



An Rialálaí
Carthanas

Charities
Regulator

Guidance note on planning

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This document is issued by the Charities Regulator under section 14(1)(i) of the Charities Act 2009, to encourage and facilitate the better administration and management of charitable organisations. It is published as part of a suite of guidance, intended to provide support to charity trustees to meet their legal duties, by putting in place systems, processes and policies which ensure charities are managed in an effective, efficient, accountable and transparent way.

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Guidance note on planning

Introduction

All charities need to plan in order to provide direction and to ensure that they stick to their charitable purpose. Your charitable purpose should describe what outcomes the charity is set up to achieve, how it will achieve these outcomes, who will benefit from these outcomes and where the benefit will be felt. Good planning will help to ensure your charity stays focussed and effective and everyone is working towards a common goal.

For very small charities a separate documented plan may not be required. However you should discuss and agree your plans and the resources required. This should be recorded in board meeting minutes.

Planning and your charitable purpose

Plans need to be based on your charitable purpose. Charity trustees should plan what the charity will do to achieve its charitable purpose, budget for the resources the charity will need to carry out its plans and review what the charity does and make sure it is relevant.

Stages of the Planning Process

The planning process may be divided into the following stages:

- Research and consultation;
- Discussing your goals and objectives;
- Drawing up a draft plan and budget;
- Discussing and agreeing the proposed plan;
- Monitoring and evaluation.

Each stage of the planning process is discussed in more detail below:

Research and Consultation

Good planning requires research and consultation. Charity trustees should start the process by identifying the charity's strengths, weaknesses, opportunities and threats. The following questions may be a helpful starting point:

- How well is your charity achieving its charitable purpose?
- What are your current strengths?
- Are there areas for improvement?
- Are there new opportunities, challenges or risks?
- What went well with previous plans and were any lessons learned that could be applied to a new plan?

Although charity trustees have primary responsibility for planning a charity should try consult with as many stakeholders as possible, such as beneficiaries, funders, partner organisations, employees and volunteers. Stakeholders brought into any decision early can provide ideas and help create potential solutions. Very often, stakeholders come from different backgrounds, and so they look at issues from differing perspectives.

Discussing your goals and objectives

Charity trustees should identify specific goals and objectives that would enable the charity to advance its charitable purpose. Goals are general statements of desired achievement, while objectives are the specific steps or actions you intend to take to reach your goal. It is important to know what you want to achieve and how you will measure your performance against this. It may help to follow the S.M.A.R.T. principle, i.e. objectives should be:

- **Specific** – indicate what exactly should be done;
- **Measurable** – identify how progress may be tracked;
- **Achievable** – carried out within the time available and with the resources at hand;
- **Relevant** – clearly help the organisation to achieve its purpose;
- **Time-bound** – clearly identify the time frame within which the objective should be achieved.

Drawing up a draft plan and budget

Charity trustees should think about what the charity will do during the next planning period and work out what funds and other resources are needed and where to get these from (See Appendix A for an annual plan template).

An annual budget is an estimate of what everything will cost and should outline charity's projected income and expenditure for year ahead. If the charity is involved in a number of different projects, it may be helpful to draw up a separate budget for each project. These budgets can then be consolidated into one annual budget for the charity. Since annual budgets are based on estimates, charity trustees need to be clear about any assumptions used (See Appendix B for an annual budget template).

It is easier if one person takes responsibility for drawing up a draft plan and budget, but others can provide input as the draft is being developed.

Discussing and agreeing the proposed plan

Charity trustees should clearly set out roles, responsibilities, deliverables and timelines to achieve the plan. The proposed plan should be discussed, agreed and signed-off by the board of charity trustees.

Monitoring and evaluation

Circumstances may change, so it is important to review your plans and track progress on a regular basis. Charity trustees should have an understanding of and be able to respond to the external environment that the charity operates in. If necessary, adapt how you are carrying out your activities, but try to remain committed to your original goals and objectives.

A charity's annual budget should be regularly monitored. Actual income and expenditure should be compared with projected income and expenditure and any material variances should be discussed and examined by the board of charity trustees.

Charity trustees need to be clear about positive and negative variances: on the income side a positive variance is good, but on the expenditure side you hope for a negative variance, i.e. actual expenditure is less than budgeted expenditure.

Problems may arise if costs have been under-estimated, unplanned costs are incurred, or anticipated income does not materialise. Problems can also arise if expenditure is due before income is received. If you have little or no cash reserves, it is important to monitor this very closely. If deficits become apparent, you may need to raise additional resources, cut back on costs or agree that some objectives will not be met in the projected time frame.

At the end of the planning period, charity trustees should have a discussion about what went well and what could be improved. Did you succeed in meeting your goals and objectives? How did you measure that success? How can you learn from your successes and failures? As charity trustees, you should evaluate how well you have met the needs of charity's service users, beneficiaries, or how well you managed the charity's funds and other resources. This helps you to understand why things have worked out in the way that they have. It should also help you to improve your future performance, ensure your charity is making a positive difference, and demonstrate the value of your work in your communications with stakeholders.

Other Relevant Documents

This document should be read in conjunction with our guidance documents on '[Risk Management for Charities](#)' and '[Internal Financial Controls Guidelines for Charities](#)'.