



Case Report

Politics and Economics Research Trust (1121849)

About the charity

The charity's objects are to advance the education of the public and in particular to promote for the public benefit research into matters of public taxation, public policy, applied economics and political science and to disseminate the useful results thereof.

Think tanks, policy organisations and members of the public can apply to the charity for grant funding to carry out research that furthers its objects. This research is then published.

Why the Charity Commission got involved

Concerns were raised with us about the charity's funding of the campaigning organisations Business for Britain and Taxpayers' Alliance; those raising concerns queried whether it was appropriate for a charity to support non-charitable organisations with political aims. In particular concerns were raised about the charity's funding of Business for Britain given its views on the UK and its relationship with the EU.

Issues around charities' links to non-charitable organisations and charities' political activity can be highly contentious and have the potential to undermine public trust and confidence in the charity sector as a whole. We needed to get involved to ensure the trustees understood their duties and responsibilities and had sound processes in place for deciding on the charity's grant making activity and then monitoring the use of any funding through the provision of research reports.

The action we took

We contacted the charity to establish what processes the trustees had in place to make decisions about grant funding, in particular, how the trustees ensure that the research they fund furthers the charity's objects to advance education.

What we found

We found that the charity did not have formal grant agreements in place, and did not have processes to monitor research projects the charity had funded.

This was highlighted when, during our engagement with the charity, the trustees reached the conclusion that a research report titled 'Change, or go - How Britain would gain influence and prosper outside an unreformed EU', which was produced by Business for Britain and funded by the charity, did not conform to what was agreed during the grant application stage. They told us that the report represented a 'position statement' by Business for Britain, rather than forming a nuanced position on the UK's relationship with the EU.

It was only following our request to review the research reports funded by the charity, in December 2015, that the trustees reviewed this report and asked for the funding to be returned to the charity. The money was later returned to the charity.

This lack of formal process and oversight was a regulatory concern, as the trustees could not be certain that its funding was being used solely to further its objects. We issued action plans setting out the duties of trustees and the actions they needed to take to address our concerns about:

- decision making when providing grants
- the recording of those decisions
- the monitoring of grants provided by the charity

Impact of our involvement

As a result of our engagement, the trustees have now agreed:

1. An amended grant application form, which requires more detail about how the research being commissioned will further the charity's objects.
2. A grant agreement template.
3. An operational policy document, which sets out the charity's grant making policy and the procedures they will follow including how they will monitor the use of their funds.

The charity has also appointed an administrator, who is responsible for assessing grant applications prior to their consideration by trustees and for taking minutes and recording key decisions.

The charity's website has been updated to better publicise the research reports funded by the charity.

The trustees are now responsible for ensuring that the new policy is implemented and followed, and for ensuring the charity complies with our guidance to them, which is that charities with objects to further education cannot promote a political or pre-determined point of view. One of the key features of advancing education or promoting research for the public benefit in charity law is that the education or research must not promote a particular point of view or promote a position on a contested area, unless that view is uncontroversial.

Lessons for other charities

It is a fundamental trustee duty to ensure charity funds are properly applied for the charity's purposes. Trustees need to understand the charity's purposes and understand their scope and limits.

Education in charity law does not have to be completely impartial. Education can be based on broad values that are uncontroversial. However, as explained, the advancement of education cannot be used to promote a political or pre-determined point of view nor promote a position on a contested area unless that view is uncontroversial.

Trustees must also be able to show that any grant to another organisation (whether it's a charity or not) is clearly in line with the charity's purposes. It's vital to be clear about, and make sure the recipient understands and agrees:

- the aim of the grant, and how this is expected to further the charity's purposes
- what the grant can and can't be used for

Trustees should therefore put in place a written agreement that sets out the terms and conditions of the grant.

Where a charity plans to provide grant funding to a non-charitable organisation, then a risk assessment at an appropriate level should be carried out. Appropriate checks involve assessing:

- the 'mission fit' or match between the organisation's aims and the charity's purposes and interests
- the organisation's track record for delivering the activities the charity is planning to fund
- its governance
- its reputation; and the full scope of its business and any conflicts with your charity's purposes or interests

Trustees need to check that the organisation they are providing grant funding to uses the funds only for the charity's purposes and in accordance with the funding agreement. Monitoring arrangements should therefore be put in place that are proportionate to the value of the funding and the assessment of the risks.

Charities may work with other charities or non-charitable organisations providing that doing so is in furtherance of their objects. Charitable research may be undertaken in collaboration or by arrangement (such as providing funding) with non-charitable partners or organisations. Trustees need to assess and consider the risks of working with non-charitable organisations and ensure that a record of their decision making is recorded. Trustees should also be aware of the objectives and purpose of the non-charitable organisation and whether association with the organisation could impact negatively on its independence or perceptions of its independence.