

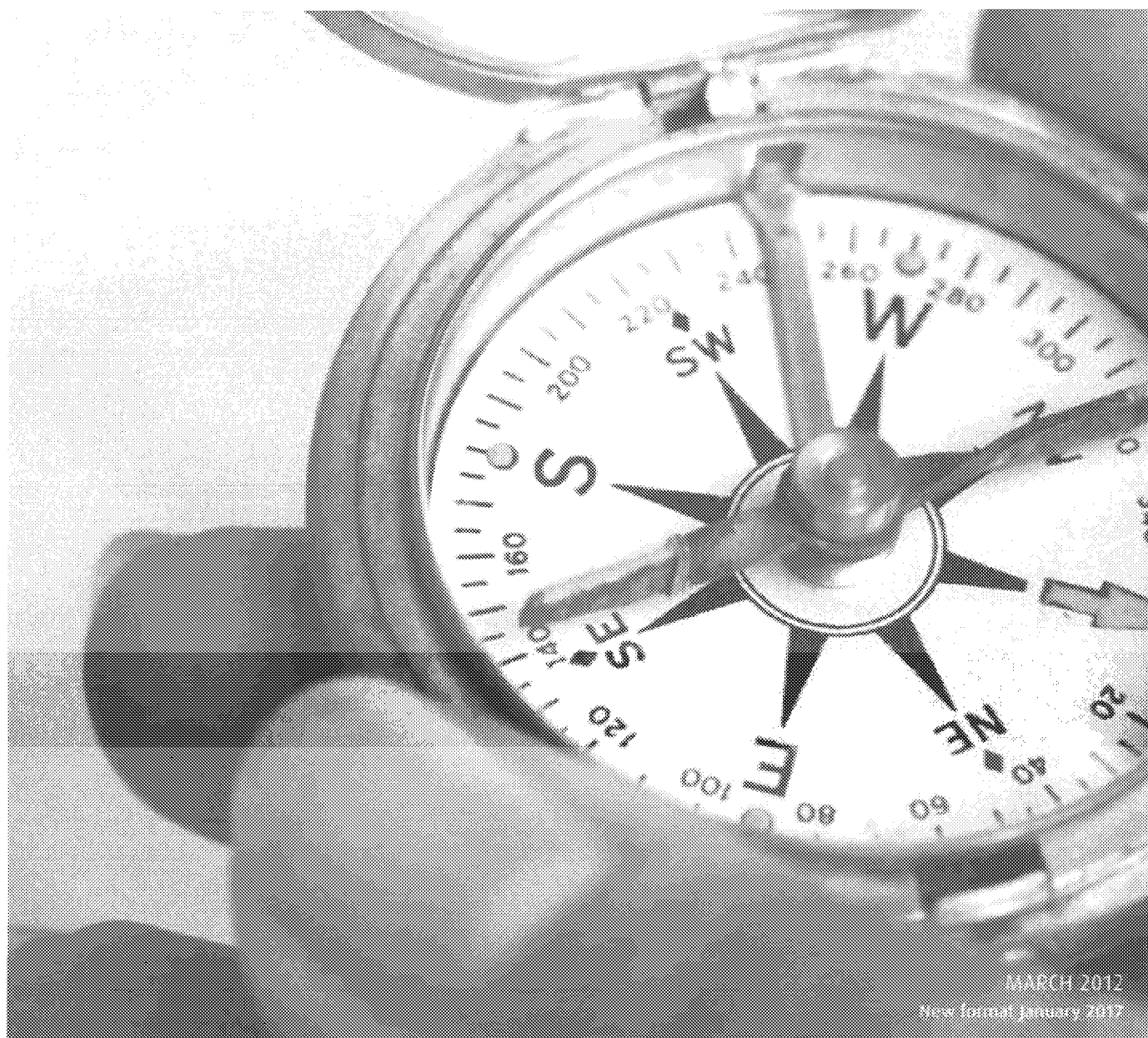


CHARITY COMMISSION
FOR ENGLAND AND WALES

NBZ

GUIDANCE

Charities and public service delivery: an introduction and overview (CC37)



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9. Guidance for charities that give grants

Some of the underlying principles of this guidance can be applied to charities that give grants, but there are other issues for these charities to consider. They do not generally provide services themselves or obtain funding from government. They might, however, receive requests for funding, either directly linked to the provision of public services or facilities, or from another charity or organisation that is involved in public service delivery.

9.1 What issues should grant-making charities consider?

The short answer

In considering applications for grant funding, the commission recommends that charities:

- consider the full range of reasonable grant making options
- ensure that decisions are based on the law and the interests of the charity
- use their experience of what public authorities have funded in the past
- ask questions and challenge assumptions about what public authorities are prepared to fund or have a duty to fund
- use such considerations to inform the development of their grant-making policies

In more detail

Application of legal principles: the same key legal principles apply to grant-making charities. There is no legal bar on charities using their own funds to subsidise or supplement public services, but they must only do so when it is within their objects and powers, and in the interests of the charity and its beneficiaries to do so.

Charities should generally expect public authorities to fully fund the cost of services that they purchase, and in particular to fully meet the cost of statutory obligations. Therefore, grant-making charities should only be asked, and should only agree, to subsidise public services or other public provision when there is clear justification for doing so.

Past experience: the charity could consider whether the service in question is a new service. If not, who provided it in the past, and what level of service did public authorities fund?

Duties of public authorities: it may be possible to find out whether a public authority has a duty to provide this service, what minimum level of service is the authority required to fund, and what level of statutory funding is available. As explained at section 9, the most practical way to do this may be to ask the authority. Such a request could be made in writing, and could be made under the Freedom of Information Act if necessary.

Setting policy parameters: it is for the trustees to decide the priorities and parameters within which their charity will make grants. As with many other aspects of defining grant-making policy this may involve prioritising some potential beneficiaries over others. It may also involve considering short term and longer-term priorities and funding needs.

Some grant-making charities are concerned that there is a risk of public authorities becoming reliant upon additional charitable funding in the long term, or that the ability of grant-making charities to fund additional or innovative provision may be diminished. These are factors that trustees may choose to take account of in setting grant making policies.