

Fund Raising and Reserves Policy

There are various rules around how a charity can raise funds, what the funds can be used for and how funds and reserves are reported in the annual financial statements.

This document aims to explain the use of Area and Branch funds and how The Pony Club must follow the rules set out by the Charity Commission, which mean The Pony Club and its Areas and Branches are considered as a not for profit, therefore excessive funds at Area and Branch level are not appropriate. This document sets out how Area and Branches may spend excess funds so money is spent on the cause of the charity, whilst also giving ideas on how Area and Branches can fund raise for specific causes.

Branch Reserves and Funds

Reserves are defined as the part of The Pony Club's (TPC) 'income funds' that are freely available to spend on operating costs and include general funds, they do not include, restricted funds and designated funds as described below. They would also normally exclude tangible fixed assets held for the Charity's own use.

General funds	Unrestricted funds which have not been earmarked and may be used generally to fund activities to further the Charity's objects. The majority of central funds are classified as 'general funds'.
Designated funds	Income that has been earmarked for a particular purpose by the Trustees. For TPC, generally Branch and Area funds which are under the custodianship of the Branch or Area are designated.
Restricted funds	Funds which have been generated for a specific purpose e.g. beneficiary gifts, legacies donated for a specific purpose, or a grant given for a particular project. Restrictions can also be created because of the wording on public appeal literature, or on a poster advertising an event as a fundraising event for a particular purpose. Trustees will be in breach of trust if they use restricted income other than for the specified purpose. It is important charities are transparent about how donations will be used. They should not imply in fundraising and marketing communications that a donation will be used for a specified purpose, if it will be used for general funds (General fund raising events are not restricted funds).

The Pony Club (TPC) are legally required to report the total level of reserves held (i.e. central reserves, plus those of all Branches and Areas accounts), in the annual report and to disclose any restricted funds TPC hold.

In addition to the statutory reporting, to ensure long term financial stability of TPC Branches and Areas are required to hold sufficient funds to cover known liabilities and contingencies, absorb setbacks (such as a pandemic) and take advantage of change and opportunity. Although designated funds, TPC recommended level of funds for Branches and Areas is an average of between six and twelve month's worth of expenditure (not including any restricted funds).

For example, Toytown Branch of the Pony Club, who do not have any restricted funds, have annual expenditure of £2,900, their recommended reserves would be between £1,450 (i.e. 6 months expenditure) and £2,900 (12 months expenditure).

Ponytown Branch, who have restricted funds of £5,000, have annual expenditure of £4,300, their recommended reserves would be between £2,150 (i.e. 6 months expenditure) and £4,300 (12 months expenditure) PLUS the £5,000 restricted funds giving recommended reserves between £7,150 and £9,300.

If the level of funds held are greater than the recommended level, this may be subject to scrutiny and possible investigation by the Charity Commission.

There may be exceptional circumstances where the level of funds are higher. For example if a Branch is planning on investing in a fixed asset and they are therefore wishing to build up their reserves until they have the required funds to make the purchase e.g. purchasing some show jumps.

Levels of reserves held by Branches and Areas will be monitored on a regular, at least annual, basis by Central office and Area Representative. Any Branch or Area which holds funds in excess of the recommended amount, will need to demonstrate a plan for how they are going to spend these funds.

Fundraising

There are a number of ways TPC, Branches and Areas can raise funds, these are detailed below. When raising funds as a Charity it is extremely important to follow the relevant regulations and codes set by the Fundraising Regulator and The Gambling Commission. It is important for fundraisers to follow these codes and consult the Fundraising Guide when running fundraising activities, to ensure compliance.

Additionally, as noted above, fundraisers should not imply in fundraising and/or marketing communications a donation will be used for a specified purpose, if it will be used for general funds.

A link to The Fundraising Regulator Code of Practice can be found here; [English-Code-of-Fundraising-Practice-October-2019.pdf \(fundraisingregulator.org.uk\)](https://www.fundraisingregulator.org.uk/fundraising-practice-october-2019.pdf).

Fundraising Activities - There are many ways to fund raise as a Charity; include organising an event, holding a raffle/lottery or even producing flyers to engage potential donors.

Pony Club Events - Usually Branches and Areas use activities/shows that practise Members Training achievements to raise funds. Most of these events will need to cover their costs which is an acceptable spend of any fundraised income. Branches and Areas may use any excess funds from these events as a way to subsidise future activities for their Members as this money is being spent back on the cause of the charity.

Raffles or Lotteries - When organising a raffle or lottery, it is essential to check whether a license is needed to be obtained by the local council authority. Needing a license will depend on whether a raffle or lottery is to be ran online, how many people are likely to enter and where the lottery or raffle will take place. To check whether an activity needs a license or not, check the Gambling Commission website [Fundraising, raffles and lotteries - Gambling Commission](https://www.gamblingcommission.gov.uk/fundraising-raftes-and-lotteries)

Usually, raffles or lotteries that take place at an event such as: fetes, fairs, fundraising dinners or festivals do not need to have a license to take place as they are classed as an incidental activity, however they must follow rules so they do not become non-compliant. For example, a lottery cannot be the main reason for holding an event; the lottery must take place alongside a commercial or non-commercial one-off event.

For further guidance on how to run raffles or lotteries including selling tickets, please visit <https://www.gamblingcommission.gov.uk/public-and-players/guide/page/how-to-run-a-fundraiser-with-lotteries-or-raffles-at-events>.

Running Events - One of the most popular ways to raise money is to run events with the aim to advertise a worthy cause and raise funds. It is important for the event organiser to have copies of a venue's public liability insurance and a general risk assessment as a minimum requirement. It is important to note there may be other requirements when planning events; for example, if funds are going to be raised by holding a cake sale, all ingredients that are in the cakes need to be listed to show any allergies; this is to ensure compliancy with law.

Bucket Collections - When conducting bucket collections, it is essential the following rules are followed. All buckets must:

- Have a lid on the top that is secured using a zip tie.
- Display the name and logo of the Charity that is raising funds.
- Display the Charity Number of the Charity raising funds.
- If the Charity is registered with The Fundraising Regulator, their logo can be displayed.

Shaking charity collection buckets is no longer allowed. Information regarding what needs to be displayed on Charity Collection buckets must also be displayed on 'Tap to Donate' Devices and Text to Donate services.

More information on fundraising via events and bucket collections can be found at [Key behaviours expected of fundraisers: guidance for fundraisers | Fundraising Regulator](#).

Challenge Events and Community Fundraising

A Charity may also engage members of the public to participate in challenges to raise money on their behalf. For example, a Charity may ask participants to complete a sponsored walk and set a target for the participant. When conducting this sort of activity, it is best practise to set a target for the fund raiser and to support them on their challenge. Charities should consider setting up online donation platforms, as well as paper version of sponsorship forms. It is essential to have the name of the Charity, and the Charity number, displayed on any fundraising materials used to collect sponsorship money.

It is important for Charities to build up their reputation within their local area, as this can help to gain supporters. A Charity may wish to contact local community organisations to ask for donations in return for a service. For example, many local Lions Clubs will offer donations to Charities in return for a talk to their members from a fund raiser. When attending talks, it is best practise to include the Charity number and logo on any materials given out.

It is always best practise to consult The Fundraising Guide for advice when planning ways to raise funds [English-Code-of-Fundraising-Practice-October-2019.pdf \(fundraisingregulator.org.uk\)](#). A further tip is to look at other Charities to see how they raise funds effectively and within the rules.

Gift Aid

The Pony Club is registered with HMRC to claim Gift Aid, however only central office staff are registered to claim this, as a result, Branches are not able to submit claims to HMRC.

However, when a Branch has a substantial amount to claim, i.e. £1,000 or over (yielding gift aid of £200) a claim can be made on their behalf subject to the following process being

followed. (A limit on the amount to be claimed has been made due to the extensive administration involved in raising the claim.)

- Email finance@pcuk.org requesting a Gift Aid claim be made on behalf of the Branch.
- Central Finance Team will send a Gift Aid claim form
- The gift aid claim form must be completed in full and this must be legible including :
 - The full name (first and surname) of the donor
 - Address (including house name/ number and postcode) of the donor
 - The box should also be ticked for those that wish to gift aid their donation.

Please note, no business addresses are allowed for gift aid claims.

- The amount to be Gift Aided must also be sent to the account below and confirmation that the amount has been transferred sent along with the claim form.

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- On receipt of the gift aid from HMRC central finance will transfer the full amount back to the Branch account.

What can Branch and Area funds be used for?

Although Branch and Area committees have autonomy to decide how Branch and Area funds are used, the following guidance as to what is allowed should be adhered to:

- Subsidising future activities
- Booking of Committee members onto courses to train them in First Aid, Safeguarding & DBS *If funds allow, extend to volunteer training (further than just the Committee)
- Reducing camp fees, by subsidising the total fee charged
- Contributing to Members Achievement/Efficiency Test Fees and Training
- Paying for volunteers to attend the Coaching Conference/Volunteer Conference
- Value volunteers – flowers when required, thank you gifts etc.
- Paying mileage of the Branch District Commissioner to Area Meetings
- Contributing to Area qualifiers or Championships entry fees or stabling for Branch Members
- Subsidising Membership fees for Members in financially difficult situations

Donations to other charities are not permitted

Donations to other charities are not permitted however, Branches can hold specific fundraising activities to raise restricted funds for a charity. They must be clear that their Branch would be holding the activity in aid of the other cause, and they must ensure that the funds are spent as they are advertised on any promotional materials.

