charitytimes

December/January 2015/16

Finance:

Banking guide
Experts cover the big issues in charity banking

Investment:

Outlook 2016
Charity investors could be in for a bumpy ride over the next 12 months

Governance:

Manager selection
The grey areas around when and how charities should review investment managers

Interview:

Gillian Guy
The CEO of award-winning national charity Citizens Advice

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YEAR IN REVIEW
Looking back on a turbulent 2015

Plus:
- News round-up
- Sector columns
- Autumn Statement review

See page 53 for charity suppliers directory

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Should old acquaintance be forgot

It is common at this time of year to be left wondering where the past 12 months went, and indeed with the unseasonably warm late-December weather one may be forgiven for feeling like 2015 has another three months to run.

But, alas, the end of another year is upon us. And what an extraordinary, challenging, unpredictable year it has been.

We review the big events that dominated the charity news in 2015 in this issue (p23), but more importantly we look ahead to what 2016 has in store for those in the driver's seat of charity management (p26). We also scan the investment horizon for the year ahead to identify some of the issues that will influence markets (p46).

Of course, making predictions is a fraught exercise. We need only reflect on the twists and turns of the past 12 months for evidence of that. So, the predictions herein are speculative to say the least.

Some things are virtually certain however. Firstly, the events of 2015 have changed the way fundraising is overseen. It behoves the sector to cooperate to ensure the new regulatory framework is effective, as the Minister notes in his column in this issue (p14), for donors and charities alike. Progress so far has been encouraging, but the protests from smaller charities who feel excluded from the dialogue so far must not fall on deaf ears.

And there will be more negative coverage at one time or another. The management of charities is now firmly on the national media agenda, for good or ill. Some criticism will be unfounded, as some has been this year, and some will raise genuine questions of practices within charities, again as has sometimes been the case in 2015. But, founded or otherwise, the criticism needs to be met positively and constructively by charities because the ostrich approach will not work.

The various projects being undertaken by CharityComms, NCVO, Acevo and others on the public face of charity are welcome and I do hope they bear fruit.

But these are all matters to take up in the New Year. For now, on behalf of everyone at *Charity Times* I wish all our readers a happy and safe festive season and a peaceful and prosperous 2016.

Matt Ritchie, Editor

charitytimes

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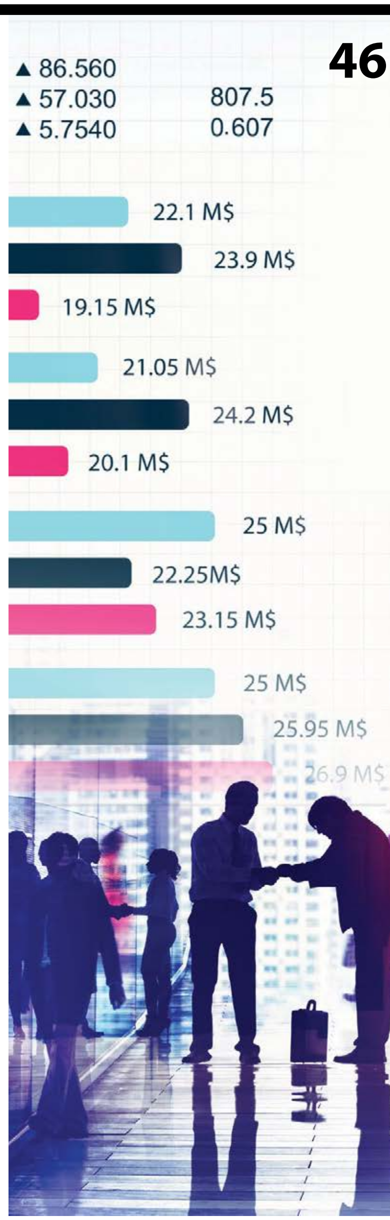

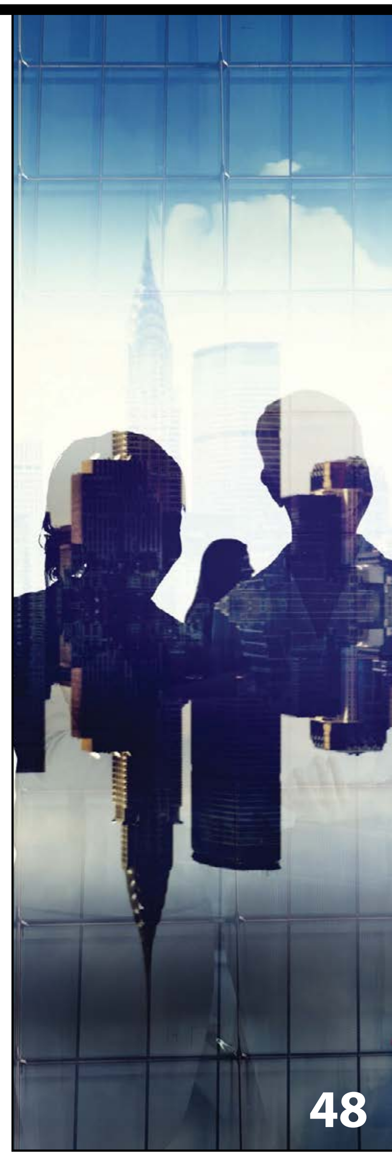

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in brief

THE INSTITUTE OF FUNDRAISING HAS ANNOUNCED two changes to the Code of Fundraising Practice to help members of the public manage the communications they receive. Minimum font sizes have been introduced for all permission statements on all printed communications, including newspaper adverts and direct mail. Every addressed fundraising communication will now be required to carry a clear message explaining how donors can easily 'opt-out' of receiving future communications. In a letter to members, the IoF said the new standards are part of a package announced in September. Many of those changes were implemented in November. **The Fundraising Standards Board** has agreed a six-month transition period, to 10 June 2016, for all materials to be compliant with the changes.

#GIVINGTUESDAY GREW STRONGLY IN ITS SECOND YEAR in the UK, according to figures published after the event. **Charities Aid Foundation** leads the day, and said Visa Europe's figures show donations were up nearly 35 per cent on 2014. More than £6,250 was donated every minute on **Visa** cards throughout the day. **JustGiving** raised £1.25m, 46 per cent more than last year. **Virgin Money Giving** saw a 50 per cent increase in donations, while **Blackbaud's** online fundraising platform everydayhero saw a 54.8 per cent increase in donations. #GivingTuesday launched in the UK 2014 after being first celebrated in the US in 2012. #GivingTuesday asks people to mark the day by doing one thing for a good cause after the shopping days of Black Friday and Cyber Monday. More than 1,400 UK charities and businesses took part in #GivingTuesday in 2015. The #GivingTuesday hashtag was mentioned over 100,000 times on Twitter in the UK, more than three times the number of mentions in 2014.

ALAN YENTOB HAS STEPPED DOWN as creative director at the **BBC** amid controversy surrounding his role as chair of failed charity **Kids Company**. Yentob will continue to make and present programmes at the BBC, but relinquishes the £183,300 a year role he has held since 2004. In a statement Yentob said the BBC is going through "particularly challenging times", and speculation about Kids Company and coverage of his role at the charity is proving a "serious distraction".

TRUSTEES MUST TAKE RESPONSIBILITY FOR THE FUNDRAISING UNDERTAKEN BY THEIR CHARITIES, according to new guidance published by the **Charity Commission**. The guidance sets out the key role trustees must play in setting their charity's fundraising approach. Announcing the consultation, the commission said **Sir Stuart Etherington's** review into the self-regulation of fundraising found trustees have too often been absent from discussions on fundraising practice or values. Further, the commission said the scandals around fundraising that increased in profile over the summer and the resulting damage to trust and confidence in charities showed that some trustees have not effectively overseen fundraising. The draft guidance sets out six key principles to help trustees fulfil their responsibilities. Trustees are advised to plan effectively, supervise fundraisers, protect the charity's reputation and assets, comply with fundraising law, follow recognised standards, and be open and accountable. Trustees have always had to lead in setting their charity's approach to fundraising, the commission said, but the new guidance sets out the regulator's expectations more succinctly and clearly than ever.

"83 per cent of the 1,000 fundraising event participants surveyed would consider taking part in another event for the same charity"

THE GOVERNMENT HAS ANNOUNCED IT WILL DONATE THE VAT ON SALES OF THIS YEAR'S X FACTOR single to the children's charities benefitting from the song's profits. **Together for Short Lives** and **Shooting Star Chase** are to receive the profits on this year's single, a cover of Bob Dylan's Forever Young sung by winning contestant Louisa Johnson. Shooting Star Chase is a hospice charity caring for babies, children and young people with life-limiting conditions, and their families. Together for Short Lives is a UK charity for children with life-threatening and life-limiting conditions, and their loved ones.

FUNDRAISING EVENTS CONTINUE TO BE A POPULAR AND EFFECTIVE MEANS OF GENERATING INCOME, according to new research. A survey by the **Institute of Fundraising** and **Blackbaud** found 84 per cent of the 600 charities polled have seen income from events rise or stay the same. Income was rising for 56 per cent of participants. Fundraising income accounted for between a quarter and half of annual income for 25 per cent of organisations surveyed, and 67 per cent are planning to do more events in future. The report also revealed 83 per cent of the 1,000 fundraising event participants surveyed would consider taking part in another event for the same charity.

LORD MICHAEL GRADE HAS BEEN APPOINTED the interim chair of the new fundraising regulator. The Conservative peer is a former journalist, businessman and media professional. He has occupied leadership positions as chief executive of Channel 4 and chief executive and chair of ITV Plc. Other leadership roles include spells chairing Camelot Group and Ocado Group. He chairs Pinewood Shepperton, which offers film studio and related services, and media company Infinity Creative Media.

MACMILLAN CANCER SUPPORT AND BIG SOCIETY CAPITAL HAVE COMBINED to launch a £12m social investment fund. The Care and Wellbeing Fund, managed by **Social Finance**, aims to improve health and wellbeing in the UK, with a particular

focus on disadvantaged groups and people living with cancer. Comprised of £6m each from Macmillan and BSC, the fund will help develop models for charities and social enterprises. **The Health Foundation** is providing development funding to build the pipeline of investment opportunities. The fund's first investment will tackle loneliness and social isolation in Worcestershire.

THE UK HAS RISEN ONE PLACE ON CHARITIES AID FOUNDATION'S ANNUAL WORLD GIVING INDEX, and remains the most generous nation in Europe. The UK came in at sixth on the table of most generous nations. Myanmar took top spot from the USA, while New Zealand moved into third followed by Canada and Australia. Sri Lanka, Ireland, and Malaysia rounded out the top 10. Burundi was ranked bottom of the 145 countries in the index.

THE MERGER TO CREATE BREAST CANCER NOW WAS THE LARGEST OF THE 61 CHARITY DEALS COMPLETED IN THE 12 MONTHS TO APRIL, according to research by consultancy Eastside Primetimers. The 2015 Good Merger Index showed 129 charities and social enterprises were involved in merger deals in the year to April.

People on the move...

The latest appointments from around the charity sector

If you have any appointments to announce please contact matthew.ritchie@charitytimes.com

CAROLYN BRADLEY

Carolyn Bradley has joined **Cancer Research UK's** board of trustees. Bradley is an independent advisor on business and marketing strategy. After graduating from Cambridge University, Carolyn had a career of over 25 years at Tesco leading many innovations. Her recent positions included group brand director, UK marketing director, and chief operating officer - Tesco.com. All trustee roles at Cancer Research UK are unremunerated.

VINNY SMITH

Meningitis Research Foundation has named Vinny Smith as its new chief executive. Smith previously worked at Cancer Research UK and later became a COO in the international development and domestic violence sectors. As director of STAND Consulting Smith advised non-profits in the UK, Africa and US on strategic planning, fundraising and organisational development.

LUCY CARUANA & SAM FRESTON

The Forces in Mind Trust has welcomed Lucy Caruana as grants manager and Sam Freston as assistant to the head of policy. Caruana previously worked at the Heritage Lottery Fund advising on all areas of grant-making from project conception to completion. Freston joins on a 12-month placement through the Charityworks graduate scheme.

DALIA BEN-GALIM

Single parent families' charity **Gingerbread** has appointed Dalia Ben-Galim as director of policy. Ben-Galim joins the charity from the Institute of Public Policy Research. The role will involve responsibility for all campaigns, research and policy, as well as oversight of the advice and information team. Gingerbread said Ben-Galim joins at a challenging time, as austerity places a large burden on the majority of the UK's two million single parents.

ANDREW WEBB

VSO has appointed Andrew Webb as business development executive director. Webb started his international development career as a volunteer, and is a previous CEO of SolarAid. He has worked on public health and community development projects in a range of countries including Ethiopia and Tanzania, and was the start-up CEO of Street Child United.

CLIFF PRIOR

Big Society Capital has announced Cliff Prior as its new chief executive officer. Prior joins following a career spanning the charity, social enterprise, and community sectors. Most recently he was CEO of UnLtd, which provides support to social entrepreneurs. Before UnLtd Prior was CEO of Rethink, the charity for people affected by severe mental illness.

REBECCA GRAY

Rebecca Gray has been appointed chief executive of **Maudsley Charity**. Gray is currently director of communications and information at the King's Fund. She was previously director of communications at Monitor, after six years at the Healthcare Commission and its predecessor organisation the Commission for Health Improvement. Maudsley Charity is involved in research, education and investment in mental health.

BARONESS YOUNG

Baroness Young of Old Scone has been appointed chair of **The Woodland Trust.** Lady Young was created a life peer in 1997 as Baroness Young of Old Scone in Perth and Kinross. She will take up the role in May 2016 when Dr Nicola Nicholls steps down after six years as chair. The Woodland Trust is the largest woodland conservation charity in the UK, with over 500,000 supporters.

ROB WILMOT

Rob Wilmot has been appointed chair of leadership development organisation **Common Purpose Charitable Trust**. Wilmot is the CEO and co-founder of online idea management platform Crowdicity and was previously one of the three founding executives of UK internet service provider, Freeserve. For the past three years Wilmot has worked with the UK Government Cabinet Office.

DAVID HOPKINS

Clore Social Leadership has appointed David Hopkins as its new programme director. Hopkins joins the programme in January 2016, from Charities Aid Foundation where he headed up their grant making and legacy solutions team. He brings over 18 years of not-for-profit experience to the new role, which will see him take charge of the delivery of the leadership programme and the ongoing development of the organisation.

ALAN GOSSCHALK

The British Asian Trust has appointed Alan Gosschalk as director of fundraising and communications. Gosschalk has been a fundraising director for 16 years, most recently at the disability charity Scope. Previously he was at Shelter and Action on Hearing Loss in the same role. He was the vice chair of the Institute of Fundraising for six years.

January 2016

ADVANCED INVESTMENT TRAINING - LONDON
14 January 2016
Juxon House, London, EC4M 8BU
This course aims to provide finance staff with a deeper understanding of fund management and the wider investment classes so they can confidently take responsibility for investments. The course textbook is the Sarasin & Partners Compendium of Investment, which is used as a reference document across the sector. This course has official CPD accreditation by the CPD Standards Office.
http://bit.ly/1J75BZK

BETTER SOCIETY SUMMIT
10 March 2016
South Place Hotel, London
This event will deal with creating and maintaining an effective position on responsibility, in particular the way in which the next generation – the Millennials – will look at organisations' positions on issues to decide if they wish to engage with them. Millennials have grown up in a different world and research points to their greater concern for ethics and environment whilst being continuously updated to information via the internet and social media.
http://bit.ly/1NsOwvc

BETTER SOCIETY AWARDS
12 May 2016
Millennium Hotel Mayfair, London
The Better Society Awards were created to reach out beyond the horizons of any one sector to assess and reward those who are helping create a better, more equal, ethical and sustainable world. The awards are designed to recognise the efforts that commercial companies make to help create a better society for all. With every effort the world becomes a safer, fairer place, and it is time to recognise the work that aids progress to this goal.
bettersociety.net/awards

Not to miss...

INFLUENCING WITH INTEGRITY
21 January 2016
Baker Tilly, Leeds, LS1 4HG
http://bit.ly/1RCPLdV

FUNDRAISING RESPONSIBILITIES FOR TRUSTEES
25 January 2016
NCVO Conference Suite, London
http://bit.ly/222vaqp

THE 'CHILLING EFFECT' OF THE LOBBYING ACT
27 January 2016
185 Park Street, London, SE1 9BL
http://bit.ly/1O5rYWT

CHARITY TIMES AWARDS 2016
28 September 2016
Park Plaza, Westminster Bridge, London
charitytimes.com/awards

Mixed bag for charities in Autumn Statement and Spending Review

SOME GIVEAWAYS FOR CHARITIES BUT UNCERTAINTY REMAINS AROUND BUSINESS RATE RELIEF IN PARTICULAR

Written by: Matt Ritchie

A feared raid on the Big Lottery Fund failed to materialise as the Chancellor delivered the Autumn Statement and Spending Review in November, but the Cabinet Office faces a 26 per cent budget cut.

Fears had emerged in the lead up to the statement that some £320m would be cut from the Big Lottery Fund, redirected to pay for initiatives funded out of the Department for Culture, Media and Sport budget.

However, Chancellor George Osborne said deep cuts to the DCMS budget are a "false economy". Although it faces a 20 per cent cut to core administration funding, increased funds will be provided to the Arts Council, national museums and galleries, and BBC World Service.

"And all of this can be achieved without raiding the Big Lottery Fund as some feared," Osborne said. "It will continue to support the work of hundreds of small charities across Britain."

Osborne announced a 26 per cent cut to the Cabinet Office budget. Some of the savings will come from the Office for Civil Society, which documents show sees a reduction in headcount.

Meanwhile, the Charity Commission's budget has been frozen at £20.3m a year until 2019/20.

Osborne announced that £15m, the equivalent to the annual VAT raised on sanitary products, will be directed to spending on women's support charities. The funding will continue over the course of this parliament or until EU rules are amended to enable the UK to remove VAT on sanitary products.

The fund will make an initial £5m donation to support The Eve Appeal, SafeLives, Women's Aid and The Haven. The Chancellor also announced the Government has committed £25m of banking fines over the next three years to support charities and good causes.

Funding includes £4.7m to Guide Dogs for Military Veterans, £2m to trial a pioneering surgical procedure to improve the quality of life of military amputees, and £1.6m for SkillForce.

"We'll renovate our military museums – from the Royal Marines and D-Day Museums in Portsmouth, to the National Army Museum, to Hooton Park aerodrome, and the former headquarters of RAF Fighter Command at Bentley Priory," Osborne stated.

Support for Social Impact Bonds will be expanded to provide £80m of the £105m total across government over the parliament, funding locally designed schemes tackling issues such as youth unemployment, homelessness, and mental health.

"Support for Social Impact Bonds will be expanded"

The announcement confirmed reforms to Business Rates, to allow local government to keep all the revenue raised through the levy and cut rates to encourage business. However, uncertainty remains around the future of Business Rates relief for charities with a review on Business Rates not due to report until Budget 2016.

Osborne also provided more detail on the apprenticeship levy announced in the Summer Budget, aimed at funding growth in apprenticeship training. The levy will come into effect in April 2017, at 0.5 per cent of an employer's pay bill. A £15,000 allowance for employers will mean that the levy will be paid on employers' pay bills over £3m.

Charity Finance Group chief executive Caron Bradshaw said the announcements had not changed the fundamentals for charities, with "significant cuts still coming down the line".

"We welcome the Chancellor's decision to smooth the profile of the cuts - something CFG has called for - to give charities more time to adapt their budgets. It will also buy time for Government to work with the sector to reform services."

However, questions remain in areas like the business rates review, and apprenticeships levy.

"There needs to be a move away from targeted giveaways announced in successive speeches by the Chancellor that create a hierarchy of causes. More funding for military charities and women's charities is absolutely welcomed, but the wider sector also needs support. Funding should be directed in way that builds up the financial capacity of the whole sector not just a portion of it."

Autumn Statement – charity tax perspective

CHRIS LANE OF THE CHARITY TAX GROUP REVIEWS THE IMPLICATIONS OF THE CHANCELLOR'S STATEMENT FOR THE THIRD SECTOR

Written by: Chris Lane

On 25 November this year, Chancellor George Osborne presented the Government's long-awaited Autumn Statement and Spending Review. The event was 'long-awaited' in that, for a number of months prior to the statement, the answer to every question had seemed to be 'wait until the Spending Review – you'll have your answers then'.

The outcome was somewhat underwhelming with very few updates on the most relevant charity tax issues: Gift Aid, charity VAT exemptions, and business rates relief. However, in times of fiscal austerity and continued funding cuts, protection of the status quo is often more important than new initiatives. Nevertheless, the Autumn Statement has given charities a good deal to think about, and at the Charity Tax Group we are already looking at the details of Government initiatives to see if there are any possible unintended consequences for the charities.

One example of this is the proposed apprenticeship levy. In the Autumn Statement the Government confirmed that the levy will be set at 0.5 per cent of an employer's pay-bill, where it is in excess of £3m. While the Government was clear that the £3m pay-bill threshold will exclude 98 per cent of companies from having to participate, large enough charities will be affected. Charities, however, do differ from most businesses, not least in that they are less likely to operate conventional apprenticeships. As the intention of the levy is that employers be given the opportunity to fund their own apprenticeships, this will only work for charities if there is sufficient flexibility to allow them to allocate the funding to their own training programmes and possibly volunteer costs too. If not, the levy risks becoming simply an additional payroll tax for charities that could result in them subsidising the training costs of big businesses.

"The outcome of the business rates review has been delayed"

Officials are aware of our concerns and a meeting is planned in the New Year.

The announcements that the Government will be actively seeking a zero rate on sanitary products and that sixth form colleges will be able to convert to academies to avoid paying irrecoverable VAT could have important wider implications for charities. The former indicates that there may be room for negotiation on new zero rates (including for charities) in the ongoing European negotiations. The latter demonstrates the distortions caused by the VAT system for organisations unable to recover their VAT, as well as strengthening the case for VAT refunds for charities providing essential public services in competition with private and governmental suppliers. We will be pushing for serious consideration of further VAT refunds for charities in next year's Budget.

The outcome of the business rates review has been delayed until next year, and though the Treasury has confirmed unofficially that charity business rate reliefs will not be affected, we remain vigilant. The Government's seemingly inexorable move towards increased powers for local authorities has been bolstered by the confirmation that business rates retention will be devolved fully, and that the uniform business rate will be abolished. This increases the already substantial pressure on the 20 per cent discretionary relief, with local authorities' budgets even more stretched. At the same time, it invites worrying questions about the security of the 80 per cent mandatory relief. A clear statement, confirming that neither of these invaluable reliefs – worth £1.52bn to the sector in England alone last year – will be affected by this policy, would help to allay concerns in the sector.

Finally there was a welcome announcement that the planned review of the Gift Aid Small Donations Scheme would commence with a Call for Evidence in December 2015. Take-up of the scheme remains low, and this review offers and excellent opportunity to improve the accessibility of the Scheme, particularly among smaller charities.

The Autumn Statement has clarified a number of issues, though uncertainties still remain elsewhere. Many of these may only become apparent in time, but the sector will need to be ready to defend its corner and highlight the importance and value of existing reliefs, before pushing for any wider exemptions and support from Government.

Policy

ROB WILSON ON THE SUPPORT THE GOVERNMENT IS OFFERING TO THE SECTOR

READING EAST MP ROB WILSON IS MINISTER FOR CIVIL SOCIETY

As my first full year as Minister for Civil Society comes to an end, I am incredibly proud of what we have achieved. From social action and volunteering, to our world-leading social investment market, we have continued to build a stronger society with compassion at its heart.

It has, however, also been a challenging year for the sector, with the self-regulation of fundraisers taking centre stage and occupying front pages for the wrong reasons.

I have worked to rebuild public trust and confidence in charities by supporting the tougher fundraising self-regulator, led initially by Lord Grade. I am pleased that there will be a working group for the Fundraising Preference Service. This service will allow people to reset their relationship with fundraising charities, should they choose. Many charities are already taking steps to improve their fundraising methods, which is great. The sector must demonstrate self-regulation will work for charities and donors.

I want to ensure the Government is a helping hand to charities rather than a crutch. Too many charities have been one cheque away from insolvency, and I want to end this dependency.

The Government needs a new kind of relationship with civil society. I want to see a sector that's more capable, resilient, self-confident and independent.

Firstly, I want to increase the number of charities and social enterprises winning public sector contracts so they can continue contributing to and improving public services.

Secondly, the introduction of a new Central Outcomes Fund, worth £80 million, and the scaling up of Social Impact Bonds (SIBs) offers huge opportunities for the sector.

Some charities and social enterprises are still unsure of how social investment can work for them. ThinkForward is a brilliant organisation, helping young people in three London boroughs move from education to employment. Coaches provide one-to-one support to young people, and 90 per cent of those who've taken part go onto further education, employment or training.

How is this programme funded? With a SIB. Government sets up a contract with a charity or social enterprise to deliver certain outcomes and investors make sure the charity has the necessary working capital. Public and private capital: delivering results, changing lives.

Thanks to the additional funding by the Treasury in the Autumn Statement, local authorities will now be able to create even more SIBs, including in the fields of homelessness, mental health, children in care and youth unemployment.

I'm also pleased we'll be investing £15 million in a new phase in the Centre for Social Action to encourage young people to get involved with social action projects up and down the country.

We'll also be expanding the National Citizen Service to 300,000 places, supporting Step Up to Serve's #iwill campaign and investing £1 million to grow youth social action opportunities across England. I look forward to seeing more young people learning new skills, challenging themselves and creating friendships that cross social divides.

Our Community Organisers will continue to be backed, and 10,000 will be recruited by March 2020. The Cabinet Office and the Department for Communities and Local Government have also committed over £500,000 to support 27 Community Organisers make the most of community rights, neighbourhood planning and other neighbourhood approaches to create positive change in their local area.

By inspiring residents of disadvantaged communities to take control of their neighbourhoods, we'll build a bigger and stronger society, one street at a time.

Over the next five years we want to work with the sector to build a society where communities are self-confident and engaged and where people ask what they can do for their community, not only what their community can do for them.

I hope you will join with me to help create a bigger, stronger society. ■

Policy

ANNA TURLEY SETS OUT HER PLANS FOR WORKING WITH THE SECTOR

A thriving civic society is the lifeblood of the safe, decent, fair, and prosperous society we all want to live in. Community and voluntary organisations deliver vital services, support some of the most vulnerable, and play an important role in communities. It is a privilege to work with a sector that is built on the same values and shared drive to tackle social and economic justice that have shaped my political activity. The challenges the sector is facing in building a better and fairer society are my frustrations too.

When the 'Big Society' vision was revealed, the third sector had reason to be optimistic that the newly elected government would give civil society the support it needed to flourish and grow. Yet, the commendable aims of the project have proved to be an excuse to shrink the size of the state without an equivalent effort to develop civic society in its place. Instead, the sector has been hit by a triple whammy of cuts to their own grants and income, a reduction in local government and other partner services as they have faced their own drastic cuts and reduced services, and a large rise in demand.

The nature of third sector activity means this pain is being felt where the help is needed most. Third sector organisations are often working in areas of high deprivation, dealing with complex social problems, and helping some of the most vulnerable. They fill in the gaps in state provision and pick up the cost of failure in other services. It is a short-sighted approach which will only lead to more problems. The principle at the heart of the 'Big Society', as David Cameron stated in 2009, was to "set free the voluntary sector and social enterprises with the problems that blight so many of our communities". Far from setting them free, this Government's funding cuts are forcing them out of action.

The sector is also losing out in the provision of public services. The open public services philosophy was supposed to facilitate greater third sector involvement in providing services. In reality the lion's share of government contracts are being gobbled up by the private sector, leaving charity organisations to pick up the harder, more complex service challenges. This is a short-termist approach focused on achieving the lowest cost and ignoring the social good that community and voluntary sector providers can offer. Better utilising the specialist knowledge and experience of these providers would help deliver higher quality public services and can be more cost-effective through achieving better outcomes. The Social Value Act is a good step towards this end but too often the benefits of this legislation have not filtered through to the contracting process.

Labour recognises the importance of civic society and that politicians should be held to account. It is important the sector helps to shape public policy, because it so often ends up picking up the pieces, after the government's policy failures. This Government has tried to silence the sector with the lobbying act, which will only impede their ability to create good legislation and we will continue to fight it.

In the Spending Review, proposed cuts to the Big Lottery Fund were scrapped - a relief to the many charities who benefit enormously from the funds. However, devolvement of business rates to local councils is a major worry. It is imperative the Chancellor protects the charity relief, or it will seriously weaken the work charities can do in the local area.

The Charities Bill is the next milestone. Whilst we support the Bill's aims to enable better governance in the sector, we will seek to make some amendments to the bill such as greater protection for vulnerable children and adults, protection of assets and tackling the restrictions on lobbying.

My intention is to continue to fight for the interests of the sector, and to listen closely to concerns. In the new year I look forward to getting out around the country to see first-hand the great work the sector is doing. We will also be doing some big picture thinking with a number of work streams which will report in the autumn. I look forward to working closely with the sector as we develop our vision for a strong and vibrant civic society in this country. ■

ANNA TURLEY, LABOUR AND COOPERATIVE MP FOR REDCAR, IS SHADOW MINISTER FOR CIVIL SOCIETY

Services

SIR STEPHEN BUBB ON THE SECTOR'S ROLE IN SOCIETY

SIR STEPHEN BUBB IS CHIEF EXECUTIVE OF ACEVO

Charities are fundamental to building a more cohesive society. Indeed, I said just this in a letter to David Cameron in the run up to the recent Spending Review. The Government needs to lend its support to the third sector, its capacity and infrastructure.

Instead we have sniping from the side lines – unpleasant and unnecessary attacks on charities at a time when money is increasingly in short supply but demand from beneficiaries is rising. With more support, the third sector could get on with doing what it does best – helping the vulnerable, building communities and speaking truth to power.

Unfortunately, it seems the Government too often fails to recognise this. George Osborne's Autumn Statement had some good news for charities but overall had little of substance to offer.

We certainly welcomed initiatives such as more money for mental health care and social care. The new Social Care precept is set to raise £2 billion. This is welcome. But is it enough to fund a social care sector that is already facing the prospect of paying the new living wage and the apprenticeship levy without increased funding? No, it is not.

That isn't to say that the spending review was all bad news. Following sustained advocacy from the Association of Chief Executives of Voluntary Organisations, the National Council for Voluntary Organisations and various other bodies, I was pleased the Big Lottery Fund was saved from a cut in its funds. The sector made its voice heard to great effect, and I am proud to have helped lead this with Sir Stuart Etherington.

I also recognise that better public services should not always mean paying more. Indeed, we should look for more effective delivery mechanisms, which work in the interests of the people.

This is precisely why I convened the Acevo Commission for Delivering Better Public Services, and the ideas contained in their report – *Remaking the State* – do just that. Central to this is the idea of reducing the demand for government services. This doesn't mean simply tightening criteria and turning people away. Instead, it means heading off damaging events before they occur. Ensuring rehabilitation rather than reoffending. Keeping people in jobs, not paying for jobseeker's allowance. Improving public health, not paying for hospital beds. Achieving this would represent a prevention revolution. Achieving this is why Acevo has launched its 'Five for the Future' campaign. This holds that, by spending only 5 per cent of their budget – less than is spent on the interest on the national debt – on prevention, government can ensure that public services work in the best way possible.

But this platform, and indeed increased preventative spending, is not enough on its own. People are too often let down by the failure of public services. This is why we want a new Public Services Constitution. By enshrining the rights of the people to high quality public services, we can ensure that our taxes are being spent in our interests.

Not only enshrining rights, but giving them teeth. A power of super complaint would allow those vulnerable individuals who have been disadvantaged to seek redress from government. I was hugely encouraged to hear Anna Turley lend her support to these ideas at our annual conference in November.

Also at our annual conference, my friend (and board member) Jehangir Malik gave an impassioned defence of the Muslim charity sector. I'd like to see the Charity Commission nurturing these charities, which not only channel the resources of one of our most generous communities, but also help bring Muslims into the fold of our civil society. When abuse occurs, it should be wiped out. But we should remember that Muslim charities are no more corruptible than any others.

I intend to stand by these charities through thick and thin. After all, speaking out, and standing up, for the third sector is one of the many crucially important tasks undertaken by Acevo to help support charities and their voice. ■

Property planning

WHEN IT COMES TO YOUR CHARITY'S PROPERTY, ARE YOU AN OSTRICH OR A WISE VIRGIN?

In February 2015 the Charity Commission announced they would be referring all enquiries about property to my organisation, the Ethical Property Foundation. There was some fairly pithy comment at the time in the third sector press about the fact that the foundation would receive no money for this, but as we were set up to support not for profits with quality property advice free at the point of access, we trusted additional resources would come in and hoped that we would reach a much wider range of charities, and so it has proved.

Our caseload is up and visitors to our online advice centre have increased by 70 per cent. We now reach every area of England and Wales, whereas before the bulk of our work tended to be south of Birmingham. In terms of range and complexity, we have also seen every size and type of enquiry. Some have been small community groups fearful of dealing with assertive landlords or council property departments, while others have presented complex land issues which we have referred to solicitors or surveyors on our Register of Property Professionals.

I thought it would be useful to give some examples of two groups of clients we have been honoured to help which represent either end of a scale. At one end are the Ostriches and at the other, the Wise Virgins. Ostriches as we know, stick their head in the sand – sadly too often a favourite pose when it comes to property maintenance. As for Wise Virgins – those of you frogmarched to Sunday school like me may remember the parable about the clever girls who kept oil in their lamps for when the bridegroom came (as opposed to the daft lassies who subsequently had to go to the shops to get some and missed the wedding bash).

So, to Ostrich number one: a wonderful charity diligently serving its local community, in a building which it owns outright. The trouble is the trustees have not sanctioned any spending on property maintenance for 20 years. Chunks of concrete are now tumbling into the street, representing a huge risk to the general public, while staff members are also at risk from plaster falling from the ceiling and a flooded basement. The charity is liable to be sued for thousands in damages for loss of life and limb, not least because no health and safety risk assessment has ever been undertaken. There is also the loss of value of the asset. We have brought in expert help but the charity now faces a £50 – £100K bill for immediate repairs, when just £2-3K put aside each year could have maintained a valuable building. The impending repair bill is jeopardising the future of the charity.

Other Ostriches include the charity who rang up wanting to sell their building but not sure whether they owned the title deeds; or the charity ringing up for facilities management advice weeks before moving offices, or the charity which also has chunks of plaster falling down through zero maintenance but have actually rung to complain that their tenants are withholding rent. We always do our best to help, but sometimes it can only be a sticking plaster operation.

Good news for us are the Wise Virgins who ring up seeking advice on how to plan and prepare for property management, maintenance and future change. We are always delighted to hear from them because there is so much which can be done, with even a small amount of money and time put aside regularly. Some of these clients turn into consultancy clients whom we work with over a lengthy period, providing strategic property advice to help them buy, rent or sell. Property maintenance planning is synonymous with good financial planning. So the fact too many funders and trustees consider property issues have nothing to do with them is one of the biggest tragedies facing the sector.

We can only be as philanthropic as the bricks and mortar we operate in allow, and though the Wise Virgins of this world can seem a horribly practical lot, the trouble with Ostriches is that they can unwittingly end up damaging the very people they profess to serve – particularly if their property ends up costing them their organisation. ■

ANTONIA SWINSON IS CHIEF EXECUTIVE OF THE ETHICAL PROPERTY FOUNDATION, WHICH SUPPORTS CHARITIES AND COMMUNITY GROUPS WITH PROPERTY ADVICE

ETHICALPROPERTY.ORG.UK

Profile: Gillian Guy

Keeping up with the times

CITIZENS ADVICE CELEBRATED ITS 75TH BIRTHDAY LAST YEAR. THIS YEAR IT WAS ONE OF OUR CHARITIES OF THE YEAR, AND CHIEF EXECUTIVE GILLIAN GUY SAYS THE ORGANISATION IS WORKING HARD TO MAKE ITS SERVICE MORE APPEALING AND EFFECTIVE THAN EVER

Citizens Advice can be a difficult entity to pin down. It is one organisation, and many. Chief executive of the national infrastructure body for the Citizens Advice network Gillian Guy sometimes describes the organisation as a "movement".

"We've tried to work even more closely as an entire service, and make sure people understand us as a national organisation that is delivered locally and get the benefits and impact of both ends of that story," Guy says.

"It puts us in a good position to help people and to make the weight of all the information we get from those local organisations count. I wouldn't underplay that there are challenges to holding all that together, but the importance for all of the network is that they are part of one large movement which is very strong, and there's all of this support behind it."

Movement is a useful term for Citizens Advice, not least because it is an organisation in motion. The charity is carrying out a modernisation process to ensure that it remains appealing to those who could benefit from its services, at a time when those services are likely to be in more demand than ever.

Citizens Advice

The first Citizens Advice bureaux opened in September 1939, with volunteers providing assistance to the public during wartime. Today more than 300 individual local Citizens Advice charities support the public from more than 2,500 locations across the UK.

Last year more than 7,000 staff and 24,000 volunteers helped 2.5 million people with 6.2 million issues. Face to face advice accounted for 48 per cent of enquiries, 45 per cent were dealt with via phone, and 7 per cent through email and webchat.

In a sign of the times, a further 20.7 million people went to the Citizens Advice website for help.

"The advice I suppose, crudely, principally rests with the bureaux network," Guy says. "But we have come into that area because other channels have opened up. In terms of the campaigning, whereas we have the resource to help bring all the data to bear and to spearhead some of the campaigning we also encourage people to undertake this kind of work locally where they can influence local policymakers."

Citizens Advice is rigorous in measuring its impact, to demonstrate the value of the early interventions it can provide. Its data shows every £1 invested in its service yields a £1.51 saving for Government through reductions in service demand, and £8.74 of wider economic and social benefits such as improved health, wellbeing, participation and productivity outcomes.

Individual clients receive £10.94 in benefit from each £1 invested through income gained in benefits, debts written off and consumer problems resolved.

"We spend a lot of time looking at data and talking to people to make sure that we've got this right and understand the impact of what we've done, then we can translate that impact through a well-recognised economic model," Guy says.

Modernisation

While preserving the rich history and legacy of Citizens Advice is important, Guy says the organisation is developing to meet the evolving needs and preferences of the general public.

The modernisation process cuts right across the organisation from back office systems to branding, and the channels Citizens Advice uses to deliver its services.

It is partly a response to the difficult climate, Guy says. As funding gets harder to come by it is especially important for a charity to demonstrate it is providing the maximum possible value from each pound granted or donated to it.

"We've really worked hard on the business case for investing in modernisation. It's really important that it is a no brainer and we can demonstrate the benefits to people," she says. "When you've got funds coming in from the public in one way or another, there's an accountability there and you have to be transparent about what you're doing with it and what value you're producing with it."

Unsurprisingly, technology is playing a major role in the process. Citizens Advice is getting more creative about the way it delivers services, but it would be a mistake to assume that means a flight to digital in an effort to streamline services or reduce costs. Citizens Advice is working to make advice easier for everyone to get.

"WHEN YOU'VE GOT FUNDS COMING IN FROM THE PUBLIC IN ONE WAY OR ANOTHER, THERE'S AN ACCOUNTABILITY THERE"

Guy says the modernisation process represents an expansion rather than a rationalisation of what the charity offers, "making more things available to more people in a more suitable way".

"We took a decision some years ago that we weren't going to try and move people from one channel to another. There are organisations that have done that and we don't subscribe to that. We think it's important for the foreseeable future to protect face to face, because I can't see a time when people won't need this."

Citizens Advice also prioritised a complete service, where clients can move between channels to suit their needs. The charity still gets the efficiency benefits online channels can provide, because allowing people to engage that way takes pressure off the face to face network so it is less stretched when people need it.

Where people are increasingly accustomed to being able to access whatever information they choose when they need it, naturally this has implications for Citizens Advice. The digital content is being designed with this in mind, allowing people to access advice according to their own circumstances.

Significantly, around half of the people who engage with Citizens Advice online do so via mobile technology, and the charity has used this information to guide how it designs its content.

Brand

As well designed and flexible as services are, how a charity is perceived has an important influence on whether people will choose to take them up.

Accordingly, part of the modernisation project has involved a rebrand. Guy says the decision was made early on that the charity would not be undertaking a "wholesale rebrand". Rather, the aim was to refresh the "recognised and treasured" Citizens Advice brand.

Feedback from focus groups revealed that while the charity was well known, the brand was somewhat "tired" or "old fashioned".

"We don't want to be off-putting in any way, or exclude people. That was of concern to us," Guy says. "So we set about trying to make it something that we could take forward rather

"WE ALWAYS REST OUR VIEWS ON EVIDENCE AND FACTS, AND I THINK THAT'S REALLY IMPORTANT"

than keep looking back at."

Consultation with the Citizens Advice network members returned a range of views, unsurprisingly considering more than 300 individual organisations were involved. But Guy says the broad consensus was that a "facelift" of the brand was the right thing to do while services were being modernised.

And at a time when charity expenditure is under such close scrutiny, it is important to justify the costs of any exercise other than frontline service delivery. The pace of the change has been set so as to keep costs down, with the local Citizens Advice charities phasing in the rebrand as changes are due or required anyway.

"We thought the rebrand was worthwhile because it is the public facing part of the modernisation process that gets people to feel this is attractive. We did some testing before we went ahead with it to see if it hit the criteria we set in the first place, and people did receive it very well. It is the public that we're worried about here. In terms of the expenditure we were very modest in the way that we did it and that was fitting and appropriate for the organisation."

Campaigning

The millions of contacts Citizens Advice has each year generate a huge amount of data, putting the charity in an excellent position to identify patterns of problems and then go about seeking change.

It is the data and evidence that inform Citizens Advice's campaigns that give them an edge in effectiveness Guy says.

"I certainly think that we have the ear and attention of policymakers and indeed the media because we always rest our views on evidence and facts, and I think that's really important to hang onto."

And the charity can count on recent success. A campaign to ensure payday lenders treat their customers more fairly and stop irresponsible advertising contributed to significant regulatory change. Much stricter rules now govern the practice and a number of the less responsible lenders have exited the market.

In the policy and welfare space, a campaign on the workplace capability assessment saw the Government change systems to make it easier for claimants, and a commitment from Government the new assessment provider to improve the assessment experience and decision making.

Guy says Citizens Advice's government funding does not impact on its campaigning activity, as the charity remains clear it works for the clients and public, not funders. Neither did the lobbying act have an influence, although the charity did look "long and hard" at it to ensure none of its activities would fall foul of the law.

"We involve different parties in conversations, and we're equal in our criticism around political parties as well if that's required. It's all about what our evidence shows us, what the facts are, what we think should change, and then we rally the people around that."

The future

The modernisation process will continue and Citizens Advice faces an ongoing challenge to ensure it delivers services to people in ways that suit them.

As for the future, Guy says making sure the service is 'joined up' for clients is crucial, as people themselves too often have trouble ensuring things are joined up in their own lives.

Finding more seamless ways to deal with all the issues that individuals present with, or effective means for referring them to where they can find help, is also an ongoing challenge.

"Lives are complicated and the simpler and more accessible we can make advice the better," Guy says.

"We're at a point in time where I don't think the service has ever been more required or has more potential really to change things for the better. That is a fantastic opportunity." ■

REVIEW

2015 in the news

Two major events dominated the charity news and defined a difficult year for the sector

WRITTEN BY MATT RITCHIE, EDITOR OF CHARITY TIMES

Upon reflection of charity's place in the news over the past year, it feels almost as though 2015 began in May. A surprising result in the general election came first, before a story broke that would snowball throughout the year and bring about permanent change to the charity sector.

And there can be no mistake that the sector looks different now to how it did 12 months ago. The development has been far beyond the normal natural rate of change. More of a seismic shift (or two).

Perhaps more importantly, there is a chance the sector is seen differently by those outside it.

It's near impossible to fully measure the impact of the torrent of negative attention this year. It is literally impossible to determine whether any change is permanent. But they are questions that have persistently nagged away for most of the year.

But it is the overall environment within which charities need to operate that doubtless provides the biggest challenge. A comprehensive review of the financial sustainability of the sector lead by NCVO and released in July made for grim reading.

The study concluded many charities are facing a 'capacity crunch' of increasing demand for services amid falling income, and the sector faces a £4.6bn income shortfall by 2018/19.

But there was encouraging news amid the gloom, and while the sector took a battering in the media charities kept delivering for those who need it.

May

The election was too close to call. Strange, Frankenstein's Monster coalitions were being imagined. One thing was for sure, an outright election victory for one party was all but inconceivable.

Photo credit: 1000 Words / Shutterstock.com

And then the Conservatives won a slim but clear majority and that, as they say, was that.

Reading MP Rob Wilson retained the Civil Society post, while Hull's Lisa Nandy vacated the shadow post destined for the climate change brief. After a bit of confusion as Wansbeck MP Ian Lavery mistakenly claimed the shadow role, it fell to the Labour and Co-operative MP for Redcar Anna Turley.

Closure of the Redcar steelworks, a major employer in its Teesside locality, kept Turley occupied for much of the year. But as 2015 drew to a close she became a more visible, and often warmly received, presence around the sector.

Olive Cooke was found dead at the bottom of the Avon Gorge on 06 May, and just over a week later several national news outlets carried stories claiming the well-known fundraiser and volunteer had been overwhelmed by hundreds of donation requests a week in the months leading up to her death.

Her family later told the media the charity requests were not to blame, and a subsequent inquiry revealed the 92 year old was suffering from depression and had suffered from insomnia.

Regardless, there is no doubt that the amount of fundraising requests Olive Cooke was receiving was unreasonable to say the least.

And the story grew from there, with the *Daily Mail* in particular pursuing fundraisers with vigour and an undercover reporter revealing some genuinely unacceptable practice at a professional fundraising firm. There were also revelations of data sharing resulting in unsuspecting donors being added to dozens of lists they had not, strictly speaking, shown an interest in.

Review and reform

After sustained media attention, including some disgraceful ad hominem attacks on charity professionals, the Government took notice and set in motion the events that would change the entire framework for fundraising regulation.

In a joint statement released over a June weekend, Wilson and Prime Minister David Cameron announced new measures would be included in the Charities Bill to require trustees to set out their fundraising approaches in their annual reports, along with any measures to ensure the protection of vulnerable people.

But, more significantly, a review of fundraising's self-regulation was announced, chaired by NCVO chief executive Sir Stuart Etherington.

The announcement followed a speech by Etherington to the NCVO Evolve conference in which he said self-regulation was not working in its current form, and from the Minister to the PFRA's annual meeting that the regime had a limited timeframe to prove its worth.

Fast forward to September and the review reported back. Importantly it proposed maintaining self-regulation, albeit in a different form. The Government swiftly accepted all of the review's recommendations.

Among a raft of changes, the Fundraising Standards Board would be disestablished, and replaced with a Fundraising Regulator with wider powers. It was subsequently announced the regulator would be chaired by on an interim basis by Lord Michael Grade.

Photo credit: Conference Basics

The Institute of Fundraising will cede responsibility of the Code of Fundraising practice, and merge with the PFRA to focus more closely on best practice and compliance.

One of the most controversial proposals was for a so-called Fundraising Preference Service that would allow people to 'reset' their relationship with fundraising charities and opt out of communications if they choose.

As we head in to the New Year there remains plenty to be resolved in how the new framework will work in practice.

Kids Company

Unfortunately, the sudden closure of Kids Company rivals the fundraising furore as the most high profile charity story of the year.

The writing was arguably on the wall for Kids Company from the beginning of the year when three directors left the charity.

In July the charity's founding chief executive Camila Batmanghelidjh announced she was preparing to step down, amid speculation the Government would withhold funding unless she was replaced.

This proved to be true as information came to light in the fallout from the charity's closure in August, which followed reports the Metropolitan police were investigating allegations of sexual abuse associated with the charity.

Select committee and National Audit Office inquiries into the charity's demise revealed Kids Company had received a lump sum of more than £4m in April, despite usually receiving its funding at £1m a quarter.

It also received an emergency grant of £3m one week before it closed, issued according to Ministerial direction after officials had advised against providing the funding. The grant was conditional on a radical restructuring proposal.

But the police investigation resulted in expected private donations, which were to supplement the public money, not coming forward meaning the charity had insufficient funds to continue.

The media feeding frenzy that ensued following the charity's collapse raised allegations of poor practice at the charity, although Batmanghelidjh has repeatedly maintained the charity's actions were always in the best interests of its beneficiaries.

In a lengthy period of questioning before the Public Administration and Constitutional Affairs Committee both Batmangheldijh and chair Alan Yentob maintained that the charity had been well run, despite failing to build adequate reserves while receiving more than £46m in public funds over its existence. However, Yentob did state that the restructuring plan proposed to put charity onto sustainable footing should have been pursued earlier to

avoid collapse.

Questions remain over the number of people the charity was really serving, with the discrepancy between the number of beneficiaries Kids Company claimed to have and the number of case files handed over to Local Authorities running to the tens of thousands.

Yentob announced in December he would quit his role as creative director at the BBC, saying the interest around his involvement with Kids Company had become a serious distraction to the broadcaster at a difficult time. He would, however, continue to make and present programmes.

Extremism

The threat of violent extremism was a dominant feature of the social and political landscape in 2015. It has been a year bookended by atrocities in France, with a tragic series worldwide in between. Ongoing conflict in Syria in particular contributed to thousands fleeing the country and an ensuing humanitarian crisis among asylum seekers.

Charities have, as always, risen to the challenge, providing aid to those affected by the tyranny of others. But pockets of the sector have also faced adversity as a result of the elevated tensions.

Banks seeking to de-risk have closed the accounts of some Muslim charities, due to fears that funds could be channelled through the accounts and towards extremism (see Andrew O'Brien's article on how this issue can be tackled on p40). The moves have been met with outrage from several quarters with Acevo mounting a particularly strident defence of the rights of law-abiding Muslim charities to operate free from interference.

The Charity Commission found itself in the High Court, after advocacy group Cage sought a judicial review of the regulator's direction to two of its charity funders that they should cease providing grants.

Cage became caught up in controversy over research director Asim Qureshi's public statements about Mohammed Emwazi, believed to be the ISIS militant popularly known as 'Jihadi John'.

The statements began a sequence of events that saw the Charity Commission seek assurances from The Roddick Foundation and The Joseph Rowntree Charitable Trust that they were no longer funding Cage and did not intend to in future.

Cage was granted a judicial review of the move, but the proceedings settled out of court. Both sides agreed a statement confirming that the commission does not seek to influence trustees carrying out their duties and cannot fetter the future exercise of trustee duties.

Both sides claimed victory.

Good news

Charities Aid Foundation's annual World Giving Index was released in November, concluding that the UK is the most generous nation in Europe in terms of giving time, money, or help to strangers.

The analysis, carried out over 2014, found around 75 per cent of people in the UK had donated money, one of the highest rates of giving anywhere in the world and well above the international average of 31.5 per cent.

The proportion of people from the UK volunteering their time increased three percentage points year-on-year to 32 per cent. This figure indicates that an additional 1.58 million people volunteered time year-on-year, with a particular increase among women.

Assisting strangers also increased, with the percentage of people indicating they had done so up two percentage points to 63 per cent.

This was demonstrated on #GivingTuesday, which marked its second year in the UK. The day of charity giving, in response to the Christmas retail frenzy, saw donations across a variety of platforms rise on the same day last year. The profile of the day was also significantly up on the previous year.

And despite the tighter funding environment the Government found some money to provide support to charities across the Budgets and Autumn Statement. The Big Lottery Fund was also spared, albeit from a threat posed by Government itself.

Read on for our forecast for the things to look out for in the year ahead. After such a choppy 12 months much of the following year will be shaped largely by the events of 2015. ■

OUTLOOK

charity leaders' agenda

The key issues ahead of the third sector in the year ahead, and how they can be tackled

WRITTEN BY DAVID ADAMS,
A FREELANCE JOURNALIST

Few charity leaders will look back on 2015 fondly – this was the year when some media outlets seemed to declare war on the sector, publishing news stories that have undermined public trust in charities, just at the point when the prevailing financial climate means public support is more important than ever.

But although some coverage was unfair and inaccurate, there were some horrifying abuses of fundraising techniques revealed, while the Kids Company debacle underlined the over-riding importance of good governance. We asked experts across the sector how those issues should be addressed in 2016 and which other issues should be on the charity leader's agenda.

Fundraising and funding

In November 2015 the Cabinet Office announced the appointment of Lord Michael Grade as interim chair of the new fundraising regulator. "The biggest challenge facing fundraising organisations in 2016 will be developing new relationships with a brand new Fundraising Regulator," says Ceri Edwards, director of policy and communications at the Institute of Fundraising (IoF). "There is no time to waste in rebuilding public confidence in charity fundraising."

With few further details available at present one concern must be the additional cost burdens paying for a new regulatory system will place on a third sector already experiencing significant financial difficulties, says Andrew O'Brien, head of policy and public affairs at the Charity Finance Group.

With income from government contracts and grants falling rapidly, charities must now look at all possible appropriate income sources, warns David Hopkins, senior advisor at the Charities Aid Foundation (CAF). This includes individuals and foundations, legacies, corporate donors and trading activities.

Robin Osterley, chief executive at the Charity Retail Association (CRA), believes charity retail will play an important role. "We see charity retail as a way of helping to take up some of the slack that comes from other fundraising opportunities being lost," he says. Issues charities running shops need to be monitoring in 2016 include possible changes to business rate relief. "In the Budget the Chancellor announced that business rates would be devolved to local authorities," Osterley explains. "It is really important to us that the mandatory relief aspect is preserved. The indications we have had from the Treasury so far are that it will be, but we will be keeping a very close eye on that. In Northern Ireland there are very strong indications that business rate relief could be under threat."

For some charities, social investment may become a more important source of funding. "There is almost more money available than there are investable opportunities in social investment at the moment," claims Jonathan Jenkins, CEO at Social Investment Business (SIB). "There is a growing social investment ecosystem, a growing opportunity and community of those looking to invest in charities and social enterprises to help them grow."

However, he stresses, social investment should not be seen as a replacement for grant funding or donations.

"The bottom line is, people need to think commercially," Hopkins concludes. "We need to understand the markets we're in, we need a compelling proposition, we need to understand what gets [donors] excited. Charities that aren't going to make that transition are going to struggle."

Administration, accounting, and reporting

As ever, changes to the Statement of Recommended Practice (SORP) will need to be understood. In 2015 charities have had to decide whether to prepare accounts under the Financial Reporting Standard for Smaller Entities (FRSSE), or the Financial Reporting Standard FRS 102. The FRSSE will be reviewed again during 2016. CFG's O'Brien is confident that efforts to educate the sector in the use of the new arrangements have been successful. "The biggest issue seems to be pension deficits going onto the balance sheet," he says. "If people don't understand how annual reports work they may think charities are in a worse position than they were the year before."

Another big theme in charity accounting is demonstrating the impact an organisation is having upon beneficiaries and within broader society. Iona Joy, head of the charities team at consultancy and thinktank New Philanthropy Capital (NPC), which advises charities on developing effective impact measurement processes, reports healthy growth in this area. This includes well-produced impact measurement reports on some charities' websites. She cites The Children's Society as an example.

In 2016 she would like to see more charities working directly on operational and strategic changes they could make following the analysis of impact measurement data. "It's rare we get strategy work about what an organisation has learned from impact data," she notes. "But more people are using big data, using digital channels to collect data, and becoming more interested in analysing and using data to drive decisions."

These activities are no longer the preserve of only the largest charities. "We've seen some smaller organisations that are really committed and trying to do this," says Joy. "There's quite a lot of self-help going on too." Online diagnostic tools for assessing the competency of impact measurement methods continue to improve.

Jay Kennedy
Directory of Social Change

Jenny Turner
Turner PR

Robin Osterley
Charity Retail Association

Vicky Browning
CharityComms

Sir Stephen Bubb
Acevo

Ceri Edwards
Institute of Fundraising

HR, staffing, recruitment, and governance

Charities need to beware of benefits in kind to volunteers and interns that could be interpreted as according those individuals employee status – which would mean the organisation would need to comply with minimum wage legislation and auto-enrolment pension obligations. The consequences of an error of this kind could be significant, for an organisation's finances and reputation.

The best way to avoid many problems is to avoid ambiguity in the relationship between the organisation and the individuals in

question, says Phil Pepper, employment partner at legal firm Shakespeare Martineau.

Which skills are most likely to be in short supply in the sector during 2016? Myles Kunzli, advice coordinator at the NCVO says that financial and legal skills are always in demand. "But also, with the reduction in grant income and the need to diversify income streams, more commercial skills are required, at a strategic level and operationally."

Issues related to pensions may cause charities some headaches in 2016. Aside from the challenge many smaller organisations will face with auto-enrolment, many in the sector continue to lobby for to changes to Section 75 debt legislation. At present organisations with a handful of employees who are members of collective defined benefit pension schemes can be trapped with an impossible choice: withdraw from a scheme that imposes unaffordable costs and unacceptable financial risks, or face huge costs if they attempt to exit the scheme.

CFG, the Pensions and Lifetime Savings Association (PLSA, formerly the NAPF) and other organisations have all been asking the government to make it easier to exit these schemes. "There was a consultation by the DWP [Department for Work and Pensions] over the spring and summer but the government has said it won't report on it until 2016," explains CFG's O' Brien.

For Gareth Hopkins, pensions consultant at GJH Pensions, the most important development charities should be considering in relation to pensions during 2016 is the changes made to the employer's covenant guidance issued by The Pensions Regulator, which should help guide trustees through triennial pension fund valuations.

The other major governance issue that will loom large for many charities in 2016 is the possible need for mergers. Richard Litchfield is chief executive at the not-for-profit specialist consultancy Eastside Primetimers, which publishes the annual Good Merger Index for the sector. Although one might have supposed prevailing financial conditions made such mergers more likely, the number of mergers completed during 2015 was the same as in 2014, while the notional financial value of those mergers fell.

But this hides higher incidences of mergers within certain sub-sectors, says Litchfield, citing the example of leisure trusts: there are 100 in England and five were involved in mergers during 2015. He thinks we will see more mergers in sub-sectors affected by reductions in local authority funding.

Public relations and reputation management

"This year the trust between national media and charities has been virtually destroyed," says Jenny Turner, managing director of charity specialist PR agency Turner PR. She would like to see the sector explaining the way it works more effectively. "There's a worrying void in the understanding of how charities are run these days," she says, pointing to stories in the national media claiming a small proportion of an individual donation gets spent on a cause once fundraising costs have been paid.

"If that person already had an understanding of how charities fundraise that would not be a story. I'd like to see charities standing up confidently proud of their work and their fundraising and happy to explain their practices in an open and transparent way," she says. "Done well it could even generate support."

One of a number of initiatives upon which Acevo and NCVO will be working together in 2016 will be an attempt to improve the reputation of the sector as a whole. "We should start telling our story more effectively," says Acevo chief executive Sir Stephen Bubb. "Individual charities are often brilliant at telling their own stories, but there's never been that overall media campaign for charity as a whole."

Meanwhile, CharityComms and NCVO will continue to coordinate the Understanding Charities project, a long-term programme designed to educate the public about the way charities work. "We're creating a positive narrative for the sector about why charities matter," explains CharityComms director Vicky Browning. "We can draw down very specific examples of the positive impacts that charities can have."

Finally, 2016 should also see further progress in the innovative use of social media within the sector. "Social media is a fantastic opportunity for donors to engage with charities and beneficiaries," says Browning. "In previous times communications was a push mechanism. Social media and digital has made it two-way. That's a hugely powerful opportunity that many charities are embracing."

Politics and regulation

If 2015 was a tumultuous year in politics, 2016 could yet prove even more significant for the charity sector in terms of political and regulatory change. At the time of writing the House of Commons is about to begin the second reading of the new Charities Bill.

Jay Kennedy, director of policy and research at the Directory for Social Change (DSC), thinks its full potential impacts are not yet widely understood, particularly provisions to automatically disqualify trustees with certain types of criminal record. This will cause problems for charities who use ex-offenders as trustees, sometimes because of the understanding they have of the issues facing beneficiaries or service users. It is not yet clear how the system of waivers that will supposedly help organisations in this position will work in practice.

"An even greater worry is that the bill gives the commission powers to disqualify anybody from being a trustee, if you've ever done anything to 'damage public trust and confidence in charities', or if they think it is 'in the public interest' for them do disqualify you," Kennedy continues. "The Charity Commission would say they would only use these powers judiciously, but this is a big change which will have repercussions."

Sir Stephen Bubb shares those concerns. He is also still very concerned about the implications of the lobbying act. "I think you heard much less from charities than you would have expected otherwise around the election," says Bubb. "It

Andrew O'Brien
Charity Finance Group

David Hopkins
Charities Aid Foundation

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Phil Pepper
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Eastside Primetimers

Jonathan Jenkins
Social Investment Business

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NPC

seems that many trustees said 'It's all too difficult, let's keep our heads down.' That is a major problem." A promised review of the effect of the impact of the lobbying act, commissioned by the previous government from Lord Hodgson, should be published in 2016.

Finally, we may see another consultation in 2016 on the future funding of the Charity Commission, possibly via a levy to be imposed on charities at some point in future. The DSC and Acevo are among organisations that have already stated clear opposition to this idea.

A spokesperson for the Charity Commission told *Charity Times*: "We are seeking a more sustainable funding base for the commission ... and are continuing talking to charities about how this might be achieved. While we will begin to consult soon on the options for future funding of the commission a levy isn't something that could be implemented until 2018 at the earliest." ■

ADVERTORIAL

Five top trends to transform your reporting

WRITTEN BY NICKY WILKINS, HEAD OF CUSTOMER ENGAGEMENT AT BLUQUBE

With the spotlight on the third sector, your main priority is to ensure financial data is 100% transparent. Developments in technology allow you to do that. Here are five ways technology could help your charity move forward.

1. Real-time information

There is a wealth of information across your organisation, a lot of which is on third party systems like fundraising software. It can take time compiling all that data into one place – so much so that by the time it's ready, the data is out of date. If you can't get a transparent view of the figures, what hope have you got of utilising it? More charities are turning to modern interoperable systems to integrate their data organisation wide. Pick and choose systems from different providers to suit your organisation and eliminate re-keying of data by hand. That means you save on time, money, and human error. You'll have a more transparent operation, plus you'll have all the information you need at your fingertips.

2. Self help access

Finance software used to look intimidating to the layman. Now changes in design mean you don't need an accounting qualification to use it. Bold colours and user-friendly screens mean you can access your own reports without having to rely on the finance department. Software has changed in other ways too. Now you can be extremely precise about who gets access to what. So when the non-finance folk access the finances, you're able to see the figures relevant to your needs without getting bogged down by the bits that aren't. The board can see top level information, committee heads can keep tabs on their own spend and your finance staff will be liberated to do other things.

3. At a glance reporting

With columns of figures and complex tables, financial reports can be hard to read for all but the expert. But now finance software is making reports more visual and intuitive, so you can pick out the details you need at a glance. Colours, graphs and charts make it easier for everyone to understand financial data. Quick access to the relevant figures, with the ability to drill down for a deeper look if needed ensures everyone is kept in the loop.

4. Anytime, anywhere access

There was a time when your location had a real bearing on what you could access, but cloud-hosted systems allow you to access reports from anywhere. Just log in to your system via a web browser and access all your reports in one place. Plus, with modern IT becoming more mobile friendly you can access the figures on your tablet in that big meeting, or from home.

5. So safe, and so responsible

As a charity, your data is particularly sensitive. Keeping everything confidential is crucial, so you want to ensure you've got the very best security in place. That's why so many are moving to cloud-hosted IT. With these systems, data is held in industry-leading data centres, with multiple power supplies and internet connections. Everything is constantly backed up, and the systems undergo the very best in testing. What's more, the supplier foots the bill, so you get the very best at a fraction of the price.

In a nutshell

In a world where transparency is crucial, it's no wonder more and more charities are moving to software with this sort of modern technology. You'll get access to the info you need, in a format you can understand, allowing you to make informed decisions when and where you need to – and you'll be freeing up your finance staff too. Win/win. ■

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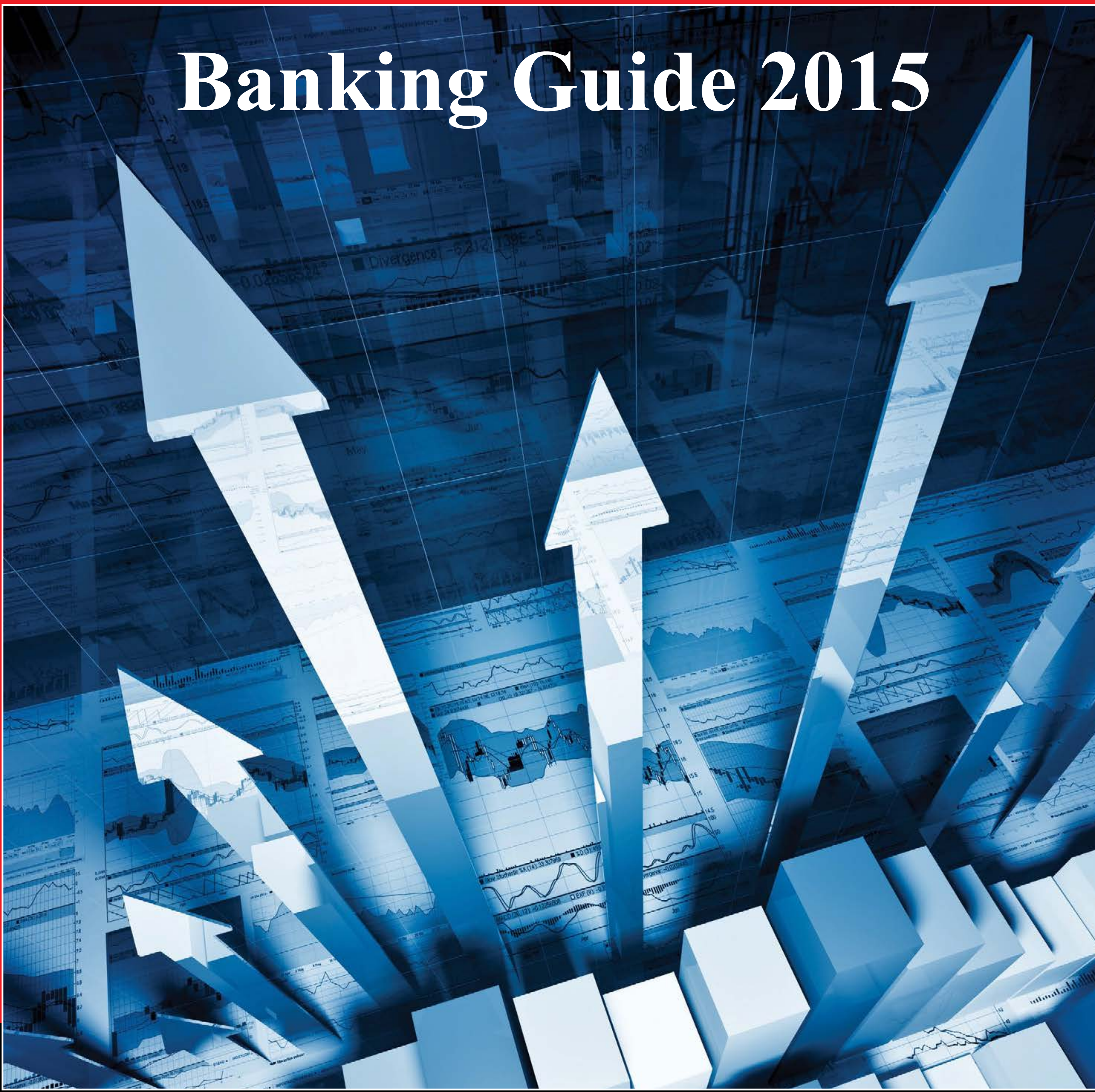
Banking Guide 2015



BARCLAYS

Triodos Bank

unity trust bank

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Choice, value, and optimism

A review of some of the key views and themes that emerge throughout the Charity Times Banking Guide 2015

Charity banking is big business.

This year's Charity Financials *Charity Banking Spotlight* revealed the top 5,000 charities by income, expenditure, or assets had £17.4 billion in current assets cash. These assets were held across almost 90 different banks, which illustrates the choice available to charities in choosing where they place their cash.

And this idea of choice is an important one. It is easy to look at banking as a set and forget relationship, and charities (not unlike individuals and companies) often retain the same provider over long timeframes.

Which is no bad thing in itself. As the columnists in this banking guide point out over the following pages, a good understanding and relationship between a charity and its bank can only be a good thing. But, equally, it is important charities review their arrangements on a fairly regular basis to ensure their funds are providing maximum value and terms are as good as they can be.

Advice

In the following guide, we hear from three of the top 20 providers by number of charities served.

They cover a lot of ground. The third sector no doubt faces its challenges, but it is clear within there are a number of ways working in partnership with the banking industry could potentially help ease the pressure.

One major banking issue that has arisen over the course of 2015 in particular was access to banking services by those charities operating in conflict-stricken areas such as Syria. Some charities have even had their accounts closed, while others have reported difficulty transferring funds to where they are needed.

Charity Finance Group's Andrew O'Brien covers this issue in detail, calling for a cooperation between charities, banks, and the government to ensure minimal disruption to the operation of charities.

Charities must improve how they communicate what are often very robust due diligence policies, O'Brien says. Meanwhile, while government must accept that it cannot eliminate all risk and needs to set expectations of due diligence at levels that will not lead to charities or banks becoming too risk averse.

Barclays head of charities David McHattie says the level of scrutiny over international payments will only grow in 2016. Encouragingly, he says Barclays is working with the sector to tackle the issue. Barclays has trialled an extended due diligence questionnaire with charities, who McHattie says recognise the importance of holding information to ensure funds are not misappropriated.

Optimism

Elsewhere, McHattie takes a refreshingly optimistic view of 2016 despite the challenges ahead. While fundraising is set to go through change on the regulatory side and via the planned Fundraising Preference Service, McHattie eyes an opportunity for those charities who can capture the potential of social media as a tool for raising revenue.

Digital donations are picked to continue to make a stronger contribution, while McHattie also highlights the potential for charities to turn to trading activities other than the traditional charity shop model as an option for generating additional income.

Finance

Whatever a charity's plans for generating income in the year ahead, commercial finance should be on the radar.
Dave Matkin of Unity Trust writes about the ways in which loans can help a charity achieve its mission, in particular in an environment where public money is harder to come by and there is greater competition for grants.

While stressing that taking on a loan will not be for all charities, Matkin outlines the circumstances in which charities may wish to explore their commercial finance options. Sometimes, he says, an organisation can save itself money by exploring finance options in lieu of or in complement to grant funding.

Finally, Will Ferguson of Triodos Bank talks about how a charity can ensure that its banking arrangements are aligned with its mission.

While responsible investing is a common and increasingly discussed practice, Ferguson says for many charities cash represents one of their biggest investments and it makes sense to ensure these funds are not conflicting with an organisation's mission.

Matt Ritchie
Editor of Charity Times

Charities face donations dilemma in 2016

The sector has the flexibility and tenacity to thrive despite a challenging 12 months ahead

There are several factors that charities need to consider when planning for 2016. The first of these is the likely introduction of a new fundraising regulator and the establishment of a fundraising preference service. This will increase the pressure on small and medium-sized charities in particular, who tend to be more reliant on donations.

The largest charities are showing the strongest growth and we expect this trend to continue as these organisations have the balance sheets and profile to run major fundraising campaigns. This will encourage conversations around whether the smallest charities could increase efficiency and deliver a more cost-effective service by merging, especially as cuts in local authority and government contracts are unlikely to be reversed. There are more than 150,000 individual charities in the UK.

Donations under growing global scrutiny

The charitable sector is also facing increased compliance requirements. Organisations that make international payments will appreciate the need to be aware of where their money is going to, the identity of their donors and the conduct of their distribution partners.

The level of scrutiny of international payments will increase further in 2016. We have trialled an extended due diligence questionnaire with a number of charities, who recognise that both they and their banks need to be capturing more information to ensure funds are not misappropriated. In this area the interests of banks and charities are firmly aligned.

The digital opportunity

The shift in donations from cash and cheque to digital payments was one of the key findings of research into the changing face of donations conducted by Barclays earlier this year. Most charities have a social media manager but I don't think anyone has found a way of properly monetising their digital profile.

In addition, charities need to spend more time considering their use of social media and digital communications platforms and specifically how to turn 'liking' and sharing into cash.

There is a tremendous fundraising opportunity for charities that can find the answer to this question. We have seen the power of social media through events such as the ice bucket challenge.

The issue is how to sustain a campaign for a longer period – do charities need to keep coming up with attention-grabbing individual events or is there a way of persuading people to donate on an ongoing basis?

Digital donations soar

While the sector faces considerable financial challenges, the experience of 2015 suggests that solutions will be found. It was reported in November that the combined income of almost 153,000 charities filing accounts with the Charity Commission over the six months to September 2015 hit £70bn for the first time. This is an increase of 2.5 per cent over the previous six month period and up 11 per cent since the start of 2013. [1]

This figure was boosted by increased digital donations, but there is still a need for charities to become more commercial.

As traditional income streams come under greater pressure, charities will have to either cut their expenditure or generate revenue commercially. The traditional approach has been to have a shop or café on the high street, but there is scope for creating other commercial ventures that can contribute a sustainable revenue stream.

Charities go into business

We are aware of a number of charities that have ambitious plans discussed at board level, including one that is exploring the possibility of acquiring a for-profit operation. This is an approach that we have not seen much of in the past, but with the proliferation of charity shops it is clear that other areas need to be explored.

Despite predicting challenges in the next 12 months, I remain convinced that the sector has the flexibility and tenacity to thrive. Charities have a proven track record of delivering for those that need them, whatever challenges they face. I have no doubt that the drive and passion that has served the sector so well in the past will continue to do so in the future.

David McHattie is Head of Charities at Barclays

[1] http://www.charityfinancials.com/charity-financials-insider/new-income-spotlight-report-from-charity-financials-sponsored-by-m-g-investments-1646.htm

Mission possible

Incorporating a charity's aims into its banking choices can benefit both the organisation and its mission

When most charities consider their banking relationship, they're likely to focus on the day to day practicalities – in terms of costs, function, convenience and security. Far fewer consider the wider social and environmental impact of their banking arrangements, and how this relates to their charitable goals. But in doing so they're potentially missing an opportunity to put their reserves to work in support of their mission, and worse could be unintentionally placing it with institutions that are undermining their work.

Mission connected investment

Conversations in this area have commonly focused on the concept of Mission Connected Investment, where charities put their money into assets that actively further their cause as well as providing a return.

The Charity Commission's publication of CC14 in 2011 gave clarity to trustees around their responsibilities when making decisions on how to invest charities' funds. Prior to publication of this guidance, the impetus was for charities and foundations to invest to achieve the best financial return within the level of risk considered to be acceptable, irrespective of the wider social or environmental impact of those financial decisions.

This led to a juxtaposition where, for example, charities working in health may have invested in tobacco stocks, or conservation charities in fossil fuel companies, in order to achieve the best possible financial return, despite these investments working contrary to their charitable mission and aims.

CC14 provided clarity on when it was acceptable to take lower than market returns when making programme related or mixed motive investment, with the aim of using a charity's assets directly to further its aims in a way that may also produce some financial return for the charity.

We are seeing some positive movements in response to the guidance. While there hasn't been a comprehensive shift towards programme related investment by charities, at least it has opened the door to conversations about it between trustees and charity investors. And the UK's growing social investment market is testament to a wider understanding that investments can deliver social benefits alongside a financial return.

Beyond investments

But investments are only part of the financial equation. For many charities, particularly those without significant assets to invest, their day to day banking arrangements are their greatest touchpoint with the financial system. And just as what you choose to invest in can impact on your charitable mission, so can your day to day banking relationships.

The NCVO estimates that UK charities' reserves are collectively worth around £49 billion, a considerable amount of which will be held as deposits in the mainstream banking sector. And while the funds are with those banks they will be using that money to finance other organisations and enterprises. The impact of this finance can be aligned with charitable goals in some cases, but much of it will not be. Some of it will almost certainly be actively working against those goals.

Mission connected banking

We believe that a move toward mission connected banking, where charities place at least some of their reserves with the UK's specialist social banks - organisations such as ourselves, Unity Trust Bank, Charity Bank and Ecology Building Society - could have a hugely positive impact on the charitable sector and society more broadly. Depositing money with these banks essentially keeps money within the social sector, creating a virtuous circle which provides more capital to finance charities, at a time when access to funding is such a key issue.

Mission connected banking is far more accessible for the majority of charities than programme related investment, particularly for those organisations with smaller reserves. It also requires less of a commitment, as deposits are only tied up for as long as they are on notice, rather than committed for a number of years as is often the case with social investment. And crucially it means that those deposits will be working to support the UK's charitable sector, while still earning a return on your reserves.

Ultimately, choosing a bank that's aligned with your mission can pay dividends for both you and your charitable goals.

Will Ferguson is head of communications at Triodos Bank

www.triodos.co.uk

Triodos Bank

Financing your mission

How looking at the role borrowing can play in a charity's financial mix can offer valuable rewards

In difficult times it becomes increasingly important to ensure every last penny available to a charity is achieving as much impact as possible. A charity's current arrangements warrant regular review, both in terms of the funds available and the nature of outgoings.

Ensuring maximum value is being derived from a charity's banking arrangements can make an important contribution to the overall picture. This is not as simple as ensuring that the bank is offering the most competitive available rates, although this is important. Working closely with your bank to determine whether and what sort of commercial finance is available and appropriate can yield rewards.

Loans are sometimes seen as a 'last resort' option to help a charity cope with a cashflow issue, but this form of finance can be a valuable tool in enabling an organisation to carry out its day-to-day work in furtherance of its purposes.

The vast majority of charity lending we see is related to property purchase, and there are a variety of reasons an organisation may seek to take on an asset. For example, for social housing providers or shelters a loan can facilitate a property purchase that directly assists with delivering services. In other cases a loan may be a useful cost saving tool. For example, we have helped charities secure the finance to buy their existing premises, and achieve savings through repayment costs that are lower than the rent charge previously in place.

In other cases, charities seek to borrow as a complement to grant funding. Clearly, loans cannot replace grants. But there are a number of reasons to consider the potential of commercial borrowing to help achieve your mission, alongside or in lieu of grants. Not least of these is the increasing competition for grant funding as money from central and local government gets harder to come by.

Grants can also be inflexible, and lead charities to adapt their programmes to meet grant criteria. In doing so a charity can lose some of what really distinguishes the organisation's approach in the first place.

Commercial finance tends to be more flexible, and where there are conditions they are likely to be less onerous. The longer-term nature of commercial finance can also free up some of the energy a charity spends on securing funds, allowing for more time to be dedicated to pursuing charitable objectives.

Naturally, there are costs associated with borrowing. Choosing to take a loan needs to be justified by the contribution the funds make to achieving a charity's mission. A loan will not always be the best option available to solve the problem at hand.

But, to get a full picture costs must be assessed in the round, and compared against the alternative forms of finance available. For example, the cost of fundraising will sometimes be higher than the costs of commercial finance. Similarly the cost of grant and/or contract bids, and the costs of carrying out prescriptive work programmes, can be higher than the cost of accessing commercial finance as an alternative.

And, rightly or wrongly, meeting the costs of repayable finance will be seen by some as an inappropriate use of charitable funds. It is therefore important to ensure robust processes have been followed in electing to pursue commercial finance. Ultimately finance costs are an overhead like any other, and need to be justified accordingly.

Of course, cost is not everything. Charities have a right to expect the organisations they deal with reflect their own values. Banks have not had uniformly good press in recent years and examples of malpractice have not shown the industry in the best light.

But Unity Trust Bank is different from most banks in a meaningful way.

Established in 1984 by the trade union movement, Unity takes a 'double bottom line' approach to everything we do: pursuing positive social impact alongside sustainable returns. That principle guides how we work in partnership with charities, providing solutions to facilitate their growth and enhance their mission.

In short, commercial finance is not for all organisations. But it can be a valuable tool and warrants consideration. Whatever the conclusion, time spent exploring your charity's financial options is time well spent.

Dave Matkin, Unity Trust Bank

www.unity.co.uk

unitytrust bank

Keeping banking services open for charities

All parties must come together to ensure legitimate charities do not have their access to banking unduly restricted

Politics has been focused on the UK Government's intervention in Syria but charities have been working in the country since the civil war began. The UK government is spending £1 billion in aid out there, much of it delivered by charities and NGOs on the ground. This is vital work and often goes on without much publicity apart from the occasional appeal for more resources. But one of the invisible enablers for this support is the provision of banking services so that organisations can transfer money to where it is most needed.

Challenge

For a variety of reasons, this has become more challenging for charities to do. In late 2014, we surveyed our members on their access to financial services. We published a briefing in spring 2015 with conclusions on the scale of the issue. Although only a small survey, members reported a number of challenges including the loss of accounts, funds being frozen, transfers being delayed and donations blocked. The challenges were particularly focused at small and medium sized charities.

Over the course of 2015, we have not seen these issues go away. If anything, there are concerns that it may be getting worse.

Terrorist attacks in Paris, San Bernardino and Leytonstone tube station have put the authorities on high alert. The most recent National Risk Assessment in the UK reports that "the terrorist financing risks within the charitable sector are medium-high". Banks are increasingly nervous about the possibility of large fines that may come from regulators if money is found to have fallen into the wrong hands. This has also put greater pressure on charities that need to transfer money abroad.

Solutions

Part of the response has to be charities doing more to communicate the due diligence and counter-fraud processes they already have in place. Many charities, particularly the largest, are already robust in protecting their resources but we need to do more to let banks and governments know this. However, in some cases, it will be necessary for charities to do more to show that they are taking this issue seriously and that they understand the concerns of banks and governments about the risk of terrorism.

But there also needs to be changes at a government policy, national, and international level. At a national level, the UK Government needs to recognise risk cannot be eliminated. If it wants the UK to continue to be a world leader in providing aid and development assistance in fragile environments (and judging by the recent Strategic Defence and Security Review, it does) then there needs to be clarity about what are realistic levels of due diligence that charities can do that will satisfy them (and in turn, banks). The Government has begun to recognise the need for clarity. For example, the Home Office recently published an information note that answered some 'common questions' about counter-terrorism legislation's impact on charity work. However, it is not tenable to have both a policy of active humanitarian intervention whilst not providing clarity as to what efforts it expects charities (and others) to undertake to mitigate the risks they will encounter. Continued vagueness will make both banks and charities more risk adverse as both will fear falling foul of governments and regulators.

At an international level, we need to see agreement that efforts to combat terrorism should not close down the space for civil society to do its work. The Financial Action Task Force has been consulting on Recommendation 8 which refers to not for profit organisations being 'particularly vulnerable' to abuse by terrorists. This has been used by some national governments as an excuse to block the work of charities and has had an impact on the risk appetite of friendly national governments and banks. We need a risk based approach to regulation, but that must not lead to sector-wide 'de-risking' activities (such as closing down accounts) or overregulating to the point where charities cannot carry out their vital work.

This problem may seem like a Gordian knot, but it is one that governments, banks and charities must solve over the coming year. Otherwise, there is a danger that charities will cut back on their work in the areas where it is most needed.

Andrew O'Brien is head of policy and public affairs at Charity Finance Group

www.cfg.org.uk

CFG INSPIRING FINANCIAL LEADERSHIP

Barclays

Barclays is an international financial services provider engaged in personal banking, credit cards, corporate and investment banking and wealth management with an extensive presence in Europe, the Americas, Africa and Asia. Barclays' purpose is to help people achieve their ambitions – in the right way.

With over 300 years of history and expertise in banking, Barclays operates in over 50 countries and employs approximately 135,000 people. Barclays moves, lends, invests and protects money for customers and clients worldwide.

Our dedicated team of UK Relationship Directors offers over 100 years' collective charity finance experience and is committed to meeting client's needs . We're at the forefront of this diverse sector, working with not-for-profit and global development organisations, government bodies and registered charities. Indeed, 73% of the 2015 Charity Index Top 100 charities have a banking relationship with Barclays and 33% use us as their main bank.

We are proud to work with such strong organisations in this vital sector.

For further information, please visit our website barclays.com/corporatebanking.

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Triodos Bank

Triodos Bank is the UK's leading social banking specialist. It provides range of services for organisations of all sizes, including term loans and overdrafts, deposit and current accounts and capital raising via its corporate finance team.

Triodos lends more than £600 million pounds exclusively to organisations which actively deliver social, cultural or environmental benefits. The charities we lend to receive informed advice, based on our team's in-depth understanding of how to balance financial and ethical business objectives. This is supported by a community of savers and investors who want their money to support a more sustainable economy, and across Europe Triodos manages total assets of more than €11.5 billion.

Triodos is also a pioneer in the UK's social investment market, with a track record of using finance in innovative ways to raise capital, including Community Investment Tax Relief, Social Impact Bonds and retail bonds for charities and social enterprises. Since 2011, Triodos Bank's corporate finance team has raised more than £70m from a wide range of investors for our clients.

Triodos is one of the UK's leading advisers on social impact bonds (SIBs) and has an excellent record of successful transactions for clients in high social impact areas including youth unemployment, homelessness and edge of care.
Its specialism is in advising social organisations who can deliver impactful interventions such as charities and social enterprises. Triodos has helped clients secure contracts with a range of commissioners including DWP (Innovation Fund and Youth Engagement Fund), DCLG (Fair Chance Fund) and Greater London Authority.

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Unity Trust

Unity Trust Bank is a challenger bank with a social conscience and has a clear focus on its 'double bottom Line' strategy to deliver positive social impact whilst achieving sustainable returns. As the Bank grows these principles are as important as they were over 30 years ago when it was founded.

Unity achieves its growth by being socially focused, customer centred and commercially driven. In a 2015 survey it was rated No.1 by charity professionals in 8 out of 9 customer satisfaction categories, including Availability of Finance, Sector Knowledge and Fees and Charges.

If you want a Bank that works in partnership to achieve your charity's mission and growth, we would like to explore how we can help.

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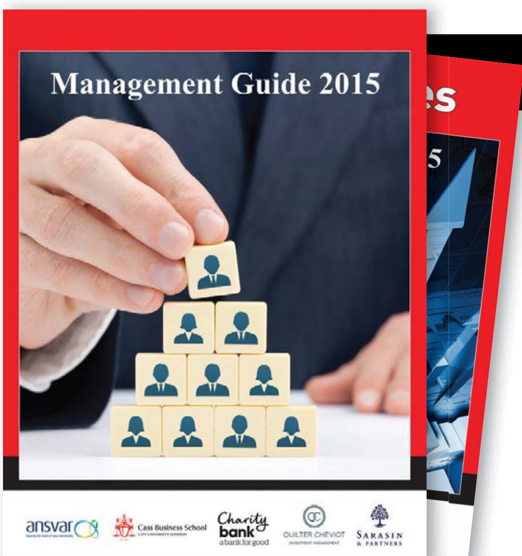

Charity Times Management Guide 2016

We are now taking bookings for the annual 'Management Guide' that will be published with our June/July edition of Charity Times.

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Charity Times Management Guide 2016

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12 May 2016, Millennium Hotel, Mayfair, London

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Better Society 2016 AWARDS

The Categories

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2. **Commitment to the Environment**
   2015 WINNER: Time Inc. UK

3. **Ethical Business Award**
   2015 WINNER: People Tree

4. **Diversity Award - NEW**

5. **Transparent Reporting of the Year**
   2015 WINNER: KYOCERA Document Solutions UK with Responsible 100

6. **Best Scheme to Encourage Staff Fundraising**
   2015 WINNER: Greggs

7. **Ethical Investment Fund of the Year**
   2015 WINNER (corporate): CCLA Investment Management
   2015 WINNER (consumer): Columbia Threadneedle Investments

8. **Consultancy of the Year**
   2015 WINNER: Tarnside Consulting

9. **Marketing & Communications Agency of the Year**
   2015 WINNER: Impact PR & Marketing

10. **Technology Provider of the Year**
    2015 WINNER (web services): JustGiving
    2015 WINNER (tech services): Eduserv

11. **Accountancy Company of the Year**
    2015 WINNER: Sayer Vincent

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INVESTMENT

Charity investment outlook 2016

Charity investors could be in for a bumpy ride in 2016

WRITTEN BY MATHEW LITTLE, A FREELANCE JOURNALIST

At first blush, charity investments look to be heading in an unmistakably negative direction. In 2013, returns stood at an impressive 15.9%. In 2014, they declined to 6.3%. In the first nine months of 2015, they posted a negative score of -1.3%. Though subsequent stock market rises have likely improved the picture slightly, Philip Young, charity investment director with Brewin Dolphin, cautions, “If you get a positive return at all, you will be doing quite well.”

In a sense this downward movement is to be expected. The 2008 financial crash wiped billions from the value of shares and other assets, and the stock market recovery from that nadir has reached its limit. “Most charities, since the bottom of the market, will have seen returns in excess of 80%. And it’s unsurprising that from a very low point you have a very strong initial recovery that begins to tail off,” says Richard Maitland, head of charities at investment management firm Sarasin & Partners. Cheap to buy equities have become expensive and returns have suffered. Besides, low or negative returns are not unprecedented. From 1999 to 2002, in the wake of the dot com crash, charities endured three solid years of negative returns. “Markets don’t go up in a straight line,” says Maitland.

However, there is a perception now that charities are entering a ‘new normal’ of very modest performance. “I’m afraid what you see is probably what you’ll get now,” warns Marc Hendriks, chief investment officer with Sandaire Investment Office. “Charities need to accept the likelihood – no-one can be absolutely certain – that their returns are going to be much lower.” Andrew Pitt, head of charities in London with investment firm Rathbones, predicts “lower nominal returns from risky assets, such as equities.”

The reason for this is twofold. One factor is that central bank efforts to stimulate the financial system and economy have either ended or are losing their power. A six year long policy of quantitative easing (the buying of government bonds from banks and corporations) was terminated in the US in October 2014, though the European Central Bank has started its own programme. “It’s been a one way ticket over the last seven or eight years,” says Young. “QE has basically lifted all boats. That story is slowing and it’s going to be harder to get the returns.” And the official policy of rock bottom interest rates aimed at stimulating borrowing and spending has also come to be seen as inadequate in generating long-term economic growth. “Very, very low interest rates and lots of central bank buying of government bonds, isn’t having the desired effect,” says Jeremy Wells, client director for charities with Newton Investment Management.

The other is an acknowledgement that the global economy has definitively entered a phase of low growth, low inflation and low interest rates.

In November, the ratings agency Moody’s predicted muted GDP growth of 2.8% for the developed nations over the next two years. UK inflation was parked at -0.1% in September and October. And while many believe the US Federal Reserve will, in December, finally raise interest rates from their seven year low of 0-0.25%, few think they will be raised aggressively or that other countries will immediately follow suit. “Even if the Fed raises rates in December, we’re expecting a very long, gradual return to normalised interest rates, which could take years,” says Young.

Young believes that in this new environment, “the whole investment framework is different.” The most important consequence is that company earnings, and therefore the dividends they pay out to shareholders, are going to be appreciably lower than they have been historically. “If dividend growth is 3% that would be a very good result in this low inflation environment,” he says. “This compares to the double digit earnings growth of 5, 6 or 7% which we got in the past. There’s a material difference already in this low inflation, low growth environment.”

One caveat is that in a low or negative inflation climate, returns don’t have to be that high for charities to feel the benefit. The low capital and dividend scenario is “not necessarily a disaster" maintains Young "as the real level of dividend (after inflation) may be the same as previously in an environment when inflation is materially lower."

It is also the case that charities are facing, not only lower returns, but greater market ups and downs, or in investment-speak, "elevated volatility". Across the board, in the wake of the stock market mini-crash in August prompted by the slowdown in China, investment experts anticipate 2016 to be marked by increased stock market volatility. The fears over China, says Kate Rogers, head of policy with Cazenove Capital Management, "shows how vulnerable we are even after quite considerable market performance, to investor sentiment turning negative". The question is whether stock market shocks will involve sharp dips followed by swift recoveries or whether a serious 2008-style crash is on the cards. The Swiss-based Bank of International Settlements warned ominously in September that financial markets would soon have to "take their bitter medicine".

However, the strong consensus among investment experts that while shocks, probably from the hotspot in China will occur, the world will not be drawn back into recession or another financial crisis. "It doesn't mean that we are in a bear market, it's just that we will probably see some bumps in the road," says Rogers. However, as charities have moved more of their investments from the safe but barely productive havens of cash and bonds, into the inherently more risky realm of equities, it is also the case that they are more susceptible than in the past to stock market volatility. And this especially applies, as shown by Newton's 2015 investment survey, to charities with under £20 million invested.

A common assumption is that many charities, particularly endowed foundations, are long-term investors and should be able to ride out any increase in volatility or lower returns. However, Hendriks warns that lower share prices can reflect expectations of lower profit growth and therefore result in a lower dividend pay-out. And in a lower share price environment, charities may not be able to sell their investment assets to support their income. "It's not a great position to be in," he says and predicts some charities will be forced into the "painful discussion" of how to lower their grant or operational spending.

Traditionally, after a bull market in equities like the one that is now coming to an end, charities have responded by increasing their fixed income allocation and reducing the equity-content portion of their portfolio. But with low interest rates and low inflation, a flight into government bonds is not recommended. "Charities that have high exposure to fixed income would be wise to think about how they might reduce that somewhat," says Pitt. "Bonds from here look like a pretty poor investment."

So a more experimental approach to diversification seems to be in order. According to James Bevan, chief investment officer with CCLA, "in a world of rising uncertainty you definitely don't want to back just one horse." Property has become a staple form of diversification for charities and hasn't lost its income generating character. But infrastructure – which can take the form of roads, schools, prisons or sewage projects - is increasingly coming into the picture. Charities can invest in infrastructure firms or buy their debt which is often underwritten by the government. "We are getting far higher yields in that sort of asset class we are in, for example, gilts," says Pitt.

So, while investment managers warn of muted performance, they are not wholly pessimistic. "If you've got the right active investment strategy you can do just fine," maintains Wells. "We're in a world of low returns, not strongly negative returns." Maitland concurs: "Just because the average is muted doesn't mean there won't be some very good and very bad investments out there." ■

INVESTMENT

Choose change?

Charities are required to review their investments and managers, but there are plenty of grey areas around when and how they should do it

WRITTEN BY MATT RITCHIE, EDITOR OF CHARITY TIMES

After setting an investment policy, choosing the managers that will run a charity's money is one of the most important financial decisions many trustee boards can make. Investment management is a competitive space, and a charity with considerable investable assets will find no shortage of suitors prepared to peddle their wares before the board.

Reviewing the performance of investments and the firms employed to manage them can be a major undertaking. Boards risk wasting considerable time and resource if they are too quick to change manager, and potential banana skins abound from the questions put to prospective managers to the number who get placed on a shortlist to present to the board.

The Charity Commission's guidance for trustees on making investment decisions sets out that, first, a charity needs to be clear about what it wants to do, how it intends to do it and what the timescale for delivery will be. These considerations will govern the organisation's investment objective.

"The investment policy statement is absolutely key," says Nicola Barber, partner and head of charities at James Hambro and Partners, "It's an outline of everything; your time horizons, the scope of the investment powers, the attitude to risk, the amount of money that's available, whether you want an ethical policy, and who can take decisions."

This policy will form part of any future investment management agreement, making it an important influence on whether the manager is able to deliver on trustee's expectations.

Investment is a notoriously esoteric field, arguably much more than it needs to be. In any case, trustees will be best served by ensuring investment objectives and policies are set out as clearly and simply as possible.

This will serve to ensure there is a minimum of confusion or room for varying interpretations later, greatly assisting in judging managers' performance.

Charles Mesquita, senior director of charities at Stanhope Consulting and experienced trustee, says investment policies should be precise, but also written in terms understandable by those without a financial background.

"The best test of an investment policy is to give it to a new trustee, ask them to read it, then come back and tell you what their interpretation of that policy is and if there's anything they don't understand."

When to review?

Once a charity has set out its objectives and policies clearly, and brought on managers to carry them out, the role then becomes one of monitoring and review.

But there are no hard and fast rules on the frequency of monitoring required, in particular when it comes to the performance of investment managers.

The Charity Commission says trustees must keep their portfolio under “regular review”. This scrutiny must cover the performance of investments, and the service provided by investment managers.

And there is no clear consensus on how often managers should be reviewed, or how deep a review should go.

Newton Investment Management’s charity investment survey 2015 found 90 per cent of charities had reviewed their arrangements in the past five years.

Of the 94 charities surveyed, with total assets of £20.7 billion and a median portfolio of £41 million, 49 per cent had changed manager following their last review.

But the task of carrying out a full review, and in particular testing the market for alternatives, is an onerous one and should not be undertaken for its own sake.

There is also agreement on the types of circumstances that should trigger a review. James Brennan is head of charity business development at investment manager Rathbones, and a trustee of a charity. He says a significant personnel change at an investment manager is one red flag, as is a major change in process.

“If we appoint a manager on the basis of their investment style, we would be concerned if they decided to change tack and effectively abandon their core philosophy.”

Brennan says reviewing managers around every three years is generally good practice - striking a balance between prudence, reasonable use of resources, and judging managers over a reasonable time period.

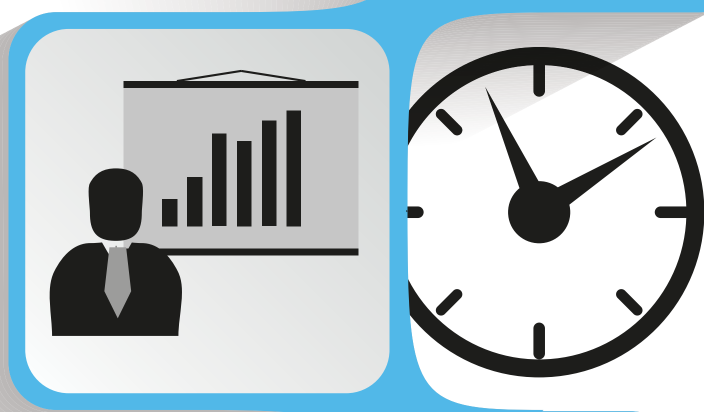
But things needn’t change at the investment manager to trigger a review. Being prepared to respond to market forces plays an important part.

Neil Davies, associate at consultancy Barnett Waddingham, warns against trustees “reviewing a manager because they think they ought to”. A period of low returns may be more to do with what a charity is asking its manager to do rather than any issue with the manager’s performance.

However, if there is a significant change in the market that may require managers to do different things in order to meet investment objectives. A charity’s existing provider or providers may be able to do this, but the organisation may also need to look elsewhere.

“Some trustees like to think that they’re getting the best manager in every single asset class. But actually the most important decision you can make is which asset classes are you in? And are you in them at the right time? That’s what’s going to earn you money,” Davies says

Mesquita points to studies that suggest the strategic allocation produces 90 per cent of a portfolio’s return, so it is crucial to get the policy right.



To change or not to change?

Often any issues in the service arrangement can be solved with a conversation and greater understanding between the trustees and the manager, without having to go through the process of a full review.

Taking a closer look at the current arrangements does not automatically mean seeking out alternatives.

Indeed, Barber was involved with the management of a foundation's assets for 15 years, and the organisation reviewed its management arrangements three times over that period.

"As a matter of due diligence and good practice they always went through a review every five years. One of the things it does do is focus the existing manager not to become complacent and to ensure their fees are always competitive."

But a meaningful search is costly and time consuming, and Mesquita says the process can take three months from start to finish. Trustees need to ask whether this is the best use of their time, he says.

"We would sit down as a trustee board and formally ask whether our manager is doing a good job. 'Yes' - great. Are they doing it at a reasonable price? 'Yes'. Then we move on. Is there anything we should be changing within the investment objective? Has anything changed within the organisation?"

Stanhope Capital's consulting business is often hired to carry out 'drains up' reviews on managers, Mesquita says, but starts from the position that the charity wants to retain its manager.

"More often than not their concerns are around reporting, or service, or just that they don't feel loved any longer. And it could be a communication issue between trustees and the investment manager."

Brennan says that a review of a charity's strategy could involve asking the investment manager to deliver a different service, but this does not necessarily require a change in manager.

"Just because you review doesn't mean you change. It's quite a lengthy process reviewing managers so if your manager is delivering, as long as you've looked at the numbers, you're happy with the team, you're happy with the performance, you're happy with the administration and are receiving ongoing investment advice - why change?"

Beauty parade

A range of other issues emerge should trustees choose to explore their options for change. And the process can be made more complicated by taking on too much in the pursuit of being thorough.

If the review proceeds to a 'beauty parade' of managers, best practice suggests a shortlist should be just that: short.

"I know from experience that if you see five or six firms, by the time you've seen the sixth you've forgotten what the first and second have said," Mesquita says. "It's a very tiring process as it is, and you can end up confusing yourself."

He also questions the sense in having the incumbent manager in the formal presentation process to trustees, as they should be fully cognisant of their manager's capabilities. It is much better to meet with the incumbent manager after digesting the presentations, to discuss issues arising and address any shortcomings. The process should not be necessary unless something is wrong with the existing service. However, Brennan takes a different view and, as a trustee, believes in giving the manager a chance to "sing for their supper".

Boards can give themselves an easier time of arriving at the shortlist by being very clear about what they are asking for in the first place. Brennan advises charities to ensure the questionnaire charities put in front of prospective investment managers is as specific as possible.

Failing to set a framework that allows for an 'apples for apples' comparison can make the already difficult process harder, and result in a charity missing out on the

full benefit a well-managed switch could offer.

Brennan says this is particularly true when it comes to fees and performance numbers. Being specific about what you are asking for and stating the exact time periods you are interested in ensures consistency when comparing manager A and manager B.

And as the charity investment space can be a crowded field, looking beyond bottom-line returns can be rewarding.

"Some performance numbers are not going to be wildly different. A lot of the big houses do similar things. The other piece of information you can ask for is volatility. If you've got two managers delivering the same thing but one's less volatile then you're going to get a smoother ride and that might suit you."

It is also important for trustees to ensure they receive explanations for any information they do not understand throughout the tendering exercise. Trustees have a right to ask for things to be put in plain English, and this can in fact shed light on whether there is substance to the information provided.

"Insist that people don't use jargon, and don't be afraid to ask questions," Barber says. "I'd encourage all the trustees to engage, and to say 'sorry but I don't understand that; could you explain it and put it into context?'"

Barber stresses the importance of being patient, and taking whatever time is necessary to ensure a thorough process. Simply put: if it's worth doing, it's worth doing right.

"Don't make a quick decision. Be persistent – if you don't understand something, don't just take somebody's word for it. Make sure you understand it. The managers that care and want to build a long term relationship will happily sit down, offer to go to the trustees and explain things."

Expertise

A lot will rest on the level of expertise across the board of trustees. Many charities are fortunate in that they have acting investment professionals and finance experts on their board.

Where this is not already in place, the Charity Investors Group produces a register through which charities can look for trustees with finance experience. Trustees Unlimited, the joint venture between Bates Wells Braithwaite, NCVO, and Russam GMS can also help link charities with experts prepared to volunteer their experience.

Finance related trustee vacancies can also be advertised through the Charity Finance Group, and CFG and CIG have co-produced an excellent guide on formulating investment policy statements that covers approval and review.

But Mesquita sounds a note of caution. Boards should remain vigilant that they do not drift into deferring all investment decision making to one trustee, in situations where investment experience is limited.

This experience is undoubtedly helpful, but it is important to ensure a range of views are represented and that decisions are subjected to the appropriate level of oversight.

"Charities are in a fantastic position that they can call on expertise and people will give their time and knowledge freely. But lay trustees need to be careful that they don't get bamboozled by the 'financial expert' or just look to them to make the decision for them. Actually, people with limited or no knowledge generally ask really good searching questions by applying common sense."

Finally, professional consultants can play an important role in advising charities on everything from their investment policy to manager selection.

"It's what they do day-to-day so they're very experienced," Barber says. "Most are independent, they're unbiased. Where the trustee board might think it's all about the investments, a consultant will look at other criteria such as the corporate structure, manager incentives, regulatory compliance and stability of the investment team." ■

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The Company also arranges insurance for a large number of corporate clients and has a specialist private client division advising affluent and High Net Worth clients on their personal insurance needs.

Please see our website for the video outlining our services to the Charity sector or contact us to discuss our 10 point Charity checklist for Insurance.

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For more information, please contact John Clifton :

E: john.clifton@cazenovecapital.com
T: 020 7658 3636
W: www.cazenovecapital.com/charities

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For further information, please contact John Clifton on 020 7658 3636 or email john.clifton@cazenovecapital.com

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CERNO CAPITAL

Cerno Capital Partners LLP

34 Sackville Street, St James's
London W1S 3ED

For more information, please contact Mustafa Abbas, Nick Hornby, James Spence

T: 0207 382 4112
E: charities@cernocapital.com
W: www.cernocapital.com

Cerno Capital works closely with charities, helping them organise and manage their investment portfolios.

It is our view that the only way to obtain a reliable investment return is to identify the prevailing macro-economic themes and then follow a robust methodology for selecting investments. We take a real world approach to risk, concentrating on the risks of losing money and not just the measurement of volatility.

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24 Monument Street
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Mike Goddings
Head of Charity Development
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E: charityinvestments@edentreeim.com
W: edentreeim.com

EdenTree is an investment management firm with a strong heritage of delivering profit with principles. We provide an award-winning fund range managed responsibly by some of the UK's most highly rated Fund Managers. We believe that consistent, long-term returns are more likely to be achieved by investing responsibly in sustainable businesses. Our charitable ownership, along with our history, is what drives our values and we're proud to re-invest our profits into the community. Our Amity Charity Funds are both positively and negatively screened – and we now have over £2.4 billion* of institutional and retail funds under management.
**EdenTree as at 31 December 2014*

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INVESTMENT MANAGEMENT

Newton Investment Management

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Newton Investment Management
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London
EC4V 4LA

T: +44 (0)20 7163 6377
E: stephanie_gore@newton.co.uk
w: www.newton.co.uk/charities

Newton's sole focus is investment management, with its guiding principle being to enhance the real wealth of its clients. It currently manages £50.7 billion on behalf of charities, pension funds and institutions.

Newton is committed to the charity sector and has a charity business that is very important to it. It has a well-established history as a UK charity investment firm, currently managing £3.8 billion on behalf of its charity clients. Newton uses a distinctive global, thematic approach which is incorporated in its specially designed charity pooled funds and segregated portfolio services. (Data as at 31 December 2014).

www.newton.co.uk/charities

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'Odey' comprises Odey Asset Management LLP and all of its subsidiaries and group companies, including Odey Wealth Management (UK) Limited. Authorised and regulated by the Financial Conduct Authority.

Odey is a respected investment firm known for its focus on performance.

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Odey manages c. £8bn on behalf of a diverse and international client base of private clients, charities and institutions who share Odey's beliefs:

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- Long term performance requires a flexible approach, a willingness to be early and contrarian and to act quickly when you are wrong;
- Managers should invest their own capital alongside clients.

If you would like to learn more about us, please contact Fay Dalby on f.dalby@odeywealth.com or 0207 2081414

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Contact: William Reid, Head of Charities
T: +44 (0) 20 7150 4005
E: william.reid@quiltercheviot.com
W: www.quiltercheviot.com

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The value of investments, and the income from them, can go down as well as up. Investors may not recover what they invest.

Quilter Cheviot is one of the UK's largest independently owned discretionary investment firms, created by the 2013 merger of Quilter and Cheviot Asset Management. The firm focuses primarily on structuring and managing bespoke discretionary portfolios for charities, trusts, pension funds, private clients and intermediaries. Our charity assets under management are in excess of 1.2b*, making us one of the leading charity managers in the UK.

We offer your charity:

- Direct access to a **dedicated team** with the knowledge and experience to tailor your charity's portfolio to meet its investment objectives.
- An investment process that **can respond rapidly** to changing market conditions.
- Comprehensive **reporting** and access to portfolio valuations via our password protected website.
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**01.03.14*

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Rathbone Investment Management

1 Curzon Street, London, W1J 5FB

For further information please contact Francesca Monti:

E: francesca.monti@rathbones.com
T: 020 7399 0119
W: www.rathbones.com

Rathbone Investment Management is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Rathbones welcomes charities of all shapes and sizes

We like to work in partnership with our charity clients which means you will have direct access to the person managing your charity's investments, resulting in a portfolio that accurately meets your needs and is as individual as your charity.

Key facts

- £3.17 billion of charitable funds under management
- Over 1,000 charities
- Segregated or pooled investment
- Dedicated team of charity investment specialists
- A history grounded in philanthropy

All figures as at 31st December 2014

Royal London Asset Management

55 Gracechurch Street
London, EC3V 0RL

Contact: Alan Bunce, Head of Institutional Business – Direct

T: +44 (0)20 7506 6570
E: alan.bunce@rlam.co.uk
www.rlam.co.uk

RLAM is authorised and regulated by the Financial Conduct Authority.

Royal London Asset Management (RLAM) is one of the UK's leading investment companies for the charity sector. RLAM has built a strong reputation as an innovative manager, investing across all major asset classes and delivering consistent long-term outperformance. RLAM manages over £80 billion of assets, split between equities, fixed interest, property and cash, with a market leading capability in sustainable investing.

RLAM is proud to manage £3.2 billion in assets on behalf of over 170 charity clients. We pride ourselves on the breadth and quality of the investment options we offer, and we recognise that your main focus is your charitable activity; ours is to construct the best possible investment portfolio, often in multi-asset solutions, to meet your risk and return objectives. Whatever your requirements, we are well positioned to offer a solution.

All data as at 31 March 2015.

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Ruffer LLP

80 Victoria Street
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For more information contact:
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F: +44 (0)20 7963 8175
E: cqueree@ruffer.co.uk

Ruffer is an absolute return investment manager. Instead of following benchmarks, we aim not to lose money on a 12 month rolling basis and to deliver a return greater than the risk free alternative of cash on deposit. Capital stability is essential to provide a sound platform for income generation and for growth of capital and income. By aiming to avoid the cyclical gyrations of the market, we aspire to provide a less volatile experience for our charity clients. We manage over £17bn of assets including £2bn for over 290 charities as at 31 December 2014. Our charity clients span all major charitable sectors and include some of the largest endowments in the UK. A dedicated portfolio manager works with each charity to build an appropriate segregated portfolio, which may include ethical screening if required. A Common Investment Fund is also managed within the Ruffer Group.

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Sarasin & Partners LLP

Juxon House
100 St Paul's Churchyard
London EC4M 8BU

Contact: John Handford

T: 020 7038 7268
F: 020 7038 6864
E: john.handford@sarasin.co.uk
W: www.sarasinandpartners.com

Sarasin & Partners manages approximately 365 charities with over £5.0 billion in charitable funds*, representing almost 39% of the firm's total Assets under Management. We also manage investments for UK private clients, pension funds, and other institutions with total funds under management of £13.0 billion* (*as at 30.09.2015).

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Sarasin & Partners LLP is a limited liability partnership incorporated in England and Wales with registered number OC329859 and is authorised and regulated by the Financial Conduct Authority.

UBS

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Waverton Investment Management

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