

Reporting on the public benefit

A toolkit for charity trustees



Contents

Overview		3
Section 1	The public benefit requirement	5
Section 2	The trustees' annual report	6
	2.1 Public benefit reporting checklist	
Section 3	Reporting on public benefit as part of the trustees' annual report	8
	3.1 Example purposes and public benefit statement	
	3.2 Example excerpt from Trustees annual report	
Contact details		13

Overview

The Charities Act (Northern Ireland) 2008 (the Charities Act) and The Charities (Accounts and Reports) Regulations (Northern Ireland) 2015 (the Regulations) require all registered charities to submit annual reporting information to the Charity Commission for Northern Ireland (the Commission).

The information required includes charity accounts, a trustees' annual report, an independent examiner's report/audit report and an annual monitoring return (AMR). The regulations set out:

- the form and content of the charity accounts (receipts and payments or accruals)
- the form and content of the trustees annual report
- the level of external scrutiny required, for example independent examination or audit

The AMR is made up of three parts and is submitted online to the Commission. Once submitted information provided through the AMR, including the charity's accounts and trustees' annual report is immediately available to the public through the online *register of charities*.

The Commission has produced a suite of guidance to assist charity trustees to understand the accounting and reporting requirements. The [ARR01: Charity reporting and accounting: overall summary](#) document will direct charity trustees to the parts of this guidance which are most relevant to their charity.

What is the purpose of this toolkit?

The Commission conducted a comprehensive consultation with charities on the development of guidance to assist with the AMR process. Feedback to the consultation indicated that charities, of various sizes, would delegate the preparation of accounts to the treasurer or an accountant. These would be approved by the charity trustees before submission to the Commission. The charity trustees are required to prepare the trustees' annual report (TAR), including reporting on how the public benefit requirement was fulfilled during the year being reported on. This toolkit is designed to assist charity trustees to prepare this important report.

Who is this toolkit for?

The toolkit is designed to assist charity trustees, management committees and charity boards to report on how their charity has met the public benefit requirement.

Using this toolkit

This toolkit is divided into 4 sections.

- Section one: [The public benefit requirement](#)
- Section two: [Having regard to public benefit throughout the year](#)
- Section three: [Reporting on public benefit as part of the trustees' annual report](#)
- Section four: [Example of public benefit statement and annual report on the public benefit requirement](#)

What are legal requirements and best practice?

In this guidance, where we use the word 'must' we are referring to a specific legal or regulatory requirement. We use the word 'should' for what we regard as best practice, but where there is no specific legal requirement. Charity trustees should follow the good practice guidance unless there is good reason not to do so.

You should not rely on this guidance to provide a full description of legal matters affecting your organisation, nor is the guidance a substitute for advice from your own professional advisers.

Getting help

You may find the following helpful:

- [*ARR01: Charity reporting and accounting: overall summary*](#)
- [*ARR03 The trustees' annual report and public benefit reporting*](#)
- [*ARR05 Screenshots of annual monitoring return*](#)
- [*Public benefit requirement statutory guidance*](#)

There is also a list of [*helper groups*](#) on the Commission website who may be able to help you complete your annual report.

The Commission publishes a wide range of guidance and support tools on its website www.charitycommissionni.org.uk. We recommend you visit the website regularly for developments and to access further support and guidance. You can also follow us on Twitter @CharityCommNI

Section 1: The public benefit requirement

The public benefit requirement is defined in the Charities Act and states, to be charitable, purposes must be for the public benefit. The public benefit will differ from charity to charity. Charity trustees should already have identified the public benefit their organisation seeks to provide through its charitable purposes, as part of charity registration.

Further information is available in the [Public benefit requirement statutory guidance](#) which charity trustees must have regard to.

1.1 Demonstrating that your charity meets the public benefit requirement

When an organisation applies to the Commission to be entered on the *register of charities*, it answers a series of five questions on the public benefit requirement. Together the answers to these questions create a paragraph, which forms the charity's public benefit statement on the online *register of charities*. This statement is designed to demonstrate to the Commission and the public that the charity's purposes meet the statutory public benefit requirement.

At registration the public benefit statement provides an opportunity for the charity to highlight the benefit that it has been set up to achieve, and the people for whom this benefit is intended.

As part of the Annual Monitoring Return (AMR) the charity trustees' annual report provides an opportunity, each year, to tell the charity's story and inform its beneficiaries, funders and members of the public of how it has tried to provide public benefit during the previous year.

Section 2: The trustees' annual report

The law regarding public benefit reporting is set out in sections 32–34 of *The Charities (Accounts and Reports) Regulations (Northern Ireland) 2015 (the Regulations)*. Under these regulations all registered charities must prepare a trustees' annual report. The trustees' annual report, also known as the annual report, is an important milestone in a charity's life. It is a chance to take stock, to celebrate successes and achievements, and to reflect on difficulties and challenges faced by the charity during the year. It is also an opportunity to highlight the main activities undertaken, and outcomes achieved, by the charity in carrying out its purposes for the public benefit.

In order to meet the legal requirements, set out in the Regulations, regarding public benefit reporting a charity's trustees' annual report must contain:

1. a summary of the main activities undertaken by the charity to carry out its charitable purposes for the public benefit and the main achievements of the charity during the year and
2. a statement that the charity trustees have complied with their duty to have due regard to the Commission's statutory public benefit guidance.

The Regulations do not set out **how** charity trustees must structure the summary of activities and achievements or how detailed the report needs to be. However, charity trustees do have to explain how they have operated the charity in furtherance of its purposes, for the public benefit, during the reporting year. Charity trustees may find the resources available on the [Inspiring Impact NI](#) website useful when reporting on the impact which they have achieved over the year.

Having regard to the Commission's statutory public benefit guidance means charity trustees should be able to show that:

- they are aware of the guidance
- they have taken it into account when taking decisions to exercise any powers or duties to which the guidance is relevant
- if they have decided to depart from the guidance, they have good reasons for doing so.

2.1 Public benefit reporting checklist

Sections 3.1.1 and 3.1.2 of the Commission's *The trustees' annual report and public benefit reporting* guidance provides detailed checklists for charities preparing receipts and payments accounts and those preparing accruals accounts.

The short checklist below is designed to help charity trustees to identify what information is needed to prepare the public benefit reporting element of the trustees' annual report. Alternatively, it can be used to cross-reference against a draft trustees' annual report so that you can be satisfied it includes the necessary information for reporting on the public benefit.

	Yes	No	References within trustees' annual report
Have we provided a clear statement of the charity's purposes, as they appear in the governing document?			
Have we showed an understanding of who the charity's beneficiaries are?			
Have we provided a summary of the charity's activities to carry out its purposes for the public benefit?			
Have we explained how those activities have provided a benefit? What difference have we made?			
Have we provided information on how the charity has mitigated any harm flowing from the purposes (if applicable)?			
Have we provided information on any private benefit that flows from the purposes of the charity and how we have ensured that this benefit is incidental and arises from fulfilling the charity's purposes? (If applicable)			
Have we included a clear statement that we have had regard to the Commission's guidance on public benefit?			

Section 3: Reporting on public benefit as part of the trustees' annual report

Financial accounts alone do not paint a picture of a charity's outputs and outcomes for its stakeholders. Reporting on the public benefit requirement within the charity trustees' annual report provides an opportunity for charity trustees to 'tell their story', to show how their charity is making an impact and how they are delivering on their charitable purposes.

At registration a charity must demonstrate that it has been established for exclusively charitable purposes. When submitting an annual report to the Commission charity trustees must demonstrate how they had regard to the public benefit requirement during the year when exercising any powers or duties, this extends to the delivery of services to beneficiaries and service users. In short, reporting on public benefit enables a charity to demonstrate that it is doing what it was set up to do.

3.1 Example purposes and public benefit statement

Below is an example of an organisation's purposes and public benefit statement as prepared for their application for charity registration. This is followed by an example of how this organisation could report on how it has fulfilled the public benefit requirement within its trustees' annual report.

Example purposes:

1. To provide nursing care and medical treatment to people living with illness x in Northern Ireland.
2. To preserve and protect the health of those caring for people with illness x in Northern Ireland by offering respite.

Example public benefit statement as it appears on the register of charities

The trustees believe that both our purposes satisfy both elements of the public benefit requirement.

The direct benefits which flow from purpose one include improved health outcomes and reduced levels of stress and anxiety amongst people with illness x in Northern Ireland. These benefits are evidenced through feedback from patients and regular independent evaluation of our services by healthcare professionals in several health trusts. In providing medical treatment for patients with illness x there is a risk of unintended side effects from the drugs however this is rare and the benefit outweighs the harm. The beneficiaries of this purpose are people living in Northern

Ireland who have been diagnosed with illness x. There is no private benefit flowing from this purpose.

The direct benefits which flow from purpose two include the reduction of stress and anxiety among carers of people with illness x in Northern Ireland and increased protection and preservation of their health. These benefits are evidenced through feedback from patients and regular independent evaluation of our services through patient surveys and interviews. This purpose does not give rise to any harm. The beneficiaries of this purpose are people living in Northern Ireland who have been diagnosed with illness x. They also include family members and carers of those who are diagnosed with illness x.

A private benefit flowing from this purpose is that gained by an organisation that owns a facility that is renovated by the charity to be used in the provision of respite. The facility is necessary to deliver the respite service to the beneficiaries. The charity has a long-term lease on the facility and the investment reasonable when compared to other available facilities. Therefore the private benefit is incidental and necessary for the achievement of the charity's purposes.

Another private benefit flowing from this purpose is that gained by a local pharmacy which undertakes to supply all medications to this charity at a discount. Using the same pharmacy brings a private benefit to it but this is incidental and necessary to the fulfilment of the purposes of the charity.

3.2 Example excerpt from Trustees annual report

Fulfilling the public benefit requirement:

In fulfilling the public benefit requirement the charity trustees have had regard to the Charity Commission for Northern Ireland's statutory public benefit guidance.

The purposes of this charity continue to be:

1. To provide nursing care and medical treatment to people living with illness x in Northern Ireland.
2. To preserve and protect the health of those caring for people with illness x in Northern Ireland by offering respite.

The information below sets out the activities we have carried out to further our purposes and fulfil each of the public benefit elements during the last 12 months.

Our beneficiaries:

The intended beneficiaries of our charity continue to be patients with illness x living in Northern Ireland, their family members and carers. Since our last trustees' annual report we have added another 6 patients to our list, who regularly receive medical treatment and overnight support at home. Unfortunately during this period we have lost one of the original beneficiaries who also helped us establish the charity. This brings to 32 the number of primary beneficiaries to whom we provide our services on a regular basis.

For 26 of these patients the main carer is a spouse or partner, with the remaining 6 people being cared for by another family member. These families have 58 children, 41 of which are under the age of 18 and living at home.

Our services:

We provide a number of services to our beneficiaries. Some of these are provided on a weekly and fortnightly basis, while respite is provided for those who require it on a three-monthly basis.

Weekly treatment visits:

All our beneficiaries receive a weekly two hour visit from a qualified nurse and therapist, which reduces the need to attend the local clinic or surgery. Providing these visits to our 32 primary beneficiaries means that we carried out a total of 1,664 two-hour visits this year. As one carer commented: 'I can't tell you how helpful it has been to have the nurse and therapist call on a Wednesday morning. Before you came along I used to have to take P. to the clinic, dash out to collect our wee one from nursery and then back to the clinic and home. It was exhausting.'

Fortnightly overnights:

Our trained volunteers provide an overnight service to six families on a fortnightly basis. This entails the volunteer arriving at the family home at 8:00pm and remaining there until 8:00am the following morning. During the past year staff and volunteers provided a total of 144 overnights. Providing this overnight support enables the regular carer to get a good night's sleep or to go out for the evening. Feedback from both patients and carers suggests that a regular break reduces the families need for respite away from the home and reduces requests for respite arising from a crisis. Since this service was introduced we have received a lot of feedback from patients and carers, for example:

T. said – I am glad that S. can get out for the evening with her sisters or friends. She is always in better form after this and it helps me not feel so guilty about the impact of my illness on her.

C. (8 years old) – I love it when X. comes to look after Mammy. I get to stay up late with Daddy, watching an action movie and eating pizza and Daddy doesn't have to go up and down the stairs to check on Mammy.

As well as reporting regularly to the three health trusts with which we work, we also receive feedback from them, for example:

Since the overnight service was introduced we have noticed an 18 per cent fall in requests for respite at short notice. These usually arise from a main carer falling ill or reaching a point where they absolutely need a break. The family therapist reports that the children of families who have access to this service also seem calmer.

Three-monthly respite:

The needs of patients and families are reviewed by the co-ordinating group on a regular basis. During the last year 12 families had access to regular respite on a three-monthly basis. For respite the patient leaves the family home and comes to our specially adapted unit. They usually stay for a weekend. During this time a medically qualified team can manage any medical issues while the therapy team and activities co-ordinator plan events to make this as much like a mini-break as we can.

Feedback from those who have availed of this service, including some of those whose conditions have recently deteriorated, shows how important this 'breathing space' is to them. It lets them discuss with others the impact the condition is having on them psychologically and emotionally.

M. said: I am still trying to come to terms with how my life has changed in such a short amount of time. I try to protect my partner and adult children from my anxiety and worry about the future, they have enough to cope with. By talking it through with others and the therapist I am able to discuss it more calmly at home – or not at all. The respite centre is an oasis where I feel I have time to plan for the future without panicking!

J. said: I remember how frightening it was when I was first diagnosed. I bottled it all up and took it out on my brother who looks after me. The regular respite gives me time on my own to see where I am, and how I am doing. Some of the activities are really interesting and I find myself doing things I wouldn't have believed I could have done before I got ill. And the volunteers are a right laugh.

Our services are reviewed on an annual basis by a team of healthcare professionals which is drawn from across the three health trusts in which we work. Their latest, very positive report, is available in Appendix 4 of this report. Charity trustees, staff and volunteers were all extremely proud of the praise for our work in their report.

Risk of harm and private benefit:

In administering medical treatment to our beneficiaries there is always a risk of harm. This risk is carefully evaluated on a case by case basis, by a doctor in terms of dosage and treatment, and by nurses and therapists when recommending participation in activities. These risk assessments and the mitigations which are put in place are recorded and checked by the co-ordinator. If there is uncertainty our link officer at the relevant health trust will be asked to input to the overall planning. Staff and volunteers are trained and receive regular refresher training on our harm prevention policies and are clear about the individual care plans of patients and family beneficiaries. In this context the charity does not believe there is a risk of harm in the meaning of charity registration.

On review there is some private benefit arising from the activities of the charity in furtherance of its purposes. This takes the form of payments made to a local pharmacy and to the owners of a building which we rent, and have adapted, for use for respite.

The local pharmacy provides all medications to our charity at a discount. Using the same pharmacy brings a private benefit to it but because the medication is provided at a competitive price, we believe that any private benefit is incidental and necessary to the fulfilment of our charity's purposes.

A private benefit is also gained by the owners of a building that has been renovated by the charity to be used in the provision of respite. The facility is necessary to deliver the respite service to the beneficiaries. The charity has a long-term lease on the facility and the investment is reasonable when compared to other available facilities. Therefore the private benefit is incidental and necessary for the achievement of the charity's purposes.

Further information on our activities is available from:

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