

Losing their religion?

Charity Commission investigations such as that into the Kingsway International Christian Centre (KICC) and the debate surrounding the Charities Bill have led some religious charities to argue that the regulator doesn't understand them. Becky Slack finds out if their fears are well founded

Opening the doors to the auditorium at KICC, director of communications Charlotte Coker, explains that the church lacks sufficient seating and as such holds services three times on Sundays to ensure all its members are accommodated. With that in mind, I was unprepared to walk into a huge room with four thousand seats facing a large stage where microphones, musical instruments and TV cameras lay waiting for the next congregation. The largest church in the UK, it serves 12,000 people from 46 nations every week, and its services are broadcast around the world. The lengthy, costly and controversial investigation by the Charity Commission that recently came to an end seems to have done little to dent its popularity.

The problems began after a routine visit by the commission in March 2002,

when it was revealed that some trustees had received payments. In November a receiver and manager (R&M) was appointed to investigate this and other suspicions about the charity's accounts.

More than two years later, KICC has been completely cleared of any criminality, although the investigation highlighted faults with the church's management and the charity has since been restructured and incorporated. The charity freely admits that it made mistakes, blaming the payment of trustees on "erroneous legal advice", but is glad to have been cleared of deliberate wrong doing. Whether the commission has emerged so unscathed is another matter.

KICC is measured in its comments about the investigation, and says it wants to look to the future. However, it does suggest that the investigation could have

been quicker if the commission had better understood how churches such as itself operate.

Tithing is a good example. Based on biblical teaching, the practice of tithing encourages members of a church to donate a proportion of their salary, normally 10 per cent, to the church. For KICC, this and other voluntary contributions constitute the majority of its income.

"I think one of the things the commission didn't understand at first was why people gave so much to us, especially in an environment where many charities are talking about donor fatigue," says Coker, who nevertheless acknowledges that the system lacked a sufficient paper trail of receipts and invoices.

For other churches, news of the investigation was taken badly, particularly since it followed a previous R&M



appointment at the Victory Christian Centre, which was subsequently closed down. The combination of events led the Afro Caribbean Evangelical Alliance (ACEA) to question whether the Charity Commission's guidelines were mindful of how such churches function. Its approach to payment of trustees, it said, showed they were not, as this ruled out pastors from acting as trustees. In response, the commission said it would look at churches' particular situation to see how the rules could be applied more appropriately.

In fact, the commission has long had headaches from religious charities. The Little Gidding Trust – whose chair John Weth went on to found the Association of Charities following an acrimonious dispute with the commission – was also a religious organisation. Weth says that the commission is guilty of "heavy handedness due to a lack of understanding" when dealing with religious charities.

This, he goes on, shows a surprising level of arrogance, considering the numbers of faith groups on its books (currently one in nine registering specify religious activities as part of their charitable purposes), and is one reason why he suspects the Independent Complaints Reviewer (ICR), which oversees the commission, receives a disproportionate number of complaints about the commission from religious charities. The ICR says that it cannot confirm this, but a spokesman does say: "Such matters do appear to be fertile ground for complaints to and about the commission."

Even the commission admits that there have been problems. Responding to ACEA's criticisms, Mary Cridge, head of customer services at the commission, recently wrote an article for ACEA's newsletter admitting that the regulator had not considered the practices of churches in particular as it was "mindful of the legal requirements and best practice rather than the needs of any particular part of the...sector".

However, Geraldine Peacock chair at the commission, says that Weth's argument cannot be substantiated, and points out that there is no evidence of

bias against religious groups in the commission's investigations. For instance, since 1992, the commission has appointed R&Ms in 51 cases and only six of those have been in religious charities. "People have a tendency to remember the headline hitting cases and then generalise these into an overall trend which is erroneous," she says.

She also points out that the commission is now working more closely with churches and already has built up a good understanding of their needs. "While I wouldn't be so arrogant to say we know chapter and verse about religious organisations, I would say that we are educating ourselves," she says. "I also hope that in the process we are educating other people not to be so paranoid."

Keeping the faith

Paranoid or not, religious charities do have a struggle ahead. For a start, they are going to have to wrestle with the unsolved issue of how they are represented in the Charities Bill, where they face two main problems: the definition of religion and the definition of public benefit.



As the bill stood before it fell, non-deity and multi-deity groups didn't satisfy the definition of religion meaning that Buddhism and some aspects of Hinduism, amongst others, would be excluded. Some lawyers say this makes the bill in breach of the Human Rights Act. But even those who do qualify are concerned as to how they would demonstrate public benefit. It may be hard to demonstrate the power of prayer, for example. Peacock says that with no bill and no definition of public benefit, she can't respond to these concerns, but says that she wants a "very real and new debate about what the definition of religion should be".

This will worry those who suspect that the abolition of the presumption of public benefit is the first step on a road leading to the loss of their charitable status. Despite initiatives such as the Working Together scheme launched in March 2004, which reported on how government and faith communities could work more effectively together, many groups complain of a suspicion of religious charities in local and central government. This has perhaps been most marked with Islamic groups since 9/11, many of which have faced intense scrutiny of their finances, but others too complain about public funders' reluctance to support them. Michael King, senior partner at Stone King solicitors, which is co-hosting the second annual Jewish Charities Conference later this month, says that with some funders mentioning that the applicant is a religious body brings automatic refusal. "There is no question," he says. "I've experienced it myself as a trustee asking a local authority for a grant. You have to think once, twice, three times, as to whether you mention that you're a religious body."

With more than 20,000 religious charities already on the register, and Christian groups, particularly, registering in greater numbers than ever before, this level of mistrust is a worry for the commission, and underlies why it is working hard to improve relations. But whether it will be enough to allay any paranoia, only time will tell.