

The Scope of These Guidance Leaflets

The Trustees of a charity have the ultimate collective responsibility for the proper governance of their charity in compliance with the Charity Act. Charity governance is the systems and processes concerned with ensuring the overall direction, effectiveness, supervision and accountability of a charity. <https://knowhow.ncvo.org.uk/governance/getting-started-in-governance/getting-started-in-governance-1>

For more detailed information and downloadable document & diagnostic tool see the Charity Governance Code website which has sections tailored for smaller, as well as larger, charities:

<https://www.charitygovernancecode.org/en>

This leaflet is one of a series produced by Small Charity Support to give an overview of the things that will be helpful to consider when your Trustees are reviewing your charity's governance and the way it operates.

They are **NOT** a full and comprehensive guide to Charity Law and all the associated regulations. They are just an overview of the main points from the perspective of "[the person on the Clapham Omnibus](#)".



Please read the Disclaimer on the last page of this leaflet.



If you need qualified professional advice you should look elsewhere, eg: the "Other Resources" page of the Small Charity Support website: www.smallcharitysupport.uk/index.php/other-resources

The topics covered in this series are:

Responsibilities & Roles of ALL Trustees

Typical Responsibilities & Roles of the Chair

Typical Responsibilities & Roles of the Treasurer

Payments to Trustees

Accounts ALL Charities MUST Keep

More information on managing your charities finances can be found on the website page "Charity Accounting Made Easy" [HERE](#)

Minutes: Recording Events & Decisions

Policies & Procedures

Some example policies & procedures which you might be able to adapt for your charity's own use can be found on the website page "Example Policies" [HERE](#)

Outputs & Outcomes {This Leaflet}

Demonstrating the charity's delivery of value-for-money charitable benefits

The Bank Account(s)

The Trustees' Annual Report & Financial Statements

Your comments and suggestions (to comments@smallcharitysupport.uk) on how these leaflets could be improved to make them clearer and more useful would be much appreciated.

Charity Governance – Outputs & Outcomes

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1. Introduction

This leaflet was originally written as guidance to would-be trustees looking to set up a new charity and get it registered with the Charity Commission.

But much of its content is also relevant to the trustees of established charities who are looking to prepare: (a) the activities and achievements sections of their Trustees Annual Report; (b) applications for significant external grant funding; or (c) to publicise the activities of the charity as a way of encouraging donations (of both money and resources, *eg*: volunteers) from the public and supporters

2. Outputs & Outcomes



Outputs:

are what the charity is going to do;



Outcomes:

are what difference it will make (*ie*: how the public will be better off as a result of the charity's activities);

The Charity Commission, and most major funders, will expect you to make a clear distinction between your intended outputs of your charity and its intended outcomes.

And the success of your application to register your proposed charity, or for funding, will depend much more on what you have written for your outcomes than for your outputs.

1.1 Taking the setting up of a Youth Club as an example:

It will be insufficient just to say that you are intending to “run a youth club for young people in a deprived area of town” on the presumption that running a youth club will inevitably be a good thing, particularly in a deprived areas, and therefore needs no further justification.

Setting up a Youth Club is just the OUTPUT of what you are intending to do.

In addition, and more importantly, you will be expected to show what difference your proposed Youth Club will make – its OUTCOMES – not just to the immediate beneficiaries (*ie*: the young people who attend the Club) but also to the community at large – the people living in the immediate vicinity of your proposed youth club, the communities from which the members of your youth club come, and the wider public in general.

As none other than Lord Hailsham has pointed out, not all activities which appear to be charitable to “the ordinary person on the street” (*ie*: beneficial to those in need, and to the public in general) are recognised as being “charity” by charity law (and, in rare cases, rightly so)

If a youth club were to become a target for those with less reputable intentions – *eg*: drug dealers, or those looking to prey on the vulnerable young – its creation might actually DIS-benefit the intended beneficiaries by putting them at risk of exploitation by others. And if a youth club not only attracted undesirables into the area but created noise & hooliganism it would be a significant DIS-benefit to those living in its vicinity.

So, in assessing your application for registration or for grant funding, the Charity Commission and/or funders will not be taken in by a superficial and over-optimistic view of what you think your charity will achieve. Instead it will be looking for an objective and well-researched appraisal of the “cons” as well as the “pros” of what your charity is intended to achieve AND how you will be able to demonstrate that it has achieved it.

The harsh reality is that, whilst most intentions are entirely honest, it is by no means as rare as one would hope for applications to set up charities, or for grant funding, to be, at best, naively impractical and at worst a deliberate attempt to exploit the privileged status of charities for personal gain.

3. S.M.A.R.T

Knowledge is knowing that a tomato is a fruit,
Wisdom is not putting it in a fruit salad.

Miles Kington



In drawing up your Outputs and Outcomes it is a good idea to follow the well-established S.M.A.R.T criteria:

Specific; **M**easurable; **A**chievable; **R**elevant; **T**imely.

Specific:

You will need to be very clear and specific about not just what you are intending to do, but also what you are NOT intending to do if that is important to understanding your proposal.

So in defining what activities you are intending to do – your charity’s OUTPUTS – and who your primary beneficiaries will be, you should also be including specific criteria by which you will be able to decide what sorts of activities that you might think of doing in the future will, and will not, fall within the scope of your charity and who or what will, or will not, be eligible to be the beneficiaries of your charity.

Measurable:

In an increasingly “tick in the box” culture, how do you measure that smile of pleasure on the face of someone who has just received, or been enabled to do, something that they thought

would be impossible; or the look of relief and release on the face of someone who has just received meaningful support, encouragement and reassurance in the midst of their despair and dejection?

There are the subsequent letters of appreciation, or the comments of others who have contact with the people who have been helped which remark on what a noticeable change has occurred. But such “indicators” are, by their very nature, very personal and subjective and impossible to attach to them any meaningful numeric value that one can “add up” to quantify whether this year’s outputs/outcomes were ‘measurably’ better or worse than last year’s?

Nevertheless, one has to do one’s best to come up with at least identifiable, even if not quantifiable, parameters of what the charity has been able to achieve with its donors’ money. Without that there is no way of demonstrating to your charity’s donors how you have actually been able to make good and effective use of the money they have given to you.

This will be dealt with in detail in the ‘Key Performance Indicators (KPIs)’ section of your charity’s Business Plan (see leaflet 8a: Business Plan in this series).

Achievable (and this includes **A**ffordable):

It is essential that you are able to show that you have “done your homework” and are able to demonstrate that the resources that you will need are both readily **A**vailable and affordable – and are available in sufficient quantities – as without them your plans will come to nothing.

You also need to be able to show that what you are planning to do is technically feasible and is not likely to be frustrated or obstructed by factors outside of your reasonable control – eg: if your proposed activities required the permission or cooperation of others that there was good reason to believe that such permission/cooperation would not be withheld.

Relevant (and this includes **R**ealistic):

When planning activities which have the intention to bring about a specific change it is also important to be able to produce reputable evidence that your activities are a reasonable, reliable and effective way of bringing about the intended change.

The nature of such evidence will vary considerably according to what it is your charity is intending to do. But as far as possible you should refer to the outputs and outcomes which have been achieved by others working in related fields. This might be to the published outcomes of formal scientific or social research or, less formally, to newspaper/magazine articles about the activities of others. If your evidence is more anecdotal, relating to your own personal experiences or those of your friends/colleagues, you should try to be as specific and objective as you can. The Charity Commission is unlikely to be favourably impressed by a justification along the lines *“I and a couple of friends thought it might be a good idea”*, particularly if there are already other organisations in the area doing something similar.

For example: if your charity intended to provide a specific therapy to treat a specific condition, you would have to produce reputable medical evidence that the proposed therapy was an effective way of treating that condition, that any side-effects were acceptable in relation to the benefits of the treatment and that the therapy provided value-for-money benefits relative to any alternative methods of treatment that were already available.

Alternatively, if you have already been providing a local community service on an informal basis and now want to get it formally recognised as a charity to expand your fundraising potential and level of activity, you would need to be describing what it is you have already been doing, the number of people you have helped, why they needed your help (*ie*: what were you able to provide that wasn’t otherwise available locally); what you difference (for your beneficiaries) you have already been able to achieve (ideally supported by some independent testimonials/references) and an indication of what it has cost so far.

Timely:

You need to be able to demonstrate that the timing of the charity's proposed activities is good in relation to:

- * the needs of the intended beneficiaries;
- * the needs of the general public;
- * geographical, climatic & political variables (these can change capriciously);
- * the availability of the necessary resources (human as well as financial & physical)

This includes the timescale for the delivery of the intended outcomes as well as for the setting up of the charity's programme of activities.

4. Defining the Outputs

You will need to demonstrate the unfilled NEED for your proposed activity – why it is necessary to create the activities (Outputs) that you are proposing? Simply asserting that, like “Apple Pie & Motherhood”, you believe that what you are planning to do is “good” will not be sufficient.



Taking the clip-art example: simply asserting that “*planting a tree MUST be a good thing for the public benefit*” and therefore requires no further justification isn't guaranteed to be acceptable. There are some situations in which planting a tree might be detrimental – eg: if the roots might damage the foundations of nearby buildings; or create an obstruction; or reduce visibility at a dangerous crossing.

In assessing your application the Charity Commission or funders will want to see evidence that you have ‘done your homework’ – *ie*: you have done a proper OBJECTIVE assessment not just of the need you are proposing to address but what other facilities – and, particularly, other charities – are already in place to address that, or similar, need.

As any successful business person or entrepreneur will tell you, having a clear idea not just of WHAT you want to do but HOW you are going to do it, so that you can successfully articulate to and convince others, is essential – particularly if you want to persuade others to join you and support your venture.

If other charities with similar objectives and meeting similar needs already exist the Charity Commission or funders will want to know why you can't just join with them and contribute to their activities rather than setting up another new charity or a new project/activity.

Websites like:

Guidestar UK – Small Charity Directory, <http://www.guidestar.org.uk/default.aspx>

Charity Choice, <http://www.charitychoice.co.uk/charities>

UK Small Business Directory, <https://www.uksmallbusinessdirectory.co.uk/category/Charities/>

are useful sources of information about other charities.

There might be several legitimate reasons why joining another charity is not appropriate. Other charities may be focused on specific geographical areas which do not overlap with your proposed area of activity in a way which would enable them and you take advantage of potential economies of scale.

Or you might be wanting to deal with a different aspect of a common need.

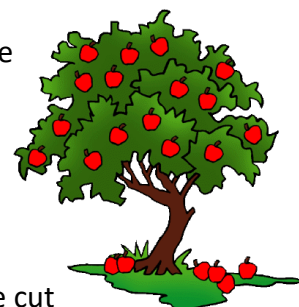
And if what you are proposing really is unique, being able to refer to the absence of any existing alternatives in the above directories will help to reassure the Charity Commission or funders that you have “done your homework” thoroughly.

You will need to demonstrate that you have the capability to address the need in a way which is **E**fficient, **E**ffective and **E**conomic (the ‘3-**E**s’ for any successful business venture – to which

Ethical and Ecological are now often also added) and in a way which meets accepted best practice. It is not regarded as appropriate to allow charitable funds – donors’ money – to be frittered away ineffectively or on poor-standard activities.

5. Defining the Outcomes

The OUTCOMES of your charity – the beneficial changes that you will be making to the lives of, specifically, your beneficiaries and generally to the public at large are the most important part of your application in terms of determining whether or not your application will be accepted as registerable as a charity or worthy of funding.



Extending the earlier metaphor of outputs being seen as planting trees: If the trees are the wrong species for the environment in which they are planted and so fail to grow, or are found to be a nuisance and have to be cut back, no amount of planting (output) is going to result in public benefit (the outcome).

It might sound harsh, but the view generally taken is that, even if your charity will have “outputs by the bucketful”, if it cannot demonstrate any significant outcomes (*ie*: your outputs aren’t changing anything – making life different and better for your beneficiaries and the public at large) they are an ineffective waste of donors’ money. So it is important that you describe your intended outcomes clearly, and provide credible evidence that they are achievable and identifiable.

It is particularly important that you can distinguish between the benefits that your charity’s beneficiaries receive as individual and the benefit that your charity delivers to the public at large. Under UK charity law, it is the benefits delivered to the public at large which determine whether or not your activities will be legally ‘charitable’. In other words, if the benefits that you deliver to beneficiaries individually are of no consequence to the general public then your activities cannot be regarded as ‘charitable’ however much your individual beneficiaries appreciate them.

For a ‘real life’ example: If you and a group of friends decided to provide Christmas Lunch to some elderly or isolated folk who would otherwise have just spent a lonely day at home while others enjoyed the Christmas festivities that would, in all probability, NOT be regarded as ‘charitable’. That is because, however much appreciated by those who received your Christmas Lunches it would have created no ‘public benefit’ because ‘the general public’ – all busy enjoying their own festivities, and therefore oblivious of your actions – would have received no ‘benefit’ from your generosity.



So, when defining your charity’s proposed outcomes it is important that, in addition to describing how your individual direct beneficiaries will benefit you must also describe how the public at large will benefit. This will generally not be a problem if your charity’s beneficiaries will be sufficiently numerous to be regarded as ‘a significant section of the public’ in their own right. But if you are setting up a small niche charity, dealing with a relatively small group of local beneficiaries (as with the Christmas Lunch activity), demonstrating the benefit to the general public as well as the benefits to the individuals can be very difficult.

You also need to bear in mind that while your charitable intentions may be well-justified, pragmatic and realistic, some charity applications do get made by well-intentioned, but hopeless unrealistic “pie in the sky” “do-gooders” with minimal chance of actually achieving the proposed outcomes for the public benefit. And at the other end of the scale, there are, unfortunately, some people who see setting up a charity or social enterprise as a way of

exploiting people's gullibility to get them to give money to what are presented as "worthy causes" but, in reality, are just unscrupulous "get rich quick" schemes.

So, in assessing applications, the Charity Commission and funders have an obligation to satisfy themselves that your proposed outputs are realistic and cost-effective/efficient and that your outcomes are both achievable "for the public benefit" from your proposed outputs and represent "value for money" for the donors (*ie*: are **S.M.A.R.T.**).

6. Having a Programme/Business Plan

It's not much good having wonderful ideas about WHAT you are wanting your charity to do if you don't have a good, practical and affordable plan for HOW & WHEN you are going to do it.

So having a good, up-to-date and realistic Programme Plan (usually called a Business Plan in the commercial sector) is essential at all stages of a charity's life, but particularly at start-up.

The Charity Commission and funders have a legal responsibility to ensure that money and resources (including volunteering) donated to the charity will be used efficiently and effectively and not just frittered away or wasted. So, before registering your charity or awarding a grant, the Charity Commission or funders will require you describe and justify in some detail not only what your proposed Outputs & Outcomes will be but how and when you are planning to deliver them – *ie*: to outline your Programme Plan. That will enable them to be confident that your charity will be able to use donors' money wisely and effectively.

The ways in which your charity's Outputs & Outcomes can relate to your Programme Plan are shown in the Appendix to this leaflet.

The Trustees' Annual Report & Accounts:

Your charity's programme plan will also be invaluable in enabling the Trustees to demonstrate the charity's achievements – outputs and outcome – in their Annual Report & Accounts.

Only charities with an annual turnover greater than £25,000/year, and all Charitable Incorporated Organisations (CIOs), are required to submit their Annual Trustees' Report & Financial Statements to the Charity Commission automatically every year.

So it is not always appreciated that ALL charities, whether registered or not, and regardless of their annual turnover, are still required to produce a Trustees' Report & Accounts each year – even if they don't have to submit it automatically to the Commission. Furthermore, all charities' Annual Reports & Accounts MUST be made available to anyone who reasonably requests them (including if required to do so by the Charity Commission).

Most donors will expect a charity to produce a Programme plan – with realistically achievable outputs and outcome, and a credible financial plan and cashflow for delivering them – before they will make donations. And donors will also usually expect a charity to produce a credible and well-documented Trustees Annual Report & Accounts demonstrating that the charity has a good track-record of spending donors' money wisely and effectively to deliver identifiable outputs and outcomes in accordance with its charitable objects.

- ✓ More detailed guidance on preparing a Programme Plan can be found on the "*Effective Programme/Business Planning*" page of the Small Charity Support website;
<http://www.smallcharitysupport.uk/index.php/prog-planning>
- ✓ Guidance on preparing a programme budget and cashflow forecast can be found on the "*Simple Accounts for 'Amateur' Trustees*" page of the Small Charity Support website;
<http://www.smallcharitysupport.uk/index.php/simple-accounts>
- ✓ Guidance on preparing the Trustees Annual Report & Accounts can also be found on the "*Simple Accounts for 'Amateur' Trustees*" page of the Small Charity Support website;
<http://www.smallcharitysupport.uk/index.php/simple-accounts>

7. Some Useful Links

Note: These links were checked and worked when this leaflet was last updated.

Unfortunately, websites are constantly being updated, changed, moved or deleted – so it is possible that by the time you come to use the link it no longer works properly.

If that is the case, we apologise and would appreciate it if you would let us know of that problem (by e-mailing us at comments@smallcharitysupport.uk) so that we can try to correct it.

We have included the following in the hope that you might find them useful for your particular situation. They are NOT a recommendation or endorsement of what the links have to say or offer.

How to Talk About Nonprofit Impact from Inputs to Outcomes

<https://www.thebalance.com/inputs-outputs-outcomes-impact-what-s-the-difference-2502227>

GUIDANCE ON EVALUATING THE IMPACT OF INTERVENTIONS ON BUSINESS

Department for Business Innovation & Skills

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/212318/11-1085-guidance-evaluating-interventions-on-business.pdf

TRUSTED CHARITY (Formerly known as PQASSO)

Trusted-Charity covers all aspects of an organisation, from governance to service delivery and monitoring outcomes. Trusted-Charity's flexibility means it can be used by all types of third sector organisations, including charities, social enterprises, community interest companies and community groups.

<https://www.ncvo.org.uk/practical-support/quality-and-standards/trusted-charity>

The Good Analyst: Impact Measurement and Analysis in the Social-purpose Universe

Adrian Hornsby

Available from Amazon

ASCOT: Adult Social Care Outcomes Toolkit

Personal Social Services Research Unit, The LSE, University of Manchester, Kent University

<http://www.pssru.ac.uk/ascot/>

Outcome measurement – what does successful reablement look like?

Social Care Institute for Excellence

<http://www.scie.org.uk/publications/guides/guide49/measuringoutcomes.asp>

From Your Programme Plan

The following shows how your Outputs & Outcomes are related to the main headings in a typical Programme/Business Plan (see the website page on Programme Planning for more details).

1. What the Organisation Does

- 1 1 Our Vision
- 1 2 Our Mission Statement {Outcomes}
- 1 3 Our Values
- 1 4 Our Activities {Outputs}

2. Background & Achievements to Date

3. Our Goals

- 3 1 In the Next Year {Outcomes}
- 3 2 In the Next 2-5 Years {Outcomes}

4. The Public Benefit Need

- 4 1 What is the Public Need? {Outputs}
- 4 2 Who Will Benefit from the Organisation's Activities? {Outcomes}
- 4 3 How Will They Benefit? {Outcomes}
- 4 4 What Similar Services Are Currently Available? {Outputs}
- 4 5 What is the Unfulfilled Need? {Outputs}
- 4 6 How the Organisation Will Integrate with Other Activities/Providers? {Outputs}

5. Performance Monitoring

- 5 1 Key Performance Indicators {Outputs} & {Outcomes}
- 5 2 Measurement of KPIs {Outputs} & {Outcomes}
- 5 3 Reporting of KPIs {Outputs} & {Outcomes}

6. Promotion and advertising

- 6 1 How & Where You Will Promote Your Activities/Services {Outputs}

7. Managing Risks

- 7 1 For each identified risk: {Outputs} & {Outcomes}
 - Nature of risk (including specific location, if relevant);
 - Who is affected by the risk
 - Impact: Likelihood:
 - Mitigation: (What is being done to reduce the risk);
 - Monitoring: (Ensuring that the mitigations are in place and working)

8. Running the Organisation

- 8 1 Management
- 8 2 Resources
- 8 3 Policies & Procedures

9. Fundraising Strategy

- 9 1 General Funds
- 9 2 Restricted/Projects Funds
- 9 3 Primary Purpose Trading
- 9 4 Other Permitted Trading