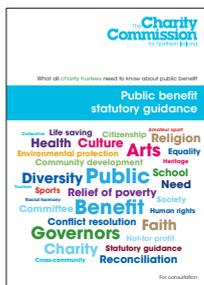


Supporting guidance for charity trustees

# The prevention or relief of poverty

A word cloud of terms related to charity and poverty relief. The words are in various shades of blue and purple, with 'Relief of poverty' being the largest and most prominent. Other large words include 'Arts', 'Science', 'Improvement', 'Governors', and 'Charity'. Smaller words include 'Health', 'Culture', 'Citizenship', 'Religion', 'Community development', 'Diversity', 'Need', 'Sports', 'Trustees', 'Racial harmony', 'Committee', 'Faith', 'Conflict resolution', 'Not-for profit', 'Advancement', 'Human rights', 'Reconciliation', 'Cross-community', 'Heritage', 'School', 'Equality', 'Environmental protection', 'Life saving', 'Amateur sport', 'Society', and 'Human rights'.

Collective Life saving Citizenship Amateur sport  
Health Culture Arts Religion  
Environmental protection Equality  
Community development Heritage School  
Diversity Science Need  
Trustees Sports Relief of poverty  
Racial harmony Committee Improvement Society  
Conflict resolution Faith  
Governors Not-for profit Advancement  
Charity Relief of poverty Human rights  
Cross-community Reconciliation



This supporting guidance must be read alongside the Commission's statutory guidance on public benefit.

## Online or in print

If you are viewing this guidance online, you will be able to navigate your way around by clicking on links either within the text, at the top of each page, or in the chart.

If you choose to read this document in a printed format, you can still use the section headings and page numbers to assist you in moving around the guidance.

We have produced a glossary which provides further information, definitions and descriptions of some key terms. The words in **green type** indicate words that are found in the glossary. You can find these definitions either by downloading the glossary as a separate document or, if you are reading the guidance online, by clicking on the green words which link to the glossary.

## Our vision

The Commission's vision is to deliver, in partnership with other key stakeholders in the charitable sector:

'A dynamic and well governed charities sector in which the public has confidence, underpinned by the Commission's effective delivery of its regulatory and advisory role.'

## Our values

The Commission aspires to be respected and valued in the execution of its functions and will ensure that in the performance of our role as the charity regulator for Northern Ireland we will be:

**Independent:** we will maintain independence in our decision making, acting without fear or favour, in the public interest.

**Accountable:** we will be proactive in accounting to all our stakeholders, which will include involving others on a continuous and appropriate basis and taking responsibility for our decisions.

**Proportionate:** our actions, procedures and culture will be proportionate to the burden of regulation on charities of different sizes, to the degree of risk involved and to the potential impact within the resources available to us.

**Impartial:** we will exercise our powers and discretion in a way which is non-partisan and even-handed.

**Transparent:** we will communicate with and listen to our stakeholders and will be clear about our actions, intentions and expectations.

**Consistent:** we will act consistently in our decision making.

## Equality and accessibility

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

We intend to make all of our guidance available to all stakeholders. We will aim to meet all accessibility needs and offer other languages and formats for this guidance, for example Braille or audio or meet any other requirements needed in line with the Commission's Equality Scheme.

If you have any accessibility requirements please contact us.



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# Section 1: What is meant by the prevention or relief of poverty?

## 1.1 Definition

Poverty can be linked to factors such as:

- lack of opportunity;
- unemployment;
- poor housing;
- lack of education;
- social exclusion.

Poverty can affect individuals, groups and whole communities.

A **charity** whose purpose fits within this definition may be working to address the cause of poverty (prevention) and/or the consequences of poverty (relief).

There is no universal definition of poor, and this may include people of **modest means**.

## Examples

The following is a list of examples of the sorts of **charities** and **charitable purposes** which might fall within this description. The list is not exhaustive, so even if there is not an example which relates directly to your organisation's purposes, they may still fit under this description:

- making grants of money;
- providing items such as furniture, bedding, clothing or fuel;
- providing payment for services such as child-minding, rates and utilities;

- supplying tools, books, travelling expenses, or payment of fees to help recipients earn their living;
- providing money management and debt counseling advice.

## 1.2 The 'poverty exception'

There is an exception in charity law that allows **charities** whose purpose is to relieve poverty to restrict possible beneficiaries more than other charities.

It is important to note that this exception does not extend to the prevention of poverty.

The reason for this is that relieving poverty is considered to be of such a public character that even a small and restricted group of **beneficiaries** can be a sufficient section of the public to meet the public benefit requirement.

For example:

- family connections: where beneficiaries are defined by their being part of a particular family, such as a 'poor relations trust';
- professional connections: where beneficiaries are defined by their belonging to a particular professional association, such as a benevolent fund;
- where the beneficiaries are connected by reason of being employees, ex-employees or dependants of employees or

ex-employees of a commercial company.

An organisation set up to support a named individual or individuals cannot be a charity. A charity can be named after a specific individual, for example a founder or beneficiary, providing the intended benefits are wider than to just that individual.

If a charity has more than one purpose, then it is only the purpose for relieving poverty which the exception applies to. For all other **purposes**, the full principles of public benefit apply.

### **Examples of purposes which are not charitable, or where the case is yet to be made**

For example, where their purpose is:

- to provide goods to people who are financially disadvantaged but not in poverty or at risk of being in poverty.

This is because principles drawn from case law suggest that they are unlikely to be able to do so. We will always, however, consider organisations' and trustees' rationale on a case by case basis.

## Section 2: Applying the principles of public benefit to the prevention or relief of poverty

The guidance below sets out examples of how public benefit applies to an organisation with the purpose of preventing or relieving poverty. It is not intended to be a full interpretation of the law in every set of circumstances. However, it is our intention that the examples we provide will help you to apply the public benefit principles to your organisation.

This should help you to clarify:

1. The benefits your charity's **purposes** are intended to provide;
2. Whether your charity's purposes are intended to benefit the public in general; or
3. The section of the public that your charity's purposes are intended to benefit.

A charity aiming to prevent or relieve poverty must:

- identify the section of the public or group of persons in need; and
- determine how the actions of the charity can benefit that section of the public.

### 2.1 Identifying your intended beneficiaries

There is no single standard test for poverty and it is not confined to those without homes or who cannot feed themselves. The courts have said that

poverty needs to be linked to the need of financial assistance for necessities. In many cases, it will not be difficult to demonstrate relief of poverty. Poverty is, however, relative; that is, it may depend on individual circumstances. For example, in extreme cases poverty could apply to those people who do not have access to shelter or clean water. However, poverty could also apply to a person who owns their own home but has such little income that they can't afford to heat or maintain it.

When trustees are looking at how to select their **beneficiaries**, we would expect them to have their own policies to assess who is most in need or most at risk of poverty.

### 2.2 Identifying your benefits

Benefits must be related to your charity's **purposes** and appropriate to purposes.

For example, if a charity's sole purpose is to relieve poverty and one of the benefits to the public or a section of the public as a result of the methods employed, is a reduction in criminal activity, then this benefit is not related to the purposes.

## 2.3 Ensuring your benefits are for the public

Benefit must be to the public or to a sufficient section of the public and must not be unreasonably **restricted**.

There is an exception in charity law that allows **charities** which relieve poverty to restrict their possible **beneficiaries** more than other charities. The reason for this is that relieving poverty is considered to be of such a public character that even a small and restricted group of beneficiaries can be a sufficient section of the public. For example:

- family connections: where beneficiaries are defined by their being part of a particular family, such as a 'poor relations trust';
- professional connections: where beneficiaries are defined by their belonging to a particular profession or field of employment.

However, this exception is itself limited in that:

- an individual or individuals cannot be named as the only beneficiary or beneficiaries of a charitable trust to relieve poverty;
- if an organisation's primary purpose is to relieve poverty, but it also has other **purposes**, then the exception does not apply to the other purposes and they cannot be restricted in the same way.

## 2.4 Balancing benefit against detriment or harm

Benefit must be balanced against **detriment or harm**, any harm or detriment should be outweighed by benefit for an organisation to be charitable.

The prevention or relief of poverty has long been regarded by the courts as an inherently good thing. This means that it is difficult to imagine a scenario where there may be harm or detriment which outweighs the good work being carried out.

## 2.5 Public benefit rather than private benefit

Any public benefit must meet a charitable need and cannot go beyond this need. **Charity trustees** must act in the interests of the charity and not take into consideration personal interest, or '**private benefits**'. A charity can only provide a private benefit if it is incidental.

An example of where private benefit is **incidental** might be where arrangements are essential to carry out the charity's **purposes**. For example, where a charity pays its employees or has a 'live in' facility manager of a homeless shelter who is provided with accommodation by virtue of the nature of the role, that is, the 'living in'.

## Useful publications

Statutory guidance on public benefit

The 'public' and 'benefit' elements supporting guidance

The advancement of education supporting guidance

The advancement of religion supporting guidance

The advancement of health or the saving of lives supporting guidance

The advancement of citizenship or community development supporting guidance

The advancement of the arts, culture, heritage or science supporting guidance

The advancement of amateur sport supporting guidance

The advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity supporting guidance

The advancement of environmental protection or improvement supporting guidance

The relief of those in need supporting guidance

The advancement of animal welfare supporting guidance

Any other purposes supporting guidance

Glossary

Frequently asked questions (FAQs)

For more information on all of our work please see the Charity Commission website:

**[www.charitycommissionni.org.uk](http://www.charitycommissionni.org.uk)**

Our preferred method of contact is email:

**[admin@charitycommissionni.org.uk](mailto:admin@charitycommissionni.org.uk)**

The Charity Commission for Northern Ireland (CCNI) is the new regulator of charities in Northern Ireland, a non-departmental public body sponsored by the Department for Social Development.

Our aims

- the Commission aims to develop a regulatory framework in which the public have confidence and in which charities can grow and flourish, clear in the knowledge of their rights and responsibilities;

And

- manage the establishment of the organisation to a statutory non-departmental public body following the full implementation of the **Charities Act (Northern Ireland) 2008**.

Further information about our activities is available from:

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**BT66 6NQ**

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**Follow our public benefit and registration consultation on Twitter #publicbenandreg**

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