

Government responds to PASC Report and Lord Hodgson's Review

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CATEGORY:
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On 5 September 2013, the Cabinet Office published its response to the PASC Report published in June 2013 (*The Role of the Charity Commission and "Public Benefit": Post-legislative Scrutiny of the Charities Act 2006*) and Lord Hodgson's statutory review of the Charities Act 2006 published in July 2012 (*Trusted and Independent: Giving Charity Back to Charities*). The response states that the government's intention is 'to provide charities with a legal and regulatory environment that preserves public trust and confidence in charities and wherever possible makes it easier for them to continue to deliver their valuable work'. A full copy of the response is available online [here](#).

Of particular note is the response on the 'key question' of public benefit. The government states that whilst it recognises the frustrations of those who have been caught up in long and difficult legal arguments, it rejects proposals to introduce a statutory definition and supports Lord Hodgson's conclusion that the legal interpretation of public benefit is best left to case law. However, it states that '*the possibility of change should not be completely ruled out, particularly in light of any developments in the case law*'.

The government has also stated that:

- it maintains its view with regard to payment of trustees and therefore **rejects** Lord Hodgson's proposal that larger charities should have the power to pay their trustees. The response states that the sector should retain the status quo 'until there is stronger evidence that would support an easing of the general presumption against trustee remuneration';
- it does not support Lord Hodgson's proposal to raise the £5,000 annual income threshold for registration with the Charity Commission. However, it accepts in principle Lord Hodgson's recommendation that voluntary registration should be introduced for charities that fall below the registration threshold;
- it does not support Lord Hodgson's recommendation for the introduction of charges for the registration of new charities or the submission of annual returns; and
- it supports in principle PASC's recommendation that charities above the registration threshold should be required by the Charity Commission to declare in their annual returns how much they have spent on political and communications work, provided this is '*captured and disclosed in a proportionate way through existing processes*'.

The government will report back to both Lord Hodgson and PASC in one year's time on the progress made in implementing the recommendations that have been accepted.