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The magazine for CFG members

April 2017

30 years of progress in charity finance

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EDITOR'S NOTE

CFG's 30th year, looking back and moving forward

It's a cliché to say that Spring marks new beginnings, but in the world of finance and governance, April will forever be a key milestone.

A new financial year, new strategies, new campaigns, and the start of a new CFG membership year! It's also the traditional time when new economic policies come into being, and this year is no exception, with the introduction of the new Apprenticeship Levy for charities with a payroll of £3m+. In What's the Big Issue on page 7, Andrew O'Brien looks at the flaws in its implementation which, shockingly, could result in charity funds diverted to corporate businesses.

The start of the new financial year is a chance to look ahead, but also to reflect and take stock on achievements and impact over the previous year. In our 30th year, we're looking a bit further back on the impact we've had on a macro level, helping to professionalise and promote the role of finance in the sector, but also on an individual level, with two stories which show how CFG has directly helped their organisation. On page 17 Beccy Reece from TUC and graduate of our Inspiring Financial Leadership (IFL) course talks about how IFL has helped her get to grips with all aspects of a leadership role. And on page 14 & 15 we look at the added value of CFG's four Special Interest Groups (SIGs) for members with shared characteristics (large charities, overseas charities, finance in grant-making and community accounting) including a reflection from Rohan Hewavisenti from Fairtrade Foundation on how the Large Charities SIG has developed into a group with 180 members and a dedicated annual conference.

Above all, the last 30 years has shown us that members really value the insight, theory and practical tools we provide that help enhance their work and impact. This month, Jenny Brown from Grant Thornton explains why good governance should be your priority and why having an effective board is equally important to having an effective executive team (page 18). Mark Salway from Centre for Charity Effectiveness (Cass CCE), Cass Business School looks at Social Investment on page 12 and Rob Dales shows how you can keep your pension provision up to date and cost-effective on page 13.

Finally, by now you should have received your brochure for **CFG's Annual Conference 2017**, so don't forget to book at cfg.org.uk/AC17. This year's theme is *Stepping up, leading the way* – reflecting our role in championing financial leadership, and celebrating the incredible contribution that charity finance professionals have made to civil society. We've got an excellent line-up including a lunchtime plenary on Brexit with the Chief Minister, HM Government of Gibraltar and the Shadow Minister for DExEU. One not to miss!



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

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

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Small Charities Coalition

Crowdfunding 101 Workshop, Thursday 11 May – London, £30

Crowdfunding is becoming an increasingly popular way of generating funds, raising awareness and building stronger communities for charities of all sizes. But how do you know if it's right for you?

This full day, interactive workshop will equip you with the beginnings of a strategy and plan for crowdfunding for your cause.

The workshop will cover:

- The different types of crowdfunding.
- What makes a good (and bad) campaign?
- The relevance and benefits of crowdfunding for your cause.
- The skills and resources you will need.
- How to choose a crowdfunding platform.

To book your place simply go to <http://www.smallcharities.org.uk/upcoming-events/>

Member journey



Alex Finlow,
Finance Director,
Mission Aviation Fellowship



Alex Finlow from Mission Aviation Fellowship joined CFG in 1995. We catch up with him and ask him about his journey since then and how CFG has helped.

When and why did you join CFG?

I qualified as a Chartered Accountant in a small London firm and spent most of my time auditing. After seven years I joined MAF UK (in 1993) at a time when charity regulation was rapidly changing (Charities Act 1992 and 1993 etc.) I joined CFG (CFDG as it was) as soon as I heard about it (and had recovered from cancer in 1995).

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

Being kept up to date through the publications/emails etc. as well as the great courses that are run.

What are the biggest changes you've seen within CFG?

I felt that CFG used to solely target the

bigger charity-issues, although the biggest charities didn't seem to attend lots of events. Interestingly now a smaller charity forum has begun.

What are the main obstacles preventing charities carrying out their charitable objectives? Has CFG helped with this?

I have always felt that one of the biggest barriers to good work being done is the worry of getting the governance/administration wrong, or just not understanding what is required. I have taken what I have learnt and used it to help local charities groups and I hope that others do too.

What could we do differently?

Don't change, keep on! Become even better known to the whole charity sector (registered and unregistered). Make info and advice even more available and accessible, particularly to non-accountants who are involved in charity finance.

What is your view of CFG's progression?

Perhaps mirroring the growth in charity regulation and good governance over the years, I believe CFG has become a professional voice with a sector-wide concern, growing out of just a few individuals who wanted to see better governance.



CFG and the Charity Sector – A members' perspective



Charles Scott, Managing Director,
Corporate Shared Services, Action for Children

Long-standing member Charles Scott shares his experience of charity finance, the changing landscape of the sector and the role CFG can, and does, play.

I joined CFG, as it was then, 16 years ago when I first joined a charity as the Finance Director. I had never been an FD before, or worked in a charity, so needed all the help I could get. CFG helped introduce me to all the strange things that are different in charity finance, from reserves to VAT, Gift Aid, SORP, trading companies, investments and so on, and to people who could help me further if I needed it. Attending seminars was most useful – I have even given a couple, and written the odd article too.

There are obvious challenges facing the sector, and CFG helps by focusing on solutions for its members. Reduction of Government funding is significant, and increasing regulation combined with decreasing public trust makes it harder to raise money from donors, so we need to

look elsewhere for funding. I am always struck by the way trading activities within charities are an important way to diversify income and decrease the onerous VAT burden, but bring with them challenges around investment, commercial capability and the need to create trading entities with all the associated risk and complications. This is knowledge the larger charities can easily pass on to the smaller ones and CFG's members' meetings and conferences provide an environment to do so.

The scale of charities is important, charities need capital to invest in brand, income generation and diversification, and smaller charities find it difficult to make such investments – mergers are one solution, and I wonder whether CFG, as well as the accountancy firms and other bodies, should

play more of an enabling role in this. This scale can also be achieved by much greater partnership working, linking expertise and capabilities together to create mutually beneficial collaborations and economies. Doing this is easier with the networking opportunities provided by CFG.

I worry about the Brexit effect on pension deficits and the increased burden on the charities paying them off, which in some cases will be significant, as well as preventing the mergers recommended above. Additional complexity and burden from the Apprenticeship Levy doesn't help, however these are areas that CFG is working on and providing useful updates for members.

I can also add an optimistic note – the property leasing market has failed to keep up with the rapid pace of technological change. Adoption of mobile IT kit and cloud based software such as Office 365 has drastically reduced both travelling and property costs, and has enabled working from home, agile working and the use of shared office spaces. It has therefore also created some HR problems as people have increasingly fewer fixed places of work and belong more and more to virtual teams, attend virtual meetings, collaboratively produce electronic documents from multiple devices and work strange hours. We will increasingly become less bricks and mortar centric for both back office and service delivery activities, with huge improvements in operating costs and staff well-being. CFG could really help members make that transition.

The charity sector is so diverse, from super-rich livery companies with high turnovers and foundations to small, local charities and clubs, from the large, household-brand fundraising charities to the commercially-focused charities funded by shops and trading. CFG has a diversity of experience to draw from and a membership pleased to be asked to share it. It has an important role in providing solutions to an under-resourced sector doing invaluable work.

Voice your views

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

CFG Pensions Forum

The next Pension's Forum will be held on 4 May at 10:00–11:30 at CFG's offices.

The Pensions Protection Fund (PPF) is revising the way it calculates how much employers with eligible defined benefit pension schemes pay into the fund. For some it may decrease, but others may experience a significant increase. Representatives from the PPF will be taking attendees of the Pension's Forum through the new methodology and the rationale for the changes. You will also have the opportunity to provide your feedback. To book please email events@cfg.org.uk

Policy Forums

CFG members are encouraged to attend our policy forums, which not only enable members to discuss the impact of the latest policy and regulatory changes on their charity, but also to support CFG's objective to improve the operating environment for charities. We currently have forums on Pensions, Banking, Accounting and Fraud. To find out more please contact the CFG Policy team at policy@cfg.org.uk

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

Charity archiving and good record keeping

Dr Charlotte Clements from UCL is developing practical guidance for charities on how to improve their record keeping. She's looking for people who work in small charities to talk about their record keeping needs and challenges, and what kind of help would be most useful. Together with CFG, she'll be running a workshop to road-test the new guidance. Participants will have the opportunity to preview the guidance, offer feedback to shape the final product, and access additional support on record keeping. If you can help, please email Charlotte: c.clements@ucl.ac.uk

Have you renewed your CFG membership?

While you're renewing, why not add additional contacts to your membership. All named employees can benefit from membership including trustees, CEOs, IT and HR managers.

If you haven't received your invitation to renew please call the CFG membership team on 020 7871 5467.

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

What the EU's Brexit Strategy means for charities

Andrew O'Brien looks at the importance of Brexit for the future of the sector and what the charity sector needs to consider <http://bit.ly/eubrexitcharities>

We must not see a rush to charging charities for regulation – House of Lords report

Andrew O'Brien looks at the positive recommendations from the House of Lords report with a particular focus on charging charities for regulation <http://bit.ly/houseoflordsreport>

Becoming an apprenticeship training provider

This blog gives a useful basic overview of the process that charities will need to undergo if they would like to become an apprenticeship training provider <http://bit.ly/apprenticeshiptrainingprovider>

Research and reports



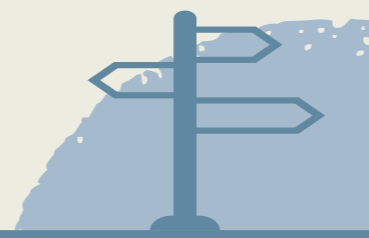
House of Lords publishes their report Stronger charities for a stronger society

The House of Lords Select Committee on Charities, led by Baroness Pitkeathley, published their report after a year of investigating the sustainability of the charity sector. This report saw the Committee recommend over a hundred actions to help change the sector for the better. The report highlighted that charities play a vital role in UK society and supporting the most vulnerable. The report gave recommendations on a wide range of issues from; improvement in charity governance, transparency and charities, commissioning, grants, and infrastructure bodies.

Lloyds Bank Foundation publishes report on small and medium-sized charities

Lloyds Bank Foundation for England and Wales has published *Facing Forward, How small charities can adapt to survive* – which called for action by government, funders and large charities to help small and medium-sized charities to survive. The report noted ten trends for charities to consider including Brexit, effective relationships with MPs and councillors, uncertain economic outlook, the current reshaping of public services, the rise in gig economy, issues around public trust and Theresa May's vision of a shared society.

Guidance and support



Charity Commission updates CC25

The Charity Commission has produced updated for Charity Finance: trustee essentials (CC25). This guidance is the core piece of guidance for trustees to understand their financial duties. The guidance includes sections on; reviewing finances, managing and identifying risk, reserves, managing financial difficulty and internal financial controls. Other sections include guidance on income generation, investments, and staff and volunteers. Alongside the update to CC25, the Charity Commission also produced a checklist of 15 questions that trustees should ask to promote good financial governance.

The Charity Commission and Companies House produce accounting templates for small charitable companies

To help Trustees with an income of less than £500,000 the Commission and Companies House has produced free templates for trustees of charitable companies completing accounts in accordance with SORP FRS 102. These templates reflect current guidance and best practice for small charitable companies. Previously the Commission has published templates for non-company charities with incomes of less than £500,000 and Trustees' annual report templates. All can be found on the Charity Commission's website.

News in brief...

15% fall in volunteering in over a decade according to the Office for National Statistics

The ONS has published figures that show people in the UK volunteered for 1.93 billion hours in 2015, a drop from 2.28 billion hours in 2005. Between 2012 and 2015, there was a 7% drop in volunteering, costing the UK's economy more than £1 billion. The latest figures from 2014 show that volunteering was worth £23 billion to the UK as it made up 2% of the value of unpaid work. This fall in time spent volunteering occurred despite the number of volunteers increasing. The ONS figures show that when women did volunteer they did so for a longer period of time than men.

One million people are employed by the charity sector

The charity sector has reached over a million employees for the first time ever according to new figures from the Charity Commission. The latest figures for trustees from the Charity Commission show that there are nearly 950,000 trustees in the charity sector. In September 2016, figures showed that the sector had a workforce of 1.08 million, an increase of nearly 130,000 on the year to September 2015. The latest figures from NCVO 2016 Almanac put the percentage of full-time employees at 62%, compared to 38% part-time employees. Of this workforce, nearly 66% are female.

Policy progress

What's the big issue? The Apprenticeship Levy



This month the Apprenticeships Levy comes into effect and will see around 1,200 of the largest employers in the charity sector pay £70m a year towards the funding of apprenticeships.

In our work with charities it is clear that skills are an important issue. Not only as charities want to be able to serve the needs of their beneficiaries in the years ahead but also because charities want to be good employers in the local community. Brexit has added a new dimension to this, with an estimated 5% of the charity workforce coming from EU Nationals.

As a consequence it may seem that the Apprenticeships Levy is a good policy and well-timed for the sector. But as many charities are aware, the implementation of the Apprenticeships Levy has left much to be desired.

The policy has not taken into account the unique needs of charities which rely not just on employees but on volunteers. These are not included within the Levy's scope and it means that training for volunteers (a key way that charities may wish to boost their productivity) is ignored.

Many charities also have to build from scratch apprenticeships programmes as they have not traditionally delivered training in this way. We have successfully lobbied for more time to be given to employers to spend the Levy, with the amount of time increasing from 18 months to 2 years – but even 2 years will be a challenge for many employers. Taking early action, scoping out organisational needs and then investing in the appropriate pathways (or becoming an accredited training provider) is essential.

CFG has also been working with the government on how Levy funds which employers are not able to spend should be deployed. Originally, the government proposed an option for employers to be able to propose 10% of their Levy funds to other employers. We have asked for this to be increased to as close to 100% as possible because we know that charities are in a difficult situation but would like to

be able to support skills training amongst other charities in their field or smaller partner charities. As part of the Working Group on Transfer Funds, we have given the government evidence and advice on how this could be beneficial for both the government and the sector.

We believe that there is potential for millions of pounds to be invested in skills for small charities.

Unfortunately, despite this work, the government has not increased the transfer route and this means that there is now a very real risk that charities' Levy funds could leak out of the sector and subsidise the training of private employers.

The way the Levy works means those employers that are most willing to take on apprenticeships will get more funding. This may be positive for some sectors, but it means that sectors (such as charities) which need time to develop apprenticeships programmes or do not have opportunities to create apprenticeships within their organisations, will lose out.

The need for the government to tailor the Levy to suit the needs of different sectors has also been raised by the Education Select Committee. They have warned the government not to use the Levy as a 'blunt tool' to deliver skills but to recognise that different types of organisations will need different kinds of support on skills – charity shops were referenced as an example.

CFG along with 23 leading charities has written to the government to ask for them to reconsider their stance on transferring funds, particularly given the opportunity to support small charities.

Charities need to focus on implementation but given the nature of this flagship policy, there may be further policy changes ahead.

CFG warns government against raiding charities to fund private sector apprenticeships

CFG and 23 of the leading national charities have written to the Education Secretary calling for Government to reform the Apprenticeship Levy so that charitable funds aren't used to subsidise private sector apprenticeships and are instead used to build skills in the charity sector. CFG and its member charities have consistently raised this problem with Government. You can read the full letter at <http://bit.ly/CFGletter>

CFG writes to the Information Commissioner

CFG's CEO, Caron Bradshaw, has written to the Information Commissioner to ask for further clarification about the ICO's position on charities and the Freedom of Information Act (FOIA). At an event in 2016 Elizabeth Denham, the Information Commissioner, stated her intention to persuade Parliament in 2017 to extend the FOIA to charities that partake in public service delivery. CFG's letter asks the ICO to address three key areas; will the government provide support to charities, what type of charities will be included, and what exemptions will be made for charities that handle sensitive or vulnerable data on beneficiaries?

CFG responds to the Charity Commission consultation on the Annual Return.

CFG submitted an individual response, along with a joint letter with NCVO and ACF to the Commission's Annual Return survey. Our individual response highlighted our concern that charities would not have the capacity to update their financial information throughout the year, as one proposal suggested. We also asked the Commission to be fully clear with charities about any potential restructuring of the Annual Return around the Commission's risk framework. The joint letter argued that the Commission should ensure that regulation of charities Annual Return is simple and proportionate to the sector.

CFG attends global conference on charity risks

CFG attended the Financial Action Task Force (FATF) Private Sector Consultative Forum to discuss how countries can evaluate the risks facing charities in their own countries. Charities have previously been deemed as 'high risk' and this has led to difficulties for charities accessing financial services. CFG has been campaigning for a more nuanced understanding of risks and is using the conference as a platform to shape the UK's assessment of charities risk in order to ensure that they can continue to access financial services for their work overseas.

30 years of progress in charity finance



CFDG founding members, past and present Chairs and special advisor at a 20th anniversary lunch in 2007. Back row L-R: Pesh Framjee, Jonathan Kipling, Ian Theodoreson, Nicholas Maude, Charles Nall, David King, Keith Manley, Stephen Burgess, Keith Hickey. Front row L-R: Paul Breckell, Mark Freeman, David Taylor, Biman Mittra, Paul Palmer, Adrian Randall.

From the Wild West towards new frontiers

Ian Theodoreson,
Chair of Charity Finance Group

As CFDG reaches its 30th Year Anniversary, Ian Theodoreson reflects upon progress in charity finance.

It's hard to believe that it has been thirty years since CFDG was created by a group of finance professionals working in and with charities. We have come a long way since those days and despite the negativity that has surrounded the sector in recent years, we should look back positively on the incredible changes that have taken place in our sector.

When CFDG, then CDFG started out in 1987, there was little in the way of standardisation across the charity sector. Reporting and levels of transparency were wildly different and although this had some benefits – as charities had more scope to tell their story – it was a challenge for regulators, funders and the public.

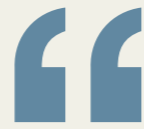
Members of CFDG were instrumental in developing these standards and ensuring that charities kept pace with developments in the private sector.

Regulation has also improved dramatically. Finance has been at the forefront of those changes, although contrary to popular belief this has been driven by charities themselves rather than from politicians, media or public pressure. Charities themselves recognised that working in a 'Wild West' with loose rules was neither a long-term platform to build trust and

confidence nor a way of ensuring that charitable resources were put to good use.

As we confront new pressures to increase regulation and scrutiny of the sector, we should not let charities be painted as trying to shirk their responsibilities. We built this system, and, for all its flaws, it is a lot better than where we were.

But far beyond the changes in reporting and transparency (which anyone can see by simply picking up a copy of a modern charity report) is the change in the culture and personnel in the charity sector.



Finance professionals have moved from being stuck in the engine room to being on the bridge, helping charities to make decisions about how to steer their future course, and the sector is far better for it.

Thirty years ago the general level of professionalism in the charity sector was low, with few people working in the sector that had qualifications and backgrounds in accounting and finance. Financial management and governance was also the province of the amateur, even for some of the largest charities of the time. The charity sector was, as it is still is, full of people with a desire to further their cause and boundless optimism, but it wasn't being channelled effectively. Charity finance was usually just a matter of processing payments, balancing the books and making sure that the accounts added up!

Now looking across the charity sector, I see thousands of highly-qualified colleagues working hard to develop strategies and approaches which maximise the resources of their charities to deliver for their beneficiaries. We are much better at understanding the complexities of the environments that we work in, strategy and planning as well as providing guidance and advice to colleagues and trustees.

Finance professionals have moved from being stuck in the engine room to being on the bridge, helping charities to make decisions about how to steer their future course, and the sector is far better for it.

But we can't rest on our laurels and the challenges that we face in the years ahead are arguably far tougher than those that we have overcome.

If the past thirty years have been about charities becoming more accountable and raising standards, the next thirty years are about protecting the assets of the sector and creating an even bigger impact.

Significant economic challenges, including Brexit, coupled with new threats, such as cyber-crime are going to make this a tough mission to deliver. But if there is one thing that being a member of CFDG has taught me, it is to believe in the power of the charity sector and its ability to meet a challenge.

As we reach new frontiers, we should not lose confidence. We must draw on the values and passion for our causes that have brought us this far. If we can do that, I am optimistic for our sector and our beneficiaries.

The evolution of CFG and the finance function

Pesh Framjee, Head of Non Profits at Crowe Clark Whitehill and Special Advisor to Charity Finance Group

CFG's Special Advisor, Pesh Framjee, shares his experience in the charity sector, the growth of CFG and how charity finance functions will develop in the future.

Winston Churchill once said, "The farther backward you can look, the farther forward you are likely to see." – CFG has come a long way and there is much further to go.

In the 1980s at the height of the Sudan/ Ethiopia famine I was working at relief camps in Sudan where children were dying every day. It rather changed my perspective on things and when I returned to London I was determined to work with and for charities. When CFDG, as it then was, started there were no professional advisors focused on charities and there were no specialist charity teams in any accountancy firms, banks, lawyers or investment managers.

As an Audit Manager I approached the Senior Partner in the firm I was working with and said I wanted to give up my private sector clients and set up a unit to serve charities. He said, "Pesh, you are fast tracking for partnership, why are you opting out?" The thinking was that the sector was a backwater! Then, and regrettably in some quarters now, the charity sector was seen as unprofessional, behind the times and a soft option. I said that if I couldn't do it with the firm I would leave and do something similar elsewhere. The firm agreed, and to learn more about the workings of charities I became the first FD of Save the Children Fund on an interim basis. Ian Theodoreson took on the permanent role straight after.

At that time Adrian Randall was FD of Cancer Research Campaign and with a number of others spawned the idea of CFDG. There were a few other FDs at the first meeting in Adrian's office, Ian from Save the Children, Marion Grainge from British Heart Foundation, Andrew Hind from ActionAid, Nicholas Maude from Consumers' Association, Jonathan Kipling from Institute of Cancer Research and Keith Manley from Barnardos. I managed to talk my firm into seconding me to support CFDG on what was meant to be one day a week.

I have been closely involved with CFDG since the very first meeting and I had been working with charities for many years before then and I knew that in fact charity finance included all that you need to know about for profit finance, and more. This does not mean that the charity sector need not continue to learn from changes and progress in other sectors but rather that in many areas it has to lead the way and in others it can take the useful learnings and go further.

Charity finance has certainly moved centre stage and there is much change and uncertainty facing our sector and the core role of the finance function will continue to evolve. Finance has become an agent of leadership and change and CFG has played a role in no small way. Emphasising and helping to develop the critical roles and responsibilities finance must adopt and the types of changes it must undertake to become a complete partner with the other parts of the organisation.

There must be a balance between basic skills and the development of strategic enablers, developing not just technical skills but 'soft skills' such as communicating and working in a team environment. To do this:

- (1) Finance must improve its core business processes so that it can allocate additional resources to more strategic undertakings.
- (2) Finance must undertake value-added interpretative analysis that will help operating managers understand the financial consequences of their strategies and decisions.



Finance has become an agent of leadership and change and CFG has played a role in no small way.

- (3) Finance must take the reins on organisation-wide management of financial and non-financial risks and balance them with non-traditional development opportunities.
- (4) Finance must develop organisation-wide systems that help operating managers ensure that their day-to-day decisions reflect long-term strategic goals.

Finance professionals are devising systems and procedures for both collecting and disseminating relevant knowledge and initiating necessary change throughout the organisation, whether that is in the strategic planning process, fund management, cost control or performance measurement. Traditionally focused on the mechanics of finance and the integrity of financial reporting, finance functions are now being pulled in different directions to help their organisation meet strategic, operational, and performance needs. As their sphere of responsibility expands and pressure mounts, more finance functions will continue to seek better ways to manage their multiple roles and effectively address a widening spectrum of risk. CFG can help charities navigate their way through these challenges as it broadens the scope of its offering to members.

The finance professional's dilemma is real: demands of the present and changes in the future means that they will have to be even more multi-talented. The role is and will continue to get wider and they need to be not only accountable for the charity's financial reporting, funder interactions, and regulatory requirements, but they are also managing people, dealing with systems and technology infrastructure, and serving as a strategic partner.

Notwithstanding this, there is no need to feel trapped or oppressed by these increasing responsibilities. These are real opportunities and not threats. I talk with finance teams on a daily basis and I see that the best are relishing the challenge and are taking control. They are ensuring that their organisations are investing in efforts that can help finance boost its productivity with fewer resources, deliver higher-quality information in shorter time frames, drive down the costs while addressing regulatory compliance, and bring about sustainable process improvements for greater efficiency.

CFG has played an invaluable role in all this over the last 30 years and the many challenges facing our sector means that finance professionals will continue to need support in these demanding times managing the present whilst shaping the future.



Fraud and CFG's 30th Anniversary

of our beneficiaries and supporters have changed since we were formed. Our practical approach to supporting charities defines us and will be reflected in the tone and content of our 30th anniversary year.

The first of many initiatives to share with you focuses on combatting fraud. With fraud estimating to cost the charity sector £1.9bn in 2016 alone it is more important than ever to focus on our responsibility to reduce the financial risk of fraud. I recently chaired our first Economic Crime Conference (in March) where I reflected that the original National Fraud Strategy didn't even mention charities and the not-for-profit sector! Since then, engagement with our sector has moved on to telling us to be aware of the risks of fraud and to ensure we report it when it occurs.



Our practical approach to supporting charities defines us

As part of our 30th year we will be working to change the fraud conversation, as in today's world with sophisticated fraudsters, charities need to be proactive, rather than reactive, in protecting their assets from fraud.

Fraud is not going to go away and our altruistic nature is not a natural deterrent. At our Economic Crime Conference, we were told that criminals specifically target charities because they still think we are a soft touch. Our reliance on trust and our perceived amateur nature can make charities particularly attractive, at least in theory, to the risk of internal and external fraud.

We have no cause to be disheartened in trying to tackle a risk or fear it as another drain on resources. Instead, charities should view being proactive on preventing fraud as a potential win for their budgets, as small changes can greatly reduce a charity's risk of fraud, large and small.

We will be working on a range of initiatives throughout the year focusing on fraud and we welcome input from our members to make sure the charity sector is best equipped to deal with fraud. Creating a strong and confident sector that knows how to tackle fraud and prevent as little money as possible being lost from helping their beneficiaries, can only be a good thing. I hope that you will be part of this 30th anniversary initiative and look forward to working with you on it.



Caron Bradshaw,
CEO, Charity Finance Group

As the Charity Finance Group celebrates its 30th year, Caron reflects on how it all began, and where we are headed for the future.

We're in the midst of celebrating CFG's 30th Anniversary year and we have come a long way from Adrian Randall's first Steering Group of six senior charity finance professionals in 1987! At the heart of the original concept was helping finance directors, and the original 180 charity members who signed up, to exchange views and devise solutions to common problems that finance directors faced.

Many of you will remember that CFG was originally called Charity Finance

Directors' Group – we dropped the 'D' in 2012 to reflect our broader role in supporting all those with responsibility for charity finance, regardless of job title. We now have over 1,400 charity members and 2,778 individual contacts. Not only do we provide networking opportunities and shared practical solutions but we also now focus on a wide range of financial and governance policy.

CFG's anniversaries have always been a good opportunity for us to reflect on how the charity sector and the expectations

Building a legacy for small charities



Andrew O'Brien,
Head of Policy & Engagement, Charity Finance Group



Over the past year CFG has been working hard to deliver our Small Charities Programme with support from the Esmée Fairbairn Foundation. Andrew O'Brien reflects on the achievements of the programme so far, and the legacy CFG is building for small charities in the future.

The aim of the Small Charities Programme has been to strengthen the financial support for small charities with an annual income of less than £1m, and we covered many aspects of how we have been doing this in our small charities' Finance Focus Special in November.

The Programme will be fully independently evaluated, but we thought it would be useful to share with members some early feedback that we have had so far.

Demand is clearly there

So far around 600 places have been delivered for the Small Charities Programme, and we have over 200 more places booked to deliver – very close to our target of delivering 1,000 face-to-face trainings with still a few months to go. This is very positive and reinforces our view that small charities are in need of financial training and support to build up their skills and knowledge.

We have also gone beyond the 'usual' places and delivered in Exeter, Stoke, Bournemouth and various locations across Wales. It has been challenging at times to

get the message out there, but we have been successful in building networks to assist us. The fact that we have been able to deliver in places where CFG has traditionally not had a strong footprint indicates there is interest in financial skills across the board and it isn't just concentrated in a few areas.



We aren't taking our foot off the pedal as we now have a strong platform that we can work on in the future.

Our website (www.smallcharityfinance.org.uk) has had over 20,000 page views and 1,500 downloads of resources. We know that digital channels are important for small charities which often do not have the time

to physically attend meetings. The Small Charities Programme website is a platform that we can build on in future needs and hopefully open up to more providers, particularly community accountants.

Getting the content right

The content of the programme has been relatively stable, focusing on key areas such as Annual Reports; Gift Aid; Paying People and Budgeting. Overall, the fact that we have not had to cancel any of the training so far would suggest that these topics are broadly in line with the needs of those in small charity finance. Budgeting; Annual Reports and Gift Aid have been particularly popular – and this has some lessons for the sector in terms of its priorities.

Around 88% of attendees have said that their goals for attending have been met or mostly met, with only a few attendees saying that they did not get any benefit from the training.

People are generally reporting higher confidence, improved skills, greater awareness of best practice and knowing where to go to find further support.

But we know that we haven't covered everything, as there is a lot of interest in topics such as full cost recovery, VAT and governance and this is something that we need to consider for the future.

Building up infrastructure

Another key element of the programme has been supporting local infrastructure, particularly community accountants. This has been more challenging because the needs around the country are very different. In some places we have excellent CVSs and Community Accountants that merely need access to the marketplace. In other areas, we have infrastructure that needs to be developed from scratch and organisations that are just making their way.

However, this is in some ways the most exciting element of the programme. We know that these organisations are critical to the future of small charities. Only local infrastructure can sustainably support small charities by providing financial training and support and this pilot has built up a strong evidence base that these organisations should be given more help.

A legacy that we can be proud of

We still have some way to go and we aren't taking our foot off the pedal as we now have a strong platform that we can work on in the future.

We know that small charities make up the vast majority of our sector, and I am proud to work for a charity that is doing something practical to help their development. Financial skills for small charities have so often been ignored, and it is right that in our 30th year, CFG is shining a spotlight on the importance of financial management for charities of all sizes.

Using social investment to boost your funding mix



Mark Salway,
Director of Social Finance, Centre for Charity Effectiveness (Cass CCE), Cass Business School

Over the past two years the fledgling social investment market has continued to grow by around 30% per annum. Mark Salway, Cass Business School, looks at potential opportunities for charities to include social investment into their funding mix.

There has been incredible interest in social investment as a new tool to help charities become more sustainable and grow; however, continuing to build understanding and creating new business models will be key to further growth.

Defining social investment

Social investment is an easy concept to grab hold of, but it is difficult to clearly define. It uses more 'commercial-style' investment tools to fund charities. This also means that any investment money must be paid back, potentially plus interest, and so a charity will need to develop a repayment model to successfully meet these obligations.

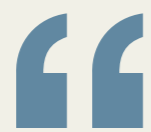
Social investment gives a balanced focus to both social and financial returns, and includes all forms of investment and repayment finance from loans, mortgages and simple borrowing, through to peer-to-peer lending and social impact bonds.

In recent years, UK charities have seen a significant increase in demand for their services, set against a more difficult fundraising environment for both donations and grants. Social investment can move charities away from grants and donations to create a more stable funding model – something we've been urging charities to consider for some time.

Take for example, a charity that is looking towards digital. It could use social investment to pay for this investment; potentially opening its doors to new clients, or allowing it to undertake a new line of business.

Shift in charity funding models

Our research shows that across the sector, charities are anticipating a major shift in funding models away from grants and donations and towards social investment and more borrowing in the next five years. We estimate this shift to be approximately 11% of funding, this means we expect the amount of social investment capital to grow by several billion pounds.



Many charities are stuck in a grants and donations mind-set and are concerned about the ethics of borrowing.

In contrast to general trends, we've found that many charities would not borrow for working capital, fundraising or even for property. Equally, many would not borrow to start a new social enterprise. Our conclusion is that many charities see themselves as needing to evolve, but don't yet know how. Charities are concerned about how they will create a revenue generating model to pay back any such investment, if they use investment. Many charities are stuck in a grants and donations mind-set and are concerned about the ethics of borrowing.

A recent survey completed by Cass Centre for Charity Effectiveness identified that 60% of all charities surveyed were positive about social investment, with 17% saying it could be transformative to their business models. There is a wide range of both opinions and feelings, but having good understanding of social investment has been key those who have successfully used it.

Social investment is not suitable for all charities and is not a silver bullet to ease all funding issues. It takes time, effort and clear understanding to implement it. There is a danger that some charities may embrace it as a panacea for the reduction in grant funding without proper consideration. However, get it right and it is a powerful new tool for growth and ensuring future viability.

A 2014 CAF survey (*In demand: the changing need for repayable finance in the charity sector*) found that while 71% of organisations saw social investment as appropriate, only 31% of trustees have a favourable view on repayable finance. Cass Business School has been working with Big Society Capital and others through its 'Get Informed' campaign to help trustees learn, grow and use this new tool.

Looking to the future

Much of the noise about social investment has been from publicity around social impact bonds. Whilst these can often seem complicated, small-value loans are one of the most powerful investment tools that can help charities grow and leverage their funding. A mix of grants, donations and social investment funding is now seen as the future for many.

For organisations to start to think more positively about social investment and start to use it they must get a better understanding of it. Therefore, developing training and mentoring programmes is crucial, as is addressing trustees' risk aversion towards social investment.

There is huge inquisitiveness and eagerness to learn within the sector. We now need to build the social investment market thoughtfully and purposefully for the future.

Cass CCE has launched a free social investment guide to help organisations learn more about social investment and decide if it is right for them. See more at bit.ly/socialinvestmentguide.

Cass CCE will also launch its new report into social investment on 17th May 2017 at Sarasin & Partners LLP, 100 St. Paul's Churchyard, London EC4M 8BU. For further information contact: CassCCE@city.ac.uk

Keeping your pension provision up to date and cost effective



Rob Dales,
Director & Head of Corporate Consulting, JLT Employer Benefits

With potential changes to pension provision for charities looming, JLT's Rob Dales highlights actions charities can take to ensure they are comfortable with their pension schemes.

Pension Planning for 2017

2017 will bring further changes, and likely increased costs, to pension provision for charities. Defined Benefit (DB) deficits are at an all-time high leading to increasing contributions to fund historic promises. Charities without DB schemes have been grappling with the complexities and costs of auto enrolment and many will be coming round to the first three year re-enrolment cycle.

Those charities with DB schemes will be awaiting the outcome of the security and sustainability review. The green paper published in February 2017 concluded the Government 'does not recognise fundamental problems with the pensions system'. This is contrary to research JLT has undertaken and does nothing to assist charities burdened with historic multi-employer pension scheme liabilities. The four areas the Government is looking at are:

1. Whether there is scope to encourage some schemes to make more optimal investment decisions and to reduce barriers to the greater use of alternative asset classes.
2. Help for 'stressed' employers with the possibility of allowing employers to move

to CPI for pension increases, even where not stressed.

3. Greater powers for the pension regulator and trustees.
4. Consolidation of small schemes and streamlining of benefits.

Action Points: Charities with DB Pension Schemes

Charities are already paying a significant proportion of charitable funds towards running and funding DB schemes and the green paper does not suggest any specific easement in this. Charities should be taking action now to:

- Review the funding strategy to ensure contributions are at reasonable levels allowing for flexibility in funding plans
- Review the Investment strategy of the scheme to ensure the optimal return for the level of risk the trustees are prepared to take
- Review and market test the costs of running their schemes
- Consider allowing members full access to the flexibilities available to DC members together with easy access to advice.

Action Points: Charities with DC Pension Schemes

Charities with Defined Contribution (DC) schemes will be awaiting the outcome of the review of Automatic Enrolment and Annual Thresholds. The review will consider the success of auto enrolment to date and explore ways the ground-breaking policy can be further developed. It is hoped the review will simplify many of the disproportionate technical complexities relating to Qualifying Earnings and Eligible Jobholder definitions.



2017 will bring further changes, and likely increased costs, to pension provision for charities.

The review will also consider the future levels of contributions into workplace savings. JLT anticipate rates will increase in future but this will not be confirmed this year.

In the meantime charities should be looking at:

- Making the reward budget work for employer and employee
- Having a reward culture which attracts and retains whilst dealing with increases in National Living Wage, increases in auto-enrolment contributions and the Apprenticeships Levy
- Impact of salary sacrifice changes on employer and employee – helping employees' money go further, supporting the different needs of multi-generational workforce
- Making sure the DC scheme gives value for money, default fund is appropriate, members have options in line with Freedom & Choice and the organisation has a strategy for dealing with employees impacted by Money Purchase Annual Allowance, tapered Annual Allowance and the Lifetime Allowance.

What next? Review your plans

Pension provision will be an issue for all charities. Whether you have a DB or DC scheme, or both, or participate in a multi-employer scheme such as LGPS, good governance requires you to regularly review your strategy and providers irrespective of changes the Government may introduce.

You can find more on pensions in CFG's latest publication, Navigating the Charity Pensions Maze, available to download at cfg.org.uk/pensionsmaze

CFG's Special Interest Groups



CFG's Special Interest Groups have been developed over the years to provide networking and learning opportunities for members from organisations with similar missions, visions and values, enabling them to share knowledge, ideas and information that are unique to their organisations.

The Special Interest Groups meet on a regular basis to enable face-to-face networking and presentations from speakers. There are currently four Special Interest Groups: Overseas, Large Charities, Community Accountants, and our most recently developed, the Finance in Grantmaking Group.

The Special Interest Groups also operate LinkedIn discussion groups. If you'd like to join, log in or sign up for LinkedIn, and visit the Charity Finance Group page where there are links to the groups. You'll need to request to join the groups, but once you've done so, our membership team will approve your request as soon as possible.

If you'd like to join one of our existing groups or have ideas for a group you think CFG should be developing, please contact membership@cfg.org.uk for more information.

Community Accounting Special Interest Group (CASIG)

John O'Brien, Chief Executive, CA Plus

If you are lucky, you may have come across a local Community Accountancy Service. Whilst few in number, they are a great source of support for smaller charities,

CIC's and other community organisations. Most organisations under £1m don't have accountants on the staff team and many struggle to find skilled treasurers, but they still need to manage their finances, keep track of funds, budget ahead, manage reserves, pay staff and, if they are really fortunate, deal with partial VAT recovery!

Community Accountancy services first arrived in the 1980s. The theory was that if small community organisations were receiving grants, perhaps someone should help them handle the finances. Many enlightened funders decided to fund Community Accountancy – local services, accountable to and serving the local community sector. Some of us realised the grants wouldn't last forever and we needed to diversify our income streams – we were 'social enterprises' before the term was invented. Others began with funding and closed when the funding ended.



We were 'social enterprises' before the term was invented.

Over time, other towns and cities realised the benefit of this specialist infrastructure support and we grew in number. We became more competent and professional, and we also found it useful to support each other, share knowledge and to help develop new services. As the network developed we decided that it made sense to become part of CFG and this is how CASIG came about. Our job is to assist CFG in supporting these specialist services, primarily through the Community Accounting Annual Conference, but also with developing resources and communications. We have also played an important role in supporting CFG's Small Charities Programme.

Recent years have been financially tough and many services have closed. It's challenging to deliver professional services to groups who go slightly faint when you mention what it might cost.

So why do we do it? My daughter once said 'if you were a proper accountant, we could live in a really big house'. But we know that if we help the local refugee forum or the playgroup, or the women's refuge, then they in turn can help improve the lives of many more people. My house is big enough.

The next Community Accounting Special Interest Group meeting will be held on 18 February 2018 in Manchester.

Large Charities Special Interest Group (LCSIG)

Rohan Hewavisenti,
Fairtrade Foundation

"I got involved with CFG for the access I get to the best brains in the charity sector" thus spoke Melvin Coleman, Finance Director of Amnesty International. He uttered those words over 10 years ago. His thoughts still ring true, and motivated me to get involved with CFG as a trustee and then as chair of the Large Charities Group Special Interest Group.

LCSIG is open to any CFG member who has an annual income of over £25m. The group has been running seminars on topics such as governance, leadership, innovative fundraising, future of the sector and responding to change, accountability and transparency and the Apprenticeship Levy.

The Large Charities Annual Dinner allows us to hear from sector leaders. Paula Sussex, Charity Commission Chief Executive, observed the media had switched attention from bankers and politicians so it was now the turn of charities. Martyn Lewis, NCVO Chair, sought greater transparency on executive salaries while noting that some thought charity staff should not be paid, others thought a modest salary was plenty and just a few thought they merited market salaries. Stephen Dunmore, Chief Executive, Fundraising Regulator, felt charities had been complacent on the media investigations but was pleased to see greater engagement.

The opportunity to gain skills and hear from sector luminaries is naturally valuable. However, the real value in the LCSIG has been the opportunity to meet colleagues from similar charities; to share the achievements, challenges, and failures of everyday life in the sector. Now, as the group has developed, an Annual Conference provides space to discuss issues in greater depth.

CFG and the Special Interest Groups have a role to play in shaping the sector and subsectors. LCSIG colleagues have actively engaged in policy discussions and benchmarking exercises regarding things like the Apprenticeship Levy, bank charges, and pensions.

While Melvin spends his retirement on his narrow boat ('not a barge!'), the Large Charities Special Interest Group will remain active in charting a course for large charities through the choppy waters ahead, while keeping us on the straight and narrow.

The next Large Charities Special Interest Group meeting will be held on 20 June 2017 in London. This year's Large Charities Conference will be held on 22 September in London.

Overseas Special Interest Group (OSSIG)

Tim Boyes-Watson,
Executive Director, Mango

OSSIG was one of the first Special Interest Groups that CFG created, and is a networking group for finance staff in international NGOs based in the UK. The purpose of the group is to look at all financial issues that are specific to people working in UK charities with international operations. The group's members share their experience, discuss key challenges and how these can be addressed as individuals, organisations and through acting together across the sector. There are three meetings a year in London as well as an active LinkedIn group where members post questions and discuss key issues that are affecting their work.



I have benefited so much from OSSIG over the years and enjoyed the friendships and laughs I have shared with colleagues along the way.

Since it was founded in late 1999, Mango has helped organise the meetings and provided the Chair of the Steering Committee which chooses the topics, plans the meetings and reviews the group's performance. OSSIG is currently sponsored by Crowe Clark Whitehill.

I first joined OSSIG in 1996 when I got my first job in the sector at Save the Children. I have benefited so much from OSSIG over the years:

- borrowing policies and templates from many generous peers;
- sharing intelligence on how to get money into difficult places;
- hearing from specialists and sector experts on key topics like foreign exchange;
- acting together to develop guidance following the UK Bribery Act in 2010;
- enjoying the friendships and laughs I have shared with colleagues along the way.

The next Overseas Special Interest Group meeting will be held on 28 June 2017 in London.

Finance in Grantmaking Special Interest Group (FIGSIG)

Esther Thompson, Head of Learning and Events, Association of Charitable Foundations

Here at the Association of Charitable Foundations (ACF) we were delighted to quite recently join together with CFG to create a Special Interest Group specifically for finance staff from grantmaking charities. CFG holds significant expertise around finance and at ACF, our experience comes from working closely with trusts and grantmaking charities. Bringing those two components together has meant ACF and CFG can offer members a brand new opportunity for finance staff to meet together to discuss issues that are unique and relevant to them.

At ACF we were being asked by members if we could create a space for finance staff to come together to learn about issues of shared concern, get out of the office (step away from that spreadsheet!) and meet with other staff in similar roles. Bringing together experienced speakers and offering a chance for fellow practitioners to meet one another is proving successful. Comments from participants have included 'excellent atmosphere', 'very informative', and 'great presentation', 'thought provoking', with consistent scorings on content and materials of 8 out of 10 and above. We also have welcomed constructive feedback to help us improve meetings going forward.

ACF and CFG have co-delivered three meetings with 109 people to date, with topics ranging from fraud and how to spot it; how finance and grant-making teams can best work together; different approaches to risk management; and how to select a grantmaking system. These topics and meetings have been crafted from ideas and feedback from attendees, together with the joint ACF and CFG planning committee.

To provide finance staff with a platform to engage together with pertinent issues and to strengthen their organisation's capacity and skills, is something we are deeply pleased to be part of. The team at CFG have been excellent to work with and we very much look forward to continuing to co-convene these meetings.

The next Finance in Grantmaking Special Interest Group meeting will be held on 22 June 2017 in London.



Organisation of the Month



CFDG, now CFG, sprung from the vision of one man, Professor Adrian Randall, then Finance Director of Cancer Research Campaign the precursor to Cancer Research UK, in 1987. Sadly Adrian has now passed away. In his honour we celebrate Cancer Research UK.

Cancer Research UK is the world's leading cancer charity dedicated to saving lives through research. One in two people will be diagnosed with cancer at some point in their lives. Right now, half of those people will survive. The charity's ambition is to accelerate progress and see three-quarters of people surviving the disease by 2034.

Why did you join CFG?

The group was formed in 1987 and was the brainchild of Adrian Randall, then Finance Director of one of our predecessor charities – Cancer Research Campaign (in 2002 the charity merged with the Imperial Cancer Research Fund to become Cancer Research UK).

Adrian was very much a doer and a collaborator. He sought to form an organisation which gave chartered accountants and senior financial executives working in charities the chance to come together to exchange views and ideas and work together on common problems.

Since our merger, Cancer Research UK has always identified with what CFG is seeking

to achieve as it drives up financial standards in the charity sector and makes sure the voice of charities is heard on financial matters.

What is your organisation's biggest achievement?

Cancer Research UK's pioneering work into the prevention, diagnosis and treatment of cancer has helped save millions of lives.

Cancer survival is improving and has doubled over the past 40 years in the UK – now half of people diagnosed with cancer survive their disease for ten years or more, and research is at the heart of this progress.

What is the largest source of support your organisation has gained from CFG membership?

It is great to be part of an organisation whose members are so willing to share their experiences. We have gained so much from this and from having a forum that focuses on the particular financial issues that only charities face. We are definitely stronger together!

What is the biggest issue facing the science sector right now?

As the formal Brexit negotiation process begins, Cancer Research UK will be continuing its work to ensure patients and research are on the agenda when it comes to the UK's new relationship with the EU.

Our priorities on people, investment and regulation are common themes that have been recognised across the science sector. We'll be working closely with other partners to make sure our voice is heard on these important issues.

What recent changes has your organisation seen?

We've got a big change ahead. On 1 July 2017 Cancer Research UK will become an 'opt in' charity, meaning we will only contact supporters who have given unambiguous and explicit permission for us to contact them for marketing activity, including fundraising support.

In the short term, we will be communicating with fewer people and this will impact on the amount of money we are able to raise. However, by putting our supporters' wishes at the heart of fundraising communications, we hope to achieve a greater level of engagement, loyalty and value in the long term.

How does technology make a difference to your charity?

As a charity we are constantly looking for new ways to make it even easier for our supporters to help us beat cancer sooner. We receive no government funding for our life-saving research so everything we do is thanks to every pound donated.

A big focus for us recently has been using contactless technology in innovative ways. For example for World Cancer Day on 4 February we rolled out 'smart benches' that enable people to donate £2 by tapping a contactless debit or credit card and also acted as charging ports for mobile devices and wifi hot spots.

What outcomes has your organisation seen through its work?

Cancer Research UK has been behind many of the ground-breaking discoveries and clinical trials that have helped survival in the UK double in the last 40 years. Our researchers have made incredible breakthroughs which have changed the way we prevent, diagnose and treat cancer.

Some examples include the blockbuster brain tumour drug temozolomide that our scientists developed, and research we supported that laid the foundations for the development of Herceptin, which is used to treat millions of women with breast cancer. We also developed and tested abiraterone, a drug that helps men with advanced prostate cancer live longer.

Inspiring Financial Leadership

CFG's Inspiring Financial Leadership programme is run in partnership with Cass CCE and Sayer Vincent. Centred on the role of the charity finance professional, the breakfast seminars draw on robust leadership research and focus on the challenges that finance professionals face.

*Beccy Reese,
Management Accountant,
Trades Union Congress*



Beccy Reese from the Trades Union Congress (TUC), completed CFG's Inspiring Finance Leadership (IFL) in 2016. Beccy shares her experience of the course and how she has incorporated the knowledge she gained into her role at the TUC.

I work at the Trades Union Congress (TUC), the voice of Britain at work. The TUC brings unions together to draw up common policies on issues that matter to people in their jobs. We are, in effect, a not-for-profit entity and face many of the same issues and challenges as other charities and I found that meeting other NFP finance professionals on CFG's Inspiring Financial Leadership course highlighted that despite coming from a range of diverse organisations, the challenges we face are remarkably similar.

I have held my current role as Management Accountant for two years and started on the IFL course shortly after moving into my new position and completing my CIMA qualification. I had previously worked as a Finance Officer within the team at the TUC and my new role required me to oversee the management accounting function and play a role in business partnering and providing financial advice to the strategic direction of the organisation. The IFL course was recommended to me by a colleague.

Although the current CIMA qualification covers some of the topics in the IFL course, reviewing issues around leadership, strategy development and change management within a not-for-profit environment helped to give my theoretical knowledge a more practical focus. The insights and sharing of experiences from other participants was a vital part of the course and fundamental in making the leadership models and research

accessible and immediately usable in developing my skills base and work approaches.

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, or to pick them apart if they didn't quite fit. The last hour of every session was given over to a guest speaker and it was inspiring to hear those in senior positions from a variety of organisations share their experiences, challenges and triumphs.



We were always given the opportunity to talk about how things applied to us and our organisations, or to pick them apart if they didn't quite fit.

At the TUC we have three major organisational change projects running concurrently across the organisation,

together with our 150th anniversary next year and our ongoing work delivering for our beneficiaries. Understanding the different reactions to change and finding ways of encouraging the organisation to ensure that finance is involved in any project every step of the way, were key themes in IFL. I've used the change and transition models to understand and explain the impact of change to colleagues and although the theory provided a useful framework, listening to other participants' experience of change and how they met the challenges was invaluable.

There are some ideas from the course that I keep coming back to. I'm not sure whether that's because I haven't quite learnt the lessons or that they are continually relevant. I suspect it's a bit of both.

Firstly, the need to reflect on all aspects of leadership. In an environment of change it's easy to get swept along and not take time to assess whether the finance team and the organisation are moving in the same direction and whether both are aligned with areas of strategic importance. I've found that taking the time to ask yourself questions about what is working well and what could be done better, is better than doggedly pursuing a strategy that's out of step with the organisation.

Secondly, the notion that 'talking is working' is something I come back to almost every week. Often we prefer to send an email rather than picking up the phone or wandering over to a colleague's desk, and perhaps an email seems the most efficient and clear method for imparting information. But, whenever I do take the time to talk, I get a better insight in to what I'm delivering for colleagues and what they expect from me and the management accounting team.

In one of the IFL sessions a presentation on volunteering as an accountant overseas sparked my interest and I'm very excited to be able to take my experiences from this course out to a NGO abroad with Accountants for International Development this autumn. I have no doubt that throughout my placements I will rely on the knowledge gained at the IFL course.

I'd recommend Inspiring Financial Leadership for anyone involved in managing finance within a not-for-profit organisation. The exposure to some great finance and leadership experts together with a peer network provide a great basis for ensuring that financial management remains relevant, supportive and at the centre of our not-for-profit organisations in these times of great change.

CFG's next Inspiring Financial Leadership programme will run from October 2017 – May 2018. If you are interested in attending, please contact events.team@cfg.org.uk to be notified when booking is open.

Good governance needs to be prioritised

Jenny Brown,
Chief Not for Profit Operating
Officer, Grant Thornton UK LLP



Jenny Brown, Grant Thornton UK LLP discusses the changing nature of governance and the importance of having a good board for all charities.

Boards are increasingly coming under pressure from both the market and regulators in terms of effectiveness and accountability. This was heightened further last year when Theresa May announced a 'crackdown' on boardroom excess.

Poor governance is also frequently cited by the Charity Commission as the cause of many issues within the charity sector. Ultimately a strong governance culture in the boardroom drives better results and promotes good behaviour within the organisation and should be a top priority.

For many charities, alongside their other responsibilities, risk and governance also falls under the remit of the finance director. At the very least the finance team is expected to be the main producer of documents for the board, with responsibility for budgeting, management accounts and project plans. They are also most likely to have close links with the relevant committees including audit, risk, finance and nominations.

This adds an extra dimension to the finance director's responsibilities as they need to ensure that the board is best placed to take a strategic view in guiding, deciding and directing (as set out in CC3 The Essential Trustee). Whilst the charity sector has its own best practice guide for governance, it is always sensible to track best practice elsewhere. Particularly as boards aim to become more diverse and, as a result, start to recruit those with differing areas of expertise and experience.

Grant Thornton's new report 'The Board: Creating and protecting value' is a cross

sector review of board effectiveness. The report is based on a survey of executive and non-executives from a range of organisations including charities, housing associations, local government, private companies and publically listed companies.

One of the key challenges in this comparison is that the makeup of boards varies across sectors. Notably, the biggest difference between charities and other organisations is that the executive directors are not board members (i.e. trustees). This can create an interesting dynamic, especially for those first coming into the sector from elsewhere. Anecdotally this is one of the main areas that Finance Directors who come into the charity sector from private businesses find difficult. Having previously been statutory directors in their old roles it can be difficult to then move into a 'two-tier' board where only trustees have the statutory role and therefore the ultimate veto.

The role of boards is constantly evolving but one thing remains consistent; for an organisation to function at its best, it needs an effective board in place. Given the importance placed on the culture of an organisation, a board highlighting and driving its values is now just as essential as providing effective management. Encouragingly, all sectors scored highly in our report when asked about the strength of leadership displayed from their board.

88% of charity respondents said they see their executives as strong leaders and 94% thought that the executive directors effectively model the organisation's values. 89% of charity respondents thought that the non-executives inspire the executives

to realise the organisation's purpose, which was the highest of all sectors and 8% above the sector average.

The majority of respondents from the charity sector (97%) agreed that they received enough information to keep up to date with internal developments, which was ahead of the average and one of the highest ratings, after AIM listed companies and housing associations. However, only 77% felt they received enough information regarding changes outside of their organisation. One of the reasons for this could be determining what useful information is. The charity sector is very diverse so there are fewer sources to provide updates than, for example, the social housing sector. Housing associations scored highly but operate in a sector where the regulator, trade body and other sources are constantly producing general sector updates.

Worryingly, over a third of charity respondents did not think there were adequate processes in place to evaluate the performance of the whole board. In addition, a quarter also did not feel that their organisation had an effective board recruitment process in place. With trust in the market low, particularly for charities, organisations should be focusing on how best to rebuild this and, to succeed, this needs to start with the board.



The role of boards is constantly evolving but one thing remains consistent; for an organisation to function at its best, it needs an effective board in place.

A robust third sector is vital to the creation of a vibrant economy and, in order to ensure they are able to perform optimally, charities need to apply closer scrutiny to the areas currently identified as impacting on their board's effectiveness, allowing them to both protect and importantly create value.

Grant Thornton's CEO, Sacha Romanovitch, will be delivering the opening plenary at CFG's Annual Conference 2017, focusing on a Vibrant Economy. Places still available, book now at cfg.org.uk/AC17.

Financial governance is a marathon not a sprint

Andrew O'Brien,
Head of Policy & Engagement,
Charity Finance Group



We are coming up to nearly two years since the collapse of Kids Company which prompted a great deal of discussion about the financial governance of charities. CFG's Andrew O'Brien focuses on good governance and getting your trustees' skill set right.

Focusing on process not people

A response which many organisations have taken is to review their governance structures to ensure that key risks are being identified and that more information is flowing through to trustee boards.

Information is the lifeblood of governance. Without information, challenges cannot be identified and decisions cannot be taken. However, structures for gathering and monitoring the activities of a charity are only a small part of governance. Boards and sub-committees are only as good as the people that sit on them. And this is not simply about staff within the charity; trustees also need to take responsibility to ensure that they have the skills and understanding of the charity to be able to take effective decisions.

A lot of charities have reported that they have been inundated with requests for more detailed information about the operations of their charity. But what good is that information without sound interpretation and discussion? Finance professionals have a role in supporting trustees and helping them to interpret the information that they receive, but that can only take boards part of the way. Some of the road must be travelled on their own.

discussions but good governance should be about keeping eyes on the long term strategic challenges facing the charity. Finance is always likely to be one of the big issues. However, this shouldn't just be the management accounts and making sure the books are balanced but regularly asking the big strategic questions that face any charity. Is the business model still working? Are there opportunities and threats that need to be considered? Do we need to invest or save? These do not necessarily need to be long conversations, but the best time to have them is before there is a crisis rather than afterwards. Well governed organisations will keep their resolve in asking these questions, even if there doesn't appear to be any clouds on the horizon.

Marathon not a sprint

We know that governance is a marathon not a sprint, yet so often charities rush to make changes or hold discussions on finance before standing still until there is a new external pressure.

In the charity sector we must make it our challenge to break this cycle and get trustees fit for the race. Falling behind is not an option, not only for the reputation of charities but, most importantly, for our beneficiaries.

Training and resources for trustees

Don't forget you can add your trustees to your CFG membership at no additional cost, so that they too can take advantage of our member benefits, and sign up for access to information and resources in the member area of our website.

This is an excellent and simple way of accessing support and development, and can reduce your charity's spend on skills development and training. To add trustees to your CFG membership, simply contact membership@cfg.org.uk.

CFG is also holding a training course for trustees, providing a good foundation for those who are new to the sector and serving as a refresher for those who would like to update their knowledge and clarify their responsibilities, improving communication between trustees and those responsible for the charity's finances.

Key topics covered in the training include the responsibilities of trustees in relation to effective financial management, legal framework and responsibilities, financial planning, financial policies, charities SORP and measuring performance.

Essential Charity Finance for Trustees will be held on 13 June 2017 in London, book now at cfg.org.uk/trusteetraining. This course is run in association with MHA MacIntyre Hudson.

Have we reviewed our skills and have we the right set to be able to undertake our duties? Are we spending enough time preparing for board meetings? Have we got a grip on the business model of the charity? These are searching questions which trustees should be asking themselves regularly.

Better governance is underpinned by having the right set of skills on the board. If those skills aren't already within the trustees that you have in your charity, this is something that can be remedied through training, guidance and networking with other organisations. There are no quick fixes and trustee boards need to take the time to invest in their own skills and development if they want to see real improvements in financial governance.

Taking the time to see the bigger picture

Another typical response to increased media scrutiny on charities or concerns about financial performance within a charity is a temporary spike in interest at trustee board meetings. But once this dies down or the issue is resolved, board time naturally gravitates towards other matters.

It is tempting for this ebb-and-flow to become the natural pattern of board

Annual Conference 2017

18 May 2017, London

STEPPING UP,
LEADING THE WAY

This year CFG celebrates 30 years of championing strong financial leadership across the sector, supporting and guiding our members and others through many challenges over the past three decades. The Annual Conference will have a focus on the future with the theme of *Stepping up, leading the way*.

CFG's Annual Conference returns to the QEII Centre in London on 18 May 2017. The conference is the must-attend event of the year for all finance professionals working in the charity sector.

We have a number of exciting speakers and sessions confirmed, including:

- **Sacha Romanovitch**, CEO, Grant Thornton – *Vibrant Economy (opening plenary)*
- **Fabian Picardo QC MP**, Chief Minister, HM Government of Gibraltar & **Baroness Hayter**, Shadow Minister, DExEU – *Brexit Panel and Q&A (lunchtime plenary)*
- **Simon Hayward**, Cirrus – *Creating an Agile Organisation*
- **Simon Hopkins**, Turn2Us – *Stepping Up*
- **Nicki Deeson**, Amnesty International – *Developing a Finance Team Talent Strategy*

- **Neil Goulder**, Keech Hospice Care, *Seven Big Ideas*
- **Cara Turlington & Liz Hazell**, Saffery Champness – *The trustees, the fraudster and the role of the auditors*
- **Jenny Howard**, Muscular Dystrophy UK – *Involving staff in Governance issues (workshop)*

Don't miss this opportunity to gain practical advice from our expert speakers, hear insightful charity case studies, browse the conference exhibition and join in the debate on the big challenges facing the sector and finish the day networking with your peers at our drinks reception.

Kindly sponsored by Grant Thornton and supported by Third Sector.

Visit cfg.org.uk/AC17 for a full list of speakers, conference programme and to secure your place.

Last chance to book, don't miss out – Cfg.org.uk/AC17

CFG Conference: Leeds 2017

4 July 2017

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

The conference offers an exciting line up of speakers covering issues such as Gift Aid Donor Benefits, working across multiple teams and commissioners, data protection, investments and updates on fundraising, VAT, pensions and HR.

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.

We are excited to announce we have confirmed speakers including:

- **Stephen Service**, Fundraising Regulator
- **Jo Garnham-Parks**, Director of Finance & Operations, CAPE UK
- **Malka Livingstone**, Women's Aid and **Rehaila Sharif**, Imkaan

Early bird places available until 23 May, book now: cfg.org.uk/Leeds17

Large Charities Conference

27 September 2017, London

Early bird available until 31st May, book now: 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.

Secure your early bird place now: cfg.org.uk/lcc17

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**
- 9 May 2017, Birmingham
- 10 May 2017, London
- 13 June 2017, Birmingham
- 14 June 2017, Cardiff
- 20 June 2017, Stoke-on-Trent

- How to Prepare Your Annual Reports**
- 4 May 2017, Bridgwater
- 16 May 2017, Stoke-on-Trent
- 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

- Bank Accounts, Record Keeping, Risk & Outsourcing**
- 18 May 2017, Carmarthen

- Gift Aid and How to Claim it**
- 3 May 2017, Bournemouth
- 25 May 2017, Oldbury
- 29 June 2017, London

You can find full course descriptions and free resources at smallcharityfinance.org.uk

New training announced

Book training at 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.

Data Protection 6 June 2017, London

Charities hold significant amounts of personal data on their systems. This session will ensure attendees are up to date with the requirements of the current and future Data Protection legislation, and the controls organisations need to have in place. We will also look at the forthcoming European Regulation and highlight its

impact on organisations within the UK even when outside the EU, and how best to prepare for the new regulatory regime.

Key topics:

- Data protection breaches
- Changing regulation
- GDPR

In association with Kingston Smith

Preventing fraud 7 June 2017, London

Every pound lost to fraud is a pound that does not reach your charity's beneficiaries. Through a mix of discussion and case studies, this training course will help understand fraud risk and give you practical tips on how to develop a fraud awareness culture and strong counter-fraud controls in your charity.

Key topics:

- Exposure to fraud
- Controls for detecting fraud
- Response plans and reporting

In association with Sayer Vincent.

Events at a glance

For further information on all CFG events or to book, please visit www.cfg.org.uk/events or email events@cfg.org.uk

Conferences

CFG Annual Conference
18 May 2017
London

CFG Conference: Leeds 2017
4 July 2017
Leeds

VAT Conference
19 September 2017
London

Large Charities Conference 2017
September 2017,
London

Members' meetings

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

THE NORTH
4 May 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
9 May 2017
Manchester
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

Finance for Decision-Making
4 May 2017
London

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



VAT Conference

19 September 2017

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

CFG's VAT Conference 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 is to help junior delegates feel more confident in their knowledge before attending the main conference sessions.

Book your early bird place now:
cfg.org.uk/VAT17



Member nominations for CFG Trustees

Get involved in shaping CFG

Passionate about charity finance? If you have clear ideas about how charity finance and support for charities should be developed, why not put yourself forward to become a Trustee of CFG?

Charity Finance Group is growing and our influence and reputation is increasing each year, reflecting the increasingly high regard in which effective financial management and leadership is held. Having a strong and engaged Board is vital to this growth and success.

We will have three positions available in the coming election; the fourth is an appointed position which we will recruit later in the year. The elected Trustees are drawn from across our membership.

What are we looking for?

We are keen to entice members for our Board who match some or more of our list of 'must-have' skills and experiences.

Background and experience:

- Larger charity (£50m+)
- An established or emerging finance leader (title could be anything from CEO to aspiring CEOs of the future)
- Campaign/lobbying/influencing experience
- From any discipline within a member charity such as HR, Governance, IT, Business Development etc
- Interest in becoming an office holder (Chair, Deputy Chair or Treasurer)

Skills and understanding:

- Ambitious for CFG's position as a leading voice in charity finance
- Open minded and happy to listen, challenge (exec and fellow board members) and offer opinions
- Brave and committed

For more information please see the website: cfg.org.uk/trustees.



INSPIRING
FINANCIAL
LEADERSHIP

CFG Annual Conference 2017

**18 May 2017,
QEII Centre, London SW1**

This year CFG celebrates 30 years of championing strong financial leadership across the sector, supporting and guiding our members and others through many challenges over the past three decades.

The Conference is the must-attend event of the year for all finance professionals working in the charity sector. We have a diverse range of speakers confirmed, for presentations, workshops and panel discussions, in addition to three thought-provoking plenary sessions.

Confirmed speakers include:

- **Sacha Romanovitch**, CEO, Grant Thornton (opening plenary)
- **Fabian Picardo** QC MP, Chief Minister, HM Government of Gibraltar (lunchtime plenary)
- **Kathryn Burton**, Partner, haysmacintyre
- **Linda Cherrington**, Director of Finance, MNDA
- **Nicki Deeson**, International Finance Director, Amnesty International
- **Sally Flatman**, BBC Charity Appeals Advisor, BBC Lifeline
- **Simon Hopkins**, CEO, Turn2Us
- **Jenny Howard**, Finance Director, Muscular Dystrophy UK
- **Paul Knight**, Partner – Head of NFP tax, BDO LLP
- **Judith Miller**, Partner, Sayer Vincent
- **Imelda Redmond**, Grant Giving Charity
- **Benn Richards**, Insolvency Specialist, Russell-Cooke LLP
- **Adam Stephens**, Smith & Williamson LLP
- **Andrew Studd**, Partner, Russell-Cooke LLP
- **Cara Turlington**, Partner, Saffery Champness
- **Adrian Warburton**, Director of Finance, WWF-UK
- **Helena Wilkinson**, Head of Charities and NFP, Partner, Price Bailey

Our event exhibition offers a comprehensive marketplace of over 50 suppliers and service providers who can assist in tackling the issues your charity faces and help you manage your charity more efficiently.

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