

# Public benefit reporting

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Guidance on how to report on public benefit: proposed addition to existing public benefit statutory guidance



# Consultation on public benefit reporting guidance: context

The Commission has produced guidance on public benefit reporting, currently contained in one document for ease of reference.

Following the consultation, this guidance will be inserted into the relevant sections of the trustees' annual reporting guidance and the *Public benefit requirement* statutory guidance.

The full list of accounting and reporting guidance includes:

*ARR01. Charity reporting and accounting: guidance summary*

*ARR02. Charity reporting and accounting: the essentials*

*ARR03. Receipts and Payments accounts and the trustees' annual report*

*ARR04. Accruals accounts and the trustees' annual report*

*ARR05. How to complete the annual monitoring return (not for consultation)*

*ARR06. Charity reporting: Interim arrangements and the annual monitoring return (not for consultation)*

*PBR1 Public benefit requirement guidance – public benefit reporting*

All charities must read this guidance *PBR1 Public benefit requirement guidance – public benefit reporting*. Public benefit reporting is a key element within the trustees' annual report and requires trustees to have regard to the Commission's guidance. The guidance sets out how trustees can meet the requirements and some practical examples of the information they can provide.

## Equality

The Charity Commission for Northern Ireland is committed to equality and diversity in all that we do.

## Accessibility

If you have any accessibility requirements please contact us.

## Section 5: Public benefit reporting

### 5.1 Public benefit reporting in context

This section of the guidance provides more information on the public benefit requirement in the context of annual reporting. As part of the Commission's statutory guidance on the *Public benefit requirement* charity trustees must have regard to this guidance when exercising any powers or duties to which it is relevant. This means charity trustees must be able to show that they are aware of the guidance and they have taken it into account in making a decision where the guidance is relevant.

To be a charity in Northern Ireland an organisation must have exclusively charitable purposes. One component of what makes a purpose charitable is that it is for the public benefit. This is known as the public benefit requirement and is explained in detail in Section 4 of this guidance.

Public benefit is, therefore, at the heart of what makes an organisation a charity. By reporting on public benefit, trustees identify that their charity is effectively doing what it was set up to do and is making a positive difference to its beneficiaries. This should not be difficult for trustees of well governed charities to demonstrate. Public benefit reporting within the trustees' annual report gives the charity an opportunity to engage the reader and give them a good understanding of the impact the charity has had across the year. It is a tool to enhance accountability to all of the charity's stakeholders including its funders, donors, members and beneficiaries.

All registered charities must:

- report annually on how they have continued to meet the public benefit requirement and
- confirm that they have had due regard to guidance produced by the Commission.

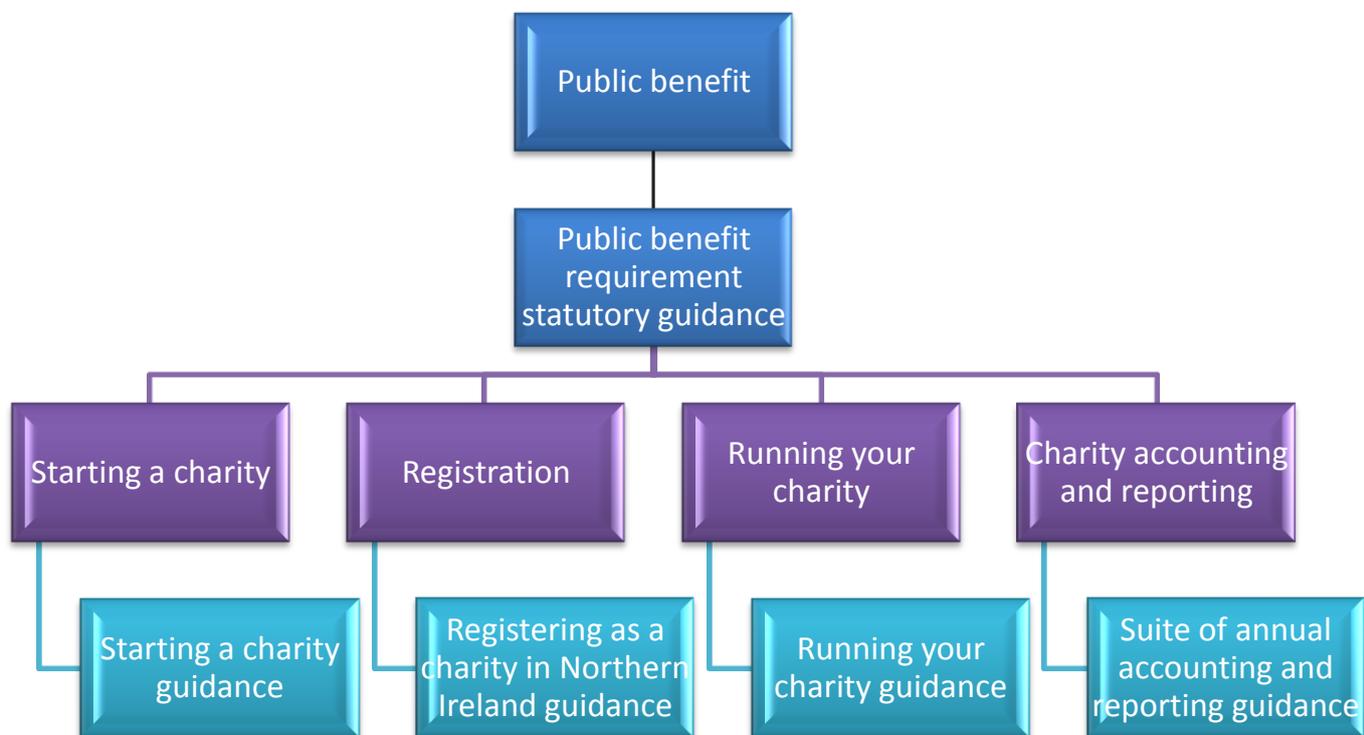
This is known as **public benefit reporting**. The legal requirement is set out in Part 5 of the Charities (Accounts and Reports) Regulations 2015. Public benefit reporting is integrated into the **trustees' annual report**.

At the point of charity registration, charity trustees sign a declaration that they have had regard to the Commission's guidance and are required to write a public benefit statement setting out the public benefit flowing from each of the purposes of the charity. As part of annual reporting, charity

trustees are also required to declare that they have had regard to the Commission’s guidance on public benefit and, additionally, to report on the activities the charity has carried out to further its purposes for the public benefit.

### 5.1.1 The public benefit framework

The following chart shows you where reporting on public benefit sits in the overall framework of what it means for your organisation to be a charity, to operate as a charity and to report on your charity’s work, as well as signposting you to other, relevant guidance.



### 5.1.2 What does the law say?

The law regarding public benefit reporting is set out in sections 32, 33 and 34 of the Charities (Accounts and Reports) Regulations 2015.

Section 32 (2) states that the report on the activities of a charity during the year must contain a summary that:

- explains ‘the main activities undertaken by the charity to further its charitable purposes for the public benefit’ and ‘the main achievements of the charity during the year’ and

- includes 'a statement as to whether the charity trustees have complied with the duty to have regard to the guidance issued by the Commission under section 4(b)' (the public benefit requirement statutory guidance).

### **5.1.3 The benefits of effective public benefit reporting**

Public benefit reporting is an opportunity for charity trustees to demonstrate and explain the work that their charity has done to further its purposes for the public benefit in that year. The charity can highlight the difference it has made in the lives of its beneficiaries and, if applicable, the wider public.

Through public benefit reporting in the trustees' annual report charities have an opportunity to explain the impact the charity has had in a way that speaks to the charity's beneficiaries, donors and other supporters and goes beyond simply reporting numbers and figures. Effective public benefit reporting within the trustees' annual report will tell a story that explains the links between the charity's purposes, beneficiaries, activities and resulting benefits.

Additionally, public benefit reporting, when done well, can be an effective tool for trustees and help them to:

- stay focused, or re-focus, on what their charity is there to achieve (its purposes) when planning activities
- demonstrate the impact of the charity and its achievements, particularly when applying for grant funding or fundraising
- enhance and demonstrate the charity's transparency and accountability to donors, beneficiaries and the general public
- improve the overall quality of reporting on the charity's work.

The report will also assist those within the charity to whom functions are delegated, for example the senior staff members, when delivering the work of the charity.

### **5.1.4 The elements of public benefit in the context of public benefit reporting**

There are two elements of public benefit. These are explained in detail in section 4 of this guidance and are set out in brief below:

1. **Benefit:** This is about the benefit flowing from the charity's purposes. For a charity's purposes to satisfy the benefit element of public benefit, that benefit must have three key features, it must:

- flow from the charity's purposes
- be capable of being demonstrated
- be beneficial, not harmful.

2. **Public:** This is about who may benefit from the charity's purposes. For a charity's purposes to satisfy the public element, the benefit which may flow from those purposes must:

- be to the public or to a **section of the public**
- not provide a **private benefit** to individuals unless this benefit is **incidental**.

For an organisation to be a charity, all of its purposes must be for the public benefit, that is, each of its purposes must fulfil the criteria set out above for the two elements of public benefit to be satisfied.

At the annual reporting stage, the charity does not have to demonstrate that it is established for the public benefit as this has already been assessed. Rather, public benefit reporting is about providing information and evidence as to how the charity has worked to achieve the public benefit for which it was established.

It is important, therefore, that the charity can demonstrate a continued awareness of the public benefit requirement and the impact this has had on how it has planned its activities.

# For inclusion in trustees' annual report sections of the relevant guidance documents

## Reporting on public benefit in practice

In order to meet the legal requirements 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 trustees have complied with their duty to have due regard to the commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant.

There is no legal requirement setting out **how** the trustees must structure the summary of activities and achievements, however, the trustees must have regard to the principles of public benefit set out in the *Public benefit requirement* statutory guidance.

It is up to trustees to decide the level of detail they need to use to describe how they have operated the charity in furtherance of its purposes, for the public benefit, in the reporting year, provided the report includes:

- **Purposes:** an explanation of what the charity is established to achieve – its purposes
- **Activities:** a summary of the charity's activities to carry out its purposes for the public benefit (the direct charitable activities, rather than fundraising or governance activities)
- **Achievements:** an explanation of how those activities have provided a benefit to the charity's beneficiaries – the achievements of the charity
- **Beneficiaries:** an explanation of who the charity's beneficiaries were during the year, and how any restrictions, if applicable were managed for the public benefit. For example:
  - Fee charging
  - Access to facilities
  - Restrictions on the basis of personal characteristics,

- **Harm:** how the charity has mitigated any harm flowing from its purposes
- **Private benefit:** how the charity has ensured that any private benefit has been incidental to the public benefit
- a statement of compliance with the duty to have regard to the Commission's *Public benefit requirement* statutory guidance.

The nature of the public benefit, and the activities planned to achieve it, may be different for each of the charity's purposes and therefore each will need to be reported on in the trustees' annual report. Additionally, the charity may have chosen in the year to focus on one or more purposes and this is a good opportunity to explain why the trustees chose to do so.

It is not necessary for a report on public benefit to be dealt with as a separate section of a trustees' annual report and will likely be addressed, naturally, throughout the body of the report, for examples in the 'activities and objectives' and 'achievements and performance' sections.

A useful starting point may be to review your organisation's public benefit statement published on the online [Register of charities](#) with a view to providing information and evidence on how the charity has worked to achieve the public benefit set out in that statement.

## Useful sources of guidance

The following may be of use to a charity when preparing to report on public benefit in its trustees' annual report:

- The table on page 10 of this guidance which contains practical examples of how trustees can demonstrate they have met the public benefit requirement.
- The checklist at page 16 which lists key questions trustees can use to help them identify any aspects they might have missed.
- The Commission's suite of accounting and reporting guidance.
- The [SORP Committee](#) and the [Charity Commission for England and Wales](#) have produced example trustees' annual reports which include reporting on public benefit. These may be of assistance in preparing your own charity's trustees' annual report.
- The inspiring impact website [www.inspiringimpactni.org](http://www.inspiringimpactni.org) which includes resources to help charities plan, measure, assess and improve their work on the basis of their impact.

## Are there different requirements for different charities?

All registered charities, with the exception of investment funds, are required to report on public benefit as part of the trustees' annual report. It is up to all charities, irrespective of their size, to meet the legal requirements regarding public benefit reporting. However, smaller charities can prepare a simpler set of accounts and trustees' annual report.

Smaller charities, those with an income of £250,000 or less, have the option to prepare a simplified trustees' annual report. All charities with an income of more than £250,000 are required to prepare a full trustees' annual report. In addition, larger charities – those with an income above the audit threshold – will need to provide more information. This is because additional information is required from those charities as part of the trustees' annual report. For example, larger charities, in addition to providing a summary of their activities, are required to provide:

- A more comprehensive review of the significant activities undertaken by the charity to advance its purposes
- Details of the strategies adopted to achieve the charity's purposes.

Refer to the Commission's guidance on preparing a trustees' annual report for further information:

*ARR03. Receipts and Payments accounts and the trustees' annual report*

*ARR04. Accruals accounts and the trustees' annual report*

## Examples of information required in public benefit reporting

Further information on the elements of public benefit reporting is set out below. This information may also serve as a guide to assist you to identify and structure information to ensure that all elements of public benefit are reported on. Please note the examples below are purely to illustrate the guidance in this document and are not comprehensive. A charity must provide sufficient detail specific to its work in the relevant reporting year.

Key information	Guidance notes
<p><b>The purposes of the charity</b></p>	<p>Set out the purposes of the charity to allow for an explanation of how the activities and benefits provided by the charity are related to its purposes. These will normally be identical to the purposes of the charity as set out in its governing document.</p> <p><b>For example:</b> <i>"The purposes of the charity are to improve the efficiency of the administration of charities in direct pursuit of their objects, by the provision of training, advice, administrative support and information."</i></p> <p><b>Refer to Section 3 of the <a href="#">Public benefit requirement statutory guidance for more information</a></b></p>
<p><b>What the charity has done during the year to carry out its purposes – its activities</b></p>	<p>Provide a summary of the activities undertaken by the charity to further its purposes during the relevant reporting period. This should focus on those activities that have made a significant contribution to the charity's purposes and advanced the public benefit flowing from those purposes. This does not include activities which are not directly related to the public benefit of the charity, for example, fundraising, support activities or governance activities which may be documented elsewhere in the trustees' annual report.</p> <p>Larger charities are required to provide a fuller review of the significant activities undertaken by the charity to further its purposes and details of strategies adopted to achieve its purposes.</p> <p><b>For example:</b> <i>in the case of a charity established to advance religion, the report may provide <b>details</b> of activities including the holding of public worship, dissemination of leaflets providing information on the beliefs of the organisation, and the running of prayer meetings or a club for young people. For example: "In 2014/15 we held open church services every week on a Sunday and a minimum of three services mid weekly. Across the year we noticed attendance at mid week services particularly increase and Sunday services remained popular with the community. This was as a result of an</i></p>

Key information	Guidance notes
	<p><i>outreach programme we commenced with young people and new families that have moved into the area. During the year we also attended 24 school youth events providing literature to spread our messages more widely and give support at exam time. We also held 3 away days for parishioners and maintained our Tuesday club for pensioners. Our parish bulletin has now gone online meaning that it can be more accessible to parishioners unable to attend the Sunday service.</i></p> <p><b>For example:</b> <i>in the case of a grant-making charity established to provide relief to those in need, the report may provide details of the grants the charity has made during the year, including a breakdown of grants made to different projects or organisations. For example: "In 2014/15 the organisation made 50 grants (53 in 2013/14) totalling £750,000 (£800,000 in 2013/14). While the grants we made towards work in particular areas focused on addressing community-wide disadvantage, we also supported organisations which address marginalisation in a more targeted way. In 2014/15 10 of our grants went to groups providing support to refugees and asylum seekers, 15 to groups with a focus on mental health, and the rest to groups working within those experiencing homelessness."</i>  <i>An explanation could be provided as to how the charity identified where its grants should go with reference to a grant making policy.</i></p> <p><b>For example:</b> <i>in the case of a charity that works overseas with a purpose of the relief of poverty, the advancement of health and the protection of vulnerable people, the report may provide details of specific projects that took place in different parts of the world in order to achieve its purposes. For example:</i>  <i>"In 2014/15 we spent £1 million on charitable activities in the areas of development, humanitarian aid and campaigns.</i></p> <p><i>We provided direct support to over 2,000 individuals across 15 countries through our project to deliver food parcels, mosquito nets and basic medicines. Additionally, we launched a campaign to raise awareness of the need to improve the sustainability of water supplies in parts of Africa. Through working with partner organisations, we sent volunteers to provide humanitarian assistance in parts of Africa affected by the Ebola crisis."</i></p> <p><b>Refer to Section 4 of the <a href="#">Public benefit requirement statutory guidance</a> for more information</b></p>

Key information	Guidance notes
<p><b>Details of how the activities of the charity have provided a benefit to its beneficiaries and how this can be demonstrated – the achievements of the charity</b></p>	<p>Set out how the charity’s activities have provided a benefit to the intended beneficiaries, how this is demonstrated, and how this is linked to the charity’s purposes. Include information on the main achievements of the charity in furthering its charitable purposes. This may be a summary for smaller charities; larger charities will be required to provide a fuller explanation.</p> <p>It may be helpful to think about this in terms of the <b>impact</b> the charity’s activities have had on its intended beneficiaries, that is, the difference the charity’s activities made to the lives of the charity’s beneficiaries and how this is important in working to achieve the charity’s purposes. You may be able to provide statistical evidence of impact or document feedback from service users.</p> <p>It is important that the report demonstrates that the trustees of the charity are thinking about the beneficiaries when they describe the achievements of the charity and show an awareness of how they benefit. It may help you to refer back to your charity’s public benefit statement on its entry on the register of charities. A charity does not have to work directly with its beneficiaries, but the trustees’ annual report should show an awareness of how the public benefits, for example, a grant –making charity which only makes grants to other charities may have no direct contact with the ultimate beneficiaries of the grants, but should be able to explain in the trustees’ annual report how the grants which they make can support or assist the beneficiaries.</p> <p><i><b>For example</b>, in the case of a charity established for the benefit of older people: "Through operating our help in the home programme and providing weekly social activities to older people living in this area the charity has benefited older people by improving their health and well being and reducing their social isolation. In 2015, the charity helped over 180 people aged 60+. At the start of the year, service users were asked to rate their health using an anonymous survey. This was repeated following the operation of a programme of activity and showed a marked improvement in self-reported levels of health and well being."</i></p> <p><i><b>For example</b>, in the case of a charity established to promote education and research into the study and cure of Alzheimer’s disease: "The benefits of the Trust’s work are the education of future researchers, the dissemination of research findings, the development of new therapies and the funding of on-going research with the goal being to assist sufferers, their carers and families. The trustees are pleased that the achievements</i></p>

Key information	Guidance notes
	<p>and performance of the Trust, as set out below, demonstrate concrete progress:</p> <ul style="list-style-type: none"> <li>• <b>Research posts:</b> the trust continues to fund two research posts at UK universities.</li> <li>• <b>Innovation programme:</b> the trust funds a community outreach programme which evaluates the impact of Alzheimer’s disease on families and carers. The programme is showing that the use of home aids, emergency call alarms, the deployment of occupational health and local nursing services, as well as the combined use of music and aromatherapy, are providing demonstrable benefit to sufferers and carers. The trustees approved the extension of the programme for a further year. We disseminated the findings of the research via educational bulletins, presentations and on our website.</li> </ul> <p><b>Student grant awards:</b> we awarded 19 new PhD and masters scholarships from 30 applications (63%) and are pleased to note that during the year 15 PhDs and 8 masters students funded by the trust completed their studies. In total over 70 academic papers on Alzheimer’s related topics were published, around 70% of which resulted in identifiable advances in research or treatment of the condition.”</p> <p>Case law has established that a charity’s purposes cannot exclude the poor. Charities can, however, charge a fee for the services or facilities they offer. Public benefit reporting may provide an opportunity for the charity to account for how it has ensured the benefit is available to beneficiaries who are poor, for example, by offering reductions, providing bursaries or limiting the amount at which fees are set.</p> <p><i>For example, in the case of a charity established to promote the arts of drama, opera and ballet: "The theatre relies on grants and the income from fees and charges to cover its operating costs. Affordability and access to our programme is important to us and is reflected in our pricing policy. We endeavour to encourage all within our community to take part in our activities and to attend our theatre and/or to view our exhibitions. The drama and art we provide is to be enjoyed by all from those attending local schools or the higher education colleges through to our programmes with particular appeal to our older residents. Concessionary tickets are available to all exhibitions including family discounts, 25% discount for students, and 50% discount for those in receipt of benefits."</i></p> <p>A charity with a membership may wish to use its trustees’ annual report to provide information on how its benefits were provided to the public.</p>

Key information	Guidance notes
	<p><i>For example, in the case of a charity established to advance education in astronomy and associated sciences: "In evaluating public benefit the trustees note that membership of the society is open to all who share an interest in astronomy and its associated sciences. Whilst we would encourage those with interest to join our ranks we also strive to make our services and facilities available to non-members and ensure that restrictions placed on that availability are both necessary and reasonable. Our meeting programme for example is open to all whilst public access to the observatory or solar telescope is only available when supervised by the society; this is to protect both our assets and public safety. A society member, once suitably trained, may choose to use the observatory at any time."</i></p> <p><b>Refer to Section 4 of the <a href="#">Public benefit requirement</a> statutory guidance for more information</b></p>
<p><b>How the charity has mitigated any harm flowing from its purposes</b></p>	<p>Where there is any possibility of harm flowing from the purposes of the charity the trustees can set out in the trustees' annual report how this has been mitigated.</p> <p><i>For example, in the case of an organisation established to advance amateur sport: "Throughout the year we implemented a training programme for staff which included mandatory health and safety training. This ensured that they could anticipate and prevent accidents and helped the benefits of participation in sport to be achieved by the charity's beneficiaries."</i></p> <p><i>For example, in the case of a charity established to promote education into Alzheimer's disease: "The Trust is a member of the Association of Medical Research Charities and follows best practice in maintaining the independence of research funding and ensuring that sponsored researchers and research institutions abide by best practice in research ethics and animal testing; our aim is to maximise the efficacy of the research programme whilst minimising the likelihood of harm to research volunteers and animals."</i></p> <p><b>Refer to Section 4 of the <a href="#">Public benefit requirement</a> statutory guidance for more information</b></p>
<p><b>How the charity has ensured that any private benefit has</b></p>	<p>The trustees' annual report is an opportunity to account for any private benefit received by someone who is not an intended beneficiary of the charity. It is likely that many charities will not be providing a private benefit. In this case, it is sufficient to state that there was no private benefit.</p>

Key information	Guidance notes
<p><b>been incidental to the public benefit</b></p>	<p><i>For example, in the case of a charity established to advance art: "The charity held its annual art display at which members of the public came along to see artists at work, listen to lectures from local artists on their inspiration and participate in an art class. We recognise that the artists who attended may have benefited from an increase in their profile and may have, as a result, sold a piece of their work. However, this was incidental to providing members of the public with the opportunity to learn more about local art and enhance their appreciation and understanding."</i></p> <p><i>For example, in the case of a charity established to promote education into Alzheimer's disease: "Our research and educational programmes fund students, researchers, and research institutions and healthcare bodies who use these funds in their work to improve the lives of sufferers from Alzheimer's disease and related conditions, and their carers by developing therapies, potential medications and improvements in the personal care of sufferers. Any private benefit received by researchers, and research institutions and healthcare bodies is purely incidental to the purposes of our work."</i></p> <p><b>Refer to Section 4 of the <a href="#">Public benefit requirement statutory guidance for more information and to the <a href="#">Purposes and public benefit toolkit private benefit section.</a></a></b></p>
<p><b>A statement of compliance with the duty to have regard to the Commission's guidance</b></p>	<p>The trustees' annual report must contain a statement that the trustees have had regard to the Commission's guidance on public benefit.</p> <p>It is important to note that trustees must not provide false information by stating that they have had regard to the guidance if they have not.</p> <p><i>For example: "In setting our objectives and planning our activities for the year the trustees have given careful consideration to the Charity Commission for Northern Ireland's guidance on public benefit to ensure that the activities have helped to achieve the charity's purposes and provide a benefit to the beneficiaries."</i></p>

## Checklist

The checklist below is a helpful tool that will assist trustees in preparing the trustees' annual report to ensure that it meets the requirements of public benefit reporting. You may choose to use this checklist to identify what information is needed or, alternatively, it may be helpful to cross-reference against a draft trustees' annual report so that the trustees can be satisfied that it includes all necessary information.

	Yes	No	References within trustees' annual report
Have we provided a clear statement of the charity's purposes?			
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?			
Have we explained the main achievements of the charity with reference to the delivery of public benefit?			
Have we included a clear statement that we have had regard to the Commission's guidance on public benefit?			
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 has not outweighed the public benefit (if applicable)?			

## What does the Commission do with the information?

Trustees' annual reports will be displayed on the online *Register of charities* and will be available to anyone with an interest in the charity to read or print.

The Commission will monitor a sample of trustees' annual reports to assess the quality of reporting, including reporting on public benefit, and to identify issues of regulatory concern. This means that the Commission will not assess or endorse reporting on public benefit or trustees' annual reports by every individual charity. However, we will seek and provide examples of good public benefit reporting as models to help other similar charities.

If a charity's activities are not in furtherance of its purposes, for the public benefit, then this may be a breach of trust and may result in regulatory action being taken.

## What if a charity does not submit a trustees' annual report?

The trustees' annual report is important to a charity reporting its work transparently to donors and the public. Charities that do not submit a trustees' annual report will be treated as non-compliant with their legal obligation and may also be guilty of an offence under section 71 of the Charities Act. The Commission considers this type of non-compliance to be a serious issue; this will be marked clearly on the online register of charities and further regulatory action may be taken. Where the Commission identifies persistent non-reporting of public benefit by charity trustees this may lead to the Commission taking further action.





