

Charitable Giving by Churches: Best Practice for Activating Generosity

Charitable Giving by Churches

Many churches give generously to charities and causes both locally and overseas each year. They may also support other churches through their Parish Share contribution. For some churches, longstanding relationships with mission partners are a key part of their ministry and mission as a community of Christ. For others, giving proportionately from planned giving income (5% is a common figure) is a way to activate the generosity of their congregations while supporting those in need.

If your church would like to start giving, or is already doing so, there are a few things you need to consider to ensure you are giving both legally and ethically; that your funds reach their intended beneficiaries and are used properly.

How much to give away?

The question of how much to give away is one for your PCC to decide based on what they think God is calling them to do, and taking into account the expectations and wishes of the congregation. You should consider your income against your planned expenditure (including Parish Share) and balance this with possible unplanned expenditure.

Some churches choose to tithe their income, and others give away their annual surplus once their expenses have been met each year. Some commit as a church to raising enough in 11 months for all the annual costs of the church's ministry and mission (i.e. 12 months). Then, for harvest month, give away everything they are given. The church could explore all the ways it can be generous during this month within its community. It gives a focus to the work to encourage generosity and is a great testament to the faith of the church and its love for those within its community. If a church is participating in Generosity Week, this is a great opportunity to demonstrate it in action. Whatever you decide as a PCC to give, these amounts should be minuted.

As Christians we are all called to give to build the kingdom of God, and giving through churches is churches is one of the ways we can do this.

In giving to our local church we worship God, and in giving to charities, the church does the same. Our "neighbour", whom we're commanded to love, is also outside of the parish.

We have a charity committee made up of members of the PCC and wider congregation who choose some charitable causes to support and some of the causes we support, I choose under the advisement of the wardens and staff. We try to think of both local and global concerns, and explain our decisions publicly.

Revd Nicholas Noble
The Parish of Abbeydale and Millhouses, Sheffield

Notifying Your Givers

It's essential that you notify anyone giving an unrestricted donation to your church that your church will be making charitable gifts from general funds. The [Code of Fundraising Practice](#) states that you should be clear with donors in advance of taking a donation where their donation will go and only use their money as you have stated. PCCs should consider steps to make sure that information is available about how they intend to make charitable gifts – this might be explanations about charitable giving on the church website, in the annual accounts, by displays in church and with regular communications to the congregation.

Explain to your congregation regularly that the PCC intends to make charitable gifts from general funds as part of the work of the church. Unrestricted gifts given toward the 'general purposes' or 'the work of the church' will form the basis for charitable giving, so you must make the link between this giving and your charitable giving. You should report what gifts were made in the previous year at your APCM. You could invite charities or mission partners you have supported to come and speak at services throughout the year and share the impact your giving is having on their work.

It is also a good idea to explain to your congregation why your church would like to make financial donations to other charities and/or churches and what principles underpin its charitable giving. Charitable giving of money may be just one kind of outward giving carried out by your church, alongside contribution to local food banks, people's time in volunteering for local mission work, and making the church building available to local organisations, such as night shelters.

Choosing Charities

Many churches invite members of their congregations to nominate charities to support with donations from church funds. Sometimes a guest speaker known to the PCC or to a congregation member will come to speak about their work and ask for donations to support their mission work or their charity. Remember that as well as giving funds as a church from your PCC, individuals may also choose to support these causes personally, so your approach will impact them too.

Criteria to consider when deciding which charities to support include:

- *Whether a member of the church's congregation is actively involved with the charity;*
- *Whether the church has previously granted funds to the organisation;*
- *Whether the charity is well run and appropriately funded;*
- *Who else supports the charity; both organisations and individuals;*
- *The local impact of the charity (if appropriate);*
- *Whether the charity's aims and activities are consistent with the Christian faith.*

All decisions should be documented, risks assessed and conflicts of interest declared and recorded.

Due Diligence

As trustees of your church, Church Officers and PCC members must ensure that your church funds are being used in a way that will not bring legal, financial or reputational risk, or harm others.

You must undertake proportionate due diligence checks on the charities nominated before making recommendations about giving. This could include looking at the charity's website and viewing their annual accounts on the [Charity Commission website](#), doing an internet search to find any public news stories or investigations, and speaking to people who know the charity about its work.

You should carry out additional checks if you are giving money to work that will be carried out overseas by a charity, mission partner or organisation, where work is likely to be unregulated. It's better practice to give to overseas projects through a UK charity or [mission agency](#) registered in the UK who carry out thorough due diligence on partners, but that's not always possible. Ideally, you should make your donations to a UK bank account.

You should be clear in your research about:

- What activities are being carried out, who benefits and where is it based?
- How will activities be delivered and what are the timescales?
- Who will carry out the activities?

If a charity is using other organisations as partners or agents, this can increase the risk of your funds being misused.

- What is the track record of the organisation or individual?
- What safeguards are in place to protect children or vulnerable adults involved in the project?

Despite being overseas and not subject to the same legal safeguarding requirements as UK charities, you should ensure that your funds will not be used for any form of abuse. This might include asking to see a safeguarding policy, finding out what training is available for staff and volunteers, and what the incident reporting procedures are.

The PCC should expect to hear back about the impact of their giving from the charity or organisation. This could take the form of a written report, video, newsletter with photos or return visit from someone connected with the funded organisation. This will help give the PCC and congregation confidence that their donations have been used appropriately and properly for the purpose for which they were intended.

You can find more information on carrying out due diligence and monitoring the use of funds in the [Charity Commission's guide *Due Diligence, monitoring and verifying the end use of charitable funds*](#)

Documenting Your Decisions

The PCC will need to agree and sign off any grant payments to charities. This is the case whether they have decided on the causes to support from a shortlist, or whether they are approving charities selected by popular vote. The PCC should document its decisions clearly in meeting minutes, and review regularly the impact of charitable giving it makes.

If trustees suspect a crime has been committed or the charity's money is being used for illegal purposes, they must report the suspicious activities to the police and appropriate authorities.

Serious incidents should also be reported to the Charity Commission under the reporting serious incidents regime via the ['report a serious incident'](#) online form.

“Fundamentally we give to other charities because we believe God calls his church to reflect his generosity in what we do with the money he has blessed us with. We encourage our congregation to understand giving as part of our worship and we use the words ‘giving’ or ‘offering’ which have a greater sense of engagement rather than ‘donation’ which sounds detached.

“We select and support charities because we recognise that they have expertise and reach that we don’t have and we want to help ensure their work can flourish and let them know we support their different missions.

“Our supported charities reflect some of the key interests of our congregation and our community - and so we are better able to engage and support them in prayer as well as through finance.

“So we support 3 key charities: one is based in Africa, one across London and one in Greenwich - international, local and community. Their goals are very practical with high social value but motivated by the Gospel.”

John Pout

Team Rector of the East Greenwich Team Ministry and Vicar of Christ Church

Taking Collections on Another Charity’s Behalf

Making donations to charities from church funds is different to collecting donations on behalf of another charity, for example during Christian Aid week. If a church collection is collected on behalf of another charity and simply passed directly on to that charity then the money collected does not form part of the church’s income, as it is merely acting as a go-between for the donor and the charity. However, to reduce the risk of fraud, it is good practice for money collected to go through a church’s bank account and to be counted with the same processes used for a normal church collection.

Gift Aid

HMRC gives guidance about church giving and gift aid when taking donations for other charities.

- If the church is inviting the collection and the PCC chooses to exercise its discretion in donating that collection to a named charity, then it is possible for the church to open a fund, run it as a restricted fund and claim gift aid on eligible donations. That gift aid should be passed on to the charity.
- If a church is not exercising any discretion and people are giving the donation to the church to pass on to the charity, then the givers should complete a gift aid form from the charity itself, which is then sent through to the charity by the church along with the collected donations.

More information is available from HMRC here:

<https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-3-gift-aid>

If you have any questions or concerns about giving as a church, contact your Diocesan Giving Advisor. You can find their information here: [Diocesan Giving Advisors | The Church of England](#)