



ELFT Charity

Donations Policy

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1. Introduction

- 1.1. Fundraising is essential for ELFT Charity for developing relationships with supporters and making sure that the charity has enough money to be able to do the work we need to do. While it is true that funding enables ELFT Charity to deliver more projects, there are times when it is right for the charity to not accept donations, or to return those that have already been given.
- 1.2. Raising money is crucial, but sometimes there are other considerations that can be more important. The value of a donation may not be worth the cost in potential loss of public trust and confidence in the Charity. A detrimental impact to the reputation of the organisation, or a conflict with the Charity's ethics and values which could lead to a loss of support in the future. Donations need to be considered in the context of the best interests of the Charity overall.
- 1.3. When difficult situations arise there often isn't a straightforward 'right or wrong' answer. ELFT Charity has to weigh up the potential positive and negative consequences to make a judgement call about what will be in the Charity's best interests.
- 1.4. As a general rule, the Charity Commission will expect the Charity to accept donations. In some cases, however, charities may be concerned about the potential damage, perhaps to their reputation and / or to their fundraising or relations with stakeholders, if they accept (or keep) the gift.

2. Context

- 2.1. The Board of East London Foundation Trust are the Corporate Trustee of the Charity. It is their role to make sure that the whole organisation is being run well and working in the best way to achieve the charity's objectives.

3. Operational Duties

- 3.1. The Trustees delegate to the Operational sub-committee to make decisions on acceptance and refusals of donations, this is recorded within this policy.
- 3.2. Trustees are under an overall legal duty to consider which course of action will be in the Charity's overall best interests, including the issue of accepting or refusing donations. The law allows practical and ethical factors to be taken into account as long as they are relevant to the specific charity and situation.
- 3.3. However, donations to charities can, and should, only be refused in exceptional circumstances. That's why it's really important to state ELFT Charity's position and ensures that donations are only turned down for proper reason.
- 3.4. It is the role of the Charity Lead to verify the source of donations above £1,000 and apply the guidelines listed in this policy as necessary.
- 3.5. It is also the role of the Charity Lead to call an emergency committee meeting should they, or any of the trustees or Chair, raise concerns about the suitability of a certain donation.

4. Refusing donations

- 4.1. Donations must only be rejected in exceptional circumstances and the cost to the Charity of refusing or returning the donation must be taken into consideration. The key reasons for rejecting a donation are:
 - 4.1.1. It would be unlawful to accept (e.g. ELFT Charity knows that the gift comprises the proceeds of a crime breaching the Bribery Act for example).
 - 4.1.2. Accepting the donation would be detrimental to the achievement of the purposes of the organisation, as set out in its constitution. This anticipated detriment must be set against the benefit of having the funds from the donor, which would enable the organisation to pursue its purposes.
 - 4.1.3. Where the donor is seeking to influence the Charity's activities in a way which exceeds imposing a "restriction" on the donation
 - 4.1.4. Where a donation was made under duress / where the donation was not made by the donor of their own volition
 - 4.1.5. Where the Charity has evidence that the donor is vulnerable or lacked capacity to make the gift and the donation is not in their best interest
- 4.2. Given the seriousness of rejecting a donation, the Operational sub-committee is not required to consult the Board; they should instead make a decision and inform the Board at the next upcoming meeting.

5. Conflict of interests

- 5.1. Trustees and the Operational sub-committee must make decisions based on what's best for the Charity. No personal interest, or the interests of people or organisations connected to these parties should influence these decisions. Conflicts of interest usually arise where either:
 - 5.1.1. There is a potential financial or measurable benefit directly to a trustee or a committee member, or indirectly through a connected person
 - 5.1.2. A trustee or committee member's duty to the charity may compete with a duty or loyalty they owe to another organisation or person (i.e. another charity)
 - 5.1.3. When it comes to donations, any potential conflict of interests must be taken into account and evaluated by the relevant committee on a case by case basis.
 - 5.1.4. More details examples of conflicts can be found on the Government website, under 'Conflicts of interest: a guide for charity trustees'.

6. Donations misaligned with ELFT Charity values

- 6.1. There may be instances in which ELFT Charity receives offers of donations from sources not in line with the Charity's values.
- 6.2. Although ethics and values will be important in reaching the decision, these cannot be the

decisive factors. ELFT Charity needs to be able to demonstrate that acceptance of the donation would be detrimental to the achievement of its purposes. For example:

- 6.2.1. The loss of donations from other supporters or funders at least equivalent, over the long term, to the value of the donation.
- 6.2.2. The loss of volunteers whose services would be at least of as great value as the donation.
- 6.2.3. The loss of staff or inability to recruit staff.

7. Anonymous donations

- 7.1. There have been cases in the past where donations to charities have been used to facilitate criminal activity such as money laundering. To avoid enabling this, it's helpful to operate in line with the following 'Know your donor' principles as set out by the Charity Commission:
 - 7.1.1. Know your donor
 - 7.1.2. Know your beneficiaries
 - 7.1.3. Know your partner
- 7.2. The core elements of due diligence across each of the 'Know your' principles involve trustees taking reasonable steps to ensure they:
 - 7.2.1. Identify – know who they are dealing with
 - 7.2.2. Verify – where reasonable and the risks are high, verify this
 - 7.2.3. Know what the organisation's or individual's business is and can be assured this is appropriate for the Charity to be involved with
 - 7.2.4. Know what their specific business is with the Charity and have confidence they will deliver what the charity wants them to
 - 7.2.5. Watch out for unusual or suspicious activities, conduct or requests

8. Cash donations

- 8.1. Giving a one-off cash donation is an opportunity for donors to make a contribution without the requirement for longer-term donations, such as direct debits. The same guidance in this policy applies to cash donations, and all trustees and volunteers should comply with the following guidelines:
 - 8.1.1. You must not leave unsecured cash unattended
 - 8.1.2. You must count cash in a secure place
 - 8.1.3. You must make sure that all cash you have collected is counted and recorded by two unrelated people, wherever possible
 - 8.1.4. You must make sure that cash donations are placed in a sealed container or collecting box
 - 8.1.5. You must make sure the promoter of the collection (for example, a charity's fundraising manager) and one other responsible person or an official of a bank are present when you examine and open collecting boxes for licensed collections in a

public place

8.1.6. For collections on private land, if it is not practical for you to open and count collecting boxes, you must have effective procedures and instructions for the person who owns or manages the site to count, record and bank or deliver the money in the boxes

8.1.7. If you do not bank cash immediately, you must put it in a safe or other secure place

8.1.8. You must bank cash as soon as possible

9. Restricted donations

9.1. Where money is donated to fund a specific project, the Charity will accept and honour the donation as long as the project reflects the Charity's overall mission

9.2. Should the objective of the donation not align with this, the Charity reserves the right to delay and refuse the donation

10. Delaying donations

10.1. Occasionally ELFT Charity may wish to refuse a donation, or delay its acceptance, with a view to explaining how the donor can make the gift in a more tax-effective manner (e.g. by Gift Aid). A charity can decide to do this provided that the trustees are clearly aware of the risk that the donor might be put off making the donation altogether, and provided that the charity explains the tax advantages accurately to the donor.

11. Returning donations

11.1. Where specific circumstances may prompt the return of a donation, it is important that ELFT Charity is able to clearly demonstrate how and why that particular decision has been made.

11.2. This should always follow the principle of doing what is in the best interest of the Charity, both short term and long term, and great care should be exercised at all stages.

11.3. The return should be monitored by the Trustees

11.4. The return should follow Charity Commission guidelines

12. Threshold for guidance

12.1. The policy will apply to all donations with an individual or cumulative commercial value in excess of £1,000

References

- <https://charitycommission.blog.gov.uk/2019/06/06/thanks-but-no-thanks-when-should-charities-refuse-donations/>
- <https://ciof.org.uk/loF/media/IOF/Policy/iof-acceptance-refusal-and-return-a-practical->

[guide-to-dealing-with-donations-\(5\).pdf?ext=.pdf](#)

- https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/550682/Chapter_2_Summary.pdf
- ['Conflicts of interest: a guide for charity trustees'](#)
- <https://www.gov.uk/guidance/how-to-report-a-serious-incident-in-your-charity>
- <https://www.fundraisingregulator.org.uk/code/all-fundraising/processing-donations>