

OFFICIAL WARNING UNDER SECTION 75A OF THE CHARITIES ACT 2011

Under the power in section 75A1(b) of the Charities Act 2011 the Charity Commission for England and Wales (“the Commission”) issues the following

OFFICIAL WARNING

to

The Institute of Economic Affairs – 235351

on the grounds that the Charity Commission considers that the trustees of the charity have committed a breach of trust or duty, misconduct, mismanagement in the administration of the charity in relation to (a) the publication of the report ‘PLAN A+ Creating a prosperous post-Brexit U.K.’ published on 24 September 2018 and (b) the launch event held on the same day. Production and promotion of the report is campaigning and political activity that contravenes legal and regulatory requirements for the following reasons:

1. Charities must ensure their activity serves to further their charitable purposes; in the IEA’s case, that is to promote education. Charities may engage in political activity in so far as it serves to further their purposes. Seeking to change government policy is therefore only permitted to the IEA in so far as doing so specifically advances education. Calling for a change in government policy and for a particular approach to the UK’s exit from the European Union does not further educational purposes, and so constitutes a breach of the legal framework as set out in CC9.

2. Education does not need to be value free or completely neutral; however, educational charities must ensure that their research reports present balanced and neutral information allowing the reader to make up his or her own mind about the issue explored. The report in question did not invite the reader to make up his or her own mind, and instead presented one proposal for the way that Brexit should be achieved. There was no reference to or presentation of an equally prominent publication or event presenting a different view which could have provided balance in the round. We therefore do not consider the report is sufficiently balanced and neutral as required from a charity with educational purposes.

3. The launch event provided a platform for parliamentarians known to publicly and vocally support a particular outcome from the UK’s exit from the European Union to launch an alternative plan to the current one being pursued by Government. This

clearly constitutes political activity and, as it does not further the educational purposes of the IEA, any costs incurred by the IEA will have been an inappropriate use of charitable resources.

4. All of the invited 'respondents' on the launch platform were people known publicly to support a particular approach or outcome to Brexit and three of the four were from the same political party. By inviting only those who held a particular set of views, IEA risked the public perception that the IEA is politically biased and has a political viewpoint opposed to the Government's current Brexit policy. By holding such an event in the public spotlight, the charity was engaging in campaigning and lobbying activity that is not sufficiently connected to its educational purposes.

The Commission had previously provided clear regulatory advice to the charity, both in writing and at meetings held in October 2017 and September 2018, about what political activity is (and is not) permissible for an educational charity under charity law.

Action that the Commission considers should be taken to rectify the misconduct or mismanagement or breach of trust

The trustees are to:

1. Remove the report 'PLAN A+ Creating a prosperous post-Brexit U.K.' from its website and cease promoting it. ***To Note ; that the charity complied with this requirement upon receipt of the draft Official Warning and Notice of Intent to Issue an Official Warning.***

2. Implement a process for research reports (following peer review) to be submitted to the trustees for sign-off prior to publication, together with the communication and launch plan, to ensure that the Charity's publications and other activities further the Charity's educational purposes and are in accordance with the Commission's guidance regarding campaigning and political activity set out in CC9.

3. Provide written assurance to the Commission that IEA will not engage in campaigning and/or political activity that contravenes legal or regulatory requirements as set out in CC9.