equip homeless people, through business support, with the necessary skills to gain employment and an independent living. Since the campaign began in 1998 almost 400 homeless people have participated in an employment programme which includes Ready to Go, a two-day training course and Ready for Work, a two-week work placement. During the three years from 2000 to 2002, Business Action on Homelessness helped find two-week work placements for 350 homeless people, and as a direct result over 100 people were offered full-time employment.

PROHELP

The Prince of Wales's ProHelp initiative engages professional firms across the United Kingdom in offering free professional services which might include accountancy, legal advice and consultancy to community and voluntary organizations. Currently over 1,000 firms are engaged through 43 partnerships providing well over £4.5 million of professional support every year.

CARES

In 1998 The Prince of Wales called on employers to 'raise the bar' and aim to have 25 per cent of their workforces engaged in some way with their communities on a voluntary basis. Cares has now become one of the UK's main employee volunteering programmes, with nearly 40,000 members from 250 companies giving their time and skills to their local communities.

IN KIND DIRECT – DISTRIBUTING INDUSTRY'S SURPLUS GOODS

In Kind Direct was founded by The Prince of Wales in 1996. The charity's purpose is to help people in need by acting as a clearing-house for surplus goods from the corporate sector, channelling them to good causes and avoiding unnecessary waste. Companies donate surplus goods, which are almost all new and might be ends of lines, seasonal items, samples, customer returns, and items in damaged packaging or with slight defects.

Since the charity started, £28 million of goods have been donated to benefit more than 2,700 charities. Many of the goods would otherwise have been destroyed or discarded. In Kind Direct estimates that goods currently being put to use for charitable causes would have taken up 56,000 cubic metres of landfill space – the equivalent of 28 Olympic-sized swimming pools.

The donor companies are often able to save storage and disposal costs, make progress towards their environmental goals, and have the satisfaction of making a real difference to a number of charities.

The Prince of Wales plays pool with children during a visit to Kids Company. The charity is now in its sixth year as an In Kind Direct Partner

In Kind Direct has a network of partner charities and smaller voluntary organizations across the United Kingdom to which it passes on the surplus goods. The partner organizations represent every kind of cause, including children, sickness and disability, family welfare, homelessness, emergency relief, community support and development and job skills training.

CASE STUDY

In Kind Direct and The Friends of Kaur

"Every time a container of In Kind Direct goods arrives I can't start to explain the excitement caused", says Richard Game of the Friends of Kaur, an organization which helps thousands of people by supporting schools, a community centre and a hospital in the villages of Kaur and Siffoe in the Gambia.

The UK based charity has belonged to In Kind Direct's network since 1998 and receives over £200,000 worth of goods each year including a great variety of items such as toys, toiletries, trainers, pots, pans, clothes, office equipment and supplies, educational games and books.

RURAL AFFAIRS – HELPING THE COUNTRYSIDE TO PROSPER

For many years, The Prince of Wales has worked to secure a sustainable future for our countryside and the people who live and work in it. The Prince is actively involved in various initiatives to regenerate rural communities and is the Patron or President of more than 25 farming charities including The Royal Agricultural Society of England, The National Federation of Young Farmers' Clubs, The Federation of City Farms and Community Gardens and The Rare Breeds Survival Trust.

As well as providing support for rural communities in times of adversity – for example, His Royal Highness donated £500,000 to charities supporting rural communities during the Foot and Mouth crisis – The Prince has created many initiatives which provide ongoing assistance to farmers. These include promoting British beef, both at home and abroad; bringing together all parts of the food chain to encourage better dialogue; supporting farmers' markets and cooperatives and encouraging traditional rural skills, such as woodcraftsmanship.

The Prince of Wales with farmer Andrew Elliot at Blackhaugh Farm in the Scottish Borders

Above all, His Royal Highness believes that it is vitally important to preserve the tradition of the family farm which has been passed down from one generation to another. The Prince visits farmers all over the country to discuss the challenges facing farming, as well as possible solutions such as better marketing, quality breeding and organic conversion.

As President of the National Federation of Young Farmers' Clubs, The Prince is particularly concerned to keep young people in rural communities. As a result of his meetings with young farmers around the country, The Prince has found that a key concern is affordable housing. The Prince, through the Countryside Agency, Business in the Community and the Country Landowners Association, is launching a new initiative to try to encourage better provision of affordable rural housing.

The Prince of Wales's Rural Revival Initiative (RRI), which was launched by His Royal Highness in 1999, is a partnership between organizations including Business in the Community, The Prince's Trust, The Duchy of Cornwall, Yorkshire Forward and the Countryside Agency. RRI comprises three pilot projects in Cumbria, North Yorkshire and Cornwall, each designed to find a different way to regenerate disadvantaged rural communities. They focus on encouraging self-employment, delivering better transport and social services, and finding new ways to create opportunities for young people which they would not otherwise have. The project has already created 26 jobs for young people in the Yorkshire Dales.

In 2001, as President of Business in the Community, His Royal Highness founded Rural Action – a major initiative which urges the business community to use their skills, experience and resources to provide practical solutions to the problems facing rural communities. It focuses on four key areas: Local Sourcing, Strengthening Market Towns, Supporting Enterprising Communities and Creating Affordable Housing. One of Rural Action's key initiatives is The Pub is the Hub campaign, which finds additional uses for village pubs, many of which are the only remaining outlets for services in communities. The scheme encourages rural pubs to diversify, so that they can also act as post offices, grocery stores or, in some cases, IT clubs.

ORGANIC FARMING

The Prince of Wales is a leading supporter of organic agriculture, believing that it provides high quality food, protection of the environment, more jobs and greater self-reliance on natural systems. He converted his own farm at Highgrove, Gloucestershire, into a model of organic, sustainable agriculture which is visited by many farmers, students and scientists every year.

The Prince is Patron of the Soil Association, the leading organic organization in the United Kingdom, to which His Royal Highness gives generously each year. He also set up his own organic food brand, Duchy Originals, to encourage a wider adoption of organic farming and food production.

CASE STUDY

Conserving Britain's national livestock heritage

As Patron of the Rare Breeds Survival Trust, The Prince believes in the importance of maintaining the gene pool of native British livestock. Between 1900 and 1973, more than 20 unique breeds of British farm animals became extinct. The Rare Breeds Survival Trust is the only charity in Britain dedicated to conserving over 70 breeds of British sheep, cattle, goats, pigs, horses, ponies and poultry. In the year 2001 to 2002 The Prince's Charitable Foundation donated £100,000 to the Rare Breeds Survival Trust.

CARING FOR THE NATURAL ENVIRONMENT

The Prince of Wales has long campaigned for responsible stewardship of the world's natural heritage, so that it is passed onto future generations in the best possible condition. Environmental issues were the subject of The Prince of Wales's first public speech in 1970. Since then he has spoken on a wide range of environmental subjects, giving them prominence and stimulating public debate, most notably his speeches to raise awareness of the issues around GM technology and his continuing efforts to highlight the threat posed to the survival of the albatross.

The Prince has sought to encourage better understanding of the threat to the environment and practical solutions to the many problems. This is a common theme in much of his charitable work. A number of organizations which The Prince has set up, or has been instrumental in developing, have been active in the sphere of the environment. They include Business in the Environment, In Kind Direct and The Prince of Wales's Business and Environment Programme.

THE PRINCE OF WALES'S BUSINESS AND THE ENVIRONMENT PROGRAMME

This programme, set up by His Royal Highness in 1993 and run by the University of Cambridge Programme for Industry, encourages businesses to take far greater responsibility for environmental issues. It runs a series of seminars to explain environmental issues to businessmen and to offer some practical solutions. The seminars are run every year in the United Kingdom, the United States of America, Europe and South Africa. Contributors to the Programme are drawn from an international mix of business leaders, politicians, academics and other leaders in their fields. His Royal Highness has hosted various meetings and receptions to keep closely in touch with the Programme's work and progress.

The Prince of Wales is a prominent campaigner for environmental issues

The Prince is Patron or President of 35 environmental organizations, which include The Wildlife Trusts, The National Trust, Intermediate Technology, Henry Doubleday Research Association and WaterAid. Not only does His Royal Highness support many of these financially, he also hosts events to increase public knowledge of their work and to help them with their fundraising. In addition, The Prince of Wales supports the Forest Stewardship Council which certifies wood from sustainably managed forests and the Marine Stewardship Council which certifies sustainably managed fisheries.

The Prince's UK Charitable Foundation donated £100,000 to environmental causes in the year 2001 to 2002.

IMPROVING THE BUILT ENVIRONMENT

For more than 20 years The Prince of Wales has been campaigning for better and more 'human' building developments. In 1988 His Royal Highness wrote a book and presented a major television documentary on this subject called 'A Vision of Britain'. The Prince suggested that more needed to be done to create urban areas that encouraged a sense of community and pride of place. The Prince of Wales has put his principles into effect in two main ways, by the creation of Poundbury, the urban extension of Dorchester in Dorset, and by establishing his charity The Prince's Foundation for the Built Environment.

POUNDBURY

At Poundbury The Prince has started to build a small town which reflects his belief in the importance of building urban areas which fully take into account the well-being of those who are to live there. Now half way through its 20 building programme, Poundbury has been widely praised as a model community. Government planning guidance now incorporates and promotes the kind of approach to layout and mix of tenure which Poundbury demonstrates.

THE PRINCE'S FOUNDATION FOR THE BUILT ENVIRONMENT

His Royal Highness believes that a number of social problems, including vandalism and social exclusion, can be traced in part to the way in which cities and towns have been built since the Second World War. This approach, which often entailed high-rise housing of poor design and construction and with little relationship to the surrounding environment, tended to lead to an erosion of a sense of community and pride of place.

The Prince spoke about these issues publicly in the 1980s and received thousands of letters of support from the general public, town planners and architects. Encouraged by their support and the success of two Summer Schools in Civic Architecture which he founded, His Royal Highness created The Prince of Wales's Institute of Architecture in 1992.

In 1998 The Institute evolved into The Prince's Foundation for the Built Environment, which is located in a converted warehouse in Shoreditch, London. The Foundation is the only institution in the United Kingdom which specializes in providing consultancy and education services for large scale urban regeneration or development projects. The approach is to foster a sense of community, pride of place, and good building and craftsmanship. The Foundation's Alumni Association links more than 400 alumni from around the world, ranging from undergraduate students to practising architects, artists and craft professionals.

REGENERATION AND SUSTAINABLE DEVELOPMENT

The Foundation provides consultancy services for around twenty regeneration projects across the United Kingdom, as well as to a number of Government agencies and to The National Health Service.

The Foundation is helping those responsible for the regeneration projects to ensure that the views and requirements of the local communities are fully taken into account, that the layout of the urban areas will foster community spirit and pride of place, and that the buildings themselves are well designed using local materials and reflecting local styles. This 'better building for better living' approach addresses the social problems referred to above, and can also help to reduce over-reliance on the car and make better use of scarce building land.

One of the projects is the redevelopment of Llandarcy, a classic brownfield site in the heart of industrial South Wales. Working together with local agencies, the intention is to redevelop Llandarcy from a former oil refinery complex into a community mix of residential, retail and industrial use.

INSPIRING YOUNG PEOPLE

As well as providing urban-design education and training, the Foundation is involved in a number of projects to encourage and inspire young people to take an active interest in their built environment.

Pupils taking part in the Place Making Scheme

The Place Making Scheme is an educational course for secondary school pupils to help them understand, and therefore take better care of, their built environment. Students begin by building primitive structures, then go on to discuss how settlements are established, how they can combine to form communities, how laws are introduced and how civilizations evolve. The programme is delivered within the secondary curriculum and also supports the Government's drive to teach citizenship in schools.

THE PRINCE OF WALES'S PHOENIX TRUST

The Phoenix Trust rescues and regenerates large, redundant heritage buildings. The buildings, which might include abandoned mills, factories, prisons and dockyards, are of outstanding architectural and historical merit, but their immense size and the need for long-term investment has meant that their potential has been difficult to realize.

The Phoenix Trust concentrates on projects in areas that have experienced economic decline. The Trust suggests ways in which buildings can be regenerated to provide residential, retail and business opportunities while preserving the buildings' original architecture and craftsmanship to the greatest extent possible.

The Trust acts as an enabler and works in close collaboration with the communities, property owners, local authorities and statutory bodies to advise and direct funds into projects.

Brookhouse Street, Poundbury, at its junction with Longmoor Street

KITTS GREEN COMMUNITY BUILDING PROJECT

The Community Building Project at Kitts Green in Birmingham is a collaboration between The Prince's Foundation for the Built Environment, The Prince's Trust and Birmingham City Council. It is a project to build a Personal Development Centre for 13 to 23 year-olds in the area but with the young people themselves closely involved with, and learning from, the design and building process.

SUPPORTING THE ARTS

THE PRINCE OF WALES'S ARTS & KIDS FOUNDATION – ENGAGING YOUNG PEOPLE WITH THE ARTS

In 2001 during a visit to a school for excluded pupils in Balsall Heath in Birmingham, The Prince of Wales was taken into an English class where GCSE pupils were being taught Shakespeare's Romeo and Juliet. The Prince was so impressed by the enthusiasm shown by the teacher and pupils that he arranged for the class to attend a Royal Shakespeare Company performance of the play in Stratford-upon-Avon.

The Prince of Wales with The Secretary of State for Culture, Media and Sport (left) launches The Prince of Wales's Arts and Kids Foundation at Buckingham Palace, London

The pupils, who enjoyed the play enormously, wrote to The Prince of Wales individually to say how much they had enjoyed and benefitted from the performance. This reinforced the Prince's long-held view that every young person in the United Kingdom should be given the opportunity to engage with the arts and he worked with Arts & Business, of which he is President, to create an organization that could help realize this vision. The Prince of Wales subsequently launched The Prince of Wales's Arts & Kids Foundation in June 2002 at Buckingham Palace, as a subsidiary of Arts & Business, when he commented: "The arts are a window on our world that can capture a child's imagination and let it grow. We should all have the opportunity to look through that window."

The Prince of Wales's Arts & Kids Foundation enables children and young people to get involved with the arts. This might involve arranging a trip to a theatre or to an historic site or working with business to develop specific programmes for young people. Arts & Kids will enable an estimated 15,000 children to see live performances by December 2003.

With the support of businesses, Arts & Kids encourages 5 to 18 year-olds to become involved with all art forms including dance, theatre, opera, literature, painting and other visual arts. Initiatives already supported range from a creative-writing programme to a scheme which seeks to double the provision of arts and crafts materials in infant and junior schools.

Every penny donated directly to Arts & Kids is used to enable children and young people to get involved with the arts. Arts & Kids is committed to raising £7 million by September 2005 to help realize The Prince's vision.

ARTS & BUSINESS – DEVELOPING CREATIVE PARTNERSHIPS BETWEEN BUSINESS AND THE ARTS

Since accepting the Presidency of Arts & Business in 1988 The Prince of Wales has played an active role in the charity and regularly leads events, under the banner of the President's Forum, bringing together business leaders and arts professionals. Arts & Business encourages and develops effective relationships between business and the arts. In 1976, the year Arts & Business was established, the figure for annual business support of the arts stood at £0.6 million. For 2002 the figure was over £100 million.

Through 18 regional offices throughout the United Kingdom, Arts & Business creates opportunities for employees to get involved in the arts and encourages new ways for people from both worlds to share their skills, knowledge and understanding. Through its personal development programmes, Arts & Business has trained over 4,000 business people. The charity has a business membership of 350 companies and over 950 arts development professionals.

THE PRINCE'S DRAWING SCHOOL

The Prince of Wales created a drawing school in June 2000 to offer artists the opportunity to broaden their skills, particularly in observational drawing. The school provides life drawing classes and workshops as well as courses in painting, sculpture, printmaking and calligraphy. Each week the school has attracted more than 300 students including local school children, architects, designers and art students.

The Prince's Drawing School

THE PRINCE'S SCHOOL OF TRADITIONAL ARTS

The Prince's School of Traditional Arts was established by His Royal Highness to continue the living traditions of the world's sacred and traditional art forms. The courses are mainly studio based, and include architectural projects, geometry, ceramics, glasswork, wood-carving, painting and textiles.

As well as providing courses in the Western tradition of sacred art, the school also offers higher degree courses in traditional and sacred arts from around the world. One of the school's programmes, Visual Islamic and Traditional Arts (VITA), started at the Royal College of Art and transferred to The Prince of Wales's Institute of Architecture in 1993. The VITA programme is now run by The Prince's School of Traditional Arts and its degrees are validated by the University of Wales, of which The Prince is Chancellor. VITA highlights the universal principles which underlie the different art forms, with a particular focus on the Islamic tradition, and encourages the students to express these principles through innovative contemporary application.

EDUCATION – INVESTING IN THE FUTURE

Education is a key charitable objective for The Prince of Wales and plays a part in the activities of many of the charities which The Prince supports including The Prince's Foundation for the Built Environment, Business in the Community, The Prince's Trust and Arts & Business.

The Prince of Wales takes part in lessons during a visit to Altrincham School for Girls

There are also a number of specific educational organizations with which The Prince is involved. For example, His Royal Highness founded The Prince's School of Traditional Arts, The Prince's Drawing School, The Prince of Wales's Shakespeare Summer School, The Prince of Wales's Education Summer School and Arts & Kids.

The Prince is a life member of the National Association of Head Teachers, and is Patron of many educational charities ranging from The Royal National College for the Blind to The Wordsworth Trust.

As President of the Royal Shakespeare Company, His Royal Highness combined his interest in the arts and education to establish The Prince of Wales's Shakespeare Summer School in 1993. Since then, more than 300 teachers have been encouraged by the School to extend their knowledge of Shakespeare's work, to develop critical awareness of rehearsal and performance and to extend their range of teaching methods.

The Prince of Wales's Education Summer School was founded by His Royal Highness in 2002 to give teachers of English Literature and History the opportunity to meet together with leading writers and academics to discuss, from first principles, the essential elements of their subjects and the roles the subjects should play in education. The Prince adheres to the view that the study of English Literature and History contributes to the moral, cultural and social values of our young people and society.

The Prince of Wales and Bernice McCabe, Course Director of The Education Summer School

One of His Royal Highness's concerns, particularly through his work with The Prince's Trust, has been to give young people greater access to education. In 1990 The Trust addressed educational under-achievement by setting up Study Support Centres to give young people the chance to learn outside school by providing a secure, supportive and stimulating environment. The scheme was later taken up by The Government in 1997 as part of the New Opportunities Fund.

The Prince's Trust continues to tackle under-achievement and exclusion from school through its 'xl network' which is a series of school-based clubs for 15-16 year-olds. In 2003 there were more than 400 xl clubs with Prince's Trust advisers.

As President of Business in the Community (BITC), The Prince has encouraged businesses to become involved with educational projects, notably through BITC mentoring schemes which match business leaders with head teachers to help to improve school performance.

As Vice-Patron of The British Council, The Prince supports many educational projects abroad. In addition, The Prince of Wales promotes the education of overseas students in this country through the provision of scholarships for those who might otherwise not be able to afford to study in Britain. This is done through The Cambridge Commonwealth Trust and The Cambridge Overseas Trust of which The Prince is Chairman. Since 1981 nearly 10,000 overseas students have been able to study at Cambridge University as a result of the Trusts.

CASE STUDY

Education Summer School

Eighty teachers from secondary schools in the South West of England attended the Prince of Wales Education Summer School in 2002. The three-day course included lectures, workshops and panel discussions with experts such as Andrew Motion, Anthony Beevor, Jonathan Dimbleby, Joanna Trollope, Sir John Mortimer, Sir Trevor Nunn, Professor Simon Schama and Dr David Starkey.

Kevin Freedman, Head Teacher of The Castle School in Taunton, said: "I am delighted that two of our teachers are attending the course. The opportunity for them to work with such eminent academics and writers has created quite a buzz in our staff room".

HEALTH – SUPPORTING PATIENTS AND CARERS

The Prince of Wales is involved with a wide variety of healthcare organizations and regards his regular visits to hospitals and hospices as an important part of his work. Among the positions The Prince holds are Presidency of The King's Fund, Patronages of The Royal College of Psychiatrists and the mental health charity SANE, and Honorary Fellowship of the Royal College of Physicians.

In 2002, The Prince donated over £200,000 from his UK Charitable Foundation and $140,000 from his US Charitable Foundation to healthcare organizations. Recent beneficiaries have included The British Red Cross, The Harvard AIDS Trust and The Bristol Cancer Help Centre in addition to many hospices and hospital trusts.

The Prince of Wales is Patron of nine hospices and he regards the hospice movement in the United Kingdom as an example to the world.

FIGHTING CANCER

Helping to fight cancer is a particular concern for The Prince of Wales and His Royal Highness has supported many fundraising events and awareness campaigns to help those affected by the illness. The Prince's Patronages include Macmillan Cancer Relief, Breakthrough Breast Cancer, The Haven Trust and Marie Curie Cancer Care.

Since early 2001 a group of the cancer charities, which have The Prince of Wales as their Royal Patron, has been meeting to encourage more research into complementary medicine and cancer care. This work is being carried out under the auspices of The Prince of Wales's Foundation for Integrated Health.

THE PRINCE OF WALES'S FOUNDATION FOR INTEGRATED HEALTH

His Royal Highness believes that an integrated approach to health is essential for the greater benefit of patients. The approach focuses on health and healing rather than just disease and treatment, and combines the best of complementary and conventional healthcare.

To drive forward his vision, His Royal Highness established The Prince of Wales's Foundation for Integrated Health which acts as a forum to support and promote action at national and local levels. In May 1998 His Royal Highness launched the discussion document Integrated Healthcare: A Way Forward for the Next Five Years? This set out a comprehensive programme of work aimed at encouraging complementary and conventional healthcare practitioners to work together for the benefit of the patient.

As President and Founder, The Prince is involved in active policy making for The Foundation as well as hosting regular seminars and contributing articles on the subject of integrated health.

In March 2000 The Foundation received a £1 million grant from The King's Fund to help create regulatory systems for the complementary health professions. The Foundation is now working with key complementary health practitioners from approximately 122 different organizations.

The Prince of Wales launches the Foundation for Integrated Health's new five-year strategy

In November 2000 the House of Lords Select Committee on Science and Technology published its report on complementary medicine. Its recommendations closely mirrored The Foundation's own programme and called for more evidence based research, tighter regulation of complementary medicine and practitioners, and more information for the public. These recommendations were accepted by the Government early in 2001.

In May 2002 The Prince of Wales launched The Foundation's Primary Care Initiative, which is designed to encourage the introduction and development of integrated projects running in or alongside primary care trusts.

In May 2003 His Royal Highness published the Foundation's new five-year strategy. The key areas that The Foundation aims to address include regulation, education and information, accessibility, research and development.

Later in June 2003, The Foundation, along with the National Council for Hospice and Specialist Palliative Care Services, will publish national guidelines for the development of complementary therapies in palliative care.

DISABILITY

The Prince of Wales is Patron or President of a number of charities which champion the causes of those with disabilities including The Disability Partnership, The Royal National College for the Blind and The British Wheelchair Sports Foundation.

THE DISABILITY PARTNERSHIP

In 1983 The Prince established and funded The Prince of Wales Advisory Group on Disability which became the Disability Partnership in 1997. The charity, of which The Prince is President, works on behalf of disabled people to tackle the challenges they face and to help improve the inclusion of disabled people in society and business.

The Partnership has established mentoring and leadership programmes for disabled employees with corporate partners. In 2000 The Disability Partnership launched another initiative, The Disability and Rehabilitation Education Foundation, in response to the limited awareness and teaching of disability related topics in medical and dental schools.

THE NATIONAL CENTRE FOR DISABLED SPORT

In 2003 The Prince of Wales officially opened The National Centre for Disabled Sport at the Stoke Mandeville Stadium, in Aylesbury, Buckinghamshire. In 1999 The Prince of Wales, as Patron of the British Wheelchair Sports Foundation which exists to provide high quality facilities and opportunities for people with disabilities to participate in sport, launched The Foundation's Sporting Chance Appeal which helped raise the £10 million for the refurbishment of the centre. The new stadium, which will be the National Centre for Disabled Sport for the United Kingdom, will also be used by the local community.

HELPING OLDER PEOPLE TO LIVE INDEPENDENTLY

Although well known for his work with young people, The Prince of Wales is Patron of a number of charities which help older people.

The Prince recognizes the huge contribution that many older people make to our society and has supported many initiatives to bring about changes in attitude and

practice with regard to older people. With the support and active backing of The Prince of Wales, PRIME was established in 1999 to enable the over-50 age group to set themselves up in business.

Through his involvement with Age Concern and Help the Aged, His Royal Highness is keen to promote the positive aspects of growing older. The Prince is committed to the charitable causes of tackling poverty, isolation and ageism as well as improving residential and medical care for older people.

For example, in March 2003, The Prince backed Age Concern's Break the Age Barrier campaign to tackle age discrimination in the workplace and launched the charity's Business Pledge which encourages the employment of those aged over-50 and recognises the valuable contribution that older people make in the work place.

The Prince believes that older people should, where appropriate be supported in their choice to live independently. However, many older people live in poverty and isolation, in poor housing, and in neighbourhoods where they feel excluded and unsafe.

The Prince enjoys a chat with Jessie Osboure and Mary Mirrah during a tour of a sheltered housing scheme in Mile End, London

As Patron of the Almshouse Association, The Prince supports the view that older people should be able to maintain their links with their local community. There are almost 1,800 Almshouse Charities in the UK providing 36,000 needy people, mostly elderly, with a high standard of affordable housing in their communities.

The Prince is also concerned by the number of older homeless people, many of whom are ex-servicemen and women; sometimes they do not get the help they need because resources are often focussed on charities concerned with younger homeless people. In 2001 The Prince helped to launch the St Mungo's homeless charity's Sanctuary Appeal (of which he is Patron) for the over-55 age group and in the same year, His Royal Highness, who is Colonel-in-Chief of several regiments, helped to launch an initiative for homeless ex-service personnel run by The Oswald Stoll Foundation. More recently, The Prince has instigated specific help for ex-service people through Business in the Community's Business Action on Homelessness programme.

THE PRINCE'S CHARITABLE WORK OVERSEAS

The Prince of Wales undertakes a regular programme of overseas visits on behalf of the Government and, as well as fulfilling his official duties, he often identifies areas where charitable assistance could usefully be provided. Just a few of the initiatives that The Prince has founded around the world are detailed in the examples below.

THE GUYANESE ORGANIC COCOA PROJECT

The Prince of Wales visits Georgetown, Guyana

When The Prince visited Guyana in 2000, he suggested redeveloping redundant cocoa plantations using organic farming methods. With help from The Prince's Charitable Foundation (UK), the Guyanese Organic Cocoa Project was established. The Project – a cooperative of 26 Amerindian farmers and their families – now supplies cocoa beans for many companies including The Prince's food company, Duchy Originals.

THE PRINCE'S CUP

During The Prince of Wales's visit to Jamaica in January 2000, His Royal Highness visited the slums of the inner-city communities in Kingston. As one way of bringing together divided communities, The Prince of Wales suggested establishing a six-a-side football competition. The Prince's Cup, as it is now called, is intended to focus the energies of young people on sporting competitions. With the help of the Football Association and the British High Commission, 130 teams from 76 inner-city communities took part in the first Prince's Cup in the Summer of 2001 under the banner 'The Promotion of Peace and Partnership in the Inner-city'.

PRESERVING PRAGUE'S HERITAGE

Following the collapse of Communism in Central and Eastern Europe, The Prince of Wales was concerned to assist with the conservation and protection of the architecture and buildings of Central Europe's great cities. For example, in 1991 His Royal Highness and President Havel of the Czech Republic founded the Prague Heritage Fund, which played a crucial role in many significant heritage projects in Prague.

HELPING THOSE LEAVING CARE

As Patron of the FARA Foundation for Romanian orphans, The Prince of Wales was concerned about the fate of children who left care once they reached adulthood. At His Royal Highness's suggestion, FARA is now establishing an agricultural training centre and organic farm in North-East Romania which will provide both work opportunities and job training for those leaving care, as well as promoting organic farming in Romania.

JEWISH RELIEF FUND

During The Prince of Wales's tour of Poland in June 2002, The Prince visited the Kazimierz suburb of Krakow in Poland which is the Jewish Quarter and where the Jewish community was reduced from 64,000 at the start of World War II to 6,000 in 1945.

His Royal Highness discovered that the ageing, surviving Jewish community of 186 people lacked any form of communal social faculty and asked World Jewish Relief to examine ways of rectifying this. With the Prince of Wales's patronage, a $1.6 million Jewish Centre, which will provide day care to the elderly and a social hub for younger members of the city's small, yet active Jewish community, is now being built by World Jewish Relief and is expected to be completed by 2005.

INTERNATIONAL PATRONAGES

The Prince of Wales is Patron of many international charities and supports a number of overseas aid and development organizations including ActionAid and WaterAid. In 2003 The Prince became President of the British Red Cross in succession to Queen Elizabeth The Queen Mother.

The Prince of Wales's UK Charitable Foundation has donated money to various international appeals ranging from The Brazilian Atlantic Rainforest Trust to Islamic Relief's Afghanistan Emergency Appeal.

THE PRINCE OF WALES INTERNATIONAL BUSINESS LEADERS FORUM

Experience of the positive impact of community partnerships through Business in the Community in the 1980s led His Royal Highness to establish The Prince of Wales International Business Leaders Forum (IBLF) in 1990.

Supported by international companies from Europe, America and Asia the charity encourages international businesses to work together in the global promotion of responsible business practices and to engage in practical action for community development around the world. More than 12,000 business leaders from 55 countries have been involved in the activities of the IBLF, partnering with key global institutions such as the World Bank and United Nations organizations.

The IBLF's particular experience has been in addressing the challenges of development in emerging markets and transition economies in Central and Eastern Europe and Russia, the Middle East, Africa, Latin America and the Caribbean. The Prince of Wales is actively involved with the IBLF, encouraging partnership strategies, leading project visits and acting as a neutral facilitator for people from different cultures and sectors of

society to work together for the sustainable development of their communities. His Royal Highness has chaired over 60 events in more than 30 countries.

Under the umbrella of the IBLF The Prince has initiated new programmes including Youth Business International, drawing inspiration from The Prince's Trust model of business mentoring and start-up funds for young people, 'Engage', which encourages companies to support employee involvement in community work, and the International Hotels Initiative, which raises standards in the tourism sector.

YOUTH BUSINESS INTERNATIONAL

Youth Business International (YBI) was established by The Prince of Wales as a joint venture between The International Business Leaders Forum and The Prince's Trust. The charity seeks to tackle youth unemployment around the world by providing opportunities for young people to start their own enterprises.

In 1992 an Indian organization, the Baharatiya Yuvi Shaki Trust, took The Prince's Trust model and adapted it to meet the needs of young people in India. Other countries soon followed and now the YBI coordinates a network of programmes in more than twenty countries.

By drawing on the unrivalled experience of The Prince's Trust, YBI works with business partners and organizations around the world to start up youth business programmes and provide mentors. YBI works to develop new ideas, exchange best practices and build partnerships between business, governments and community groups.

Street children gather round The Prince of Wales during his visit to a church in Bucharest, Romania, where a refuge has been set up for them

ORGANIZATIONS OF WHICH HRH THE PRINCE OF WALES IS PATRON OR PRESIDENT

2003 TRANS-ATLANTIC ARCTIC CHALLENGE
ABBEYFIELD
ABERDEEN ANGUS CATTLE SOCIETY
THE ACADEMY FOR CULINARY ARTS
THE ROYAL ACADEMY TRUST
ACTIONAID
ACTORS' BENEVOLENT FUND
THE ROYAL AERONAUTICAL SOCIETY – 100TH ANNIVERSARY OF THE FIRST FLIGHT SCHOLARSHIP SCHEME
AFRICAN MEDICAL AND RESEARCH FOUNDATION
AGE CONCERN ENGLAND
THE ROYAL AGRICULTURAL COLLEGE
THE ROYAL AGRICULTURAL SOCIETY OF ENGLAND
THE AIRBORNE FORCES CHARITIES
AIRBORNE FORCES SECURITY FUND
ALL MANIPUR POLO ASSOCIATION
THE ALMSHOUSE ASSOCIATION
ALNWICK CASTLE GARDENS RESTORATION PROJECT
AMANDA APPEAL
ANCIENT MONUMENTS SOCIETY
ARMED FORCES ART SOCIETY
THE ARMED FORCES MEMORIAL
ARPANA CHARITABLE TRUST (UK)
ARTISTS' GENERAL BENEVOLENT INSTITUTION
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THE ROYAL ASIATIC SOCIETY
ASSOCIATED BOARD OF THE ROYAL SCHOOLS OF MUSIC
THE ASSOCIATION OF MARSHALL SCHOLARS INC
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AUSTRALIAN MUSIC FOUNDATION
AUSTRALIAN STOCK HORSE SOCIETY
THE BACH CHOIR
BACKCARE
BALLATER ROYAL HORTICULTURAL SOCIETY
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THE ROYAL BATH AND WEST OF ENGLAND SOCIETY
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BRITISH RED CROSS SOCIETY
THE BRITISH SCHOOL AT ATHENS
BRITISH SUB-AQUA CLUB
THE BRITISH WHEELCHAIR SPORTS FOUNDATION
BRITISH YOUTH OPERA
BUSINESS IN THE COMMUNITY
THE CAITHNESS AGRICULTURAL ASSOCIATION
CAITHNESS HERITAGE TRUST
CAMBRIAN ARCHAEOLOGICAL ASSOCIATION
CAMBRIDGE COMMONWEALTH TRUST
CAMBRIDGE OVERSEAS TRUST FOR COUNTRIES OUTSIDE THE COMMONWEALTH
CAMBRIDGE UNIVERSITY POLO CLUB
CANADIAN WARPLANE HERITAGE
CANTERBURY CATHEDRAL TRUST FUND
CARDIFF BUSINESS CLUB
CASTLE HOWARD ARBORETUM TRUST
CHARLES DOUGLAS-HOME MEMORIAL TRUST
CHELSEA PHYSIC GARDEN
CHESTER SUMMER MUSIC FESTIVAL
THE ROYAL CHILDREN'S HOSPITAL FOUNDATION APPEAL
CHINDITS OLD COMRADES' ASSOCIATION
THE CHRIST COLLEGE FOUNDATION
CIVIC TRUST
THE CIVIC TRUST FOR WALES
THE CLAN SINCLAIR TRUST
THE ROYAL COLLECTION TRUST
COLLEGE OF ESTATE MANAGEMENT
THE ROYAL COLLEGE OF MUSIC
THE ROYAL COLLEGE OF PSYCHIATRISTS
COMANN EACH NAN EILEAN (THE ERISKAY PONY SOCIETY)
COMBAT STRESS
COMBINED SERVICES POLO ASSOCIATION
THE ROYAL CORNWALL AGRICULTURAL ASSOCIATION
CORNWALL CRAFTS ASSOCIATION
THE CORNWALL GARDEN SOCIETY
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DANCE BASE
THE DAVID LLOYD GEORGE STATUE APPEAL TRUST
DEVON COUNTY AGRICULTURAL ASSOCIATION
DISABILITY PARTNERSHIP
DONATELLA FLICK CONDUCTING COMPETITION
EASTERN CHRISTIAN ART EXHIBITION
THE ELGAR FOUNDATION
ENGLISH CHAMBER ORCHESTRA AND MUSIC SOCIETY
ENGLISH COLLEGE FOUNDATION IN PRAGUE
UNIVERSITY OF EAST ANGLIA ENVIRONMENTAL RESEARCH CENTRE
EUREKA! THE MUSEUM FOR CHILDREN
EUROPEAN FOUNDATION FOR CULTURAL HERITAGE SKILLS
FAKENHAM RACES
FARA FOUNDATION
FEDERATION OF CITY FARMS & COMMUNITY GARDENS
FEI EUROPEAN DRESSAGE CHAMPIONSHIPS 13–17 AUGUST 2003

FIELD STUDIES COUNCIL

FLEET AIR ARM MEMORIAL APPEAL

THE FLYFISHERS' CLUB

FOUNDATION AND FRIENDS OF THE ROYAL BOTANIC GARDENS, KEW

THE FOUNTAIN SOCIETY

FRIENDS OF BRECON CATHEDRAL

FRIENDS OF CONSERVATION

THE FRIENDS OF COVENT GARDEN

FRIENDS OF EXETER CATHEDRAL

THE FRIENDS OF NAGAUR

THE FRIENDS OF TETBURY HOSPITAL

FRIENDS OF THE ROYAL PAVILION ART GALLERY AND MUSEUMS

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GARDEN OF SERRE DE LA MADONE – FUNDRAISING AUCTION

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THE GENERAL OSTEOPATHIC COUNCIL

THE GEORGE C. MARSHALL CENTRE

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GLOUCESTERSHIRE HISTORIC CHURCHES TRUST

GLOUCESTERSHIRE ROOT, FRUIT AND GRAIN SOCIETY

GOON SHOW PRESERVATION SOCIETY

GREAT OAK HALL PROJECT

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THE GUINNESS TRUST

GURKHA WELFARE TRUST

HAC'S CENTENARY VISIT TO ANCIENT & HONOURABLE ARTILLERY COMPANY OF MASSACHUSSETTS 2003

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THE KING'S FUND

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THE LANDMARK TRUST

LAUNCESTON AGRICULTURAL ASSOCIATION

LAURENS VAN DER POST MEMORIAL LECTURES FOR ADFAM (SUFFOLK)

THE LINCOLNSHIRE OLD CHURCHES TRUST

LIVE MUSIC NOW!

THE LOAN FUND FOR MUSICAL INSTRUMENTS

LONDON AND QUADRANT HOUSING TRUST

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MARINE CONSERVATION SOCIETY

MARITIME AND COASTGUARD AGENCY

THE MARY ROSE TRUST

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MEMORIAL GATES TRUST

THE ROYAL METEOROLOGICAL SOCIETY

MICHAEL ARIS MEMORIAL TRUST FOR TIBETAN AND HIMALAYAN STUDIES

MID-SOMERSET AGRICULTURAL SOCIETY

THE MIHAI EMINESCU TRUST

MOUNTBATTEN MEMORIAL TRUST

THE MUSEUM OF GARDEN HISTORY: THE TRADESCANT TRUST

MUSIC IN COUNTRY CHURCHES

THE NATIONAL BENEVOLENT INSTITUTION

THE NATIONAL BOTANIC GARDEN OF WALES

NATIONAL CENTRE FOR YOUNG PEOPLE WITH EPILEPSY: CHAIR IN CHILDHOOD EPILEPSY APPEAL

THE ROYAL NATIONAL COLLEGE FOR THE BLIND

NATIONAL COUNCIL FOR THE CONSERVATION OF PLANTS AND GARDENS

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NORFOLK AND NORWICH HORTICULTURAL SOCIETY

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NORTH WALES INTERNATIONAL MUSIC FESTIVAL

OLD CRANWELLIAN ASSOCIATION

THE ROYAL OPERA

ORDERS AND MEDALS RESEARCH SOCIETY

OXFORD BOTANIC GARDEN

OXFORD CENTRE FOR ISLAMIC STUDIES

PAINSHILL PARK TRUST

PAINTINGS IN HOSPITALS

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PHILHARMONIA CHORUS

PHILHARMONIA ORCHESTRA

PHILHARMONIA ORCHESTRA'S ANNUAL FESTIVAL'S PROJECT

PHOENIX HOUSE

THE PHOENIX TRUST

THE PIPING CENTRE

PLANTLIFE

POLICE FOUNDATION

THE POULTRY CLUB

PRAYER BOOK SOCIETY

PRIME

PRINCE CHARLES HOSPITAL FOUNDATION

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PRINCE OF WALES HOSPICE

THE PRINCE OF WALES INTERNATIONAL BUSINESS LEADERS FORUM

THE PRINCE OF WALES TRUST FOR NEW ZEALAND

THE PRINCE OF WALES'S FOUNDATION FOR THE BUILT ENVIRONMENT

THE PRINCE OF WALES'S ROYAL PARKS TREE APPEAL

THE PRINCE'S SCOTTISH YOUTH BUSINESS TRUST

THE PRINCE'S TRUST

THE PRINCESS LOUISE SCOTTISH HOSPITAL (ERSKINE HOSPITAL)

PURCELL SCHOOL

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READING UNIVERSITY RURAL HISTORY CENTRE

SABHAL MOR OSTAIG COLLEGE OF FURTHER EDUCATION

SALISBURY CATHEDRAL TRUST

THE SALMON AND TROUT ASSOCIATION

THE SAMARITANS

SANDRINGHAM ESTATE COTTAGE HORTICULTURAL SOCIETY

SANE

SAUDI-BRITISH SOCIETY

THE ROYAL SCOTTISH ACADEMY OF MUSIC AND DRAMA

SCOTTISH BUSINESS IN THE COMMUNITY

SCOTTISH CHAMBER ORCHESTRA

THE SCOTTISH CIVIC TRUST

SCOTTISH FEDERATION OF HOUSING ASSOCIATIONS

THE ROYAL SCOTTISH SOCIETY OF PAINTERS IN WATERCOLOUR

SCOTTISH WILDLIFE TRUST

ROYAL SHAKESPEARE COMPANY

SIMON BOLIVAR COLLEGE

THE SOCIETY FOR NATURE CONSERVATION, ROYAL-WILDLIFE TRUSTS

THE SOCIETY FOR THE PROTECTION OF ANCIENT BUILDINGS

SOCIETY OF FRIENDS OF CHESTER CATHEDRAL

THE SOCIETY OF FRIENDS OF THE ROYAL NAVAL MUSEUM AND HMS VICTORY

THE ROYAL SOCIETY OF MINIATURE PAINTERS SCULPTORS AND GRAVERS

SOCIETY OF THE FRIENDS OF ST GEORGE'S AND DESCENDANTS OF THE KNIGHTS OF THE GARTER

SOIL ASSOCIATION

SOUTH POLE EXPEDITION 2003

SPECIALIST CHEESEMAKERS ASSOCIATION

THE ST CATHERINE FOUNDATION

ST DAVIDS CATHEDRAL CLOISTERS PROJECT

ST EDMUNDSBURY CATHEDRAL MILLENNIUM PROJECT AND COUNTY APPEAL

ST LUKE'S HOSPICE

ST MARTIN-IN-THE-FIELDS APPEAL

ST MARY'S PRIORY DEVELOPMENT TRUST

ST MUNGO'S SANCTUARY APPEAL

ST PAUL'S CATHEDRAL RENOVATION PROJECT

ST PETERSBURG 2003 JUBILEE UK PROGRAMME

STAINED GLASS MUSEUM

STOCKMAN'S HALL OF FAME AND OUTBACK HERITAGE CENTRE

SUE RYDER HOME AT LECKHAMPTON COURT

SURREY COUNTY CRICKET CLUB

THE SUSSEX CATTLE SOCIETY

TARPORLEY HUNT CLUB

TASTE OF THE WEST

ROYAL TELEVISION SOCIETY

THE TEMENOS ACADEMY

TETBURY RAIL LANDS REGENERATION TRUST

THEATRUM GEDANENSE

THREE CHOIRS FESTIVAL ASSOCIATION

TIBET RELIEF FUND BALL NOVEMBER 2003

TIMBERTOP DEVELOPMENT PROJECT

TON CLASS ASSOCIATION

THE ROYAL TOWN PLANNING INSTITUTE

TRINITY '69 FOUNDATION

THE TRUST TO PRESERVE THE HISTORY OF THE 6TH AIRBORNE DIVISION'S ASSAULT INTO NORMANDY

THE TURNER SOCIETY

TY HAFAN: THE CHILDREN'S HOSPICE IN WALES

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WAR WIDOWS ASSOCIATION OF GREAT BRITAIN

WATERAID

THE WATERWAYS TRUST

WELLS CATHEDRAL PRESERVATION TRUST

WELLS CATHEDRAL SCHOOL

WELLS MUSEUM APPEAL

THE WELSH ASSOCIATION OF MALE CHOIRS

WELSH BLACK CATTLE SOCIETY

THE ROYAL WELSH COLLEGE OF MUSIC AND DRAMA

THE WELSH HISTORIC GARDENS TRUST

WELSH NATIONAL CULINARY TEAM

WELSH NATIONAL OPERA

THE WELSUMMER BREED POULTRY CLUB

WEST CUMBRIA HOSPICE AT HOME

THE WHITE ENSIGN ASSOCIATION

THE WILDFOWL AND WETLANDS TRUST

WILLIAM MORRIS CRAFT FELLOWSHIP TRUST

WILLIAM WALTON FOUNDATION

WOODCHESTER MANSION TRUST

THE WORDSWORTH TRUST

WORLD JEWISH RELIEF'S KRAKOW COMMUNITY CENTRE PROJECT

WORLITZ GARDENS

YORKSHIRE AGRICULTURAL SOCIETY

YORKSHIRE DALES MILLENNIUM TRUST

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DEPUTY PRIME MINISTER

OFFICE OF THE
DEPUTY PRIME MINISTER
26 Whitehall
London
SW1A 2WH

Tel: 020 7944 8623
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The Rt Hon Patricia Hewitt MP
Secretary of State for Trade and Industry
Trade and Industry
1 Victoria Street
London
SW1H 0ET

Dear Patricia

10 June 2003

PARTNERSHIP ACCORD BETWEEN HM GOVERNMENT AND CITIZENS ADVICE

You sought policy agreement in your letter to me of 20 March to sign a Partnership Accord with Citizens Advice on behalf of the Government. This letter gives you DA clearance to proceed, subject to the views of colleagues recorded below.

Replies were received from Andrew Smith, Derry Irvine, Margaret Beckett, David Lammy and Christopher Leslie.

Derry said he was keen that the Partnership agreement reflected the significant relationship between his Department and the Citizens Advice. By way of the Legal Services Commission (LSC) his Department provides considerable financial funding to individual CABx through the Community Legal Service Partnerships in England and Wales. He suggested a form of words for inclusion in the draft Accord to reflect this.

David said the Department of Health would shortly go out to tender on a contract for the nationwide delivery of Independent Complaints Advocacy Services (ICAS), Citizens Advice is expected to submit a bid. It was therefore essential to be clear that the existence of the Partnership Accord would not influence the outcome of the tender exercise.

Christopher said that, as the main contributors to the funding of individual Citizens Advice Bureau, the decision of whether to fund local bureaux, and to what extent, was an issue which should be left to local authorities. He said he would not welcome any

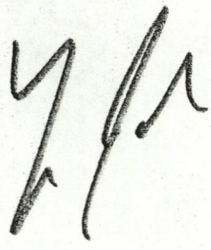
changes to the funding regime which altered the local relationship between Bureaux and their authority. He said he was concerned that the commitment in the Accord to "ensure as far as possible that this recognition is reflected in the local government funding arrangements for individual bureaux" would result in further ring-fencing of local resources. He said his officials had agreed with DTI officials to amend the commitment to remove any reference to local government. He was content for you to publish the Accord on that basis.

Christopher also said that if any future pressure was placed on local authorities to give more funding to Bureaux this would be a New Burden and DTI, as lead department, would be responsible for funding.

Margaret said she was keen to help Citizens Advice enhance their already significant presence in rural communities, she proposed that the rural dimension already implicit in the Accord should be made explicit by a drafting amendment. Margaret also said that the difficulties of rural communities had been recognised in the SR2002 settlement by a new rural affairs PSA, she asked you to add this to the list in the Annex to the Accord.

Andrew said his Department fully supported the Partnership Accord, he would continue to promote and facilitate the working relationship between DWP and Citizens Advice.

I am copying this letter to the Prime Minister, members of DA Committee and Sir Andrew Turnbull.



JOHN PRESCOTT

Home Office

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E-mailJerry.Hayes @homeoffice.gsi.gov.uk - www.homeoffice.gov.uk

Patrick Diamond
The Policy Adviser
10 Downing Street
LONDON SW1

Our Ref
Your Ref
Date 16 May 2003

Dear Patrick

Thank you for your note of the 16 April about the WorldWide Volunteering for Young People and seeking reasons for the refusal of a previous application for grant funding by the organisation and advice on how they may secure funding for their current proposal to develop their database. Further to our letter dated 24 April, I have now received the background information regarding the previous application and have considered their proposal.

The earlier application made by WorldWide Volunteering (WWV) to the Active Community Unit (ACU) was for funds from the Time Limited Development Fund (TLDF). The TLDF was to enable organisations to recruit a dedicated member of staff to increase the sustainable number of volunteers within a given community or communities. The sustainability, beyond the ACU 3-year funding period had also to be outlined. The applications' Assessment Board also gave priority to bids that would recruit the worker from a named community and that were in partnership with others in the local community.

The bid from WWV did not fully meet the above criteria. WWV stated that they would actively seek further funding from ACU, and or other funders, in year 3 of the ACU funding period. Their proposed exit strategy for the end of ACU project funding and the continuation of the project was to charge schools a subscription of £195 per annum and to cease funding of the post of the project's manager. Although the Assessment Board felt the WWV's bid was of interest, it noted that the set criteria for TLDF funding had not been met. Therefore their application was unsuccessful.

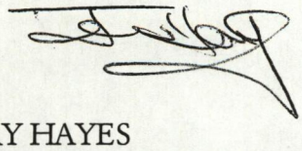
On the issue of how WWV may now take forward their work on their database: it is good to note that WWV intends to work in partnership with Do-it. Do-it is an organisation that is funded by the ACU as one of our partner organisations in taking forward our key aims with the Voluntary and Community Sector. We also currently fund other organisations to undertake a number of IT initiatives. It is not intended at this stage to further invest in this form of volunteering development. Nor indeed do we intend to seek bids from organisations for ACU grant funding in the near future. We are currently reviewing

funding policy to ascertain how government resources allocated to ACU should be best used. Should any future grant rounds be decided, we will post information on the bidding process on the ACU website (http://www.homeoffice.gov.uk/comrace/index.html).

As you are aware WWV's core business is with schools and youth generally. The Department for Education and Skills is the lead government Department on both these areas. For these reasons, mentioned above, I would suggest that WWV make contact with DfES to see whether they may be able to work together in this field.

Do please let me know if I can offer you any further advice.

Yours sincerely



JERRY HAYES
HEAD COMMUNITY INVOLVEMENT TEAM

Top: PD (MH)
c JK

Christopher Leslie MP
Parliamentary Under Secretary of State

OFFICE OF THE DEPUTY PRIME MINISTER

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Our Ref: P/R/005993/03

The Rt Hon John Prescott MP
Deputy Prime Minister
Whitehall
LONDON
SW1A 2UA

23 APR 2003

Dear Deputy Prime Minister

PARTNERSHIP ACCORD BETWEEN HM GOVERNMENT AND CITIZENS ADVICE

I have seen Patricia Hewitt's letter to you of the 20 March regarding the proposed accord between HM Government and Citizens Advice. In Nick Raynsford's absence I have been asked to reply.

As you will be aware local authorities are the main contributors to the funding of individual Citizens Advice Bureaux. As a local issue it is and should be left to the local authority to decide whether to fund a local bureaux and how much to provide after considering local priorities and the funding available. I am concerned that the commitment to "ensure as far as possible that this recognition is reflected in the local government funding arrangements for individual bureaux" may result in central government interference in a local issue and further ring-fencing of local resources. I can understand, however, why Government and Citizens Advice would want a reference to funding in any Accord. I think my concerns would be met if the commitment did not refer to local government. Officials at ODPM and DTI have been in discussion and I understand DTI officials are content with this.

However, I must make clear that if any future pressure is placed on local authorities to give more funding to Bureaux this will be a new burden and DTI as the lead department will be responsible for funding. I would not welcome any changes to the funding regime for Bureaux that altered the local relationship between Bureaux and their authority.

I am copying this to the Prime Minister, Patricia Hewitt, members of DA Committee, the Secretary of the Cabinet and the First Minister of the National Assembly for Wales.

pp CHRISTOPHER LESLIE

APPROVED BY THE MINISTER AND SIGNED IN HIS ABSENCE

SKP 24/4/03

02072192220

FROM THE RIGHT HONOURABLE THE LORD IRVINE OF LAIRG

HOUSE OF LORDS,
LONDON SW1A 0PW

056404
OJ
CC GD
VJJM
SV
MH
AA

Rt Hon Patricia Hewitt MP
Secretary of State for Trade and Industry
Department of Trade and Industry
1 Victoria Street
London
SW1H 0ET

11 April. 2003

Dear Patricia.

PARTNERSHIP ACCORD BETWEEN HM GOVERNMENT AND CITIZENS ADVICE

I am writing in response to your letter of 20 March to John Prescott in which you seek his approval for DTI, on behalf of HM Government, to sign a Partnership Accord with Citizens Advice.

I endorse the concept of the Partnership Accord wholeheartedly, but I am naturally keen for recognition to be given to the significant relationship that my Department enjoys with Citizens Advice. Through the Legal Services Commission (LSC), my Department provides considerable financial support to individual CABx which occupy a prominent position in many of the Community Legal Service Partnerships in England and Wales. For the current financial year, 2002/2003, LSC contract funding of CABx in England and Wales has exceeded £22 million. I would therefore like to put forward the following amendment to page two of the draft Partnership Accord:

The DTI on behalf of Government will:

Champion the CAB Service across Government so as to:

(iii) "work with the Lord Chancellor's Department as major funders of local Bureaux, and playing a full role in the establishment and operation of Community Legal Service Partnerships, promote and facilitate effective working relationships between all levels of Government and the CAB Service."

The updated PSA targets that you have requested are attached overleaf.

I am copying this letter to the Prime Minister, Deputy Prime Minister, DA Committee Members and the First Minister of the National Assembly for Wales.

Yours ever,
Derry.

02072192220

(1)

PARTNERSHIP ACCORD BETWEEN DTI & CITIZENS ADVICE

INTRODUCTION

This partnership accord sets out the mutual understandings concerning relations between Government and the Citizens Advice Bureau (CAB) Service. It sets out a framework as to how the Government and the CAB Service intend to work together at all levels. It is underpinned by the shared principles set out in paragraph 8 of the Compact on Relations between Government and the Voluntary and Community Sector in England. Both Citizens Advice and the DTI will review this accord annually.

Citizens Advice on behalf of the CAB service in England & Wales will:

Provide, as resources allow, across the whole of England & Wales free, independent, impartial and comprehensive advice to individuals that carries a high level of public confidence and trust. And thus – including where appropriate through effective working relationships with National, Regional and Local Government – contribute to:

- *the formulation, development and evaluation of Government policies through the provision of evidence based input into social policy making;*
- *social inclusion, regeneration and a strong civic society;*
- *the delivery of better public services (including e Government services) to CAB clients and the communities the CAB Service serves; and*
- *Government 2001 – 2004 PSA targets* ***[to be amended as necessary to reflect those agreed for 2003-2006]*** *as described in the table at the end of this accord.*

Maintain high standards of governance and conduct, meet reporting and accountability obligations to stakeholders, and respect and be accountable to the law.

Respect the confidentiality of Government information when given access to it on that basis.

Work in partnership with the voluntary sector and other agencies to achieve mutual aims.

In any partnership with a public sector service provider:

- *act on behalf of individuals, not on behalf of the public sector service provider;*
- *assist individuals to submit and forward (where possible using the CAB Service's secure electronic links) applications, documents and other information – but will not be able either to verify or accept these <u>on behalf</u> of a public sector service deliverer;*

(2)

- *be bound by client confidentiality; and*
- *challenge the public sector service deliverer's policies and practices on behalf of individuals whenever necessary.*

The DTI on behalf of Government will:

Recognise and uphold the independence of the CAB Service and its right to campaign within the law and to determine and manage its own affairs.

Recognise the CAB Service's unique role of giving free, independent, impartial and comprehensive advice.

Recognise the distinctive contribution this enables the CAB Service to make to meeting key Government objectives, including:

- *promoting social inclusion, regeneration and a strong civic society;*
- *providing evidence based input into social policy making;*
- *improving delivery of public services including through the Government's e agenda; and*
- *working with voluntary and other agencies through partnerships that complement each other's aims.*

Champion the CAB Service across Government so as to:

- *ensure the contribution which the CAB service makes is fully recognised;*
- *ensure as far as is possible that this recognition is reflected in the Local Government funding arrangements for individual Bureaux;*
- *promote and facilitate effective working relationships between all levels of Government and the CAB Service;*
- *ensure that whenever appropriate – subject to considerations of urgency, sensitivity or confidentiality – departments will directly consult in good time on new policies and procedures.*

As far as is possible, provide a funding framework for Citizens Advice that gives it sufficient resources and financial stability to fulfil its strategic role.

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(3)

CAB SERVICE CONTRIBUTION TO GOVERNMENT 2001 – 2004 PSA TARGETS [to be amended to reflect PSA targets agreed for 2003-2006]

Department	*CAB Service contribution*
Department for Work & Pensions:	*Reducing child poverty through the provision of advice & information and the promotion of social inclusion and regeneration (**PSA Objective I**). Working with DWP to help modernise and improve welfare delivery (**PSA Objective V**).*
Department of Trade & Industry:	*Help increase consumer knowledge through the provision of consumer advice, information and lobbying on consumer issues (**PSA Objective III**). Promote social inclusion and equality (**PSA Objective V**)*
Home Office:	*Promote civic society through the promotion of social inclusion & regeneration (**PSA Objective IV**).*
Office of Deputy Prime Minister:	*Work with all Government Departments to raise levels of social inclusion, neighbourhood renewal and regional prosperity (**PSA Objective I**) and raise the quality of life for all in urban and other communities (**PSA Objective III**).*
Inland Revenue:	*Through providing advice, information and working with the Inland Revenue, improving the number of individuals understanding and complying with their obligations and receiving their tax credit and other entitlements (**PSA Objective I**).*
Department of Health:	*Through providing advice, information and lobbying on health issues narrowing the health gap between socio-economic groups (**PSA Objective II**).*
Lord Chancellor's Department:	*Promote civic society through the promotion of social inclusion & regeneration and through working partnerships with the Legal Services Commission (**PSA Objective III**).*
HM Treasury:	*Promote fair dealing in financial services through the provision of advice, information and lobbying on financial services issues (**PSA Objective V**).*
Cabinet Office:	*Promote e Government services through working partnerships with Government and the secure electronic links provided by Citizens Connect (**PSA Objective III**).*
Department of Education & Skills:	*Improve the basic skills of adults through the giving of advice and the training of volunteers (**PSA Objective V**).*

Contracts to CABx

	YR1-00/01	YR2-01/02	YR3-02/03	Sum:
ABERYSWYTH & DISTRICT CAB		16,812.50	25,187.42	41,999.92
ACOCKS GREEN CAB			58,242.58	58,242.58
AMMANFORD & DISTRICT CAB	48,316.95	72,411.74	90,501.38	211,230.07
ASHFIELD CITIZENS ADVICE BUREAU	128,096.90	106,731.90	108,151.14	342,979.94
BANBURY & DISTRICT CAB	134,900.92	109,588.74	111,044.24	355,533.90
BARNSLEY & DISTRICT CAB		34,390.24	44,150.97	78,541.21
BARROW CAB	84,133.79	118,050.19	119,617.77	321,801.75
BASILDON CAB	74,827.12	95,171.36	96,433.01	266,431.49
BASSETLAW CAB	44,226.91	36,851.44	49,319.19	130,397.54
BATH & DISTRICT CAB	88,230.24	79,032.51	75,529.66	242,792.41
BECCLES CAB	45,432.41	51,989.66	58,491.68	155,913.75
BEDFORD CAB	55,059.41	91,137.92	92,339.84	238,537.17
BEDWORTH AND DISTRICT CITIZENS ADVICE BUREAU	30,187.00	43,164.25	45,224.66	118,575.91
BERMONDSEY CAB	104,374.52	130,346.87	132,086.18	366,807.57
BERWICK CITIZENS ADVICE BUREAU	55,059.12	46,068.95	73,868.47	174,996.54
BIDEFORD & DISTRICT CAB	58,232.90	95,216.47	110,355.52	263,804.89
BILSTON CITIZENS ADVICE BUREAU	175,036.96	135,594.67		310,631.63
BIRKENHEAD CAB	142,209.15	213,276.12	213,403.64	568,888.91
BIRMINGHAM DISTRICT CITIZENS ADVICE BUREAUX LIMITED U909R	324,412.85	314,616.11	322,084.67	961,113.63
BLACKBURN CITIZENS ADVICE BUREAU	147,969.19	114,268.65	115,742.82	377,980.66
BLACKPOOL CAB	98,206.70	136,801.19	158,125.79	393,133.68
BLYTH VALLEY CAB	56,860.07	110,436.29	111,901.76	279,198.12
BOGNOR REGIS CAB	45,519.81	37,463.90	8,664.80	91,648.51
BOLTON & DISTRICT CAB	101,708.30	156,696.20	269,038.09	527,442.59
BOOTHFERRY DISTRICT CAB	22,064.97	41,529.04	42,069.73	105,663.74
BOOTLE CAB	125,699.17	216,589.72	209,603.14	551,892.03
BOSTON CAB	48,871.80	89,250.97	101,654.80	239,777.57
BOURNEMOUTH CAB	109,591.46	142,307.23	139,575.13	391,473.82
BRADFORD CITIZENS ADVICE BUREAU GF NON-FAM	122,875.19	78,814.71	114,832.47	316,522.37
BRECON & DISTRICT CITIZENS ADVICE BUREAU		25,630.58	72,355.83	97,986.41
BRENT CAB	201,244.18	133,401.96	140,923.82	475,569.96
BRIGHTON & HOVE CAB	104,739.15	108,371.78	109,810.51	322,921.44
BRISTOL CAB	22,860.70	23,585.40	12,839.04	59,285.14
BROMLEY CITIZENS ADVICE BUREAUX			26,365.46	26,365.46
BURNTWOOD CAB	50,319.89	43,314.42	45,380.80	139,015.11

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	YR1-00/01	YR2-01/02	YR3-02/03	Sum:
BURTON UPON TRENT CAB	44,544.20	44,544.88	46,971.92	136,061.00
BURY DISTRICT CAB SERVICE			119,881.33	119,881.33
CAB - BATH & DISTRICT	46,721.40			46,721.40
CAB-BOROUGH OF CONGLETON LTD			35,399.45	35,399.45
CAB - SALISBURY & DISTRICT	35,297.40			35,297.40
CAB - TENDRING	111,082.24	108,736.41	110,179.53	329,998.18
CAB - THORNTON HEATH	62,703.41	64,866.33	64,101.46	191,671.20
CAB - WHITECHAPEL	47,474.75	64,522.42	87,789.73	199,786.90
CAERPHILLY COUNTY BOROUGH CAB		69,386.25	109,552.54	178,938.79
CALDERDALE CAB (MID VALLEY BRANCH)	183,003.33	158,710.84	115,458.43	457,172.60
CAMBRIDGE CAB	164,075.87	161,399.71	153,328.82	478,804.40
CANOLFAN CYNGHORI YNYS MON CAB	55,492.20	69,145.91	86,148.99	210,787.10
CANTERBURY DISTRICT CAB		39,937.17	65,484.57	105,421.74
CARDIGAN AND DISTRICT CITIZENS ADVICE BUREAU		45,266.96	42,550.30	87,817.26
CARLISLE CAB	70,295.96	112,815.93	59,443.59	242,555.48
CASTLE MORPETH CITIZENS ADVICE BUREAU			43,413.23	43,413.23
CASTLE VALE CAB	56,593.70	54,839.12	59,742.58	171,175.40
CATFORD CAB	26,899.43	108,308.87	103,330.75	238,539.05
CHEADLE CAB	48,863.45	44,326.10	46,443.00	139,632.55
CHELTENHAM & DISTRICT CAB	55,099.16	46,098.66	46,055.58	147,253.40
CHESTER CAB	56,265.42	47,070.89	47,685.23	151,021.54
CHESTERFIELD CAB	131,837.32	116,145.60	117,582.71	365,565.63
CHRISTCHURCH CAB		22,269.27	39,971.54	62,240.81
CITIZENS ADVICE SERVICE IN THE BOROUGH OF WIGAN (HINDLEY CAB)	97,431.72	126,392.11	129,396.61	353,220.44
COALVILLE CAB	48,617.25	10,504.64		59,121.89
COLCHESTERS CITIZENS ADVICE BUREAU	24,088.00	82,074.54	124,831.36	230,993.90
CONWY DISTRICT CAB	82,123.96	80,434.03	81,493.24	244,051.23
COVENTRY CAB	119,197.78	107,939.93	120,160.79	347,298.50
CREWE & NANTWICH CAB	55,162.31	102,201.95	96,702.11	254,066.37
CUMBRIA RURAL CAB GF NON-FAM	128,552.31	122,083.26	119,323.32	369,958.89
CYNON VALLEY CAB	44,634.64	42,741.63	43,301.32	130,677.59
DARLINGTON CAB	164,887.07	172,597.45	238,065.13	575,549.65
DERBY CAB	129,601.71	81,559.95	92,328.99	303,490.65
DERWENTSIDE CAB		30,137.69	107,290.29	137,427.98
DONCASTER CAB	118,653.03	118,597.50	107,542.36	344,792.89

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	YR1-00/01	YR2-01/02	YR3-02/03	Sum:
DUDLEY CAB		110,755.03	125,696.62	236,451.65
EASTBOURNE CAB	41,165.50	46,280.54	46,886.95	134,332.99
EAST LINDSEY CAB	87,480.73	109,615.40	111,077.89	308,174.02
ECCABI LISKEARD CAB	89,857.95	111,071.52	111,063.40	311,992.87
ELLESMERE PORT & NESTON CAB	57,645.15	76,502.03	118,938.95	253,086.13
EXETER CAB	48,090.72	46,098.31	44,811.12	139,000.15
FALMOUTH CAB	44,574.01	46,092.60	44,892.04	135,558.65
FARNBOROUGH CAB		128,647.32	115,046.04	243,693.36
FENLAND CAB	87,040.00	95,357.14	100,272.25	282,669.39
FLINTSHIRE CAB	132,253.43	107,970.30	111,403.06	351,626.79
FOREST OF DEAN CAB	32,970.64	54,941.87	43,280.73	131,193.24
GATESHEAD CAB	195,435.00	163,972.86	166,101.70	525,509.56
GLOUCESTER & DISTRICT CAB	32,637.29	44,984.89	43,607.82	121,230.00
GREAT YARMOUTH CITIZENS ADVICE BUREAU	24,403.00	46,068.95	46,669.92	117,141.87
GRIMSBY CLEETHORPES & DISTRICT CAB	124,446.27	91,345.83	122,482.67	338,274.77
GUILDFORD CAB	54,943.49	115,201.49	122,245.69	292,390.67
GWYNEDD CAB	24,112.16	117,160.11	108,401.14	249,673.41
HACKNEY CAB (MARE STREET)	78,683.93	65,758.13	60,062.19	204,504.25
HALTON CAB			44,043.95	44,043.95
HAMMERSMITH & FULHAM CAB	64,160.63	48,232.18	49,699.88	162,092.69
HARINGEY CAB	80,152.82	205,588.46	130,022.32	415,763.60
HARROGATE CITIZENS ADVICE BUREAU	31,946.71	46,280.54	45,886.95	124,114.20
HARTLEPOOL CAB	114,482.41	103,413.99	153,333.49	371,229.89
HASTINGS & ROTHER CAB	14,819.30	41,419.01	42,767.70	99,006.01
HAVANT & DISTRICT CAB	98,626.78	114,797.99	113,694.94	327,119.71
HIGH PEAK CAB		8,964.14	70,149.10	79,113.24
HIGH WYCOMBE & DISTRICT CAB	82,262.23	85,181.22	88,830.47	256,273.92
HORSHAM CAB	55,129.50	46,127.13	46,731.36	147,987.99
HYNDBURN AREA CITIZENS ADVICE BUREAU GF NON-FAM	68,316.51	54,569.89	55,287.46	178,173.86
IPSWICH & DISTRICT CAB	129,138.88	131,681.99	130,153.77	390,974.64
ISLINGTON CAB	187,747.04	125,395.31	118,128.63	431,270.98
KEIGHLEY & DISTRICT CAB	112,544.36	80,468.97	80,823.84	273,837.17
KENSINGTON CAB	167,622.40	128,343.26	133,792.21	429,757.87
KERRIER CAB	50,522.16	48,322.40	47,322.29	146,166.85
KILBURN CAB	159,513.20	129,069.24	128,908.80	417,491.24

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	YR1-00/01	YR2-01/02	YR3-02/03	Sum:
KINGS HEATH CAB	39,877.86	54,839.12		94,716.98
KINGSTANDING CAB	65,576.75	55,639.12	57,783.62	178,999.49
KINGSTON CABX SERVICE			20,959.79	20,959.79
KNOWSLEY DISTRICT CAB	174,024.00	216,790.81	217,673.83	608,488.64
LANCASTER CITIZENS ADVICE BUREAU GF NON-FAM	129,525.22	108,258.83	109,584.61	347,368.66
LAW UNIT CAB (SLOUGH)	68,245.44	48,589.77	24,295.30	141,130.51
LEEDS CAB GF NON-FAM	200,458.26	278,736.88	220,722.03	699,917.17
LEIGH AND DISTRICT CAB	234,158.69	242,847.99	245,365.63	722,372.31
LEYTONSTONE CAB	83,820.39	73,501.31	77,252.98	234,574.68
LINCOLN & DISTRICT CAB LTD	128,388.70	107,150.07	108,494.16	344,032.93
LITTLEHAMPTON & DISTRICT CAB	44,567.57	26,376.26		70,943.83
LIVERPOOL CENTRAL CAB	124,051.60	230,230.93	210,293.61	564,576.14
LOWESTOFT CAB	45,183.03	44,257.85	54,463.70	143,904.58
LOW HILL CAB	96,120.95	77,572.53		173,693.48
LUTON CAB	135,903.22	113,356.89	121,599.32	370,859.43
LYMINGTON CITIZENS ADVICE BUREAU		70,507.22	68,876.89	139,384.11
MACCLESFIELD & WILMSLOW CAB	59,402.29	49,781.01	48,984.04	158,167.34
MACHYNLLETH & DISTRICT CAB		16,488.99	18,621.93	35,110.92
MAIDSTONE CAB	43,920.04	45,421.00	46,014.85	135,355.89
MALVERN HILLS DISTRICT CITIZENS ADVICE BUREAU			16,933.76	16,933.76
MANCHESTER CENTRAL CITIZENS ADVICE BUREAU	325,203.07	370,933.85	433,475.59	1,129,612.51
MANSFIELD & DISTRICT CAB			86,906.19	86,906.19
MEDWAY DISTRICT CAB	44,963.67	47,163.57	47,797.90	139,925.14
MERTHYR TYDFIL CITIZENS ADVICE BUREAU		38,469.86	48,197.56	86,667.42
MERTON CITIZENS ADVICE BUREAUX LTD	9,435.00	59,017.20	133,392.01	201,844.21
MEXBOROUGH & DISTRICT CAB	82,758.52	86,365.67	87,509.27	256,633.46
MIDDLESBROUGH CITIZENS ADVICE BUREAU GF NON-FAM	174,275.97	162,065.44	192,546.03	528,887.44
MILTON KEYNES CITIZENS ADVICE BUREAU GF NON-FAM		245,916.44	236,188.14	482,104.58
MONTGOMERYSHIRE DISTRICT CAB	44,440.55	45,966.01	46,565.72	136,972.28
MORECAMBE & HEYSHAM CAB	102,546.82	157,875.57	163,238.33	423,660.72
NEATH CAB	43,364.86	44,848.83	45,933.44	134,147.13
NEWCASTLE UNDER LYME CAB	55,416.23	44,831.93	70,059.14	170,307.30
NEWHAM CAB	149,085.23	0	82,764.38	231,849.61
NEWPORT CAB	98,571.63	103,727.46	105,100.34	307,399.43
NORTH EAST DERBYSHIRE CAB		13,989.74	91,841.21	105,830.95

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	YR1-00/01	YR2-01/02	YR3-02/03	Sum:
NORTH EAST DONCASTER CAB	44,444.52	45,966.01	46,565.72	136,976.25
NORTH EAST SOMERSET CAB	22,968.85	23,738.06	22,091.32	68,798.23
NORTHFIELD CAB	39,877.86	54,839.12	110,956.71	205,673.69
NORTH SOMERSET CAB	62,137.92	60,451.05	81,075.57	203,664.54
NORTH TYNESIDE CAB	220,277.12	118,929.39	138,350.05	477,556.56
NORTH TYNESIDE CAB (LONGBENTON)		54,394.38	55,109.70	109,504.08
NORTH TYNESIDE CAB (NORTH SHIELDS)		81,091.57	82,164.55	163,256.12
NORTH WILTS CITIZENS ADVICE BUREAU GF NON-FAM	101,864.71	141,146.97	143,016.10	386,027.78
NOTTINGHAM CITIZENS ADVICE BUREAU		65,541.31		65,541.31
NUNEATON CAB	65,098.55	82,814.12	158,365.71	306,278.38
OLDHAM METROPOLITAN CITIZENS ADVICE BUREAU L505U GF NON-FAM	280,918.49	274,463.08	278,108.76	833,490.33
OLLERTON & DISTRICT CAB	63,790.46	55,934.16	52,979.05	172,703.67
OXFORD CAB	71,346.94	144,637.11	170,854.53	386,838.58
PADDINGTON CAB	99,296.06	131,589.85	63,771.31	294,657.22
PEMBROKE & DISTRICT CAB			32,396.98	32,396.98
PENDLE DISTRICT CAB	121,837.19	101,744.95	103,095.12	326,677.26
PENWITH CAB LIMITED	37,234.05	45,966.01	41,357.71	124,557.77
PETERBOROUGH CAB	129,563.77	107,992.73	109,425.75	346,982.25
PIMLICO CAB	107,423.29	64,827.74	64,888.16	237,139.19
PITSMOOR CITIZENS ADVICE BUREAU GF NON-FAM	271,756.68	243,924.69	242,353.27	758,034.64
PONTYPRIDD CAB	63,163.76	121,940.82	101,939.58	287,044.16
POOLE CAB	67,205.96	53,174.23	52,044.61	172,424.80
PORTSMOUTH CAB	51,892.44	43,431.06	44,499.69	139,823.19
PORT TALBOT CAB	47,370.86	60,829.64	85,848.84	194,049.34
PUTNEY & ROEHAMPTON CAB	42,930.04	68,361.73	173,045.98	284,337.75
REDBRIDGE CAB	77,934.81	64,671.63	131,677.50	274,283.94
REDCAR & CLEVELAND CAB	129,827.08	108,647.07	159,524.99	397,999.14
REDDITCH CAB	57,448.39	44,445.42	46,565.72	148,459.53
RUGBY CAB	58,946.12	46,960.83	46,804.35	152,711.30
RUGELEY CAB	43,913.21	44,544.88	39,763.38	128,221.47
SALFORD CAB	237,748.14	366,887.65	373,279.17	977,914.96
SALISBURY & DISTRICT CAB	25,889.10	50,370.48	49,414.12	125,673.70
SEDGEMOOR CAB	55,324.19	45,103.54	43,980.15	144,407.88
SHARROW CITIZENS ADVICE BUREAU	51,496.87	48,484.25	49,117.36	149,098.48
SHEPWAY CITIZENS ADVICE BUREAU			71,563.20	71,563.20

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	YR1-00/01	YR2-01/02	YR3-02/03	Sum:
SHOREHAM & SOUTHWICK CAB	55,095.26	89,269.45	106,103.43	250,468.14
SHREWSBURY AND CENTRAL SHROPSHIRE CAB LTD	112,975.37	158,059.85	167,079.26	438,114.48
SITTINGBOURNE CAB	15,482.23	70,853.73	84,175.49	170,511.45
SLEAFORD AND DISTRICT CAB			43,506.69	43,506.69
SMETHWICK CAB (SANDWELL CAB)	133,491.71	104,956.64		238,448.35
SOLIHULL CAB	51,679.73	46,722.13	48,955.29	147,357.15
SOUTH DENBIGHSHIRE CAB	40,938.95	44,486.00	44,290.78	129,715.73
SOUTHEND-ON-SEA GUILD OF HELP & CAB	47,628.29	123,891.58	127,597.79	299,117.66
SOUTH GLOUCESTERSHIRE CAB	43,720.99	23,625.41	23,927.14	91,273.54
SOUTH HAMS CAB	47,499.50	50,422.77	49,319.22	147,241.49
SOUTH HOLLAND CAB		4,893.46	39,286.78	44,180.24
SOUTH KILKLEES CITIZENS ADVICE BUREAU	90,475.33	102,609.38	93,740.56	286,825.27
SOUTH SOMERSET CAB	31,993.17	51,986.40	42,800.81	126,780.38
SOUTH TYNESIDE CAB	99,522.19	45,286.26	62,241.49	207,049.94
SOUTH TYNESIDE CAB (JARROW)		43,594.06	42,725.40	86,319.46
STAFFORD CAB	40,389.21	44,573.61	46,702.61	131,665.43
STEVENAGE CAB	128,552.45	134,483.25	136,253.77	399,289.47
ST. HELENS DISTRICT CAB	46,706.19	88,042.59	116,142.46	250,891.24
ST MARYLEBONE CAB	61,542.39	127,087.92	185,721.18	374,351.49
STOCKPORT CABX MONEY ADVICE SERVICE			97,176.16	97,176.16
STOKE ON TRENT CAB	201,852.67	218,992.39	244,816.07	665,661.13
STROUD & DISTRICT CAB	31,276.43	80,772.02	109,634.75	221,683.20
SUTTON BOROUGH CITIZENS ADVICE BUREAUX SERVICE		152,631.06	125,518.35	278,149.41
SWANSEA CAB	137,949.87	126,565.18	128,246.81	392,761.86
SWINDON & DISTRICT CITIZENS ADVICE BUREAU	53,779.77	44,922.96	45,511.78	144,214.51
SYDENHAM CAB	30,329.32	64,043.96	64,888.26	159,261.54
TAMESIDE CAB	64,769.37	123,304.21		188,073.58
TAUNTON & DISTRICT CAB	44,968.04	44,865.35	40,786.07	130,619.46
TEIGNBRIDGE CAB (TEIGNMOUTH)	20,754.47	48,321.07	43,193.15	112,268.69
THE COMBINED HOSPITALS CITIZENS ADVICE BUREAUX			45,558.31	45,558.31
THURROCK CAB	62,076.69	126,410.67	108,758.34	297,245.70
TOOTING & BALHAM CAB	79,872.52	66,752.14	67,633.72	214,258.38
TORBAY CAB	44,028.19	45,531.84	44,214.41	133,774.44
TORFAEN CAB	51,424.14	84,374.01	84,153.09	219,951.24
TOWER HAMLETS EAST CAB	138,578.16	128,867.21	130,577.66	398,023.03

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	YR1-00/01	YR2-01/02	YR3-02/03	Sum:
TRAFFORD CABX			51,649.56	51,649.56
TUNBRIDGE WELLS & DISTRICT CITIZENS ADVICE BUREAU		44,666.88	52,601.17	97,268.05
VALE OF GLAMORGAN CITIZENS ADVICE BUREAU		53,087.03	47,372.60	100,459.63
WAKEFIELD DISTRICT CITIZENS ADVICE BUREAU	76,605.03	106,739.98	103,066.38	286,411.39
WALLASEY & MORETON CAB	384,516.58	377,367.39	382,382.51	1,144,266.48
WALSALL CITIZENS ADVICE BUREAU GF NON-FAM	213,645.28	216,793.64	217,741.43	648,180.35
WALTHAMSTOW CAB	118,029.91	98,563.05	116,678.99	333,271.95
WANSBECK CAB			34,109.41	34,109.41
WARWICK DISTRICT CAB	38,133.19	43,202.72	41,942.22	123,278.13
WASHINGTON CITIZENS ADVICE BUREAU			83,921.61	83,921.61
WEARSIDE CAB MONEY ADVICE SERVICE	72,213.25	56,100.92	115,333.52	243,647.69
WEAR VALLEY CAB	44,081.13	45,621.40	100,725.70	190,428.23
WEST BROMWICH CAB	128,044.12	184,703.21	287,783.66	600,530.99
WEST LANCASHIRE CITIZENS ADVICE BUREAU			31,658.19	31,658.19
WEST LINDSEY CAB			50,054.69	50,054.69
WHITEHAVEN CAB	41,554.07	111,654.10	112,609.96	265,818.13
WINSFORD CAB	63,339.83	179,928.87	149,573.11	392,841.81
WITHAM CAB	8,659.05	46,068.96	48,169.92	102,897.93
WOKING CAB		48,424.25	49,139.63	97,563.88
WOLVERHAMPTON CAB	244,355.58	225,065.61	390,522.80	859,943.99
WORCESTER CAB	58,480.99	44,573.61	61,133.84	164,188.44
WORKINGTON CAB	39,009.20	76,487.20	83,236.44	198,732.84
WREXHAM & DISTRICT CAB	21,030.13	21,787.67	42,721.71	85,539.51
WYRE DISTRICT CAB	44,538.79	46,068.95	45,669.92	136,277.66
YARDLEY CAB	52,370.89	54,839.12		107,210.01
YORK CAB	55,096.49	46,098.68	46,702.61	147,897.78
Sum:	**16,900,460.05**	**19,868,655.20**	**22,081,552.82**	**58,850,668.07**
	192	**215**	**225**	**236**

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file
OJ
CcGN
SS
DH
JJM

From the Office of the Parliamentary Under Secretary of State
David Lammy MP

DH Department of Health

Richmond House
79 Whitehall
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SW1A 2NS
Tel: 020 7210 3000

IMC: 26596

The Rt Hon Patricia Hewitt MP
Department of Trade and Industry
1 Victoria Street
London
SW1H 0ET

7 April 2003

Dear Patricia

PARTNERSHIP ACCORD BETWEEN HM GOVERNMENT AND CITIZENS ADVICE

I have seen your letter of 20 March to the Deputy Prime Minister seeking support for your signing a Partnership Accord with Citizens Advice.

I am pleased to respond in support of the proposal. The Department of Health has a positive relationship with Citizens Advice nationally. This is reflected in the fact that 12 of the pilot Independent Complaints Advocacy Services (ICAS) - independent support for people making complaints about NHS services - we are funding at present, are run by CABx locally, with many more CABx being part of local consortia offering ICAS on a pilot basis.

This Department is to shortly award a contract for the delivery of ICAS nationwide between 1 September 2003 and 1 September 2004. We anticipate that Citizens Advice will submit a tender for this work. The tender exercise will be subject to close scrutiny by all those with an interest. We will therefore clearly need to ensure that the existence of the Partnership Accord with Citizens Advice will not influence the outcome in any way.

I am copying this to the Prime Minister, members of DA Committee and Sir Andrew Turnbull.

Yours ever

DAVID LAMMY

SV260301

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defra
Department for Environment
Food and Rural Affairs

The Rt Hon John Prescott MP
Deputy Prime Minister
26 Whitehall
London
SW1A 2WH

7 April 2003

SV
cc: MH
JK

From the Secretary of State
The Rt Hon Margaret Beckett MP

Dear John,

PARTNERSHIP ACCORD BETWEEN HM GOVERNMENT AND CITIZENS ADVICE

I have seen a copy of Patricia Hewitt's letter dated 20 March regarding the Partnership Accord with Citizens Advice. I am in full agreement with Patricia's approach and welcome its adherence to the shared principles set out in the Compact on Relations between Government and the Voluntary and Community Sector.

I am particularly keen to help CABx to enhance their presence in rural communities, including through participation in our initiative, agreed at DA(RR) on 14 February, to promote development of multi-service outlets in rural areas. CABx have proved themselves to be a beacon in this area with their ability to utilize different outlets for advice: 36 magistrates courts, 139 county courts, 42 prisons, 321 community centres, 30 schools, 607 GP surgeries/health centres, 70 general hospitals, 91 psychiatric hospitals, 4 hospices and in many other places.

In this context it would be helpful if the Accord contained an explicit recognition of the rural dimension which is already implicit in your Compact proposal. This could be done by amending the 3rd bullet in the 3rd paragraph of the "DTI will..."section to read "improving delivery *and accessibility* of services, *in urban and rural areas*, including through the Government's e-agenda".

Also, in SR2002, the difficulties of rural communities were recognised by a new rural affairs PSA, committing Defra to: "*reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2006, and improve the accessibility of services for rural people*". I would like to see this added to the list in the Annex of the Partnership Accord as it is one to which Citizens Advice could contribute.

Other Defra involvement with Citizens Advice includes representation on the Rural Stress Action Plan working group. This is a successful and innovative partnership, set up in 2000 between Government and the voluntary and community sector to alleviate stress in rural areas. The Government has made funding available to the Rural Stress Action Plan to

convey the message that help is available to those suffering distress in rural areas. Citizens Advice have played an active part in ensuring that the plan is successfully implemented.

I have now invited Citizens Advice to be represented on the Developing Social Capital sub-group of the Rural Affairs Forum for England following their input at a recent conference on rural community capacity building.

Citizens Advice already make a vital contribution to reducing social exclusion in rural areas as they do in urban areas. I agree that the Partnership Accord forms a sound basis for continuing to build on the successful partnership they have with the Government and I am pleased to see the positive approach Patricia is taking personally on the matter.

I am copying this letter to the Prime Minister, members of DA Committee and Sir Andrew Turnbull.

Regards

Margaret

MARGARET BECKETT

MATRIX

DEPUTY PRIME MINISTER

OFFICE OF THE
DEPUTY PRIME MINISTER
26 Whitehall
London
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Tel: 020 7944 8623
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03 MH. PR

The Rt Hon Patricia Hewitt MP
Secretary of State for Trade and Industry
1 Victoria Street
London
SW1H 0ET

26 March 2003

ENTERPRISE FOR COMMUNITIES – THE COMMUNITY INTEREST COMPANY

You sought policy agreement in your letter to me of 10 March to publish the joint DTI/Home Office/Treasury consultation on the proposed Community Interest Company (CIC). This letter gives you DA clearance to proceed, subject to the views of colleagues recorded below.

Replies were received from Helen Liddell, Charles Clarke and Tessa Jowell.

Helen said there were a number of drafting amendments she would like to see made before the consultation was published to properly reflect the position in Scotland in relation to charity law. She attached a proposed form of words. Helen also said that a number of initiatives referred to in the consultation document, such as the Bridges Fund, do not extend to Scotland and were therefore generally not relevant to Scotland.

Charles and Tessa both welcomed the publication of the consultation and the impact the proposals would have in supporting the delivery of the key policy objectives of their respective departments.

I am copying this letter to the Prime Minister, members of DA Committee and Sir Andrew Turnbull.

JOHN PRESCOTT

Website: www.odpm.gov.uk
Email: john.prescott@odpm.gsi.gov.uk

Sanctuary Buildings Great Smith Street Westminster London SW1P 3BT
tel: 0870 0012345 dfes.ministers@dfes.gsi.gov.uk
Rt Hon Charles Clarke MP

OJ
DE:GN
CS
JJH
PD
AA

The Rt Hon John Prescott MP
Office of the Deputy Prime Minister
26 Whitehall
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SW1A 2WH

21 March 2003

Dear Patricia,

THE COMMUNITY INTEREST COMPANY (CIC)

I am writing in response to Patricia Hewitt's letter to you of 10 March.

I welcome the prospect of this new form of company, and I am happy to agree to the publication of the consultation document.

I do take the point that CICs are not a device for delivering core public services such as schools, but a means of empowering social enterprise. The Education Act 2002 allows schools to become more involved than ever before in providing community services, and we are now aiming for 240 "extended schools" of this sort by 2006. The proposals are in the same spirit of empowering grass-roots activity. Where schools do choose to get involved in community outreach, it will of course be a matter for their own governing bodies to consider which forms of organisation best suit their individual aims and circumstances, but this proposed new structure will be a useful addition to their options.

I am copying this letter to the Prime Minister, members of DA, and to Sir Andrew Turnbull.

Yours

Charles Clarke

File

The Rt Hon Patricia Hewitt MP
Secretary of State for Trade and Industry

The Rt Hon John Prescott MP
Deputy Prime Minister and
First Secretary of State
Dover House
Whitehall
LONDON
SW1A 2AU

20 March 2003

Secretary of State
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Dear John,

PARTNERSHIP ACCORD BETWEEN HM GOVERNMENT AND CITIZENS ADVICE

My Department funds Citizens Advice (formerly the National Association of Citizens Advice Bureaux) the umbrella organisation for Citizens Advice Bureaux (CABx) in England & Wales on behalf of Government. Last Summer we published a Quinquennial Review of Citizens Advice and the CAB Service. I am now seeking your support to implement one of the Review's recommendations i.e. that DTI, on behalf of HM Government, should sign a Partnership Accord with Citizens Advice. I should be grateful for your response (incl a nil return) by Friday 2 April 2003. I should also be grateful if Departments would update the PSA targets (as necessary) to reflect those that have been agreed for 2003-2006.

The Review was very positive and comprehensive. It concluded that Citizens Advice provides excellent value for money and makes a significant contribution to individuals and communities, as well as to policy formulation and service delivery. In addition, Citizens Advice is making a very useful contribution in terms of the modernisation and e-Government agendas. (The Review's executive summary and its recommendations can be viewed at www.dti.gov.uk/ccp/topics1.)

One of the Review's main recommendations was that: *"The DTI, on behalf of the whole of Government, should make a clear statement based upon the Voluntary Sector Compact (which has been endorsed by the Prime Minister) about the value of an independent CAB Service, the importance of CABx representing the citizen and not being an agent of government in service delivery and the right to use its evidence in whatever responsible way it thinks appropriate."* My officials, in consultation with Citizens Advice and officials within a number of other key government departments with extensive contacts with the CAB Service, have drafted the attached Partnership Accord. I should therefore be grateful for your support in my signing this on behalf of HMG in time for the start of the new financial year.

This Partnership Accord aims to provide a clear framework within which we and the CAB Service can work in a way that both respects the CAB Service's independence yet enables us to work in partnership to help deliver our PSA targets (some of which for 2001-2004 are listed at the back of the Accord). I should point out that the Partnership Accord is not intended to be a legally binding agreement but will instead formally establish principles that will help us to develop even more open and effective working relationships with the CAB Service.

In addition, my officials are keen to make contact with those in your department who have contact with Citizens Advice and the CAB Service in the course of their work to discuss how to develop Departments' relationships with the CAB Service. If interested, they may like to contact Barbara Habberjam, Director Consumer Advice & Information (tel: 020-7215-6402).

I am copying this to the Prime Minister, members of DA Committee and to the Secretary of the Cabinet. I am also sending a copy of this letter to the First Minister of the National Assembly for Wales given that Citizens Advice is responsible for those CABx that deliver advice and information services in Wales.

Best wishes,

PATRICIA HEWITT

PARTNERSHIP ACCORD BETWEEN DTI & CITIZENS ADVICE

INTRODUCTION

This partnership accord sets out the mutual understandings concerning relations between Government and the Citizens Advice Bureau (CAB) Service. It sets out a framework as to how the Government and the CAB Service intend to work together at all levels. It is underpinned by the shared principles set out in paragraph 8 of the Compact on Relations between Government and the Voluntary and Community Sector in England. Both Citizens Advice and the DTI will review this accord annually.

Citizens Advice on behalf of the CAB service in England & Wales will:

Provide, as resources allow, across the whole of England & Wales free, independent, impartial and comprehensive advice to individuals that carries a high level of public confidence and trust. And thus – including where appropriate through effective working relationships with National, Regional and Local Government – contribute to:

- *the formulation, development and evaluation of Government policies through the provision of evidence based input into social policy making;*
- *social inclusion, regeneration and a strong civic society;*
- *the delivery of better public services (including e Government services) to CAB clients and the communities the CAB Service serves; and*
- *Government 2001 – 2004 PSA targets* ***[to be amended as necessary to reflect those agreed for 2003-2006]*** *as described in the table at the end of this accord.*

Maintain high standards of governance and conduct, meet reporting and accountability obligations to stakeholders, and respect and be accountable to the law.

Respect the confidentiality of Government information when given access to it on that basis.

Work in partnership with the voluntary sector and other agencies to achieve mutual aims.

In any partnership with a public sector service provider:

- *act on behalf of individuals, not on behalf of the public sector service provider;*
- *assist individuals to submit and forward (where possible using the CAB Service's secure electronic links) applications, documents and other information – but will not be able either to verify or accept these <u>on behalf</u> of a public sector service deliverer;*

- *be bound by client confidentiality; and*

- *challenge the public sector service deliverer's policies and practices on behalf of individuals whenever necessary.*

The DTI on behalf of Government will:

Recognise and uphold the independence of the CAB Service and its right to campaign within the law and to determine and manage its own affairs.

Recognise the CAB Service's unique role of giving free, independent, impartial and comprehensive advice.

Recognise the distinctive contribution this enables the CAB Service to make to meeting key Government objectives, including:

- *promoting social inclusion, regeneration and a strong civic society;*

- *providing evidence based input into social policy making;*

- *improving delivery of public services including through the Government's e agenda; and*

- *working with voluntary and other agencies through partnerships that complement each other's aims.*

Champion the CAB Service across Government so as to:

- *ensure the contribution which the CAB service makes is fully recognised;*

- *ensure as far as is possible that this recognition is reflected in the Local Government funding arrangements for individual Bureaux;*

- *promote and facilitate effective working relationships between all levels of Government and the CAB Service;*

- *ensure that whenever appropriate – subject to considerations of urgency, sensitivity or confidentiality – departments will directly consult in good time on new policies and procedures.*

As far as is possible, provide a funding framework for Citizens Advice that gives it sufficient resources and financial stability to fulfil its strategic role.

CAB SERVICE CONTRIBUTION TO GOVERNMENT 2001 – 2004 PSA TARGETS [to be amended to reflect PSA targets agreed for 2003-2006]

Department	*CAB Service contribution*
Department for Work & Pensions:	*Reducing child poverty through the provision of advice & information and the promotion of social inclusion and regeneration (**PSA Objective I**).* *Working with DWP to help modernise and improve welfare delivery (**PSA Objective V**).*
Department of Trade & Industry:	*Help increase consumer knowledge through the provision of consumer advice, information and lobbying on consumer issues (**PSA Objective III**). Promote social inclusion and equality (**PSA Objective V**)*
Home Office:	*Promote civic society through the promotion of social inclusion & regeneration (**PSA Objective IV**).*
Office of Deputy Prime Minister:	*Work with all Government Departments to raise levels of social inclusion, neighbourhood renewal and regional prosperity (**PSA Objective I**) and raise the quality of life for all in urban and other communities (**PSA Objective III**).*
Inland Revenue:	*Through providing advice, information and working with the Inland Revenue, improving the number of individuals understanding and complying with their obligations and receiving their tax credit and other entitlements (**PSA Objective I**).*
Department of Health:	*Through providing advice, information and lobbying on health issues narrowing the health gap between socio-economic groups (**PSA Objective II**).*
Lord Chancellor's Department:	*Promote civic society through the promotion of social inclusion & regeneration and through working partnerships with the Legal Services Commission (**PSA Objective III**).*
HM Treasury:	*Promote fair dealing in financial services through the provision of advice, information and lobbying on financial services issues (**PSA Objective V**).*
Cabinet Office:	*Promote e Government services through working partnerships with Government and the secure electronic links provided by Citizens Connect (**PSA Objective III**).*
Department of Education & Skills:	*Improve the basic skills of adults through the giving of advice and the training of volunteers (**PSA Objective V**).*

The Rt Hon Patricia Hewitt MP
Secretary of State for Trade and Industry

Secretary of State
Department of
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The Rt Hon John Prescott MP
Deputy Prime Minister and First Secretary of State
Office of the Deputy Prime Minister
26 Whitehall
London
SW1A 2WH

10 March 2003

Dear Deputy Prime Minister,

ENTERPRISE FOR COMMUNITIES: THE COMMUNITY INTEREST COMPANY

The Prime Minister asked me to work with David Blunkett, to develop proposals for a new type of company, not-for-profit, and working for the public benefit. Cabinet agreed on 9 January that provisions on the Community Interest Company (CIC) should be included in a Companies Bill in the Third Session of Parliament. I am grateful to Gordon for his support. I am now asking colleagues to agree that we should publish the attached joint DTI/Treasury/Home Office consultation document, setting out the details of the policy. I should be grateful for responses by close on Wednesday 19 March as we plan to publish on 26 March.

This government is committed to building a more enterprising society, to creating opportunities for all, and to tackling specific barriers that inhibit successful enterprise – whether it is social, community-based or private business. Several initiatives have been introduced to boost enterprise and community development in our most disadvantaged areas, particularly through the Phoenix Fund. Other measures are focused on Enterprise Areas, such as exemptions on Stamp Duty for all commercial property transactions, the Community Investment Tax Relief and Bridges Community Ventures. The introduction of CICs builds on these measures, enabling the growth of the social enterprise sector and creating new opportunities for people in areas where they are needed most.

The Government does not intend that CICs should deliver essential public services in core sectors such as hospitals and schools. Rather, CICs should develop to meet the needs of local communities, complementing core Government services in areas such as childcare provision, social housing, leisure and community transport.

We are already making good use of partnership with the profit making private sector, through PFI and PPPs. And voluntary organisations are improving life in disadvantaged communities, creating new choices and new opportunities, often working in partnership with local authorities. But company law is holding back the development of 'third sector' social enterprises, because it is relatively more difficult and expensive to set up 'not-for-profit' companies for the public benefit. David, Gordon and I agree that such companies have a great deal to offer, if we can get the conditions right. A change in the law will be an important step forward.

We are building on the Prime Minister's Strategy Unit report, 'Private Action, Public Benefit', which floated the idea of a new type of company, alongside proposals to reform the law on charities and on Industrial and Provident Societies and which promised a further, technical consultation if responses were favourable, as indeed they have been. I attach an analysis of the responses.

Policy Proposals

The attached draft consultation document sets out the policy proposals in detail. The key features of the Community Interest Company would be a guarantee, delivered through an independent regulator, that profits and assets would be used to deliver the objectives of the company, which would be for the benefit of the public and the community. Otherwise, the companies will have the same freedoms and responsibilities as any other company.

The statutory 'Community Interest' test would be a wide one, a 'reasonable person test', recognising that Government cannot predict innovation and that social entrepreneurs will find unexpected ways to deliver benefits. To minimise the risk that controversy might damage the new CIC brand, I propose that political parties should not be able to be, or to set up CICs, and that organisations campaigning for a political purpose should not be able to become a CIC, though they should be able to set one up. This will distance the organisations themselves, while keeping an open door for enterprise. CICs will not have charitable status, preserving a sharp distinction between the charitable form, with its generous tax treatment, and CICs, which will not benefit from these fiscal advantages.

A secure lock on profits and assets creates a number of issues for the freedom of companies to grow and develop in the commercial marketplace. We do not propose any controls on the ability of CICs to raise debt finance, but we do consider that there will need to be restrictions on the scope for them to raise risk capital in the equity markets, to preserve the lock on profits and assets, which will distinguish the CIC from the general run of companies. We propose that shares should be limited to returns within a ceiling to be set by the regulator, and that shareholders would be able to influence, but not control, the direction of the CIC. With a secure lock on profits and assets, and a statutory requirement to pursue community benefit, monitored by the regulator, we do not consider that it will be necessary to include additional controls on ownership, takeovers or mergers. CICs which do not wish to reinvest profits to grow their business will be able to direct money to other community benefit purposes, subject to some regulatory control to protect stakeholders.

In addition to the normal publication of company reports and accounts, CICs will have to report to the regulator on action to promote the public benefit, including action to involve stakeholders. We shall seek views on whether, in addition, there should be a statutory requirement to consult stakeholders, with an exemption for smaller CICs.

The regulator will need wide ranging powers to protect the integrity of the CIC brand, though these should be exercised with a light touch for the majority of CICs; we envisage that the powers would normally be exercised through publication of information and investigation of complaints, rather than active and intrusive monitoring. The core functions would be: to check that applicants

are non profit-distributing companies, working for the community benefit, to publish reports and accounts, and to ensure that any residual assets of wound – up CICs (ie after creditors had been paid in the normal way) are used for the public benefit.

Powers to investigate complaints that profits or assets are being diverted from the core public benefit purpose of the CIC would provide assurance, including that excessive debt interest payments, or abuse of director's pay, could be tackled. If abuses were found, the regulator would have powers to put the company back on track, including replacing directors and ordering a CIC to be wound up.

An indicative regulatory impact assessment is included with the consultation document.

Working papers setting out the detail underpinning the proposals in the consultation document on the community interest test, and on the regulation and financing of CICs are being considered by officials for clearance, with a view to posting them on the CIC consultation website, during the consultation period, alongside the analysis of responses to the Strategy Unit consultation, and a report on relevant international developments.

Financial Assessment

The main costs will be in establishing and operating a new regulator. I envisage that the core activities will not be resource intensive: I have allowed for £250,000 a year initially to cover a handful of staff, who would need to call in others to help with complaints; and to provide for setting the proposed ceiling for returns on equity investment. Over time the regulator should broadly recover costs, though we might envisage a modest level of ongoing support to keep start-up costs for CICs broadly in line with other companies.

Devolved Administrations

As company law is a reserved matter, these proposals will apply in Scotland and Wales. Officials are in touch about the interface with charity law in Scotland, and about the relationship between the new CIC regulator and the Scottish Parliament and Welsh Assembly. Officials are also in touch about the possibility of follow-up legislation in Northern Ireland.

Presentation

Initial soundings suggest that these proposals will be widely welcomed by social enterprises and by the voluntary sector. We may face some pressure from charities to press forward in a similar timeframe with the reforms proposed in the Strategy Unit report, but we can point to the need for reflection on proposals which are not uncontroversial, and which affect a sector which needs particular care. There is a helpful presentational link to our support for Mark Todd's Private Members' Bill, which will take forward reform of Industrial and Provident Societies.

We plan to use the consultation period as an opportunity to promote our social enterprise strategy. In particular, we shall aim to raise the profile of the CIC with both philanthropic and commercial investors, working closely with the Bank of England review of finance for social enterprise.

I am copying this letter to the Prime Minister, members of DA and to Sir Andrew Turnbull.

Yours sincerely,

pp. **PATRICIA HEWITT**
Approved by the Secretary of State and signed in her absence

dti
Department of Trade and Industry

DRAFT

PQ No. : 2003/

WRITTEN STATEMENT

WEDNESDAY 26 MARCH 2003

Publication of the Community Interest Companies consultation document [Enterprise for Communities]

Written statement by the Secretary of State for Trade and Industry (Mrs Hewitt)

A joint DTI/Home Office/Treasury consultation document on proposals for a Community Interest Company (CIC) is being published today. The consultation document sets out the proposals in detail for a new type of company, not-for-profit, and working for the public benefit.

The concept of the CIC was outlined in the Strategy Unit report "Private Action, Public Benefit", published in September 2002. The CIC consultation document fulfils the report's commitment to carry out a technical consultation on the concept before legislation. Responses to the Strategy Unit's consultation have been taken into account in developing the fuller proposals in the CIC consultation document.

The key features of the CIC would be a guarantee, delivered through an independent regulator, that profits and assets would be used to deliver the objectives of the company, which would be for the benefit of the public and the community. Otherwise, the companies would have the same freedoms and responsibilities as any other company. It is proposed that the regulator will apply a statutory 'Community Interest' test, namely that a reasonable person could regard a CIC's purposes as being beneficial to the community or the wider public interest, and not for private benefit.

Some restrictions on the freedom of CICs to raise risk equity are also proposed, in order to preserve the lock on profits and assets. It is proposed that dividends should be limited to returns within a ceiling to be set by the regulator, and that investor shareholders would be able to influence, but not control, the direction of the CIC.

In addition to the normal publication of company reports and accounts, CICs will have to report to the regulator on action to promote the public benefit, including action to involve stakeholders. Views are sought on whether, in addition, there should be a statutory requirement to consult stakeholders, with an exemption for smaller CICs.

The core functions proposed for the regulator are: to check that applicants are non-

profit-distributing companies working for the community benefit, to publish reports and accounts, and to ensure that when a CIC is wound up, any residual assets after creditors have been paid in the normal way will be used for the public benefit. It is proposed that the regulator will have powers to take action in order to protect the integrity of the CIC brand. It is envisaged that these powers would normally be exercised through publication of information and investigation of complaints, rather than intrusive monitoring.

Copies of the consultation document are available in the Libraries of the Houses and on the DTI website. We welcome views on all aspects of the proposals outlined in the paper by [Wednesday 18 June 2003]. An indicative regulatory impact assessment is included with the consultation document.

PATRICK BARRY

3 MARCH

ENTERPRISE FOR COMMUNITIES:
proposals for a Community Interest Company

FOREWORD by Patricia Hewitt, Gordon Brown and David Blunkett

For many years, groups of people have worked and campaigned to improve local services, regenerate their environment, and create better living conditions. This community action and enterprise is essential for a healthy society. The promotion of enterprise, in every part of society and every corner of our country, is at the heart of Government's agenda. Entrepreneurial talent is essential to deliver social justice, locally and nationally. We need to ensure there are the right structures for this to happen.

This government is committed to building a more enterprising society, to creating opportunities for all, and to tackling specific barriers that inhibit successful enterprise – whether it is social, community-based or private business. Several initiatives have been introduced to boost enterprise in our most disadvantaged areas, particularly through the Phoenix Fund. Other measures are focused on Enterprise Areas, such as exemptions on Stamp Duty for all commercial property transactions, the Community Investment Tax Relief and Bridges Community Ventures. The introduction of CICs builds on these measures, enabling the growth of the social enterprise sector and creating real opportunities for people in areas where they are needed most.

To build on these measures, we are therefore proposing to establish, for the first time, a custom-made legal vehicle for community and social enterprises. The Community Interest Company is an entirely new form designed to meet the needs of people seeking to pursue enterprise in the public interest, dedicating their profits to the public good.

Such an approach is essential in the 21st century. Socially responsible enterprises are already starting to play an increasingly vital role; in regenerating disadvantaged areas, empowering local communities, and delivering new, innovative services at local level. These social enterprises, large and small, show how much can be achieved by using new solutions to tackle traditional problems – wherever they occur. We need to harness expertise in the community, and facilitate those who act as enablers in their neighbourhoods. We recognise, however, that they often face obstacles that make the pursuit of these objectives difficult. Charitable structures are not always appropriate. Equally, there is no simple way to guarantee that a not-for-profit-distribution company will always work for the public good. And that can in turn make it difficult for people to raise money to finance their enterprise. We must not let their energy and vibrancy be stifled by inflexible and inappropriate legal structures.

The Community Interest Company will be a transparent model; clearly defined, easily recognisable and understandable by users, staff, and the wider community they serve. It will be a flexible structure, allowing organisations that use the Community Interest Company model to thrive and grow, while being accountable to local communities.

The Government does not intend that CICs should deliver essential public services in core sectors such as hospitals and schools. Rather, CICs should develop to meet the needs of local communities, complementing core Government services in areas such as childcare provision, social housing, leisure and community transport.

With the introduction of Community Interest Companies, we are one step closer to achieving the vision that is central to the mission of this Government – enterprise and opportunity for all within strong, cohesive communities.

ABOUT THIS DOCUMENT

What is this document for?

This public consultation paper invites views on proposals for a new type of company, the Community Interest Company (CIC). We welcome views on all aspects of the proposals outlined in the paper. A summary of the most important proposals is set out at page [ ].

Which parts of the United Kingdom are affected by these proposals?

The Government intends to bring forward legislation to make these proposals part of company law. Company law matters relating to Scotland are reserved to the UK Parliament under the Scotland Act 1998, and those relating to Wales have not been transferred to the National Assembly for Wales under the Government of Wales Act 1998. These proposals would therefore affect the law in England, Wales and Scotland. Northern Ireland has its own companies legislation, and will not be affected by these proposals.

Who should be interested?

All those who have an interest in the proposals are very welcome to respond. We expect that people and organisations who will find the paper particularly relevant will include:

- those who have an interest in social enterprise (see the definition on page [ ] – including those who run social enterprises, those who use their services, and people who are considering or have considered setting up such an enterprise
- those who may be involved in providing finance to social enterprises – including grant-givers, and philanthropic and commercial lenders and investors
- those who are interested in the development of the wider voluntary and community-based sector
- those who have an interest in the legal issues relating to this sector

How can I respond?

We invite comments by [date] at the latest. Responses can be sent to us:

- by email to [address]

- by post to:

  [name]
  Consultation responses
  Community Interest Company team
  DTI
  1 Victoria Street
  London SW1H 0ET

All responses will be acknowledged. In accordance with the code of practice on open government, all comments received will be made publicly available unless respondents specifically request otherwise.

There will be a number of public events and meetings taking place to discuss these proposals during the consultation period. Details of these can be found on our website, [ ]. This consultation paper, and associated material including working papers on various aspects of the proposals, can also be found on the website.

ENTERPRISE FOR COMMUNITIES

"A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.

Social enterprises tackle a wide range of social and environmental issues and operate in all parts of the economy. By using business solutions to achieve public good, the Government believes that social enterprises have a distinct and valuable role to play in helping create a strong, sustainable and socially inclusive economy.

Social enterprises are diverse. They include local community enterprises, social firms, mutual organisations such as co-operatives, and large-scale organisations operating nationally or internationally. There is no single legal model for social enterprise. They include companies limited by guarantee, industrial and provident societies, and companies limited by shares; some organisations are unincorporated and others are registered charities."

from 'Social Enterprise – a strategy for success'

1 The Government is proposing a new type of company – the Community Interest Company (CIC) – whose profits and assets will be used for the public good. The CIC will present new opportunities for social enterprises to benefit the people they serve: it will be easy to set up, with all the flexibility and certainty of the company form, and some special features, to guarantee that it is working for the benefit of the community or the wider public. Easy for investors to understand, with an assured lock on profits and assets to attract social investors, it will help create a strong new brand for social enterprise and a new marketplace for social investment. By doing so, it will cut the costs of setting up and financing social enterprises. It will

recognise the strong links between social enterprise and the wider community, encouraging stakeholders to engage in enterprising communities. This in turn will improve the delivery of local services.

CICs will be registered as companies in the usual way, but with an additional requirement to show that they are dedicated to the community interest.

They will use their assets and profits for the benefit of the community or the wider public.

They will report to an independent regulator on how they are delivering on that commitment, and on how they are involving their stakeholders in their activities.

2 The concept of the CIC was outlined in the report "Private Action, Public Benefit", published by the Strategy Unit in September 2002[1]. This paper fulfils the report's commitment to carry out a technical consultation on the concept before legislation. Responses to the Strategy Unit's consultation have been taken into account in developing the fuller proposals in this paper. A summary of the responses relating to CICs is on the DTI website at [ ].

VALUING ENTERPRISING COMMUNITIES

3 The Government's aim is to widen and deepen the enterprise culture in our country, so that everyone, regardless of their background or circumstances, has the chance to go as far as their talents will take them. Our strategy is to support small and medium sized businesses and social

enterprises to modernise and reform the delivery of services at local level, regenerate disadvantaged communities and spread the enterprise culture. Several initiatives have been introduced to boost enterprise and community development in our most disadvantaged areas, particularly through the Phoenix Fund. Other measures are focused on Enterprise Areas, such as exemptions on Stamp Duty for all commercial property transactions, the Community Investment Tax Relief, and Bridges Community Ventures. The introduction of CICs builds on these measures, enabling the growth of the Social Enterprise sector, and creating real opportunities for people in areas where are needed most.

4 As social enterprises grow and flourish, they create more and better choices for local people, helping to empower local communities and encourage active citizenship. The Government's strategy for the sector, "Social Enterprise: a strategy for success"[2], and "Private Action, Public Benefit" highlight the growing impact of social entrepreneurship at all levels. Social enterprises, large and small, bring together the expertise and dedication of the voluntary sector with the flair and flexibility of the commercial world, and can be particularly relevant in the many activities where commerce and public service meet. They are currently active in sectors ranging from waste recycling, and village post offices, to community transport and the provision of care services to children and the elderly.

Case study - Bulwell Hall Community Gardens Ltd

Bulwell Hall was established in 1999 to provide training opportunities for the long-term unemployed, create community space and sell healthy produce. The main activities undertaken include tending the garden and allotments and providing work placements. Membership of the company is restricted to residents of the estate, who tend to be long-term unemployed. Any surplus produce is sold to non-residents.

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[1] Available at www.cabinet-office.gov.uk/innovation/charity/report
[2] Available at http://www.dti.gov.uk/socialenterprise/pdfs/strategy.pdf

Bulwell Hall is a Company Limited by Guarantee, without charitable status and established for the benefit of the community. It has a management committee of about 12 members who are elected at the AGM, designed to protect the organisation from external organisations and to ensure it stays under the control of local residents. However, the current system, which allows trainees to put themselves forward for the management committee, has led to problems over accountability, discipline and grievance procedures.

Bulwell Hall believes that inventing its form itself has led to a "hotch potch" structure. It also believes that there is a lack of understanding amongst funders about this type of organisation, which combines services and social inclusion aims.

THE NEED FOR A NEW TYPE OF COMPANY

5 Social enterprises use a wide variety of legal forms, reflecting the diversity of the sector. Many set themselves up as companies or Industrial and Provident Societies, directing any surplus back into the pursuit of their social objectives. Some also have charitable status. All these approaches have a vital part to play in developing social enterprise, contributing both to the UK economy and to society.

6 Nonetheless, the report "Private Action, Public Benefit" points to a gap in the range of options available to social enterprises that wish to incorporate as companies. The CIC will fill that gap[3].

7 Social entrepreneurs often set up companies because they enjoy the flexibility that this approach offers. The company model is well-established in the UK, and is well understood by its users, consumers, financiers and lawyers. It is relatively quick and easy to set up a new company with commercial objectives. However, social entrepreneurs who want their companies to operate on a not-for-profit basis run into difficulties

[3] For more details see technical note 1, on types of company

because company law provides no simple and transparent way to lock profits into a company.[4]

Case study - Hackney Community Transport

Hackney Community Transport (HCT) was formed in 1982 and began as a collection of some 25 voluntary sector organisations who joined together to provide local minibus transport. The organisation is intimately tied to its inner city location, both in terms of its mission and workforce. It runs a number of different services including groups transport, training and employment for newly trained drivers and taxi services for local authorities. It has recently begun to provide mainstream fixed route bus services. Initially the organisation had 4 vehicles and one paid member of staff. It now has 175 staff (a number that is expected to rise to 200 by the end of 2003) and expects turnover to reach £8.5m by 2004.

Hackney Community Transport is a company limited by guarantee and has approximately 400 members which are all local voluntary and community organisations. HCT believes that this large membership operates well, offering local participation and accountability. HCT is also a registered charity, although it feels that the benefits of charitable status to its organisation are marginal. HCT believes that the transparency of the CIC could make this form attractive to social enterprises seeking to entrench their assets and profits.

8 These difficulties cause problems for social enterprises, both on incorporation and when they seek to raise finance to deliver for their communities. For instance,

- The legal process of creating a not-for-profit company can currently be lengthy and expensive, so the transaction costs of setting up are high;
- social and philanthropic investors can be deterred by the lack of an obvious profit and asset lock, and so prefer to support other organisations such as charities (see below); and
- conversely, commercial investors can be puzzled by the complexity and diversity of not-for-profit structures, and so can see social enterprises as riskier than they really are – which raises the cost of funds.

[4] For more details see technical note 2, on entrenchment

TEXT BOX

Other not-for-profit enterprises choose to establish themselves not as companies but as Industrial and Provident Societies (IPSs). These can take the form of cooperatives set up for the benefit of their members, or of organisations operating for the benefit of the wider community ('BenComs'). The Government strongly values the IPS form and the guarantee of democratic accountability that it provides. Co-operatives have a long history of achievement and a key role to play in providing local services, and IPSs are at the forefront of stakeholder involvement in the development of community services. It is important that the choice between IPS and CIC form should be available to social entrepreneurs. Some will opt for the CIC brand, the new regulator and the familiar corporate and legal envelope that being a company will entail. Others will be more comfortable with the traditional brand and strong stakeholder involvement of the IPS. The IPS legal framework has already been improved in some respects by the Industrial and Provident Societies Act 2002, which was taken through Parliament by Gareth Thomas MP with Government support. In the current Parliamentary session the Government is supporting Mark Todd MP's private member's bill to further reform IPS legal structures. One of the changes proposed by this bill is an asset lock for BenCom IPSs. The report "Private Action, Public Benefit" recommends further changes to the framework, and the Government is now considering the consultation responses to those recommendations.

Case study – Cumbria Heskat Newmarket Brewery

This community brewery was established in December 1999 after the previous owner manager retired. Local villagers and well-wishers formed a buyout group with the aim of maintaining the village business, safeguarding jobs and retaining a real ale brewery in the village. Benefits to the community also included income generated by tourists and the future of related businesses, such as the local pub, which served the brewery's beer.

The brewery is an Industrial and Provident Society community co-operative with every shareholder having £1500 in shares. There are currently 66 members, who elect a Committee of five members to direct the operation of the brewery. The co-operative form was chosen so that the group could set up and operate more or less in line with their vision of pursuing social objectives. There is a high degree of local support for the business. So far the IPS model seems ideally suited to the needs of the community brewery.

TEXT BOX

Whatever their legal form - company, IPS or unincorporated - social enterprises with exclusively charitable objects and which cannot distribute assets to their members will have charitable status. Charitable status confers benefits, most notably tax advantages and, in England and Wales, the assurance of Charity Commission supervision of purposes and assets. Enterprises operating as a charity must also accept the obligations which come with charitable status, including:

- need to justify any payment to charity trustees; this includes company directors
- rules on trading and investment that can place significant limits on permissible activity, depending on the charity's objects; and
- tougher regulation than that applying to normal companies - since it is aimed at protecting the rights of beneficiaries, donors and other stakeholders who do not have enforceable rights and may have limited information.

These obligations are unattractive to some social entrepreneurs.

The report "Private Action, Public Benefit" makes proposals for the reform of charities, including a new form of incorporation specifically for charities, the Charitable Incorporated Organisation. This would allow charities to incorporate without having to register as a company or an IPS. Again, the Government is considering the consultation responses to these proposals.

9 The CIC will help people who want to use the company form to deliver for their communities. The form will be flexible, so that its users can meet changing market conditions and grow their businesses. They will be able to deliver new services for enterprising communities, without all the necessary checks and balances of mutuality or charitable status, but with the confidence that the CIC's controls on objects and assets will provide.

10 The Government does not intend that CICs should deliver essential public services in core sectors such as hospitals and schools. Rather, CICs should develop to meet the needs of local communities, complementing core Government services in areas such as childcare provision, social housing, leisure and community transport.

11 The CIC is an alternative to charitable status. If an enterprise has charitable objects but wishes to become a CIC, it will forego the benefits and obligations of charitable status[5]. Both options will provide a lock on purposes, assets and profits, with regulatory supervision, but CICs will not be eligible for the tax relief available to charities. In choosing between charitable status and becoming a CIC, enterprises will weigh the relative benefits of charitable tax status and regulation on the one hand, and the flexibility of the CIC on the other.

Case study - Ibstock Community Enterprises Ltd

Ibstock Community Enterprises Ltd was formed in 1995 and provides a number of services for residents and workers in Ibstock. Their main aims include restoring financial services, providing access to services and supporting local businesses, and activities to date have included acquiring the local bank and reinstating the ATM, organising community events, publishing the village newsletter and providing support to organisations applying for grant funding. They have just acquired a former school building which they hope to develop to produce small workplace units. The beneficiary of ICE's work is the community, with some services specifically targeted towards particular groups, such as the elderly or the young.

ICE is a company limited by guarantee defined as a community co-operative without charitable status. There are 13 voluntary board members who have a say in project management and day-to-day recommendations but this can cause conflict between the board and the chief executive. Becoming a registered charity was considered but rejected, but may be revisited in future to allow a permanent lock on assets. The current form is seen as being tax-efficient and relatively painless to administer, but does prohibit some sources of funding that might otherwise be accessible with charitable status. In view of this, they may revise their current form at some point in the future.

12 The CIC will be more suited to activity for public and community benefit than existing types of company:

[5] As CICs cannot be charities, an existing charitable company that wishes to convert to a CIC will be subject to the same sort of controls as apply at present when a charitable company seeks to use the powers

- a test committing the CIC to pursue the community interest, together with a statutory profit and asset lock, will give assurance to social and philanthropic investors;

- annual 'community interest reports', setting out the action each CIC has taken to pursue public or community benefit, will reinforce this assurance; and

- CIC legislation will reflect the role and importance of stakeholders, and CICs will report on how they involve them.

13 The CIC is a new idea for the UK. Its uses will develop and change in the light of experience. The aim, over time, is to establish a new brand for social enterprise, well understood and valued, sitting alongside and as an alternative to charities and IPSs, delivering local services as part of enterprising communities.

CREATING THE MARKET IN SOCIAL ENTERPRISE

14 Of course, a change in the law will not in itself create all the conditions to enable social enterprises to grow and to become significant players in the economy. However, we believe it is an important step in removing barriers to growth, and in the process of culture change. The attitude of investors will be crucial in growing the sector. The Government is considering the wider financing issues for the sector as part of the Social Enterprise Strategy, and the Bank of England is currently reviewing how the sector is financed. The introduction of the Community Investment Tax Relief will enhance the flow of capital to enterprises in disadvantaged communities,

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in the Companies Act 1985 to convert to a non-charitable company. A CIC that wishes to convert to a charitable company will of course have to have exclusively charitable purposes.

including social enterprises, through Community Development Finance Institutions (CDFIs)[6]. The CIC will contribute to the wider development and financing of the sector. As part of its consultation on this paper, the Government will explore the ways in which the CIC may be used to stimulate the development of a stronger market in social enterprise, through seminars and other events. Further details will be made available on the DTI and Home Office websites [insert details].

Bank of England review of finance and funding

At the request of the DTI, the Bank of England is reviewing the provision of debt and equity finance to social enterprises. The Bank is currently surveying the sector and consulting with social enterprises and their representative groups, banks, Community Development Finance Institutions, venture capitalists and others. Questions being addressed in the review include:

- To what extent does the number and success of existing social enterprises depend on their access to appropriate finance?
- What is the current take up of external finance? Is it appropriate, and is there unmet demand?
- What are social enterprises' attitudes to and demand for mainstream finance?
- Do social enterprises experience difficulties in accessing finance that differentiates them from other start-ups and small businesses?
- Are there aspects of bank lending policies that might directly or indirectly disadvantage social enterprises?
- Is there need/scope for new products or new packages of finance for social enterprises?

The Bank will report on its review in spring 2003. Where the report identifies gaps or barriers on either the demand or supply side, the DTI will develop recommendations to address these. This work will complement the development of the CIC model in helping to build the market in social investment.

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[6] The Community Investment Tax Relief, introduced in the 2002 Budget, will be worth 25% of the amount invested via CDFIs in start-up businesses and social enterprises in deprived areas over a five year period. More information is available from the finance section of the Small Business Service website http://www.sbs.gov.uk/

THE KEY FEATURES OF THE COMMUNITY INTEREST COMPANY

15 CICs will be established as companies under the Companies Act 1985. They will follow the same incorporation and reporting procedures as other companies, and their directors and members will have the same rights and duties. Their special status will arise from some additional statutory requirements.

The Community Interest Test

16 Public and community interest is the defining factor at the heart of the CIC. To ensure that CICs are focused on this, the regulator will need to apply a robust test at the time of registration. At the same time, it will be important to ensure the greatest possible flexibility for organisations with a social purpose to use the CIC form.

17 **The Government proposes that the regulator should apply a 'reasonable person' test of community interest**. To become a CIC, an organisation will have to satisfy the regulator that its purposes could be regarded by a reasonable person as being beneficial to the community or wider public interest. It will also be asked to confirm that access to the benefits it provides will be widely available, and not confined to an unduly restricted group. The regulator will publish guidance on the test.[7]

18 To ensure that the regulator does not become involved in debate about whether particular political purposes are beneficial, **it is proposed that political parties should not be able to become CICs, or to set up CIC subsidiaries. It is also proposed that organisations whose purposes are support for a political party, or political campaigning, should be unable**

[7] A detailed working paper on the community interest test will be published on the DTI's website as part of this consultation.

to become CICs. This could include, for instance, groups established to campaign on issues involving changes to the law (such as vivisection, the freedom to smoke tobacco, or opposition to abortion), or groups formed to campaign for changes in Government policy, for instance on the environment. However, such organisations will be able to establish CIC subsidiaries if they wish, as long as the purposes of the subsidiary are not themselves political, and if a reasonable person could consider them to be beneficial, even though other people might regard their activities as controversial or even detrimental.

19 Since this test will give the regulator substantial discretion, **it is proposed that the regulator should issue guidance as to how the discretion will be exercised**. For illustrative purposes, the guidance will draw on the sort of tests currently used in legislation in the UK and abroad.

Test of charitable status

The current test for charitable status is that the organisation must be established for exclusively charitable purposes. Currently the purposes recognised in law as being charitable fall under four heads:

- The relief of poverty,
- The advancement of education,
- the advancement of religion,
- or other purposes beneficial to the community: these are defined by case law and interpreted by the Charity Commission - see technical note 3

The rules are that all charities should benefit the public. They must focus on carrying out charitable objectives within these categories, with private benefits to individuals being incidental, and must provide benefits to the community at large or to a sufficient sector within it. They must not entirely exclude those of limited means.

A **Japanese** law of 1988 to promote non profit activities specified the following categories:

- promotion of health, medical care or welfare
- promotion of social education
- promotion of community development
- promotion of culture, the arts or sport
- activities to protect the environment
- disaster relief
- ensuring community safety
- protecting human rights and promoting peace
- international co-operation
- promotion of the creation of a gender equal society
- advice and support relating to any of the activities listed

The Companies Act 1985 provides for some special treatment for not-for-profit companies (technical note 4). The company's objects must be the promotion of commerce, art, science, education, religion, charity, or any profession and anything incidental or conducive to those objects.

20 The Government considers that a test based on a list defined in law, while appropriate for charities which enjoy substantial tax reliefs, would not be appropriate for CICs. A list may reduce the freedom of the sector to innovate and to find new ways to work in the public and community interest. This would run contrary to the Government's vision, which is not to prescribe what social enterprises can do, but to support variety and diversity.

21 Once a CIC is registered, **the regulator would also need to approve any proposals for changes in its purposes.**

Ongoing obligation to pursue community interest

22 CICs will have an obligation to operate in pursuit of their public or community interest purposes. Stakeholders will be in a position to alert the regulator if they believe a CIC is failing to meet this obligation (see paragraph 32 below), and the regulator will have powers to investigate and to take action (paragraph 43 below).

Guarantee that profits and assets will be used for the community interest

23 Together with the community interest test, the idea of reinvesting profits for the benefit of the community or the wider public is central to the CIC concept. It will be critical to acceptance by charitable and ethical investors that those who set up CICs should commit to lock profits and assets into the company irrevocably, and that they should be seen to do so. The accounts of CICs will be open to stakeholders and the public, in the same way as those of all companies, and this will help stakeholders to satisfy themselves that CICs are complying with the statutory lock.

24 A lock on profits and assets will not affect the ability of CICs to use their assets in the normal course of their business. For instance, they will be able to use their assets as collateral for finance, and if they do so the assets will be available to creditors in the event of default[8]. However, the lock will affect CICs' ability to raise finance and make a return to investors. In some ways it will make finance easier to obtain. As set out above, a clear lock, guaranteed by a regulator, will provide assurance to philanthropic investors: grants and loans from charities are an important source of finance for many social enterprises, particularly when they first start out.

25 CICs will need to be able to raise debt (e.g. loans and bonds) in the commercial markets on the same terms as other companies. Lenders will assess the risk to their investment, and will set interest rates, in the usual way. The transparency of the CIC form should help lenders to understand the risks and result in fair prices for debt finance. There is a risk that CICs might use artificially inflated debt repayment as a way of distributing assets, but this risk will be managed through existing company law provisions on directors' duties and (in cases of outright fraud) by criminal proceedings. The CIC regulator would be able to deal with very clearly excessive debt repayment which, while not fraudulent, would amount to a breach of the statutory requirements on CICs to maintain the asset lock and pursue the public or community benefit.

26 As they grow, most companies raise finance by issuing shares to raise equity. Equity shareholders provide risk capital and expect a corresponding return on their investment, enjoying a share of profits in the form of dividends on shares and capital growth. CICs will not be able to adopt the same approach to equity as other companies, since unrestricted distribution of CICs' profits to investor shareholders, and the ability of investors to profit from capital growth, is clearly incompatible with a lock on

[8] See technical note 5, on disposal of assets

profits and assets. Indeed, on a purist view any distribution of profits to investors is incompatible with such a lock. However, if CICs are to have the scope to grow they will need access to a range of sources of finance, and the model needs to be appropriate for growing and large companies, as well as small.

27 **The Government therefore proposes that Community Interest Companies should be able to issue tradable fixed or capped rate (preference[9] or 'investor') shares, and to pay dividends to the holders of these shares up to a fixed percentage above base rate, LIBOR or another appropriate benchmark**. The holders of such shares would not be able to control the CIC (see paragraph 35 below).

28 CICs will be free to decide the rate of return for such shares, which may be fixed or floating, provided that it is within an overall cap. It is intended that the cap will be set at a level that will optimise CICs' access to a wide range of sources of finance while maintaining the lock on profits and assets in a way that will give comfort to philanthropic and charitable lenders. The legislation establishing CICs will need to provide for the level of the cap to be changed over time, in the light of experience of its operation and as market conditions and expectations change. **As part of this consultation, the Government will work with social enterprises and potential investors to develop the mechanism for setting the cap**.

29 If a CIC goes into liquidation (see paragraph 44 below) then investor shareholders will have a claim on any residual assets remaining after the claims of creditors are met, but only in respect of the capital initially invested and any unpaid dividend.

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[9] See technical note 6, on preference shares. A CIC will be unable to issue such shares if it takes the form of a company limited by guarantee – see technical note 1.

30 CICs will not be in the public sector and hence, like other companies outside the public sector, some CICs will fail and some will succeed. As with the not-for-profit and private sector in general, it would not be the role of Government to guarantee that CICs did not fail.

31 The Government has considered whether it would be appropriate for CICs to access a measure of real equity – risk capital – by issuing shares with an uncapped dividend and the ability to benefit from capital growth. This would open up a wider range of sources of finance to those CICs able to attract equity investors, and so could contribute to the development of social enterprise. Without the ability to access risk capital, CICs will be limited to organic growth. However, such equity investors will expect to make profits from their shares if a CIC does well. One way of reconciling this with the principle of the primacy of public and community benefit could be to have an overall limit on the dividends payable on such shares, leaving the large majority of assets locked into the CIC. However, even with such a solution the use of real equity is contrary to the concept of the CIC profit and asset lock. **Therefore it is proposed that CICs should not be able to issue shares that pay an uncapped dividend.**

Transparency in Operation

32 The reports and accounts of CICs will be in the public domain, in the same way as those of other companies. **The Government proposes that, in addition to the reports and accounts required from other companies, CICs should submit short, straightforward annual reports to the regulator on how they have pursued their public or community benefit objectives. These reports should also explain what the CIC has done to involve stakeholders**. The regulator will monitor these reports and will make them public. This will allow stakeholders and the public to monitor whether CICs are operating in the community interest.

Governance: Involvement of Stakeholders

33 It is Government policy to encourage all organisations to engage with their stakeholders for the long term health of their business. Many social enterprises are at the forefront of good practice, using a wide range of approaches, including stakeholders on the board. All these options will be available to CICs. However, there can be a tension between the active involvement of stakeholders in the governance of a company, and the freedom of its directors to act. This needs to be taken into account in setting out the statutory requirements for all CICs.

34 The Government expects CICs to display a strong focus on stakeholder needs. The regulator will produce guidance setting out best practice in involving stakeholders and in balancing the interests of different stakeholder groups. One option, which would go further than the general requirement for CICs to report annually on stakeholder involvement, would be a statutory requirement to seek the views of stakeholders. This would help to enshrine good practice on stakeholder engagement in all CICs.

35 However, a statutory requirement could cause some difficulties for those CICs whose stakeholders are not easy to define or are remote from the business (for instance in the case of overseas development activity). It could also be perceived by some social entrepreneurs as bureaucratic and unnecessary, and therefore as a disincentive to using the CIC form. In any case, a statutory requirement is most likely to be relevant for larger enterprises, in which the decision-making process is further removed from stakeholders, and which have the capacity to organise stakeholder consultation. It therefore seems reasonable to exempt small CICs from any

statutory requirement, although they would still be encouraged to follow best practice.[10]

The Government invites views on a minimum statutory requirement for CICs to seek the views of their stakeholders, with an exemption for small CICs.

36 Where CICs are involved in the delivery of services, there will be a need to ensure stakeholder involvement in their governance, to meet requirements for democratic accountability. The required arrangements for stakeholder involvement would not be appropriate for generic legislation; they could be set out in contracts, or possibly in sectoral legislation.

Governance : Rights of Investors

37 Investors will often expect to have an influence over the direction of the company, if only through participation in general meetings. Substantial commercial investors may expect to appoint directors to protect their interests. Commercial investors often bring very valuable skills to the direction and management of a social enterprise. Nevertheless, there is clearly a tension between the desire to secure a good return on investment and the drive to operate in the public or community interest. **The Government therefore proposes that CIC legislation should place limits on the power that investors may have to control the activities of CICs**. There are a number of technical means of achieving this[11], but the principle will be that while investors may have influence over a CIC, they cannot control it. The Government will seek views on the appropriate restrictions on control as part of this consultation.

[10] The Companies Act 1985 defines a small company as satisfying at least two of the following – not more than £2.8m turnover, not more than £1.4m 'balance sheet total' (total assets), not more than 50 employees.

38 It is not proposed that legislation should place restrictions on the transferability of membership in a CIC, although a CIC will be free to embed such restrictions in its constitution if it wishes. In principle, charities and other organisations will be able both to own and invest in CICs. The restrictions on investor control described above, taken together with the lock on public or community benefit objectives, should be sufficient to protect CICs from adverse changes of ownership.

Governance : Subsidiaries of CICs

39 CICs will be free to set up subsidiaries if they wish. These subsidiaries may themselves be CICs, with public or community benefit objectives similar to or different from those of the parent. Alternatively, a CIC might wish to set up a non-CIC subsidiary, e.g. to raise uncapped equity finance for a new venture which is riskier than the CIC's core business, with a view to using any resulting profit for public or community benefit purposes. A CIC will be able to do this provided it has a purely commercial relationship with its non-CIC subsidiary; the parent could give a loan to the subsidiary on commercial terms, but could not simply transfer assets to it, since to do so would breach the asset lock.

Governance: Gifting assets to other organisations

40 Where a successful CIC has accumulated more assets than it needs to fulfil its own objects, it may wish to transfer the surplus to another organisation with public or community benefit purposes, whether a CIC or a charity. **The Government proposes that CICs should be able to transfer such surpluses to other suitable organisations** provided that:

- the beneficiary organisation is listed in the donor CIC's constitution, or

[11] See technical note 7, on limits on the powers of investor shareholders

- the CIC notified its stakeholders of the proposed transfer, and the regulator agrees to it.

This will protect the interests of those who have invested in the donor CIC in order to support its particular purposes.

Regulation

41 The regulator is an essential element: the guarantor that public or community benefit is being pursued, and that profits and assets are working to that end. **The Government proposes that to provide the necessary assurance, the regulator will need to**:

- **Check that applicants for CIC status are not-for-profit companies working in the community interest;**
- **Review community interest reports, which set out the actions the company is taking to pursue public or community benefit, and to involve stakeholders;**
- **Publish these reports, allowing stakeholders to check them and Companies House records to ensure the company is complying with the obligations of its status; and**
- **Ensure that the residual assets of wound-up CICs continue to serve the public or community benefit.**

42 While monitoring is required to provide assurance, the regulator will need to strike the right balance. Entrepreneurs need freedom to develop their companies and to take risks. The Government intends that the core functions of the regulator should be closely aligned with those of Companies House, and that for most CICs, regulation will be similarly light touch, with a one stop shop for the social entrepreneur.

What are a company's ongoing regulatory responsibilities?

- To file its annual return and accounts
- To give notice of certain changes, the main ones being:
  - new directors or secretary
  - change of registered office
  - new shares being allotted
  - certain resolutions.
- To adhere to its responsibilities as set out in law and regulation

What will a CIC's ongoing regulatory responsibilities be?

- All the above, plus
- to submit a community interest report
- to seek the CIC regulator's permission for any change to its community interest purposes
- to adhere to its legal responsibilities as a CIC

43 However, **the regulator will need powers to investigate complaints that the statutory requirements of CIC status (pursuit of the public or community benefit and not-for-profit operation) are not being observed, and powers to take action if such complaints are justified**. Action to put a CIC back on track could include replacing directors, facilitating takeovers or mergers, or, if all else fails, applying to the court to have the CIC wound up.

44 These powers will be used to remedy breaches of statutory requirements in an appropriate and proportionate way, and thus to protect

public faith in the CIC brand. The regulator's powers will not be used to keep a CIC running when there are good reasons for it to fail. If a CIC were to be delivering a service that the local community values, then alternative providers should be found, if the CIC delivering them were to fail. Detailed arrangements for continuing service delivery would not be appropriate for generic legislation.

45 CICs will be subject to insolvency law like any other company.[12] However, any residual assets remaining after creditors and any investor shareholders have been paid will not be available to the CIC's members. Instead, the regulator would transfer them to another CIC or a charity, which will use the assets, and any proceeds from their sale, for the same purpose as the original CIC, or for another public or community benefit purpose approved by the regulator.

46 In accordance with the principle of the one stop shop, the regulator will work with other companies' regulators, and with any sectoral regulators with relevant competences, to ensure that there is a single interface between CICs and their stakeholders on one hand, and regulators on the other.

[12] For more details see technical note 6, on disposal of assets

SUMMARY OF PROPOSALS AND INVITATION TO COMMENT

Comments are invited on the proposals in this paper. They should be sent by [DATE] to [CONTACT DETAILS].

Comments are particularly invited on the following points:

1. There should be a new type of company, the Community Interest Company (CIC) (para 14).

2. A regulator should apply a 'reasonable person' test of community interest (para 16), and should issue guidance on the test (para 18).

3. Political parties should not be able to become CICs or to set up CIC subsidiaries, and organisations whose purposes are support for a political party, or political campaigning, should be unable to become CICs (para 17).

4. Once a CIC is registered, the regulator would need to approve any proposal for a change to its purposes (para 20).

5. CICs should be able to issue tradable fixed or capped rate shares, and to pay dividends to the holders of these shares up to a fixed percentage above base rate, LIBOR or another appropriate benchmark (para 26).

6. The cap on returns on such shares should be set at a level that optimises CICs' access to finance while maintaining a sufficient lock on profits and assets to give comfort to philanthropic lenders.

The Government will work with investors and social enterprises on arrangements for the cap (para 27).

7. CICs should not be able to issue shares that pay an uncapped dividend (para 29).

8. CICs should submit short annual reports on the action they have taken to pursue their public or community benefit objectives, and to involve stakeholders (para 30).

9. CICs will be encouraged to involve stakeholders in their enterprises. The Government invites views on whether a statutory requirement for CICs to seek the views of their stakeholders, with an exemption for small CICs, would be appropriate (para 33).

10. There should be limits on the powers that investors may have to control the activities of CICs. The Government seeks views on the appropriate restrictions (para 35).

11. CICs should be able to transfer surplus assets to another CIC or charity, subject to certain conditions (para 38)

12. The regulator should exercise the following functions (para 39):
    - check that applicants for CIC status will be not-for-profit companies working in the community interest;
    - review community interest reports, which will be published; and
    - ensure that the residual assets of wound-up CICs continue to serve the public or community benefit.

13. The regulator should have powers to investigate complaints that CICs are not complying with the obligations of CIC status, and to take action where necessary (para 41).

TECHNICAL NOTES

1 Types of company

The CIC will take one of the existing forms of limited company incorporated under the Companies Act 1985, namely the "company limited by shares" (CLS) or the "company limited by guarantee" (CLG). Since 1980 it has not been possible to form a company limited by guarantee with a share capital, but where such companies exist they will not be excluded from becoming CICs.

While taking one of these underlying forms, CICs will also be subject to the provisions set out in this consultation paper, including a statutory lock on assets, and regulation to ensure that they pursue the community interest. CICs will be required to identify themselves as such, by including the term 'community interest company' in their company name.

CLS and CLG

In the case of the CLS, the liability of a member is limited to the "nominal" or "par" value of the shares held by that member (to the extent that they have not already been paid up). In addition, the shareholder may be obliged as a matter of contract to pay an additional amount or "premium" over and above the nominal value of the share. The company's articles will typically give the company powers to call on the shareholder to pay up any unpaid amounts during the lifetime of the company, and on winding up any amounts still not paid up are required by statute to be contributed to the company's assets. In the case of a p.l.c., the nominal value of any shareholding must be at least one quarter paid-up on initial allotment, together with the whole of any premium.

In the case of the CLG, the only liability of the members arises on winding up, when they will be obliged to make a contribution to the assets of the company up to the amount guaranteed; no obligation to contribute arises before then. The guarantee is normally set at a low amount, e.g. £1 for each member.

In the case of a private company which is a CLS, there are no statutory requirements regarding the payment up of shares, so that it is possible in principle for no amounts to be paid on the shares prior to the company's winding up; in that case there will be little practical difference between choosing to incorporate as a CLS or as a CLG. In most cases, however, shares will eventually be paid up and the amounts so contributed used by the company.

2 Entrenchment of not-for-profit provisions

"Not-for-profit" clauses preventing the distribution of profits may be inserted, and entrenched, in a company's constitution. However, the mechanisms for doing this are complex, technical, and not always well-understood.

Under section 9 and section 17(1) of the Companies Act 1985, any provision of a company's articles, and any provision of the company's memorandum which could have been included in the articles, may be amended by a special resolution of the members, which requires the assent of 75% of the votes at a general meeting. By amending or deleting a not-for-profit clause, the members would be able to convert a not-for-profit company into a profit-making enterprise for their own benefit.

However, the Act also provides a mechanism whereby certain provisions may be entrenched in the memorandum so as to be unalterable by any resolution of the members: see section 17(2). This may be used to entrench a not-for-profits clause, although it cannot be used to entrench the company's objects.

At first sight, the common-law "unanimous consent" principle might appear to provide a means of evading such entrenchment. According to that principle, the members of a company may, by their unanimous agreement, bind or empower the company to do anything within its capacity. There is some doubt as to the extent of the principle, and in particular whether it would enable members to take action beyond the powers allocated to them by the company's constitution. But in any event, there is no basis for thinking that the courts would extend the principle so far as to recognise an agreement purporting to remove a provision which had been entrenched in the memorandum, and which was clearly designed to prevent the members of the company from appropriating its assets. Similarly, the court is unlikely to agree to override such a provision under its powers to sanction an arrangement under section 425.

An alternative method of entrenching provisions is to issue a "golden share" which benefits from enhanced voting rights in respect of certain matters; the holder of the share can then effectively block the passing of the relevant special resolution (e.g. a resolution to remove the non-for-profit clause). In the case of a company limited by guarantee, such special rights would be given to a particular member rather than to the holder of a particular share. The effectiveness of such a technique obviously depends upon identifying a sufficiently trustworthy shareholder or member.

Both the golden share technique, and the technique of entrenchment of provisions in the memorandum, suffer from a lack of transparency: in order to know that the company concerned cannot distribute any assets to its members, it will be necessary to examine in some detail the provisions of the company's constitution. And drafting such clauses itself requires specialist legal expertise.

3 Purposes beneficial to the community in charity case law

Over time, the purposes recognised by the courts and the Charity Commission as being charitable have developed extensively. This is particularly so for the fourth head of charity ('other purposes beneficial to the community'), under which the following are recognised as charitable:

- promotion of human rights
- conservation of the natural environment
- promotion of urban and rural regeneration
- relief of unemployment
- promotion of community capacity building
- promotion of community participation in healthy recreation via providing facilities for playing particular sports
- promotion of health

4 The 'section 30' company

The not-for-profit sector is already given limited recognition in the Companies Act 1985, in the form of the dispensation granted by section 30 of the Act. This exempts certain limited companies from the requirement to use the term "limited" as part of the company name, and from certain other requirements relating in particular to the publication of the name, although the limited status must still be mentioned in business letters. The only companies formed after 25 February 1982 which can benefit from the exemption are companies limited by guarantee which satisfy the conditions laid down by section 30(3). Those conditions are of two kinds, relating respectively to the objects of the company and its ability to distribute assets:

- The first is that the objects stated in the company's memorandum are the promotion of commerce, art, science, education, religion, charity or any profession, and anything incidental or conducive to any of those objects.
- The second is that the company's memorandum or articles require any profits or other income to be applied in promoting its objects (and not distributed by way of dividend to its members), and require all assets which would otherwise be available to its members to be transferred on winding up to another body with similar objects or charitable objects.

It can be seen that the assets of such a company must be dedicated to its objects, rather than to the private benefit of its members. There is, however, nothing to prevent the company from amending or removing those provisions of its memorandum or articles, provided that it changes its name to include the term

"limited". If the company is a charity, the limitations in section 64 of the Charities Act 1993 will also apply.

5 Disposal of assets

The CIC asset lock is intended to preserve the value of the assets held by CICs in the public or community interest. It will not lock in the physical assets themselves; to do so would reduce the freedom of CICs to use their assets in the way they deem best suited to their community interest objectives. For instance, a CIC may wish to use its assets as collateral to raise finance for its activities.

Where a CIC enters into an insolvency procedure, insolvency practitioners will therefore be able to dispose of the CIC's assets in the usual way; there will be no restriction requiring them e.g. to dispose of assets only to parties who will use them to serve the community interest. A lack of restrictions on the disposal of assets in the event of insolvency is entirely consistent with the asset lock; an insolvent CIC will have obligations to creditors because the latter have already provided finance or assets to assist the CIC's pursuit of its community interest objectives. Any residual assets remaining in the CIC after the claims of creditors and investor shareholders have been satisfied will be transferred, under the regulator's supervision, to another suitable body, either a CIC or a charity, so that they will continue to be used for the public or community benefit.

Where an organisation wishes to make a physical asset available to a CIC, but requires an assurance that the asset itself will remain available for use in the community interest in the event of the CIC failing, this could be done through contractual means. For instance, the donor could attach conditions to the donation in order to:

- prevent the asset being mortgaged or otherwise disposed of to a party that would not use the asset in the community interest, or
- retain title to the asset, enabling it to be returned to the donor in the event of the CIC's insolvency.

CICs will have the option of designating another CIC or a charity to receive any residual assets in the event of insolvency. If they do not do so, or if the designated CIC is itself wound up, the regulator will transfer the residual assets to a suitable recipient in the usual way (see paragraph 43 of the consultation paper).

6 Fixed or capped rate 'preference' shares

Shares offering a fixed rate of return to shareholders are commonly called 'preference' shares. This consultation paper proposes that those CICs that are limited by shares (see also technical note 2 , "Types of company") should be able to issue tradable fixed rate shares if they wish to do so.

Each CIC would set the fixed return payable on the shares, subject to a statutory cap on the maximum permissible return, which will be imposed in order to prevent excessive distribution of profits to investor shareholders. This cap will be expressed as a fixed percentage above base rate (e.g. base rate plus 5%), LIBOR, or another appropriate benchmark.

If it wishes to do so, a CIC will have the option of setting the return at a floating rate, subject to a rate cap set by the CIC, which must also fall within the overall statutory cap on CIC returns.

Dividends would be payable to the holders of these shares in accordance with the terms of the shares. The shares may be 'cumulative', in that if a dividend is not declared in one year it will become payable when a dividend is declared in another year.

It is not proposed to place restrictions on the trading of these shares. It is possible that where a market exists, shares may be traded at a premium to their face value, for instance if the CIC involved has established a good track record of paying dividends within the cap. However, it is proposed that it should not be possible for the shares to be redeemed at a premium to their face value. This is because ownership of these shares would confer no right to participate in the assets of the CIC on winding-up, beyond the return of the capital originally invested and any unpaid dividend.

These shares will have restricted voting rights, in order to ensure that investors cannot control the CIC. See technical note 7, 'Limits on the powers of investor shareholders'.

7 Limits on the powers of investor shareholders

A CIC which wishes to distribute a part of its profits as dividends to its members will have two basic kinds of shareholder: (1) holders of "ordinary" or "full voting" shares which carry no right to a dividend, or to any part of the assets of the company on winding up; and (2) holders of a class of shares ("investors") who will be entitled to dividends (and may have certain rights to a return of capital on winding up).

It is proposed that the second kind of shares would be limited to those carrying a fixed or floating dividend subject to a statutory cap (see technical note 6). Fixed dividend shares are often called "preference" shares, although the term is perhaps less appropriate in the context of the CIC. where the ordinary shareholders do not enjoy any possibility of a dividend.

It is quite normal to give the holders of preference shares very limited voting rights, e.g. the right to vote only when their dividends are in arrears, or when the rights attached to their shares are being affected. Other kinds of shares will normally carry more extensive voting rights.

In order to maintain the primacy of the community interest objects of the CIC, it will be important to ensure that the investor shareholders cannot control the management of the company. For instance, they should not be able to dismiss directors (this can be done by a majority of votes cast, under section 303 of the Companies Act 1985), or to pass special resolutions altering the constitution of the company (for which 75% of the votes is required). It might also be thought that they should not have the power to block special resolutions agreed by the ordinary members. That would suggest limiting the total votes which may be exercised by the investor shareholders to some figure below 25%. The Government is seeking views on the appropriate limitations as part of this consultation.

Such a limitation would not apply where the resolution voted upon specifically concerned the rights of the investor shareholders. If the resolution concerned the alteration of their rights, they could be protected by express provisions in the company's constitution, or by the existing rule that such alterations require the approval (by 75% majority) of a separate meeting of the class of shareholders concerned: see section 125 of the Act.

Investors might also demand greater voting rights on matters which could specifically affect the value of their shares, without actually varying the rights attached to them. Thus the articles of a CIC could be permitted to contain provisions requiring separate class approval before the rights of another class of investor were varied, or before certain categories of debt capital were issued.

ANNEX A: GLOSSARY OF TERMS

CDFI	Community Development Finance Institution – see footnote 5
CIC	Community Interest Company – the new type of company proposed in this consultation paper
CLG	Company limited by guarantee – see technical note 1
CLS	Company limited by shares – see technical note 1
IPS	Industrial & Provident Society – see text box on page [ ]
LIBOR	London interbank offered rate
Social enterprise	See definition in text box on page [ ]
Strategy Unit	The Cabinet Office Strategy Unit, whose report "Private Action, Public Benefit", published in September 2002, proposed the establishment of the CIC

ANNEX B: DRAFT REGULATORY IMPACT ASSESSMENT

Introduction

1. This draft Regulatory Impact Assessment (RIA) deals with the proposals set out in the Government consultation paper of March 2003 on the creation of a new type of company, the "Community Interest Company" (CIC). Comments on this draft RIA, and particularly on its analysis of the benefits and costs of the proposals, are invited as part of the consultation process. The deadline for responses to the consultation is [ ]. The consultation paper can be obtained from the DTI website at [ ].

Purpose and intended effect of proposals

2. The purpose of the proposals is to consider whether and how to introduce the CIC concept into company law in England, Wales and Scotland. The key features of the CIC are set out in the consultation paper.

Who is affected by the proposals?

3. The parties affected by the introduction of the CIC will be those people wishing to take advantage of it in order to deliver social enterprise, and the stakeholders of such enterprises. People will only wish to use the CIC, and therefore be affected by its introduction, if they believe it to be more suited to their enterprise than existing forms of incorporation, such as an ordinary company or an Industrial and Provident Society.

Risks and Benefits

4. CICs will simply be an additional option for incorporation. The expected benefits of this new option are detailed in the consultation paper. In summary, we expect that the CIC will:

- reduce the costs of establishing organisations to act on a not-for-profit basis in pursuit of the community interest;
- help raise the profile of the social enterprise sector; and
- help social enterprises to access finance.

5. There is a risk that if the CIC concept is established without adequate regulation, the concept could lose some credibility. The regulatory structure proposed in the consultation paper will manage this risk, and will also address the risks that:

- a CIC might in practice fail to act so as to further the community interest, and

- the assets of a CIC might be distributed or otherwise misused.

Costs

6. The regulatory arrangements for CICs, detailed in the consultation paper, would impose costs on central Government, including:

- the costs of the regulator's staff and accommodation,
- the costs of developing and publishing guidance to CICs on their obligations, and
- the operational costs associated with making community interest reports available to the public, and of investigating and taking action on complaints.

7. It is estimated that initially the regulator will require around 6-8 staff, at an estimated annual cost of approximately £250,000. It is anticipated that the regulator will be co-located with Companies House in Cardiff, to provide a 'one stop shop' for CICs and their stakeholders, and where possible the regulator will draw on existing expertise and resources in Companies House and in other bodies such as the Charity Commission and DTI Companies Investigation Branch. These arrangements should help to reduce the regulator's ongoing operational and overhead costs. Fees for CIC registration (see paragraph 8.1 below) will be used to offset the costs of the regulator, although it is not expected that fees will fully cover the costs of the regulator, at least in the early years of operation.

8. Regulation will be streamlined as far as possible, to keep the new administrative burden on those wishing to take advantage of CIC status to the minimum. A detailed working paper on the regulation of CICs will be placed on the DTI website as part of the consultation process. In summary, the main regulatory requirements on CICs will be:

8.1 Application for registration as a CIC. This will resemble the process of registering as an ordinary company as far as possible, with some additional elements, and will be designed as a 'one stop shop' so that applicants do not need to contact both the CIC regulator and Companies House. The regulator will apply a community interest test to applicants, but given the self-selected constraints of CIC status (lock on profits, regulatory requirements etc) we expect that a large majority of applicants will pass this test easily. An additional fee will be payable for registration as a CIC. In order to avoid deterring potential applicants, it is intended that this will be comparable with the Companies House fee for company registration, currently £20.

8.2 Filing an annual 'community interest report' with the regulator, in which each CIC will record the action it has taken in pursuit of its

community interest objectives, including the action it has taken (if any) to involve stakeholders in its activities. The report is intended to be short and straightforward. The reporting requirement will impose some administrative costs on CICs, but the information required should be readily available from their own internal governance procedures where these have been formalised.

9. The CIC regulator will have powers to investigate complaints that CICs are not observing the statutory requirements of CIC status, such as pursuit of community interest, and to take action if such complaints are justified. Such action could include freezing bank accounts, replacing directors or applying to have a CIC wound up.

10. These powers will not have any cost impact on CICs provided they observe the statutory requirements. The regulator will develop guidance to help CICs in meeting these requirements. There will be an appeals mechanism to consider complaints about regulatory decisions. The costs of exercising these powers, producing guidance and considering appeals are included in the overall costs of the regulator outlined at paragraph 7 above.

Impact on small businesses

11. Small and medium size businesses will be eligible and encouraged to take advantage of CIC status where appropriate. The impact on them will be as outlined above, and should not be disproportionate to the burden involved in setting up an ordinary company.

Competition assessment

12. The introduction of the CIC will affect the social enterprise sector, which is active in a range of wide range of markets, often those that can involve a mixture of commercial and public service activity. Examples include waste recycling, local transport, social housing, and the provision of care services to children and the elderly. Within each of these markets, social enterprises are characterised by a high level of diversity, in terms of both economic scale and legal structure. Analysis against the competition filter test suggests that the CIC proposal does not raise competition concerns. There are no market share issues. The CIC will make it quicker and cheaper for aspiring new entrants to the social enterprise sector to incorporate as companies on a not-for-profit basis, thus facilitating entry into a range of markets and, it is hoped, ultimately growing the overall size of the sector. The costs associated with CIC status (e.g. to register and fulfil reporting requirements) will only apply to those that choose to use this new type of company, so will not impose a barrier to those wishing to enter the markets in which social enterprises operate. Those who will do not wish to use the CIC form will have other options available to them, including conventional company forms.

ANNEX C: CABINET OFFICE CODE OF PRACTICE ON CONSULTATION

General Principles of Consultation

The criteria in the Code of Practice on Written Consultation issued by the Cabinet Office are as follows:

A: Timing of consultation should be built into the planning process for a policy or service from the start, so that it has the best prospect of improving the proposals concerned, and so that sufficient time is left for it at each stage.

B: It should be clear who is being consulted, about what questions, in what timescale and for what purpose.

C: A consultation document should be as simple and concise as possible. It should include a summary, in two pages at most, of the main questions it seeks views on. It should make it as easy as possible for readers to respond, make contact, or complain.

D: Documents should be made widely available, with the fullest use of electronic means (though not to the exclusion of others), and effectively drawn to the attention of all interested groups and individuals.

E: Sufficient time should be allowed for considered responses from all groups with an interest. Twelve weeks should be the standard minimum period for consultation.

F: Responses should be carefully and open-mindedly analysed, and the results made widely available, with an account of the views expressed, and the reasons for the decisions finally taken.

G: Departments should monitor and evaluate consultations, designating a consultation co-ordinator who will ensure the lessons are disseminated. The DTI's co-ordinator is Mr Philip Martin, who can be contacted by email at philip.martin@dti.gsi.gov.uk and by post at 1 Victoria Street, London SW1H 0ET.

PUBLIC ACTION, PRIVATE BENEFIT
PRIME MINISTER'S STRATEGY UNIT CONSULTATION

RESPONSES ON CICs

1 Summary

Total number of responses to Strategy Unit report (approx)	1,100
Number welcoming the report and its recommendations in general terms[1]	429
Number referring to CICs	115
of which	
Number endorsing CIC recommendation	96
of which number offering substantive comments on it	60
Number questioning CIC recommendation	12
of which number offering substantive comments on it	10
Number who commented but require more information before judging the proposal	7

Most of the Strategy Unit's 61 recommendations concerned the charitable sector and the majority of responses to the Strategy Unit report focussed on individual recommendations concerning charities in the report, including registration for small charities, the status of independent schools and issues around religion.

In all, the Strategy Unit received 96 responses endorsing the recommendation, including strongly supportive comments from most of the representative bodies concerned with social enterprise. 12 of the responses expressed reservations, generally commenting on the overall number of new legal forms recommended in the report, rather than the value of the CIC itself.

Part 2 of this paper offers a selection of comments evidencing the demand for CICs, and part 3 sets out the substantive comments made by those questioning the recommendation for the CIC: these are considered in the consultation paper "Enterprise for Communities: proposals for a Community Interest Company" and the related working papers. Full transcripts of the responses are available from the DTI.

[1] Home Office Active Communities Unit estimate based on 815 responses analysed in detail, of which 39% support all or most recommendations while the rest of the responses focus on one issue.

2 Sample comments endorsing the CIC recommendation

The comments listed below are a selection of responses to the Strategy Unit's consultation welcoming the recommendation. A number of the responses also raised questions about the scope and operation of the CIC concept,

"The proposed new legal forms – CIC and CIO are both welcomed in principle by our Charities Practice Group and its clients."

Allen & Overy

"We welcome the proposal for new legal forms and the ability to assist social enterprises, which is also clarified in guidance recently issued by the Charity Commission."

Association of Charitable Foundations

"ACEVO welcomes this recommendation. The CIC legal form would be suitable for small, community-based social enterprises, improving their access to finance and allowing the lock-in of assets and profits for public interest purpose."

Association of Chief Executives of Voluntary Organisations

"We support the CIC proposal as providing for the first time a recognised vehicle for many social enterprises."

ACRE (Action with Communities in Rural England)

"We support this proposal. There are a number of other key points that will need to be addressed."

Bates, Wells & Braithwaite

"A CIC would reflect the financial and practical aims of many organisations very well. It's good to see the difficulties that face community enterprises acknowledged, particularly when they fall between the stools of small business and charities."

The Big Life Company

"CICs may be the route for many national organisations, in particular those giving information and advice as a network, as well as local ones"

Bridgnorth Voluntary Action

"The CLA supports this proposal"

CLA (Charity Law Association – the largest association of charity lawyers)

"It is natural that we should welcome legislation which will enable a wide range of social enterprises and community businesses to thrive"

Charities Aid Foundation

"The existence of this new legal form will be of great value for community development and regeneration initiatives who provide support for new initiatives. We fully endorse the analysis regarding the difficulties with the

current range of legal forms and expect there to be considerable demand for this form."

Community Matters (national federation for community associations)

"We must stress that we do not need to see this as an alternative to the modernisation of Industrial and Provident Society legislation, but as a complimentary measure to provide choice for social entrepreneurs"

Co-operative Party

"The development of a CIC model is particularly welcomed as it potentially had a range of benefits for small-scale community organisations, often for whom other legal forms are not suitable. This is important for rural areas..."

The Countryside Agency

"The DTA welcomes the proposals for a new CIC and believes that this will be of direct interest to some of our members"

Development Trusts Association

"We view this proposed legislative change as a major step forward in the development of the social business concept"

Furniture Resource Centre

"Members believed that the proposed CIC would make social enterprise activities easier. The current use of the Company Limited by Guarantee thwarts enterprise and the Industrial and Provident Society model is too cumbersome."

Exeter Council for Voluntary Service

"The recommendation to establish a CIC for social enterprise to enable improved access to finance, create a stronger 'brand' and preserve assets and profits for social enterprise is supported in principle."

Guy's & St Thomas' Charitable Foundation

"The idea of a CIC especially designed with community based not-for-profit organisations in mind holds a good deal of interest for us."

Housing Corporation

"NCVO welcomes, in principle, the proposals for a Community Interest Company. In due course we will want to respond to the proposed technical consultation."

NCVO (National Council for Voluntary Organisations)

"We agree that the corporate forms currently available do not fully meet the needs of the not-for-profit sector"

National Housing Federation

"The CIC would be a welcome addition to the range of legal forms that voluntary organisations can choose from"

Northern Ireland Council for Voluntary Action

"SCVO welcomes the proposal to establish a Community Interest Company form, to be available to social enterprises across the UK."

SCVO (Scottish Council for Voluntary Organisations)

"We support the development of a modern legal framework for organisations such as ourselves. The CIC is potentially very interesting, but perhaps not yet fully thought through."

Servite Houses

"We welcome the proposals to introduce CICs and CIOs. The current tension between charitable law and company law has led to a number of barriers to development of social enterprise and increased administration and bureaucratic muddle for those who do break through them."

Social Enterprise East Midlands

"SEL welcomes the proposals to reform the legal framework for social enterprise. We agree with the difficulties that have been identified with current legal forms. We agree with the characteristics [of CICs] set out in [the SU report]... We believe that if this model is to have any use as a vehicle for delivering public services and for a range of other social enterprise activity, these enterprises will have to operate on a reasonable scale and have clearly set out mechanisms for involvement of a range of stakeholders in their governance."

Social Enterprise London

"The concept of the new CIC vehicle was seen as adding to the company structure options and thus a good thing."

Sports and Recreation Trusts Association

"The report recommends a new legal form for social enterprises as Community Interest Companies as identified in the review. The Assembly Government welcomes this proposal and believes that there is a benefit in providing this clarification."

Welsh Assembly Government

3 Comments questioning the CIC recommendation

All the substantive responses to the Strategy Unit's report that questioned the CIC recommendation are quoted below. In the main, they expressed concern about the range of legal forms recommended by the report. This and other issues raised are considered in the consultation paper "Enterprise for Communities: proposals for a Community Interest Company" and the related working papers. Full transcripts of the responses are available from the DTI.

"It would be pointless if the new entity were much the same as a company, but with more rules"

ICAEW

"We are doubtful about the need for this proposed new legal form. We would argue that the existing provisions of the Companies Act are in fact adequate to 'lock' assets e.g. under s.17. If the objection is raised that even this may be overcome with a s.425 scheme, such objection would seem to underestimate the protective powers of the court under that section…[etc]"

Bircham Dyson Bell

"We understand the attraction of a greater choice in legal structures for organisations that exist for public benefit. However, we are not convinced that the CIC is sufficiently different from the IPS to be really necessary and are concerned that a proliferation of legal forms may confuse both the wider public and people wishing to set up a not-for-profit body or a social enterprise. The difficulties with the current legal forms set out in [the SU report] could all be resolved by reform of IPS legislation. They do not require a new legal form… Many features of the proposed CIC remain unclear and we look forward to the technical consultation paper."

Co-operative Union Ltd.

"Whilst we are not concerned about plans for yet another legal form to add to the list, we are not convinced that there is a particular need for a new CIC… Overall, the case for a new legal form for Public Interest Companies such as the CIC is far from conclusive. In many ways it seeks to solve the problems of the sector through cosmetic issues, rather than choosing to grapple with some of the harder issues in the sector such as who bears the risk when these organisations are used to deliver public services, and whether private finance should or should not be involved."

Institute for Public Policy Research

"Too many legal forms are to be created. I suggest consideration, if charities are enabled to trade more freely ie recommendation 3- the creation of a charity holding the assets and running the business. No equity return is envisaged, merely loan interest so this could then be included within the new style trading charity".

The Middle Temple

"We acknowledge the current lack of a dedicated structure for the social enterprise and that the IPS legislation is outdated and overdue for reform. However we are concerned that the introduction of three new forms of entity [CIC, CIO and Co-operative/Community Benefit Society] will cause increased confusion both within the sector and the general public… Specifically, we believe that there will be a widespread lack of understanding as to how a CIC differs from a Community Benefit Society or, indeed, from a CLG with objects beneficial to the community. Our view is that further detailed consultation is required before the recommendations relating to these new forms of entity are taken further, with the aim of reducing the number of legal frameworks available."

PricewaterhouseCoopers

"It is not clear why three different legal forms [CIC, CIO and IPS] are required. It would avoid confusion and simplify matters if there was only one form which was flexible enough to cope with the differing circumstances."

Scottish Charity Directors Finance Group

"... the creation of such a new entity may serve to create confusion without any tangible benefit being delivered."

Wills and Equity Committee of the Law Society

"The CIO proposal is very welcome but the case for such a wide range of other organisational forms was not felt to have been made. In particular, is the IPS form still needed if the others are introduced?"

Directory of Social Change

"... the creation of a strong new brand might confuse and detract from the charity brand. In so far as CICs can be involved in activity that is non charitable this could be detrimental to the strictly charitable sector."

Association of Corporate Trustees

Community Action Network

THECANACADEMY

1. Summary

"The combination of strong social purpose and energetic, entrepreneurial drive can deliver genuine results. But if the UK is to benefit fully then I believe it is important that the Government seeks to do all it can to help the future development of social enterprise." *Tony Blair, Prime Minister*

Community Action Network (CAN) and its partners are creating a model that will assist both in the transformation of education and community regeneration through networking, collaboration and innovation. Our focus is on improving education attainment through a new integrated approach to public service delivery. Through our work in some of the most deprived areas in the UK, CAN is able to deliver practical help and advice aimed at establishing creative and sustainable partnerships across all sectors.

Raising standards for pupils and the community is the focus. We aim to break the link between underachievement and poverty. We believe that there is synergy between the CAN Academy model, Sure Start and the Government Childcare initiatives, extended schools, specialist schools, federated schools, networked learning communities, enterprise in education, strong leadership teams, and the potential for Leading Edge programmes. It takes the aims of 'A New Specialist System: Transforming Secondary Education' a stage further to include community cohesion and renewal. This is a model for all school ages. It recognises the crucial importance of tackling child poverty and social exclusion as well as lifelong learning and community capacity building.

CAN's vision is to stimulate new, entrepreneurial ways of tackling social problems by connecting people in communities and by bringing together those from the voluntary and not-for-profit organisations with the public and private sectors. CAN's track record of success includes:

- 700 networked social entrepreneurial voluntary organisations
- Bromley by Bow Centre has developing an innovative approach to education within this deprived East London inner city area. It now has more than 400 students.
- The UK Online centres (Direct Support) targeted at communities.
- UnLtd - £100m foundation for the development of social entrepreneurs

The CAN Academy model draws on CAN's expertise and extensive national links in the community. Though our model has schools as the cornerstone, it links with CAN's work with the NHS Modernisation agency, the NHS Leadership Centre, the

NHL Local Improvement Finance Trust (LIFT) programme and the development and operation of the Healthy Living Centres integrating health and social care with education.

Our partners have a track record of success:

- Two schools have used their experience of giving all age students the opportunity and exposure to today's new entrepreneurial culture from the outset of their education. One of these schools is being directed towards partnership working with failing schools in the most deprived areas of London.
- CISCO has now over 400 Network Academies delivering IT skills training in schools and is working with CAN in 'wiring up' 5,000 homes in Tower Hamlets to the educational and community facilities at the Bromley by Bow Centre.
- SERCO is currently running two LEA's and working with many schools in some of the most disadvantaged parts of the country.

This project is action research. With our partners we are planning to develop six schools in the first instance but interest in the model is already far greater and we are currently holding discussions with a series of other schools and LEA's as well as a range of private and public sector partners.

CAN Academy have already received some initial funding from the DFES Innovations Unit to develop the model and we have a firm commitment from the NRU in the ODPM.

We see the potential for a much larger involvement with DfES and other government departments. DWP are already involved at local level through Action for Jobs. Potential involvement in the DfES Community cohesion programme would lead to involvement with the Home Office.

CAN Academy offers a model to create partnerships from which we can all learn how to transform educational provision and transform communities.

2. Introduction

Developing creative ways of putting learning in the heart of a community is not a role for the school alone. Wider partnerships across the community can benefit pupils and their families, involving parents in their children's learning and behaviour, raising attainment across the community, creating opportunities for lifelong learning and skills and enterprise. These partnerships can revitalise and renew the neighbourhood particularly if the potential of electronic networks between partnerships is harnessed.

Involvement in extended activities is entirely compatible with a school maintaining high standards in its core business of raising student attainment providing there is an effective management infrastructure. There is evidence to show that involvement in community activities can have a positive impact on the culture of both school and its community in the perception of learning and regeneration of its community. ('A Study of the Extended Schools Demonstration Projects' - Dyson, Millward, Todd – DFES RR381)

There are a number of examples of schools and LEA's that are working closely with their communities in developing effective partnerships for learning opportunities with health and social services, further and higher education, business, crime prevention and others. As the DFES "extended schools" initiative is rolled out over the next three years the benefits of opening up the schools and providing wider services for pupils, families and the community will be evident across the country. Schools will be able to work with their partners to build on existing provision, consider what additional activities they could provide and meet community and social goals.

There are community organisations, such as the Bromley by Bow Centre, who have a track record of providing integrated services, including education, to meet highly diverse local needs and to aid social and economic regeneration. They engage the local community in identifying issues of concern relating to the social and physical environment that affect people's everyday lives. They are working in partnership to find creative solutions that will regenerate the local environment in practical ways, improving the community's health, and creating an environment that supports the development of business as one way to improve the local economy.

The Neighbourhood Renewal Unit in the ODPM knows that deprived neighbourhoods have a lot in common: poor housing, poor health, poor education, fewer job opportunities and high crime rates. They are developing an understanding and evidence of what works – and what does not work - in neighbourhood renewal. There is evidence that a number of local authorities are building strong Local Strategic Partnerships and playing an effective role in community leadership and empowerment, collaborating and co-ordinating area-based initiatives.

Schools that are raising achievement and improving behaviour through working in effective community partnership could support other schools and partnerships and are already being asked to do so in some deprived areas including London Boroughs. Some of these schools have already developed approaches and substantial material, which is being well received by the DfES.

3. The issues to be tackled

But there remain a number of questions about the best way of networking and managing these activities both within and beyond their local boundaries. CAN Academy and its partners are seeking the solutions.

- How can education and particularly schools play a really effective role in local neighbourhood renewal? Is the answer to develop local partnerships beyond the classroom?

- Is there a role for bringing together social enterprise in the community and educational partnerships to tackle exclusion, improve behaviour and drive up pupil attainment?

- How can a school in the coalfields of Durham effectively exchange good practice with schools in rural Cumbria, Essex, a deprived London Borough or even neighbouring West Yorkshire? Is there a partnership model?

- How could electronic links between the members of the partnership be exploited to the full? How can you link up both successful and failing schools in deprived areas? How can we exploit eLearning? How can we bring about eParticipation in the community?

- By which mechanism can schools engage with their local employers and further education to provide enterprise learning and the active promotion of vocational attainment leading to employment and job creation?

- What are the collaborative structures that would make this work on a national basis?

- Who are the partners who can bring good practice together and make this an effective national framework model with local flexibility?

- How can we provide community leaders who will drive forward neighbourhood regeneration, of which the school is part?

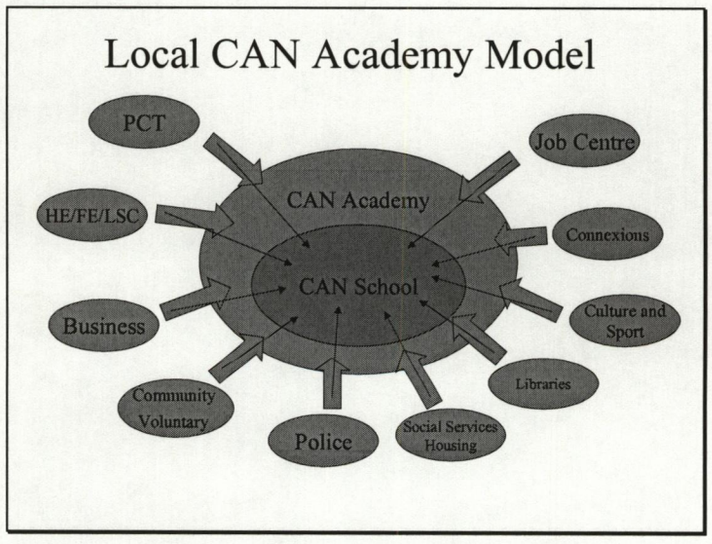
4. The CAN Academy Model

CAN bring twenty years of experience of pioneering dramatic changes in the voluntary sector based on a social entrepreneurial approach. The role of CAN is to both identify and support social entrepreneurs as they seek to deliver high quality products and services to their local communities. It connects the social, business and public sectors and actively facilitates collaboration to grow practical projects. There are now over 700 CAN members across the country representing a dynamic range of social enterprises and twelve regional CAN directors. CAN, in partnership with Rural Net, has built the largest voluntary sector network in the United Kingdom. Social entrepreneurs are people who make a difference, even in the poorest places. Through their work in some of the most deprived areas in the UK, CAN is able to offer practical help and advice aimed at establishing creative and sustainable partnerships across all sectors. Examples of this can be seen in:

- Bromley by Bow Centre has developed an innovative approach to education within this deprived East London inner city area. It now has more than 400 students.
- The UK Online centres (Direct Support) targeted at communities.
- Partnership with The Ashridge Management Centre providing leadership training for the NHS.
- UnLtd - £100m foundation for the development of social entrepreneurs.
- Collaborating with business partners such as BP, IBM, O2, Centrica, Moorfield Estates, SERCO, Cisco Systems.
- Networking and carrying out projects with Government departments.

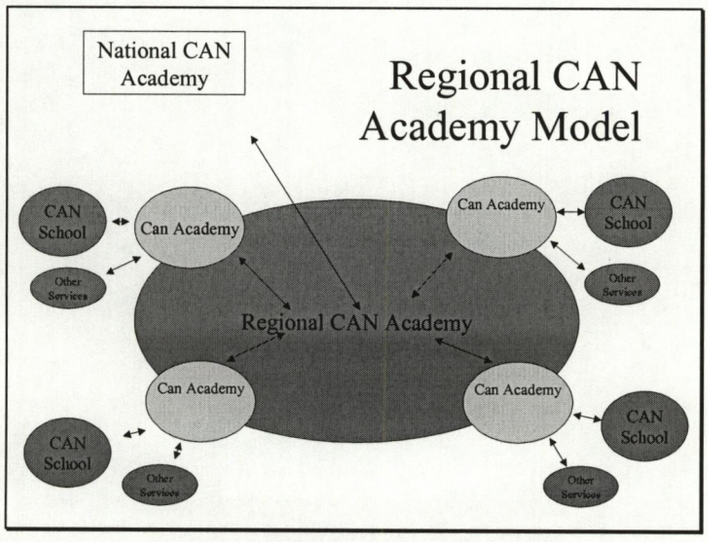
- Innovating with think tanks such as Demos.

The CAN Academy will use CAN's experience to network schools that are actively engaged on raising attainment within their own local communities. The CAN partners will bring their experience in engaging with both education and communities from both a public service and business perspective. We will make use of lessons learned from a range of initiatives in the UK and abroad including the Scottish New Community Schools, the Cisco Academies and any other provision of innovative community centred learning.

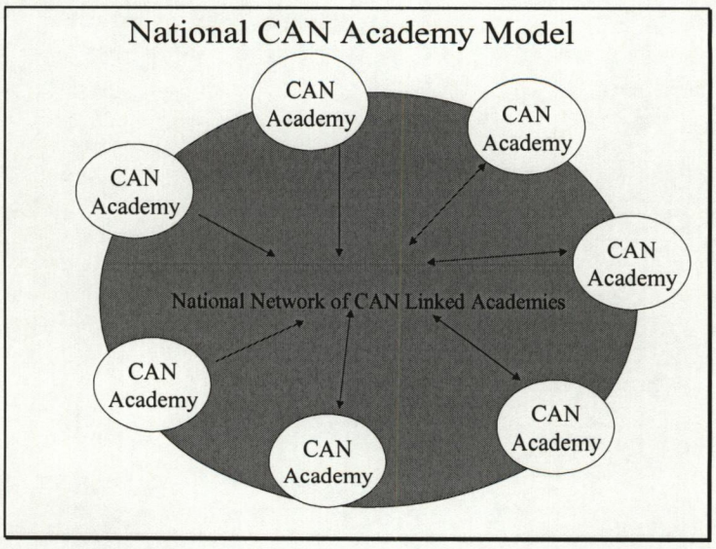


The CAN Academy is the local cluster from which the school and other providers operate. Both the CAN Academy and the school attract interest and direct investment from each of the partner community sectors. This is not necessarily about buildings and capital (but it could be) but about a virtual community existing in a Virtual Learning Environment.

Each partner will bring an information flow and communication transfer to the Academy. Some partners will impact on the school more directly than others.



Each CAN Academy is a school based community model of social entrepreneurialism. The cornerstone of the model is the CAN school. The CAN Academy may well contain clusters of schools. This is a highly developed model of ICT provision with a 'wired' school using its network as part of its community engagement role, as well as driving up school standards. This is the School of the future model. Regionally CAN will use its experience at building renewed communities to facilitate the growth of a linked community network both virtually and in reality. CAN will use the results of its practical knowledge and research in cluster building (e.g. 19,000 sq ft The Mezzanine in Waterloo) to build Local Academy clusters as part of the regional cluster. CAN already has in place a regional network of 15 Directors to facilitate the growth of Social entrepreneurs and the development of the CAN Academy.



5. The CAN Academy Model aims to:

- Improve the quality of educational achievement in schools by developing partnerships beyond the classroom with local social entrepreneurs, health and social services, further and higher education, business, crime prevention and others.
- Tackle the causes and effects of poverty by having integrated education, health, welfare and employment opportunities
- Integrate these schools with their communities by building on these partnerships to tackle disadvantage
- Create an environment for adult/parental involvement in the Academy and school
- Connect failing schools with a support network of both successful, enterprising schools and less successful schools beyond the local boundaries.
- Develop strong school leadership teams who are committed social entrepreneurs
- Ensure that children start school ready to learn through parental support and development of high quality pre school child care provision.
- Improve the quality of life through better job prospects, better health and reduced levels of crime.
- By creating in all schools an 'Enterprise Culture' that creates a flexible workforce ready to respond to a changing job market.

- Demonstrate expertise in the provision of ICT, offering access to new pathways to Life Long Learning
- Develop a model of earned autonomy leading to substantial improvements in the quality of education provided to students and the community.
- Develop an appropriate and effective school management and governance structure to support community involvement. Consider an effective management and governance to support closer links between the partners.
- Create a pathfinder model that can be replicated across the country and share best practice between partnership schools.

6. Common Features of CAN Academy Schools

Schools who join the CAN Academy Network will inevitably vary by virtue of locality and history, but there will be national standards that demonstrate recognisable generic characteristics, branded networks with their own identity. A CAN Academy school:

- Has an explicit focus on raising standards and strives to break the link between educational underachievement and poverty
- Creates a whole Learning by Doing environment to engage pupils
- Electronically integrates into a virtual community and a virtual learning environment. It provides an online curriculum for eLearning, links to other schools and other public services by eParticipation in the community.
- Creates an environment in which the school exchanges its experiences with others. Places no barriers to working with anyone in the cause of meeting its objectives
- Seeks to develop continuing education that is community driven, leading to extended school usage and employment outcomes.
- Is open to provision of school located public services: for example a Healthy Living environment is to be built on Shotton Hall school site in Durham
- Creates a formal online home school partnership with ICT access to raise parental and family expectations and participation in their children's education
- Sets value added targets as well as targets for attendance, behaviour and exclusions.
- Examines the learning models that prevent behavioural problems occurring.
- Seeks to ensure that no student is permanently excluded
- Adopts individualised learning plans leading to academic or vocational achievements with clearly marked learning routes
- Has a formal business partner contract for interchange in a two way learning environment
- Integrates social enterprise into its curriculum and culture
- Understands that people make a difference and strong leadership and management are essential. Carries out a programme of graduate training, professional teacher and leadership development as well as developing local social entrepreneurs
- Strives for high quality design and building to create an excellent learning environments

7. **Expected outcomes by September 2003.**
(based on current funding)

- There will be at least six entrepreneurial schools working with the CAN Academy and planning to deliver demonstrable benefits in terms of community engagement and indicators that suggest significant long-term improvement in educational outcomes and neighbourhood renewal by September 2004.

- A report on how this entrepreneurial model can be taken forward flexibly and developed for implementation in school, LEA or other community setting. It will include an action plan outline costing.

- An analysis of the 'non-educational' benefits that might be expected to accrue over the longer term including measures for crime, health, employment and reliance on benefits.

8. **Recommendation**

Across the country CAN is creating partnerships which have the potential to transform educational provision and transform communities. Some of these partnerships are with head teachers; others are with businesses, others with those in the voluntary sector. But the defining feature of all the partners is that they are doers rather than talkers.

The work has already begun on the engagement with Government departments. The reaction has been highly positive, as different groups have seen the flexibility and potential power of this model. We now wish to offer this work as pathfinder models for a range of Government initiatives.

Christine Megson
Kevin Davis
For CAN Academy
5 March 2003

APPENDIX

The Partners (as at March 2003)

- **DfES Innovations Unit** Since its birth the Innovation Unit has been in contact with and has spoken to over 2000 practitioners form all areas of the Education Sector. They are building relationships and partnerships to support innovative work that has the potential to raise the standards of teaching and learning. Their goal is to ensure that schools are confident to innovate and change their practice to find solutions to learning challenges.

- **Neighbourhood Renewal Unit** Their assessment of the strategic measures designed to improve the delivery of mainstream services in deprived areas is vital information and knowledge for local community partnerships. Their work in the delivery of the National Strategy for Neighbourhood Renewal in the country's most deprived wards is developing all our understanding of the causes and consequences of deprivation, and effective means of reviving deprived and disadvantaged communities.

- **Ian Mowbray** is the Head teacher at Shotton Hall School in the heart of the former Durham coalfields, one of the most economically deprived areas in Europe. Through CAN the school has secured £800,000 worth of funding which is levering additional regeneration money for the local community. CAN recently hosted a visit to the school by Ivan Lewis and the Minister was impressed by the passion and the practical action – "I can feel the energy in this room" was his response.

- **David Triggs** hosted the Prime Minister at Greensward school in Essex last December and is one of the most entrepreneurial and innovative headteachers in the country. Greensward College has developed a vast amount of expertise as well as systems and processes, which are proving to be highly successful in initiating change in a wide range of schools. Currently Greensward is working on behalf of Essex LEA with the James Hornsby High School in Basildon, Essex. More recently Greensward has formed a relationship with Luton Education Authority and has taken over the leadership of the Halyard School. It has become clear that whilst Greensward can assist these schools to move out of 'special measures' they cannot hope to make this sustainable unless there are significant and radical changes to the way in which these schools engage with their communities.

- **Cisco Systems** has been a partner with the CAN Academy from the outset. The Cisco CNNA Academy programme has been recognised as one of the most influential factors in achieving the social inclusion agenda. With over 500 academies in the UK alone, their approach is to ensure that the education and internet-linked community agendas are connected. Their wired community initiative, online centres and broader social entrepreneur programmes make Cisco a key CAN partner.

- **Serco** is an increasingly important private sector player in education and a key partner of CAN. In the past few weeks Education Bradford has invited CAN to lead the debate on how to create partnerships which effect real change, for real people living in real communities across the city. There is a clear recognition that education does not live in a box and that issues of crime, race conflict and continuous learning are all inter-connected. Serco is keen to work in partnership with CAN across the country.

- **Demos** has played a significant role in developing the agenda for an integrated approach to all-age learning.

- **BP** is committed to help shape our early thinking.

- **The Bromley-by-Bow Centre** in East London is a key CAN partner and has developed an innovative approach to accessible learning called Communiversity. Communiversity recognises that formal learning opportunities are effectively unavailable to many vulnerable communities, particularly those located in deprived inner cities. Thus far 80 people who left school without formal qualifications have graduated with an HNC in Public Art from Middlesex University. The programme is expanding to degree level with the University of East London and other courses are being offered by the University of Oxford and UCL. Integral to the Communiversity idea is the recognition that learning opportunities should be rooted in the realities of peoples' lives. A new integrated learning space was opened by the Prince of Wales in February this year and visitors since then have included Stephen Timms MP, Lord Dearing and the Prime Minister's Delivery Unit.

- **Columba 1400** is a UK charitable organisation dedicated to leadership and community development. Headquartered at their own Community and International Leadership Centre at Staffin on the Isle of Skye, they design, develop and deliver residential experiences focusing on eliciting leadership potential from all corners of society. Client groups range from up and coming corporate and government leaders to business owners to seasoned social entrepreneurs. Their focus and speciality is also their most dramatic work - tapping the natural leadership ability of those whose potential for creating and moving community has been forged in the toughest of socio-economic realities. The clarity of their conviction, that eliciting this inherent and tested strength is a smart thing to do for society - and not simply an altruistic or good gesture - has led to international partnerships, high-level corporate and government contracts, and an award winning track record for impacting society.

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Lord Filkin
Parliamentary Under Secretary of State
Home Office
50 Queen Anne's Gate
LONDON
SW1H 9AT

12 February 2003

Dear Geoffrey,

CENTRAL GOVERNMENT FUNDING OF VOLUNTARY AND COMMUNITY ORGANISATIONS, 2001/02

Thank you for your letter of 23 December 2002, seeking the co-operation of my officials in your Department's research on central Government funding of voluntary and community organisations in 2001/02.

Responsibility for funding in this area rests with the Scottish Executive and I understand they have now provided the necessary information for the research project.

I am copying this letter to the Policy Unit at No. 10 and H M Treasury.

Yours

HELEN LIDDELL

Recyded

SS
cc: DH

SofS

From: MS(C)

Date: 30 January 2003

Copies: see attached list

SECTION 64 GENERAL SCHEME OF GRANTS TO VOLUNTARY ORGANISATIONS (VOs): TIMETABLE SLIPPAGE - BUDGET FOR 2003-04

1. The S64 General Scheme of grants process is now well underway and our ministerial colleagues are currently making decisions on those organisations who should receive awards.

2. For the last three application rounds, the annual process was considerably delayed and drew criticism from the voluntary sector. Last May I gave an assurance to voluntary sector representatives that we would improve our performance, and that I would take personal responsibility for the timetable for 2003-04.

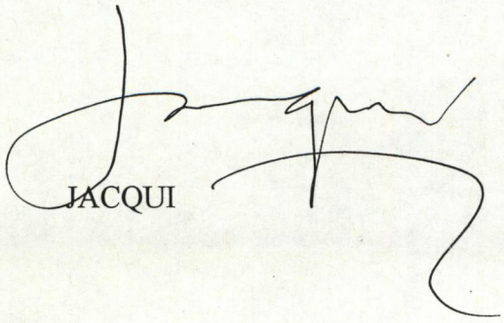
3. In line with the intentions of *The Compact on Relations between Government and the Voluntary Sector in England*, notification of grants awarded and applications rejected should be given "within three months of the start of the grant year" so for us this means no later than January.

4. Officials have processed 750 applications and made recommendations to all policy lead Ministers, based on the 2002-03 budget baseline of £22.081m. The timetable assumed that you might approve budgets for 2003-04 in December (as in the previous round). Without an approved budget, however, none of the decisions I and other Ministers have agreed can be notified to the voluntary sector.

5. I know that you are currently reviewing SR2002 and, as part of that review, considering a suggested saving of £1m per annum on the S64 General Scheme. If a £1m cut is carried through on the existing 2002-03 baseline of £22.081m, adjustments would have to be made to the level of the current recommendations and approvals, reducing them from £8.6m to only £7.6m (existing grant awards for 2003-04 total £13.4m).

6. Apart from the need to keep to the Action Plan timetable, we need to know whether adjustments are going to have to be made to the recommendations. It is **not** a question of a public announcement of the budget, just confirmation of the funds that will be available so that grants may be awarded and paid.

6. Approval of the budget is critical for the process, our continuing good relations with the voluntary sector, and keeping to the intentions of *The Compact*. If you are content to confirm this one budget for 2003-04, grant award and reject notifications can be sent as soon as possible.



JACQUI

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PARLIAMENTARY UNDER-SECRETARY OF STATE FOR DEFENCE
AND MINISTER FOR VETERANS

SV
GO
EC
MR

Lord Filkin
Parliamentary Under Secretary of State
Home Office
50 Queen Anne's Gate
London
SW1H 9AT

D/US of S/LM 11/2/0

21st January 2003

Dear Geoffrey,

Thank you for your letter of 23 December 2002 requesting my Department's co-operation in contributing to research on central Government funding of voluntary and community organisations. I am pleased to say that my officials will be happy to assist in this task, as indeed they have for similar research in previous years.

I am, nevertheless, advised that the forms and other related documentation you refer to as having been circulated have not as yet been received by relevant officials here, but that they will by now have contacted the individuals mentioned in your letter to arrange for provision thereof. Whilst my officials will do their very best to meet your deadline for this important piece of work, I must stress that the information required has to be collated from many areas across the MOD and the three Services both in the UK and abroad, and this will inevitably take some time to complete.

... I am copying this letter to the recipient of yours.

Policy Unit - N°10 ✓

Kind regards

DR LEWIS MOONIE MP

Private Office

INVESTOR IN PEOPLE

8

Department for
Transport

From the Parliamentary
Under Secretary of State

Great Minster House
76 Marsham Street
London SW1P 4DR

Tel: 020 7944 3000
Fax: 020 7944 4521
E-Mail: david.jamieson@dft.gsi.gov.uk

Web site: www.dft.gov.uk

Our Ref: DJ/040022/02

SV

13 JAN 2003

cc: JIH

NA

The Lord Filkin
Parliamentary Under Secretary of State
Home Office
50 Queen Anne's Gate
LONDON
SW1H 9AT

Dear Geoffrey,

CENTRAL GOVERNMENT FUNDING OF VOLUNTARY AND COMMUNITY ORGANISATIONS, 2001/02

Thank you for your letter of 23 December seeking the co-operation of my officials in research on central Government funding of voluntary and community organisations in 2001/02.

I recognise fully the importance of this research and am pleased to offer the full co-operation of officials here at the Department for Transport. Denise Maguire, Head of Diversity and Social Inclusion, within our Mobility and Inclusion Unit, will be leading on this for the Department. Her telephone number is 020 7944 8036 or she can be contacted by e-mail at denise.maguire@dft.gsi.gov.uk. Her office address is 1/18 Great Minister House, 76 Marsham Street, London SW1P 4DR.

I look forward to reading the research findings.

Yours

DAVID JAMIESON

I am copying this letter to the Policy Unit at No.10 and the Treasury.

R 11/1

Royal Society for the Prevention of Cruelty to Animals

Patrons HM The Queen, *Vice Patron* His Grace The Archbishop of Canterbury

Chairman of Council
Dr Richard D Ryder

Vice Chairman of Council
David Thomas

Treasurer
Ian McIlveen BA

Deputy Treasurer
Linda Rimington

RDR/PAM

11 THE IMPERIAL
EXETER
DEVON EX4 4AJ

Jonathan Powell Esq
Prime Minister's Chief of Staff
10 Downing Street
London SW1A 2AA

9 January 2003

FAXED

Dear Jonathan

STRATEGY UNIT REVIEW OF VOLUNTARY SECTOR

Our people have had some contact with the Strategy Unit and Cabinet office about this important government initiative. However, I understand that our main "modernising" wish, to include Animal Welfare on the proposed new list of charitable heads has, so far, not made definite progress.

This is a pity.

We feel the RSPCA does a great deal of good work for society generally and greatly assists government in the enforcement of animal welfare law and in many other ways. I hope this can be enlarged. Yet, following the effects of 11 September 2001, we are in some financial straits. The uncertainty over our position as regards the charitable heads issue does not make it easier for us to raise funds. Clarifying this matter, once and for all, would bring the Society's position into line with what is already the public perception. Opinion polls clearly indicate that the public supports us on this.

Jackie Ballard (our new Director General) and I raised this matter with Martin Hurst recently and he was encouraging.

How could we further push this matter forward? I understand that time for consultation is running out.

With good wishes for 2003,

Richard.

DR RICHARD D RYDER

Chairman
RSPCA Council

RSPCA, Wilberforce Way, Southwater, Horsham, West Sussex RH13 9RS Tel 0870 010 1181 Fax 0870 7530 048
Website: http://www.rspca.org.uk Email: executive@rspca.org.uk
Registered charity no. 219099

Home Office

Lord Filkin
PARLIAMENTARY UNDER SECRETARY OF STATE
50 Queen Anne's Gate, London SW1H 9AT

cc: SV
NA
CO
EC
Amy

Jeremy Heywood Esq
Head of Policy Directorate
10 Downing Street
London SW1A 2AA

23 December 2002

SV

NA – not sure we have much to offer but grateful if you could act as the No10 point of contact on this. Thanks. SV 23/12

Dear Jeremy

CENTRAL GOVERNMENT FUNDING OF VOLUNTARY AND COMMUNITY ORGANISATIONS, 2001/02

I am writing to seek the co-operation of your officials in research on central Government funding of voluntary and community organisations in 2001/02. We have carried out this research since 1982/83 and the information generated provides a valuable tool for analysing government's support for voluntary and community organisations. Findings from the research for 2000/01 were contained in the report of 'The Role of the Voluntary Sector in Service Delivery: A Cross Cutting Review', and a detailed analysis will be published in the New Year.

We are about to commence collecting information for the year 2001/02 and have commissioned the Charities Aid Foundation to carry out this work on our behalf.

Forms, background information and guidance notes have been circulated to officials across Whitehall who have been identified as having the task of co-ordinating the research. They have also been circulated to units/branches in the Northern Ireland Executive, the Scottish Executive and the National Assembly for Wales, as the research is UK-wide.

I very much hope that your officials will help to make this research the most comprehensive to date. The due date for information is Friday, 28 February 2003. The guidance notes should answer most queries, but your officials are free to contact the lead researcher direct. His contact details are as follows:

4983x

Ian Mocroft
Charities Aid Foundation
King's Hill
West Malling
Kent ME19 4TA

Tel: 01795 591404
E-mail: ian.mocroft@virgin.net

If there are any questions concerned with policy, officials may prefer to direct these to Meta Zimmeck, who is Head of the Voluntary and Community Research Section of the Home Office. Her telephone number and e-mail are as follows:

Tel: 020 7035 5564
E-mail: meta.zimmeck@homeoffice.gsi.gov.uk

A copy of this letter has been sent to the Policy Unit at No 10 and the Treasury for information.

Yours ever,

GEOFFREY FILKIN

4983x

HOME SECRETARY

NA
cc. EH
JR
JJH

PERSONAL

Prime Minister

I am enclosing two papers that Geoff Filkin has been working very hard on. The first of these is on the community and voluntary sector. It is important that we see this in the light of the work that Bev Hughes is doing in relation to social cohesion and the wider agenda on community and equality.

2 I want to stress that this should be seen within the broader context of the thrust which I hope to develop further next year within the Home Office and beyond, in relation to civil renewal, the role of civil society, and therefore a new relationship between government and governed.

3 I hope we might be able to discuss this – alongside John Reid's work – at the political cabinet event towards the end of January.

4 It seems to me that if we are going to make the most of the whole issue of the giving age and volunteering, which you yourself stressed so heavily about three years ago, it needs to be set within the context of our values.

5 Developing community, involving participation, engaging people in being part of the solution, is all meat and drink to then encouraging and supporting volunteering. I use the term "supporting" because I think a lot of work needs to be done in what the new Archbishop described as the areas of "primary poverty" in his Dimbleby lecture – though I have taken him to task in respect of certain aspects of his argument.

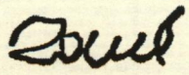
6 Quite simply, what we do in practical terms in encouraging volunteering should be seen in this much broader canvas where those who participate in life in general are much more likely to engage with politics from the basic task of voting through to taking a real interest in the world around them.

7 You and I know this, but I am setting it in this context because I think simply to have good ideas of developing a particular theme, or encouraging people to be much more engaged, is good in itself, but less valuable if we do not see it in the round.

8 I think setting what we are doing within the broader framework of a vision of Britain in the next decade is going to be crucial. People need to know what we are about and not just what it is we are about doing. This will put our development and modernisation reform agenda for public service within context and help people to see their role. In other words, their part being crucial to the whole, rather than seeing it as merely an appendage or extraneous to what they demand of Government.

9 The second paper is on engaging British Muslims which we need to think about in the context of the paper I sent to you last week on our race Equality Strategy.

With very best wishes for Christmas and the New Year to you, Cherie, and the family.



23 December 2002

Home Office

Lord Filkin
PARLIAMENTARY UNDER SECRETARY OF STATE
50 Queen Anne's Gate, London SW1H 9AT
Office number: 020 7273 3495 Fax: 020 7273 2565
www.homeoffice.gov.uk

PRIME MINISTER

18 December 2002.

Dear Tony

NEW OPPORTUNITIES FOR THE VOLUNTARY AND COMMUNITY SECTOR

1. The Opportunity

- We have for some years recognised what the voluntary sector brings to civil society – through promoting volunteering, delivering services and regenerating communities. We now have the best opportunity for some time to turn this into action and results.

- We have laid the foundation for moving forward through a series of initiatives – the Compact on Government Relations with the Voluntary and Community Sector (VCS), the Treasury cross-cutting review of the role of the VCS in service delivery, the recent HMT/Home Office paper Next Steps on Volunteering and Giving in the UK and the Strategy Unit Report on charities and the wider not for profit sector.

- In addition, we have in Helen Edwards an excellent new Director for the Active Community Unit (ACU) who is respected and trusted by the sector. And we have recently established a first-class Advisory Group drawn from the sector and other key players. Hopes are high in the sector that real change might happen and that VCS organisations will be now be able to make a real contribution to delivering Government objectives.

- Politically, the VCS and volunteering matter. They could make a much greater contribution to public service reform. They need to be seen as a crucial part of a pluralistic approach to improving Britain. They have many friends and much influence.

2. A Strategy for Promoting Voluntary and Community Activity

- To ensure we have a clear focus for action we have prepared a strategy paper – attached. I would welcome your comments on this. We have PSA targets that align with the strategy's goals and we are finalising our delivery plan to implement them.

- The strategy paper has three main goals:

- to encourage more community participation and volunteering
- to achieve a bigger role for the VCS in service delivery
- to strengthen the sector's capacity to deliver

- We will be publishing the strategy in the New Year after securing DA(ACF) support. Early indications are that it will be widely welcomed in the sector as setting out a clear basis for Government and the VCS to do business together. However there are some key challenges to be overcome.

3. Volunteering and community participation

- Community participation and volunteering matter both for their direct contribution to social welfare but also as an expression of community cohesion and a commitment to identify, own and solve problems locally. The central state cannot do everything, nor should it. Individuals and communities are potentially best placed to address many problems themselves and could do very much more if we assisted them and build their capacity to do so.

- Yet neither central nor local government have owned the importance of this and what it could do to help us meet our objectives – the contribution that volunteers really could make in different spheres and what effective community organisations and leadership could deliver.

- What is clear is that there is a need for more volunteers particularly for those who can take on significant responsibilities. For example, volunteers for Samaritans are at their lowest level since 1974 and we struggle to recruit special constables. But in some areas demand needs to be boosted particularly in the public services where volunteers add significant value and can help to increase transparency and community accountability. It also needs to be boosted in the most deprived areas where volunteering levels are low but where the benefits of increased participation – lower crime levels, reduced anti-social behaviour, better health and improved educational achievements – are most needed.

- But there are grounds for optimism. The evidence we have shows that many more people would volunteer or get involved in their communities if we could remove constraints and find better ways of matching them with suitable opportunities. We are therefore working hard to see what government can do to put in place the arrangements for this to happen. Three things will be done initially:

  - identify what system of recruitment and support is most likely to generate successful volunteering – the national and local infrastructure which will work best and what we can do to support it. We will finalise ideas on this by the autumn.

  - tackle particular pressure points in the supply and demand for volunteers, working with Government departments and agencies and the VCS to identify where problems exist and the strategies needed to tackle them.

  - work with the business sector and public service employers to promote employee volunteering. We intend to work with HMT, leading employers and the VCS to

launch a new Corporate Challenge designed to promote corporate giving and increased employee giving of time and money. We will undertake a similar programme of work with public sector employers. As part of this we will consider how we can increase the rewards and incentives for volunteering – including greater public recognition.

Would you be willing to become associated with this?

- Other forms of participation matter too. Over the next six months we will be studying how to mobilise people and communities to play a leading role in rebuilding civil society based on shared values and co-operative action.

- We will also explore – with DTI – the potential for new delivery vehicles, social enterprises and Community Interest Companies to contribute to community regeneration, better services and civil renewal.

Given your long standing commitment to volunteering and the VCS, it would be helpful to know whether you are happy with the way we are developing this work and the links we are making both to social cohesion/civil renewal and to service delivery.

4. Increased Service delivery

- Over the last five years we have been open minded about how to secure public funded outcomes. The private sector has played a significantly greater role through PFI and PPP's. Yet the VCS has not grown. It undertakes less than 5% of publicly funded service delivery even though it is well placed to deliver services to some groups not well served by the state or the market.
- We need the VCS to do more on service delivery. We need more suppliers as they expand choice and competition, and we need more innovation to secure the outcomes we want. There is therefore scope for the sector to do much more in service delivery – and central and local government need to promote and fund them to do so.
- To do this requires a radically different approach by central government departments and local authorities. Each department needs to have a much clearer understanding of the potential of the VCS to help deliver key objectives and a much better approach to managing and developing its supply chains. In many areas of public policy we have the will and the means to fund desired outcomes – but are not yet achieving them. This is true for preventing offending, preventing or treating drug addiction, improving child protection or providing social care. The VCS needs to be stimulated to find better solutions.
- Therefore government departments need to review strategically how to promote the emergence of better suppliers or better solutions and consider how the VCS might be stimulated to invest in finding such solutions.
- This will require opening up dialogue with groups of VCS suppliers or potential suppliers to identify what they could deliver and what buying relationship would enable them to commit to service expansion or innovation.
- To start this process I am meeting with Ministers from departments where the potential may be greatest – Health, Social Services, Education, Employment and Crime Reduction – and promoting the need for this developmental approach. We will then broker discussions between departments and potential VCS suppliers with the

aim of promoting a partnership approach to service development and delivery. I will seek Peter Gershon's support for this approach.

- Government departments need explicitly to promote innovation in service delivery from the VCS. The sector has more freedom to innovate and is highly motivated to secure better outcomes for its beneficiaries. In some cases, innovation may be better stimulated through the use of grants to innovate in securing agreed outcomes.
- I am in discussion with the LGA too about a similar approach by local authorities – plus the need for them to seek to avoid the instability in funding for the VCS sector which currently hinders its development.
- Finally we are challenging the VCS itself to consider what it needs to do to put its own house in order – to build leadership, entrepreneuralism, develop skills – and to work with us to identify how problems of capital starvation can be overcome.
- Also new service delivery vehicles may be needed – better to manage risk and/or secure investment. In this context, I have been working with Melanie Johnson to develop the Strategy Unit proposal for Community Interest Companies.
- We should be ready to publish the consultation paper in the New Year and there is considerable interest in this in the VCS and social enterprise sectors.

Do you agree that a greater role for the VCS and for CICs in service delivery is an important element of our public service reform agenda?
Should we factor it more explicitly into delivery planning with PMDU?
Would you be willing to help promote it as a new approach by central and local government?

5. A stronger VCS sector infrastructure

- The various governmental reviews all point to a need to develop the capacity, infrastructure and regulatory framework of the VCS.
- To address this the ACU is reviewing what changes are needed to build sector capacity and put in place an appropriate infrastructure of support – much of the ACU settlement of £93 million for implementing the cross-cutting review is devoted to this and to securing buy-in from local authorities and others.
- At the same time the Treasury is considering what changes are needed to modernise the VCS for its role in service delivery and to remove barriers. It is doing this through its *future*-builders fund of £125m over three years. I will be talking to Treasury Ministers about the importance of this being done in partnership with Home Office.
- In this respect the Treasury's strong interest in the VCS is welcomed, but we need to make clear that there is one not two portals for the Government's overall relationship with the sector. The Home Secretary launched the ACU earlier this year as a "gateway to Government" providing a clear focus for Government interest in the sector. This has been widely welcomed and we must not risk creating confusion.

6. What we aim to achieve by 2005

- We have a PSA target – to increase by 5% both the amount of volunteering and service delivery, but we also want:
  - a more dynamic and entrepreneurial sector
  - more able to innovate
  - an expanded service delivery role

- much higher levels of volunteering
- higher levels of community participation - greater capacity of local people to help themselves and their communities

- To do all this we will need to:

  - bring about significant change in Government departments in the way they engage and buy in services from external partners such as the VCS. For some this will mean something of a culture change
  - reduce bureaucracy – many organisations struggle with multiple funding streams each with their own application systems, reporting and monitoring processes. We need to rationalise this.
  - boost Departmental commitment to supporting and developing volunteering, some are weak.
  - build capacity in the VCS – skills, ICT, capacity, infrastructure – and encourage organisations to work to together in new ways
  - bring forward a Charities Bill no later than the 4th session to modernise the legal and regulatory framework.

7. Where we would like your help

- We are driving forward an ambitious programme of change, trying to re-engineer the relationship between Government departments, local authorities and other statutory agencies and the VCS. We believe the benefits will be considerable in terms of improved services, achieving Government objectives and re-vitalised communities. There is a strong interest from the VCS and we should encourage their commitment, skill and energy. However, we shall need to achieve considerable change in parts of Government – and this will not be easy. Your support would be invaluable in helping us achieve that. As a first step:

Would you be prepared to write to our four key Government Departments stressing the significance of our work and enlisting co-operation? (DfES, DH, DWP & ODPM)
Would you speak either at our launch of the VCS strategy or another event later in the year?
Would he help us launch the Corporate Challenge with business leaders?

Yours sincerely

GEOFFREY FILKIN
18/12/2002

10 Downing Street
London
SW1A 2AA

ENGAGING BRITISH MUSLIMS: PAPER BY LORD FILKIN

1. RISKS

- The creation of a successful multi-ethnic society is at risk if we do not manage to integrate the different communities, including British Muslims.

- Many Muslim communities are not participating in the success of mainstream society.

- Islamophobia has increased the isolation of Muslim communities. This could worsen if a terrorist attack on Britain is blamed on Muslims or if there is a war on Iraq.

2. PURPOSE

This paper looks at what more could be done over the next twelve months by the Government to reduce these risks through a) ensuring Muslim communities feel valued and listened to by Government; and, b) improving the perceptions of the wider community about Muslim communities.

It looks at measures to:

- Strengthen our communications with Muslim communities and encourage their involvement with government and public life so to develop and sustain our engagement with these communities.

- Tackle key barriers to inclusion, the deprivation, disadvantage and the separation of communities. The disturbances of 2001 were a sharp reminder of the damage that segregation and deprivation of communities can cause.

Existing Government programmes and initiatives will help tackle these issues but if we want to make progress quickly, more needs to be done to ensure that such programmes focus effectively on Muslim communities.

This must not be at the expense of other communities – there is an urgent need to tackle the disadvantage and alienation of other faith, ethnic and white communities which is itself an obstacle to inclusive communities. But whilst Sikh and Hindu communities experience some of the same problems of Muslim communities, they are often being more successful in education and the labour market and do not display the same tendency to isolationism. We must make sure therefore that our programmes speak to Muslim communities and deliver measurable improvements for them.

3. STRENGTHENING COMMUNICATIONS AND INVOLVEMENT

Promoting Dialogue

Muslim communities feel that their concerns are not always heard and that their faith is not understood or welcomed by the wider population. The Golden Jubilee visit by the Queen to a Mosque, the Prime Minister's own engagement with Muslim leaders and that of the Home Secretary and other senior Cabinet colleagues has been widely welcomed by Muslim communities. We need to build on this in a positive way by:

- **Developing a programme of ministerial visits to listen to Muslim communities.**

Opportunities to listen in this way could be built into the visits that ministers undertake as part of their departmental work. It requires only that Ministers include in local visits, appropriate to their responsibilities, a visit to a Muslim community centre, mosque, faith school, and multi-faith provision in hospitals or faith provision in prisons for example.

We need to encourage ministers in key departments to engage in this way and capture some of the learning and feedback through occasional meetings hosted by a Home Office minister.

- **Engaging with MPs whose constituencies include significant faith communities drawn from the black and minority ethnic community.**

Such discussions will enable us to learn from information, experiences and concerns at local level. Initially, Home Office ministers would host these discussions.

- **Spreading good practice round departments on engaging with Muslim communities to help develop and implement policies and programmes.**

It is particularly important to include women and younger Muslims in such consultations and discussions. Current levels of contact vary considerably. The Home Office should lead on raising awareness and spreading good practice through existing inter-departmental groups.

- **Challenging misconceptions held by the communities**

It is important that the dialogue is genuine and not seen as one sided. Misconceptions about government policy on immigration, asylum and foreign

affairs for example need to be challenged in the spirit of open dialogue and the response to such challenges need to be listened to sensitively.

- **Identifying leaders and organisations within the Muslim communities and other faith communities who are advocates of integration so that we can work with them as well as with some of the more traditional leaders.**

The Home Office will address how we can support and encourage leadership across faith communities to reflect the range of views, ages and experiences of these communities and recognise the contract Britain offers – first class rights and opportunities matched by responsibilities to uphold core citizenship values and participation in British life.

The Koranic position on citizenship in a non-Islamic political entity needs to be teased out and made clear by influential British Muslim thinkers.

- **British Muslim communities should be encouraged to address the need for British trained and educated Imams in place of the practice of inviting Imams from rural Indian sub-continent.**

It is important to encourage the development of British Muslim interpretations of the meaning of Islam in a Western European context rather than as a religion embedded in the rural life in the Indian sub-continent.

Understanding the issues

- **There are many myths and generalisations about Muslim communities. We need to get beyond these and understand better the attitudes and aspirations of British Muslims of all ages.**

The Home Office will undertake a quick review of available information from surveys, polls, and literature about attitudes and aspirations and also about the way the Muslim community is represented in the media.

Affirming Muslim Identity

Islam needs to be seen as part of British culture rather than a threat to it. We need to:

- **Encourage inter-faith dialogues**

The Home Office will identify areas of high Muslim populations where effective inter-faith dialogues are absent and promote their establishment.

- **Make best use of the school curriculum to promote understanding of other faiths, their values and their relationship to civic life.**

We will discuss with DfES.

- **Take all opportunities to affirm Muslim contribution to British life and that Britain is a multi-faith as well as multi-ethnic society through for example:**

- Ministerial speeches
- Visits as proposed above
- Good practice in government organisations of providing faith rooms, meeting dietary requirements in schools, hospitals, prisons etc.
- Recognising, and participating as appropriate in, religious festivals such as Ramadan and Eid.

- **All Government Departments should review their involvement with Muslims and Muslim communities.**

There should be a variety of opportunities for participation at local and national level.

- **Widen recognition of the diversity of experiences within Islam including those Muslims for whom their faith is not a key defining factor.**

The Home Office will work with the Inter-Faith Network/IPPR and Foreign Policy Centre to promote and run a series of seminars on the place of religion and Islam in the multi-cultural public sphere.

- **Bust the myths about and negative representation of Muslim communities.**

This is not easy for Government to do but we need to consider with the CRE and DCMS:

a) if and how we can engage with the media on this issue and
b) how the media complaints machinery can be encouraged to ensure its complaints mechanisms are known to Muslims and to other black and ethnic minority communities.

<u>Participation in Civic Life</u>

Recognition of success and achievement within minority ethnic groups, including the Muslim Community is important. So is the opportunity to contribute to public

life through public appointments. We need to:

- **Encourage nominations for honours from amongst the minority faith communities and ensure that criteria do not discourage minority ethnic communities.**

- **Take similar action in respect of public appointments.**

- **Ensure that the employment practices of Government departments do not discourage the recruitment, career development and retention of Muslim staff.**

The Home Office will assist with this.

Protecting communities and building confidence

Work is already in hand under the leadership of Sir David Omand on contingency plans in the event of war or a terrorist incident both to protect minority ethnic communities which might feel or be threatened and to help prevent disturbances. The Home Office is actively involved in this with the FCO. But we need more generally to re-assure these communities and encourage good police community relations by:

- **Working with ACPO to give clear signals to Muslim and other ethnic minority communities who feel threatened that the police have a duty to protect them and a commitment to do so.**

  There is already good work by the Metropolitan police and ACPO post-11 September leading to a Muslim Community Safety Forum. We need to build on and sustain this work.

4. TACKLING BARRIERS TO INCLUSION

Improved dialogue is important but by itself, is not enough. It is crucial that we tackle root causes. Deprivation, disadvantage and divided communities present barriers to effective inclusion and participation.

Some Muslim communities are more affected by these factors than others – e.g. Pakistani and Bangladeshi communities which represent over 50% of Muslims in Britain. Certain groups within Muslim communities – for example, women or less well educated families from rural areas - experience greater disadvantage and

exclusion than others. The response of young Muslim men to disadvantage may be different from their white counterparts.

We need to understand these patterns better and we need to ensure that mainstream programmes respond effectively to the needs of Muslim communities.

This requires three things:

- To end the propensity to under-perform of some Muslim communities, within say 5 years, especially in education and labour markets.
- To understand the politics and forces within Muslim society that tend to promote or continue isolationism – in particular, the quality, context and values of some of the teachings in mosques and madrassahs. Research needs to explore this.
- To work to end within 10 years the physical separation between religious and ethnic communities in some of our towns.

Existing PSA targets, for example those in the DfES, which focus on pupil attainment, and the recommendations from the forthcoming SU report on the Labour Market point to how such under- performance might be addressed. The Government's race equality strategy looks at this in more detail.

A range of Government programmes aim to address some of these issues. However, they may need a tighter focus on these challenges. For example, Neighbourhood Renewal (ODPM), support for the voluntary and community sector (HO) and Community Cohesion (HO), may need to review what they are doing to address these concerns and reverse the tendency to isolation.

This may require specific initiatives within these programmes such as:

- Support for voluntary and community groups
- Initiatives to promote community leadership
- Initiatives to promote good community relations – such as 'twinning of schools'.

Family Policy – Home Office lead

Specific relevant initiatives include:

- Parenting support within minority ethnic communities – this is one of the themes of the next round of the Home Office Family Support Grant programme

Education programmes – DfES lead

Specific relevant initiatives might include:

- Ensuring pre-school provision for Pakistani and Bangladeshi communities
- Promoting school based English, numeracy and ICT classes for mothers of school age children
- Promoting and supporting post – 16 education within Muslim communities.

Employment and skills programmes – DfES, DWP, DTI lead

Specific relevant initiatives might include:

- Promoting participation in Modern Apprenticeships
- Ensuring access to New Deal

- **Race Equality programmes** – Home Office lead

Specific relevant initiatives might include:

- Ensuring that work to promote good practice in service delivery and policy development takes account of faith issues.

At local government level this should build on the LGA guidance on Faith and community which was drawn up in consultation with ODPM and the Home office. Working with ODPM and the CRE we might identify good practice in the local authorities which have the most significant concentrations of Muslim communities and disseminate more widely.

- Promoting good practice in service delivery that takes account of faith issues through the Home Office Connecting Communities grant scheme.

- Joint work between the EOC and the CRE focused on the needs of Muslim women.

5. NEXT STEPS

This is a broad programme of work which needs discussion and development with key Government departments – particularly ODPM, DfES, DWP and DCMS – both to develop these ideas and to draw in examples of good practice that I know exist within departments. In addition, a close relationship with Jack Straw and the Foreign and Commonwealth Office on their parallel initiative regarding foreign policy and British Muslims will be important.

Our focus initially should be on those quick wins on communication identified at the beginning of this paper. If you are content with the proposals, I will take forward with other departments and provide you with a progress report in the Spring.

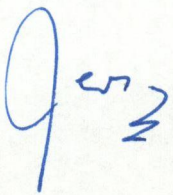
Lord Filkin
December 2002

(F)

10 DOWNING STREET

cc. PMOS
SV
MA

To note.



THE NATIONAL ARCHIVES

DEPARTMENT/SERIES ..... erem 49 PIECE/ITEM ..... 3379/1 (one piece/item number)	Date and sign
Extract details: Letter dated 05/12/2002 and annex 11/11/2002	
CLOSED UNDER FOI EXEMPTION ..... 40(2)	AC 25/09/23
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
TEMPORARILY RETAINED	
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Instructions for completion of Dummy Card

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Enter the department and series,
eg. HO 405, J 82.

Enter the piece and item references, .
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Enter extract details if it is an extract rather than a whole piece.
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Sign and date next to the reason why the record is not available to the public ie. Closed under FOI exemption; Retained under section 3(4) of the Public Records Act 1958; Temporarily retained; Missing at transfer
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THE NATIONAL ARCHIVES

DEPARTMENT/SERIES Crem 49 PIECE/ITEM 3379/1 (one piece/item number)	Date and sign
Extract details: Letter dated 11/11/2007	
CLOSED UNDER FOI EXEMPTION 40(2)	25/09/13
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
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THE NATIONAL ARCHIVES

DEPARTMENT/SERIES (rem 49) PIECE/ITEM 3379/1 (one piece/item number)	Date and sign
Extract details: Letter Action to PM dated 08/11/2002	
CLOSED UNDER FOI EXEMPTION 40(2)	25/09/23
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
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or Number not used.

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

Following a conversation you and I had earlier in the year concerning the work of The Prince's Trust, I asked Nick Brown, Minister for Work, to convene a Ministerial group to examine the issues you had raised with me concerning funding streams for the Trust's "Volunteers" programme. I understand that Nick has kept you updated on this piece of work, and I am writing now to set out the measures we intend to take to address your concerns.

I know that the Volunteers programme has, for some time, provided valuable opportunities to the long-term unemployed as part of the range of help available through the New Deals. I recognise also that the Prince's Trust is particularly successful in helping those who have multiple barriers to work and am keen to ensure that Government departments help rather than hinder this important work. If an organisation as well run and with such an excellent track record as the Trust encounters difficulties in its relationship with Government, the question is raised as to how smaller and less well managed organisations cope. It was therefore most useful to us to take the Trust's "Volunteers" programme as a case study in testing our funding policies and practices.

As a result of discussions at both Ministerial and official level, I have agreed with Nick's proposal that his Department should run a 'Lead Funder' pilot

scheme with the Volunteers programme. The pilot will be based on recommendations made by the Treasury's recent '*Cross Cutting Review of the Role of the Voluntary Sector in Service Delivery*', and should hopefully provide a good solution to many of the issues we discussed. The pilot will:

- make the Department for Work and Pensions the primary troubleshooter for the Trust with respect to its different funding sources;

- take on the management, on behalf of the bidders, of the various monitoring and inspection procedures in a way which appears seamless to the Trust;

- ensure that funders are complying with the recommendations of the various funding reviews, and report on this issue to the Home Office's Active Community Unit (ACU);

- make a named official responsible for ensuring that funding mechanisms work smoothly with respect to the Trust.

You will be as aware as I am that the difficulties the Trust has experienced are not unique. There are many organisations within the voluntary sector who need to interact with a variety of Government agencies, all of whom could potentially benefit from a streamlining of procedures and you will be pleased to learn that it is my intention that any steps taken to remedy your difficulties are designed in such a way as to ensure wider application throughout the sector.

Officials in the Department for Work and Pensions are currently working up plans for taking this pilot forward and will be in touch with you shortly to discuss how they can work with the Trust to develop and implement an effective scheme.

RESTRICTED

Cate
added to DW
In Box

bcc: Simon Mwrys
(Strategy Unit)

10 DOWNING STREET
LONDON SW1A 2AA

From the Policy Adviser

4 November 2002

Dear Lizzy

COMMUNITY INTEREST COMPANIES

The Prime Minister has seen the Home Secretary's minute to him of 23 October concerning community interest companies. The Prime Minister agrees that the Home Secretary should have maximum input into the development of this work given the linkages between this proposal and the Home Office's agenda on developing the voluntary and community sector. However, given the demanding legislative load which the Home Office has already and the relevance of this particular proposal to the DTI's work on company law, the Prime Minister thinks that it is more appropriate for Patricia Hewitt to take the lead on this work, consulting the Home Secretary as necessary.

I am copying this letter to Erica Zimmer (DTI) and to Ian Fletcher (Cabinet Office).

Yours sincerely

Signed : Natalie Acton
04/11/2002

NATALIE ACTON

Lizzy Gummer
Home Office

RESTRICTED

fue

From: Natalie Acton
Date: 1 November 2002

PRIME MINISTER

cc: Jeremy Heywood
Andrew Adonis
Mike Emmerich
Simon Stevens
Geoffrey Norris
Justin Russell

COMMUNITY INTEREST COMPANIES

You will remember that the proposal to introduce 'Community Interest Companies' formed one of the key planks of the Strategy Unit's report on the legal and regulatory framework surrounding charities. The idea has attracted controversy because of its links with the PFI agenda, but DTI have set up a good team to draft legislation on it for the 2nd session.

DB has now written to you (letter attached) asking that the work to develop this proposal be taken forward jointly by Home Office and DTI. We think you should not agree to joint ownership of this work. Home Office does have an interest both because of the genesis of the proposal – the SU charities report – and because the 'CIC' vehicle is likely to be used by voluntary organisations involved in service delivery. However, Home Office already has a demanding legislative load for the next session and the DTI team is much stronger than the team in the Home Office which would take this forward.

Are you content for to tell DB that DTI should be in the lead on this proposal, but with maximum input from Home Office?

N Acton

NATALIE ACTON

cc: GN
JR
NA
CM
JSH
CS

Prime Minister

COMMUNITY INTEREST COMPANIES

I understand that provisional agreement has been given for Patricia Hewitt and officials at the Department for Trade and Industry (DTI) to draw up a consultation paper on Community Interest Companies (CICs), with the possibility of a Bill to follow in the second session.

I very much welcome this further work. This is an important issue and we should progress it quickly.

The development of community enterprise of this kind is central to the Home Office agenda on developing voluntary and community sector activity - not only in respect of the role that we want the voluntary sector to play in delivering services but also in respect of our wider civil renewal agenda for revitalising civic participation and mutual support. We will be *missing an important opportunity to meet our social goals as well as our* economic goals if the work on community interest companies focuses exclusively on commercial activities.

It is important, therefore, that the work to develop CICs is taken forward in a joined-up way between DTI and the Home Office so that we bring together expertise on company law and business with expertise on charity law and the non profit making sector. My officials are already engaged with the CICs proposal through their work to implement the recommendations of the Strategy Unit report which is an integral part of the programme we are leading across Whitehall, following the outcome of *the spending review, to develop the voluntary and community sector. In* implementing the "The Role of the Voluntary and Community Sector in Service Delivery – A Cross Cutting Review", we will be exploring the contribution of the voluntary and community sector to improving public services. During meetings and discussions with key departments before Christmas on this, we will also explore the role that CIC's may contribute to this agenda.

A sensible way forward would be for my officials to work with the DTI team to develop the CICs proposal. I have discussed this with Geoffrey

Filkin who is leading on the voluntary and community sector within the Home Office. If you agree with my suggestion I would be happy for him to discuss how best to take this forward with the appropriate Minister in Patricia Hewitt's team.

I am copying this letter to Patricia Hewitt and Sir Andrew Turnbull.

DAVID BLUNKETT

23 October 2002

3949db

HOME SECRETARY

GJ cc: GN
JR
NA
CM
JJN
CS

Prime Minister

COMMUNITY INTEREST COMPANIES

I understand that provisional agreement has been given for Patricia Hewitt and officials at the Department for Trade and Industry (DTI) to draw up a consultation paper on Community Interest Companies (CICs), with the possibility of a Bill to follow in the second session.

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I am copying this letter to Patricia Hewitt and Sir Andrew Turnbull.

David

DAVID BLUNKETT

23 October 2002

CONFIDENTIAL

3949db

From: Andrew Adonis & Geoff Mulgan

Date: 11 September 2002

PRIME MINISTER

cc Jeremy Heywood
Jonathan Powell
Sally Morgan

STRATEGY UNIT REPORT ON THE CHARITABLE SECTOR

Before the summer you saw the draft report (summary attached) and said you were content provided the private schools did not create a fuss and we could reach agreement with HMT on Public Interest Companies (which they had been haggling about because of the read across to Foundation Hospitals).

1. Private Schools

On private schools, the Independent Schools Council (ISC) is content with the proposal for a new, non-bureaucratic test of public character for charities that charge high fees (mainly independent schools), based on existing law. HMT wants to change the law itself to make the test tougher. After much iteration, the text considers the possibility of an alternative test, but does not single out private schools for special mention and concludes that the existing test - based on centuries of case law – is best. AA has spoken to the head of the Independent Schools Council about this, and they remain content. HMT is content with the substance but would like further wording emphasising the case for 'looking at' a tougher test specifically for high-fee charities (ie private schools). This would lead to a row with the private schools.

Are you agreed that we stick at the wording agreed with the ISC?

Absolutely. I want no row about private schools

2. Public Interest Companies (PICs)

PICs are a potentially important innovation to enhance the capacity of the voluntary sector to run companies and provide services. HMT (political) sensitivities have had to be soothed. To meet their concerns without compromising the essentials of the proposal for PICs, references to public service

delivery in the discussion of PICs have been removed and PICs renamed Community Interest Companies (CICs) so as to focus solely on the voluntary sector. Treasury now content, but would prefer us not to publish until the issue of foundation hospitals is resolved. If we can sort FHs in the next ten days that is OK - but if not, we are publicly committed to publishing this report in September, and failure to publish will itself become a further source of media grief. There is no overlap between recommendations in this report and Treasury objections on issues to do with foundation hospitals such as their right to borrow.

Are you content that we go ahead and publish now in any event – or do you want to leave a decision until we have made more progress on foundation hospitals?

Publish but with out ref to FH

AA/GM

EXECUTIVE SUMMARY

The importance of charities and the wider not-for-profit sector

Charities and the wider not-for-profit sector make very important economic and social contributions to society as a whole. They provide vital services and strengthen communities. There are considerable benefits to society in having a not-for-profit sector which is prosperous, growing, and identifying new needs.

The sector comprises around 600,000 organisations, including 188,000 registered charities. Tens of thousands of other charities are not required to register. In recent years, the sector has grown in income, number of organisations, and employment. However the sector faces a number of challenges which prevent it from achieving its full potential.

The independence of the sector and the role of government

The sector's independence is vital to its success. But Government has an important role to play in setting the framework within which the sector operates. The Government wants to support a not-for-profit sector which is modern, dynamic, innovative, accountable, and engages with diverse communities.

The Government's strategy towards charities and the wider not-for-profit sector aims to:

- help organisations play a bigger role in revitalising communities and empowering citizens;
- encourage public support;
- help the sector to become more effective and efficient; and
- enable the sector to become a more active partner with Government in shaping policy and delivery.

The changing context

The Government has already promoted support for the sector through the Compact on relations between government and voluntary organisations; tax changes to encourage charitable giving; initiatives on volunteering; and closer partnerships between central and local government and the sector on initiatives such as the National Strategy for Neighbourhood Renewal.

Building on these reforms, the Government has undertaken three complementary reviews to help the sector achieve its full potential. These cover:

- the legal and regulatory framework for charities and the wider not-for-profit sector (led by the Strategy Unit);
- the role of the voluntary sector in public service delivery (led by HM Treasury as part of the 2002 Spending Review); and
- improving access to public regeneration funding (led by the Regional Co-ordination Unit).

This review covers the first issue. The Government will publish a report on the other reviews separately.

Objectives of the Strategy Unit review

This review considers how to improve the legal and regulatory framework to enable existing organisations to thrive, to encourage new types of organisations to develop, and to ensure public confidence. The review sets out – for consultation – a package of proposals for reform which aim to:

- modernise charity law and status to provide greater clarity and a stronger emphasis on the delivery of public benefit;
- improve the range of available legal forms enabling organisations to be more effective and entrepreneurial;
- develop greater accountability and transparency to build public trust and confidence; and
- ensure independent, fair and proportionate regulation.

The main recommendations in each of these areas are set out below.

Modernising charity law...

The law on charitable status is outdated and unclear. It excludes some types of organisation which clearly provide public benefit. This review proposes a number of legal reforms.

...by updating and expanding the list of charitable purposes...

A charity should be redefined as an organisation providing public benefit which has one or more of the following ten purposes:

1. The prevention and relief of poverty.
2. The advancement of education.
3. The advancement of religion.
4. The advancement of health.
5. Social and community advancement.
6. The advancement of culture, arts and heritage.
7. The advancement of amateur sport.
8. The promotion of human rights, conflict resolution and reconciliation.
9. The advancement of environmental protection and improvement.
10. Other purposes beneficial to the community.

...requiring a clearer focus on public benefit...

There should be a clearer focus on public benefit. In particular charities which charge large fees for their services, thereby excluding a substantial part of the population, will need to demonstrate how their activities have a public character. The Charity Commission should have an on-going programme to review the public character of charities.

...encouraging entrepreneurialism...

Charities increasingly seek entrepreneurial ways to secure a sustainable income. This review proposes to provide greater freedoms by removing the requirement for trading charities to establish separate trading subsidiaries.

...enabling charities to campaign...

Charities perform a valuable role in campaigning for social change. The guidelines on campaigning should be revised to encourage charities to play this role to the fullest extent.

...and cutting red tape.

Some legal obstacles inhibit charities from modernising their constitutions, merging with others, or using their endowments in different ways. A package of deregulatory measures is proposed to give charities greater flexibilities.

Improving the range of legal forms available to charities and social enterprises...

There are no corporate legal forms designed specifically for charities. Those available to social enterprises are often not well suited to their needs, because they neither protect assets nor offer a strong identity in which the public and funders can have confidence.

...by creating Community Interest Companies...

This review proposes a new legal form for social enterprise - the Community Interest Company. This would improve access to finance, create a strong new brand, be legally protected from demutualisation, and preserve assets and profits solely for social purposes.

...modernising the law on Industrial and Provident Societies...

The Industrial and Provident Society is an under-used form. It should be strengthened and up-dated by enabling Societies to opt for protection from demutualisation, and by renaming them as either Co-operatives or Community Benefit Societies.

...and introducing the Charitable Incorporated Organisation.

Many charities choose to incorporate as Companies Limited by Guarantee, but this legal form was not designed for charities and does not differentiate clearly the requirements of company law and charity law. Introducing the Charitable Incorporated Organisation, a new form specifically for charities, should remove these difficulties.

Developing greater accountability and transparency...

Public trust and confidence enable charities and the wider sector to thrive and prosper. But for some there are few external pressures to improve performance. And accountabilities to beneficiaries and donors can be unclear.

...by improving information available to the public...

In general the sector does not produce sufficiently accessible and relevant information to meet the public's needs. This report proposes higher standards of information provision, including a Standard Information Return in which larger charities will focus on their objectives and measure outcomes against these. It encourages benchmarking, social audit and other quality tools through sector-led initiatives with Government support.

...and regulating fundraising more effectively.

Fundraising is the public face of the sector and can strongly influence public attitudes. A simplified licensing system for public collections should be introduced. A new self-regulatory initiative, overseen by a new independent body, should be developed to promote good practice in fundraising.

Ensuring independent, fair and proportionate regulation...

The regulation of charities should aim to:

- increase public trust and confidence;
- ensure compliance with charity law;
- enable and encourage charities to maximise their social and economic potential; and
- enhance accountability to donors and beneficiaries.

...by updating the rules on registration...

Accountability for the smallest organisations is best ensured at the local level, but standard regulation can be excessive for the smallest organisations. There should be higher thresholds for registration with the Charity Commission, and a new status of "Small Charity" for those which are too small to register.

Some large charities are currently not required to register with the Charity Commission. To achieve greater accountability for voluntary funds, these charities should be monitored for compliance with charity law by their existing sector regulator – or, where necessary, by the charity regulator.

...and giving the Charity Commission clearer goals and greater accountability...

The Charity Commission regulates charities in England and Wales. The review proposes consolidating recent improvements in its performance and ensuring greater accountability through establishing:

- clear statutory objectives against which it regularly reports;
- open public Board meetings and an Annual General Meeting;
- an enlarged Board to include a wider range of stakeholders;
- a new status as a statutory corporation called the Charity Regulation Authority;
- a new independent tribunal to enable trustees to challenge its decisions at reasonable cost; and
- reports, carried out with sector participation, of performance in particular areas of charitable provision.

What happens next

The Government would welcome views on this consultation paper. Responses should be sent by e-mail to piuvolsect@cabinet-office.x.gsi.gov.uk or in writing to Strategy Unit/Home Office (Charities and Not-for-profit Sector Project), Admiralty Arch, The Mall, London SW1A 2WH. The deadline for submissions is 31st October 2002.

The Home Secretary has responsibility for Charity Law in England and Wales. However, some of the issues in this report, such as the definition of charitable status, have implications throughout the UK. Following the consultation period in this report the Home Secretary will publish a Paper setting out the Government's next steps.

File

From the Minister of State
for Work and Pensions

ME

cc DO
JEC
NA

DWP Department for Work and Pensions

Richmond House
79 Whitehall
London
SW1A 2NS

Telephone
020 7238 0800

Email
ministers@dwp.gsi.gov.uk
www.dwp.gov.uk

PRIME MINISTER

29 July 2002

PRINCE'S TRUST

In your letter of 25th June, you commissioned me to convene an ad hoc group of Ministers to examine the problems experienced by the Prince's Trust Volunteers programme, notably relating to Government funding streams. I have since met Tom Shebbeare, Chief Executive of the Trust and have discussed the issues with the Prince of Wales. I have also spoken to Paul Boateng, who chaired the cross-cutting review of the role of the voluntary sector, which included an analysis of funding issues.

The main problems experienced by the Trust relate to excessive bureaucracy and administrative complexity. They find that the processes for accessing and managing funds are too bureaucratic and the inherent lack of stability in funding relationships is impeding the expansion of their Volunteers programme. I am well aware that such problems are not unique to the Prince's Trust. Many other voluntary and community sector organisations experience similar difficulties. Any proposals resulting from this review should not show favouritism to the Prince's Trust but have wider applicability throughout the voluntary sector.

Many of these funding issues are addressed in Paul's cross cutting review which is due to be published in the Autumn. The Regional Co-ordination Unit (RCU)'s *'Access to Regeneration'* study as well as the Department for Education and Skills' *'Getting the Best from Each Other'* initiative also examine these issues.

I met earlier this week with Lewis Moonie, Lord Filkin, Tony McNulty, Natalie Acton from the No.10 Policy Unit and representatives from DfES, the RCU and HM Treasury to discuss what more could be done to help organisations like Prince's Trust. We have concluded that the proposals in the initiatives outlined remain a proportionate response to the difficulties the Trust have raised. The Trust themselves recognise that Government structures cannot be built around their individual requirements and are content that changes we plan will go a long way to resolving their difficulties. The key question here is

not whether we can devise any new, radical solutions but how we can ensure that the recommendations from the CCR are actually put into place and that the momentum is maintained. To this end, I strongly commend to you the proposals set out in Paul Boateng's letter to David Blunkett of 12 July and reiterate the importance of the Active Community Unit's role in implementing the recommendations of the review.

Colleagues have, however, agreed to my proposal to go further with respect to one of the recommendations in the CCR. That is, to build on the idea of a 'Lead Funder', a concept originally proposed by the RCU and endorsed by the CCR. The 'lead funder' is designed to streamline the application and monitoring process for multiple funding streams. This proposal commands strong support across the voluntary sector. I suggest expanding on the proposal by:

- making the lead funder the primary troubleshooter for the service provider with respect to its different funding sources;
- tasking them with managing, on behalf of the bidders, the various monitoring and inspection procedures in a way which appears seamless to the provider;
- ensuring that funders are complying with the recommendations of the various funding reviews and report on this issue to the ACU;
- making a named Minister (and, reporting to him or her, a named official) responsible for ensuring the funding mechanisms worked smoothly with respect to the organisation(s) for which his or her Department hold lead responsibility.

I believe, and colleagues agree, that these enhancements will add value to the lead funder role and help to ensure any difficulties experienced by our voluntary sector partners are minimised. More importantly, they will give greater confidence that the recommendations of the CCR are acted on and that there is continued emphasis on them across Whitehall, not just within the ACU.

In order to test the effectiveness of this approach, I propose to run a pilot with my department taking lead responsibility for the Prince's Trust Volunteers programme. I will set this up in consultation with other interested departments to ensure we are developing a model that has application elsewhere and, in doing so, I will also consider whether the pilot could be extended to other voluntary organisations for whom we are major funders. I will also, with the help of colleagues, examine the feasibility of Government Offices running a parallel pilot at a more local level as this is the source of much of the funding.

The Prince's Trust have raised some genuine difficulties. Multiple funding streams may create an administrative burden for the voluntary and community sector. However, money must follow government priorities. One funding stream to suit every voluntary sector organisation would not be feasible for the Government, or indeed desirable for the voluntary sector. The measures we have proposed will go as far as possible to alleviate the administrative work for organisations like the Prince's Trust.

The Trust also raised a separate issue in relation to the Civil Service not meeting an agreed target of 3% of staff (under 25) participating in the programme. The Cabinet Office's Interchange Unit has been working with them to encourage greater involvement in the scheme but the target remains a challenging one. I believe participation in the Volunteer programme represents an excellent developmental opportunity for young civil servants. Therefore, I propose that we should redouble our efforts to encourage all Government Departments to support the Volunteers scheme through involvement of their staff, both as participants and group leaders. I propose that the Interchange Unit of the Cabinet Office should be invited to report regularly to you on progress, by Department, in both respects, and to suggest what additional central measures, if any, might be useful.

Finally, you asked how your personal involvement might contribute to this work. My officials have discussed this in more detail with Tom Shebbeare who has informed us that the Volunteers scheme is to be re-branded and re-launched next Spring. Tom feels it would be enormously helpful if you could join the Prince at the formal re-launch ceremony – the date of which has still to be confirmed - to underscore the Government's commitment to this worthy project. If you are content with this proposal I suggest that Natalie Action in the Policy Unit liaise with the Trust over the precise details.

From the soundings I have taken, I feel these proposals will address both the problems facing the Volunteers programme and provide solutions that have wider application throughout the voluntary sector. I believe that the Prince's Trust will be satisfied with our recommendations.

Nick

NICK BROWN

SUMMER SPLASH SCHEMES

- We are increasing seven-fold the number of youngsters taking part in Splash schemes this summer – up from 6,500 to around 48,000 – in the ten street crime hotspots.

- These schemes will ensure 9 to 17-year-olds in many deprived estates engage in constructive activities like sport and arts, acting as a diversion from anti-social behaviour and crime.

- Run by the Youth Justice Board, a total of nearly £9million in funding from the New Opportunities Fund (set-up by the Government in 1998) will increase numbers projects from 65 to 300.

- This initiative flows from meetings of the Prime Minister's street crime action group and builds on the success of previous schemes. Youth Justice Board research published this week shows that in areas where a Splash scheme ran last year:

  - juvenile nuisance fell by just under a fifth
  - drug offences by a quarter
  - motor crime also dropped by 11 per cent, compared to an increase of 39 per cent in high crime areas

- Each project will give youngsters constructive activities such as team sports, abseiling, tennis, video making, drama, music workshops, photography, art or DJ classes, computer skills, journalism and web design.

- Schemes also include targeted prevention work with the most at risk youngsters in high crime estates - cutting crime and disorder substantially, improving school attendance and raising the quality of life for local communities.

- Relative to their cost, the impact of schemes like this can be immense.

8

10 DOWNING STREET
LONDON SW1A 2AA

From the Senior Policy Adviser

22 July 2002

Dear Hugh,

Co-ordination of Summer Activities

Your Secretary of State wrote to Ministerial colleagues seeking views on her proposed method of seeking to better co-ordinate funding for summer activities.

I have been asked to draw to your officials' attention the recommendations of the cross cutting review of the voluntary sector that address the very issues your Secretary of State has raised. It is important that, in seeking to better co-ordinate Government initiatives at a local level, we adopt a Whitehall-wide method of doing so in order to reduce the risk of introducing yet further complications. Maybe your officials could therefore consider aligning the approach on summer activities with the approach that Nick Brown is proposing to take with the Princes Trust.

I am copying this letter to Private Secretaries to the Deputy Prime Minister, Andrew Smith, Alan Milburn, David Blunkett and other members of the Crime Reduction Sub-Committee.

Yours

Sarah Hunter

Hugh Ind, PPS to Rt Hon Tessa Jowell MP

file (matrix).

10 DOWNING STREET
LONDON SW1A 2AA

From the Policy Adviser

22 July 2002

Dear Dan

PRINCE'S TRUST

The Prime Minister has seen your Minister's letter of 18 July, and was grateful to be updated on the work he is co-ordinating to assist the Prince's Trust in navigating Whitehall. As you know, the Prime Minister is keen both that we respond positively to representations made by the Prince of Wales, and that we ensure that voluntary organisations are not hampered in the delivery of their services by excessive Government bureaucracy. The proposals you outline add up to a sensible package which, in parallel with the effective implementation of proposals arising from the Cross-cutting Review of the Voluntary Sector, should go a long way to addressing both of these concerns.

The Prime Minister was particularly pleased to see the proposal for DWP to act as a pilot 'lead funder' in respect of the Trust. This seems an excellent way of addressing the Prince's concerns whilst also testing out on a short timescale mechanisms to improve life for the voluntary sector as a whole. In relation to the second radical idea your Minister outlines in his paper for Ministerial colleagues, the Prime Minister agrees with your Minister that the proposal to expand the 'Volunteers' model into a national scheme is not practicable.

The Prime Minister was interested to read your Minister's proposal to use a portion of the new Voluntary Sector Investment Fund for marketing and developing initiatives aimed at disadvantaged young people. Whilst marketing is of course an important consideration for individual voluntary organisations, the Prime Minister is not, however, convinced that it should exist as a distinct objective for the new fund. He would be interested instead to explore whether this issue could be incorporated into the commitment arising from the Cross-cutting Review to take overhead costs into consideration in voluntary sector tenders. He was also interested to learn of the involvement of Civil Servants on the Volunteers scheme. While the Prime Minister feels that activity courses such

as 'Volunteers' can provide useful development opportunities for staff, he is not at this stage attracted to committing the Government to specific targets in relation to one particular provider in this area.

The Prime Minister looks forward to a further update from your Minister following his meeting with colleagues later this week. He would be interested at that stage to see further advice, in consultation with the Trust, as to how his personal involvement might usefully contribute to your Minister's work on this issue.

I am copying this letter to David Prout (ODPM), Mark Bowman (HM Treasury), Chris Wormald (DfES), Jonathan Sedgwick (Home Office), Hugh Ind (DCMS), Peter Watkins (MoD), and Ian Fletcher (CO).

Yours,

N Acton

NATALIE ACTON

Dan Jefferson
DWP

In Rev in 60+

fic

From: Natalie Acton
Date: 19 July 2002

PRIME MINISTER

cc: Jeremy Heywood
Mike Emmerich
Carey Oppenheim
Emma Churchill
Sarah Hunter
Justin Russell

CLOSED UNDER THE FREEDOM OF INFORMATION ACT 2000

PRINCE'S TRUST

Nick Brown has written to you (letter attached) with an update on his progress in helping the Prince's Trust to navigate Whitehall. He has done a good piece of work on this – bringing together the work of the Cross-cutting Review of the Voluntary Sector as it relates to organisations such as the Trust, and developing a number of discrete proposals to address their specific concerns. Nick has spoken to and to the Trust's Chief Executive, both of whom are pleased with the work. This note updates you and suggests that while most of Nick's proposals are sensible, there are one or two which we should be cautious before accepting.

Background

you asked Nick to offer his assistance to the Prince's Trust in expanding and promoting their 'Volunteers' programme within Government. Nick has done a good piece of work on this, against some initial opposition from Treasury and Home Office, who were nervous about giving the Trust special treatment and reluctant to participate in a piece of work outside their Cross-cutting Review of the Voluntary Sector.

Nick has written to you in advance of a Ministerial meeting he is hosting to look at the issues raised by the Prince's Trust. He notes, rightly, that the work of the Cross-cutting Review on the Voluntary Sector -

– will go a long way towards addressing some of the funding problems experienced by the Trust. That review has come up with some useful policies to address funding problems, including commitments from Government to fund the overhead costs of voluntary organisations bidding for

Crem 49/3379

Letter dated
19.07.2002

contracts, to rationalise Government funding streams, and to reverse the current trend for paying only in arrears. The Active Communities Unit in the Home Office received a small amount of funding in the SR to implement these ideas. The work has now been shared with the Trust, who agree that, if implemented effectively, it will go a long way towards meeting many of their concerns.

However, we have also been working with DWP to develop proposals to help the Trust specifically, whilst being mindful of the need to avoid accusations of favoured treatment. These are as follows:

CLOSED UNDER THE FREEDOM OF INFORMATION ACT 2000

1. **DWP as 'Lead Funder' for Prince's Trust** – Nick's proposal here is that DWP pilot one of the key ideas coming out of the Cross-cutting Review, using Prince's Trust as the guinea-pig, but on a shorter timescale than that envisaged for other cross-cutting review proposals. The 'lead funder' proposal is intended to reduce the number of times voluntary organisations are required to submit information about themselves to different funders. The funder with most contact with a particular voluntary organisation would, if appropriate, 'accredit' that organisation as worthy of Government funds and thereby fast-track/passport them to contracts with other state funders, enabling those other funders also to piggy-back on their assessment and audit procedures.

   This proposal is a good one – : whilst also guarding against allegations of preferential treatment for the Trust by using them as a test-case for delivering on the cross-cutting review more swiftly than the sector as a whole will have envisaged. Nick Brown has gone further in his paper and offered for DWP also to play the role of 'primary troubleshooter' for the organisation with respect to its different funding sources. This is an interesting idea, assuming DWP have the resources to do it. **Do you agree?**

2. **National roll out of Prince's Trust model** – one proposal in the paper Nick has circulated to Ministers (but about which he is cautious) is to create a scheme akin to our existing 'Millennium Volunteers' programme which replicates the PT Volunteers programme across the country. You should reject this proposal - the evidence is not there to justify taking Volunteers as the way to deliver improved outcomes for all kids. In order to avoid allegations of preferential treatment for the Trust, we would in any case have to open up contracts to all bidders, thereby removing any additional benefit for the Trust other than, possibly, pride at their model being replicated. **Do you agree?**

Crem 491 3379

Letter dated
19.07.2002

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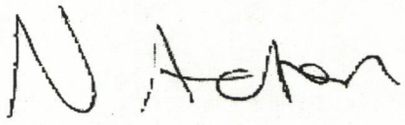
4. **Involvement of civil servants in the scheme** – The Trust is keen for large organisations, including the Civil Service, to send its staff on the 'Volunteers' programme both as a development opportunity for individual employees and to widen the social experience of the disengaged young people on the programme. Nick suggests that we 'redouble our efforts' to encourage Departments to support this, and ask the Cabinet Office to report to you regularly on progress. Again, you should be cautious about this – while activity courses such as 'Volunteers' can provide useful development opportunities for staff, we do not want to commit ourselves to targets in this area, nor to contracting with one particular organisation. **Do you agree?**

5. **A personal message from you** – bearing in mind the importance which the Prince attaches to moral support from the top of Government, Nick suggests that you might want to consider making a personal statement about the Volunteers scheme. We will think further about how to take this forward – it may be more sensible for you to send a personal note to the Prince rather than state publicly your support for this particular initiative (there was some unhelpful publicity a week or two ago about the Trust's close links with Government). Alternatively if you were keen we could set up a private visit for you to a Prince's Trust programme – possibly as part of your September programme. **Do you have views?**

Crem 49/3379

Letter dated
19.07.2002

Are you happy for us to respond to Nick along these lines?



NATALIE ACTON

RESTRICTED - POLICY

From the Minister of State
for Work and Pensions

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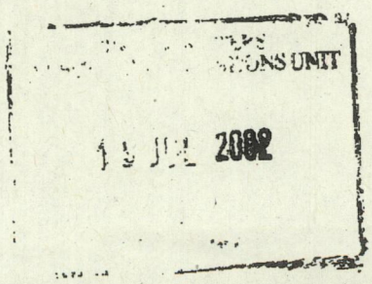

PRIME MINISTER

18 July 2002

Me.

cc CO
EC.
NA.

PRINCE'S TRUST

I am writing to update you on progress on the review of the problems which the Prince's Trust is experiencing in relation to its Volunteers programme and related issues. I have discussed the issues with the and, separately, Tom Shebbeare, Chief Executive of the Prince's Trust. I have also spoken to Paul Boateng, who chaired the cross-cutting review of this issue.

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ACT 2000

Both Paul and myself aim to develop proposals which will address both the problems facing the Volunteers programme and provide solutions which have wider application for the voluntary sector. The cross-cutting review of the voluntary sector has covered the ground well. My officials have also received very useful contributions from the Regional Coordination Unit and the DfES 'Getting the Best from Each Other' initiative, for which I am also grateful.

The key to addressing most of the issues raised by the Prince's Trust lies in effective management and delivery of the recommendations made by the cross-cutting review. In this context, I strongly support the proposals set out in Paul Boateng's letter to David Blunkett of 12 July and reiterate the importance of the Active Community Unit's role in implementing the recommendations of the review. The Prince's Trust were very encouraged by the summary of the proposals from the review which was published earlier this week.

From my further examination of the specific issues raised by the Prince's Trust, I would like to propose three main responses:

- To build on the "Lead Funder" idea, proposed by the RCU and endorsed by the Cross-Cutting Review, which is designed to streamline the application and monitoring process for multiple funding streams. This proposal commands strong support across the voluntary sector. I suggest expanding slightly on the proposal by:

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- making the lead funder the primary troubleshooter for the service provider with respect to its different funding sources;
- tasking them with managing, on behalf of the bidders, the various monitoring and inspection procedures in a way which appears seamless to the provider;
- ensuring that funders are complying with the recommendations of the various funding reviews and report on this issue to the ACU;
- making a named Minister (and, reporting to him, a named official) responsible for ensuring the funding mechanisms worked smoothly with respect to the organisation(s) for which his or her Department hold lead responsibility.

Different providers will have different requirements, and this is not intended as a rigid model for all cases. We must be careful not to cut across existing relationships that work well, but it illustrates some of the functions a lead funder could usefully perform. If this proposal is acceptable I suggest that DWP takes the lead funder role with respect to the Prince's Trust. These arrangements, which we will design in consultation with other interested departments, can be used as a pilot for this concept to test its viability elsewhere. The Prince's Trust, though a unique organisation, should not receive unique treatment here, and I have asked my officials to advise me on other organisations, such as Community Service Volunteers, YMCA or NACRO who might also be included in this pilot.

- Given the importance of programmes like the Volunteers and others like it that are aimed directly at the most disadvantaged, and the understandable concern across the sector that government funding is often only sufficient to cover marginal unit costs, but not to finance marketing, development or expansion, it is my view that some of the money in the new Voluntary Sector Investment Fund should be earmarked for marketing/development initiatives for successful programmes aimed at disadvantaged youth. I know the ACU and Treasury will be working up proposals for how the VSIF should allocate its money; I think this area should be top of the list, and I hope colleagues will agree.

- We should redouble our efforts to encourage all Government Departments to support the Volunteers scheme through involvement of their staff, both as participants and group leaders. The Interchange Unit of the Cabinet Office should be invited to report regularly to you on progress, by Department, in both respects, and to suggest what additional central measures, if any, might be useful.

- Additionally, the Prince's Trust clearly attaches great importance to public moral support from the top of government. You might, therefore, wish to consider whether you would like to make a personal statement about the volunteers scheme, for example, via a speech or a visit to Volunteer's site.

Having discussed these ideas informally with Tom Shebbeare, I know that the Trust would welcome this approach.

I would welcome any comments that you may have at this stage and in advance of the Ministerial group which will meet on 23 July. If this is alright, I will circulate these ideas to colleagues prior to the Ministerial group on 23rd, hope to get broad agreement, and then report back to you with a view to moving the focus onto implementation.

NICK BROWN

Department for Culture, Media and Sport
From the Secretary of State's office

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Dan Jefferson
PS/Secretary of State for Work and Pensions
Department for Work and Pensions
Richmond House
79 Whitehall
London
SW1A 2NS

3rd July 2002

Dear Dan,

PRINCE'S TRUST

I am writing in response to Jeremy Heywood's letter to you of 25 June, in which he conveyed the Prime Minister's wish that an ad hoc Ministerial Group be established to look at the barriers that exist to the expansion of the Prince's Trust Volunteers programme.

This Department has had a number of recent contacts with the Trust with regard to the Volunteers programme, both in relation to boosting DCMS participation and to maximise linkages between the programme and the summer activities we are delivering jointly with the Youth Justice Board as part of the street crime initiative.

Accordingly we would be very happy to be involved. Tessa Blackstone will represent DCMS on the Group.

I am copying this letter to Jeremy Heywood, David Prout, Mark Bowman, Chris Wormald, Jonathan Sedgwick, Peter Watkins, Ian Fletcher and David McLaren here at DCMS.

Yours

HUGH IND
Principal Private Secretary

INVESTOR IN PEOPLE

e-mailed
in DCO in-box.
file

From: **Roger Liddle**
Date: **29 June 2002**

ANDREW ADONIS

cc: **Wendy Thompson**
Michael Barber
Simon Stephens
Patrick Diamond
Natalie Acton
Dominic Hardy

COMMUNITY ACTION NETWORK

I chaired the Policy Directorate lunch last Thursday with Andrew Mawson and his CAN team, including Adele Blakeborough and Peter Thompson. Disappointing as was the turnout on our side, the presentation was inspirational about the potential for greater social entrepreneurship. But I detected a note of desperation on the part of the CAN team: unless we give their ideas a decisive push from the centre, CAN feel their efforts will be stifled by bureaucratic resistance and inertia.

I am not in a position to judge the quality of their specific ideas in the health and education fields. But it strikes me that Andrew Mawsen and his CAN network have two unique qualities:

(i) potential to be **inspirational leadership trainers** across the public sector in how to be entrepreneurial, how to make partnerships work

(ii) **the ability in the public sector to do what the venture capitalist does in the private sector** – spot people with ideas, back them to get going and offer continuing support.

Building on this, central government could support the CAN network in two ways:

- offer well advertised bursaries (from DFES, DH and ODPM central budgets) to public sector managers to go on CAN leadership/social entrepreneurship courses

- roll out a network of CAN-led Social Entreprise Venture Capital Houses across the country to support grass roots innovation that CAN believe is worth backing (without – and this crucial - the normal rigid accountability systems for how public money is spent).

My idea is that the success of the CAN leadership training courses would lead to a gradually increasing demand for 'social venture capital' through the CAN-led Social Enterprise Houses.

Given the largesse flowing to these Departments in SR2002, the sums of money involved should not be problematic. All that is required is for political will on the part of Ministers to back CAN ideas – and take the risk that they will sometimes get things wrong.

Signed : Roger Liddle
30/06/2002

ROGER LIDDLE

RLé Added to DCO In Box

RESTRICTED

bcc JH
NA

10 DOWNING STREET
LONDON SW1A 2AA

From the Principal Private Secretary

25 June 2002

Dear Dan,

PRINCE'S TRUST

As you know, the Prime Minister takes a keen interest in projects aimed at reducing crime and increasing sustainable employment among young people. At his request I met recently with representatives from the Prince's Trust, which is particularly active in this area. Our discussions focused on the Trust's 'Volunteers' programme for 16-25 year olds, a 12-week programme for young people which is already showing impressive results. Following the meeting, the Prime Minister has asked if your Minister could take forward with relevant departments the issues raised by the Trust in relation to this programme.

'Volunteers' is an intensive, action-based community programme which brings together teams of fifteen young people of different backgrounds and abilities for a 12-week period. The programme has several different objectives including building the self-esteem of participants and encouraging community involvement, but it has delivered particularly impressive results on labour market activity. When questioned about their employment status three months later, 37% of the 9,000 young people who participated in the programme last year (the majority of whom were unemployed) had moved into employment, 18% had moved into further education and 18% had moved into training. Despite these encouraging results, however, the Trust is experiencing a number of administrative and policy barriers which are currently preventing them from expanding the scheme to involve more disadvantaged young people.

As you know, the Prime Minister is concerned that the expansion of innovative programmes of this nature should not be held back by bureaucracy or administrative complexity. He would therefore be grateful if your Minister could convene an ad hoc group of Ministers from DFES, Home Office, ODPM, HMT, DCMS, MOD and the Cabinet Office to trouble-shoot the problems which the Prince's Trust is experiencing. As well as widening participation in what looks

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to be a very successful programme, the Prime Minister also hopes that this work will have wider applicability to other initiatives.

Your Minister will want to draw on the expertise of the Regional Co-ordination Unit and others in addressing issues around core funding for the Prince's Trust as a voluntary organisation, and to involve the range of other Departments already in contact with the Trust. Natalie Acton should be the first point of contact here in the Policy Directorate.

I would be grateful if your Minister could report back to the Prime Minister with proposals for addressing the issues raised by The Prince's Trust by the first week in September.

I am copying this letter to David Prout (Deputy Prime Minister's Office), Mark Bowman (HM Treasury), Chris Wormald (Department for Education and Skills), Jonathan Sedgwick (Home Office), Hugh Ind (Department for Culture, Media and Sport), Peter Watkins (Ministry of Defence) and Ian Fletcher (Minister of State, Cabinet Office).

Yours ever

for

JEREMY HEYWOOD

Dan Jefferson
DWP