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The magazine for
CFG members

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COVID-19
ONLINE SPECIAL

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**WORKING TOGETHER
IN A CRISIS**
HELP AND SUPPORT
FOR YOUR CHARITY

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Let's stay connected

We're affected by our community experiences in nearly every aspect of our lives, from where we live to how we spend our time socialising.

Whatever the nature and intrinsic value of these communities, and however they look and feel to us, we know we belong to them and they have a vital role to play. The impact of the last few weeks has reached into the furthest corners of our society, disrupting our lives in unimaginable ways. At the same time however, the value and connection of our community as a sector and, importantly, the connection to our beneficiaries has never been clearer.

Hearing from our members during the crisis has added fuel to our fire, as we work alongside other infrastructure bodies pressing for urgent funding from the government. Not only that, we want the government to gain a fuller understanding of the seriousness of the issue and the role that you, our members, play for your beneficiaries across the country. Across the page, CFG's Director of Policy and Engagement Roberta Fusco tells you how the #EveryDayCounts campaign has progressed and what action you can take right now to be involved.

Abby Warren, Marketing Coordinator, Charity Finance Group

Make sure you stay connected with us at this time – join our online members' meetings coming up in April and May on key topics of income generation and resilience (p06); and make sure you've renewed your membership by the end of April (visit www.cfg.org.uk/renew) or contact our [membership team](#).

Finally, we would like to say thank you to all our charity and corporate members. Your support and dialogue ensures that we can keep on supporting you and your beneficiaries – our membership community is a strong one and we're proud to work with you.

Continuing to deliver is a vital challenge for many of us right now. Caron Bradshaw shares the operational impact of COVID-19 on CFG and how we've been inspired to take a digital direction to keep supporting our members through this period (page 04) – including this month's digital *Finance Focus* – until we are able to return to a new normality.

Ensuring financial resilience is not a new subject for our members, but is something that many of you will be urgently addressing in the current climate. Sayer Vincent's Jonathan Orchard shares his vital advice on short-term resilience in a rapidly-changing environment on page 04.

Furloughing has been a huge topic in the last month and not just for our sector. CFG's recent webinar raised many questions from our members, so on page 05 we've shared the most common themes and advice from our experts.



How CFG is answering the Coronavirus funding crisis

Roberta Fusco, Director of Policy and Engagement, Charity Finance Group



Thank you to our members for taking part in the #EveryDayCounts campaign. CFG's Director of Policy and Engagement Roberta Fusco tells you more of what the CFG team have been working on behind the scenes, and about our campaign progress so far.

The world is a very different place since the start of the spread of COVID-19 at the very beginning of this year. Just as we see the spring flowers coming into bloom across the UK, we are facing another week in lockdown. For some, it's at best an inconvenient change to routine, for others it's a frightening time with limited access to food and social contact, but for all the only sure way to ensure our safety and survival and that of others.

The CFG Policy and Engagement team are fully focused on the response to the financial impact of the Coronavirus crisis on our members, charities and the voluntary sector. All our resources are devoted to influencing government policy, keeping our members and the wider sector informed of the latest developments, and connecting you to each other during this period of disruption.

In this time when we are being asked to physically socially isolate from each other, the need to belong and to connect is never stronger.

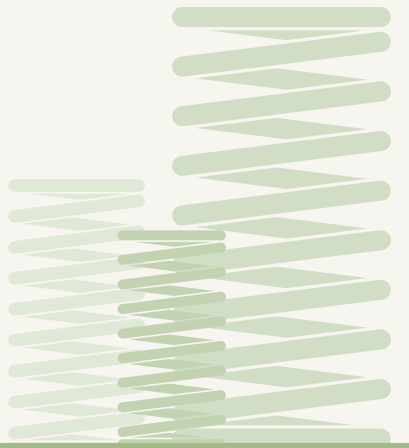
That's why CFG is working alongside other organisations and umbrella bodies across the charity and voluntary sector in making our asks of government to announce a package of measures to financially support our sector, just as it has done for private businesses. Last night we were finally rewarded with an announcement by the Chancellor of a package worth £750m for frontline charities. Whilst the acknowledgement of the essential role of charities and voluntary organisations in helping to bind our social fabric is welcome, it's clear that the needs of beneficiaries far outstrips the supply of support to date. We estimate charities will lose circa £4 billion of income in just the next twelve weeks and [our survey](#) showed that charities are experiencing a 42% increase in demand for their services at the same time as a 48% projected loss in income. Over half of charities fear going bust in less than six months without

financial support, and we know of many more that have only weeks left.

Alongside other umbrella bodies, we will take time to look carefully into the detail of the package, how the grants will be administered, the qualifying criteria and the speed with which funds can be released. This is a significant first step, but there is so much work still to do, and there's no doubt that the sector will be much changed following this crisis. We will continue to ask for existing measures introduced for businesses to be adapted so that charities, delivering public benefit, can also benefit. We still need your help to make the case to government that #EveryDayCounts as the situation and the impact of this crisis develops and urge you to add your voice to the campaign. This is about saving the role charities play in society for the good of our beneficiaries, and helping charities play their part in responding to these unprecedented times, ensuring the most vulnerable in society aren't the hardest hit at this terrible time.

Visit www.cfg.org.uk/EveryDayCountsaction to find out more and thank you for your support.

How charities can ensure short term financial resilience



Jonathan Orchard, Partner, Sayer Vincent



Cash is king. Managing financial risks in crisis mode is all about cash flow. For many charities this will be the most acute financial crisis they have faced. Every organisation is juggling remote working, staff absences (or immediate heightened risk of absences) and income uncertainty, while for those providing frontline services in particular – keeping the vital charitable work going.

It is vital that all charities keep abreast of this rapidly changing environment and understand the different types of support available to them. Some of the government financial support schemes announced to date will be of benefit – such as furloughing staff in currently un-needed roles, such as retail and fundraising, under the Job Retention Scheme. Others are of benefit to some but not others – loans under the Business Interruption Loan Scheme and deferred VAT payments. CFG and other sector bodies, NCVO, Charity Tax Group, are doing an incredible job at collating this information and making it publicly available. We also have resources available on our website.

In a rapidly changing and complex environment, budgeting becomes all but irrelevant or at least very short term. Think about a quarter at a time. The more important financial report is the cash flow forecast. The government schemes are all designed to have positive cash flow impacts, but some are just that, loans or tax deferrals – all still need repaying in the future. The furloughing scheme is a grant, so not repayable, but there remains uncertainty at the moment as to how quickly these funds will be available.

Many charities are worried about income projections, particularly those reliant on fundraising events, retail and other operations that have come to a temporary halt. The financial modelling needs to be

based on different scenarios. How long can you maintain the cost base under different income scenarios? ‘What if...’ questions have never been more relevant.

You should be reviewing upcoming costs and delaying any non-essential costs where possible to protect cash flow. For example, unless they need more laptops to enable home working now is probably not the time for large capital outlays.

Given the dramatic fall in asset values, now is clearly not a ‘good’ time to liquidate investments. Before making any decisions on investments, organisations need to have considered all other ways of managing cash through operational measures, borrowing etc., and have taken advice if necessary, from their investment advisors.

Donors, including many trusts and local authorities, have sent out public messages that they are happy to be flexible over the use of their funding. Ask them for permission to ‘unrestrict’ their funding to give you more flexibility in how you apply funds. The more you can consider total cash flow rather than think restricted/unrestricted the better.

“
In an immediate crisis, thinking about reserves and reserves policies is not helpful.”

‘Reserves’ are for the medium to long term but ‘working capital’ and specifically cash gives you the short term resilience. This has never been more applicable than now.

Bringing digital to life



Caron Bradshaw, Chief Executive, Charity Finance Group

Translating services to other means of delivery, including digital, has been a vital theme for organisations across the sector working hard to carry on supporting beneficiaries during the crisis. CFG has also had to quickly adapt. Here Caron discusses how we have gained digital momentum.

Elsewhere within this digital *Finance Focus* my team will be covering our policy and representative actions relating to the COVID-19 pandemic. I want to share the operational impact of this situation on CFG’s activities as, like you, we deal with the uncertainty and risk. Typically at times like these our processes focus on preventing or mitigating harm – but we also need to remember to spot the opportunities.

I’m not quite at the point of breezily saying that we will look back on this current situation and declare it was for the best. However, as an optimist, a pragmatist and an opportunist, I do believe there are things we can capitalise on in the current context. That’s not said in an exploitative way but rather as a reflection from being plunged into a different way of working. What are yours?

CFG is reliant on its face-to-face and relationship-based contact. Our livelihood comes from networking, training, conferences...things that social distancing really doesn’t permit! Our significant effort

“
I am hoping that when we emerge on the other side of this crisis we will collectively embrace more virtual engagement.”

and resource invested in increasing our digital capacity before COVID-19 has been until now, if I’m frank, secondary to the established services. There are a whole host of reasons why we are incentivised to stick with what we already do and which is familiar/established. For example, one challenge has been that you, our members, have not preferred digital delivery as a primary method of acquiring knowledge and forging connections with your peers. Human contact is very important to what we do. Yet forced to forego it, we can see the power of digital in keeping those connections live (and from personal experience) forging new ones.

We’ve been an innovative and experimental organisation for some time, happy to try things out and not too precious about making things perfect before we share. Our CFG team increasingly observe ‘don’t let perfection be the enemy of good’. That’s meant we can be quick to get things out to you – even if they are not perfect. Nowhere is this mindset more evident than the team bringing together the content of our IT Conference as a digital event when the physical date had to be postponed. They have worked rapidly to make sure value can still be offered despite the circumstances.

Over the next few weeks and months we will get more polished in our execution of our content and events through digital means, as we all become more comfortable with this channel. I am hoping that when we emerge on the other side of this crisis we will collectively embrace more virtual engagement as a permanent part of the CFG offer.

Thank you for bearing with us – thank you for jumping in the deep end and embracing new ways of engaging. We are nothing without our members and I thank you for enabling us to not let this crisis go to waste!

Resources and support for your charity



This is a challenging time for all of us across the sector. We've put together practical resources, available on our website, to help charity finance professionals through COVID-19.

We answer your pressing questions and concerns; from advice on the Job Retention Scheme to how to manage your charity's finances.

What are we doing behind the scenes?

We have been working with other sector bodies on our response to the crisis, calling for government funding. Here's a summary of our progress:

- We developed a campaign #EveryDayCounts to mobilise support for our asks of government to save our sector. We have had a lot of Twitter engagement and featured in The Times, the Telegraph, and the BBC, but we still need your help. Find out how you can get involved [here](#).

- Working alongside NCVO and endorsed by other sector representative bodies, we prepared and submitted evidence to the Treasury Committee on the financial impact of the Coronavirus crisis on charities.
- As things are so fast moving we have a [Coronavirus Guide](#) which we are constantly updating with the latest news and guidance for your charity.

What do the current measures mean for us?

We created an [FAQ sheet](#) on the Job Retention (Furlough) Scheme and a webinar [Coronavirus and your charity's finances](#) answering some of your key questions.

The Financial Reporting Council has produced [Guidance for companies on Corporate Governance and Reporting](#). View our commentary and answers to some of your main questions on the guidance [here](#).

Where can I get guidance and support?

Our corporate members have various [guidance and support](#) on topics such as pensions, VAT, Tax, accounting and business continuity available to our members.

How can you manage remote working and wellbeing?

Looking after our, and our teams', mental health is important now more than ever. We have collated some [guidance and resources](#) on mental health, loneliness, coping with fear and anxiety and how to get the best out of working from home.

FAQs on furloughing



CFG recently held a webinar addressing key concerns from charities in the face of new measures. Sudhir Singh of MHA MacIntyre Hudson, Sayer Vincent's Johnathan Orchard and Richard Sagar from CFG were on hand to answer your questions – here we share some of the key questions and answers which arose.

Can staff do training while furloughed under the Coronavirus Job Retention Scheme?

They can; the government actively encourages this to happen, so long as the training does not provide services to, or generate revenue for or on behalf of your organisation. If training is undertaken at the employer's request, then workers are entitled to be paid at least their appropriate minimum wage for this time (which in most cases will be 80% of an employee's regular wage, up to £2,500). However, if the amount of time spent on the training exceeds the amount they are entitled in excess of the furlough payment then the employer will have to pay the additional wages.

Can staff who are furloughed under the Coronavirus Job Retention Scheme volunteer for the charity they work for?

Under the scheme as an employer you cannot ask an employee to volunteer to do any work that makes money for your organisation or provides services for your organisation. It is our understanding that most things that your charity does would qualify under these two conditions, but if you are unsure we would advise seeking clarity from HMRC. That's not to say employees can't volunteer for another charity or organisation.

How will the impact of COVID-19 affect going concern in our accounts?

As a reminder, by approving the accounts, the trustees are stating that they expect the charity to be able to continue to operate and pay liabilities as they fall due. A key consideration is if there are material uncertainties, which most organisations would say is currently the case. It will be necessary to undertake appropriate modelling in order to understand the impact of the uncertainties you face,

and assess their materiality. It will be appropriate to model more than one scenario. If material, it is highly likely that your auditor will make reference to this in their report. Different scenarios will likely provide significantly different outcomes, and under some of these you may be a going concern. We understand that this will leave trustees in a difficult position. But with all this in mind, you should try to make your decisions on the best available evidence at the time and make appropriate disclosures. Given the radical uncertainty of when the crisis will come to end and the overall impact it will have on income streams, where possible, charities may want to delay signing off of their accounts until the situation becomes clearer. Both Companies House and the Charity Commission have signalled that the filing deadline can be extended by three months.

If your current modelling suggests you are not able to meet your liabilities in the next twelve months when they fall due, you should take appropriate advice.

Watch Coronavirus and Your Charity's Finance webinar and see our latest FAQ resource at www.cfg.org.uk/Covid19Facts.

Three steps to strong leadership during COVID-19



Nicki Deeson,
Leadership Coach and Business Mentor

As part of CFG's wellbeing resources, Leadership Coach and Business Mentor Nicki Deeson shares her advice for managing your team's wellbeing during the COVID-19 crisis.

As a manager, you will be worrying about some staff, and others will be taking a lot of your time right now. Your team may be finding the workload relentless, juggling unforeseen household challenges and fearing for your charity's long-term sustainability and their jobs.

Follow these three simple steps to show strong leadership through this crisis – whether you are a staff member or a current manager.

1 Look after yourself during the crisis.

Check in with yourself each day, and put your own wellbeing first. Set your direction, priorities and activities each day, and ask for support to do this. If you are not able to get support from your manager, peers or a trusted friend, contact nicki.deeson@gmail.com, a trained coach and mentor who has spent her career in charity finance and is offering you a free coaching conversation, which is a time and space for you.

2 Create psychological safety for your teams and colleagues.

Be visible and available. Communicate frequently about your charity's financial situation, your priorities, and how their work fits in with those. Assign time every day to ask:

- How are things at home?
- What are your biggest worries, anxieties, uncertainties?
- What do you need from me today, to perform at your best?

3 Support your team to achieve a positive work-life balance.

Ensure they are using their holiday, in a positive way. Agree working hours in line with their personal priorities, and check they are sending messages only within those times. Watch for unusual behaviour in group conversations. Follow up where needed to encourage them to switch off during personal time, and to check in on how they are feeling.



Some of our events and training are temporarily postponed and so our events team and speakers are working hard to bring you the same great content online wherever we can.

Below are our online events and we have more to come soon. If you have any questions about our events and training in the meantime get in touch events@cfg.org.uk.

APRIL AND MAY MEMBERS' MEETINGS

Dates: Tuesday 21 April and 5 May 2020

Time: 14:30 – 16:00

Location: Online

These meetings are free and open to CFG members only

April meeting: Income generation

Join our April Members' Meeting to learn how you can build your financial resilience and explore alternative income generation available to your organisation – a crucial issue for the sector in the face of COVID-19.

May meeting: Resilience

Our May Members' Meeting will focus on how to build your personal resilience, and support the resilience of your team.

The demands of work cultures contribute to stress and increase the risk of burnout. Added pressures of unprecedented events such as COVID-19 means that personal resilience is more important than ever.

These meetings are open to all our members across the UK, and are a great way to connect with expert speakers on these vital topics.

Book below and receive a link to join one week before the event.

Full programmes and to book:

cfg.org.uk/MMApr20

cfg.org.uk/MMMay20

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CFG ANNUAL CONFERENCE CREATING A BETTER FUTURE 2020

Due to the rapidly-changing situation with Coronavirus, we are reviewing options for CFG's Annual Conference, if we are unable to go ahead as planned. These include: delivering some of the sessions digitally, a series of events and on-the-day activity and rescheduling the conference to a later date.

If you have any questions in the meantime, please contact our [events team](#)

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Visit our **dedicated web page** on the range of financial, tax and accounting measures being introduced to combat COVID-19 together with our insights on helping organisations during this period of unprecedented uncertainty.

www.haysmacintyre.com/covid-19

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