



## Reporting on Public Benefit

For accounting periods beginning on or after 1 April 2008 charity trustees' general reporting duties were expanded to include a new requirement to report on their charity's public benefit. An organisation must now be able to demonstrate its charitable aims are for the public benefit if it is to be recognised as a charity.

### **But what is meant by the term 'public benefit' and how can it be assessed?**

There is no clear definition of what is meant by 'public benefit', it can only be described as a core characteristic that is central to the work of all charities. The Chair of the Charity Commission, in her general guidance on the matter, comments, *"Whilst the charitable sector is enormous and very diverse, the aims of each and every charity, whatever their size must be for public benefit"*. It is therefore important that the public has access to information that demonstrates a charity's due regard for public benefit in order for support to be generated.

The Charity Commission has devised two principles in order to assist charities in determining their public benefit.

The first principle states there must be an identifiable benefit. Trustees should ask themselves, what are the benefits that arise from the charity's aims?

The second principle states the benefits must be to the public or at least a section of the public. Trustees should identify who will benefit from the charity's aims and if there are any restrictions on who can have the opportunity to benefit.

Trustees of smaller charities are now required to include a brief summary in their Trustees' Report of the main activities undertaken in order to carry out the charity's aims for the public benefit. Trustees simply need to continue to explain their charities activities and achievements during the year, but set them in the context of the charity's aims to explain how they have been carried out for the public benefit. With this in mind, it is unlikely that the structure of the Trustees Report will change.

For trustees of larger charities, the public benefit reporting requirement is the same as for smaller charities, except they are required to provide a fuller explanation in the Trustees' Report of the significant activities undertaken in order to carry out the charity's aims for public benefit, as well as their aims and strategies. They are required to explain the charity's achievements measured by reference to the charity's aims and to the objectives set by the trustees.

All charities must confirm that the trustees have paid due regard to the guidance on public benefit in deciding what activities the charity should undertake.

**If you would like further information and guidance on public benefit reporting visit the 'public benefit' pages on the charity commission website [www.charity-commission.gov.uk](http://www.charity-commission.gov.uk) or contact Caroline Webster on 01865 261100 or [cwebster@critchleys.co.uk](mailto:cwebster@critchleys.co.uk)**