

Charities and Political Donations

Guidance Update from the Charity Commission for political parties - April 2009

CHARITY
COMMISSION

This guidance outlines the rules governing charities making donations to political parties from a charity law perspective. As the independent regulator of charities, the Charity Commission has a role to ensure the integrity of charity is protected and charitable funds are properly applied. By adhering to the principles outlined in this document political parties will reduce the risk of negative publicity surrounding donations which breach charity law. General guidance on accepting political donations has been produced by the Electoral Commission and can be viewed at www.electoralcommission.org.uk

Q What are the rules about political parties accepting donations from charities?

A Charities must never support political parties. They cannot make political donations or give other financial support or resources. This is because it is a fundamental principle of charity law that it cannot be within the purposes of any charity to promote the interests of a political party. Some charities operate trading subsidiaries. Although the situation regarding political funding law is more complex, under charity law it is not permissible for these bodies either to make donations to political parties.

Q Do the same rules apply to political donations that are not made direct to the political party (for example donations to candidates during leadership campaigns, local branches or Members' Associations?)

A Yes. It is inappropriate for charities to become involved in any form of party political activity. This includes financing or endorsing in any way a particular political candidate. The guiding principle of charity law is that charities should be, and be seen to be, independent from party politics.

Q Charities can't make donations to political parties but can they have any involvement with political parties?

A Yes, depending on the nature of the involvement. Although charities cannot become involved in any form of party political activity, such as campaigning for a political party, they can engage

in political activities within the framework set out in our guidance for charities, *Speaking Out - Campaigning and Political Activity by Charities* (CC9). The key principle is that political activity undertaken by a charity must support its charitable purpose. In that context, for example, a charity could pay a set fee to have a stand at a party conference if that would further or support its charitable work.

Q Can charities hold joint fundraising events with political parties?

A Joint fundraising ventures with political organisations pose fundamental risks to a charity's reputation and to public perception of its independence from political parties. Entering into a joint fundraising venture with a political party will almost certainly result in the charity giving support to that party, politician or political candidate. This would breach charity law and could, in damaging the charity's reputation, jeopardise its future ability to fundraise and further its charitable purposes.

Q Whose responsibility is it to ensure charities do not make donations to political parties?

A Whilst it is important for political parties to know their donors, it is ultimately the responsibility of the charity's trustees to ensure that donations are not made to political parties. Where donations are wrongly made, as well as leading to a repayment of the money involved, this also leads to adverse publicity reflecting on the reputation of the charity.

Q How can I check if a donor is a charity?

A You can check if an organisation is a registered charity by visiting the Charity Commission's website, www.charitycommission.gov.uk and looking up the donor's name on the Register of Charities. This contains the details of every registered charity in England and Wales. This includes those charities which are incorporated and also registered with Companies House. However, the Register does not include details of those charities which, under charity law, are not required to register with the Charity Commission or the names of any subsidiary companies or non-charitable trading companies that are operated by charities. If you believe that an organisation may be an unregistered charity or may be a trading subsidiary of a charity, we recommend you seek clarification directly from the donor.

Q What should I do if I discover my party has accepted a donation from a charity?

A We would recommend that the money is repaid as soon as possible. As a donation to a political party is prohibited under charity law, we would be grateful if you could also contact the Charity Commission and bring the matter to our attention.

Q What will the Charity Commission do if a charity has made a donation to a political party?

A In the first instance, we would advise the charity's trustees to contact the political party in question to discuss the possibility of reimbursing the donation. If an inappropriate donation is not reimbursed by the political party, then the charity's trustees are likely to be personally liable to make good the loss to the charity's funds.

Further Information

For further information concerning the Charity Commission's guidance on charities and political activity please visit <http://www.charitycommission.gov.uk/publications/cc9.asp>