

## Guidance on Management and Distribution of Disaster Trust Funds

Members of Disaster Action, who are survivors and bereaved people from over 25 disasters of different origin, have written this leaflet. Its purpose is to offer the benefit of our experience of disaster trust funds to those responsible for setting up and managing a fund. It is one of the outcomes from a piece of research undertaken by Disaster Action, resulting in a report entitled *Disaster Funds: Lessons & Guidance on the Management & Distribution of Disaster Funds*. Effective, efficient and sensitive approaches to the establishment, administration and distribution of such funds will help avoid the sort of difficulties that can worsen rather than alleviate distress in those whom they are supposed to help.

Disaster trust funds are intended as a recognition and acknowledgement by society of the experience of being involved in a disaster. They are neither a substitute for insurance nor compensation for injury or loss, but the giving and receiving of funds aimed at relieving suffering and distress after disaster can make a difference. As one of our bereaved colleagues in Disaster Action has commented, 'money won't bring a loved one back, but not having it won't either'.

### Launching an appeal

Where a number of appeals are launched in relation to the same disaster, there can be advantages in a combined partnership or coordinated approach. It is advisable to identify and communicate with other appeals early on and look to combine or coordinate appeals where possible. See the links below for guidance on sources of help in setting up an appeal, different forms of appeal, suggested wording, and the pros and cons of using different types of trusts, with links to guidance on the tax treatment of funds.

Decide early and communicate clearly the type of trust or appeal fund, with reference to guidance. Be clear and consistent about objectives from the outset; ensure that the terms that are used in public announcements about the purpose of the Fund correspond exactly with the form of the Trust Deed.

### Appointing trustees, fund managers and steering committees

A disaster trust fund will require the selection and appointment of a range of personnel. If the appeal is set up through an existing organisation, such as a community foundation, the appeal may operate under its existing charity status and board of trustees. If the appeal is set up as a new charity, it will require the appointment of trustees. It can take time to appoint a board of trustees with the appropriate authority to take action and establish systems and procedures for fund administration. This could lead to long delays in financial assistance reaching beneficiaries. For this reason it may be valuable to appoint temporary trustees, but seek to ensure this does not cause unnecessary administrative delays.

In the past, as well as referring to published guidelines, new disaster fund trustees have found it especially helpful to speak with administrators of previous funds and access their advice, particularly in the early stages and in relation to key areas of decision-making

Where trustees bring skills such as accountancy this can be an advantage. Most importantly, the chair of the trustees should, wherever possible, have had previous experience in this area. The sums of money involved can be very large, the decisions that have to be made sometimes difficult, and there can be close scrutiny by the media of how the trust is managing its affairs after a disaster. A good rapport between trustees also makes a difference.

### Type of trust or appeal fund

An important decision at the outset is whether or not the appeal will be a charitable one. This decision will affect the uses to which donations can be made and the decisions available to trustees about the distribution of any fund(s).

The Attorney General's guidelines advise that a charitable fund has the advantage of tax relief but its aims must be limited to: the relief of poverty, the advancement of education or religion, and the

benefit of the community. Being essentially public funds, distributing sizeable amounts from this kind of fund is constrained by the requirement not to benefit individuals over and above their needs.

A non-charitable discretionary trust on the other hand, though taxable, is not so limited. Trustees remain free to determine how the money ought to be spent and there is no limit on the amount that can be paid to individual beneficiaries if none has been imposed by the appeal.

Many disaster appeals have opted to set up two kinds of fund in parallel to make use of the advantages of both types.

### **Trust aims**

There have been cases where the stated, and binding, aims of a trust have been set out, in great haste, in such a way that they prevent flexibility on the part of the trustees in deciding how monies received can be allocated. This can cause subsequent difficulties when unusual situations arise. The wording of the 'aims' of the fund should therefore be clear, but flexible.

Whatever the objectives of an appeal, experienced trustees have advised making the purpose very clear so that donors and potential beneficiaries neither misunderstand nor are misled about how the money will be used. In raising and distributing money the aim and objectives of any appeal should be clear and consistent from the start.

### **Naming the Fund**

Naming a fund may seem straightforward, for example after a place (such as the 'Hillsborough Disaster Fund'), type of disaster ('xxx flood appeal'), or significant date ('7 July'). The appropriateness and implications of associating a disaster with a particular name, date or place, should be considered, however, bearing in mind that this association may endure for a long time.

### **Duration and Residue**

Establish plans for duration of the appeal and the spending of residue from the beginning and make these clear to all concerned; consult as much as possible with relatives and survivors. Many relatives experience their greatest financial need years after the event, because of the potential long-term consequences on their physical and emotional health.

### **The Immediate Aftermath: Early Payments**

Prompt contact with beneficiaries and emergency payments can relieve many anxieties and may be followed by further, supplementary payments to address longer-term needs. Seek to make rapid disbursement of early, interim payments to address emergency needs. Initial payments should not be means tested.

Some relatives or next of kin may find themselves in difficulty with paying for funeral expenses, a gathering for family and friends, and a headstone or other memorial. If a fund is sufficient at this point, consideration should be given to making an immediate ex-gratia payment to cover funeral expenses

### **Application Methods**

Ensure application procedures include clear eligibility criteria at the outset, transparent explanation of the distribution criteria and are sensitive and straightforward. Application forms should be adapted to address the needs and diversity of those affected. This may include translating forms and accompanying information into different languages and providing appropriately skilled and briefed interpreters.

### **Distribution of the fund**

Trustees should bear in mind at all times that those who donate money to funds do so because they wish to show their sympathy to people affected, the bereaved and survivors. The funds raised should therefore never be seen as "compensation" (which may be available in law, in any case), but as that expression of sympathy by the society at large, for all those adversely affected by the disaster.

Trustees are not personal injury lawyers, on the whole, and should avoid trying to apply compensation principles to the distribution of the monies.

Where multiple funds exist, take account of other assistance available to those affected. Appeal eligibility conditions should aim to include insured, non-insured and underinsured applicants. Consider the overall outcomes of distribution decisions with a view to ensuring that serious unintended consequences are minimized.

Be clear about the benefit and tax implications of receiving payments by liaising with the DWP (Department for Work and Pensions) before starting the distribution process, and advise applicants accordingly.

If the fund is to be used to help pay for a permanent memorial, consultation and participation by those directly affected by disaster should form a key part of the design and development process.

### **Assessing ‘need’**

Arguably the most difficult challenge facing those administering disaster appeals is sensitively assessing and addressing needs after disaster. Aspects of ‘injury’, ‘loss’ and ‘need’ are notoriously difficult to measure and quantify and having large sums of money available to distribute does not mitigate this. Administrators should always bear in mind, especially in their communications about their decisions, that although their task may require such quantification, understanding and responding to disaster-related needs cannot simply be reduced to mathematical formulas.

### **Means testing**

It will, normally, not be necessary to means test potential beneficiaries, provided that the applications for funds are found to be genuine, from those closely connected to the deceased, or from those injured in the disaster.

Trustees should bear in mind that means testing has, in our experience, been perceived as intrusive and humiliating for potential beneficiaries who, often, have never received - or applied for - financial support in the past.

Broadly speaking, the bereaved should be treated equally, irrespective of means, since the money represents not compensation, but a gift from society at large to send a message of sympathy for their loss.

The most difficult aspect of assessment will be in respect of injured survivors, since levels of injury and incapacity will inevitably vary greatly, depending on the nature of the disaster. Trustees in the past have drawn on expert advice where appropriate and developed broad categories for the injured based, for example, on length of time spent in hospital, awarding greater or lesser sums according to the seriousness of the injury.

### **Openness and Transparency**

There is likely to be a range of expectations on the part of donors, potential beneficiaries and the wider public as to how the money accumulated will be managed and distributed. Past experience has shown how a mismatch in expectations and outcomes can cause conflict and frustration.

Avoiding this may be achieved through openness and transparency about:

- How trustees and fund managers have been chosen
- Whether trustees, administrators, consultants or anyone else associated with the fund are to be paid for their services
- General criteria and methods for assessing disaster impacts
- The percentage of the fund to be paid directly to bereaved/survivors
- Whether any payment is one-off, interim or final
- The anticipated life of the fund and how decisions to close it will be made.

Bearing in mind individual confidentiality, the general public should be able to review in broad terms the distribution of funds and how any surplus over and above the objectives of the fund is to be disbursed.

Attention should be paid to details such as the wording of forms and letters. With one fund, beneficiaries especially appreciated the trustees' decision that letters sent with payments should be individually addressed and signed.

### **Communications and Media Strategy**

Trustees should be aware that there is sometimes the need to be proactive in inviting relatives/survivors to make applications. It may be appropriate to give examples of what sort of applications can be made (for example travel to inquests/inquiries), as many of the people will never have applied for anything in their lives before. A good number will simply think that they do not deserve any money, or that they do not feel they should make a 'profit' from the death of a loved one.

Good, clear lines of communication are therefore essential. To facilitate this, it may be necessary to:

- Set up a website, where visitors can read about the fund, download application forms and see updates on progress and activities
- Provide a single, named, administrator who beneficiaries can contact and get to know
- Be in touch with several individuals from each bereaved family. It cannot be assumed that communicating with one member of a bereaved family will ensure that everyone else will get the information, in view of complex family relationships and the fact that bereavement can exacerbate difficulties between some family members. The next of kin may also be overwhelmed by the tragedy and unable to take in or pass on information
- Send regular updates once lines of contact have been established. As much general information about the contents of the fund, its objectives, even - without breaching confidentiality in terms of names and amounts - what sorts of awards are being made. It is not uncommon for families to feel they might be the only ones asking for money, and therefore deciding not to make an application
- Ensure that information is kept up to date. If people move home after a disaster, for example, they can easily fall out of the system.

It is also important to ensure that as many potential beneficiaries as possible are made aware not only of the existence of the fund, but the fact that the fund will welcome applications from all those directly affected.

Media coverage can have a significant influence on levels of donations to a fund. It can be used to highlight ways of donating, as well as being a means of communicating with potential beneficiaries. Regular press releases can highlight both the immediate and continuing needs of those affected by disasters. It may also be useful for those managing donations to publicise a facility for responding to queries and offering advice about specific gifts before they are sent in.

We recommend that trustees use the services of a public relations/media expert in developing their communications and media strategy.

### **Confidentiality and anonymity**

Fund managers and trustees should be mindful of issues concerning confidentiality and anonymity in relation to beneficiaries. See Disaster Action's Guidance for Responders: 'Code of Practice on Privacy, Anonymity and Confidentiality', which highlights areas such as the sharing and disclosing of personal information, unintentional disclosures, consent and data protection.

While the criteria for assessment and distribution should be clear and well publicised, details of individual beneficiaries and what they individually receive must remain confidential. When a fund is wound up, all working papers should be shredded and personal details and records removed from computers in order to safeguard confidentiality.

### **Evaluating the Fund**

We recommend that feedback on a fund should be sought from those responsible for establishing the fund and its distribution, in addition to beneficiaries, and all lessons learned recorded, discussed and disseminated widely.

### **Advice from a Trustee**

‘We recognized that we were not in the honour and glory business – we knew what we were to do might well be unpopular. We said if we could look ourselves in the eyes and say we had done our best to be fair at the end of the day, then that was going to be sufficient satisfaction.’

### **Comments from Beneficiaries**

These comments reflect the meaning and significance disaster funds:

‘It doesn’t take the memories of that day away, but it helps to know that you don’t have to go through anything like this alone, and that is why I am so grateful.’

‘I am overwhelmed by the kindness and compassion that has been shown to me. Believe it or not, it is not just the money - the letters that accompany it are a model of genuineness.’

‘We have lost so much and it has been very difficult over the last six months; this payment has been a big help to us all, you have restored my faith in humanity.’

‘Many, many thanks for everything. Without your generosity things would have been unbearable.’

The full report on which this guidance is based can be downloaded from the Disaster Action website. Further guidance, information and support are available to responders, survivors and the bereaved on the Disaster Action website.



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