

Large Legacies and Donations Policy

English Martyrs' Leicester Development Trust

Last updated	November 2020
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Preamble

Where legacies/donations are large (eg: greater than 20%) in relation to the charity's typical or budgeted annual income they can have a very distorting influence on the charity's financial situation. In particular, if such legacies/donations significantly increase the charity's reserves and are therefore to be disbursed as soon as is reasonably practical thereafter, they can create "feast and famine" situations. This can distort the charity's priorities for meeting its charitable objects and might lead to The Charity taking on commitments which are not sustainable once the legacy funds have been exhausted.

In order to avoid such distortions The Charity has adopted a Large Legacies & Donations Policy which is intended to ensure a more controlled and evenly distributed disbursement of the legacies that it receives.

Within this policy the use of the terms Designated Funds, Restricted Funds and Reserves have the following meanings as defined in the Charity Commission's Glossary of Terms

<http://ogs.charitycommission.gov.uk/glossary.aspx>

Designated funds

"Unrestricted funds are expendable at the discretion of the trustees in furtherance of the charity's objects. If part of an unrestricted fund is earmarked for a particular project it may be designated as a separate fund, but the designation has an administrative purpose only, and does not legally restrict the trustees' discretion to apply the fund."

Restricted funds

"Restricted funds are funds subject to specific trusts which may be declared by the donor(s), or with their authority (eg, in a public appeal), but still within the objects of the charity. Restricted funds may be restricted income funds, which are expendable at the discretion of the trustees in furtherance of some particular aspect(s) of the objects of the charity, or they may be capital funds, where the assets are required to be invested, or retained for actual use, rather than expended."

Reserves

"The term 'reserves' has a variety of technical and ordinary meanings, depending on the context in which it is used. In our guidance we use the definition established by the charities (Accounts and Reports) Regulations 2008 and we use the term 'reserves' (unless otherwise indicated) to describe that part of a charity's income funds that is freely available for its general purposes. 'Reserves' are therefore the resources the charity has, or can make, available to spend, for all or any of the charity's purposes, once it has met its commitments and covered its planned expenditure. See [OG 43 B1](#). More specifically this defines reserves as income which becomes available to the charity and is to be spent at the trustees' discretion in furtherance of any of the charity's objects (sometimes referred to as 'general purpose' income); but which is not yet spent, committed or designated (ie: is 'free').

"Attention is also drawn to the Charity Commission's publication CC19, Charities and Reserves

<https://www.gov.uk/government/publications/charities-and-reserves-cc19>

Restricted Legacies/Donations

Restricted legacies/donations are restricted funds and are received and disbursed in accordance with the terms of the trust under which they were donated.

As with any restricted legacy/donation offered to The Charity, the Trustees will decline to accept large restricted legacies/donations which, in their view:

- Are inconsistent with the charitable objects of The Charity;
- Would inappropriately distort The Charity's charitable priorities and/or its operational ethos;
- Would require the allocation of additional resources (eg: human, physical, financial) which The Charity does not have, or would be to the detriment of its other charitable activities, either immediately or once the legacy has been exhausted.

Unrestricted Legacies/Donations

Unrestricted legacies/donations are funds donated to The Charity for general use at the discretion of the Trustees to further its charitable objects.

Change Record

Date of Change:	Changed By:	Comments:
dd/mm/yy	XX	Policy approved by the Trustees