

Charities & Public Benefit Test

The Principles of Public Benefit are enshrined in the Charities Act 2006 and one of its key provisions is the requirement for all charities (registered and applicants) aims' to be demonstrably for the public benefit.

There are two key principles both of which must be met in order to show that an organisation's aims are for the public benefit.

1. There must be an identifiable benefit or benefits
 - Clearly identified
 - Related to the charities aims
 - Benefit must be to the public, or a section of the public.
 - No unreasonable restriction (geographical and /or financial)

Trustees Responsibilities

1. Charitable aims carried out for public benefit
2. Awareness of Charity Commission (CC) guidance
3. Reporting in Annual Report (*)

Public Benefit

The CC provide examples of public benefits, these include

- Promoting artistic or literary appreciation; and
- Giving an education

Benefits do not necessarily need to be quantifiable or measured, they effectively need to be capable of being recognised, identified, defined or described. For example, the benefits of viewing works of art can still be identified and experienced.

A charity is for the public benefit if the benefits it offers are made widely available, even though in practice only a few people from time to time are able to benefit.

Acceptable (Financial) Restrictions

Artistic charities can charge for the services or facilities they provide, these fees can exceed the cost of provision as long as they are “reasonable and necessary” in order to carry out the charities aims – and do not deter a significant section of the public.

Where fees are charged, people who are unable to pay must still be able to benefit in a material way in relation to the charity’s aims. These may include

- Giving the public access to a high standard of artistic work
- Providing arts educational material on the internet
- Supporting arts groups
- Providing art spaces
- Working in collaboration with the Arts Council
- Preserving the arts for future generations

Additional

The CC have already carried out initial assessments and reviews on a sample of 12 charities, of which some have found to be not providing sufficient public benefit to justify their charitable objects – these have included fee-charging schools and fee-charging care homes.

These ‘failed’ charities, with the exception of the public benefit requirement, remain registered with the CC. There is a set timetable by which the charity can rectify matters and submit a plan for agreement with the Commission to enable the charity to meet the public benefit requirement.