

Charities exist to do good things

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Summary

- What is a charity ?
- Paramount importance of objects
- Public benefit
- Ethics in charities
- Wider societal benefits
 - environment
 - other

What is a charity ?

- Popular meaning- doing good, altruism, good of society ,good causes
- Legal meaning-must have
 - charitable purpose as set out in Charities Act 2006
 - for the public benefit
- Wide range of charitable purposes
- Public not always aware. See Citizens Forum on Public Benefit
- Is there a hierarchy of charitable purposes?

What is a charity ?

- Altruism/doing good lifeblood of charity
- But trustees need to know their responsibilities and the limitations on their discretion
- How far can trustees act for the good of the wider community?

Paramount importance of objects

- Duty of trustees to carry out activities which further objects for public benefit
- Activities outside objects ultra vires-breach of trust-potential liability
- How strictly is this construed?
- Are there any exceptions?
- Incidental activities-small or incidental part of what charity does e.g. an amateur sports club may take collection for the victims of a disaster(CC Public Benefit Guidance) but see CC Advice on Giving to Haiti Appeal

Public Benefit

- Public benefit has specific legal meaning
- CC guidance on Public Benefit January 2008
- Benefit must relate to objects
- Incidental(or ancillary) activities may be permitted but will not count for public benefit
- e.g. collection for victims of a disaster
- e.g. wider community use of charity's facilities such as car park or swimming pool or other community activities
- Debate in context of fee charging schools.

Ethics in charities

- Trustees must not always pursue what **they** consider to be ethical or moral but what is in the best interest of the charity
- In some cases this may mean they must act against their own ethical principles
- As stewards of charity assets trustees are not free to make payments from charity funds where they feel there is a moral rather than a legal obligation. See rules on ex gratia payments

Ethical Investment

- “ Trustees not free to make moral statements at the expense of their charity”.CC16
- Trustees can properly avoid investments on ethical grounds where
 - Does not involve a risk of significant financial detriment
 - Where the investment conflicts with the charity's objects
 - Where the investment would hamper the work of the charity e.g. alienate supporters
- Social or performance related, or mission connected investment

Employment Practices

- How far should trustees take into account the interests of staff ?
 - Terms and conditions
 - Pay
 - Redundancy payments
- Considerations include the need to observe the duty of care to act reasonably, to further the charitable purposes effectively and safeguard charity assets
- May take appropriate measures to recruit and maintain good staff
- Are the purposes relevant e.g. pay parity in poverty charities?

Case Study

- Should trustees of a charity pay a living wage to their employees?
- London Citizens(a charity) campaigns against the Tate Gallery(a charity) to get them to pay living wage to their staff.Are they both
 - doing good?
 - acting within their objects?
 - delivering public benefit ?

Wider societal benefit

- Environmental
- Going Green: Charities and Environmental Responsibility
- In deciding whether to undertake environmental work key question for trustees is whether it will advance the charity's purposes
- Environmental activities may save money
- May be linked to purposes

Wider Societal Benefit?

- Are there other situations where trustees can act for the benefit of the wider community ?
- Questions trustees need to consider
 - Does it advance the purposes?
 - Is it incidental to the purposes?
 - How far does it involve the use of charity resources ?
 - Will it increase support for the charity?

Environmental responsibility

The Charity Commission logo is a green rounded rectangle with the words "CHARITY" and "COMMISSION" stacked vertically in white, uppercase letters. It is positioned in the top right corner of the slide, overlapping a background image of a person's shadow on sand.

CHARITY
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The Essential Trustee (CC3)

2010: new good practice recommendation

*Trustees should have regard to the impact of their charity's activities on the environment. They should consider ways in which their charity can take an environmentally responsible and sustainable approach to its work, which is **consistent with its purposes, even when its purposes are not specifically related to the environment.***

Hallmarks of an effective charity (CC10)

Hallmark 3: Fit for purpose

*... **the charity** has regard to the impact of its activities on the environment. It considers ways in which it can take an environmentally responsible and sustainable approach to its work which is consistent with its purposes, even when its purposes are not specifically related to the environment.*

Issues for the Commission and charitable sector ...

The logo for the Charity Commission, featuring the words "CHARITY COMMISSION" in white capital letters on a green rectangular background. The background of the slide is a photograph of a person's shadow on a sandy surface, with the logo overlaid on the top right.

CHARITY
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- Charity Commission's statutory objective *to increase public trust and confidence in charities*
- belief that charities 'exist to do good things' supports the objective BUT sector is very large and very diverse
- lack of public awareness that charities must 'stick to their mission'
- external pressures on charities eg to deliver more public services

Public trust and confidence in charities survey – July 2010

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CHARITY
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- Overall public trust in charities remains high
- Public becoming more discerning about how their donations are used
- Shift in factors since 2008: ensuring a reasonable proportion of a charity's income reaches the end cause is now the most important factor influencing public trust – ahead of a charity's ability to make a positive difference to the cause it works for

Discussion

Opportunities and challenges

- for your charity?
- for the sector?
- for society?
- the future?