



the association of
charitable organisations

Helping Individuals in Need

A guide to good practice for charities

Caroline Aldred and Clementine Cowl

December 2018

About the authors

Caroline Aldred

Caroline had an early career as a researcher at the Bank of England before moving into the charity sector, in which she has worked for over 25 years. She managed the ISM Members Fund (the benevolent fund of the Incorporated Society of Musicians) for 24 years and is now Manager of the CIMA Benevolent Fund (the benevolent fund of the Chartered Institute of Management Accountants). Caroline has degrees in History and Economics. In her spare time, she enjoys her family, walking, theatre and cinema and is an enthusiastic amateur choral singer. Caroline is a trustee of the ACO.

Clementine Cowl

Clemmie had an early career in dance and theatre management before moving into the voluntary sector, in which she has worked for 23 years. Previously, she managed the Dance Teachers Benevolent Fund and is now Executive Director of the Dance Professionals Fund. Clemmie has an MA in Performing Arts, an MSc in Grant-making, Philanthropy and Social Investment and is a Fellow of the Institute of Administrative Management. Clemmie is a trustee of the ACO.

Acknowledgement

Chris Rowse

ACO is very grateful for the assistance provided by Chris Rowse, Partner at Russell Cooke LLP for sharing his expert oversight in making this publication.

CCLA

60 YEARS OF
GOOD INVESTMENT

CCLA share our vision for a fairer society. They seek to help charities, religious organisations and the public sector maximise their impact on society by harnessing the power of investment markets.

www.ccla.co.uk



Foreword

CCLA is pleased to support the publication of “Helping Individuals in Need” from the ACO. It provides an accessible and detailed guide to the functions of charitable organisations providing grants and support to individuals in need. ACO members represent a substantial amount of funding for people facing challenges in their lives during these difficult times.

CCLA provides investment management services only for charities, religious organisations and the public sector, irrespective of their size. They help their clients maximise their impact on society by harnessing the power of investment markets. The support of thousands of people provided by ACO members Funds runs into millions of pounds a year. These funds are discretionary, so trustees have freedom to respond to individual need. ACO with over a hundred members provides network support to a sector with a very important place in supporting individuals, families and communities across the UK and beyond.

If you want to know more about their work, you will do well to start by reading this book.

Michael Quicke OBE
Chief Executive
CCLA
www.ccla.co.uk



Introduction

This toolkit is intended for those running a charity that gives grants to individuals in need. The charity’s objectives may be to help members of a particular profession or professional body, residents of a particular geographical area or community or employees of specific employers.

In the smallest of these charities, individual staff often have responsibility for a wide range of the charity’s activities, from grant-making to fundraising, and may find themselves feeling as though they are ‘doing it all’. This guide provides tips aimed particularly to assist with this juggling act in delivering the charity’s aims.

The idea for this guide came out of the questions that arise frequently at ACO meetings. For instance: ‘our trustees want to offer loans to applicants, but can we do this and what are the legal implications?’ or ‘how should we manage home visits?’ We hope that this guide will assist in finding answers to these questions.

There are often challenging decisions to be made about who a charity will help and who falls outside the charity’s scope. There are some important obligations that apply to all charities, such as safeguarding and data protection. A clear understanding of the charity’s grant-giving and other charitable activities and its legal obligations, is vital for those with responsibility for running the organisation to ensure the charity is complying fully with charity law and charity best practice as recommended by the Charity Commission.

The Charity Commission produces useful guidance for trustees and staff who have responsibility for running charities in general, of whatever type or scale.

Find out more at:

- www.gov.uk/government/organisations/charity-commission

Contents

The prevention of poverty and “public benefit”	06
Making grants	07
Setting the grant-making policy	07
Who is eligible?	08
Purpose of assistance	09
Assessment of need:	
(i) Income and expenditure	10
(ii) Capital	11
The application process	12
Applications from outside the UK	13
Fraud prevention	14
Loans	15
Other charitable activities	16
Advice and services	16
Volunteers	17
Home visits and general welfare	18
Working with other charities	19
Governance and management	20
Safeguarding	20
Resources	21
Working with your professional association	22
Monitoring performance and measuring impact	23
Conflicts of interest	24
Data protection	25
Sources of income	26
Thoughts on fundraising	26
Investments and reserves	27

THE PREVENTION OF POVERTY AND “PUBLIC BENEFIT”

Poverty relief is automatically “for the public benefit”.

In law, to retain charitable status and the advantages that come with this, a charity’s activities must:

- be restricted to a limited range of purposes defined under the Charities Act as being capable of being charitable; these purposes include the relief of poverty; and
- be “for the public benefit”.

The specific legal purposes of a charity will be set out in its governing document as the objects of the charity.

This is less worrying than might at first appear:

- An organisation whose activities are restricted to relieving poverty amongst even a limited section of the public, such as individuals in a particular occupation or members of a professional association, automatically satisfies the “public benefit” test.
- The Charity Commission takes a broad view of the sorts of activity which might constitute relieving poverty and has agreed that this type of charitable activity covers the prevention as well as the relief of poverty.

Nevertheless, like other charities, charities giving grants to individuals are required to include in their annual reports each year a statement of how their activities have been for the public benefit.

Find out more at:

- www.gov.uk/guidance/public-benefit-rules-for-charities

Key thoughts – small funds

Don’t be concerned if you have only a small potential beneficiary group. If your sole charitable purpose is the relief of poverty you should still be able to satisfy the ‘public benefit’ test.

MAKING GRANTS

Setting the grant-making policy

No matter how pressing the case, if it doesn't fit the criteria the fund cannot make an award. Under charity law, charities may spend their resources only in ways that further the charity's objectives as set out in its governing document. Therefore, grant-making charities should have a clear policy statement on grants and grant decisions that sets out who is responsible for decisions on grants and the criteria against which all applications must be assessed so as to ensure the charity is complying fully with its objectives.

The grant policy might cover:

- who within the charity makes the grant-giving decision. This may not necessarily be the full Board: it may be more efficient for grant decisions to be agreed by a sub-committee or staff members, albeit always in compliance with the grant-giving criteria and other policies set by the trustees;
- reporting to the trustees, who need to receive reports on grant-giving decisions taken in order to ensure that the charity's resources are being used exclusively in pursuit of its objectives;
- procedures for taking decisions on applications, such as the frequency of meetings of the decision-making body and who has authority to take decisions on urgent cases in between meetings;
- steps which must be taken to comply with data protection law (see data protection);
- any upper limits on the amount of any award made by the grant decision-makers;
- the types of assistance which may be awarded, e.g. regular grants, one-off grants or loans;
- the purposes for which grants may be awarded and may not be awarded (see purpose of assistance);
- a clear definition of the eligibility criteria (see who is eligible?);
- criteria for assessing the applicant's needs, particularly in relation to their income and capital (see assessment of need);
- other things the applicant is expected to do, such as applying for all welfare benefits they might be eligible for, negotiating terms with their creditors if they have large debts and providing the fund with supporting documentation and details of any material changes in their circumstances; and/or
- a complaints procedure for individuals who are dissatisfied with the outcome of their application.

Key thoughts – small funds

Whatever the size of the fund and number of applications it receives, the Board's primary function is to set the charity's strategic direction rather than take the lead on individual grant-making decisions. Try to keep these functions separate where possible.

Who is eligible?

Trustees have some flexibility in setting detailed eligibility criteria.

A charity's objectives may set eligibility for help broadly in terms of working in a specific occupation, membership of a professional body or working for specific employers. Generally, dependants of individuals who satisfy this occupational criterion are also eligible for the charity's help.

However, eligibility does not mean automatic entitlement. Charities giving grants to individuals are free to set their own criteria for deciding who they will or will not help as long as these always comply with the charity's charitable objectives as set out in the charity's governing document. It is sensible to agree these criteria before an urgent decision is required on a difficult application. For instance:

- Some charities giving grants to individuals set a minimum period of working in the industry before an individual may receive assistance.
- Although former workers in the occupation and former members of a professional body are usually eligible for help in order to allow the fund to assist them through difficulties in retirement, some funds have restrictions on helping individuals who are still working but have moved into another occupation, which may well have its own benevolent fund.
- Who qualifies as a dependant varies from charity to charity: the partners and young children of deceased eligible individuals would probably classify as dependants for most organisations. However, some also classify ex-partners or elderly parents previously supported by the eligible individual as dependants. Some charities make allowances for cultural and social differences around the world, particularly in countries where, unlike in the UK, there is no welfare safety net.
- You should check if your charity's objectives allow you to assist dependants only if the eligible individual is deceased.

Key thoughts – small charities

Your limited resources may mean you are less able to extend support to dependants. You may wish to consider other options. These might include signposting the dependant onto another charity related to the industry that they themselves work or worked in.

Purpose of assistance

Grants should relieve immediate needs whilst contributing towards a long-term remedy.

A charity giving grants to individuals may decide that there are certain purposes for which they will help and others for which they will not.

Funds should not use their charitable resources to replace statutory provision, particularly welfare benefits. It is best practice, therefore, for funds to take into account applicants' welfare benefits entitlements and encourage them to apply for any unclaimed benefits. However, there could be unwelcome delays in receiving new benefits and this should be borne in mind when assessing applications as this can create cash flow difficulties. As the rules around welfare benefits change frequently, funds need to keep

up-to-date on these in order to assess applications and direct applicants to possible unclaimed entitlements.

A fund may decide that it will offer grants (i) where this is necessary to try to ensure that the applicant is able to maintain an acceptable standard of living and (ii) where exceptional essential needs cannot be met out of the applicant's own resources. The charity might also stipulate that its assistance be designed to contribute towards a long-term solution to the grant recipient's difficulties.

Examples of purposes for which benevolent funds are usually willing to help include:

- basic living expenses;
- mobility and other aids and home adaptations for people with disabilities;
- essential household items;
- holidays and carers' respite breaks; and
- arrears on priority bills (such as rent, domestic heating, council tax) which pose a serious threat to the well-being of the applicant.

Purposes for which a fund might decide not to assist (or to do so only in exceptional circumstances) might include:

- clearing non-priority debts;
- school fees for dependants where school education is available free of charge;
- medical treatment where this is available free of charge without undue delay; and
- legal costs.

Different occupations are likely to have different priorities.

Find out more at:

- www.cpag.org.uk

Key thoughts – small charities

Consider specialising. You may want to concentrate your limited resources on types of assistance which are most relevant to your client base, e.g. providing holidays or respite care for individuals with disabilities or help finding work for members of a particular occupation.

Assessment of need

(i) Income and expenditure

Aim: a minimal acceptable income against objective benchmarks.

It is important to have an objective method of assessing whether or not grant applicants are in genuine need. For many funds, the Minimum Income Standard (MIS) published each year by the Joseph Rowntree Foundation has become a key tool in assessing applications, allowing them to assess all applicants' incomes against the same benchmark. This measure might indicate that an applicant needs over and above the income they are receiving in welfare benefits and from other sources (of course an individual's income should include all the welfare benefits they are receiving).

The MIS represents what is considered to be the minimum level of income needed by different types of household in order to maintain a minimum acceptable living standard.

However, the MIS is a fairly broad-brush measurement. Users still need to take into account all aspects of an individual's situation. For example:

- According to the Joseph Rowntree Foundation, a household whose income is below the MIS is in poverty but a household with income above the MIS may still be in poverty due to other factors.
- The MIS makes no allowance for special needs arising from, for example, ongoing care costs necessitated by disability.
- The MIS makes some assumptions for housing costs (rent or mortgage), which may need adjustment as these costs vary considerably depending on where an applicant lives.

The Joseph Rowntree Foundation has provided detailed guidance.

Find out more at:

- www.jrf.org.uk

Key thoughts – small funds

An objective benchmark like MIS is a useful, potentially time-saving tool for small funds with limited staff resources.

Assessment of need

(ii) Capital

How to decide when savings should be drawn down to meet cash needs.

An individual with little income may still possess considerable wealth, particularly in the form of property. The issue for charities giving grants to individuals is whether the amount and nature of this wealth is such that the individual could reasonably be expected to draw on it to meet their needs and is, in consequence, not eligible for charitable help. A fund might set an upper limit on grant recipients' 'capital'. There is a capital limit for eligibility for most means-tested welfare benefits but some charities giving grants to individuals set their own limit.

Linked to this is the question of what should be included in capital. Although many charities disregard the value of an applicant's home (if they own it) and clearly demarcated pension savings, they may include in capital other savings and the value of properties an applicant owns but does not live in. In practice the situation may not always be so clear cut. For example, a more lenient view may be taken of property ownership where an elderly applicant has just moved into residential care and is struggling to pay the care home's fees because they are having difficulty selling their former home to generate cash. Equity release may be an option for an

applicant with equity in a property but there are usually minimum age eligibility criteria which rule out this option for many applicants of working age. For others, equity release may be an undesirably expensive option in the long term. All individuals considering equity release should be encouraged to take expert financial advice.

There may also be situations where savings have been set aside for a specific purpose. This could be not only retirement provision but also, for example, savings to move into the property market or to clear an interest-only mortgage on the due date or against some future tax liability.

Then there are the 'tools of the trade'. A musicians' charity might ask, for instance, if a musician should be expected to sell their valuable second instrument when they fall into financial difficulties. It may solve a short-term problem but could mean further difficulties in the future if they intend to continue with a long career in music.

Each charity will need, therefore, to determine its own policy on capital assets.

Key thoughts – small funds

If your charity has limited financial resources, an applicant's capital may be a more important factor in the grant decision process.

The application process

Sensitivity and helpfulness are vital.

The most efficient way to collect information on applicants is to require all applicants to fill in an application form. Funds can choose to have a system whereby the applicant needs to contact the charity before formally applying. This ‘contact us first’ process allows for an initial informal telephone conversation which will, on the one hand, help the applicant to feel more at ease about approaching the charity for help and, on the other, enable the charity to filter out non-qualifying applicants at an early stage.

Alternatively, the application form can be made available for completion without contact with the charity, either to download or to complete online. With online completion, application filtering can be achieved by asking for key information, such as confirmation that the applicant has worked the required amount of time in their profession to be eligible for assistance, and setting up an automatic online block which prevents the applicant from continuing with the application if they do not meet the charity’s eligibility criteria.

Paper forms should still be available for sending to individuals who prefer them.

Charities might also want to make available an application pack that provides details such as the qualifying criteria and when and how decisions will be made and guidance notes on completing the application form.

Funds need to devise procedures to ensure that applications can be put forward with minimum difficulty by all applicants. Individuals with physical or mental disabilities as well as elderly applicants may have problems completing the application form. One option is to provide the form in a range of accessible formats, e.g. large print. Another is to ask a third party (for example, a relative or friend, a social worker or a volunteer visitor) to help the applicant complete the application form.

When a third party makes the application on behalf of an individual, funds need to check that the individual is aware of the request and ensure that the individual gives signed consent to the charity’s processing of their personal data (see data protection).

For beneficiaries in receipt of ongoing regular grants for everyday living, funds should have a regular review process so that the individual’s situation can be re-assessed, taking into account any changes, whether for the better or the worse, in their circumstances.

Key Thoughts – small funds

Resource-stretched funds might well want to have an online filtering process, so that they do not spend time on applications that are ineligible.

Applications from outside the UK

How to understand applicants' different local situations?

Some funds receive a considerable number of applications for assistance from individuals resident outside the UK who are eligible for the fund's help because of their previous employment in the UK and/or membership of the relevant professional body.

Dealing with overseas applications can pose particular challenges, due, for example, to:

- a lack of objective benchmarks against which to compare the applicant's income in assessing their needs (the Joseph Rowntree Foundation's MIS figures relate to the UK only);
- different cultural traditions, for example around supporting a more extended family than is usual in the UK: this may mean that a rather wider definition of "dependant" has to be applied in some cases; or
- lack of knowledge of what publicly-funded welfare support systems and educational and health provision exist in the applicant's country.

Against this background, it may be prudent for funds which receive a significant number of applications from outside the UK to try to build up a network of contacts and visitors who can not only visit the applicants but also advise the charity on the local situation and customs and point to other local sources of help for applicants.

The steps to avoid fraud mentioned below become particularly important.

Find out more at:

- www.gov.uk/guidance/charities-how-to-manage-risks-when-working-internationally

Key thoughts – small funds

Smaller funds with limited resources might want to share resources and volunteer visitor networks with larger charities in order to ensure that they maintain sufficient contact with overseas applicants.

Fraud prevention

If it seems wrong, it possibly is – investigate!

All charities have a duty to ensure that their resources are used only in pursuit of their charitable objectives. This makes it particularly important for them to take steps to minimise the risks of approving fraudulent applications.

Practical steps that funds can take to reduce the risk of fraud include:

- asking for copies of supporting documents from third parties, e.g. bank statements, letters confirming welfare benefit awards, medical reports;
- checking these documents carefully;
- getting references, for example to confirm that the applicant has worked in the relevant occupation;
- making payments for goods and services directly to the suppliers (or to the grant recipient only on production of a relevant receipt);
- making other grant payments directly into a bank account bearing the name of the grant recipient; and
- investigating anything that doesn't 'add up', for instance an unexpectedly high number of applications from the same geographical area.

Find out more at:

- www.gov.uk/government/uploads/system/uploads/attachment_data/file/422600/Fraud_strategy.pdf

Key thoughts – small funds

If the organisation has only limited resources to carry out the verification process, robust evidence submitted at the time of application can be particularly helpful, e.g. getting a referee to endorse the application or obtaining supporting documentation from third parties.



Loans

Loans – in exceptional circumstances only.

In some instances funds decide to make a loan to an applicant rather than a grant. This can be appropriate when the recipient’s difficulties are temporary only and there is a strong probability that they will shortly be in a position to repay the loan without undue difficulty. For example, they may be about to receive an insurance policy payout or start earning a salary from a new job. For most applicants, however, it would probably be unhelpful to burden them with an additional debt and better to make them an outright grant to address their problems.

Before making loans, you should check your governing document to make sure that it includes a power for the charity to make loans.

There is a risk that loan activity might mean that a fund has to take on the regulatory burden of authorisation from the Financial Conduct Authority. However, for

most funds, this risk is probably only very small. This is because FCA authorisation is required only if the making of loans is carried on “by way of business”. This is unlikely to apply to a registered charity that does not charge interest on its loans and for which loan-making is an infrequent occurrence and only a small part of its overall charitable activities.

Key thoughts – small funds

Small funds with limited resources will be particularly concerned that they avoid any additional regulatory burden.

OTHER CHARITABLE ACTIVITIES

Advice and Services

A holistic approach – aiming at long-term solutions. In recent years, a growing desire to focus on addressing the underlying causes of applicants’ problems has meant an increase in the types of services offered by many funds. This has gone together with an increasingly holistic approach aimed at achieving a long-term solution to the issues faced by applicants. This approach may also increase the charity’s impact (of course, some applicants’ circumstances may be such that it is not realistic to expect a long-term remedy; they may need continuing long-term support to cover the cost of basic everyday needs). What sort of additional services it is best to provide will vary from fund to fund. An armed services charity, for instance, where former services personnel might need to find another occupation in later working life, might prioritise re-training. A fund supporting individuals of retirement age may wish to prioritise programmes around living in retirement, support and volunteer visits.

Examples of these non-grant making activities include:

- legal helplines;
- counselling ;
- support to find new employment;
- re-training for clients moving on into another area of work;
- retirement planning;
- financial advice; and
- well-being support.

Funds may choose not to deliver these services in-house (although the bigger funds might well do this) but instead do this through third parties, including other charities (see working with other charities) and commercial service providers. In the latter instance, it may be advisable to go through a proper tender process with a number of potential service providers.

When a partner is selected, the fund should put in place an appropriate contractual agreement and, if personal information is being shared, an information-sharing agreement setting out how personal data is to be shared and managed. These activities will still require some overall management and monitoring by the fund’s staff in order to ensure that the service provides value for money.

Key thoughts – small funds

Very small funds are unlikely to be able to provide much in the way of services outside the core grant-making function in-house. As outsourcing these services may prove costly, ensuring value for money is particularly important.

Volunteers

Volunteers are unpaid but priceless.

Funds that use volunteers to undertake some activities should have a volunteer policy in place which demonstrates to the volunteer, and also the wider community, how volunteers fit within the organisation.

The policy might cover areas such as:

- recruitment of volunteers;
- induction and training;
- confidentiality and data protection;
- supervision and support;
- volunteers' expenses;
- health and safety; and
- complaint procedures.

Volunteers also need to be fully aware of and compliant with the charity's safeguarding (see safeguarding) and data protection policies (see data protection).

It is good practice to require all volunteers to confirm in writing that they have read the charity's data protection and safeguarding policies as well as its volunteer policy and agree to abide by all of them.

Volunteers should be treated well and made to feel a valued part of the organisation. Staff should ensure that there are regular meetings and briefings for them in the same way that there are for paid staff.

It is important, however, that volunteers are not treated in a way that could make them, in law, employees with statutory employment rights. Guidance on this should be sought if in any doubt.

Find out more at:

- www.knowhownonprofit.org/people/volunteers/keeping/policy

Key thoughts – small funds

Many funds, particularly smaller ones, would not be able to carry out their charitable activities without volunteers. This makes it particularly important that they are made to feel valued.

Home visits and general welfare

Contact from their occupation often boosts clients' morale.

Many funds consider that home visits are an important part of their services. Visitors can signpost to other sources of support and advice. If someone still working gives up a few hours to visit a retired or out-of-work member of their profession, this often helps the latter to feel that they are 'still in touch'. Visits can also be a way to obtain clarification of an individual's circumstances (including sometimes helping them complete the charity's application form). Visits can be carried out by staff but very often funds use volunteers, usually connected to the industry.

It is necessary to provide training to all home visitors, whether staff or volunteers.

Training might cover topics such as:

- the charity's objectives;
- the types of grant and other assistance the charity offers;
- other sources of support and advice (including welfare benefits);
- preparing for visits, how to conduct them and reporting back;
- data protection; and
- safeguarding.

Care should be taken that visitors do not become too personally involved with the applicant in order both to protect the volunteer's well-being and also to ensure objectivity, e.g. when the visitor might be helping with completing an application form and/or writing a report on the visit.

It is also important that home visitors are kept safe. Before a first visit, funds should carry out checks to ensure that the applicant is who they say they are. This could include phoning them at home prior to the visit, getting references and/or confirming their membership of the professional body. All home visitors should be encouraged to let someone know when they arrive at the applicant's home and when they leave.

Equally, you may want to have procedures to reassure individuals you are asking to receive a stranger into their home, e.g. suggesting they have a relative or friend present.

Find out more at:

- www.suzylamplugh.org

Key thoughts – small funds

Smaller funds are unlikely to have the resources to provide in-house training on keeping safe, although training may be particularly useful.

Working with other charities

Pooling resources can achieve more than going it alone.

You should remember that there are other charities that might be able to help you enhance the support given to your charity's beneficiaries.

There may be other funds whose purpose is to relieve need amongst a similar category of individuals, in particular individuals in the same occupation. This offers the opportunity to share the cost of assisting them and so ensure that individual grant recipients in need of a substantial sum receive the full amount of assistance they need (sometimes called 'almonising'). When a fund has joint beneficiaries with other occupational funds, it is, of course, important to have regular exchanges of information with these other funds about the amounts of assistance each charity is giving to ensure that the grant recipient is receiving all the assistance they need and, equally, not receiving too much.

It might also be possible to approach other charities giving grants to individuals not associated with the same occupation as your charity about the possibility of joint assistance to an individual. This could be the case if the applicant or their partner has worked or is working in a different occupation. Occupational charities giving grants to individuals as a group cover a very wide range of work and workers.

Another option is to work with other charities which are not set up explicitly for the relief of poverty but which aim to help in other ways, often by providing advice for instance. These include charities offering free debt advice, free benefits and legal advice, and those working in areas such as relationship counselling. There are charities that are industry-specific, such as the British Association for Performing Arts Medicine.

Collaboration with another charity on a joint initiative can be formal or informal. For formal collaborations, you will need to draw up a collaboration agreement that sets out the obligations and expectations on both sides. This should cover areas such as the purpose of the collaboration, the obligations of each organisation, and data protection compliance. The benefit of a formal collaboration is that it is easier to set out any agreed outcomes. Informal collaborations will be by definition more flexible, but they can require very careful handling if you are to stay on course.

Find out more at:

- Charity Commission guidance on collaborations and mergers
www.gov.uk/government/publications/collaborative-working-and-mergers-an-introduction-cc34
- www.citizensadvice.org.uk
- www.relate.org.uk
- www.stepchange.org
- www.bapam.org.uk

Key thoughts – small funds

Working with other charities can be particularly helpful if you have limited resources.

GOVERNANCE AND MANAGEMENT

Safeguarding

If a charity works with adults at risk or children, it is essential to have an appropriately robust safeguarding policy to ensure against the possibility of abuse by anyone acting on behalf of the charity, be it staff, volunteers or trustees. The policy should outline what steps the charity takes to protect those who apply for help in all circumstances but particularly if someone is visiting them in their own homes. Everyone within the organisation should be aware of the policy and what their responsibilities are in this area.

The safeguarding policy should make it clear that the charity will not tolerate abusive behaviour of any kind (perhaps explicitly identifying the various types of abuse which might occur) and that it requires all staff and volunteers to follow an acceptable standard of behaviour at all times.

The safeguarding policy should cover what procedures the charity will follow to vet all staff and volunteers who come into contact with beneficiaries and applicants, particularly its home visitors. For instance, it may require references for all visitors. Charities giving grants to individuals are unlikely to be entitled to undertake Disclosure and Barring Service checks on their home visitors because the latter are not engaged in 'regulated

activity' as defined in law or are not providing personal care. However it is essential to check precisely how the regulations apply to your specific charity's activities as DBS checks will be needed in some cases.

The policy should also cover the procedures to be followed if the individual visited alleges they are being abused or the visitor suspects they are being abused in any way, even if this is by someone unconnected to the charity. This should include details of who in the organisation this should be reported to and what other organisation/s should be informed.

Safeguarding measures should also be in place to protect those working or volunteering within the organisation itself, and these processes should be made easily available.

Find out more at:

- www.gov.uk/government/publications/strategy-for-dealing-with-safeguarding-issues-in-charities/strategy-for-dealing-with-safeguarding-issues-in-charities

Key thoughts – small funds

Do not think that your organisation's activities are too small for safeguarding issues to matter. All funds should have a policy in place.

Resources

The way you operate should be tailored to your resources.

Funds vary considerably in size. Some have a whole management structure and team, with defined departments such as welfare, marketing and HR. In such instances, it is likely that individuals will be tasked with performing in one area only.

Other funds have just a handful of staff who have to do everything. Strategies for dealing with this might be:

- buying in for particular projects, e.g. recruitment and the drafting of staff contracts, by outside lawyers;
- having trustees with specific expertise, e.g. legal or financial;
- using your professional body to fill gaps; and/or
- using a temp agency to provide cover if staff are unexpectedly unavailable.

Digital

Many charities are now using online grant management systems for grant processing, client management and fundraising, including donor management and Gift Aid.

If you are thinking of embedding digital at the heart of your organisation, it is essential to undertake a thorough examination of your requirements. You may only want to have better behind-the-scenes systems. Alternatively you may choose to enhance the 'customer journey' with features such as livechat applications to assist with grant queries.

Key thoughts – small funds

In smaller charities giving grants to individuals, there might be only one staff member or just a few. It is unlikely that you will have an entire range of the necessary expertise. It may be that outsourcing is a valuable option. You do not need to adopt all available digital options if they are not appropriate for your charity. However, if they could save the organisation time, using them could free up staff resources.

Working with your professional association

A situation where working together may mean more.

Many occupational funds are linked to a professional body, or other organisation for members of that occupation, which shares with the charity a common purpose of supporting individuals in that occupation. This creates considerable potential for working together. For the charity, this offers many opportunities as well as some risks.

The professional organisation has resources that the fund, particularly if it is small, might be able to access. These include:

- managed office premises;
- staff resources and expertise, for example in communications and PR, financial management, HR;
- regular channels of communication with members, such as newsletters, which the fund could use to publicise its work amongst both potential beneficiaries and potential donors; and
- the ability to award the charity's beneficiaries a reduction in or full remission of their subscription to the professional association.

Whether or not the professional body charges the fund for these services and whether such charges are at a discounted rate will vary from fund to fund. The fund should negotiate over this, pointing out the benefits it offers to members of the occupation. The professional body might even make a donation to the fund.

There are also risks. The charity's objective of supporting individuals in need will not always coincide with the professional body's mission around promoting the profession and its members in general. Trustees and staff of the former have a duty to ensure that its resources are used only in furtherance of the fund's own objectives. They should be prepared, where necessary, to defend the charity's independence. To help towards this, many funds linked to a professional body have a trustee Board which includes a number, if not a majority, of individuals who are not on the Board of the latter.

It is essential to put in place processes for identifying and managing conflicts of interest, including conflicts of loyalty. See conflicts of interest.

Key thoughts – small funds

There can be greater potential for small funds, with limited resources, to benefit from support from an associated professional body, e.g. the provision of office space for one or two staff members.

Monitoring performance and measuring impact

How are we doing – and what can we do better?

A typical response when discussing impact measurement is as follows:

“If we were measuring installing water wells in the desert, it would be easy to see the impact, but we are just helping lots of individuals in different ways. Although they are all very grateful, we don’t really know if what we do has an actual ‘impact’ or not”.

In reality, impact measurement work begins with looking at what the organisation wants to achieve; this could be “a better quality of life for our clients”. For instance, for a charity providing mobility equipment, the provision of a wheelchair will aid mobility for a client, but the impact is wider than that because the individual concerned is able to work again, is better off and their family happier.

Even a small impact measurement exercise can be helpful in formulating strategy. Normally, it will be something that the whole organisation uses within its work to support the charity’s delivery of its desired outcomes. Most impact measurement programmes start with establishing what is known as the ‘theory of change’, that is, what change you are trying to make. The charity can then use this to

create a framework detailing how it will achieve it, bearing in mind firstly the environment it operates in, secondly its own resources and thirdly how closely it can get to a realistic assessment of whether the charity has achieved its goals.

Impact measurement requires review and reframing over time. Charities should be aware of this when reporting to philanthropists and other funders.

There is a range of tools to help get you started and there is a support organisation with a team working exclusively in this area that can help if the idea of measuring impact in your own organisation seems challenging.

Find out more at:

- www.thinknpc.org

Key thoughts – small funds

Many smaller funds struggle to find ways to deliver impact. A strategy might be to combine resources with other charities for greater impact through collaboration (see working with other charities).

Conflicts of interest

All decision-makers should declare any conflict.

It is important to have a written policy, approved by the trustees, on identifying and managing conflicts of interest. Everyone involved in decision-making should be made fully aware of this policy.

All members of the grant-making body should declare any conflicts they have before the individual case is discussed. The main risk is that one of the individuals involved in deciding on an application for assistance knows the applicant well as a colleague and/or friend. The applicant may even have already discussed their potential application with this individual. Additionally, even though the identity of the applicant is not explicitly revealed to the decision-making body, an individual decision-maker may be able to identify the applicant from the case details provided. In such situations, that decision-maker should declare their conflict and not participate in the decision on this application.

Charity trustees are not permitted to benefit from their charity unless this is properly authorised under the charity's governing document or by the Charity Commission and is clearly in the charity's best interests. The charity might, for example have contracts with service suppliers with whom individual trustees and staff members are connected. The conflicted individuals should declare this and withdraw from any decision-making.

It is good practice for charity trustees to be required to complete a declaration of their interests, as this can help identify where potential conflicts of interest or loyalty arise.

Find out more at:

- www.gov.uk/government/publications/conflicts-of-interest-a-guide-for-charity-trustees-cc29

Key thoughts – small funds

Conflicts may be more likely for small funds with a relatively small potential beneficiary population, because the relevant occupation or employee group is only small.

Data protection

A data privacy statement is vital.

All funds need to ensure they are fully compliant with data protection legislation. Data protection legislation applies to all processing of information about individuals. The definition of processing is very wide. It covers obtaining personal information, recording it, storing it, using it, disclosing it to third parties and erasing it.

All funds should have a Data Protection Policy Statement that sets out clearly the procedures that should be followed when dealing with personal information they receive from donors and applicants, particularly sensitive data relating to the latter, known as “special category data”.

The General Data Protection Regulation and Data Protection Act 2018 includes requirements around transparency and accountability and rights for individuals relating to the processing of their data.

Charities giving grants to individuals must:

- have a privacy statement which is made available to all individuals whose data they are going to process: this notice should include details including the purposes for which they intend to use the data, how they will use it, how long they will store it for, who they might share it with and details of the individual’s rights around the processing of their data;
- ensure they have a lawful basis for processing personal data. In many cases this will involve obtaining the explicit consent of the individual before they start processing data in the ways set out in the charity’s privacy statement (funds could include a standard authorisation on the application form which the applicant must sign). Charities will need to identify a lawful basis for processing personal data before processing that data in any other ways not covered by the privacy statement: this may involve obtaining additional consents from the applicant;
- make sure all personal data is stored securely;
- take care when passing data on to third parties, such as other charities involved in supporting the individual, that they have the individual’s consent to this, that doing so is necessary and that they have a written agreement with the third party on how and for what purposes the latter processes the data; and
- ensure that all volunteers, including home visitors, follow correct procedures, particularly in relation to the storage of sensitive personal information: funds should obtain volunteers’ written undertaking to do this.

Find out more at:

- www.co.org.uk/for-organisations/guide-to-the-general-data-protection-regulation-gdpr/whats-new
- www.ico.org.uk

SOURCES OF INCOME

Thoughts on fundraising:

A bespoke approach may work best – tailored to your strengths.

Putting together an effective fundraising strategy can be challenging for charities that are not as ‘well known’ as the larger charities that appear daily in the public eye. Ensure that the messaging in your publicity and any appeals sets the right tone to maximise the response from your target audience.

Some tips on fundraising:

- Identify your fundraising strengths: for occupational funds, these may include individuals in the occupation itself, supporters of the occupation or large employers in the occupation.
- Think about segmenting your target group for greatest effect; working age members and retired members might respond better to differently-focused appeals.
- Make use of opportunities to raise money at occupation-based conferences and other events as well as sponsorship of individuals running marathons etc.
- Don't forget about legacies from individuals who wish to help future generations.

- Make it easy for individuals to donate, for example via online charity fundraising vehicles such as justgiving and/or BTMyDonate, payroll giving, the individual's member account at an associated membership body and text donating: all this makes life easier for both the donor and you.

Any fund engaging a third party (for example a commercial fundraiser) to help with fundraising should have a contract with them that sets out clearly the terms of engagement.

However you raise funds, you will need to ensure you comply with all fundraising law and other regulation including around data protection. It may also be beneficial for your charity to register with the Fundraising Regulator.

Find out more at:

- www.institute-of-fundraising.org.uk
- www.gov.uk/government/publications/charities-and-fundraising-cc20/
- www.fundraisingregulator.org.uk
- www.justgiving.com/
- www.btplc.com/mydonate/

Key thoughts – small funds

If your fund is linked to a professional body, make use of this. Consider asking members to make a donation to the fund at the same time as they pay their annual subscription to the professional body. Encourage fundraising initiatives at events organised by the professional body.

Investments and reserves

Investments require careful monitoring.

Some occupational charities rely on investments to generate a substantial part of their income.

Trustees have a duty to ensure that the charity's investment portfolio is managed in the fund's best interests. The Charity Commission recommends that trustees should agree an investment policy statement to include the fund's investment objectives. These might be, for example, to maximise income, preserve capital, ensure stability of income or a combination of these. The policy should also set out what trustees consider an acceptable level of risk. It should set the responsibilities and targets of any investment managers the fund appoints and in what way and how frequently their performance will be reviewed.

It is important for trustees and staff to understand any permanent endowment restrictions. Where a charity's investments are permanent endowment, the charity may be unable to expend this capital. The Charity Commission's document CC14 offers

guidance on how to determine whether or not your fund is permanently endowed. In some cases the endowment may be expendable and the trustees have discretion to spend the capital. This is a complex area. If a charity is permanently endowed, there are options to consider in relation to investment strategy. For example, a permanently endowed charity may want to set separate income and capital objectives or adopt a 'total return' approach to investments.

All charities have a duty to ensure they spend their income, including investment income, within a reasonable period of receiving it. Equally charities should maintain sufficient reserves to mitigate the risks they face. For clarity, the Charity Commission requires charities to have a policy statement on reserves setting out target levels of reserves suitable for that charity.

Find out more at:

- www.gov.uk/government/publications/charities-and-reserves-cc19/charities-and-reserves
- www.gov.uk/government/publications/charities-and-investment-matters-a-guide-for-trustees-cc14

Key thoughts – small funds

Many smaller funds will almost certainly need to appoint out-of-house investment managers. In this case, an investment expert, perhaps a suitably chosen Board member or someone acting on a voluntary basis, to help them to choose appropriate investment managers and assess their performance is essential.

About ACO

The Association of Charitable Organisations (ACO) is the national UK umbrella body for charities that give grants and welfare support to individuals in need.

The funds managed by ACO members are discretionary and seek to complement and enhance welfare support provided by local and central government. Our members operate in the UK and across the globe. In recent years many funds have reviewed their operations, researching patterns of need and developing more strategic programmes of assistance

ACO provides support to its members through:

- Networking: building peer networks providing opportunities for members to share and get advice and support
- Raising standards: promoting good practice, tackling problems together and offering solutions
- Lobbying and campaigning: giving our members a voice by responding to government consultations and raising awareness about the work of our member organisations
- Information: providing members with up-to-date information tailored to their specific interests through our monthly newsletter “Charity News Review” and policy briefings
- Online services: our website and member forums provide opportunities to seek and share advice and experience.

www.aco.uk.net



the **association** of
charitable organisations

CCLA

60 YEARS OF
GOOD INVESTMENT