

Charities that are connected with non-charitable organisation: common issues that trustees may face

Checklist to help review your actions and decisions

Trustees can use this checklist to review whether they are managing their charity's connection with a non-charitable organisation in line with their duties and the advice and recommendations in the guidance.

The tables of questions in this checklist match the guidance in “Common issues for trustees when managing the charity's connection with a non-charitable organisation”, and you should read the relevant topic when using the checklist.

Not all the issues listed will be appropriate for all charities. If your charity does not have an area of activity described, then that part of the checklist will not apply.

Use these hyperlinks to jump to the tables that are relevant to you:

- Providing funding: [Grant-funding the non-charitable organisation to deliver charitable activities, services or projects](#)
- Providing funding: [Paying the non-charitable organisation to provide services to the charity](#)
- Providing funding: [Providing investment funding to the charity's trading subsidiary](#)
- [Receiving funds from the non-charitable organisation](#): The non-charitable organisation paying the charity for products or services
- [Completing shared projects or delivering services together](#)
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The questions in the checklist are not exhaustive and should form part of your assessment and review. You will need to consider whether you need to check other sources of information such as professional advice, other Charity Commission guidance documents, the Governance Code etc.

Providing funding: Grant-funding the non-charitable organisation to deliver charitable activities, services or projects	Rate how well you meet the statement, 1 being the lowest and 4 being the best score				
	1	2	3	4	Notes to support your score / Future action-planning
1. The grant funds activities or services that will further our charity's purposes for the public benefit					
2. The activities we are funding match the priorities we have identified for furthering the charity's purposes and helping our beneficiaries					
3. If funding the non-charitable organisation is the main way that we further our charity's purpose we can demonstrate that we regularly and critically review that this continues to be the most effective way of furthering our charity's purposes					
4. We have completed a due diligence exercise: the non-charitable organisation is an appropriate organisation to fund					
5. We have followed the Commission's decision-making framework, including identifying any conflicts of interest or loyalty. We have recorded the full reasons for our decision					
6. We are satisfied that any benefit to the non-charitable organisation as a result of the funding is incidental					
7. The risks of beneficiaries or the public confusing the charity with the non-charitable organisation, because of our funding, are low					
8. Our risk management process will help us address any changes to the risk					
9. We are clear about the circumstances in which the funding may be terminated					
10. We will provide appropriate terms and conditions (using professional advice if we think it appropriate). We will properly check that these are complied with					
11. We will keep records to evidence that the funds have not been spent on non-charitable purposes					

Providing funding: Paying the non-charitable organisation to provide services to the charity	Rate how well you meet the statement, 1 being the lowest and 4 being the best score				Notes to support your score / Future action-planning
	1	2	3	4	
1. The services we are purchasing (eg HR, IT, property or research services) are necessary to the charity and its operations, and therefore necessary to the achievement of its purposes					
2. We looked at a range of information to make our decision, including other providers and options. We also looked at the performance of the non-charitable organisation					
3. The non-charitable organisation will provide in the circumstances the best value for money					
4. We have followed the Commission's decision-making framework, including identifying any conflicts of interest or loyalty. We have recorded the full reasons for our decision					
5. This will not expose the charity to undue risks; and Our risk management process will help us address any changes to the risk					
6. We will enter into a contract/agreement, and will use independent professional advice where appropriate					
7. At the end of the contract, if we need the same service again, we will start the process again and properly assess who we should contract with					
8. Where a trustee or connected person will receive benefit as a result of this arrangement, this is authorised by the governing document or by the prior authority of the Charity Commission					
9. In addition, where we are buying research services (or similar) from the non-charitable organisation, we the trustees have decided the terms of the research. Where we have discussed the terms, scope or other matters about the research with the non-charity, we the trustees have made the final decisions, acting only in the charity's best interests and in furtherance of its charitable purposes					

Providing funding: Providing investment funding to the charity's trading subsidiary	Rate how well you meet the statement, 1 being the lowest and 4 being the best score				Notes to support your score / Future action-planning
	1	2	3	4	
1. We have read Charities and investment matters (CC14) and have implemented processes to help us comply with the legal requirements and recommendations set out in here					
2. The proposed investment fits in with the charity's current investment objectives					
3. We have followed the Commission's decision-making framework. We have made our decisions independently, for example by obtaining independent advice. We considered the best interests of the charity only, setting aside any interests or wishes of the non-charitable organisation We have recorded the full reasons for our decision					
4. There are trustees who are also directors of the trading subsidiary (or who have other connections to it). They were not involved in the final deliberations and decisions about making the investment					
5. We are providing additional capital investment to an existing trading subsidiary (by way of a loan). We have taken into account factors including the subsidiary's performance over an appropriate period, the reasons for it requesting further investment, and prospects for improving its performance. We have considered various options eg winding it up. We can show it is solely in the charity's best interests to make the investment, and this decision (and the interest rate agreed) has been made in accordance with the legal requirements					

Receiving funds from the non-charitable organisation: The non-charitable organisation paying the charity for products or services	Rate how well you meet the statement, 1 being the lowest and 4 being the best score				Notes to support your score / Future action-planning
	1	2	3	4	
1. We are satisfied that the funding from the non-charitable organisation is to deliver products (eg to the non-charitable organisation) or services (eg to beneficiaries) that properly align with our charity's purposes for the public benefit					
2. Providing these services or products will either help achieve the charity's purpose or it will help us raise an income for the charity. Where it will raise an income, we will not be breaching our purposes by providing the product or service					
3. Where we are being funded to provide a charitable service, we are satisfied that the service fits in with our assessment of the needs and priorities of our beneficiaries					
4. i. Where we are providing products, such as research, to the non-charitable organisation, we are satisfied that the scope of the research aligns with our purposes. We will not be breaching our purposes by providing the research ii. We are assured that the research will not be used in a way that will compromise the charity in future (we will monitor this). iii. We have also considered the number of research products we have provided the non-charitable organisation in the past; this does not raise implications regarding our duty to only further the charity's purposes for the public benefit					
5. The funded activity does not represent the whole, or a significant part, of our charitable output this year (or over an appropriate period of time). It does not raise implications regarding our duty to only further the charity's purposes for the public benefit					
6. The funding will not expose the charity to undue risks; and Our risk management process will help us address any changes to the risk					
7. We had a choice about accepting the funding and the terms attached to it. We obtained our own legal and financial advice, if we saw fit, in negotiating the terms of the contract					

8. We have followed the Commission's decision-making framework, including identifying any conflicts of interest or loyalty, and recording the full reasons for our decision					
<p>9. i. This funding does not affect our rights to select beneficiaries or which services our charity provides</p> <p>ii. It does not affect how we make our decisions on matters outside the scope of the funding</p> <p>iii. We will continue to independently manage the charity's relationship with the non-charitable organisation, in the charity's best interests</p>					

Completing shared projects or delivering services together with the non-charitable organisation	Rate how well you meet the statement, 1 being the lowest and 4 being the best score				Notes to support your score / Future action-planning
	1	2	3	4	
1. We are satisfied that the project will further our charity's purposes for the public benefit					
2. We are satisfied that the project will only further the non-charitable aims of the connected organisation in a way that is no more than incidental					
3. We are satisfied that the project fits in with our assessment of the needs and priorities of our beneficiaries					
4. We have fully considered the project parameters and costs and are satisfied that (i) overall it is in the charity's best interests to be involved and (ii) the charity will not, in any way, subsidise the non-charitable organisation in the apportionment of costs					
5. We had a choice about agreeing the project and the terms – we were able to discuss these with the non-charitable organisation					
6. We have followed the Commission's decision-making framework, including identifying any conflicts of interest or loyalty and recording the full reasons for our decision					

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7. We have regularly completed joint projects with the non-charitable organisation. According to our assessment, we are satisfied that this does not raise implications regarding our duty to only further the charity’s purposes for the public benefit					
8. This joint project will not expose the charity to undue risks; and Our risk management process will help us address any changes to the risk					
9. We are clear about the circumstances when we may have to end our involvement in the project					
10. There is an agreement in place. We have obtained our own legal and financial advice, where appropriate, in negotiating the agreement					
11. i. The joint project does not affect our rights to select beneficiaries or which services our charity provides ii. It does not affect how we make our decisions on matters outside the scope of the project iii. We will continue to independently manage the charity’s relationship with the non-charitable organisation, in the charity’s best interests					

Involving the non-charitable organisation in fundraising for the charity	Rate how well you meet the statement, 1 being the lowest and 4 being the best score				
	1	2	3	4	Notes to support your score / Future action-planning
1. We are clear about the benefits of involving the non-charitable organisation to help us fundraise. We have assessed the risks: we can show that these are low and the benefits clearly outweigh the risks					
2. We have read Charity Fundraising (CC20) and the Code of Fundraising Practice and have implemented processes to help us comply with the legal requirements and recommendations in these documents This includes requirements around working with professional fundraisers or commercial participators					

3. In all our assessments and decisions, we have followed the Commission’s decision-making framework, including identifying any conflicts of interest or loyalty, and recording the full reasons for our decision					
Working with the non-charitable organisation on a particular campaign					
4. We will only raise money for the charity					
5. i. We may decide to (or will) pay the non-charitable organisation a fee for its involvement in the campaign. The fee represents best value for money for the charity ii. We are open about the fee we will pay the non-charitable organisation					
6. We will enter into a contract/agreement and will use independent professional advice where appropriate					
7. The fundraising campaign will not expose the charity to undue risks; and Our risk management process will help us address any changes to the risk					
8. We are clear about the circumstances when we may have to end the arrangement with the non-charitable organisation and/or end the campaign					
9. We will have full control of, and access to, the money raised during the campaign. We have appropriate systems in place involving charity officers to do this					
10. We have included steps, when planning the campaign, to make absolutely sure that donors know they are donating money to the charity, and not to the non-charitable organisation. This includes if we have a history of working with the non-charitable organisation to deliver charitable services: we will be open if any of the raised funds will be transferred to the non-charity to help us deliver charitable services We are assured that it should be very clear to the public that there are two separate organisations working together					
Raising money on a shared website					

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11. Where we are raising money for our charity on a shared website, we have made sure it is absolutely clear that donors and potential donors know that money is being raised for the charity only					
12. We have full control of, and access to, the money raised on the website. We have appropriate systems in place involving charity officers to do this					
13. Changing the arrangement on the shared website (either ending the fundraising, or raising funds for the non-charitable organisation instead) will be completed with our prior knowledge and agreement					
14. Where the intention is to change to raise money instead for the non-charitable organisation, we will ensure that the web-page clearly states that donations are <u>not</u> for the charity					

Sharing names, branding or websites	Rate how well you meet the statement, 1 being the lowest and 4 being the best score				
	1	2	3	4	Notes to support your score / Future action-planning
1. There are clear benefits of sharing the same name, branding and/or website with the non-charitable organisation. These include non-financial benefits to the charity					
2. We have properly assessed the risks: we can show that the benefits clearly outweigh the risks					
3. As part of our risk assessment, we have independently and robustly assessed: <ul style="list-style-type: none"> - the likelihood of the public confusing the charity with the non-charitable organisation - the likelihood of internal confusion, amongst staff, volunteers and trustees - the impact on the charity’s ability to further its purposes, raise funds and maintain (or improve) its public profile - the overall impact on the charity’s reputation 					

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<p>4. Our risk assessment has also taken into account the public profile of the non-charitable organisation and how its actions might impact on the charity’s reputation and/or cause confusion about the separate identities of both organisations</p> <p>We are satisfied that the charity cannot be easily confused with the non-charitable organisation</p>					
<p>5. We can show that the risks of the sharing are low; and Our risk management process will help us address any changes to the risk</p>					
<p>6. We are clear about the circumstances when we may have to end the arrangement</p>					
<p>7. We are confident our assessment methods were robust. For example, we acted independently of the non-charitable organisation and when we made our decision we identified any conflicts of interest or loyalty among the board</p>					
<p>8. We also followed the Commission’s decision-making framework: for example, we considered the best interests of the charity only, setting aside any interests or wishes of the non-charitable organisation</p>					
<p>9. We have written documentation that supports our assessment which we can disclose, for example to the Commission if needed</p>					
<p>10. i. There is a written agreement (a licence) in place, about the sharing, that protects the charity, for example if there is a dispute with the non-charitable organisation or the non-charity brings the name of the charity into disrepute</p> <p>ii. We obtained independent professional advice / we can show it was in the charity’s best interests not to use independent professional advice on preparing the agreement</p>					
<p>11. i. We are permitting the non-charitable organisation to use our charity’s name, branding (and website): we are charging full market rate, or</p> <p>ii. We are permitting the non-charitable organisation to use our charity’s name, branding (and website): we are charging less than market rate. We can show that this represents best value for money for the charity and is in its best interests</p>					

12. We have plans to review our decision to share the same name, branding and/or website at a time period that is appropriate to our charity					
13. Where we share the same website, the charity is fully able to consider content changes before these are made, where these affect the charity directly or may affect the public's view of the charity					

Sharing communications	Rate how well you meet the statement, 1 being the lowest and 4 being the best score				
	1	2	3	4	Notes to support your score / Future action-planning
1. We only issue joint communications when this is necessary and is in the charity's best interests					
2. We have processes that prevent the non-charitable organisation from issuing a communication in our name or on our behalf without our authority					
3. Our processes include, where appropriate, a written agreement with the non-charitable organisation. We obtained independent professional advice / we can show it was in the charity's best interests not to use independent professional advice on preparing the agreement					
4. Our processes take into account different types of communication (all staff email, press release) and the significance of the content					
5. i. We understand the risks to our charity in this area, we can identify if these change and we will be able to act appropriately in response to the risk ii. This includes reacting to external events, such as elections (we understand the additional rules that apply during elections)					

Sharing information or data	Rate how well you meet the statement, 1 being the lowest and 4 being the best score				Notes to support your score / Future action-planning
	1	2	3	4	
1. We understand the legal requirements surrounding the sharing of data - including GDPR - and the processes we have implemented at our charity help us comply with the law					
2. We obtained specialist advice to help us / we can show it was in the charity's best interests not to obtain advice					
3. Our processes cover the sharing of data with all third parties, as well as our receiving data from the non-charitable organisation					
4. We ensure that we properly check that the processes are complied with by charity officers					
5. We understand the significant consequences to our beneficiaries or supporters of unlawfully sharing their data, as well as to our charity (reputational, financial)					

Sharing premises	Rate how well you meet the statement, 1 being the lowest and 4 being the best score				Notes to support your score / Future action-planning
	1	2	3	4	
We share our charity's premises with the non-charitable organisation					
1. We have obtained prior authority, where required, to lease space to the non-charitable organisation					
2. i. We charge full market rate or ii. It is in the charity's best interests not to charge full market rate, and we obtained prior authority, where required, not to charge full market rate					

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3. We have a legal agreement / contract in place that protects the charity. For example, liabilities for repairs as a result of the non-charitable organisation’s use of the property					
4. We used independent professional advice on preparing the agreement / we can show it was not in the charity’s best interests to use independent professional advice					
5. The risks to the charity of sharing premises with the non-charitable organisation are low and/or the benefits far outweigh the risks					
6. Our risk management process will help us address any changes to the risk					
The non-charitable organisation allows the charity to use its premises					
7. We do not pay more than market value for our use					
8. There is a legal agreement / contract in place that protects the charity. For example, we are only responsible for liabilities arising from our use of the property, eg for utility bills and repairs/maintenance					
9. We used independent professional advice on preparing the agreement / we can show it was not in the charity’s best interests to use independent professional advice					
10. We had a choice about renting the non-charitable organisation’s premises. The shared premises fit our needs and the arrangement represents the best value for money for the charity					
11. The risks of sharing premises are low and/or the benefits far outweigh the risks					
12. Our risk management process will help us address any changes to the risk					

Sharing staff	Rate how well you meet the statement, 1 being the lowest and 4 being the best score				
	1	2	3	4	Notes to support your score / Future action-planning
The non-charitable organisation providing its staff to the charity					
1. We have a choice about accepting staff from the non-charitable organisation					
2. We are able to satisfy ourselves that the staff are suitable for the role					
3. We have an agreement in place with the non-charitable organisation that, as a minimum, covers: <ul style="list-style-type: none"> - the staff member's pattern of working for the charity - how we can deal with appraisal, performance and disciplinary issues 					
4. We obtained independent professional advice on preparing the agreement; or we can show it was not in the charity's best interests to obtain independent professional advice					
5. The staff member is fully responsible to charity officers for the work they do in charity time					
6. There is a process for accurately recording the time the staff spends on charity work					
7. We are paying the non-charitable organisation for staff time: we are paying no more than we would pay if we had recruited the person ourselves					
8. Where the staff member advises the trustees or makes recommendations to us, we have processes that enable us to manage the conflict of interest/loyalty when this is about the charity's relationship with the non-charitable organisation					
The charity providing its staff to the non-charitable organisation, for example to its trading subsidiary					
9. We have an agreement in place with the non-charitable organisation that, as a minimum, covers: <ul style="list-style-type: none"> - the staff member's pattern of working for the non-charitable organisation 					

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<ul style="list-style-type: none"> - how performance and disciplinary issues (relating to their work for the non-charitable organisation) will be dealt with 					
<p>10. i. Though we are providing the staff member freely, or for a nominal amount, this is clearly in the charity’s best interests and we can provide evidence if required; and ii. We will review the arrangement, especially where there is no designated ‘end-point’ of the sharing on these terms</p>					
<p>11. There is a process for accurately recording the time spent on working for the non-charitable organisation</p>					
<p>12. Where the staff member advises the trustees or makes recommendations to us, we have processes that enable us to manage the conflict of interest/loyalty when this is about the charity’s relationship with the non-charitable organisation</p>					
<p>13. Where a trustee (or connected person) is, at the same time, employed by the charity’s trading subsidiary:</p> <ul style="list-style-type: none"> - we have authority to do this (including, if necessary the Commission’s prior authority); and - we can evidence that the trustee is the most suitable person for the role; and that the charity’s interests are best served by having a trustee appointed to the role; and - the paid trustee has no involvement in decisions by the trustee board on the charity’s ongoing relationship with the non-charitable organisation 					