

Poole Bay Methodist Circuit

Grant Making Policy

V1.1 | 2016

## **1. Charitable purpose and objective**

- 1.1. The Trustees apply the funds of The Poole Bay Methodist Circuit at their discretion and in accordance with the charitable purposes and objectives of the charity.
- 1.2. The Trustees have appointed a sub-group (Circuit Leadership Team) to consider the distribution of beneficial grants on its behalf and to make recommendations in accordance with the charitable purposes and objectives. Any decision whether to award a grant remains solely the responsibility of the Trustees of The Poole Bay Methodist Circuit.

## **2. Priorities for support**

- 2.1. The amount of work or number of projects that can be supported by the Trustees is necessarily limited to the amount of funds that are available for distribution each year. The Trustees have determined that the priorities for funding are:
  - The advancement of the Christian faith within their local communities and across the world, but particularly in the geographic area covered by the Poole Bay Circuit;
  - The relief of poverty and hardship within local communities and among the world's deprived and needy peoples, as determined by the Trustees from time to time and in accordance with this policy;
- 2.2. The priorities for support will be reviewed by the Trustees annually and may be changed depending upon circumstances and the perceived effectiveness of the application of funds. Any change to these priorities must still fulfil the charitable purpose and objectives of the charity.

## **3. Principles applied in determining support**

In awarding grants, the Trustees will apply the following principles;

- 3.1. The Trustees will consider any requests or known situations that are eligible for consideration:
  - From any geographical area within the UK and overseas;
  - From organisations and individuals alike.
- 3.2. Each request or situation will be considered on its own merits. Where situations have been previously considered (whether successful or not) any due diligence undertaken to reach an earlier decision will be made available to the Trustees.
- 3.3. The Trustees will carry out sufficient due diligence to ensure that the request or situation meets both the charitable purposes, and the priorities for support set out in this policy.
- 3.4. The Trustees are content to work in partnership with other grant making bodies where funding of an entire project is beyond the scope of any single organisation. This includes, but is not limited to, national and international relief operations in the wake of natural disasters.

#### 4. Applicant and partner due diligence

- 4.1. The Trustees will carry out sufficient due diligence on any potential beneficiary to ensure:
  - The identity of the beneficiary;
  - That funds are applied in accordance with the charity's charitable purpose;
  - That funds are not knowingly used for:
    - Money laundering in accordance with the operative Money Laundering regulations;
    - Terrorist financing in accordance with the Terrorist Act 2000;
    - Bribery in accordance with the 2010 Bribery Act.
- 4.2. In cases where the charity is not the only supporter of the work or project, and to protect its reputation, the Trustees may choose to extend any due diligence beyond the proposed beneficiary and to include other partner supporting organisations.
- 4.3. The Trustees will adopt a risk rated approach to due diligence. Risk factors will include; the size of the grant; the country of residence of the proposed recipient; the geographical location in which the grant will be applied; the nature of the relationship between the charity and the applicant.
- 4.4. Grant size will be an important risk factor and the larger the grant the greater will be the likely level of due diligence undertaken.
- 4.5. Where the proposed beneficiary is well known to the Trustees and the relationship has been long standing and well established, the amount of due diligence undertaken is likely to be reduced.
- 4.6. The results of any due diligence will not last indefinitely. In cases where beneficiaries are supported for a significant period of time, additional due diligence will be undertaken on a change of circumstances that might impact the beneficiary, or in any case after a period of no more than five years.

#### 5. Administration

- 5.1. For smaller grants, requests may be made informally. Where specific needs or situations are known, grants may be made at the discretion of the Trustees without any form of request.
- 5.2. For larger grants, Trustees should be confident:
  - Of the purpose of the proposed grant including an understanding of the work and the way in which the grant will be managed and applied;
  - Of the person(s) responsible for the management of the grant and for overseeing the work;
  - That all local applicable laws and working practices associated with the work are fully and properly applied;
  - That suitable safeguarding policies are in place in cases where the applicant works with children or vulnerable adults.

- 5.3. For very large grants, in addition to the requirements set out in 5.2, trustees would expect a written report (on request) setting out the progress and achievements for the period covered and detailing any forthcoming changes to either the nature or the location of ongoing work.
- 5.4. With the agreement of the charity and the beneficiary, grants will be provided by means of an electronic banking transfer or a cheque. The charity's normal payment authorisation process will be applied to any payments.
- 5.5. Where the grant is for a specified project or purpose, and in situations where that purpose does not proceed or where any grant or part thereof remains unused, unused funds must be returned.
- 5.6. Where formal written applications have been received, or other records maintained, these will be stored and subsequently disposed of in accordance with the charity's policy on data protection and prevailing Data Protection legislation.

## **6. Decision making**

- 6.1. The decision of the Trustees on whether to award a grant is final.
- 6.2. The Trustees are not obliged to provide an explanation to applicants in the event that their application is not successful.

# Grant making policy

## Guidance notes

*To be read in conjunction with the grant making policy*

## Why do we need one?

### ...the legal reasons

There are two reasons why charities need to have a grant making policy;

1. It is a requirement of the Charities Commission as part of the charity formation process;
2. Whilst it may feel that we are giving a gift to a well deserving, or hardworking; or needy group of people; we are in legal terms making a grant. In order to qualify as charitable expenditure, that grant needs to be made by the charity in accordance with its charitable purpose(s).

In cases where the Circuits' income and gains are not applied solely to charitable purposes, exemption from tax may be restricted. HMRC guidance states that a payment made, or to be made, to an entity outside the UK will only be considered as charitable expenditure if:

- the payment is made to a foreign supplier of goods or services in the ordinary course of the UK charity's activities; or
- the charity takes steps that the Commissioners for HMRC consider are reasonable in the circumstances to ensure that the payment is applied for charitable purposes, including where the payment is made to an overseas branch or office of the charity.

In cases where one or other of these criteria can't be met, a tax liability may arise.

### ...the operational reasons

Operating as a Christian charity, we may come across many projects and work programmes that are worthy of our support. However, we can't support everyone, and we are not called to support everyone. Putting in place a grant making policy before those worthy and competing demands are presented, provides a framework to aid any decision-making process.

This policy is not intended to be a straitjacket nor is it intended to add another layer of paperwork the process. It is designed to provide us with some guidelines so that; our grants are applied legally and in accordance with our charitable purpose(s); our grants are applied effectively; and that we do not fall foul of pitfalls that undoubtedly do exist in the area of grant making.

## DOCUMENT CONTROL

Version Number	Revision Date	Revised by	Changes made
v1.0	08.06.2016	n/a	Policy adopted by Circuit Meeting
v1.1	08/02/2022	Michelle Dobson	Reformatted. No content changes.