



# The prevention or relief of poverty

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Supporting document for charity trustees

The prevention or relief of poverty – supporting document for charity trustees

## The Charity Commission for Northern Ireland

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

### Our vision

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.”

Further information about our aims and activities is available on our website [www.charitycommissionni.org.uk](http://www.charitycommissionni.org.uk)

### Equality

The Commission is committed to equality and diversity in all that we do.

### Accessibility

If you have any accessibility requirements please contact us.

### Online or in print

If you are viewing this document online, you will be able to navigate your way around by clicking on links either within the contents page or text.

We have produced a glossary that provides further information, definitions and descriptions of some key terms. The words in **bold green type** indicate words that are found in the *Public benefit glossary*.

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## Section 1: Overview

This supporting document is intended for charity trustees of organisations which have a purpose falling under the 'prevention or relief of poverty' description of charitable purpose.

It is one of 12 supporting documents covering each of the descriptions of charitable purposes listed in the Charities Act (Northern Ireland) 2008. It provides further information to assist charity trustees in understanding the *Public benefit requirement* statutory guidance and applying the principles of public benefit to the purposes of their organisation.

In sections 2 and 3 this supporting document explains what is meant by the prevention or relief of poverty and applies the principles of public benefit to this purpose, providing practical examples. It also explains the 'poverty exception' which exists in charity law and allows some charities whose purpose is to prevent or relieve poverty to restrict possible beneficiaries of that purpose.

You may also wish to refer to the Commission's guidance on:

- *Running your charity* which deals with operating your organisation for the public benefit
- *Registering as a charity in Northern Ireland* which explains the online registration process.

## Section 2: What is meant by the prevention or relief of poverty?

### 2.1 Meaning

There is no universal definition of 'poor' and the term may include people of **modest means**, who are suffering financial hardship or 'going short' by ordinary standards, but are not destitute.

Poverty does not include merely being financially worse off than some other people, however, nor is someone who is, for example, unemployed, necessarily poor. There must be an element of deprivation.

A charity whose purpose falls under this definition may be working to address the cause of poverty (prevention) and/or the consequences of poverty (relief). There is an overlap between these two purposes.

Poverty can be linked to factors such as:

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

A charity set up to relieve or prevent poverty might seek to address these factors.

Poverty can affect individuals, groups and whole communities.

### 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.

A charity established to prevent or relieve poverty for the public benefit might be set up to:

- provide a soup kitchen for the poor of an area
- make grants of money for the relief of the poor
- provide necessary items such as furniture, bedding, clothing or fuel to those who cannot afford them
- supply tools, books, travelling expenses or pay fees to enable people who could not otherwise afford them to earn a living

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- provide money management and debt counselling advice to those in poverty or at risk of suffering poverty
- provide agricultural equipment and training in sustainable agriculture methods to those in need in developing countries.

Examples of purposes under this description which are not charitable, or where the case is yet to be made, include:

- to provide for persons who are not in poverty or at risk of being in poverty
- to provide financial advice to people who are not in poverty or at risk of being in poverty.

They would not be charitable under this description as neither purpose is for the relief or prevention of poverty but extends to people who are not poor. They therefore fall outside of the description.

We will always, however, consider an organisation's purposes on a case by case basis.

## 2.2 The 'poverty exception'

The beneficiaries of a charity cannot generally be connected by reference to a personal connection or connection to a particular employer or organisation.

There is, however, an exception in charity law that allows charities whose purpose is to relieve poverty to restrict possible beneficiaries of that purpose more than other charities. This means that charities for the relief of poverty can define their beneficiaries by reference to their connection with an individual, company or organisation, so long as they are linked by their 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** is regarded as being for the public benefit. 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.

Strictly the poverty exception will also apply to charities for the prevention of poverty, at least where the purpose is similar to relief of poverty. Given that a charity must be of a public character, generally one would expect a charity for the prevention of poverty to have a wide class of beneficiaries.

An organisation set up to support a named individual or individuals cannot be a charity, however, 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 or preventing poverty which the exception applies to. For all other **purposes**, the full principles of public benefit apply. You must read our *Public benefit requirement* statutory guidance to understand how this applies generally.

## Section 3: Applying the principles of public benefit to the prevention or relief of poverty

Your organisation's **purposes** must be for the public benefit and all of its **purposes** must be **charitable** in order for it to be a charity.

It must be clear what the intended or actual benefit of the purpose(s) of a charity are and who the **beneficiaries** are to be.

Set out below are 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 understand how the public benefit requirement applies to your organisation.

This should help you to identify:

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
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 that can benefit
- determine how its purposes can benefit the public or section of the public.

### 3.1 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 **charity 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.

## 3.2 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.

## 3.3 Ensuring the benefit is for the public

Benefit must be to the public or to a section of the public.

As explained above, 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 section of the public, to be of benefit to the public.

## 3.4 Purposes must be beneficial, not harmful

Purposes must be beneficial, not harmful. 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 which outweighs the good work being carried out.

However, in carrying out its purposes an organisation that made over-generous grants to those who were not yet in poverty might be said to cause harm if it discouraged those people from working to earn their own living.

## 3.5 Private benefit must be incidental

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**. This might be the case where arrangements are essential to carry out the charity's purposes. For example, where a charity pays its employees or has a 'live in' facilities 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 the public benefit requirement PBR1*

*The prevention or relief of poverty supporting document PBS01*

*The advancement of education supporting document PBS02*

*The advancement of religion supporting document PBS03*

*The advancement of health or the saving of lives supporting document PBS04*

*The advancement of citizenship or community development supporting document PBS05*

*The advancement of the arts, culture, heritage or science supporting document PBS06*

*The advancement of amateur sport supporting document PBS07*

*The advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity supporting document PBS08*

*The advancement of environmental protection or improvement supporting document PBS09*

*The relief of those in need supporting document PBS10*

*The advancement of animal welfare supporting document PBS11*

*Any other charitable purpose supporting document PBS12*

*Public benefit glossary PBG*

*Frequently asked questions (FAQs)*

*Running your charity*

## If you are dissatisfied with our service

The Commission is committed to delivering a quality service at all times. However, we know that sometimes things can go wrong. If you are dissatisfied with the service you have received, we would like to hear from you, and have a procedure that you can use. You will find further information on these processes in our guidance, *Making a complaint about our services*, which is on our website [www.charitycommissionni.org.uk](http://www.charitycommissionni.org.uk)

## Freedom of information and data protection

### Data Protection

Any information you give us will be held securely and in accordance with the rules on data protection. Your personal details will be treated as private and confidential and safeguarded, and will not be disclosed to anyone not connected to the Commission unless you have agreed to its release, or in certain circumstances where:

- we are legally obliged to do so
- it is necessary for the proper discharge of our statutory functions
- it is necessary to disclose this information in compliance with our function as regulator of charities where it is in the public interest to do so.

We will ensure that any disclosure made for this purpose is proportionate, considers your right to privacy and is dealt with fairly and lawfully in accordance with the Data Protection Principles of the Data Protection Act. The Data Protection Act 1998 regulates the use of “personal data”, which is essentially any information, whether kept in computer or paper files, about identifiable individuals. As a “data controller” under the Act, the Commission must comply with its requirements.

### Freedom of Information

The Freedom of Information Act 2000 gives members of the public the right to know about and request information that we hold. This includes information received from third parties.

If information is requested under the Freedom of Information Act we will release it, unless there are relevant exemptions. We may choose to consult with you first if this relates to your consultation or application. If you think that information you are providing may be exempt from release if requested, please let us know.

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

**Further information on our activities is available from:**

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