

Charity Sector Set for Radical Shake-Up

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New regulator signals sea-change for Northern Ireland's voluntary sector

CHARITIES across Northern Ireland are being urged to 'get their house in order' as major legislative changes will impact on how the voluntary sector conducts and finances itself.

Charity law expert, Jennifer Ebbage, says The Charities Act (NI) 2008 is the first major reform of charity law in this country for some considerable time, and will allow greater openness and transparency on the operations of what is a hugely important sector to Northern Ireland.

"The biggest change, and the one which certainly will have the most bearing on the sector, is the end to what has been largely self-regulation with the appointment of a Charity Commission for Northern Ireland," says Ms Ebbage, who has over 20 years experience with leading Belfast law firm Cleaver Fulton Rankin.

Expected to be operational from the end of April 2009, the Commission will supervise, control and offer support to charities. It will have significant powers of investigation and sanction including the ability to call for documents and search records, appoint an interim manager and even, where necessary, sack trustees.

"The introduction of this independent regulator, which will have real clout, should help increase public trust and confidence and put the sector on a firm foothold for the future," says Ms Ebbage.

With the implementation of the new legislation underway, she stresses it is critical that charities and other voluntary organisations get to grips with exactly what it means for them.

"Among the key requirements of the Act will be a new duty on all charity trustees to keep accounting records and prepare and submit a statement of accounts and activities which will be made available to the public" she said. "In addition it will be mandatory for all charities to register with the new Charity Commission.

"To be eligible for charitable status charities will also have to demonstrate public benefit, guidelines on which will be provided by the new Commission."

Ms Ebbage adds that the legislation, and improved transparency it will bring, is largely welcomed by the sector but admits the new laws may make it harder for many charities to survive in their current form.

"Northern Ireland has a huge number of charities, so many in fact that it is difficult to give an exact figure. This is simply not sustainable especially in the current economic climate," she says. "What I think we will see, as a result of this legislation and the recession, is an inevitable consolidation in the market as organisations struggle with funding pressures and the administrative costs of overheads and compliance.

"Some charities are already collaborating and looking at the benefits a merger can bring. For some it is a matter of improving efficiencies; for others it is a question of survival. Ironically the demand for charities' services is rising at a time when the sector is under pressure itself.

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“For the more established, larger charities this is an opportunity to take stock and review Board composition and performance, and set targets for improving their governance practices.”

The changes, which will come into force gradually over the next few years, will have implications for *any* charity which is carrying out its operations in Northern Ireland.

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