Response by the Wellcome Trust (charity number 210183)

Contact name: Eleanor Boddington, Senior Legal Counsel

Contact number: 020 7611 7287

Address: 215 Euston Road, London NW1 2BE

Email: e.boddington@wellcome.ac.uk

This response does not contain any information which the Wellcome Trust deems to be confidential.

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Overall, the Wellcome Trust supports the Charity Commission's intention in these proposals to make the Register of Charities more transparent and meaningful to the public.

However, the Wellcome Trust does not support the proposals by the Commission to use the Annual Return as a vehicle to try and drive certain behaviours (relevant to Question 4 and the third bullet point of Question 1). We do not support this approach because it assumes that 'one size fits all' (whereas appropriate governance arrangements vary greatly according to the nature of the charity) and the proposed tick box approach to matters of governance tells the public nothing about the quality of a charity's written policies or the quality of compliance with those policies. The Wellcome Trust believes that there are other ways in which the Commission can continue to raise awareness of the need for good governance and how this can be achieved.

Q1. Do you agree that we should ask the following questions in the annual return about raising funds and display this information on the register? (Please answer Yes/no)

Yes, subject to the comments below.

- Does your charity raise funds from the public?

  The Wellcome Trust suggests that this is amended to read “Did your charity raise material funds from the public during the year? (Funds raised would be “material” where more than 1% of a charity's funds have been raised from the public).”

  There are charities that do not typically raise funds from the public but which may choose to do so at a particular time. Given that the Annual Return is a retrospective report of a charity's activities during the previous financial year, it would be more accurate to frame the question in this way and caters for charities who may raise funds from the public in some years but not others.

- If yes, do you work with a commercial participator?
- If yes, do you have an agreement in place with that commercial participator?

  No comment.

If you don’t agree that we should ask any of the above questions, please explain why.
N/A.

Q2. Do you agree that we should ask whether a charity has a trading subsidiary? Yes/no

Yes, subject to the following comments:

We assume that the question refers to non-charitable trading subsidiaries but this should be made clear as some charities may have charitable trading subsidiaries. The Wellcome Trust agrees that asking charities to list any non-charitable trading subsidiaries would increase transparency. However, we believe that it is important to offer charities the option of providing more context to the information provided in answer to this question. For example, there should be sufficient space to explain the nature of the trading subsidiary’s activities and the ability for the charity to provide a link to its Annual Report and Accounts, where relevant.

If your answer is no, please explain why.

N/A

Q3. Do you agree that we should ask a question in the annual return to find out whether the main activity of the charity is making grants and publish this information on the register? Yes/no

Yes – but we think the question should be “whether one of the main activities of the charity is making grants. Charities with substantial grant programmes who also operate in other ways may not want to be pigeon-holed as ‘a grant-making charity’ as they may feel this detracts from their other important activities.

It will also be important for the Charity Commission to define what it means by “main” so that charities do not interpret this question in different ways. If the Commission is asking whether one of the main activities of the charity is making grants, we would suggest that “main” is defined as meaning where a charity has spent around 30% or more of its charitable expenditure on grant-making activities.

If your answer is no, please explain why

N/A

Q4. Do you agree that we should ask whether a charity has a written policy in the following areas? (Please answer Yes/no)

- Risk management
- Investment
- Safeguarding vulnerable beneficiaries
- Conflicts of interest
- Volunteer management
- Complaints handling

No. We think that there are many ways in which charities ensure good governance and the appropriate approach to be taken by an individual charity will depend upon a number of factors including the charity’s financial and human resources, sources of funding and the nature of its activities.

One size does not fit all and some of the policies listed above will not be appropriate for the majority of charities on the Register. If a charity states that it does not have a particular policy in place then it may appear to the public that the charity’s governance is deficient when, in fact, that particular policy may not be appropriate for that charity.
In any event we think that this tick box approach is in danger of paying lip service to the requirements for good governance - the tick box approach tells the public nothing about the quality of a charity’s written policies or the quality of compliance with those policies.

We believe that there are other ways in which the Commission can continue to raise awareness of the need for good governance and how this can be achieved through the Commission’s written guidance and newsletters.

**Please provide details of any other areas that you think should have a written policy that we should ask about.**

We do not think that the tick box approach above is the right way of improving good governance in charities for the reasons set out above in our response to Question 4. Given the incredibly broad spectrum of activities covered by charities on the Register there will inevitably be other areas where written policies for particular charities will be important. It is for the trustees of a charity to decide what written policies the charity needs to have in place for the charity to be governed well, having regard to Commission guidance.

**Q5. Do you agree that we should ask whether a charity is regulated by a regulator(s) and/or registered with a registrar other than the Charity Commission and display this information on the register? Yes/no**

Yes, in principle we think this information would be useful to improve transparency but without more guidance it may be difficult for charities to know where to draw the line in responding to this question.

It would be useful if the Commission could clarify whether it intends that charities list their main regulators of their principal activities. We understand that the Commission intends to provide a drop down list of regulators and registrars but that it will also provide an opportunity for charities to add other regulators or registrars that are not on the list. Without guidance, the list of regulators could get very long (and probably less meaningful as a result) particularly for some of the larger charities.

We are unclear as to how far removed from a charity’s principal charitable activities a regulator needs to be before a charity does not have to include the regulator on the proposed list.

Wellcome Trust’s principal activity is to fund biomedical science. The Wellcome Trust Limited, its trustee, is a company limited by guarantee and so the Trust is regulated by both the Charity Commission and, for company law purposes, by Companies House. However some of our activities are regulated by other organisations, for example:

- Our collections (of objects and books), where these include human tissue, are regulated by the Human Tissue Authority
- Certain staff benefits (cycle-to-work scheme) are required to be registered with the Office of Fair Trading

Please could the Commission clarify whether these more ancillary regulators can be excluded from the proposed list of regulators.

Also, should regulators that all charities have to be regulated by (such as HMRC and the Information Commission) be included?

**If your answer is no, please explain why.**

N/A
Q6. Do you agree that we should ask a question on the annual return about whether a charity pays one or more of its trustees for acting as trustee of the charity and display this information on the register? Yes/no

Yes.

If your answer is no, please explain why.

N/A

Q7. Do you agree that we should discontinue the SIR from 2014? Yes/no

Yes

If your answer is no, please explain why.

N/A

Q8. Do you agree that we should encourage charities to explain what they have achieved during the year and display this information on the register? Yes/no

Yes, but only if the free text box is sufficiently large to allow charities enough space meaningfully to explain what they have achieved during the year.

The space allocated in the current SIR has been insufficient for the Wellcome Trust’s purposes and we are aware that many other large charities have also found it frustrating trying to complete the SIR in a meaningful way due to space constraints. In addition, or alternatively, there should be the facility for a charity to include a cross-reference or hyperlink to the relevant section of the charity’s annual report or other similar document.

If your answer is no, please explain why.

N/A

Q9. Do you agree that we should show on the register if a charity is a member of the Fundraising Standards Board? Yes/no

No comment

If your answer is no, please explain why.

N/A

Q10. Do you agree that we should display information about whether a charity was formed from the merger of two or more charities or whether a charitable company has been set up to receive the assets of an unincorporated charity? Yes/no.

Yes. It would be helpful to know whether a charity will be expected to re-answer this question with previous years’ information (as well as any new information for that year) every year.

If your answer is no, please explain why.

N/A

Q11. Do you think that the proposals in this consultation would significantly increase the time it would take to complete the annual return? Yes/no
No. However, we do think that it will take charities less time to complete the Annual Return if further guidance/allowance is provided by the Commission on the matters covered in our response to Questions 1, 2, 3, 5, 8 and 10.

If yes, please estimate how much longer it will take to complete the annual return.

N/A.

The Wellcome Trust is a global charitable foundation dedicated to achieving extraordinary improvements in human and animal health. We support the brightest minds in biomedical research and the medical humanities. Our breadth of support includes public engagement, education and the application of research to improve health. We are independent of both political and commercial interests.