



INSPIRING  
FINANCIAL  
LEADERSHIP

# FOCUS

FINANCE

The magazine for CFG members

May 2017

## Large Charities:

Supporting the charity ecosystem

### ALSO THIS MONTH:

DEVELOPING YOUR  
FUNDRAISERS  
FINANCIAL KNOWLEDGE

KNOWING THE RISKS  
OF PROCESSING DATA

HOW CAN COMMITTEES  
CONTRIBUTE TO GOOD  
GOVERNANCE?

HR CHANGES ROUND-UP





# General Data Protection Regulation

## With just 12 months to comply – are you prepared?

Organisations in the UK that collect and use personal data must comply with the new regulation



Learn more about the new GDPR, how it can affect your organisation, and what you should be doing now to ensure you are compliant - download our free briefing pack, visit: [www.adaptaconsulting.co.uk/adapta-knowledge](http://www.adaptaconsulting.co.uk/adapta-knowledge)

Adapta are working with organisations to ensure they are ready

- Compliance reviews – to identify and resolve issues
- Developing new data protection policies and procedures
- Data protection training to staff and volunteers

Speak to our specialists to discuss how we can help identify, prepare and implement changes within your organisation.

t: 020 7250 4788 e: [help@adaptaconsulting.co.uk](mailto:help@adaptaconsulting.co.uk)

[www.adaptaconsulting.co.uk](http://www.adaptaconsulting.co.uk)

CRM  
Digital  
Outsourcing  
Project reviews  
Software selection  
Advice and support  
Process improvement  
Supplier management  
Business case development  
Information systems strategy  
Information security management  
Programme and project management  
Data Protection Act / GDPR Compliance

## Specialists in charity and not for profit finance recruitment



**What should you offer to secure the talent you need?**

Our brand new 2017 salary survey has the latest rates for all key charity roles: visit our website or contact the team for your copy.

Hopefully you'll already know Harris Hill as leading charity and not for profit recruiters, but did you know we have a dedicated team of specialists in charity finance?

We've got a strong track record too, but what really sets us apart from many recruiters is that we only work for the charity and not for profit sectors, so you're always our number one priority. That also gives us unrivalled, up to date knowledge of candidates in the market with the skills and experience you need.

Whether you're after a manager or director with real charity finance expertise, the ideal recruit for your team or a fantastic career move, there's no-one better placed than Harris Hill: just contact our finance specialists Sam or Simon and we'll be delighted to help.

Sam Kondic 020 7820 7310  
[sam.kondic@harrishill.co.uk](mailto:sam.kondic@harrishill.co.uk)

Simon Bascombe 020 7820 7311  
[simon.bascombe@harrishill.co.uk](mailto:simon.bascombe@harrishill.co.uk)

We recruit for permanent, temporary and interim roles in charity finance, including

Finance Director  
Finance Manager  
Head of Finance  
Management Accountant  
Finance Business Partner  
Financial Controller  
Finance Officer  
Finance Assistant  
Director of Finance & IT  
Financial Accountant  
International Accountant  
Purchase Ledger  
Payroll Manager  
Financial Analyst  
Credit Controller

## We're all in this together, so does size really matter?

Last November, to launch our Small Charities Programme, we dedicated Finance Focus to the work of small charities. Now, we're turning the tables and looking at the work and roles of large charities in supporting a strong ecosystem for civil society.

But should we even be making a distinction between the two? No, we shouldn't, says Oxfam's Treasurer Bob Humphreys, who argues in his thought-provoking cover story on pages 8–9 that a fixation on size (and growth) just isn't helpful – yes, many are household names but is the perception that they're eclipsing small charities borne out in reality?

On page 10, Caron goes green, taking an arboreal route for exploring how large and small charities cross-pollinate. (Apologies for all the horticultural references, it must be Spring.)

Reputation is a big consideration for many large charities, especially those that are household names, and breaches in data protection and processing is a perennial (sorry!) for media and political scrutiny. With GDPR nearly upon us, if you haven't got to grips with the implications for your charity yet, PKF Littlejohn's Ian Singer's guide on page 13 is a good place to start.

At the time of writing, we're just over a month away from a general election. CFG has published our comprehensive briefing ahead of the election, which includes guidance for charities on how to deal with political parties in the run up to voting day. Our message: Charities are in a fundamentally strong position, but must capitalise on this to secure policies that support the sector. Read more on pages 6–7, on our special general election blog, and support the campaign by spreading the word! We've also been working with other leading infrastructure charities to call on all political parties to support the development of a strong civil society.

This year, we're running Finance Count, our biennial benchmarking service for members and once again, we're working with delivery-partners Agenda Consulting. On page 15, Clare Harris, Agenda Consulting's Head of Business Development, explores how benchmarking can increase your organisation's efficiency. We thank Crowe Clark Whitehill (CCW) for their generous financial support of Finance Count.

Also in Finance Focus this month, Naziar Hashemi from CCW looks at how an understanding of key elements of financial management can add value to the work of your fundraising department (page 11), RSM UK's Nick Sladden looks at how charities can get the most out of their audit and finance committees, which can add real value in terms of improving performance and reducing risk on page 12.

We've heard a lot about the Apprenticeship Levy, but what about other changes in HR? Ahead of their training session in September on family-friendly HR policies, Jane Klauber and Carla Whalen from Russell-Cooke LLP outline the latest HR issues in their article on page 14.

Plus: Member Matters, policy pages and our monthly events and training round-up. Points of note: we've just opened booking for this Autumn's Inspiring Financial Leadership course starting in October. If you weren't able to make it to our Annual Conference, our Northern Conference is in Leeds on 4 July, and don't miss the early bird rate for our Large Charities Conference on 27 September.

Hold tight for the election, and see you in June!

**Kate Bines**, Head of Marketing & Communications, Charity Finance Group



## Contents

### Member matters 04

May's organisation of the month is Sense

### What's the big issue? 07

General Election 2017: What can the next government do?

### Cover story: Small can be beautiful, and big can be better 08

Bob Humphreys reflects on the relative merits of charities of differing sizes

### Caron's Comment 10

How can large and small charities work together to better the social agenda?

### Governance Focus 12

How audit and finance committees can contribute to good governance by Nick Sladden

### Data Focus 13

Ian Singer looks at the risk of direct marketing and fundraising

### HR Focus 14

Jane Klauber and Carla Whalen, asks whether your charity is ready for recent HR changes

### CFG Events 16

CFG's Large Charities Conference, HR Breakfast Briefing, CFG Conference Leeds

### CPD 18

Preventing Fraud; Data Protection Training; Trading & the Law

**Production and editing:** Heather McLoughlin, Policy and Public Affairs Officer, CFG  
**Design:** Steers McGillan Eves

If you have any queries about *Finance Focus* or are interested in writing for us, please contact [kate.bines@cfg.org.uk](mailto:kate.bines@cfg.org.uk)

Neither CFG nor the authors of individual articles can accept liability for errors, omissions or any actions taken as a result of the content and advice contained within *Finance Focus*.

© Charity Finance Group  
A Company Limited by Guarantee.  
Registered in England No. 3182826  
Registered Charity No. 1054914  
15–18 White Lion Street,  
London, N1 9PG  
[www.cfg.org.uk](http://www.cfg.org.uk)

# Organisation of the Month



**Kris Murali,**  
Group Director of Finance and Resources, Sense

**We welcome Sense, a national charity that supports people who are deafblind, have sensory impairments or complex needs, to enjoy more independent lives. Kris Murali, Group Director of Finance and Resources, looks back over his time at Sense and as a member of CFG.**

## When and why did you join CFG?

We have been a member of CFG for many years. I believe CFG provides the broad platform for finance related issues affecting the charity sector and is a good resource for finance professionals in the sector. CFG also provides good networking opportunities for finance professionals to explore areas of common interest and to share expertise.

## Looking back over your CFG membership what is your main source of support?

I attend meetings of the Large Charities Special Interest Group, which I find useful, and I have always appreciated CFG conferences. I appreciate the peer interactions and input from colleagues, which has been invaluable. The annual CFG dinner is also a significant event in bringing all stakeholders together.

## What do you think the environment is like for large charities?

There is pressure on income generation, especially with funding bodies contracting their giving and this is coupled with additional

costs. Social care as a whole is undergoing specific challenges with increasing needs but dwindling resources. The regulatory environment is increasing the pressure on costs and on the teams delivering services.

I would be doing a disservice if I did not mention the great opportunities that large charities have in playing a significant role in society. We have a tradition of voluntary work and people getting together with passion to pursue causes that are close to their heart. Charities are held in high esteem and we need to be bold and stand up for what we believe.

## What's one thing that your charity is really proud of?

Sense has always been innovative in the way we deliver our services and make a real difference to the lives of the people we support. We take particular pride in our person centred services. The clearest example of this is the engagement that we engendered from our beneficiaries in the building of our community centre, TouchBase Pears in Birmingham.

In the recent report by the Women and Equalities Select Committee – *Disability and the Built Environment*, there was particular mention of this, with praise for innovative approach in designing TouchBase Pears. We recruited a group of Champions, local people with disabilities and family members, to be involved in the design process from the very start.

## Do you think there is good knowledge sharing between larger charities and smaller ones?

I believe there is knowledge sharing within the sector. I have always been amazed at the degree of openness and willingness to help each other in a collaborative way without feeling threatened or competitive. It is also true that knowledge sharing is happening on an ad-hoc basis and this could be more focused. There is also a need for some sort of structured process for achieving more sharing of expertise within the sector.

## What do you think the public perception is of large charities?

In a recent survey, there was an expectation that people working in charities should not be paid any remuneration. The public perception of a 'charity' is still the expectation of people doing good without expecting anything in return.

Large charities are complex businesses and the sector should make an effort to publicise this and encourage better understanding. The public perception of charities is at variance to the needs of running large charities. I also believe the sector bodies can be more vocal in presenting the case for charities.

There is still huge support and engagement by the public in charities. It is for us in the sector to create the positive narrative and showcase the great work done by charities in delivering social care, care for vulnerable people, and being the conscience of the nation.

## Voice your views

Visit the CFG website for more information:  
Policy > Have Your Say > Consultations

### CFG's Brexit Survey 2017

With the prospect of a new government in June, it is important that CFG is able to engage and represent the charity sectors views on Brexit effectively. CFG is keen to ensure the new government understands the operating environment for charities to be able to give the sector the right resources for success. To support this, we encourage our members to take our CFG Brexit Survey 2017 so we can gather information about the potential impact of Brexit on our members and the charity sector. If you would like to complete this survey then please use the following link <http://bit.ly/2ID7QA2>

### Small Charities Financial Capability Survey

CFG has launched the Small Charities Financial Capability Survey to find out more about small charities financial capability needs. The first survey in 2013 helped to produce the *Making it Count* report that was influential in developing the Small Charities Programme. The survey is open to all trustees and staff responsible for any form of financial management in charities with an annual turnover of less than £1.5 million. The closing date for the survey is 25 June. If you would like to complete the survey please use: <https://www.surveymonkey.co.uk/r/SCPFC2017>

### Speaking Opportunities – Share your experiences

CFG holds a variety of events across the UK covering a range of topics such as risk, gift aid, investment, VAT and trading, IT and many more, reaching over 1,000 delegates annually. We encourage members to share their knowledge with delegates by presenting at events so that others can learn from their experiences. If you have knowledge on a particular topic or would like to share a particular experience and speak at one of our events, please contact Nadine: [nadine.cameron@cfg.org.uk](mailto:nadine.cameron@cfg.org.uk)

# Sign up now for Finance Count 2017/18, the essential charity finance benchmarking tool.



**At a time where charity transparency, accountability and efficiency are under the microscope, more than ever, it's critical that charities can demonstrate they are run effectively.**

**Finance Count** provides your charity with a bespoke report, benchmarking your charity's performance against both your chosen peers and all participants. It will:

- Identify what is working well;
- Pinpoint where efficiencies can be made;
- Give you examples of good practice;
- Determine priorities for action;
- Set meaningful and realistic targets for improvement.

Achieving such comprehensive analysis does not happen overnight. To get the most out of Finance Count you will need a few days to gather all the information you need and input it into the survey. But you will have plenty of time between May and December 2017, as well as one to one support from the research team at Agenda Consulting.

1. Register at [www.cfg.org.uk/financecount](http://www.cfg.org.uk/financecount)

2. Complete and submit the comprehensive survey by December 2017.
3. Choose the charities you want to benchmark against from the list of other participants in January 2018.
4. You will receive your bespoke report showing how your charity's performance compared to your peers in March 2018.
5. Attend one of our workshops showing you how to use the data and discuss how to improve your charity's processes, ways of working and performance with your peers.

Finance Count is generously supported by Crowe Clarke Whitehill. This support allows us to offer Finance Count for just £100 per charity.

**To find out more call CFG's Policy and Research Manager, Anjelica Finnegan on 020 7871 5480.**

## Calling all large charities!

**Are you a federation or a large charity with connections to smaller ones?**

**As the first phase of CFG's Small Charities programme is nearing its end we really want to give the trainings one last push. Can you help us?**

We've had fantastic feedback to the pilot programme with many of the courses being fully booked and receiving consistently positive evaluations. This feedback shows that CFG is providing a much-needed service for small charities, so it is important that all small charities across England and Wales are aware and have access to this programme.

Booking is now open for the next wave of training in May and June. We'd really appreciate your support in getting the word out to as many small charities as possible.

For more info please visit the small charities website <http://smallcharityfinance.org.uk/>

## Charity Money Laundering and Terrorist Financing Risk Assessment Survey

CFG has launched a survey to obtain information about how charities work to combat money laundering and terrorist financing risks in their organisations, as well as, how the law and interpretations of the law by other actors such as banks impact their work. We know that charities have come under ever closely scrutiny and that 'de-risking' by banks is making it harder for charities to do their work overseas. Charities have put in place risk management structures and policies to prevent their charities being

abused by money launders and terrorists. These have not been sufficiently documented to date. If you would like to complete the survey please use: <http://bit.ly/2ppuX1Z>



## New members

Abbeyfield Wey Valley Society Ltd	Pecan
The UK Career Academy Foundation	Cheltenham Ladies' College
Education Support Partnership	Kingston Voluntary Action
Unlocked Graduates	Spark Inside
Wales Millennium Centre	Railway Benefit Fund
Age UK London	BIBIC
	Home from Home HA

## New on the CFG blog

### GE 2017: Charities must not be afraid to make a case for themselves

Andrew O'Brien looks at how charities can shape the agenda to ensure that we are best able to support our beneficiaries after the election. <http://bit.ly/2oIwEXq>

### A step closer to reforming Section 75

Anjelica Finnegan outlines the DWP's proposals to reform Section 75. <http://bit.ly/2p5hjAX>

### Common Gift Aid questions answered by HMRC

In March, CFG hosted its regularly Gift Aid Conference where HMRC's Charity Outreach Team spoke about the Gift Aid Small Donations Scheme and Gift Aid and they generously promised to respond to some questions raised in writing. This blog looks at some of the questions and answers. <http://bit.ly/2p5txJV>

## News in brief...

### Access, Big Society Capital and DCMS launch Good Finance website

Good Finance, a website that helps charities and social enterprises understand social investment, has been launched. The website includes case studies, blogs, and events to help organisations assess whether social investment is a suitable option. The aim of Good Finance is to allow organisations to make informed decisions and to connect them to the right investors based on shared values. The website has a profiler tool option that will help charities to understand if social investment is something their organisation needs.

### Birmingham City Council and Institute of Fundraising (IoF) reach agreement on street fundraising

Following a three month pilot trail from July to October last year, this agreement will see street fundraising capped in the city centre to certain days, places and times. It also limits the number of fundraisers that can be active in the city centre in the agreed times. This agreement has been described as a site management agreement and mirrors a further 125 agreements between the IoF and other councils across the UK. This agreement is for a rolling 12 month period.

# Research and reports



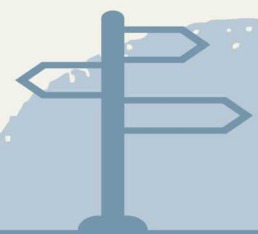
## Charity Commission publishes their annual accounts monitoring review

The Commission's annual research, that monitors whether charities are complying with the SORP, has found that 54% of accounts that were reviewed did not meet the public benefit reporting requirement. Using a random sample of 107 charity accounts with an income over £25,000, the Commission analysed the accounts using two measures: how charities are reporting on the public benefit requirement, and whether the accounts meet readers' needs. The Commission found that 75% of accounts were of an acceptable quality in 2015-16, a 2% drop from a high of 77% in 2013-14.

## Donations increase to £9.7 billion in 2016, CAF's UK Giving Report finds

Donations increased from £9.5 billion in 2015 to £9.7 billion in 2016. Alongside this increase in donations, the annual CAF report also noted that volunteering and campaigning increased in 2016. For adults aged over 16, there was a 4% increase in volunteering from 13% in 2015 to 17% in 2016. Medical research causes remained the most popular, followed by animal welfare and children and youth causes. Londoners gave the highest mean donation, whilst Wales was found to be the region with people carrying out the most charitable or social actions. Full-time students were the most likely group to volunteer in 2016.

# Guidance and support



## Charity Commission reminds charities of guidance on general election campaigning

In the run up to the election on Thursday 8 June, charities will need to re-familiarise themselves with the Charity Commission's guidance on campaigning and political activities, *Speaking out: guidance on campaigning and political activities* (CC9). This guidance sits alongside electoral law and so charities must also refer to the Electoral Commission's guidance for non-party campaigners for details of the regulated period, spending limits and reporting requirements for the election. (<http://bit.ly/2ox79sC>).

## Charity Commission launches new guidance on reporting matters of material significance

The charity regulators of the UK have issued joint guidance that sets out what auditors and independent examiners must report. Following the consultation on matters of material significance last year, the revised list includes two new areas for reporting. These are: reporting when a modified audit opinion has been given and reporting when an auditor is concerned about poor transparency on conflicts of interests. More information can be found at <http://bit.ly/2qyykox>

# What's the big issue? General Election 2017

**Ahead of the General Election on Thursday 8 June, charities will be focused on their beneficiaries – whether this is through continuing to work directly with the people and communities they support, and/or pushing for policy change at the national and local level.**

It is true that charities are not going to be the focus of the election campaign, as it was ahead of the 2010 election as part of David Cameron's vision of a Big Society, but it is important to remember the position of strength that charities do occupy. We remain a trusted sector and work across the biggest issues facing politicians – and therefore, their parties' campaigns – such as social care and health.

CFG will be working hard to represent the needs of the charity sector to the prospective parliamentary candidates, and we are urging charity finance professionals to make their policy colleagues understand the pressures that charities are facing and ask politicians to address them during the campaign.

By advocating for an improved operating environment for charities we can secure better outcomes for the people and communities that they work for.

### What can the next government do?

CFG has developed a series of policies that the next government could adopt to enable charities to make the most out of the resources available to them and meet the ever growing and complex needs of their beneficiaries. These are:

- Tax reform – In 2016, CFG published its Tax Plan ahead of the Autumn Statement. This plan listed fully-cost tax reforms that would free up billions to support communities across the country. This includes increasing mandatory business rate relief to 100% and introducing sector-wide rebates for irrecoverable VAT. You can view the detailed proposals on CFG's General Election page – <http://bit.ly/2puBXe6>.
- Better use of grants – For charities with an income of under £1m, grants remain one of the most effective ways to fund their work. This has been recently recognised in the House of Lords Select Committee on Charities report (<http://bit.ly/2mGORIG>).

However, without government intervention, there is a very real possibility that grants will disappear as a method of public funding by the 2020s. If the new

government wants to support a diverse and effective sector, it needs to make sure that grants are a part of the mix. This isn't about more funding, it is about better funding.

- Increasing funding for the Charity Commission – CFG members have consistently raised their concerns that the Charity Commission is failing to meet its ability to regulate charities and support Trustees. This is a direct result of a 50% cut to the Commission's budget over the last decade. Government investment in a well-funded charity regulator will enable charities to direct as much of their income to delivering public benefit as possible.
- Ensuring Brexit does not make it harder for charities to do their work – CFG has been working with members and the Government to make sure that Brexit does not make it harder for charities to do their work.

We propose five steps that the next government can take to ensure that Brexit does not risk charities' ability to meet the needs of their beneficiaries. These are:

1. Reforming VAT rules to reduce the burden of irrecoverable VAT and not trading these powers away for trade access.
2. Replacing lost EU funds with new funds so that charities are able to keep helping those in need.
3. Reforming State Aid rules so that they stop unfair competition, not tying up charities with red tape.
4. Keeping public service regulations (such as the Social Value Act) which put environmental, social and economic factors in as part of the bidding process.
5. Building an immigration system that does not prevent charities from accessing the talent that they need to do their work effectively.

### Keep up-to-date

The CFG policy team will be sending out weekly e-bulletins to provide the latest updates from the campaign trail and analysing what any developments mean for the sector – so do keep an eye for these in your inbox.

## CFG publishes briefing for members on our approach to the general election

CFG has published a briefing for members, *Unleashing charities to build a better society* (<http://bit.ly/2puBXe6>), about CFG's approach to the election and the key issues facing charities. CFG believes that charities are in a strong position to engage prospective parliamentary candidates during the election campaign. Charities work in key areas which will define our country's future. It is important that this is recognised and that the government gives charities the help that they need to more effectively achieve their objectives. We'll also be regularly updating CFG's blog with more of our work on the election via <http://blog.cfg.org.uk>

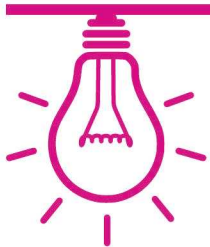
## CFG, along with leading VCSE organisations, produced a vision of co-operation with the new government

Together with the other leading infrastructure bodies, CFG has produced a joint briefing which has been sent to all the main political parties ahead of the General Election. This briefing calls on all parties to commit to working and engaging with the sector to build a thriving economy, grow cohesive communities and deliver effective public services. We collectively put forward three example policies that the next government could adopt to achieve these aims. These are: reduce the tax burden on charities, invest in community ownership of assets and review the social value act. This briefing builds on CFG's previous collaborative work with other infrastructure bodies to make the strongest possible case to politicians to improve the operating environment for charities.

## CFG secures change to multi-employer pension scheme regulations

After 2 years and continuous pressure from CFG, our members and corporate partners, the DWP has finally responded to its 2015 consultation on reforming Section 75 rules for non-associated multi-employer pension scheme. The DWP has put forward proposed regulations that would give pension trustees the option to defer the employer debt triggered when an employer ceases to employ an active scheme member. This is called the Deferred Debt Arrangement (DDA). In theory the DDA should free charities from the current catch 22 where they can neither afford to exit a multi-employer scheme, nor to remain in the scheme. CFG will be submitting a response to this consultation.

# Small can be beautiful, and big can be better



**Bob Humphreys,**  
Affiliate Charity Finance Group Member

**Bob Humphreys, Treasurer of Oxfam International and up until 2016 the Director of Finance at Oxfam GB, debates the relative merits of charities of differing sizes.**

Often, I'm struck by this debate that is being fuelled by the Government, the Charity Commission, and various umbrella organisations.

The language being employed in this debate is very emotive, and suggests something is off balance in the relationships between larger and smaller charities. The topic has been around for some time, but has gained new momentum with the publication of the House of Lords Select Committee's report *Stronger charities for a stronger society*, as well as Department for International Development's (DfID) *Civil Society Partnership Review* and the subsequent announcement of a new fund to be set up for small and medium sized charities.

At the Charity Commission's public meeting in March, their Chair William Shawcross said that "small charities were often eclipsed by the big brand organisations", and "we must help smaller charities much more". Charles Moores, Chair of Home to Work, reported

that "when a big contract came up for tender a national charity came in and stomped all over us". According to NCVO, smaller charities are being shut out of bids to provide public services by larger voluntary organisations' "sharp commercial practices".

The House of Lords Select Committee on Charities concluded that "The commissioning landscape is skewed against smaller charities", because of "problems in bidding for contracts, the increasing scale of contracts, reduced focus on quality, and payment-by-results mechanisms that disadvantage smaller providers." They recommended that "the Government's implementation group on commissioning practices considers the risks of larger organisations exploiting smaller charities through the commissioning and subcontracting process."

Paul Streets, Chief Executive of the Lloyds Bank Foundation, says that "large charities

should stop competing with smaller charities and work with them instead and recognise how their smaller counterparts are a distinctive and fundamental part of the voluntary sector ecosystem, but they can be made or broken accordingly by how large charities act towards them."

Should we conclude from the above that the large charities must be using their monopolistic power to behave egregiously, stomping all over their smaller competitors, adopting sharp commercial practices and exploiting smaller charities? Is there a significant reality underlying these cries of pain, or are we listening to a relatively small number of complaints from charities which have been unsuccessful in submitting an effective tender, and which are constantly reverberating around, and being amplified by, the sector's echo chamber?



*Charities operate within a framework largely governed by their mission, and for many, their mission does not demand that the charity grows.*

I would argue that this fixation on size is not helpful. After all, size is a product of growth, or the lack of it, so we need first to examine why some charities have experienced exceptional growth while others have not. Charities operate within a framework largely governed by their mission, and for many, their mission does not demand that the charity grows. For example if you enter the words 'scout group' into the Commission search page, you will see 4,508 listings (albeit many are defunct). Local scout groups are very unlikely to wish to grow beyond the size needed to support their local activities. Other types of charities would welcome growth but may be constrained by the local nature of their offerings. If you search the term 'friends of', there are 15,060 entries, representing charities dedicated to supporting a local school, a hospice, or similar. Each of those charities are likely to have a limited appeal to donors outside of a discrete community of interested parties.

At the other end of the scale are those national and international charities whose appeal is broader and more fundamental to our basic values as a relatively wealthy and caring society. In order to grow, often over decades if not centuries, these organisations have needed to deliver a

consistently high quality of charitable services across a range of activities, geographies and contexts.

Most charities would aspire to undertake charitable activities in one or more of three main areas: direct service delivery, working through partners to build or sustain capacity, and advocacy to change the structural systems relevant to the problem. They are trying to solve, for example; poverty, homelessness, or cruelty to animals. And in pursuing each of those activities, there are cross-cutting approaches such as innovation and impact assessment, which a charity might choose to invest in to a greater or lesser extent. We can look at the 'small vs large' question using some of these lenses.

In terms of direct service delivery, the tension appears to be between an instinctive but unquantifiable preference for services to be 'local' and often facilitated by economies of scale. These direct services are set against a drive by commissioning bodies or donors for efficiency. It makes sense that a larger, national service provider would have access to more competitive procurement arrangements, and be able to leverage administrative resource and operational support more effectively, than a smaller charity which is struggling to build its capacity.

But what about quality do smaller local charities score more highly in this area? I don't think we can make the automatic assumption that only small charities can deliver quality services, tailored to individual needs as good large charities will also have quality service standards embedded in their DNA. We also need to recognize the contradiction between the warm words encouraging smaller charities to be more successful in bidding for contracts, and the concurrent warnings against becoming over-dependent on contractual funding.

The counterpoint to the 'economies of scale' argument is often said to be that smaller charities are more agile and less bureaucratic than the larger organisations, who are sometimes accused of being self-serving and too concerned with perpetuating their own existence. It's difficult to find any evidence to support or refute this largely subjective argument. It is a fact that larger organisations tend to be more hierarchical, a typical span of control for any manager tends to be 5–10 direct reports, which for a charity with hundreds or thousands of staff inevitably leads to more levels of management. It's also true that larger organisations require more complex operational systems, compared with the often very basic systems which smaller charities can manage with.

Let's not pretend that these systems are optional, they are essential in delivering accountability across all areas of any complex organisation. All systems should

be designed with operational efficiency and cost-effectiveness in mind, whether it's a small charity arranging a payroll bureau service, or a large charity implementing a cloud-based CRM application. Agility is more about culture and attitude of mind than size. I've known charities with income of less than £1m, and those with income of over £200m, which have struggled for months or even years to implement difficult change decisions.

When we consider advocacy work, there are clear disadvantages for smaller charities. Speaking at the launch of the Lloyds Bank Foundation report *Facing the Forward*, Sarah Mitchell, Chief Executive of Carers Network, said "we do get quite a lot of pressure not to say anything controversial" and that "campaigning is not funded for service charities". If it's not funded by donors, then any advocacy needs to be paid for out of unrestricted funds, which are often already stretched to sometimes subsidise services which are not enjoying full cost recovery. No charity is immune from political pressure to conform (as referenced by the infamous quote from Brooks Newmark in 2014 that charities should "stick to the knitting"), but larger charities will generally be less at existential risk of one donor punishing them by removing funding, and are also likely to have more choices in terms of how they use their reserves.

“

*In order to grow, often over decades if not centuries, these organisations have needed to deliver a consistently high quality of charitable services across a range of activities, geographies and contexts.*

We also need to consider risk. There is no reason of course why a smaller charity cannot have as robust a risk management framework as a larger one, but the kinds of risk which have featured prominently in recent years are naturally difficult to manage without an element of scale. It's great to see DfID's and the Commission's focus on training smaller NGOs in how to work overseas, but the need for robust due diligence assessments of partners, the need to have leverage with banks to get

funds sent to some difficult locations, the need to have trained investigation resources available when frauds or safeguarding issues arise, the need to invest in awareness-raising and training within staff and partners, all require investment in core capacity, and there is no evidence yet that the new DfID fund (which will target charities with an income below £250,000) or training will provide the resources for smaller NGOs to make this essential investment.

Finally, let's look at governance, which is the invisible art of making good decisions in the best interests of the charity's beneficiaries. Neither large nor small charities have a monopoly on good governance, but there are some factors which work in favour of both ends of the spectrum. Access to good people, either as Trustees or as executive staff, who have the right skills, experience, and diversity to help the organization develop, is key.

In searching for the right talent, larger charities have the advantage as they have the brand strength to attract candidates, and the financial resources to appoint search firms to the time consuming recruitment for them. They are more likely to have resources to invest in board updates and training, while a smaller organisation may have to rely more on pro bono resource from personal contacts. The increasing disparity in resources was highlighted by Rebecca Bunce of the Small Charities Coalition recently, when she said that the "reduction in grant funding was making it harder to support good governance among small charities." Analysis of the list of inquiries conducted by the Commission confirms that the vast majority involve small charities. Probably, all we can genuinely say is that, given their resource constraints it's amazing that so many small charities are incredibly well run.

So what am I saying exactly? Only that, as in many things, it's a mistake to make assumptions about the worth of an organisation simply based on its size. Small charities do indeed deliver huge benefits to society across the country and overseas, but we have to be honest about the significant challenges that being small can bring, and not see them through rose-coloured spectacles. It's questionable whether many small charities should be encouraged to grow, especially if that means becoming dependent on one or two key service contracts. It's inappropriate and unfair to imply, as a lot of the discourse does, that large charities are behaving in a predatory manner, and are not also capable of delivering excellent quality cost-effective services. To return to the title of this article: 'small can be beautiful, and big can be better', depending on your point of view, and the unique characteristics of the individual charity.

## How can large and small charities work together to better the social agenda?



Caron Bradshaw,  
CEO, Charity Finance Group



**In the heart of Sherwood Forest stands Robin Hood's major oak – it is thought to have stood for, between, 800 and 1000 years. I was delighted to recently win a seedling from this mighty oak as a raffle prize! Though thrilled with my good fortune, I didn't expect it to become my inspiration for my comment piece on large charities...**

In Aesop's fable of *The Oak and the Reed*, the oak loses its battle against the storm because it is incapable of bending in the wind. Over the last couple of years, when big charities have come in for a lot of criticism, large charities have been the living embodiment of the phrase 'it's better to bend than break'. Those who have been able to flex in the winds of change have managed to shake off scandal. Whether it is fundraising, CEO pay or commissioning practices those who have turned challenges into opportunities have arguably emerged with enhanced reputations; for example the Church Commission's response to its stance on WONGA. As the saying goes; oaks grow strong in contrary winds.

The sector as a whole is much like the ecosystem in a forest; a delicate balance of big and small, competing and complementary, and each element reliant to a greater or lesser extent on each other. Sometimes the oak will dominate the canopy and push out smaller species, but it will also be the support system for many others. In this context, whilst there are undoubtedly things that have gone wrong and there are examples of poor practice too, we believe that large charities can be at the vanguard

of best practice – that larger charities have the ability to support the wider sector in all its glorious variety and forms.

If you ask a member of the public to name a charity it will usually be the household names that are cited; Oxfam, Comic Relief, Save the Children, CRUK and so on. This profile can be a burden of course but it is also a privilege and an asset to be utilised. Within CFG, in our conversations with government and the regulator, as well as other charities, it is clear that having some of the biggest names in membership assists our policy work. We are able to speak with credibility and clout on everything from tax to pensions. It is the presence of the likes of Leonard Cheshire in relation to the Apprenticeship Levy, for example, who can sit by our side in meetings with ministers that ensure success in pressing the government for change.

Large charities are also a significant asset for CFG in attracting the best experts from across the corporate world into partnership. It is their desire to engage at the highest level of the sector that enables us to draw in their support, expertise and sponsorship, which in turn keeps our organisation sustainable and our prices extremely low.

Without large charities we would have struggled to resource our work for the smallest charities. Without large charities we could not have made such powerful representations on SORP, pensions or the Gift Aid Small Donation Scheme. They are a vital part of our ecosystem.

It is also important to remember that large organisations were once small and that from small acorns great oaks can grow! The high profile organisations may provide the incentive for some to get involved in social change; the first, and in some cases only, contact that some have with the sector. It may be our largest organisations that inspire individuals to start to volunteer or prompt social action.

It is understandable that our smaller charities can feel frustration too. That the sector's legitimacy and heart is called into question by a number of high profile failures and bad practice. They may feel bitter that the consequence of failure in our largest charities results in burdens of regulation for all, from fundraising to data protection, that otherwise would have not been introduced. We must recognise that thousands of small organisations work tirelessly and often unnoticed by the media. It's tempting, of course, to decry the big names and forget the benefits that exist from having these mighty oaks in our forest.



*We believe that large charities can be at the vanguard of best practice – that larger charities have the ability to support the wider sector in all its glorious variety and forms.*

As we approach the election it is important that we stand shoulder to shoulder across the sector. That big and small charities work together to advance a genuine 'civil and social' agenda within all political parties.

I shall end with a quote from Thomas Carlyle (Scottish historian, philosopher and author) "When the oak is felled the whole forest echoes with its fall, but a hundred acorns are sown in silence by an unnoticed breeze." Large charities should definitely not be celebrated and supported at the expense of small. However, without the big names the sector would be poorer and I for one think we should push for them to use their muscle for the good of the entire sector and not seek to chop them down.

## Finance for Fundraisers

CFG's Finance for Fundraisers programme, run in partnership with Crowe Clark Whitehill, has over the past few months been a series of one day training courses. The course is designed to help fundraisers gain an understanding of some of the basics of charity finance, facilitating a greater understanding between fundraisers and finance. This course is also supported by the Institute of Fundraising.

**Naziar Hashemi,**  
Partner, Crowe Clark Whitehill LLP



**Naziar Hashemi looks at the importance of closer working between the different parts of the charity; that is between those who deliver the services, those who raise the funds and those who manage the finances.**

The challenge for charities is how to meet the growing needs of their beneficiaries, against a backdrop of less public money, be it through government contracts/grants or public fundraising.

### Understanding funds

It is important for fundraisers to understand the principles underlying charity accounting. The proper administration of individual charitable funds is essential if charity Trustees are not to act in breach of trust. The nature of any charitable funds is usually determined at the point of gift or donation to the charity and fundraising can impact on the nature of the funds received. Sometimes fundraisers inadvertently raise funds which are endowed or restricted and these restrictions can be so narrow that subsequently the charity has problems in spending the funds.

### Understanding reserves and reserves policy

There has always been much focus on the reserves that a charity holds, with concerns over charities holding too much or too little reserves. The emphasis in the current guidance is on ensuring charities are resilient. In their recently updated CC19 guidance on reserves the Charity Commission emphasise that there is no single level or even a range of reserves that is right for all charities. There are concerns the guidance has led some charities to think they should have reserves to cover

unplanned closures. Charities must, of course, consider and plan for different scenarios but most charities consider that they are going concerns and there is no need to hold reserves to finance a closure if this is not seen to be likely.



*To be properly aligned across all areas, fundraisers need to speak to those who deliver the charitable objectives to identify particular needs in order for these to be factored into their funding or fundraising requests.*

It is therefore critical that fundraisers understand the nature of their charity's reserves and why the reserves are held. To be properly aligned across all areas, fundraisers need to speak to those who

deliver the charitable objectives to identify particular needs in order for these to be factored into their funding or fundraising requests.

### Understanding management and statutory accounts

A common area of frustration for fundraisers is receiving management accounts or indeed statutory accounts from finance teams which show a different financial result for the team to that which the fundraising team were expecting. Finance teams are often frustrated with fundraisers for only providing high level information. This makes it difficult for the finance team to independently review and interrogate the data and to challenge the fundraising team where budgets appear unrealistic or inconsistent with the fundraising team's detailed plans for its activities in the year or where performance by fundraising cannot be judged. It is vital that fundraisers have a basic understanding of the management accounts for their charities and any costs allocated to their department. Charities need good management information at all levels and for this to happen open and clear communication is needed between finance and fundraising that allows a proper interpretation of the results and a re-forecasting of anticipated income.

With the increased scrutiny on cost ratios and the changing expectations of funders and the public, fundraisers must also have a basic understanding of statutory accounts. They can assist their finance teams to explain better the charity's cost ratios and its investment in fundraising. Fundraisers need to understand the basics of these concepts so that they can put together the right applications to funders or to be better able to explain their charity's accounts to others.

### Understanding cost recovery

Understanding basic costing principles helps fundraisers understand the impact of costs (variable or fixed) on the contribution that their fundraising efforts make to the charity and will enable them to properly cost their planned fundraising activities. Fundraisers need to understand the various definitions and why some fundraising initiatives are not as attractive as might appear at first glance.

### Understanding the tax implications

Understanding the direct tax and VAT implications of fundraising activities is important. This is an area which can potentially change every time there is a new budget or new guidance issued by HMRC. For most charities the administration of these changes sits within fundraising. It is important that the rules around these areas are fully understood. There can also be complexities around the interaction of the VAT and direct tax rules and once again fundraisers need to make sure that they are aware of the rules.

## How can audit and finance committees contribute to good governance?

**Nick Sladdon**, Partner,  
Head of Charities and Independent  
Schools, RSM UK Audit LLP



**Over the last few years the charity sector has been rocked by funding uncertainties, regulatory investigations and high-profile incidences of mismanagement. Now more than ever, charities need to embed good governance and demonstrate to funders, beneficiaries and to wider society that they are well-run, well-led and use their resources effectively.**

Critical to this endeavour is the role of audit, which is usually monitored through committees. With the right leadership, the right members and the right training, these committees can add real value in terms of improving performance and reducing risk.

RSM recently carried out research into the effectiveness of committees and published its findings in a report entitled *Green lights ahead*. The report examines some of the ways in which charities can get the most of out of their audit and finance committees and looks at how to turn red and amber warning lights to green.

### **The fundamentals**

Most charities set up committees when the remit of the Board becomes too wide for it to be effective or when its workload becomes too onerous. Others, such as education institutions, are required to do so by regulators.

Every committee should operate within the set terms of reference laid down by the Board. These should serve as a basis to plan meetings, provide a framework to report to the Board and help the committee self-evaluate its performance. The terms of reference should be reviewed on an annual basis to make sure they keep pace with the charity's changing needs.

The frequency of meetings is also important in ensuring that advice and recommendations can be passed on to the Board in a timely manner. Most should aim to meet quarterly or at least twice a year. However, the *Green lights ahead* research found that some committees don't even manage to meet this often. In addition, almost 20% of committees fail to report the outcome of their work to the Board.

### **Diversity**

Diversity should be a key consideration when forming any board or committee, but many charities still have a lack of balance when it comes to the gender and age profile of members.

RSM's report revealed that across all charity committees surveyed, two thirds of members were men, with less than 20% of committees having any members aged under 35.

Clearly, there needs to be a cultural change to encourage a more diverse committee membership. Greater diversity will bring different skills and viewpoints, may better reflect the communities that a charity is looking to serve, and will, in turn, equip a charity with better tools to effectively carry out their responsibilities.

Diversity of skill sets is also vitally important. An effective committee must comprise suitably qualified individuals, with expertise spanning the core aspects of the committee's duties – primarily finance, audit and risk. In some cases, membership may also need strategy, IT, legal, compliance, fundraising and HR skills.

Crucially, new members should be supported by a robust induction process and existing members should also receive training to keep up-to-date on regulatory changes, emerging risk areas and accounting and financial reporting developments. However, RSM's survey found 43% of committees don't train members on induction and 57% don't offer ongoing training.

### **The role of external and internal audit**

The most successful charities are those that can anticipate problems and demonstrate strong internal oversight. However, poor corporate governance has, in too many cases, led to financial distress or failure of a charity.

To maintain a strong control environment, committees must be regularly updated on compliance, financial or control issues which management must address.

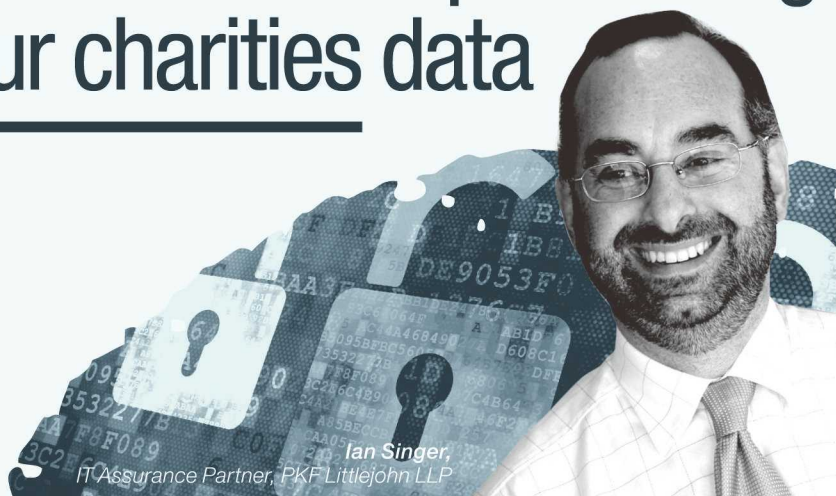
While an external audit takes a broad look at the financial position of a charity and will raise key issues, internal audit can complement this providing a different form of assurance. In conjunction, the two functions provide a comprehensive overview of the controlled and complex environment.

However, the majority (55%) of charities who responded to RSM's recent survey still don't have an internal audit function. Unless assurance is provided by other means such as reciprocal peer reviews by finance teams in other charities, the use of the charity's own trustees or independent reviews by volunteers or non-executives, this is a worrying trend. Successful charities are not only using their internal audit resource as an independent and objective function operating in the third line of defence, but as part of a fundamental part of the business to monitor and oversee activity.

Setting up an internal audit function requires resources and not all charities will be large enough to justify the cost. However, project-based audits could offer the solution to providing assurance over key risk areas not covered by an external auditor.

RSM's full report entitled **Green lights ahead: the role of audit and finance committees** is free to download on the RSM UK website.

## Direct marketing and fundraising: the potential risk of processing your charities data



Ian Singer,  
IT Assurance Partner, PKF Littlejohn LLP

**How confident are you that your direct marketing and fundraising activities comply with legal requirements and that the personal data you use for these purposes are safe from hackers or from carelessness on the part of your users? Are you aware that the law is about to change particularly in respect of the consent required to contact individuals? PKF Littlejohn's Ian Singer looks at the issues.**

Charities rely heavily on personal data relating to beneficiaries, donors and other stakeholders. But most charities face serious challenges regarding the capture, processing and securing of this information, that could have particular consequences for their direct marketing activities:

- the need for more effective fundraising and targeted marketing campaigns;
- the cyber-threat landscape is continually evolving;
- the regulator (The Information Commissioner or ICO) is becoming more specific in the measures it expects organisations to adopt to protect data and is imposing tougher sanctions in the event of a breach;
- Data Protection legislation is going to change in 2018, specifically in the area of consent.

The complexity of your data landscape is also increasing rapidly: websites, internal networks, external data centres, roaming users, portable media, mobile devices, home PCs and so on. At the same time, users, both internal and external, want to access your back-office and public-facing systems where they want, when they want and how they want. These cumulative

pressures put enormous stress on charities to keep data secure and users happy.

Both the risks and the likely penalties for suffering a data loss are increasing at a rapid rate and it is essential that you place data security at the centre of your IT decision-making. Large penalties are not only levied on corporates; in April 2017, 11 charities were issued with fines by the ICO totalling £138,000. The ICO has also issued a significant number of enforcement notices to organisations, requiring specific action to be taken.

The ICO has now issued specific guidance on the need to encrypt confidential data. It has said quite plainly that it will not accept any excuse for a data breach if the data was not encrypted regardless of any other measures in place. Regulators such as the ICO and the Charity Commission are going to be much tougher in their responses to organisations who suffer a data breach particularly if they cannot demonstrate that they have done all they can to protect that data.

The difficulty for most charitable organisations is that they typically have limited financial resources, relevant expertise and the focus is undoubtedly

on fund-raising and the provision of services. But none of that will count as mitigating factors if you suffer a data breach or use data inappropriately.

All personal data held by any organisation for any purpose is currently governed by the Data Protection Act 1998 (DPA) and the Privacy and Electronic Communications (EC Directive) Regulations 2003 (PECR) which was designed to complement the DPA. The new EU directive, the General Data Protection Regulation (GDPR), is due to come into force on 25 May 2018. The GDPR is 127 pages long but the key changes relate to the size of the fines that can be levied in the event of a data breach or non-compliance with the Directive (up to 4% of the annual worldwide turnover of an organisation or €20m Euros, whichever is greater) and the need for consent from a data subject that is both explicit and informed.

Charities will also need to take particular care before entering into agreements with third-parties for data storage and processing – for example, use of specialist emailing services or outsourced data centres. They will need to ensure that the consent they are relying on from the data subject includes the ability to utilise appropriate third-parties where relevant. Remember, you are responsible for your data at all times regardless of where it is located or who is processing it.

### So what can you do to put your mind at rest?

- Ensure you have explicit consent for storing and using any personal information for the specific process you wish to use it for.
- Security and confidentiality of data must be at the heart of your IT decision-making.
- Make sure you know what data you are capturing, where it is stored and how it is protected.
- Make sure you have well-defined policies and procedures that are communicated regularly to all relevant personnel regarding both the security and use of personal information.
- If you are contacting an individual for marketing or fundraising purposes, ensure you have evidence to demonstrate that you have permission to contact that person.
- Take appropriate advice from suitable experts to help you identify issues and gaps in your current approach.
- And, finally, as a general principle, don't do anything with data unless you are certain that it is appropriate and secure to do so.

*PKF Littlejohn's IT Assurance Partner, Ian Singer, will be presenting on Data Protection at CFG's Northern Conference 2017. Places are still available, book now at [cfg.org.uk/leeds17](http://cfg.org.uk/leeds17)*

## Is your charity ready for these HR changes?



**Jane Klauber,**  
Partner, Russell-Cooke LLP



Jane Klauber and Carla Whalen from Russell-Cooke LLP, look at recent changes to employment laws that will affect charities.

### Off-payroll working in the public sector

Many employers will be aware of the IR35 legislation, which was introduced to tackle perceived tax avoidance by individuals supplying services via an intermediary such as a personal service company (PSC).

Until last month, it was the intermediary that was responsible for determining whether an engagement constituted a deemed employment and for paying any tax and national insurance contributions due. This continues to be the case where an intermediary is providing services to a private sector organisation. However, there is a new regime for:

- public sector companies (including universities, local authorities, parish councils and the NHS) who hire off-payroll contractors;
- agencies and third parties who supply contractors to the public sector.

Public sector bodies must determine the status of any contractors working for them via an intermediary. HMRC has launched a new online employment status service (ESS) for this purpose and says it will stand by the results unless it is subsequently shown that inaccurate information was provided. If the ESS result is that the contractor is deemed to be an employee, the public authority (or

the agency supplying to them) must calculate, report and pay tax and national insurance contributions via PAYE. However, classification of a worker as an employee for tax purposes will not confer on them any employee rights such as statutory sick pay or pension auto-enrolment.

### Immigration skills charge

Employers who sponsor highly skilled migrant workers under the Tier 2 visa route must now pay an immigration skills charge per migrant worker for every year the individual intends to work in the UK.

The charge is £1,000 for large employers and £364 for charities and small employers. It applies to workers in the Tier 2 General and Tier 2 Intra-Company Transfer (ICT) routes and is payable upfront at the point they assign the certificate of sponsorship.

The immigration skills charge will not apply to:

- workers sponsored to do a PhD-level occupation;
- Tier 2 ICT Graduate Trainees;
- Tier 4 student visa holders switching to a Tier 2 visa in the UK;
- migrants who were sponsored in the Tier 2 category before 6 April 2017 and are extending their Tier 2 stay;
- a Tier 2 worker's dependants.

### Mandatory gender pay gap reporting

The Gender Pay Gap Information Regulations came into force on the 31 March 2017 and employers with 250 or more employees on 5 April 2017 must calculate the gap between pay and bonuses awarded to male and female staff.

Part-time workers, casual staff, apprentices and self-employed people with a contract personally to do work all count as employees.

Pay data must be gathered for each relevant employee on the snapshot date of 5 April each year, as well as bonus information (including incentive payments and commission) covering the preceding 12 month period. Employers then need to calculate:

- their gender pay gap and bonus gap figures based on mean and median pay received in the relevant period;
- the proportion of men and women in four pay bands (or 'quartiles') to be determined by ranking employees in order from lowest to highest paid and dividing them into four sections each comprising (as far as possible) an equal number of employees.

The results must be published in a written statement to be signed by a senior individual and posted on the employer's and a government website. The statement can also include a narrative explaining any disparities in the figures and saying what action (if any) the employer plans to take. The first gender pay gap statements must be published by 4 April 2018 at the latest.

### Apprenticeship levy

Employers with a pay bill of over £3 million in a relevant tax year will now be charged a levy to fund new apprenticeships. Less than 2% of employers will be liable to pay the levy and only a fraction of charities will be caught.

If the levy does apply, the employer must pay an additional 0.5% of their pay bill to HMRC via PAYE, alongside income tax and national insurance contributions. Employers are not permitted to recover the levy charge from salary or other payments made to workers.

CFG has written to the government, to highlight the importance of allowing charities to transfer all unused levy funds to other voluntary organisations in order to prevent donations, effectively, being used to subsidise training in the private sector.

*CFG is partnering with Russell-Cooke to provide a breakfast briefing in London on 13 September to explore the impact of gender equality legislation on charities.*

*To view the training and book your place visit [cfg.org.uk/HREssentials](http://cfg.org.uk/HREssentials)*

## Can benchmarking really increase your organisations efficiency?



Claire Harris,  
Head of Business Development,  
Agenda Consulting

**Non-profits are under increasing pressure to perform, with tighter restrictions and funding cuts. In an environment where accountability and transparency are vitally important, the need for credible data on key finance functions strong than ever, says Claire Harris from Agenda Consulting.**

Organisations can regularly review their processes and report on changes in, for example, payroll processing costs and staff costs of purchase ledger processing. This can highlight areas where, at first glance, there's room of improvement.

While reviews of such metrics is useful. It only gives part of the picture, as the information is one-dimensional – it covers the organisation's results in isolation. A more accurate or insightful view, is to benchmark one's own results against those of other, similar organisations.

### Hypothetical example

Let's imagine Organisation A finds that its staff costs of processing expense claims is

£7 per claim. It thinks that is a reasonable amount and continues to process claims in the same way, happy with the figure.

They decide to find out what other organisations' costs are for the same measure and discovers that amongst the 10 or 20 organisations it compared with, the median staff cost is actually £6 per claim. Suddenly, the picture isn't quite as good as first thought and they may decide to review its process more thoroughly to see where savings could be made.

The reverse might also be true, ie an organisation might believe its performance on a metric is poor, but discover that it is better than that of its peers. Whatever the

outcome, the comparison and results must always be viewed in the context of the Organisation's own business.

### What can benchmarking offer?

By comparing key metrics with organisations operating in the same sector, or location, or with a similar income, an organisation gains a more meaningful indicator of where it sits in its market, and where it might be outperforming, or lagging behind its peers.

Regular benchmarking through studies such as Finance Count, provides early warning signs of potential issues and gives reassurance of what is working well. Organisations which undertake an annual exercise can track progress over time, through review, measurement and further comparison with others.

### The Benchmark Cycle

In Finance Count, sector-specific data provides evidence to help determine priorities for action, and evidence to support change, which enhances your ability to report back to management and trustees.

The good practice examples shared with other participants and the opportunity to connect with finance colleagues across the sector, bring more than just data to the table. Participants join from across the Third Sector from INGOs, social care organisations, and charities, giving a sector perspective to what is happening in Finance.

*If you would like to learn more about Finance Count, or sign up for the 2017/18 edition, please contact Anjelica Finnegan, CFG's Policy and Research Manager, at [policy@cfg.org.uk](mailto:policy@cfg.org.uk)*

### The Benchmark Cycle



# Large Charities Conference 2017

**Early bird available until 31 May**

Book now  
[cfg.org.uk/lcc17](http://cfg.org.uk/lcc17)



**CFG's Large Charities Conference brings together senior finance professionals for an opportunity to stay informed on key topics, debate, exchange ideas and share best practice with your peers.**

External pressures, greater demand for services, competition for funding, combined with a call for greater transparency, means that we are facing a challenging future. This year's Large Charities Conference programme will combine thought-provoking presentations and interactive breakout sessions, focused around working together, collaboration, mergers and change.

Delegates will have plenty of time to discuss the topics covered in groups, as well as enjoy a networking lunch and refreshments.

View the full programme and secure your early bird place before 31 May at [cfg.org.uk/lcc17](http://cfg.org.uk/lcc17).

## HR Breakfast Briefing

### Towards gender equality in the workplace

13 September 2017, London



**This April sees the introduction of regulations that will require many employers to publish the difference between their pay to male and female staff.**

CFG is partnering with Russell-Cooke to provide a breakfast briefing to explore the impact of gender equality legislation on charities.

The intention of the new regulation is to tackle the continued problem of pay inequality that persists in most sectors more than 30 years after the introduction of equal pay legislation. In this seminar we will look at the new regulation in the wider context of gender equality in the workplace, including sex discrimination under the Equality Act and recent case law, as well as the rights of mothers and carers.

**Date:** 13 September 2017

**Time:** 08:30 – 10:00

**Venue:** 7 Bedford Row, London, WC1R 4BS

**Cost:** CFG Charity members – £30

**Non CFG Charity members – £40**

Reserve your place at [cfg.org.uk/HRessentials](http://cfg.org.uk/HRessentials)

Run in association with Russell-Cooke LLP.

# CFG Conference: Leeds 2017

4 July,  
The Met Hotel

Early bird  
available until  
23 May



**CFG is pleased to announce the CFG Conference: Leeds 2017, formerly the CFG Northern Conference.**

The conference offers an exciting line up of speakers providing a regional outlook on topics and addressing issues such as VAT and tax, fundraising, HR, working across multiple teams and with commissioners, Gift Aid and more.

This year's two stream programme will be made up of sessions including: industry updates, technical tips and case studies for you to choose from to customise your day.

Confirmed sessions and speakers include:

– **Jo Garnham-Parks**, Director of Finance & Operations, CapeUK – *Working across multiple teams*

– **Stephen Service**, Policy Manager, Fundraising Regulator – *Fundraising update*

– **Malka Livingstone**, Women's Aid & Rehaila Sharif, Imkaan – *Working with commissioners*

– **Ian Singer**, IT Partner, PKF Littlejohn – *Data Protection*

– **Andrew O'Brien**, Head of Policy & Engagement, CFG – *Gift Aid Donor Benefits*

Early bird places available until 23 May, book now: [cfg.org.uk/Leeds17](http://cfg.org.uk/Leeds17)

# VAT Conference

19 September 2017, London

Early bird  
available, book  
now at [cfg.org.uk/VAT17](http://cfg.org.uk/VAT17)

**VAT knowledge and planning are crucial to minimising irrecoverable VAT and budgeting for remaining amounts that can't be recovered.**

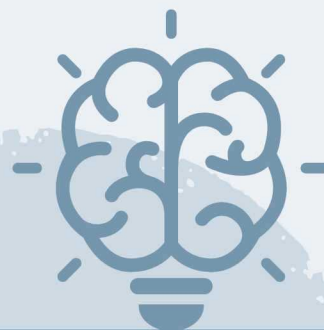
CFG's VAT Conference 2017 will provide updates on VAT, tax, partial exemptions and recovery, fundraising and zero rate activities and irrecoverable VAT and trading subsidiaries.

CFG will also be running an optional session in the morning before the conference, inviting those who are less familiar with VAT to gain some background understanding and an overview of the topic.

The aim of this optional session is to help junior delegates feel more confident in their knowledge before attending the main conference sessions. There will be time to discuss the topics covered in groups, as well as enjoy a networking lunch and refreshments.

See the full programme and book your early bird place of just £81 at [cfg.org.uk/VAT17](http://cfg.org.uk/VAT17)

# Small Charities Programme



**CFG's Small Charities programme provides practical finance training and resources for charities with an income of £1m or less across England and Wales, developing their knowledge and capabilities.**

CFG has added a range of training dates available for booking:

**Budgets, Management Accounts and Cash Flow Forecasting**

13 June 2017, Birmingham

14 June 2017, Cardiff

20 June 2017, Stoke-on-Trent

**How to Prepare Your Annual Reports**

23 May 2017, London

15 June 2017, London

22 June 2017, Wrexham

27 June 2017, Oldbury

**Legal and financial responsibilities of employing staff**

6 June 2017, Bournemouth

**Gift Aid and How to Claim it**

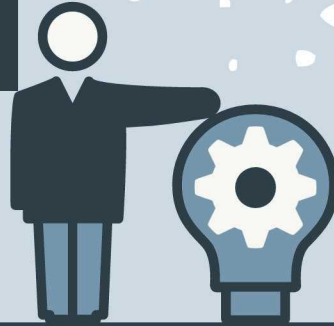
25 May 2017, Oldbury

29 June 2017, London

Book your place and view free resources at [smallcharityfinance.org.uk](http://smallcharityfinance.org.uk)

# New training announced

See more training at [cfg.org.uk/events](http://cfg.org.uk/events)



CFG's programme of training enables finance professionals in the charity sector to develop leadership and financial management skills, develop their understanding of topical finance issues, and network and share knowledge with peers.

## Preventing Fraud

Focusing on the risks of fraud and how to prevent it.

7 June 2017, London

**Key topics:** risks, fraud awareness culture, detecting and responding to fraud.

**Who should attend?** Charity finance professionals who are responsible for protecting their organisations against fraud risks.

*Delivered in association with Sayer Vincent.*

## Data Protection & GDPR

Looking at requirements of the current and future Data Protection legislation.

6 June 2017, London

**Key topics:** requirements, controls, breaches and GDPR.

**Who should attend?** Anyone in the finance function responsible for data protection, as well as charity CEOs.

*Delivered in association with Kingston Smith.*

## Essential Charity Finance for Trustees

Exploring key areas trustees need to consider that underpin the health of every charity.

13 June 2017, London

**Key topics:** governance, policies, accountability and reporting.

**Who should attend?** Trustees new to the sector and those wanting to update their knowledge and improve performance.

*Delivered in association with MHA MacIntyre Hudson.*

## Trading & the Law

Covering the main legal and VAT considerations affecting charities carrying out trading.

14 June 2017, London

**Key topics:** governance, funding and resource sharing.

**Who should attend?** Finance, business development and operations directors/managers, and anyone involved with trading subsidiaries.

*Delivered in association with Hempsons and haysmacintyre.*

## Events at a glance

For further information on all CFG events or to book, please visit [www.cfg.org.uk/events](http://www.cfg.org.uk/events) or email [events@cfg.org.uk](mailto:events@cfg.org.uk)

### Conferences

**CFG Conference: Leeds 2017**  
4 July  
Leeds

**VAT Conference**  
19 September 2017  
London

**Large Charities Conference**  
27 September 2017  
London

### Members' meetings

**LONDON & THE SOUTH EAST**  
8 June 2017  
London  
11 July 2017  
London

**THE NORTH**  
12 October 2017  
Manchester

**MIDLANDS**  
14 June 2017  
Birmingham

**SOUTH WEST & WALES**  
12 July 2017  
Cardiff

### Training

**Foundation Investment Training**  
11 July 2017  
London  
17 October 2017  
London

**Advanced Investment Training**  
5 July 2017  
London  
8 November 2017  
London

**Foundation Charity Finance**  
12 September 2017  
Bristol  
26 September 2017  
Manchester  
28 September 2017  
Birmingham  
18 October 2017  
London

### Advanced Charity Finance

20 June 2017  
London  
22 June 2017  
Manchester  
1 November 2017  
Birmingham  
21 November 2017  
London  
28 November 2017  
Manchester  
5 December 2017  
Bristol

**Data Protection**  
6 June 2017  
London

**Preventing Fraud**  
7 June 2017  
London  
31 October 2017  
Birmingham

### Trading and the Law

14 June 2017

London

**Finance for Non-Finance Managers**  
21 June 2017  
London  
8 November 2017  
Birmingham

### Transforming Your Finance Function

12 October 2017  
London

**Audit Committee Training**  
8 November 2017  
London

For more information or updates on events, follow CFG on twitter @CFGtweets

# Inspiring Financial Leadership

Following five sold out series our breakfast seminars return, secure your place now

October 2017 - April 2018

Not-for-profit organisations need finance professionals who can do more than report on the figures and police the budget. An effective financial leader goes beyond the numbers to become a strategic business partner making creative and innovative contributions to the success of the organisation.

Inspiring Financial Leadership (IFL) is designed for financial managers in the charity sector to help individuals deal with the challenges they face and to develop a mindset consistent with the very best leadership principles. The course combines the latest models with practical advice and support through interactive sessions, discussions and individual coaching.

The course is highly interactive using a mix of practical experience, research and best practice. Each module allows participants to practice practical techniques in a supportive environment which they can then apply in their own organisations. Discussions will be focused on real situations and issues facing the participants.

The modules cover leadership from the finance function, coaching for empowerment, vision and strategy, leading change, motivating self and others, communication, and leading and influencing high performing teams.

*'The way the tutors ran the sessions really enhanced the practical outlook; no model was ever presented out of context and we were always given the opportunity to talk about how it applied to us and our organisations.'*

Beccy Rees, Management Accountant, Trades Union Congress

**This popular course has very limited places, book your place today at [cfg.org.uk/IFL](http://cfg.org.uk/IFL).**

CFG is pleased to once again offer 2 bursary places for outstanding applicants from under-represented groups through our Diversity Access Bursary Scheme, for more information please email [events@cfg.org.uk](mailto:events@cfg.org.uk).

See module descriptions and book your place at [cfg.org.uk/IFL](http://cfg.org.uk/IFL)

£515  
Early bird rate for  
CFG Charity Members  
& Sayer Vincent  
Audit Clients  
£615  
Non CFG Member  
Charities



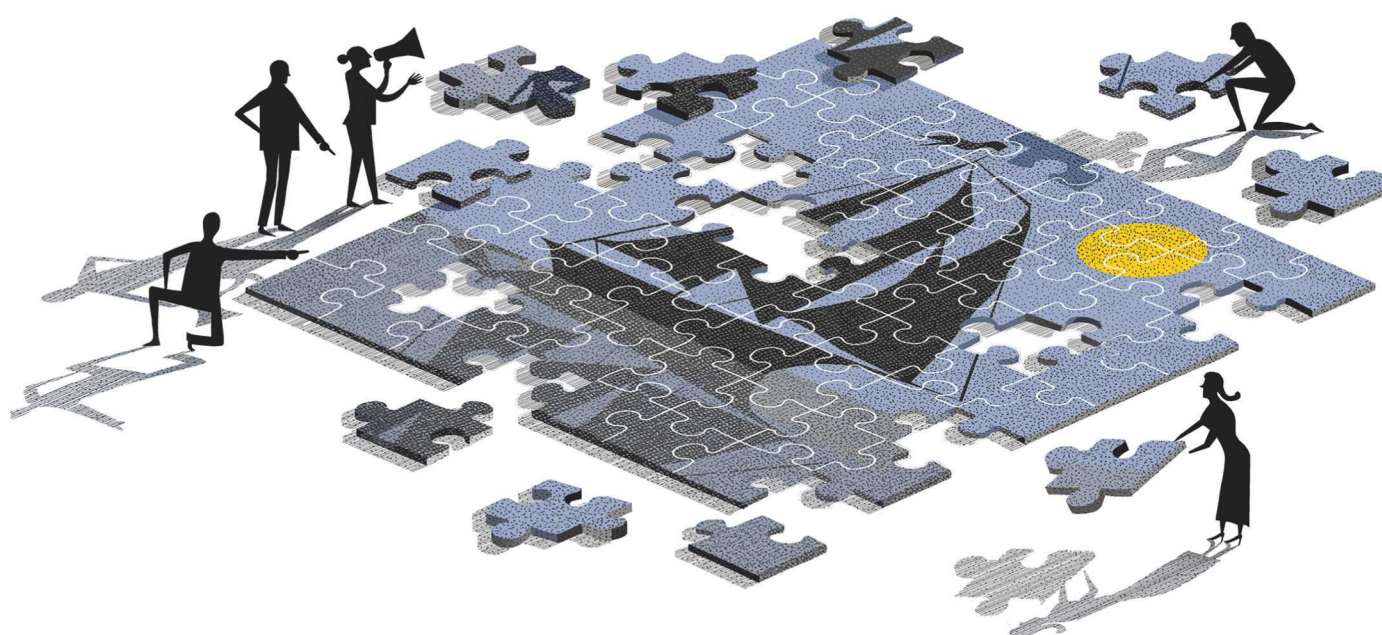
Cass Business School  
CITY UNIVERSITY LONDON



INSPIRING  
FINANCIAL  
LEADERSHIP



# Different goals, different approaches, aligned to your charity's needs



At Standard Life Wealth, we have extensive experience of managing the investments of charities just like yours.

Our dedicated charities team offers clients an essential combination of award-winning\* expertise and investment solutions, with support for your charity on governance and policy issues, all delivered with a high level of personal service.

To find out more, visit us at [www.standardlifewealth.com](http://www.standardlifewealth.com), call **0345 279 8880** or email [charities@standardlifewealth.com](mailto:charities@standardlifewealth.com)

An investment may fall as well as rise and is not guaranteed  
Past performance is not a guide to future performance.

**Standard Life**  
**Wealth**