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Compliance

Tools for success:

doing the the right things and doing them right

[Centre for Charity Effectiveness]

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USING THIS GUIDE

Links to suggested reference sources and useful materials are provided as embedded links throughout the pages of each 'Tools for success' guide and in every Signposts section. Wherever a link is provided, when you hover your cursor over the text you'll see the link URL show up – click on it to go straight to that source material or website. For example: [Centre for Charity Effectiveness](#)

Common symbols

We have used some common symbols throughout the 'Tools for success' series, to highlight different elements:

- ! Notes and tips
- ✓ Checklists of things to do
- ❖ Simple to use tools and sample activities to work on together
- ▶ Signposts to more information, for when you're ready to build on the basics

Each guide also includes a Glossary of common terms used throughout the Tools for success series. Some terms included in the Glossary may not appear in the content of every guide.

Centre for Charity Effectiveness

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About this guide

Your board needs to be satisfied that your nonprofit organisation is meeting its legal, contractual and financial responsibilities and acting within its governing document.

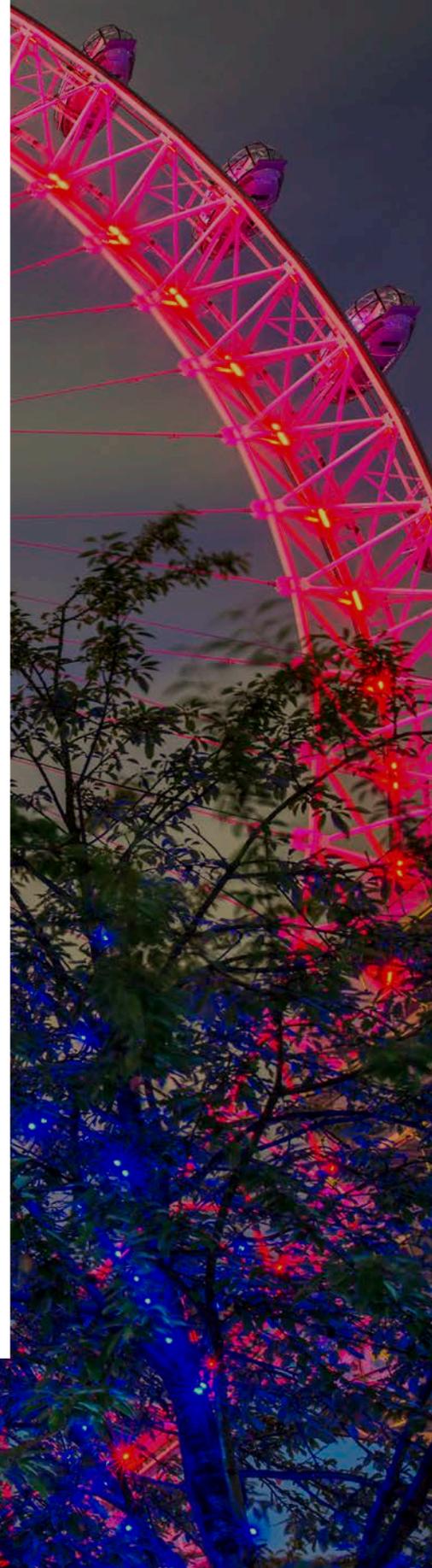
The purpose of this guide is to help you ensure compliance with the law – an area that is often of great concern to small organisations.

Members of your board or management committee are not expected to have a detailed knowledge of the legislation, but to have an awareness of the legislation and to ensure – via monitoring and checks – that someone in the organisation is taking responsibility for compliance.

This guide offers an overview of the key legislation with which your organisation is required to comply, with signposts to sites for further information and advice. In some areas we give the title of the piece of legislation so that you can look it up to check its relevance to your organisation. The focus is largely on the legal form for registered charities, although much of the guidance will also apply to Community Interest Companies (CICs), Co-operatives, Community Benefit Societies (CBS or Bencoms) and social enterprises.

KEY AREAS COVERED IN THIS GUIDE

The diagram below illustrates five key areas where compliance is required – and which are covered in more detail in this guide.



Complying with the law – getting started

A nonprofit organisation’s compliance with legislation and good practice can start with well-planned induction programmes for trustees, employees and volunteers.

Induction is vital. It is a gateway both for new trustees – helping them to get up to speed with the role, the organisation and their legal responsibilities – and for employees and volunteers. Induction ensures, and can provide evidence, that the people in your organisation have an awareness and understanding of key policies and procedures such as diversity, equity and inclusion (DEI), health and safety, data protection/GDPR, safeguarding etc. (See the **People** guide for a checklist on employee induction).

✓ YOUR TRUSTEE INDUCTION PROGRAMME

This will include a variety of activities, spread over a period, including:

- Meetings and introductions to other trustees, employees, people you work with etc
- Invitations to events, meetings and presentations.

Your organisation’s induction pack will include:

1. Key internal documents such as:
 - A copy of your governing document (see below), a brief history of the organisation, current strategic plan, organisational structure, job description of the Chief Executive or Director (if you employ staff), contact details of other trustees and the organisation
 - Latest trustees’ annual report and accounts
 - Minutes of the most recent board (and committee) meetings
 - Key policies (where available) covering, for example, conflicts of interest, trustee code of conduct, financial controls, diversity, equity and inclusion (DEI), human resources, safeguarding and whistleblowing.
2. Information on the role and responsibilities of a trustee and governance. Download the relevant information from the Charity Commission including The Essential Trustee (CC3) and Five Minute Guides for Charity Trustees (purpose, finance, conflicts of interest, decisions and support)
3. Good governance: the Charity Governance Code (for England and Wales) has been developed to support charities and their trustees develop high standards of governance and there are other Codes for Scotland and Northern Ireland

See also the **Governance** guide for more information on induction

You must check that a new trustee is eligible to be appointed. See Charity Commission guidance.

What legislation must we be aware of?

AS A CHARITY, COMPLIANCE WITH OUR GOVERNING DOCUMENTS.

The key document of a nonprofit organisation is its 'governing document' which sets out the charity's objects and how it is to be administered.

The governing document, as well as the titles of those concerned with governance, may be different depending on the type of nonprofit organisation, but the most common terms are:

Type of nonprofit organisation	Governing document	Usual title of the charity's trustees
Unincorporated association or society	Constitution or rules	The Executive or Management Committee
Charitable company (an incorporated charity)	Articles of Association	Directors
Charitable Incorporated Organisation (CIO)	Constitution	Charity Trustees
Charitable Trust	Trust deed	Trustees or Governors

▶ NCVO provides useful information on the different types of nonprofit organisations including social enterprises.

Other 'social purpose' legal forms and documents:

- For Community Interest Companies
- For social enterprises
- For co-operatives and bencoms

Your governing document contains all the information needed to run a charity such as:

- What the charity is set up to do (known as its 'objects')
 - How the charity will do those things (known as 'powers')
 - Who will run the organisation (the trustees, directors, the board or management committee)
- How it is to be run and administrative arrangements regarding meetings, voting, looking after money, delegation to committees etc.
 - What happens if administrative provisions need to be changed
 - What happens if the charity wishes or needs to be wound up
 - It is a legal requirement that charities comply with their governing document. This includes ensuring that:
 - The charity's activities remain within the objects set out in the governing document
 - Any new activities planned are permitted within the objects
 - The trustee body is properly and legally constituted
 - Trustees have a sound knowledge and understanding of the governing document.

What legislation must we be aware of?

AS A CHARITY, COMPLIANCE WITH CHARITY AND COMPANY LAW

All charities must comply with:

- The Charities Acts, 2011 – this brought together the Charities Act 1993 and much of the Charities Act 2006. The Charity Commission's What makes a charity (CC4) provides more guidance on this.
- Trustees must ensure that their organisation meets the public benefit test as contained within the 2011 Act.
- The Trustees Act 1925, 2000. The most recent Act concerns the powers of trustees regarding investments and delegation. The Charity Commission's CC14 gives guidance on how charity trustees can make the right decisions about investing charity funds.
- Regulation covering people who are disbarred from acting as trustees under the Charities (Protection and Social Investment Act 2016).
- Charity Commission regulation requiring compliance (depending on annual income) on the submission of annual returns, reports and accounts. See the Finance guide for more on this.
- The latest and relevant Statement of Recommended Practice (SORP) – i.e. Charities SORP (FRS 102) (2nd edition 2019) unless a more specialist SORP applies – published by the Charity Commission. See the Finance guide for more on this.
- Laws on trading, political activities, fundraising, fraud, money laundering and the Bribery Act, and Charity Commission 'Internal Financial Controls for Charities (CC8)'(2012)
- Laws on copyright, trademarks, other intellectual property rights and data protection (GDPR).

Charitable companies (not CIOs)

Charitable companies (i.e. those incorporated as a company limited by guarantee) must comply with provisions in the Companies Acts, 1985, 1989, 2006. Additional requirements include filing details of trustees as directors at Companies House.

AS AN EMPLOYER, COMPLIANCE WITH EMPLOYMENT LAW

All employers must ensure their contractual arrangements with employees comply with current employment legislation. Practical assistance and sample or downloadable documents are available from ACAS and GOV.UK

Compliance with employment legislation includes:

Contracts of employment

The contract provides important information on the main terms and conditions you are offering. You must ensure that your contracts of employment are legal and meet the needs of your organisation (i.e. whether you employ permanent or fixed term staff).

A written statement of employment particulars must be issued by the end of the first day of employment and should include (amongst other matters) employment conditions, rights, responsibilities, duties, hours of work, notice periods, details of holiday entitlement, sick pay, pay and pension etc. with signposts to other documents such as discipline and grievance procedures. This is not an employment contract and should be followed up within two months by a more detailed written statement.

All employers need to have pension provisions in place for their staff.

You may also need 'non-employment' engagement letters for people who are not employees, for example volunteers, consultants, contractors.

▶ See ACAS for information on what to include in a contract of employment.

What legislation must we be aware of?

Employment legislation

Employment legislation covers a range of topics. Some will be referenced via the drafting of your contracts of employment (see p8) such as: discipline and grievance procedures, holiday and sickness pay and leave.

The other major areas of employment legislation you may encounter include the following:

- The Working Time Regulations – ensuring that employees do not work hours in excess of the legal maximum and take sufficient holidays, breaks and time off
- The Transfer of Undertakings Protection of Employees (TUPE) Regulations when considering mergers or transfers of employees from or to your organisation
- The legal protections for whistleblowers introduced by the Public Interest Disclosure Act 1998 (PIDA) was incorporated into the Employment Rights Act 1996
- The Information and Consultation Regulations which, in certain circumstances require employers with more than 50 employees to consult with and inform employees about workplace issues
- Disciplinary and grievance procedures (download Acas code of practice and guidance)
- Redundancy (including consultation procedures, entitlement to statutory redundancy payments etc.)
- Pensions (See the Pensions Regulator)
- Diversity, Equity and inclusion (The Equality Act 2010) (see p6)
- Discrimination (The Equality Act 2010) (see p6)
- Parental rights and responsibilities (maternity/paternity/ shared parental leave/adoption/parental leave) and dependants' leave
- Flexible working requests
- Immigration and work status – ensuring that your employees have the right to work in this country
- Specific checks, for example those required for employees working with children or vulnerable adults in your organisation (i.e. Disclosure and Barring Service including Safeguarding). (See Signposts below for useful links to more on safeguarding).

✓ A WHISTLE-BLOWING POLICY SHOULD INCLUDE:

- An explanation of what whistleblowing is, particularly in relation to your organisation
- A clear explanation of the organisation's procedures for handling whistleblowing, which can be communicated through training
- Make clear the importance your organisation attaches to the identification and rectification of malpractice
- A commitment to treat all disclosures consistently and fairly
- Define malpractice and identify the standard of conduct required of employees
- Specify to whom employees should report suspected malpractice
- Set out the mechanism for investigating alleged malpractice
- Allow whistle-blowers, where possible, to disclose information in confidence or remain anonymous
- Stress that no disciplinary action will be taken against whistle-blowers in respect of disclosures made in good faith
- Consider whether an external body should be identified as an alternative to the employer's procedure.

See also the Charity Commission guidance on reporting serious incidents including specific guidance for trustees

▶ For all areas, information and advice on procedure and practice can be found at gov.uk or from Acas. See Signposts for more useful sources of information.

What legislation must we be aware of?

Diversity, Equity and Inclusion (DEI)

Addressing diversity, equity and inclusion is an opportunity to make your organisation more effective. Taken together, when you make conscious steps to improve all three aspects, you will develop and sustain a culture where everyone feels welcomed, valued and included, and their contributions recognised. You will make better decisions and achieve greater impact for those you work with. Improving diversity, equity and inclusion should be at the heart of everything that the organisation does.

Diversity is about recognising and valuing difference in its broadest sense, ensuring that everyone has equitable access to resources and decision making.

Equity is about removing inequalities to make sure everyone has the chance to realise their ambitions. **Equality** is an important concept too and is about creating a fairer society where everyone has an equal opportunity to fulfil their potential.

Inclusion is about being proactive to ensure that each individual's experience within the workplace and in wider society is one where they feel valued, respected and fully able to participate.

Under the Equality Act 2010, people have legal protection against discrimination in the form of the nine following 'protected characteristics':

- Age
- Sex
- Race
- Religion or belief
- Disability
- Sexual orientation
- Pregnancy and maternity
- Gender reassignment
- Marriage and civil partnerships.

In this section we concentrate on your responsibilities as an employer. However, remember that equality legislation can also cover the people you work with who use your services as well as your employees and volunteers.

Employers can be held to discriminate by:

1. **Direct discrimination** – occurs when someone is treated less favourably than another person because of a protected characteristic they have or are thought to have ('perception discrimination'), or because they associate with someone who has a protected characteristic ('discrimination by association').
2. **Indirect discrimination** – can occur when you have a condition, rule, policy or even a practice in your organisation that applies to everyone but particularly disadvantages people who share a protected characteristic. Indirect discrimination can be justified if you can show that you acted reasonably in managing your organisation, i.e. that your action is 'a proportionate means of achieving a legitimate aim'. A legitimate aim might be any lawful decision you make in running your organisation, but if there is a discriminatory effect, the sole aim of reducing costs is likely to be unlawful.

To help prevent and/or defend a discrimination claim, an employer should have an up-to-date diversity, equity and inclusion policy which is readily available, consistently enforced, regularly reviewed and made known to managers, supervisors, employees and job applicants. Induction is a good way of making policies known to new employees, volunteers and trustees, but they also need to be systematically reinforced in a variety of contexts.

✓ A DIVERSITY, EQUITY AND INCLUSION (DEI) POLICY SHOULD:

- Make clear your organisation's commitment to encouraging DEI, and eliminating unlawful discrimination
- Mention equality of opportunity for all job applicants, employees and volunteers (including trustees) that the organisation will not discriminate on the grounds of any of the protected characteristics
- List all the forms of discrimination covered by the policy i.e. all the protected characteristics listed opposite
- State that the policy will cover all current legislation
- Outline the work environment you are aiming to create

What legislation must we be aware of?

- Oblige all employees and volunteers to respect and act in accordance with the policy
- Make clear that any bullying or harassment is totally unacceptable and will be dealt with as misconduct under the grievance procedure
- Explain the procedure for dealing with complaints and the link to the grievance procedure
- Include the title of the manager or director who has overall responsibility for the policy.
- Be regularly updated and communicated (and ensure that this is done)
- Be used in training sessions for all employees, volunteers, trustees.

Different aspects of DEI are included in each of the guides in this **Tools for Success** series, reflecting the importance of a whole organisation focus to improving your practice.

AS AN ORGANISATION, COMPLIANCE WITH LAWS RELATING TO DATA PROTECTION/GDPR, HEALTH & SAFETY, PREMISES ETC.

General Data Protection Regulation (GDPR)

The legislation covers everyone about whom you keep personal data ie. employees, volunteers including trustees, people you work with, funders etc. Everyone responsible for using personal data has to follow strict rules called 'data protection principles'. They must make sure the information is:

- Used fairly, lawfully and transparently
- Used for specified, explicit purposes
- Used in a way that is adequate, relevant and limited to only what is necessary
- Accurate and, where necessary, kept up to date
- Kept for no longer than is necessary
- Handled in a way that ensures appropriate security, including protection against unlawful or unauthorised processing, access, loss, destruction or damage.

The legislation:

- Requires organisations to register if they keep records
- Governs the processing of personal data including 'personal sensitive data'
- Requires organisations to comply with the principles
- Allows employees to request to see the personal data held on them.

▶ The Information Commissioner's Office (ICO) has further information on data protection, including specific information for charities.

Health & Safety

The Health & Safety at Work etc. Act 1974 places a duty on employers to ensure the health, safety and welfare of employees and others who may be affected by the actions of your organisation. Where relevant, the actual legislation is given to help you check your obligations under each set of regulations or piece of legislation.

✓ YOUR HEALTH & SAFETY CHECKLIST

- If you employ five or more employees, you must have a written, signed and dated statement of your general policy confirming who takes ultimate responsibility for health and safety (normally the director/chief executive), and how other matters such as risk assessment, fire and emergency instructions, manual handling etc. are managed
- All employees and volunteers should sign to say that they have read and understood the policy
- Display a copy on noticeboards
- Inform people of the existence of the policy at induction and reinforce its content regularly
- Consult employees on health and safety policy and other relevant matters

What legislation must we be aware of?

✓ YOUR HEALTH & SAFETY CHECKLIST (CONT)

- To comply with current legislation, you must:
 - Display a Health & Safety law poster (available from the Health and Safety Executive (HSE); an employer's liability insurance certificate and other notices such as no smoking notices and exit signs
 - Undertake risk assessments (Management of Health & Safety at Work Regulations 1994) including risk assessments under the Control of Substances Hazardous to Health Regulations, covering the use, storage and disposal of chemicals such as cleaning materials
 - Undertake special risk assessments for people under 18 or those who are pregnant or breastfeeding
 - Draft and implement an 'action in the event of a fire' procedure (The Regulatory Reform (Fire Safety) Order 2005).
 - If you have full responsibility for your premises, you should have carried out a fire risk assessment. If you lease the premises, you may find that the landlord has arranged this. Use the risk assessment to draft your procedure; include assembly points, fire drills etc. in it
 - Assess 'workstations' where computers are used and provide eye tests for employees if required (The Health and Safety (Display Screen Equipment) Regulations 1992)
 - Assess items which might cause harm if lifted incorrectly or are too heavy (Manual Handling Operations Regulations 1992 (amended 2002); offer employees basic training in manual handling techniques, if lifting is part of their job requirement

- Maintain premises in a clean, tidy and orderly condition (The Workplace (Health, Safety and Welfare) Regulations 1992) ensuring emergency access routes are not blocked, eliminate trailing wires or trip hazards such as frayed carpets or wet floors; maintain equipment in good order
- Provide a First Aid box (The Health and Safety (First Aid) Regulations 1981) and identify an 'Appointed Person' who can monitor the contents of the first aid box and summon medical assistance when required
- Ensure you have an Accident Book in which to record all accidents, however minor (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995) and that accidents that lead to absence from work of more than three days are reported
- Include Health and Safety when planning training; this can be formal and/or informal training in group or briefing meetings.

▶ For further information, see Health and Safety Executive (HSE)

! Health and Safety legislation applies to everyone involved in your organisation – employees, volunteers, trustees, visitors and people you work with and support.

! The Corporate Manslaughter and Corporate Homicide Act 2007 makes it possible for employers to be prosecuted for 'a gross breach of duty' if someone has been killed at or by work.

What legislation must we be aware of?

Other legal obligations

Your organisation must also ensure that it meets its legal obligations in other areas to mitigate its risks. These include:

- Complying with lease, licence or tenancy agreements
- Complying with contracts (e.g. for photocopiers, vehicles etc.)
- Having relevant insurances, displaying (or having a copy on your intranet, or in a shared folder, of a current Employers Liability certificate, having public liability insurance covering general risks (e.g. fire, theft and flooding, legal action)
- Maintaining accurate and secure financial records and information; complying with income tax, national insurance, pensions, other tax, VAT regulations
- Maintaining bank accounts, loans, overdrafts, investments according to agreements (including reserves, ethical considerations, risk).

▶ For more useful guidance see.

- Charity Finance Group (CFG)
- HMRC helpline for issues relating to charity tax and charity VAT
- Charity Commission guidance on charity law and practice

AS A FUNDRAISER OR AN ORGANISATION ACCEPTING FUNDING, COMPLIANCE WITH RELEVANT LAW

It is essential to be seen to be managing incoming and outgoing money legally and transparently. This includes meeting your legal obligations regarding:

- Fundraising activities and grant aid funding including rules on public events, collections, lotteries, data protection/ GDPR (when using a database of supporters for fundraising), supervising volunteers, insurance, risk assessment, licensing laws etc.
- Strong management of your assets and resources
- Accepting legacies
- Any requirements imposed by funders
- The requirements of a loan
- Work undertaken under a service agreement or contract
- Requirements made by regulatory bodies such as Homes England, the Care Quality Commission etc. that apply to the type of work you undertake.

▶ The Code of Fundraising Practice outlines the legal rules that apply to fundraising. See also related Charity Commission guidance on fundraising legally and responsibly and the Chartered Institute of Fundraising.

Must-have policies

A charity needs to have a minimum set of policies and procedures that define, regulate and inform how it operates. Several of the policies you need to have result from your obligations in managing people – see the People guide for more information. You must also have a Health and Safety policy if you employ five or more people, and DEI and harassment policies (see pp. 5 - 8).

Many of the areas mentioned in these guides would benefit from written policies, for example:

- Board responsibilities, conduct at board meetings, composition of the board and committees and the selection of new trustees, role profiles, confidentiality, speaking to the media, conflict of interest, safeguarding etc.
- Finance (internal financial procedures including money laundering under the Proceeds of Crime Act), investments, reserves (see the Finance guide)
- Risk management (see the Governance guide)
- Code of conduct – i.e. your ‘organisational rules’ – covering what is acceptable and unacceptable
- Diversity, Equity and Inclusion (DEI) (see p. 6)
- Whistle-blowing (see p. 5)
- Serious Incident Reporting (SIR) and see also the section above on whistleblowing.

- Safeguarding – see below
- Health and Safety.
- Policies relating to people (see the People guide).

Safeguarding

Creating a safe and welcoming environment, where everyone is respected and valued, is at the heart of safeguarding. It’s about making sure your organisation is well run in a way that actively prevents harm, harassment, bullying, abuse and neglect. It is also about being ready to respond safely and well if there is a problem. Everyone in the organisation has a role to play in safeguarding. It should become part of your day-to-day activities.

Every organisation that delivers charitable activities has a duty to safeguard volunteers, staff members, participants and donors.

Five reasons to do safeguarding well:

- Abuse, harassment and harm can happen to anyone – people we work with, staff or volunteers. It’s not always visible and often not spoken about
- Abuse, harm and neglect are wrong. We have a duty to do something about it
- When everyone understands safeguarding and their right to be safe, people who have nowhere else to turn are protected
- An organisation that does safeguarding well is an organisation that is trusted
- The Charity Commission expects every charity to make safeguarding a priority and has issued guidance

Safeguarding needs to be considered for everyone although there are different approaches for adults and children.

To get started with safeguarding, see NCVO’s steps to a safer organisation.

How do we develop a policy?

When developing a policy:

- Decide whether this is an area where the board or the executive should be determining policy
- Arrange for a sub-group, member of staff or individual trustee to produce a draft policy for discussion
- Discuss (including consultation with trustees, employees, volunteers, service users as applicable) and agree the final version
- In the case of a board policy, ensure the entire board ratifies the document and builds in a date for review.
- See the **People** guide for suggestions on implementing a policy.

✓ A GOOD POLICY

- Is easily understood and written in plain, jargon-free English
- Has a definite purpose for its creation
- Is linked to your strategy
- Is flexible and can adapt to change
- Is accessible and known to the organisation
- Is suited to the culture of the organisation
- Is developed through the involvement of employees and interested stakeholders
- Is communicated to all relevant people.

Records we must keep

Evidence for compliance and checks

Your organisation must keep records of:

- Signed minutes of board meetings (and committees) to evidence how decisions were made and how the board has met its legal responsibilities (e.g. reports on health and safety, serious incident reports, safeguarding etc.)
- Accounting records to provide an audit trail and to inform any query made (see www.gov.uk); compliance with the charity SORP; regulation from the Charity Commission regarding the submission of annual returns, annual reports and accounts
- Evidence of checks on employees including their right to work in the UK; and DBS (Disclosure and Barring Service) checks with gov.uk where applicable.

❖ CFG have produced a helpful guide – Records Management in Charities: A Toolkit for Improvement

Signposts

COMPLIANCE WITH YOUR GOVERNING DOCUMENT

Charity Commission guidance including:

- The Essential Trustee (CC3)
- Five minute guides for charity trustees (purpose, finance, conflicts of interest, decisions and support)
- The Charity Governance Code for England and Wales
- Trustee eligibility – Charity Commission guidance
- What makes a charity (CC4)

Introduction to legal forms for different types of charities (NCVO)

Social purpose legal forms and documents:

- For Community Interest Companies
- For social enterprises
- For co-operatives and bencoms

COMPLIANCE WITH CHARITY AND COMPANY LAW

GOV.UK guidance including:

- Charities and investment matters: a guide for trustees (CC14)
- Why some individuals can't act as charity trustees
- Charity reporting and accounting: the essentials (CC15b)
- The Charities Statement of Recommended Practice (SORP)
- Internal financial controls for charities (CC8)

ICO Guide to the UK General Data Protection Regulation (UK GDPR)

Companies Act 2006 (legislation.gov.uk)

COMPLIANCE WITH EMPLOYMENT LAW

Acas (Advisory, Conciliation and Arbitration service)

GOV.UK guidance including:

- Employing people
- Written statement of employment particulars
- Whistleblowing
- Information and Consultation regulations
- Equality Act 2010 including 'protected characteristics'
- Right to work checks
- Disclosure and Barring Service - GOV.UK

Acas Code of Practice on disciplinary and grievance procedures

Pensions regulator

GUIDANCE ON SAFEGUARDING:

- Charity Commission guidance on safeguarding duties for charities and trustees
- NCVO 'What is safeguarding?' guidance
- NCVO 'Steps to a safer organisation'
- GOV.UK guidance on reporting serious incidents at a charity:
 - For charity workers and volunteers
 - For trustees

COMPLIANCE WITH LAWS RELATING TO DATA PROTECTION/GDPR, HEALTH & SAFETY, PREMISES ETC

Information Commissioner's Office (ICO) including:

- Guide to the UK General Data Protection Regulation (UK GDPR)
- GDPR FAQs for charities

Health and Safety Executive (HSE)

HSE guidance on Health & Safety at Work Act 1974

HSE guidance on corporate manslaughter and corporate homicide

More information on charity finance from the Charity Finance Group (CFG)

HMRC helpline for issues relating to charity tax and charity VAT

Charity Commission guidance on charity law and practice

COMPLIANCE WITH RELEVANT LAW AS A FUNDRAISER OR AN ORGANISATION ACCEPTING FUNDING

Code of fundraising practice (Fundraising regulator)

Charity Commission guidance on fundraising legally and responsibly

Chartered Institute of Fundraising – useful information and advice on fundraising legislation

RECORD KEEPING (FOR COMPLIANCE AND CHECKS)

CFG guide to Records Management in Charities

Glossary

Clarification of common terms used throughout the Tools for success series. Please note that some terms included in this Glossary may not appear in the content of every guide.

Collaboration: A spectrum of different ways two or more organisations can work together for mutual benefit – such as cost reduction, or to add value for those with whom the organisation works. A collaboration can be formal (a merger) or informal (a network), and it can last for a fixed length of time or can be permanent.

Compliance: Conforming to regulations and legislation (and being able to demonstrate this).

Constitution: The legal document that, in written form, establishes the rules and principles, powers, duties, structures and processes of the organisation.

Diversification: Establishing a broad portfolio (e.g. in terms of services investments or funding streams) in order to minimise risk and create choice.

Driver: A major force or trend that could positively or negatively influence the future of an organisation. Drivers have a complex relationship with each other; some drivers are an outcome of others. Some are reasonably predictable; some are uncertain.

Diversity, Equity and Inclusion (DEI):

Diversity is about recognising and valuing difference in its broadest sense, ensuring that everyone has equitable access to resources and decision making.

Equity is about removing inequalities to make sure everyone has the chance to realise their ambitions. **Equality** is about creating a fairer society where everyone has an equal opportunity to fulfil their potential.

Inclusion is about being proactive to ensure that each individual's experience within the workplace and in wider society is one where they feel valued, respected and fully able to participate.

Evaluation: Using information from monitoring and elsewhere to assess the performance of an organisation or project against its stated aims or outcomes.

Governance: The process of oversight by trustees/board that ensures the organisation works to its aims, uses its assets to pursue those aims and acts at all times in the interests of beneficiaries.

Grant: a one-way, non-contractual, transfer of money or other assets for a social purpose (often charitable but not always).

Impact: All changes resulting from an activity, project or organisation. It includes intended as well as unintended effects, negative as well as positive, and long-term as well as short-term

Induction: An event or programme of activities to welcome, orient and introduce a new recruit (staff, volunteer or trustee) to the structures, procedures, people and culture of the organisation.

Liability: An obligation that may put an organisation at a disadvantage. Often associated with past obligations causing future transfer of assets, delivery of service or other duty, and/or yielding of benefits.

Networking: Exchange of information, knowledge, understanding and experience between people sharing common issues and concerns.

Other players: Any individual, organisation or group that works in the same field as your organisation and/or that has similar or overlapping interests. They could be charities, commercial organisations or statutory bodies. They may also be competitors, suppliers or collaborators.

Outcomes: The changes, benefits, learning or other effects that result from what the project or organisation makes, offers or provides.

Outputs: The direct products, services or facilities that result from an organisation's or project's activities.

Performance indicators: Well-defined information which shows whether something is happening (or not) as a result of actions and/or investment made.

Performance management: A process which contributes to the effective management of individuals and teams in order to achieve high levels of organisational performance. It establishes a shared understanding about the results that need to be achieved, and an approach to leading and developing people which will ensure that they are achieved.

Quality framework: A set of criteria enabling an organisation to apply a rigorous, consistent and comprehensive approach to continuous improvement.

Risk: A potentially damaging outcome of an event or situation

Glossary

Social enterprise: A social enterprise is a business set up to tackle a social or environmental need. Their main aim is to generate profit which can be used to further the organisation's social or environmental goals.

Social finance: Refers to the use of commercial-style investment tools to create a social as well as a financial return.

SOFA: Statement of Financial Activities. A charity's SOFA shows all the incoming resources becoming available during the year and all its expenditure for the year, and reconciles all the changes in its funds.

SORP: 'Statement of Recommended Practice: Accounting and Reporting by Charities', published by the Charity Commission, providing guidance on the format and content of charity accounts and annual reports.

Stakeholder: All individuals and groups who are affected by, or can affect, a given project, programme or organisation.

Statutory body: An institution empowered by the state through legislation to establish policy, regulate, fund and provide services.

Strategic analysis: Considering how the environment is changing, analysing the implications for the organisation, and using this knowledge to make better strategic decisions.

Strategy: A way of mobilising an organisation in its direction of travel: setting direction, analysing what the organisation needs to do, planning, implementing, and evaluating the plan.

Sustainability: The ability or facility to remain robust and drive impact into the longer term: continuing to exist and being maintained at a defined level of strength indefinitely.

Target: The aspired quantity and quality of outputs and outcomes; specific, measurable and time-bound results.

Trading: The exchange of goods or services, or both, through a market, using a medium of exchange such as barter (direct exchange of goods or services) or money.

Trustee: In legal terms, the holder of property in trust on behalf of those the organisation supports. For most nonprofit organisations, trustees are board members with defined duties under the constitution or governing document; the persons having the general control and direction of a charity. A trustee may also be called a 'management committee member' or similar.

CENTRE FOR CHARITY EFFECTIVENESS

Inspiring transformation within the nonprofit sector.

The vision of the Centre for Charity Effectiveness (CCE) is that of a nonprofit sector leading positive social change. We support the sector to achieve this through the services that we deliver: education, knowledge sharing, research and independent consultancy advice. As one of Bayes Business School's centres of excellence, impactful knowledge exchange has been at the heart of what we do since our inception over 20 years ago.

Tools for success series:

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Finance

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Operations

People

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