charitytimes

June/July 2017

Fundraising:

GDPR

It's coming to a database near you soon! Be aware and be prepared

Security:

Ransomware

WaanaCry and Petya are now household names, what can charities do?

Psychology:

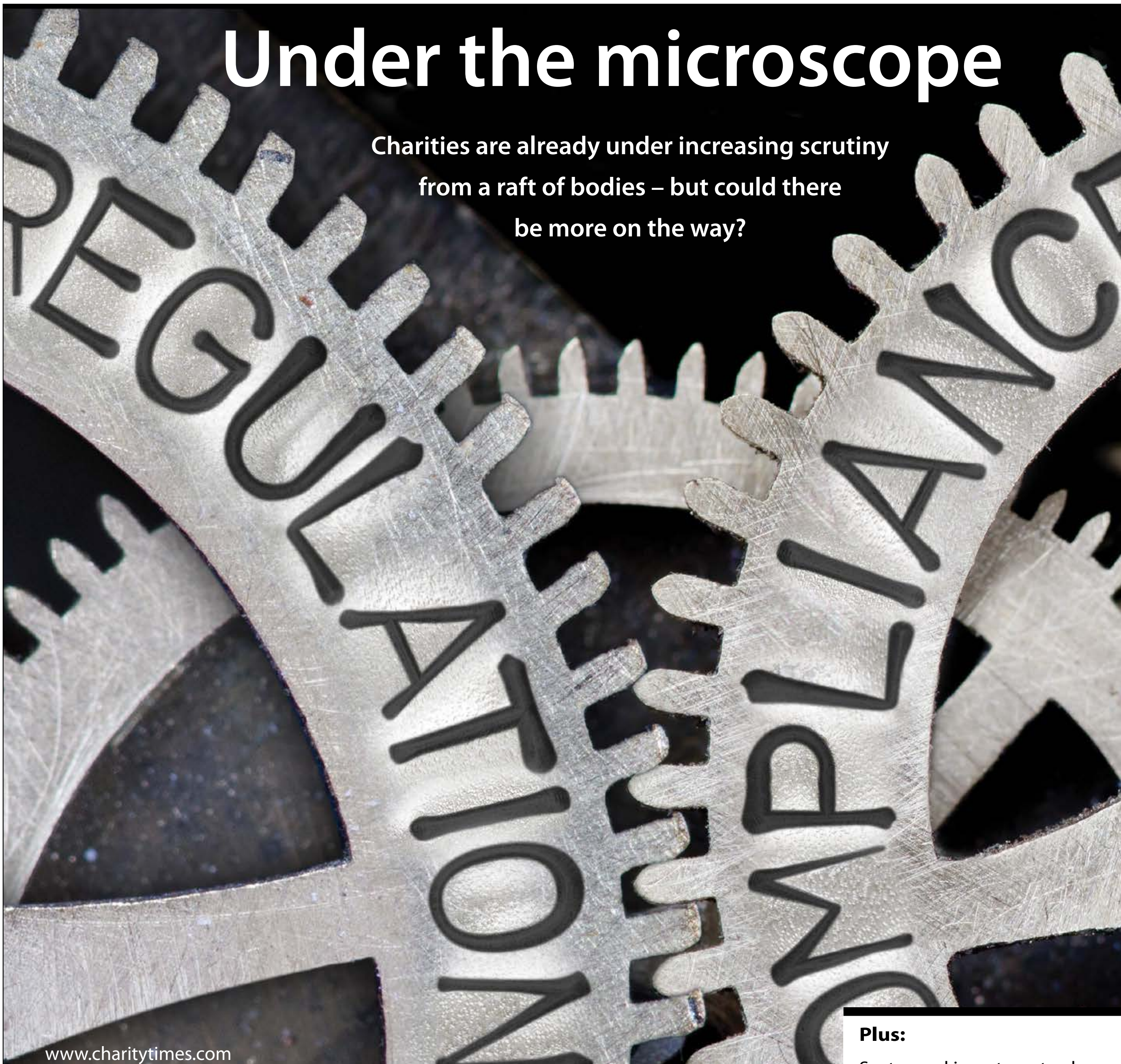
Volunteering

Volunteers and management, and the lessons to create a mutually benefical result

Management:

Management Guide 2017

Insights and advice for charity managers from sector experts and advocates



Under the microscope

Charities are already under increasing scrutiny from a raft of bodies – but could there be more on the way?

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BETTER SOCIETY AWARDS: The Awards winners and review

Plus:

Sector and investment columns

News

See page 57 for charity suppliers directory


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charitytimes

A handheld driver of change

As my brother is fond of quoting "change is inevitable in all things except vending machines", and nobody connected with the charity sector is likely is disagree with change having developed, or forced, from every direction. However, not all change is equal, and possibly one of the most significant shifts in the last decade is one that has been in the way that donors interact with causes.

It is no coincidence that this shift has been most pronounced during the period that the iPhone (and like devices) has been so dominant. It is not just the number of channels that now compete for attention; it is the ever faster reaction times, the social networks and peer groupings that define us in modern life.

So comes as no surprise then that Blackbaud has decided that the future lies in the direction of JustGiving, spending £95m on purchasing the leader in such socially connected giving. It makes sense, especially as the forthcoming GDPR rules (please see the article on page 30) will reduce the ability to mass mail and increase the value of more socially contacted and contracted campaigning – that is the willingness to receive information that you have identified as being useful to you.

In addition oversight is increasing, with the Fundraising Preference Service adding either an increase in regulation or a much needed boost to trust - depending on your view. this is detailed in our cover story on page 14. To add to the shifting landscape it has also been reported that Payroll Giving receipts have declined year on year

None of this is new, it is true, technology has driven campaigning and fundraising from the beginning, but that is not to underestimate the potential shift in how interaction takes place, and how strong connections are made. It may be too early to fully understand the way in which these changes will distort or evolve the donor pyramid, but the one thing that is guaranteed is that no charity can ignore these changes.

Understanding your audience and your donors has always been a required art, but as technology has made its presence felt, it is wise to at least anticipate change.

Matt Ritchie, Editor

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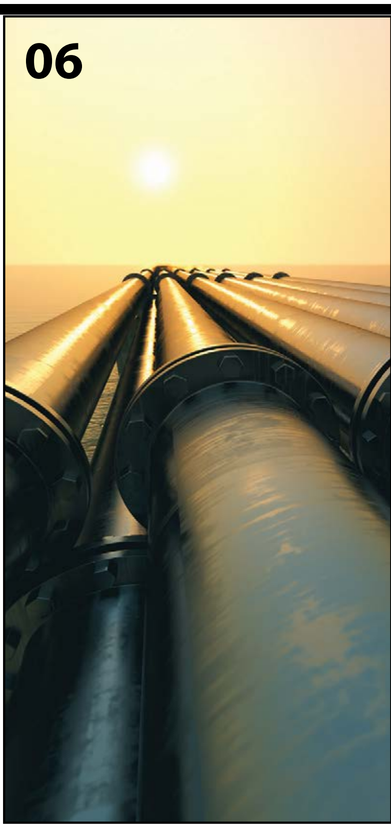
In this issue
Contents

June/July 2017



News & views

Regulars

Cover

Charity management

Contents

Features

Cyber security

Better Society 2017 AWARDS

Better Society Awards

in brief

FUNDRAISING REGULATOR MAKES LAST MINUTE CHANGES The Fundraising Regulator has added new requirements to the Code of Fundraising Practice only a week before the launch of the Fundraising Preference Service (FPS) on 6 July 2017. In a move to help instil confidence for charities' activities with the general public, and in particular communication preferences with them, the changes made to the Code will require all charities to stop sending direct marketing communications on receipt of a request made through the service. Stephen Dunmore, chief executive of the Fundraising Regulator noted: "We have written to those charities that do the most fundraising to ensure they are ready to receive FPS requests. While only these largest charities need to register at this stage, all charities need to make sure that they know what the FPS is and are ready in the event that they receive a 'stop' notification."

BLACKBAUD TO ACQUIRE JUSTGIVING FOR £95M US-based software and services provider Blackbaud has announced that it will acquire UK-based online fundraising services provider JustGiving, that has played a major role in the growth of peer-to-peer fundraising. Blackbaud has agreed to acquire all of the outstanding equity interests of JustGiving for an aggregate purchase price of £95m, as Blackbuad seeks to consolidate its position in the growing areas of social and mobile giving. The ability of single supporters to reach out into their personal networks (peer-to-peer fundraising) has presented a growing part of role in charitable giving. JustGiving has been successful in both not-for-profit and individual funding (personal crowdfunding), with people in 164 countries raising over $4.5 billion through its online platform since 2001. Blackbaud clearly sees that it can expand these services, especially the personal fundraising element in the US.

CHARITIES NOT IMMUNE TO RANSOMWARE Research by the Charities Security Forum (CSF) in the aftermath of the WannaCry ransomware outbreak, which affected public systems including the NHS, showed that 1 in 12 charities questioned have suffered from ransomware issues. However, the sample is admittedly low, so drawing any firm conclusions is difficult – both from the number of respondents, but also from the fact that being in the CSF is likely to mean there is a heightened sense of security awareness to attack, and so the research's findings may be under-reporting the scope of the issue within the charity sector.

> *The changes made to the [Fundraising] Code will require all charities to stop sending direct marketing communications on receipt of a request made through the service*

SANTANDER RENEWS MATCHED FUNDING PROGRAMME WITH CROWDFUNDER Santander is renewing its partnership with Crowdfunder, providing additional funding to charities, social enterprises, and community projects across the UK. The bank has allocated an additional £200,000 to a second phase of the Santander Changemaker Fund following a pilot. Projects looking to support social change and who meet the criteria can present their ideas on the Crowdfunder website and unlock matched funding if the crowd support their ideas. The Changemaker Fund is open to small charities, social enterprises, and community groups that help disadvantaged people in the UK. Eligible projects seeking funds of up to £20,000 and focused on skills, knowledge and innovation that get the crowd's backing will receive 50 per cent of their funding requirement from Santander. The Fund has provided nearly £200,000 to 33 projects to date, supporting projects all over the UK.

LAW COMMISSION OPENS UP SOCIAL INVESTMENT The Law Commission published its report *"Pension Funds and Social Investment",* which has made several recommendations for more responsible pension scheme investment and several "options for reform" to boost social investment by pension schemes. Although aimed at a broad set of investment issues and governance matters, amongst the options is a call to make it easier for some charities to issue bonds. The review's position represents a significant realisation of the market for investment in social enterprises (such as charities and community interest companies). Although accepting that the terms are broad, it particularly identifies the opportunities for funds to directly fund and invest in activities that are charitable or have a social good.

QUEEN'S SPEECH TACKLES DISCRIMINATION The Government has outlined its commitment to tackle discrimination in the Queen's Speech, pledging to make progress against barriers artificially created by gender, race, faith, disability or sexual orientation. In addition the Government has specifically highlighted the need to create legislation to protect the victims of domestic violence and abuse, and reform mental health legislation.

SENIOR EXECUTIVES 'MUST FORMALISE' RELATIONSHIP A study has attempted to determine the factors in creating a good relationship between the chair and chief executive in a charity, and indeed what might lead to an eventual break up. Based on advice from 70 successful chairs and chief executives in the not-for-profit sector, the study outlines four pillars that can help establish a strong working relationship, to steer an organisation towards success. These are: governance, mutual trust, challenging assumptions and leaving ego at the door. Juliet Taylor, Partner

at GatenbySanderson, the study sponsor, commented: "While many senior leaders are quick to acknowledge the importance of the relationship, not all carve out the time to really nurture a strong working

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bond. It can be easy for both parties to get stuck in the 'day-to-day' or dealing with issues as they arise. But time, effort and good governance practices, are the key for leaders to establish a resilient alliance that can so often be the difference between success and failure."

LLOYDS AND THE BIG LOTTERY FUND ANNOUNCE FUNDING COLLABORATION Lloyds Bank Foundation for England and Wales and The Big Lottery Fund have announced a new funding pilot for small charities working in local communities. Twenty-two small and local charities across England have been awarded grants totalling £1.4m by the Foundation as part of its Invest programme, with additional funding worth almost £400,000 from The Big Lottery Fund without the need for further grant applications or subsequent monitoring processes. Following this initial pilot, Lloyds Bank Foundation and the Big Lottery Fund are considering further options for joint working to continue growing support for and investing in small and local charities and testing ways of supporting small charities without any further administrative burden on the charities' part.

CHARITIES WELCOME NEW MINISTER
Tracey Crouch has been given Ministerial responsibility for civil society in the new government, with an expanded brief that includes responsibility for sport. Infrastructure bodies have welcomed the new Minister, but reservations have been expressed about how Crouch will balance the demands of civil society and sport. Tracey Crouch, Parliamentary Under Secretary of State for Sport and Civil Society, takes responsibility for gambling, horse racing, the Office for Civil Society, sport, The National Lottery and society lotteries. Crouch was elected as the Conservative MP for Chatham and Aylesford in 2010, and was appointed Parliamentary Under Secretary of State for Sport, Tourism and Heritage after the 2015 election. Charities Aid Foundation chief executive John Low said the new Minister is well placed for the role through her strong relationships with a number of local charities and strong ties with charities through her time as Minister of Sport.

TREASURY NAMES MINISTER RESPONSIBLE FOR CHARITY TAX
Mel Stride has been appointed Financial Secretary to the Treasury, and Paymaster General, assuming responsibility for charity tax policy. Stride was elected the Conservative MP for Central Devon in 2010, and appointed Parliamentary Private Secretary to the Minister of State for Further Education, Skills and Lifelong Learning in 2011. Stride's new role sees him responsible for charities, the voluntary sector and Gift Aid. He is also responsible for personal savings tax and pensions tax, corporate and small business taxation, and customs policy among a range of other areas. Stride succeeds Jane Ellison who had held the role since June 2016, but lost her Battersea seat to Labour's Marsha De Cordova in the recent election.

Teenagers are more likely to have participated in charitable activities than adults

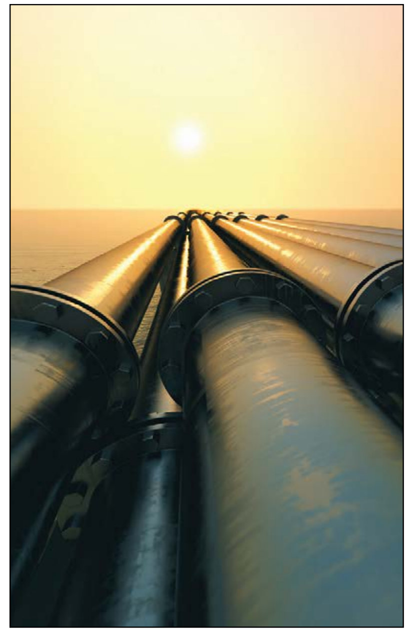
BIG LOTTERY FUNDING ANNOUNCES £50M IN GRANTS IN CARERS WEEK
More than 1,900 projects are to share in more than £50m of National Lottery funding across England, Big Lottery Fund has announced. The announcement coincides with Carers Week, an annual campaign to raise awareness of caring, highlighting the challenges carers face and recognising the contribution they make to families and communities up and down the country. Projects to receive funding include Wigan and Leigh Carers Centre, which will use £478,843 to develop a new community hub to support carers in the local area.

AID ORGANISATIONS WELCOME REAPPOINTMENT OF PRITI PATEL A group of leading UK aid organisations has welcomed the reappointment of Priti Patel as Secretary of State for International Development. However, the group has called on the Secretary of State not to act unilaterally on UK aid reform. Save the Children, UNICEF UK, Oxfam GB, ONE, Christian Aid, Water Aid, Tearfund, CAFOD, Concern Worldwide, Plan International UK, Restless Development, IRC, RESULTS, VSO, and Comic Relief issued a statement marking the reappointment. The organisations said British aid and leadership in tackling poverty and hunger are needed more than ever at a time when the world is facing the largest refugee crisis since the Second World War and four countries stand on the brink of famine.

BIG SOCIETY CAPITAL ANNOUNCES FURTHER £2.5M INVESTMENT IN CHARITY BANK Big Society Capital has invested £2.5m in the share capital of Charity Bank, and committed in principle to invest a further £2.5m on or before 1 December 2017. The move will complete Big Society Capital's pledge in March 2014 to invest up to £14.5m in ordinary shares of Charity Bank. This investment comes as Charity Bank experiences continued growth, with £28m of new loan approvals in the first five months of 2017. Charity Bank uses savings to make loans to charities and social enterprises, and has lent over £180m since 2002. All of the bank's shareholders are charitable trusts, foundations, and social purpose organisations.

TEENAGERS MORE LIKELY TO VOLUNTEER THAN ADULTS, STUDY SHOWS Teenagers are more likely to have participated in charitable activities than adults, according to new data from National Citizen Service. Published during Volunteers' Week, the findings show 54 per cent of teenagers have volunteered their time for a charity or local cause, compared to only 34 per cent of adults. In addition, 16 and 17 year olds are almost twice as likely to have fundraised compared to those aged over 18 (58 per cent compared to 32 per cent). The research by ICM for NCS found 67 per cent of teenagers would like to volunteer in future, and 64 per cent of 16 and 17 year olds said taking part in activities to help others is important to them. The research drew on a survey of 1,002 16 and 17 year olds, and 2,000 nationally representative adults.

VICTORY FOR CHURCH COMMISSIONERS IN EXXONMOBIL CLIMATE VOTE Church Commissioners for England are hailing a victory for shareholders after a climate change disclosure resolution received majority backing among ExxonMobil investors. The commissioners filed a motion alongside New York State Comptroller Thomas P. DiNapoli, asking Exxon to report on how its business model will be affected by global efforts to limit the average rise in temperatures to below 2-degrees Celsius. More than 62 per cent of



shareholders voted in favour of the motion, up from the 38 per cent that voted in favour last year in what was then the highest-ever vote for a climate change proposal at an Exxon AGM. Head of responsible investment for the Church Commissioners Edward Mason said the historic vote carried despite strong opposition from Exxon's board.

Finance

CARON BRADSHAW IS CHIEF EXECUTIVE OFFICER OF THE CHARITY FINANCE GROUP

HELPING SMALL CHARITIES, YEAR-ROUND

I am writing this just after the end of Small Charity Week which has once again been a huge success. Small charities are the backbone of our sector, and without them, we would not be able to help the millions of people that depend on charities. So I'd like to begin this column by once again thanking those that work, volunteer and govern small charities for their hard work and dedication.

Ever since I became chief executive of Charity Finance Group I have been focused on what more we can do to help this part of the sector. It is often the case that people assume that charity finance issues are something for the 'big guys' and that small charities either don't need help or lack the capacity to use it. My experience at CFG has showed that both of these are wrong.

Firstly, small doesn't necessarily mean simple! There are many challenges to running a small charity and some organisations can have complex governing requirements that make the job of running the charity harder. Moreover, small charities haven't been exempted from the significant increase in attention that the charity sector has seen over recent years. The bar has been raised for everyone.

Secondly, small charities are desperate for support and have the capacity to engage when it is put in the right format. We are coming to the end of our pilot Small Charities Programme. A full evaluation will be undertaken but we have seen hundreds of charities attend the training and thousands download the free resources on our website. The reason small charities often lack the support that they need isn't due to a lack of interest on their side, but because we in the infrastructure space lack the resources to deliver it in a way that meets their needs. Face-to-face training, for example, is quite resource intensive – although incredibly valuable.

At CFG we have been thinking about what we can do practically to help small charities meet some of the bigger issues that face our sector. One of those challenges is fraud.

Societal changes mean that charities are not exempt from criminal attack. We regularly engage with regulators, law enforcement and government, so we know that charities are becoming more of a focus for fraudsters and cyber-criminals. At a time when we are facing significant resource pressures we cannot afford to let money fall into the wrong hands when it is needed to help beneficiaries.

To meet this need we have developed a free guide for small charities on how to combat fraud, taking the latest information and techniques as well as providing a practical checklist for charities so that they can undertake their own review of how effective they are in combating fraud. This is part of a wider piece on countering fraud that we hope will be continuing over the coming year.

Lovely though it is to have a focus in Small Charities' Week, given the importance of small charities, helping this part of the sector is not something that we can just ignore for the other 51 weeks of the year. I welcome the attention paid by the House of Lords Committee on Charities to helping small charities and the challenge it has made to infrastructure bodies (like CFG) to do more to help.

We stand ready to work with others in the sector as well as government and the Charity Commission to do more to help those, to quote Lloyds Bank Foundation, 'small but vital organisations'. My challenge to readers of Charity Times is to think about the small charities they know, perhaps as a volunteer, donor or trustee. Are you signposting them to help that they need? Could you use some of your skills and knowledge to help them?

There are hundreds of thousands of small charities, and no top-down solution will ever be able to cover them all. We need to mobilise the millions of volunteers, donors and trustees to think about how we can build up the capacity of these organisations who are being asked to do more and more.

If we can combine this power with those with the knowledge and expertise to help, then we can truly create a lasting legacy. ■

Fundraising

THE FUNDRAISING REGULATOR, ONE YEAR ON

The sixth of July will mark one year since the Fundraising Regulator opened its doors to the public. At the centre of the reforms that followed the events of the summer of 2015, the success of the regulator for some is seen as a proxy for how seriously the fundraising community takes standards in our sector. The regulator had a difficult task at the start of last year but with strong leadership and the support of many in the sector, has been successful in establishing itself and earning the respect of most people in the fundraising community. But while it's 'so far, so good' there are still risks to this new system of regulation.

As leaders within the charity sector looking at the last year, I think that we should recognise that the approach and leadership shown by the Regulator has been the right one. From the start, Stephen Dunmore and Gerald Oppenheim have absolutely taken the right style in engaging, working with, and at times to challenging, the sector – working as a partner, but also delivering tough messages when they needed to. We have been delighted to work jointly with them over the course of the year on many events and initiatives. With many fundraisers feeling sore from the bruising experience of the summer of 2015 it was right that they took time to consult and listen to the sector ahead of their launch and throughout their first year in operation. This is a sign of confidence and strength, recognising that for regulation to be effective it requires both the buy-in, and the knowledge and expertise, of those they are regulating.

This approach has perhaps been best seen in the design of the Fundraising Preference Service, which will be launched this summer. The source of much controversy and concern from fundraisers ever since its inclusion in the Etherington Review, by consulting and listening to charity fundraisers, donors and the public we now have a service that is widely supported. It is supported because it will ensure donors can stop unwanted contact from charities without severing links between supporters and the causes they care about. As a result, I am sure that the FPS will be widely supported and play an important role in ensuring that everyone has a positive experience fundraising.

The IoF will not always agree with the regulator. We have and will continue to challenge on specific issues. But this does not stop us from wholeheartedly supporting the role the regulator plays as we share the same ultimate objectives of promoting and ensuring excellent fundraising for a better world. One year after their set-up it is now as important as ever that charity leaders re-emphasise their support for this. This is especially the case given reports that not all fundraising organisations are registering with the regulator or paying its levy. Registering with and paying the regulator's levy not only sends a strong signal about the commitment of a specific organisation to high standards, but also makes a statement about the unity and commitment of the fundraising community as a whole to make this system of effective, independent regulation a success.

The last year has shown that with leadership and support the Fundraising Regulator has been able to make real progress in a way that takes the sector with them. The alternative – a statutory regulator taking a combative approach to charity fundraisers and refusing to engage on measures affecting the sector – would be disastrous for charities, the public and the causes that we work for. I don't think that is an outcome that any of us want to see.

The regulator has an important role, and one we should all support. But regulation can only go so far and it is the commitment and actions of fundraisers and their charities themselves that matter most for high standards. I am very proud of how the vast majority of the fundraising community has responded to the challenges for our sector. It is by only by the fundraising community and the regulator working together that we will ultimately ensure an excellent experience for everyone donating to the causes they want to support. ■

PETER LEWIS IS CHIEF EXECUTIVE OF THE INSTITUTE OF FUNDRAISING

Audit

ICAEW AUDIT INSIGHT: CHARITIES – POSITIVE IMPACTS IN CHALLENGING TIMES

GILLIAN MCKAY IS THE HEAD OF CHARITIES AND VOLUNTARY SECTOR AT THE ICAEW

The ICAEW has published online the Audit Insights report, titled "Charities – positive impact in challenging times". The ICAEW Audit Insights series are an opportunity for auditors to bring their shared knowledge and observations of a market sector to the public.

Picking up on the drop in public trust in charities, as identified in the Charity Commission's public trust and confidence report, 2016, the report aims to help charities bridge the gap between what they do and how the public perceives them. So, what can charities do to achieve this?

1. Charities need to demonstrate they are making an impact

Charities need to be more proactive in explaining the output, outcomes and impact of their work. To do so the sector needs to continue to strive towards transparency and accountability. This means being honest about what is working, what is not and lessons that have been learnt.

Despite events of the last few years the public still support charities but they want to understand the difference they are making. The need to report on impact is vital now, a charity's impact can be hard to quantify and results may be long rather than short – term, but the sector needs to keep thinking of ways in which it can demonstrate what charities are doing and the impact that this has on its beneficiaries.

2. Charities need to retain public trust

Charities need to demonstrate to the public that the provide effective leadership. In order to do this trustee boards need to be honest about skills gaps on the board. Charity boards often consist of passionate people with an interest in the charity's work, however, boards still need to satisfy themselves that these people represent the range and diversity of skills required to run what at times are highly complex businesses.

In order to run charities effectively there needs to be appropriate investment in infrastructure. Trustee boards need to be prepared to invest in the true costs of operating a charity and the need to fund a reliable infrastructure. Charities have often been pushed into justifying the amounts per pound spent on overheads, which can lead to a vicious cycle of underinvestment in infrastructure. Yet threats such as cyber-attacks, demonstrate that cutting back on investment in infrastructure can be a false economy.

3. Charities need to become more resilient

Given the difficult times charities have had in recent years this almost seems self-evident, yet there is little sign that financial pressures will ease in the future. To respond to this charities need to demonstrate that they can respond to new opportunities and take managed risks.

To do this of course requires charities to identify new opportunities and to manage risks well. A natural part of effective risk management is a well thought out reserves policy, identifying what level of reserves are held and how and when the excess reserves will be utilised. This is an opportunity for those charities still using boiler plate reserves policies to consider whether this remains fit for purpose.

4. Charities need to maximise their resources

Charities often operate in environments which have been widely effected by government spending cuts. Charities need to ensure contracts they undertake benefit the charity and if not to consider whether to accept it al all. Payment by results contracts particularly disadvantage small charities with limited reserves to undertake these risks. Charities could consider whether bidding as a consortium would be a suitable means by which to reduce these risks.

A detailed summary of the report can be found at http://icaew.com/technical/audit-and-assurance/audit-insights/audit-insights-positive-impacts-in-challenging-times-for-charities. ■

Property

MOVING ON, MOVING UP – WHY RELOCATION IS INSPIRATION

Goodbye trendy Shoreditch and hello funky Vauxhall. After months of planning and plotting, searching and bean counting, the Ethical Property Foundation has finally moved into its new offices. I know I am lucky having a team of senior property advisers in the office to help but moving is such hell it has to be good for you.

Back in 2016 when we were given notice to quit, my first naive mistake was to think there was a chance, with a name like ours, that someone in the property industry might be persuaded to give/peppercorn rent us some space. What was I thinking! With so many millions of square feet of office accommodation in our capital now transforming into empty 2 bedroom flats, office accommodation within striking distance of anywhere, is gold dust.

Then I had to look at everyone's trip to work – and where we could move which would cut down travel time/cost. Which tube lines were best/journey times were best for most of us? Then one day having been deluged by the complex web of rents and extra or inclusive charges by every agent in London, I had a blinding Damascene flash of the bleeding obvious. I was doing this all wrong. I was actually being offered a golden opportunity to look at where our organisation is going and how we work. Also, I had to understand the vital role IT could play in shaping our property decisions. And so here we are now. On the Thames and up on the Cloud with a laptop apiece. Crucially we are now paying for 60 per cent less space.

Luckily for all that unglamorous moving office nitty gritty, there is the hugely useful check list on our own website for anyone planning a move. I can testify it is a godsend. Yet even so, it hard to accept just how long everything takes, particularly if you are a small organisation with not many troops on the ground. Firstly, IT takes far longer than you think. We allowed 2 weeks and it has taken double that. Then there are the cock-ups. Despite telling our local borough we were leaving, they still billed us for business rates after we moved. There are also hundreds of small actions: letting the Charity Commission, Companies House, HMRC and insurance company know our new address. Plus, notes to volunteers, colleagues, clients and funders. And the new letterhead to order, post to redirect and changing the website. And then what do we do with all those leaflets with the wrong address?

Then there is the big S. Shredding. Piles and piles of confidential stuff which requires sensible destruction. Never will we hold so much paper again. It's the muck and the dust and the shame of all that rubbish one has somehow accumulated, despite those virtuous twice yearly office blitzes. And yes, it is always the one file you wanted to keep that goes missing. Nothing vital, just the one with all those good ideas scribbled in the early hours which is now lost forever.

Then comes the day of the move itself. A cheerful young man with a van arrives to load up our boxes and plants. Easy. And then there is the extra spend for getting our PCs wiped and our ancient desks removed and recycled.

Still, we are in – though still plagued by IT snags. And it remains to be seen how we will adapt to a more confined office. Desks are smaller and so are laptops but human beings prefer to spread themselves. As for meeting rooms – we have to get used to paying for them whereas before in our 3rd sector hub they were free. Yet part of the transformation for us, as a charity which thinks as a social enterprise, is that we are now housed in a private sector environment. No more brown rice and anti-globalisation stickers in the kitchen. Now over the gurgling Italian coffee machine we chat away to smart start-up entrepreneurs in strange fields like satellite imaging. And it is a shock to see ourselves as they see us: quaint and olde worlde. Yet I suspect some of their capitalist derring-do is catching. This morning, I negotiated a fee for a bit of staff time we would have once unthinkingly given for free.

Excuse me while I go and unpack the new business cards. ■

ANTONIA SWINSON IS CHIEF EXECUTIVE OF THE ETHICAL PROPERTY FOUNDATION. THE CHARITY PROPERTY MATTERS SURVEY 2016 IS AVAILABLE FREE ON WWW.ETHICALPROPERTY.ORG.UK

OVERSIGHT

Under the microscope

Charities are under increasing scrutiny, as the body overseeing fundraising marks a year in operation. *Charity Times* looks at how the various bodies are interacting with the sector

WRITTEN BY JOE LEPPER, A FREELANCE JOURNALIST

Charity regulation has increased markedly over the past year, with multiple watchdogs keeping a closer eye on the sector than ever before.

This year governance and finance regulator the Charity Commission will be bolstered by greater powers to disqualify trustees and senior managers.

Last July the Fundraising Regulator was added to the mix, with a brief to better protect donors.

In addition, the Electoral Commission has already shown its willingness to pounce on charities that fail to comply with 2014 Lobbying Act regulations around campaigning.

Information Commissioner's Office

As if that wasn't enough for charities to deal with, late last year the Information Commissioner's Office (ICO) joined the fray, with a major operation targeting data protection breaches within the sector.

This resulted in fines of £25,000 and £18,000 for the RSPCA and the British Heart Foundation respectively last December.

More action by the ICO was to follow in April when 11 charities, including Oxfam and the NSPCC, were fined a total of £138,000.

To put this heightened focus by the ICO into perspective, prior to last year it had fined just one charity since 2010, the British Pregnancy Advice Service in February 2014 after a hacker threatened to publish thousands of names of people seeking advice on abortion, pregnancy and contraception.

A key driver in the ICO's recent interest in charities has been a series of high profile media stories around charities' fundraising practices, according to an ICO spokesperson.

This included a 2015 *Daily Mail* investigation into allegations charities were exploiting vulnerable donors.

Although the spokesperson confirms there are no other outstanding investigations as part of their operation, Information Commissioner Elizabeth Denham indicated in April that she hoped the recent action had sent a clear message that "what we now want, and expect, is for charities to follow the law".

GDPR

Another factor in ICO interest is the introduction of the Genral Data Protection Regulation in May 2018, which supercedes current data protection legislation and aims to give the public more control over how organisations, including charities, collect their data.

Guidance issued by the ICO over this EU regulation urges charities to ensure individuals have genuine choice and control over how their data is collected and used.

According to charity sector groups such messages over the importance of protecting and responsibly using data have been received loud and clear.

"It is right and proper that charities comply with data protection law," says Elizabeth Chamberlain, NCVO head of policy and public services.

"Charities always need to think about what the expectations of the public are and I think when it comes to their data they do have clear expectations around how that is treated."

ACEVO chief executive Vicky Browning agrees, saying that "the charity sector is not above the law, and people expect us to behave in a legal and ethical manner".

But while Directory of Social Change (DSC) policy director Jay Kennedy concedes that charities "have to follow the law and should not be treated differently, this is not the same as saying the ICO has got its approach completely right".

"There is maybe a sense of double standards. Companies are routinely violating these data protection laws. I wonder, are they looking at them and whether their data protection is compliant," he adds.

Fundraising

Increased scrutiny in data handling has coincided with a shake up of

fundraising regulation in England and Wales, with the Fundraising Regulator launched last July to replace the Fundraising Standards Board (FRSB).

As with the FRSB this new watchdog is self-regulatory, but under the Charities (Protection and Social Investment) Act 2016 that created it, the government has reserve powers to make it statutory should practices not improve.

Included in its brief is to set up the Fundraising Preference Service, which is due to launch in July and enable the public to end all direct marketing communications from specific charities.

The regulator also has a brief to investigate complaints from the public and take action if poor practice is found, including publicly naming and shaming charities or referring onto other regulators such as the Charity Commission.

So far it has adjudicated just one case, in which it criticised seven charities that employed third party fundraising company Neet Feet, which was found to have intimidated and targeted vulnerable donors.

Browning is concerned that the Fundraising Regulator has not effectively communicated its role and responsibilities to the sector, saying "the first year has been marked by confusion over the precise extent of its powers and how these will be used".

Kennedy believes some in the sector are struggling to see its value.

"This may be because the Fundraising Regulator has started from the point of view of saying 'you better fund us' rather than saying 'here's the value that we bring'," he adds.

Lawrie Simanowitz, charity partner at legal firm Bates Wells Braithwaite, says another concern is the Fundraising Regulator's readiness to fully back the ICO's crackdown on charities. When the RSPCA and British Heart Foundation were fined last December the Fundraising Regulator's chief executive Stephen Dunmore said it "should be a wake up call for the whole sector".

But Simanowitz says: "I would have liked to have seen the fundraising regulator come out and say what it thought based on its specialist knowledge of the charity sector, which the ICO did not have. The Fundraising Regulator could have tempered what was said by the ICO but in the end it virtually just parroted it."

Levy

Such criticism of the Fundraising Regulator could hit its coffers as it looks to raise a levy from 2,000 eligible charities, which have a fundraising spend of more than £100,000 a year.

Just 600 have so far have paid, according to a spokesman for the regulator, who adds, "we are in touch with those who haven't paid and are confident that more will do so. Should payment still not be received, we may look to name and shame those that don't pay."

Chamberlain worries that if charities do not pay the levy it could eventually lead to the government enforcing statutory regulation on the sector.

"Some charities think that payment of the levy is some sort of punishment when actually it is a way they can demonstrate their commitment to good fundraising and self- regulation. The possibility of statutory intervention is there," says Chamberlain.

Charity Commission

While getting to grips with heightened ICO and Fundraising Regulator interest are relatively new developments for charities, they should be well versed in scrutiny from the Charity Commission.

But charities still need to be ensure they are up to date with developments at the commission, which in July sees senior Department for Education civil servant Helen Stephenson, who has also held roles at the Office for Civil Society and Big Lottery Fund, succeed Paula Sussex as chief executive.

Her experience in the sector will be needed to tackle a bulging in-tray that includes handling new powers around the disqualification of trustees.

Due to come into force in April these new 2016 Charities Act powers were postponed until later this year due to the general election.

Once enacted they will see unspent convictions for terrorism, money laundering and sexual offences added to existing provisions for disqualification, that include bankruptcy and offences related to dishonesty or deception. In addition, these new provisions will cover senior managers, including chief executives.

Priorities for Stephenson should be to ensure these new powers are implemented as smoothly as possible, including having a clear idea of numbers affected and a robust waiver system in place, says Chamberlain.

Between 2008 and 2014 all six applications for a waiver were granted.

Another priority for Stephenson should be to ensure the commission's communication and advice to trustees around their role is clear, says Chamberlain, who acknowledges that the regulator has already sought to do this by revising existing guidance.

This included a revamp in March this year of the commission's Charity finances: trustee essentials document, to make it more accessible and readable.

But she wants the regulator to go further, with a new trustees induction pack from the commission, with information about their responsibilities in the role, on her wish list.

Independence

Another challenge for Stephenson will be to ensure the commission maintains its independence from government, says Kennedy.

"It has such a difficult job, facing pressures from government, the media and the charity sector pulling them in different directions," he says.

In particular he hopes the commission has learned from its bungled advice on campaigning and lobbying ahead of last year's EU referendum. This guidance was widely criticised by the sector, which felt it discouraged legitimate activities, and had to be rewritten with a far softer stance.

Another item teetering at the top of Stephenson's to-do list is settling a debate over whether the commission should charge charities a fee.

Exploring the possibility of becoming part funded by the sector was a condition of government funding in 2014 and in March the Treasury green lit a consultation over the move.

Among those to object has been the House of Lords Select Committee on Charities. Its March report, Stronger Charities for a Stronger Society, said charging could undermine the regulator's role as an independent overseer of the sector.

The DSC agrees, with Kennedy fearing charging would create "a conflict of interest between those who are being regulated and those who are regulating".

But Simanowitz disputes this, saying that Companies House charges fees to firms but is still able to regulate effectively.

"I don't think the Charity Commission is going to turn around and say 'this charity paid us a few hundred pounds for its registration now we are not going to take enforcement action against it'," he says.

Chamberlain is open minded about charging and wants to see a more "nuanced" debate that recognises "pros and cons" as well as issues such as "what it would charge for, how much would be charged and what would the additional resources go towards".

Lobbying

Charities' ability to lobby and campaign, particularly around election times, is also under increased scrutiny.

Under 2014's Transparency of Lobbying, Non-party Campaigning and Trade Union Administration Act, more commonly known simply as the Lobbying Act, charities that spend more than £20,000 in

England, or £10,000 in the rest of the UK, need to register with the Electoral Commission as non party campaigners.

As Friends of the Earth and, in particular, Greenpeace found out in April, failure to do this can be costly.

Greenpeace was fined £30,000, while Friends of the Earth was fined £1,000 over an anti-fracking campaign they carried out in the run up to the 2015 general election.

In a statement Greenpeace said it had failed to register as a point of principle against a piece of legislation, which its executive director John Sauven described at the time as a "democratic car crash" that "curtails free speech".

Many others in the sector agree, with more than 50 charities, including Age UK and Christian Aid, launching a campaign in June calling for urgent reform of the legislation, which they say is having a "chilling effect" on campaigning.

Lord Hodgson's review of the act last year also called for reform, to ensure it only covered activities intended to influence voting during an election, rather than general campaigning.

Browning backs reform along the lines of Hodgson's review and would also like to see the period of regulation, of a year before an election, reduced to four months.

"At the moment, it doesn't stop charities from campaigning but it does impose a regulatory and administrative burden on them. Charities need to consider their expenditure on potential regulated activity, and if in doubt they should register to avoid any potential charges – registering does not mean that they have to stop," she adds.

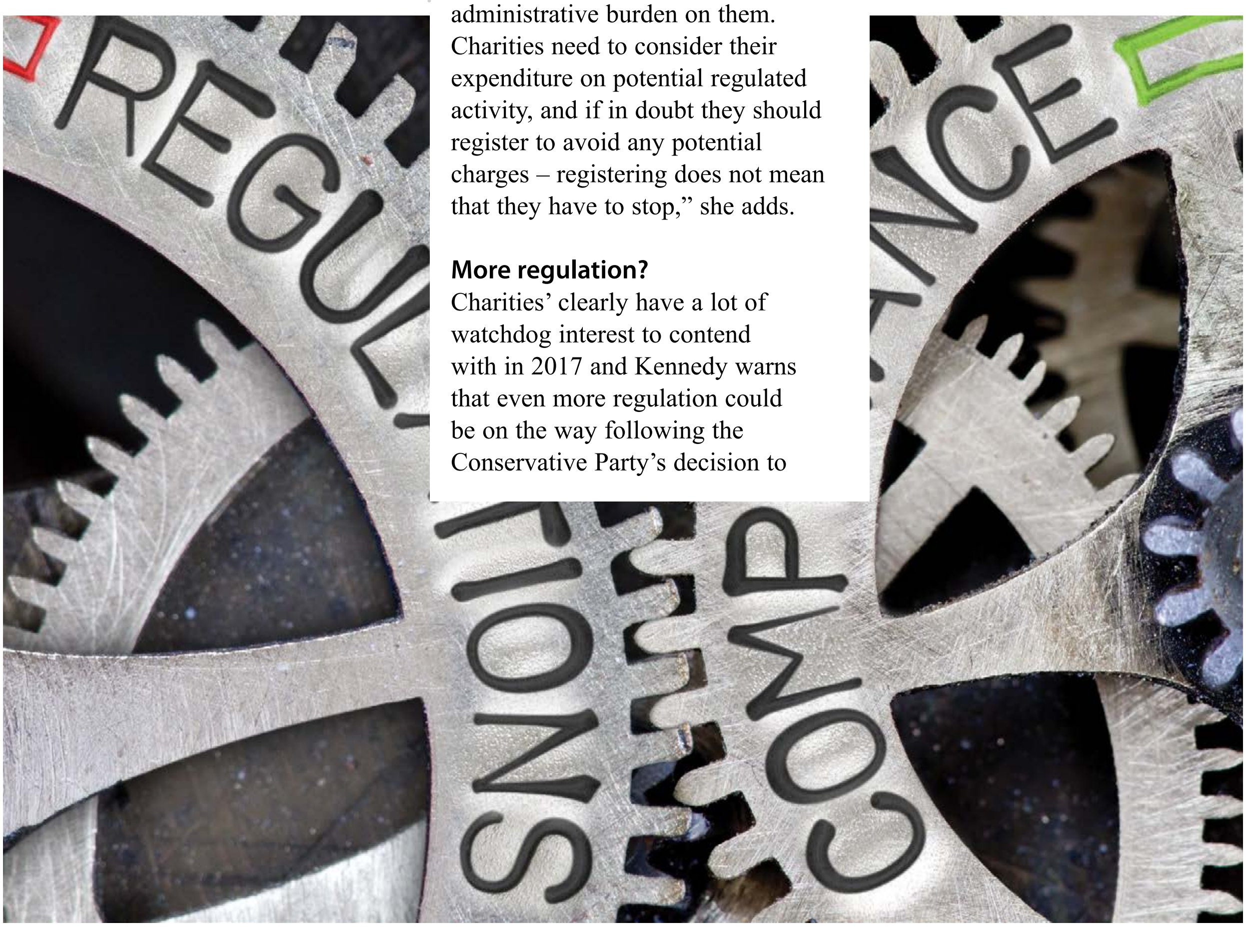
More regulation?

Charities' clearly have a lot of watchdog interest to contend with in 2017 and Kennedy warns that even more regulation could be on the way following the Conservative Party's decision to lead a minority government after the general election.

While Labour and Liberal Democrats favoured a scaling back of charity regulation in their manifestos, through overhauling the Lobbying Act, the Conservatives were the only party to hint that even greater scrutiny of the sector is on the way.

Its manifesto pledged to "establish a new framework" around digital activity to better protect the public, specifically mentioning both the charity and business sectors.

"It is too early to say but it is interesting that this is one of the few places where charities are mentioned in the Conservative manifesto," Kennedy adds. ■



ADVERTORIAL

An agile mind: New thinking for charities

To navigate challenges not always visible through the philanthropist's prism, CEOs must be open to new thinking

WRITTEN BY DAVID MCHATTIE, HEAD OF CHARITIES AT BARCLAYS

There is no doubt that the charity sector is a linchpin of modern society, supporting a seemingly endless list of noble causes and paving the way for positive regulatory and social change.

Charity CEOs in Britain must, however, view the world through a clear, unfiltered lens. Increasingly, what many are seeing is a growing need for agility and improved focus within their organisations.

The charity sector faces many of the same challenges as those confronting commercial enterprises. If there is to be any hope of surviving and thriving in turbulent times, it is essential for charity CEOs to open up their organisations to new thinking.

What's the buzz?

While agility is a popular buzzword in business, it does fly somewhere above the parameters of precise definition. Some describe it as a combination of nimbleness, flexibility, and speed. Others say that an agile organisation is entrepreneurial and as reactive as it is proactive. Agility should also sit comfortably beside stability, say the authors of an article in *McKinsey Quarterly*. "Companies can become more agile by designing their organisations both to drive speed and create stability," the authors say.

The same applies to charities. And indeed many charities do good work to mobilise, inspire, provide, advocate and unite. From small local groups run by volunteers to major global organisations with turnover in the hundreds of millions, charitable work touches almost every facet of British civic life.

The challenge of change

However, like all sectors, charities have to operate in a time of intense socio-economic and political upheaval. They also have to cope with ongoing technological change and the diverse security issues thrown up by a significantly disruptive digital age.

One challenge that charities share within the financial sector is ongoing change in an already restricting regulatory environment. Added to that are the expanded powers of the Charity Commission and the Lobbying Act.

There is also what some see as a "stifling contract culture." In most cases, contracts with convoluted commissioning processes have replaced public sector grants. Over all of this hangs the lack of clarity on the financial effects of Brexit on the charity sector.

Testing trust

Challenges in funding of core costs are not new to charities. Not-for-profit organisations are also operating in a disabling climate of lack of trust in the wake of scandals over funding, performance, management, and exploitation.

In its recent report, the House of Lords Select Committee maintains that trust in the charity sector remains strong but, perhaps unsurprisingly, charities are now looking to agility to help them negotiate the terrain in a rapidly changing landscape.

As in other sectors, charity CEOs have identified "creakiness" in cumbersome processes and old ways of thinking as obstacles to progress.

The magic ingredient

Organisational agility stimulates new ways of thinking and creates fresh narratives around success and failure. It does, however, require a degree of boldness and the confidence to constantly ask 'why?'.

Being willing to take ruthless decisions can sit uncomfortably with those running charities but this kind of clear-headed thinking is essential in business and beyond.

Agility can also help to shift mindsets around change. It transforms change from being an often-threatening word to one that heralds opportunity.

Agility, at its heart, is about having the right people and the right information at the right time for organisations to be able to course-correct successfully. ■

BARCLAYS

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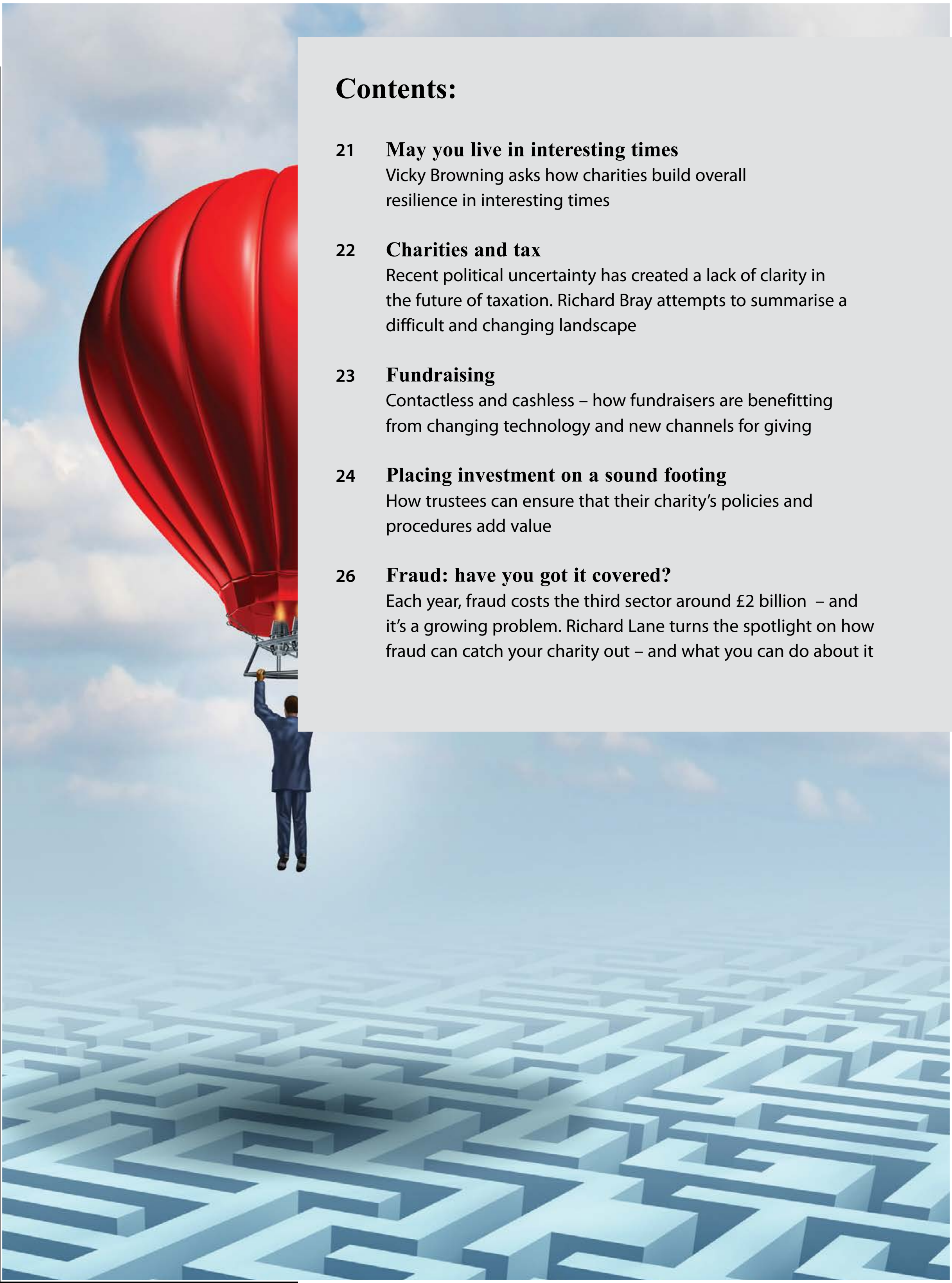


Contents:

May you live in interesting times

"…in this world nothing can be said to be certain, except death and taxes." – Benjamin Franklin, 1789

I can't be the only person in this country who would like a bit of certainty for once, thank you very much. The past few years have been tumultuous, from the EU referendum to the ongoing confusion in Westminster.

In these rapidly changing times, sector leaders need to be able to handle whatever life throws at them. Because it isn't just politics that's changing. The charity sector has seen major upheavals in the wake of the Kids Company investigation and Olive Cooke.

We have new regulators, a new minister and a changing of the guard at the regulator. Economic shifts have harmed our reserves, and increased demand on services. And as we go into at least two years of Brexit negotiations, things don't look like they're going to get more stable any time soon.

As CAF found earlier this year, charity chief executives aren't feeling overly certain about anything at the moment. This goes beyond just economics – uncertainty around the Lobbying Act has led to a degree of self-censorship in the run up to the recent election.

Given all of this, I think a change needs to be made to Ben Franklin's famous and oft repeated maxim. The one thing we can be absolutely certain of these days is uncertainty. But this doesn't mean we should let ourselves become paralysed by inaction.

Unkown unkowns

When I spoke at the launch of NPC's recent State of the Sector report, I paraphrased another American former leader, Donald Rumsfeld. It seems to me that the sector faces known knowns, known unknowns and unknown unknowns. We know we need to sort out diversity and fundraising. We broadly know what to do to fix these, and action is being taken.

We know that too many charity leaders do not fully understand the Lobbying Act, and that Brexit will inevitably have an effect of some kind on the sector's work. Our job at ACEVO is to try and shift the balance on these, so our members can face these challenges with certainty.

This brings me on to the unknown unknowns. As the name suggests, I've got no idea what these will be. None of us saw the Kids Company collapse coming – or at least not in the way it did. Likewise, the furore about fundraising was largely unexpected. You never know – we might see another election which puts Jeremy Corbyn in Downing Street.

Just because we don't know what these things are doesn't mean that we can't prepare for them. That's why one of the areas of personal development we're focusing on at ACEVO is resilience. After all, if you can keep your head when all others are losing theirs…

Resilience

Too often when charity leaders talk about resilience, they mean financial thier reserves and their diverse income streams – the things to get them and the charity through any rough patches they might encounter.

While financial resilience is absolutely essential, our focus on it fails to recognise the more human resources that charities rely on day in, day out.

Developing this can take any number of forms. At one end of the spectrum, you have mindfulness training to help keep your mental health up to scratch.

At the other end, you've got crisis management skills which ensure that, when things need to be done in a hurry, the systems are in place to support this and do not have to be created anew on the spot.

What this boils down to is investing in leaders. It will be unsurprising, given ACEVO's role, that I think this is important. However, that doesn't make it any less true. There's not much we can do about uncertainty, so we need to invest to make sure we can handle it. And that means using some of your well managed funding to train up your staff – from the chief executive down.

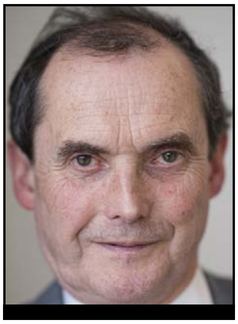
We are undoubtedly living in interesting times. While a brief respite may be appreciated, there is no sign that we will receive one any time soon. As such, all I can do is urge charities to make the most of the situation as it is, and not let change become a problem.

Vicky Browning is the chief executive of the charity leaders network ACEVO

Charity Leaders Network

Charities and tax

Recent political uncertainty has created a lack of clarity in the future of taxation. Richard Bray attempts to summarise a difficult and changing landscape



We are in uncertain times. The general election result, with the Government not having a majority in the House of Commons, only serves to increase the lack of clarity around the upcoming Brexit negotiations. On top of this, the ensuing cabinet reshuffle has given the charity sector a new Minister for taxation, Mel Stride – the eighth since the 2010 election to have this responsibility – and a new Minister for Civil Society, Tracey Crouch. This will require the sector once again to put time into building relationships with these new Ministers – though it also offers another potential opportunity to re-state the case for protecting valuable tax reliefs for charities.

The biggest tax threat (and opportunity) for the charity sector comes from the freedom to change the VAT system that the Government may gain as a result of Brexit. CTG is already in discussion with HMRC and the Treasury to look at how the sector's VAT reliefs and exemptions can not only be protected but also enhanced. Given the competing demands of so many lobbying groups, CTG is gathering evidence to inform the debate on how the system should change to benefit charities. This battle will only be won if charities present a sound business case to Government. CTG has also met the Office of Tax Simplification to inform its review of VAT. This will serve as a roadmap for the VAT system post-Brexit, and we are determined that the charity sector will play a significant role in its design. Getting this right could be worth billions of pounds to the sector.

Aside from these critical VAT issues, through its Gift Aid practical issues working group CTG is in discussions with HMRC on its programme to improve donor education for online fundraising donations. HMRC is determined to reduce the high level of errors in claims for Gift Aid made through these channels. Working with the major online donation platforms, HMRC has come up with a series of three questions, which it is encouraging charities to include as part of their own online donation "journey", that make clear to donors that they can only apply Gift Aid to donations of their own money – a donation of the proceeds from a collection bucket sent round the office, for example, is not eligible for Gift Aid.

The key aim for the sector as well as HMRC must be to make sure that charities maximise the take up of Gift Aid, but only where Gift Aid is genuinely due. This will protect the value of Gift Aid which charities claim in the long term.

The Gift Aid Small Donations Scheme (GASDS) has been changed recently. This has led to welcome improvements to the scheme and we encourage charities to make sure that they claim the £2,000 that can be available, including for earlier tax years. New rules have come into force to allow Gift Aid intermediaries (such as JustGiving) a greater role in administering Gift Aid. But it remains to be seen if they will be widely introduced.

We are also expecting some minor changes to the thresholds for the level of donor benefits that can be given whilst still claiming Gift Aid.

Overall, the tax burden on charities looks set to increase. It is not always appreciated that the greatest source of tax relief for the charity sector comes from business rates relief, which is worth around £1.8bn a year. The Government has committed to protecting the 80 per cent mandatory element of this relief, but discretionary reliefs are under increasing pressure, effectively creating a "postcode lottery". Charities should make sure they monitor this. Further examples of tax hikes include Insurance Premium Tax having risen to 12 per cent from the beginning of June and the Apprenticeship Levy (.05 per cent of payroll cost) which came into effect last April for charities with an annual pay bill of over £3m. Looking forward, the Government has made a call for evidence on the taxation of employee expenses; a consultation on the tax treatment of employer-provided living accommodation is imminent; and representatives of the sector may soon have to make the case once more for exempting charities from any replacement to the Community Infrastructure Levy.

There has been much comment about the move to "Making Tax Digital". This will significantly change the way that taxpayers report to HMRC. Whilst there is a charity exemption, that is not the whole story. We intend to monitor this closely.

Richard Bray is vice-chairman of the Charity Tax Group

charity
tax
group

Fundraising

Contactless and cashless – how fundraisers are benefitting from changing technology and new channels for giving

Recent figures from Payments UK show cash usage continuing to fall away – from 24 per cent of all transactions in 2015 to a predicted 15 per cent of all transactions by 2025. At the same time contactless is growing by the day with a projected 900 per cent increase from 911 million transactions in 2015 to 10.1 billion in 2025 or, to put it another way contactless will account for 47 per cent of all debit card transactions by 2025.

We commissioned YouGov last year to look at how much cash the nation holds and the picture is much the same – 70 per cent of us hold less than £30, 60 per cent of us hold less than £20; a picture that is pretty well constant across the UK regions. For those fundraisers who have been used to shaking buckets and counting notes, coins and buttons in their Perspex boxes things are a-changing …for the good.

Consider five £1 coins in your collecting bucket – was that one person or three people or five who put those coins there? Did you collect Gift Aid on the donation (or try to using the Government's Gift Aid Small Donation Scheme) and how do you plan to stay in touch with the donor? What did it cost you to count, account and bank the £28.61, the €5 euro note and the ¥100 coin?

Digital fundraising (text, web, contactless including ApplePay) provide new and relevant channels to collect donations beyond cash. And, the good news is that when giving digitally, average donations are higher, more Gift Aid is claimed and opted-in contact details easier to collect.

Up to now though the time needed to research, and the cost to implement, these varying channels has been prohibitive. That's why we set up a charity to offer the DONATE platform to all UK charities.

What is interesting though is to consider which of the various channels best fits a fundraising scenario. We've found that at lectures and talks text works best – simple to use and easy to communicate. At dinners and lunches, mobile-web giving raises more and donors are more likely to have the time to add Gift Aid and provide contact details. Finally, contactless is best when asking for promiscuous donations – when crowds are passing quickly through or time is short (commuters, foyer traffic or outdoor trails). Our tap+DONATE service launches later this summer.

Claire Moore runs The Certain Curtain Theatre Company (CCTC) in Preston; their purpose is to make professional theatre accessible to all whilst tackling such challenging topics as domestic and sexual abuse. As a touring organisation CCTC has been using DONATE since 2015 but as Claire says "We currently have buckets for cash donations available after performances, but this is limited to loose change as many people don't carry much cash. A contactless card option enables supporters to select their own level of support and will lead to an increase in donation amounts, Gift Aid and crucially supporter data so we can build deeper and stronger relationships".

About the Certain Curtain Theatre Company

Claire Moore and John Woudberg, co-founded Certain Curtain Theatre Company, a professional touring theatre company in May 1989. Renowned for tackling sensitive and controversial subjects with dynamic originality they have been at the forefront of domestic abuse drama since 1995. John and Claire have created a unique brand of theatre - writing and producing only original work – they aim to take the harsh, raw elements of life and language, mix them with a startling lyrical flavour and add a touch of attitude, to create something new, edgy, daring and dangerous.

About the National Funding Scheme

The National Funding Scheme (NFS), operating under the DONATE brand, provides a range of free mobile fundraising tools for charitable organisations to maximise fundraising campaigns. Launched in 2013, DONATE™ (www.easydonate.org) is a platform that allows the UK public to conveniently and effortlessly donate to charitable organisations and campaigns via SMS text, contactless or online. It is so simple to use that case studies show increases of 17x the amount raised. As a charity itself, all NFS's costs are covered by the Government's Gift Aid scheme. When no Gift Aid is available NFS charges 4.5 per cent to cover transaction and administration costs.

William Makower is digital and fundraising evangelist at DONATE.

DONATE®

Placing investment on a sound footing

How trustees can ensure that their charity's policies and procedures add value

As a trustee, you would be forgiven for thinking that 'Governance' is all that matters. Regulators, politicians and professionals all like to bang this drum, but our task as trustees is to establish whether governance is merely a box-ticking exercise or whether it adds real value. Policies and procedures should be proportionate and appropriate for your organisation; they should also be a live document, not just another exercise that gathers dust once completed. As trustees we must:

- Set the vision, purpose and values of the organisation;
- Establish the strategy and implementation, including policies and procedure;
- Monitor the outcome; and
- Act as a critical friend to the executive and to professional advisers.

Our task is to ensure policy and procedures add real value. Rather than get involved in the day-to-day running of the organisation, our role is to set a clear strategy and assist when needed.

Under the Trustee Act 2000, trusts (charitable or otherwise) granting discretion to an investment professional must have a Statement of Investment Policy (SIP). The law does not state what should be in the SIP, or how long it should be. But the Charity Commission's guidance, irrespective of your constitutional structure, goes further:

"Trustees should decide on an investment policy for their charity, record it in writing and keep it under regular review".

The guidance goes on to say:

"Without an investment policy, trustees are likely to find it difficult to demonstrate that they are making good use of the charity's funds."

All too often, I have seen a standard template being wheeled out by an investment manager without the Trustees discussing the various options. Yes, a policy should be developed in partnership with your investment manager. But the policy belongs to, and should be owned by, the trustees. The policy needs to take into account the organisation as a whole — its financial objectives, the spending plans and the reserves policy.

Some of the questions you may wish to ask:

- Why should we invest?
- What is the purpose of the money?
- What do we want to achieve?
- Over what time period?
- What risks worry me most?
- Should there be any restrictions placed on the portfolio?
- Who should we turn to for advice?

A clearly articulated policy ensures everyone fully understands the charity's investment objectives and how they fit with the organisation's overall strategy. This has the added benefit of restricting the scope for those people whose investment strategy is to be wise after the event. The test of a well-written policy is to ask a new trustee to read the policy, and then to explain it clearly. Charities with significant investments would do well to make general investment knowledge a part of the induction programme.

Risk can be the single most challenging decision, particularly as it means different things to different people. The investment management industry focuses on capital volatility, but as an organisation it is about understanding the risks you face and the likelihood of them occurring. This needs to be defined for the organisation, not the individuals around the table, with the aim of being risk aware and not risk averse.

Responsible investing

Being seen as a 'responsible investor' is increasingly important to charities. We expect investment managers to include environmental, social and governance (ESG) principles within their investment process and research function, and ask them to persuade company managements to adopt ESG as well.

Ethical policy is a potentially contentious issue, even if the conclusion is to have no restrictions. The policy should apply as much to your organisation (suppliers, corporate supporters, etc.) as to your investments. I periodically ask my fellow trustees and staff about our policy and its rationale. It is a great way to sense-check the policy and make sure it is being adhered to.

But how do you know if these principles are being implemented? When meeting with a manager, trustees should ask what action has been taken on your behalf. For example, where I am a trustee of a charity for relief of poverty, we raised the issue of the minimum wage. We do not expect total compliance, but we do expect to be moving in the right direction. We also want to make sure our investment managers and the companies we invest in know this is an important issue to us, both as an organisation and as a shareholder.

Most charities with significant investments should have at least one trustee with a financial background. This should provide a liaison between the board and investment manager, and help resolve any misunderstandings. Be aware of their financial expertise and experience, but beware their preferences. It is all too easy for them to dominate the debate, or for the rest of trustees to simply defer to their expertise. As a trustee, I endeavour to make sure every board member fully understands the issues, so that an informed decision can be arrived at collectively.

Monitoring as the critical friend

Regular meetings and quarterly reports should be the key to monitoring outcomes. Ensure the information being supplied is what you need, and over a reasonable time frame. In terms of performance, there is little value in what has happened over the short term: much more interesting is to see how a manager has performed over the longer term, and understanding how that performance has been achieved.

Benchmarking the portfolio is a key part of monitoring your investment objectives. Most charities use three different measures: firstly, a long-term perspective to generate an income, while maintaining capital preservation or an absolute return of inflation plus; secondly, the investment managers' performance against the markets (a composite of market indices); and finally the performance compared with the industry 'peer' group, just for a sense-check.

My experience has taught me to look for two things: are there any long-term trends; and does the performance make sense.

As a trustee, you don't need to be an expert, but I would encourage you to:

- Have an inquisitive mind;
- Challenge anything you do not understand;
- Challenge anything that sounds too good to be true; and
- Be suspicious of complexity.

Never be afraid of starting a question with: "this may be a silly question, but …". If your professional adviser cannot explain it in plain English, they probably do not understand it themselves. If the solution being offered is sound, it should also be clear.

Charles Mesquita is the Charities Director at Quilter Cheviot Investment Management

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Fraud: have you got it covered?

Each year, fraud costs the third sector around £2 billion – and it's a growing problem. Richard Lane turns the spotlight on how fraud can catch your charity out – and what you can do about it

When it comes to fraud, charities are as vulnerable as any other organisation. Some of the costs are obvious: financial loss and the impact this has on your ability to carry out your charity's mission. But there are hidden costs too: the damage to staff and volunteer morale, as well as the blow to your charity's reputation, which may cost you precious donations and goodwill.

It pays to be aware of where your charity could be exposed and the actions you can take to reduce your chances of getting caught out.

How does fraud happen?

According to the Annual Fraud Indicator 2016, the greatest source of fraud for charities is the business of procuring goods and services. This could be anything from unauthorised over-billing by suppliers, to staff or volunteers taking goods, falsifying refunds or diverting invoice payments to their own pockets.

When it comes to the greatest losses across the sector, payroll fraud is the clear winner, at £886 million in 2013/14 . Another vulnerable area for charities is fraudulent grant applications, while online fraud and data theft are an increasing threat across all sectors and walks of life.

There are other, less obvious ways your organisation could lose out to fraudsters too. A disgruntled employee or volunteer could decide to lodge a false claim for injury in the workplace to see if they get lucky. Or a legitimate claim by an employee, volunteer or member of the public could be exaggerated in a bid to bump up compensation.

Whatever form it takes, fraud is a costly inconvenience at best – and at worst, a devastating blow to your organisation.

What can you do about fraud?

1. Be aware of the risks

It's all too easy for charities – especially smaller ones – to fall into the trap of believing no one would want to defraud an organisation doing good in the world. Rule number one is to realise you need to be as vigilant and prepared as any other business with assets and cashflow at stake.

2. Prevention is better than cure

It makes sense to limit the opportunities for fraud in your organisation as much as possible. This means carrying out risk assessments, especially in vulnerable areas such as procurement, accounts and IT, and taking action to plug any gaps.

The key is to have sound control measures in place: systems, checks and auditing that ensure no one person is left in charge of the purse strings and that any irregularities can be spotted early. Robust vetting at the hiring stage and for grant applications can also help limit the chances of fraud.

3. Encourage good practice

Making sure staff understand the risks of fraud and are trained to help prevent it is very important. If anything goes wrong, and your staff have been following the proper procedures, you will be able to demonstrate to your insurers that all reasonable measures were in place to limit your charity's exposure. In some cases, your insurer may refuse to pay a claim if these procedures haven't been followed correctly.

This doesn't just apply to financial situations. With injury claims, having reliable, up-to-date health and safety records of accidents in the workplace makes it much harder for someone to falsify a claim.

It's also good practice to have a sound whistleblowing system, so staff know who to go to if they are concerned fraud is happening.

4. Check your insurance

Your organisation's corporate and public liability insurances should have an element of fraud cover built in. However, it's worth reviewing this to make sure you have enough cover for your charity's needs and that you are aware of any exclusions. For example, you may find that trustees need separate, additional cover. Or that your policy hasn't kept up with changes in the marketplace, such as the growing need for cover against cyber fraud.

A reassuring thought

You're not on your own. A good insurance broker can help you review your organisation's processes, identify risks and provide advice about what you can do to limit your exposure.

Richard Lane is Managing Director of Ansvar Insurance

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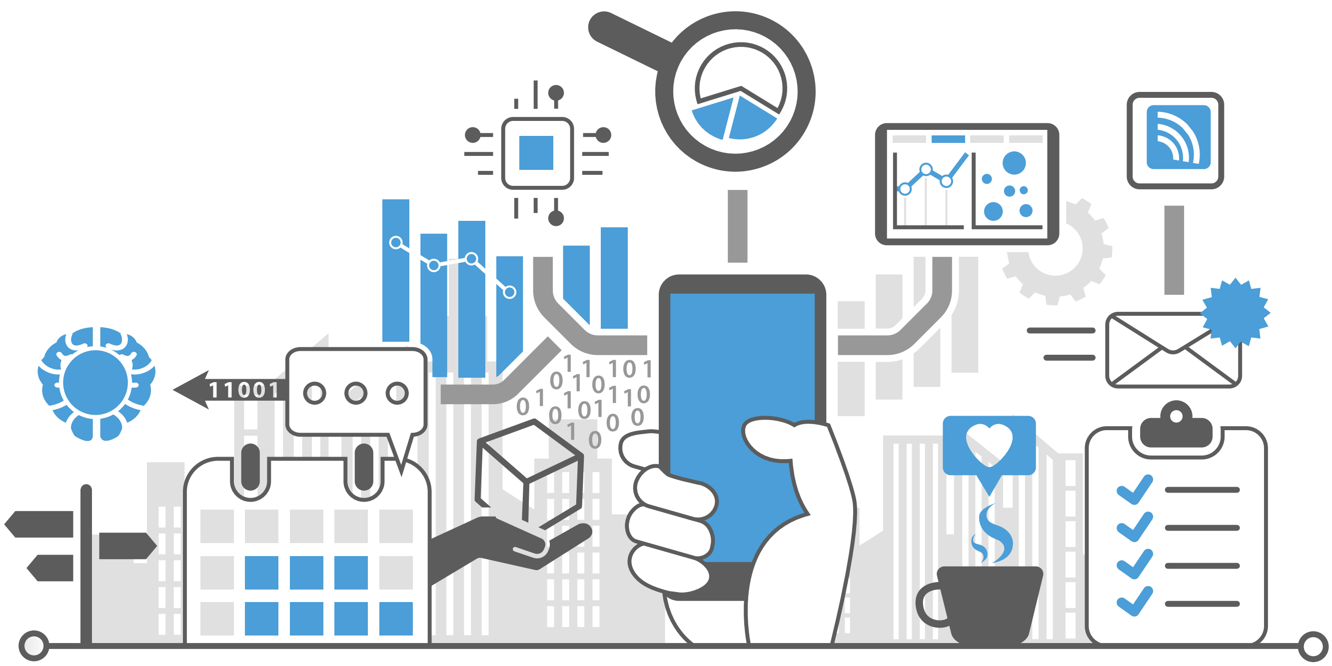
GDPR

A question of data

The incoming General Data Protection Regulation will change how data can be used, but few are prepared WRITTEN BY THOMAS COLLINGE, A FREELANCE JOURNALIST



"When the Data Protection Act was implemented in the UK, we put in the softest version that we could. Now that updated laws are on the cards, the UK has the furthest step up across Europe to reach GDPR levels. Many charities weren't even coming up to the standards of the DPA so they have even further to go."

These are the words of John Mitchison, head of preference services, compliance and legal at the Direct Marketing Association (DMA), talking about the new General Data Protection Regulation (GDPR) from the EU, which in May 2018 will replace the 1998 Data Protection Act (DPA).

GDPR will apply across the continent to any organisation that handles people's personal data (defined as data which could be used to identify them), be it schools, businesses, governments or social clubs. Despite Brexit, the British government is committed to its implementation.

Discussion of GDPR in the charity sector has often focused on fundraising. This misses the scale of the change, according to Daniel Fluskey, Head of Policy at the Institute of Fundraising. "GDPR covers everything that organisations can or need to do in relation to the personal data of individuals – whether that's campaigning, volunteering, or service user/ beneficiary information," Fluskey says. "Charities need to take a whole-organisation approach to getting to grips with the changes and making sure they don't just focus on the fundraising side of things."

So how should charities react to this root and branch reform? While the text of the law is still being finalised, the Information Commissioner's Office (ICO) and others have already issued guidance about how it is to be implemented. Charities should be familiarising themselves with what is already available, such as the ICO's 12 steps to take before GDPR document.

The legal justifications for holding an individual's personal data

6(1)(a) – Consent of the data subject
6(1)(b) – Processing is necessary for the performance of a contract with the data subject or to take steps to enter into a contract
6(1)(c) – Processing is necessary for compliance with a legal obligation
6(1)(d) – Processing is necessary to protect the vital interests of a data subject or another person
6(1)(e) – Processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the controller
6(1)(f) – Necessary for the purposes of legitimate interests pursued by the controller or a third party, except where such interests are overridden by the interests, rights or freedoms of the data subject.

To see the list in full and for more information generally, visit www.eugdpr.org/

Core principles

Underwriting every change in the GDPR is the principle that individuals should have more rights over their personal data than they currently do. Importantly, organisations that handle personal data will have to be "transparent and accountable", and weigh the rights of the individual against the legitimacy of what they want to do with the data.

Personal data should be more like a car, cash or any other object that someone owns. You can't take someone's car without asking. You can't get permission to borrow someone's car to go to the shops, and then drive it to Mongolia. If you have someone's car and you crash it, you are accountable. If you have possession of someone's car and they want it back, you have to give it to them. GDPR is now bringing these same rules into the world of big data.

But as sensible sounding as they are, how will they affect the way charities collect, process and use information about their supporters and customers?

Communicating with supporters

Under GDPR, you need to be able to explain why you have the right to be in possession of, and are able to use, an individual's data – much as you would need to if you were found in possession of their car.

There are six justifications (see box-out) but the two that potentially apply to using personal data to raise funds, awareness or campaign are (a) and (f): consent, and legitimate interest. Neither of these options is entirely straightforward.

Currently, we know more about the rules regarding 'consent', in part due to the 46-page ICO consultation document, which can be summarised by this line: "Consent requires a positive opt-in. Don't use pre-ticked boxes, or any other method of consent by default."

In other words, "she didn't say that I can't take her data" is now as impermissible as "she didn't say that I can't take her car".

Consent also cannot be included with, or be conditional on, any other service. When asking for permission to use an individual's data, charities will need to stipulate what data, for what purpose and even name every organisation they intend to share it with. Some of this information can be included in a privacy policy while some will have to be included on the data request form.

Ultimately charities (and everyone else) will have to prove that people understand what they are consenting to. The DMA's Mitchison recounts an example given to him by the ICO, of an insurer having to ask people separately if they want to be contacted about home insurance, pet insurance, car insurance etc. In the charity context, we might see this apply to different campaigns, causes or geographies.

The ICO and the other bodies such as the DMA agree that charities will not automatically have to re-obtain consent to use data they already hold, but that that consent must meet the GDPR standard. Consent may also be withdrawn at any time and it is a requirement for organisations to make it easy to do so.

The good news is, that despite much of the sector's attention being placed firmly on the somewhat controversial 'opt-in', this is not the only justification charities have for contacting supporters (albeit consents being the strongest). 'Legitimate interest' is the other.

'Legitimate interest' asks you to weigh your organisation's interest against the rights of the individual and what they would reasonably expect you to do with their data.

In an ICO example, an individual's data is passed on to a debt collection agency without their explicit permission because it is in the legitimate interest of the creditor to do so.

A more charity specific angle is that it may be legitimate to send information about an auction in London to a group of people based in NW3 as it could be in their interest to attend. However, noises from the ICO suggest that activities such as processing post code data to establish the net worth of someone are less likely to be considered legitimate.

Implications of accountability and transparency

Supporter-relations aside, there are other issues to be aware of. For example, the legislation includes large fines of up to €20m or 4 per cent of worldwide turnover for organisations that have not acted responsibly. In addition to not having a proper legal basis to hold data, failure to act responsibly might also mean not having sufficient security in place to protect against cybercrime, or a failure to follow the new international data transfer processes, or non-compliance with the rules around vulnerable people.

Equally, there are much tighter rules regarding the roles and responsibilities of people holding and handling the data, with data controllers now liable for breaches of the GDPR by their processors and vice versa. Charities will have to show they did due diligence on the policies and security of external firms that handle their data, such as fundraising or recruitment agencies, while these companies will have to show they did the same from their side.

All of this means we are likely to see an increase in the number of, and importance placed upon, data protection teams. Mitchison believes it will be akin to health and safety, something that pervades an organisation and is considered seriously at board level.

What to do

With less than a year to go before the new rules come into play, charities are advised to start working on new and improved data processes now. The ICO advises that charities should conduct privacy impact assessments, looking at the data they have, how they got it and what they can use it for. They should be thinking about the principles of accountability and transparency, and planning how they will abide by them. Above all, they should be giving thought to how they can respect individual's rights while continuing to raise funds, campaign and deliver their important work all across the UK. ■

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Better Society 2017 AWARDS

Better Society Awards 2017 - The Winners

WELCOME

Looking back one can see the sheer effort that this year's nominees put into creating a better place for all of us. The quality of the entries was of the highest order, and the judges were often hard pressed to decide a winner. So in one way it should be noted that every entry was seen as a major contributor to society, and that the real overall winner was society. As chairman I can attest to the amazing work all of the entries detailed. In fact the judges' comments include phrases such as: 'incredibly strong showing with great outcomes', 'an outstanding effort from the organisation', 'it is hard not to smile reading the submission', and simply 'excellent!'.

Throughout the themes of collaboration, partnership, mutual help and outstanding effort were present, and so there were some very difficult choices for the judges.

None-the-less, there must be winners within these winners, and they were: The Crown Estate, HSBC, Aviva, Absolute Radio & Macmillan Cancer Support, Keltbray Environmental, Arup, Manchester Airports Group, innocent foundation and Action Against Hunger, Selfridges & Zoological Society of London Project Ocean, Deutsche Bank & Autistica, TK Maxx & Cancer Research UK Kids & Teens, Fujitsu & Action for Children, Nationwide Building Society, Airbus, Arsenal Football Club, Rathbone Investment Management, Ecclesiastical Insurance, RBS, Sayer Vincent, ClimateCare, Eversholt Rail, Lloyds Banking Group & BBC Children in Need, and Firmenich. [For more details see the following pages].

To all of these organisations, and to all that entered – thank you. As the world faces many and complex issues across the political, environmental and societal realms, it is reassuring to know that so much is being done to promote, fund and act for a better world for all.

For those that attended the ceremony, I think we would agree that the night was a wonderful opportunity to celebrate and recognise these efforts, and if the excellent night was followed by some, perhaps, less excellent dancing, and surely a good time was had. So again, a big thank you to all those who took part – and we look forward to the awards in 2018!

Categories & Judges

CATEGORIES

1. Transparent Reporting Award
2. Innovation Award
3. Communications Award
4. Education Award
5. Waste Management and Recycling Programme of the Year
6. Built Environment Award
7. Carbon Reduction or Offset Programme of the Year
8. Partnership with an International Charity
9. Partnership with a National Charity
10. Partnership with a National Health Charity
11. Partnership with a Children's Health Charity
12. Partnership with a National Children's Charity
13. National Commitment to the Community Award
14. Commitment to the Young Community Award
15. Commitment to the Local Community Award **– sponsored by Ansvar Insurance**
16. Asset Manager of the Year
17. Insurance Company of the Year
18. Bank of the Year
19. Accountancy Company of the Year
20. Consultancy of the Year
21. Best Scheme to Encourage Staff Fundraising
22. Best Scheme to Encourage Staff Fundraising (long-term partners)
23. Ethical Business Award
24. Pro Bono Company of the Year

THE 2017 JUDGING PANEL

Mark Evans
Editor, Better Society

Simon Gillespie
CEO, British Heart Foundation

Gillian McKay
Head of Charities and Voluntary Sector, ICAEW

Dr Simon Parker
Assistant Professor, Nottingham University Business School

Matt Ritchie
Editor, Charity Times Magazine

Maggie Semple OBE
CEO, The Experience Corps Ltd, and Owner, Maggie Semple Ltd

Jonathan Smith
Head of Corporate Social Responsibility, Woodford Investment Management

Dr Bob Swarup
Principal, Camdor Global

Better Society 2017 AWARDS

Asset Manager of the Year

WINNER: Rathbones Investment Management

Rathbones
Look forward

Rathbone Investment Management was the clear winner as Asset Manager of the Year at the third annual Better Society Awards.

Rathbones is one of the fastest-growing houses serving the charity sector, but its focus on understanding and delivering to its clients swayed the judges in this category.

The judges recognised Rathbones for its strong commitment to customer service, exemplified by the personal relationship each charity client has with the investment director of its portfolio. There are no relationship managers between the charities and the people investing on their behalf.

Clients receive an investment service tailored to their specific requirements, and given the range of organisations that Rathbones serves this requires significant flexibility.

Unlike some other investment managers, Rathbones offers the same level of service to all of its charity clients. And the minimum level of investible assets required to become a Rathbones charity client is just £10,000.

Rathbones' offer includes the ethical considerations that are so important to many charities. Working with its ethical and sustainable investment arm Rathbones Greenbank, Rathbones can cater for a range of ethical requirements. In addition to screening out investments that clash with a client's principles, Rathbones Greenbank's innovative research process 'screens in' the best ethical investment opportunities.

And the firm goes above and beyond investment matters in the support it offers its clients, regularly providing trustee training.

Rathbones also offers broader events to clients and the wider charity sector, with the symposium as the centrepiece. As well as providing a priceless networking opportunity, the event gives attendees insight into relevant topics and offers lively Q&A sessions and keynote speaker interviews.

From left to right Charleen Cranny of UKSIF, Gareth Pearl and Elliott Bancroft of Rathbones, Alun Cochrane, Comedian/presenter

Rathbones has also added to the sum of investment knowledge across the sector through the publication of its third charity investment report, Active vs passive investing - the great investment debate. Which aimed to help trustees understand their options. A fourth investment paper to be published in 2018 will focus on ethical and sustainable investing

But Rathbones provides more than investment services to clients and the sector, displaying the genuine commitment to charities and the overall ethical approach the judges were looking for in this category.

Through memberships and involvement with bodies such as ACEVO, CFG, The Funders Network, NCVO, and ICAEW, Rathbones contributes and learns from the discussions influencing behaviour and shaping opinions across the sector.

Rathbones has also done impactful work that contributes to improving society for all. The firm worked with the Home Office on the Modern Slavery Act which became law in May 2015, to ensure UK companies will report on slavery risks in their supply chains in a meaningful way.

The investment manager has also led on the environment, with Rathbones Greenbank tabling resolutions successfully calling for the leadership of fossil fuel companies to set out their plans for the transition to a low-carbon energy future.

A comprehensive service offering, alongside a genuine commitment to the charity sector and improving society made Rathbones a very deserving winner. Congratulations to Rathbones, Asset Manager of the Year.

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Better Society 2017 AWARDS

Insurance Company of the Year

WINNER: Ecclesiastical Insurance

Doing more for charities
Ecclesiastical has helped to protect not-for-profit organisations for 130 years and today we insure over 45,000 UK charities and community groups.

These numbers reinforce the depth of our expertise, but they only tell part of the story. As a commercial business with a charitable purpose, we are committed to providing more than just insurance to the charity sector.

Doing more with our charity partners
We are pleased to share our unique experience with some of the sector's key organisations including the Charity Finance Group (CFG), the Honorary Treasurers Forum (HTF) and New Philanthropy Capital (NPC).

Last year we strengthened our partnership with the NPC and supported their aims to understand and influence the charity sector with their State of the Sector programme of research. Our unique experience means that we are able to advise on topics such as governance and risk management whilst gaining a greater understanding of the opportunities and emerging risks charities are exposed to today.

Doing more to manage risk
We understand the importance of helping charities to prevent incidents that could interrupt their work. Our guidance covers key areas of concern with easy-to-use checklists on subjects like health and safety, running events and using volunteers.

With in-house surveyors providing specialist advice since 1887 we truly understand the risks charities face and how best to minimise them.

Doing the right thing in a claim
We understand that making a claim can be stressful and that this is particularly true for charities, who may be providing daily support to their community. Our aim is always to provide hands-on assistance and exceptional customer care so that they can get back to work quickly and without fuss. In each case, our priority is to understand what's important to our customers, what they need from us and how we can help them and their community.

Sue Ryder Leckhampton Court Hospice in Cheltenham suffered significant damage during flash flooding in June 2016. Knowing the importance of the building to the local community, Matt Gould (one of our personal claims consultants) quickly stepped in to help, with a primary goal of getting residents back into the building quickly.

Everyone worked around the clock to dry out the building, and specialist teams installed new flooring, fixtures and fittings. With everyone's hard work hospice patients were able to move back after just three weeks.

The Day Hospice Manager said "Ecclesiastical have been fantastic. They have gone above and beyond to return the building to us as quickly as possible."

Doing more to make a difference
As well as the professional support we provide to charities, Ecclesiastical is committed to helping change people's lives for the better. This year we were ranked 4th largest charitable donor by the Guide to Charitable Giving and we recently achieved our goal of giving £50million to good causes and our ambition is to donate a futher £100million.

2016 was our most successful year of charitable support and it's our intention in 2017 to do even more to make a difference.

From left to right Charleen Cranny of UKSIF, David Britton of Ecclesiastical Insurance, Alun Cochrane, Comedian/presenter

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Better Society 2017 AWARDS

THE WINNERS

Transparent Reporting Award
The Crown Estate

Waste Management and Recycling Programme of the Year
Keltbray Environmental

Innovation Award
HSBC

Built Environment Award
Arup

Communications Award
Aviva

Carbon Reduction or Offset Programme of the Year
Manchester Airports Group

Education Award
Absolute Radio & Macmillan Cancer Support

Partnership with an International Charity
innocent foundation and Action Against Hunger

Better Society
2017
AWARDS

THE WINNERS

Partnership with a National Charity
Selfridges & Zoological Society of London Project Ocean

National Commitment to the Community Award
Nationwide Building Society

Partnership with a National Health Charity
Deutsche Bank & Autistica

Commitment to the Young Community Award
Airbus

Partnership with a Children's Health Charity
TK Maxx & Cancer Research UK Kids & Teens

Commitment to the Local Community Award
Arsenal Football Club

Partnership with a National Childrens Charity
Fujitsu & Action for Children

Asset Manager of the Year
Rathbone Investment Management

Better Society
2017
AWARDS

THE WINNERS

Insurance Company of the Year
Ecclesiastical Insurance

Best Scheme to Encourage Staff Fundraising
Eversholt Rail

Bank of the Year
RBS

Best Scheme to Encourage Staff Fundraising (long-term partners)
Lloyds Banking Group & BBC Children in Need

Accountancy Company of the Year
Sayer Vincent LLP

Ethical Business Award
Firmenich

Consultancy of the Year
ClimateCare

Pro Bono Company of the Year
Arup

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VOLUNTEERING

Volunteering for a healthy mind and body

A review of the research into the positive benefits of volunteering on those who take part

WRITTEN BY DR NICOLA DAVIES, A FREELANCE JOURNALIST

Psychology and health research are increasingly showing the positive impact of volunteering on the well-being of volunteers. Indeed, evidence suggests the benefits of volunteering are vast and can touch all areas of our life - from the sense of purpose that comes with being involved in a meaningful activity, improved cognitive function, and increased social interaction.[1] Benefits can even be attributed to volunteering in an outdoor setting specifically.

Contact with nature

Much research is being conducted into the effects of environmental volunteering. Benefits such as increased time in natural surroundings and more physical exercise are unique to those volunteering outside, and these in turn can have a positive impact on the mental health of volunteers.

Research indicates that contact with nature in outdoor volunteering has positive benefits for both mental and physical health. This has been attributed to increased physical activity and reduced stress levels.[2] Furthermore, it has been found that hands-on interaction with nature through volunteering can help individuals suffering from mental illness to reintegrate into society.[3]

A study into the mood effects of exercise found that those who exercised in an outdoor setting experienced greater improvements in mood, attributed by participants to the restorative and calming effect of greenspace.[4]

Sense of purpose

Meaningful occupation and contribution to society are both necessary for a person's well-being. The research shows that many volunteers attribute a sense of achievement and meaning to the work they undertake. Indeed, studies have repeatedly shown that volunteers, no matter their age, gain a sense of purpose and improved quality of life through their volunteering activities.[2,3] Volunteering has also been associated with increased confidence and sense of achievement.[5]

In a study on individuals with mild or moderate dementia, Dr Daniel George of Penn State University in the US found that volunteers reported a renewed sense of purpose and improved quality of life in comparison with those who didn't undertake volunteering.[9]

Creative freedom

It has been argued that volunteering can only be considered leisure if the sense of obligation is balanced with creative freedom, which is an intrinsic component of well-being.[5,6] Volunteering has also been shown to have a significant positive impact on an individual's satisfaction with both the amount and use of their leisure time, and many volunteers, especially young people, consider volunteering a time to have fun and make new friends.[2,5,7]

While volunteering in nature has been strongly correlated with reduced stress levels due to the restorative nature of the environment, Dr George's research shows outdoor volunteering is not alone in its stress-relieving properties. He shares that the most important finding from his own research with dementia patients volunteering in schools was the significant decrease in stress levels of those who undertook regular volunteering compared to those who did not.

Improved cognitive function

Dr Yannick Griep, assistant professor at University of Calgary in Canada, and his colleagues looked at the role of volunteering in reducing the likelihood of a dementia diagnosis. "Previous studies found evidence for the protective role of physical activity, cognitive activity, or social interactions in lowering the likelihood of being diagnosed with dementia," Dr Griep says. "We

decided to focus on volunteering because voluntary work is a prototypical activity that combines physical and cognitive activity and social interactions in such a way that it resembles a paid job."

Dr Griep and his colleagues found that those who volunteered regularly reported improved cognitive function and decreased use of anti-dementia medication. They were also more active both physically and cognitively. "Our results clearly indicate that constant volunteering, for at least one hour per week every week, significantly reduces the likelihood of being diagnosed with dementia 2 years and 4 years after being retired," he says. Participants also reported significantly fewer problems remembering things, fewer problems concentrating, less difficulty making decisions, and less difficulty thinking clearly. "Based on our results," says Dr Griep, "we would advise everybody who retires to volunteer at least one hour per week and to keep up this voluntary work on a steady basis, every week ideally. By engaging in voluntary work, older people are able to access what is called the 'latent benefits of work' (social interaction, daily time structure, social status, meaningful contributions to society) that would otherwise be lost when you retire from a paid job."

It isn't just older people who notice cognitive and physical improvements due to volunteering. Students have also reported that volunteering improves their physical health, skillset, and career opportunities.[2,5,8] According to Dr Griep, research demonstrates the neurological underpinnings of being physically, cognitively, and socially active – and volunteering is one way to achieve all three of these regardless of age.

"Engaging in activities that require cognitive capacities has been found to increase the use of cognitive skills and functional reorganisation, and induced neurogenesis [the birth of new neurons in the brain], synaptogenesis [the formation of synapses between neurons], and cortical plasticity. It, thus, seems that there is a neurological underlying explanation for the findings we reported in our study," explains Dr Griep.

Social connection

There is a significant body of research into the positive effects of volunteering on social connection. Volunteering is fundamentally a social activity. Not only do volunteers form relationships with each other and the volunteering organisation, but they also interact with other members of the community. It is important to note, however, that these relationships are not always positive, with exclusion and frustration often being experienced alongside improved social skills, community relationships, and social cohesion.[3,6,11]

Overall, however, evidence suggests a positive link between volunteering and social well-being. One large study found that 51 per cent of young volunteers began to socialise with people from different backgrounds due to volunteering.[3] Another study showed that social interaction and integration into campus society was the most important benefit for student volunteers.[5]

Altruistic contribution

Volunteering balances community contribution and personal attainment in a form of 'reciprocal altruism.'

realised by both the individual and the community. Dr George advocates 'intergenerational volunteering,' which can be seen as a form of reciprocal altruism. In his own research, retired people entered schools to help children, with participants not only experiencing positive improvements to their own well-being, but also providing much-needed assistance to children. According to Dr George, "Volunteering in a school is generative – it creates value and adds to our community fabric. I think it would be interesting to examine the benefits of intergenerational interactions on children over time since there is reciprocity in that relationship."

Holistic benefits

A wealth of research suggests that volunteering is no longer an activity that needs to be seen as entirely altruistic. By giving our time and energy to others, we can benefit too - psychologically, cognitively, socially, and physically. Volunteering is good for everyone involved, regardless of age. The question is how charities can communicate these benefits and help people help them and help themselves. ■

Volunteers provide assistance and support to members of the community and the organisations or charities they work for, while the volunteers themselves receive positive benefits for their personal health and well-being.

Research has found the values of altruism and humanitarianism to be important motivations for voluntary work, alongside gaining a practical understanding of skills and improving career prospects.5,8 Volunteering is not only a group accomplishment, but also reflects personal effort, so altruism is

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MERGERS

Staying safe from the new cyber menace

The 'WannaCry' global ransomware attack this May brought cybercrime into the limelight, affecting thousands of organisations. As a result of the attack, the Charity Commission said the third sector had to do more to protect itself. What more can charities do?

WRITTEN BY ANTONY SAVVAS, A FREELANCE JOURNALIST

Ransomware sees cyber criminals unleash malware onto users' computer systems that can lock anything from a single PC to hundreds or thousands of machines. Ransomware is often propagated by email and can be activated and spread across a network when a single user opens an attachment containing the rogue code.

Once an operating system on a computer is infected the data on that machine is encrypted, and the user will be asked to pay a "ransom" in return for a code that can unlock and decrypt the data on the machine within a limited period of time.

If the organisation does not pay the ransom and does not have security systems in place that can counter the malicious software, they will lose their data, which can of course play havoc with their business operations. The charitable sector unfortunately is not immune to the threat of ransomware.

Widening threat

The increasing threat from ransomware has been charted by security software companies, putting the number of new ransomware malware families at around 200 in 2016.

Last September, Comic Relief's internal systems were down for days after suffering a ransomware attack, after one of its server's was targeted by criminals. As a result, staff at Comic Relief were unable to access the internet or get their email, forcing a number to work at home instead.

And before the Comic Relief attack, in March 2016, the headquarters of Catholic Charities of Santa Clara County in the US were targeted. A receptionist there opened an email attachment which was dressed up as an invoice. Instead, the file she opened connected her computer with a server in Ukraine. It then downloaded ransomware code which began to rapidly encrypt files on her computer.

Duncan Hughes, systems engineering director for the EMEA region at A10 Networks, says of the threat: "Organisations in the charity sector should share simple safeguarding techniques amongst employees and volunteers and make sure that they are educated around the type of attacks to expect, but ultimately protection systems need to be put in place to keep hackers out.

"IT decision makers need to think more strategically. The bad guys are looking for return on investment just like the good guys, and they don't want to work too hard to get it. Instead of focusing on doing everything right 100 per cent of the

time, IT leaders can be more effective by doing a few things very strategically with the best technology available."

Jonathan Orchard, a partner at Sayer Vincent which specialises in helping charities with risk management, says: "Charities are as vulnerable as businesses and are increasingly targets for cyber criminals because they hold a lot of data about stakeholders and donors. Organisations need to check their systems and ensure they have the most up-to-date firewalls and other security systems installed.

"As the Charity Commission suggests, they should always install software updates as soon as they become available, as they will often include fixes for critical security vulnerabilities. They need to make regular data backups of important files, using an external hard drive, memory stick or online storage provider."

Orchard says any risk policy should include advice to employees and volunteers about not clicking on emails or links they are unsure about.

Prevention

In the case of the Catholic Charities of Santa Clara County attack, CCSCC director of IT, Will Bailey, had beforehand been looking to bolster the charity's cyber defence capabilities. He had already started a trial of Darktrace's Enterprise Immune System – a "self-learning" technology inspired by the human immune system and powered by machine learning and mathematics developed by specialists from the University of Cambridge.

One of a number of similar self-learning systems on the security market, Darktrace works by learning a network's "pattern of life" by modelling the behaviours of each user, device and the network as a whole. Based on this adaptive understanding, Darktrace is capable of real-time threat detection, automatically detecting any behaviour or activity that deviates from the norm.

At the time of the attack, Darktrace's technology had been monitoring CCSCC's network for a few weeks and already had a well-established understanding of the company's normal behaviour and everyday activity.

Fortunately, once the attack on the receptionist's machine was detected, a member of the charity's IT security team was able to respond straight away, disconnect the targeted device from the network and prevent any further encryption or financial cost.

The charity went on to permanently deploy Darktrace's Enterprise Immune System. Will Bailey says: "If Darktrace hadn't detected the ransomware attack who knows what could have happened. It delivers a core cyber defence that is specific to our network. As we use the Enterprise Immune System and drill down into the anomalies it presents to us, we can tighten parameters, modify the criteria for anomalous activity, verify behaviours which are actually legitimate and implement best practices."

Backing up

With the Comic Relief attack, the backing up of data was key to preventing any serious data loss. The files held on the targeted server were only copies of information which was also held elsewhere. This gave the charity time to work with an external security company to investigate and alleviate the effects of the ransomware and get systems back to normal with the use of the backed up data.

First Capital Cashflow helps charities process donations in a safe and secure way using its cyber-security software. Jo Gibson, operations director at First Capital Cashflow, says: "A lot of UK charities currently use telephone or paper-based donation systems and keep data on local computers that are very vulnerable to hacks. Charities need to ensure that sensitive information is properly secured by using cloud-based technology systems that provide comprehensive security benefits that are far superior to paper-based or in-house software solutions.

"One of the biggest safety advantages for charities is that sensitive information can be stored in an outsourced, off-site data

centre with experts on hand to tackle any unwanted incidents. In the event of a cyber security breach, data needs to be accessed instantaneously to alleviate the problem as quickly as possible and the cloud supports this."

With the increasing use of the cloud in mind, security vendor Acronis recently launched the latest version of its data backup product bundled with automated anti-ransomware protection. Acronis competes with the likes of Veeam, Veritas, Commvault and Dell EMC in the data backup space, but by bundling automated anti-ransomware protection for data stored both on-premise and in the cloud, it feels it has an edge in today's growing ransomware climate.

So there are clear security technologies and policies out there to protect charities against the emerging threats, including the growing threat of ransomware. Here's a check-list:

Perform regular backups
Regular full image backups are the ultimate way to mitigate ransomware attacks. Critical files should be protected by regular backups within minimal intervals – preferably to a secure cloud storage space that is itself protected against ransomware.

Choose backup software that has in-built real-time protection against ransomware. Such a solution will use behavioural heuristics analysis to detect and stop ransomware even when your anti-malware programme is not able to do it.

Use anti-malware protection
Anti-malware software, or what is commonly known as "anti-virus" software can help form a defence against ransomware, but choose your software carefully. Remember, many free anti-virus programmes don't offer any protection against ransomware.

Keep up to date with software updates
Do not ignore software update messages – they are there for a reason. Software updates are designed to introduce new features or patch up security holes abused by cyber criminals. The sooner you patch up, the less likely your system will be exploited by ransomware.

Make all your file extensions visible
Your operating system may hide file extensions by default in order to try and keep things simple. It is highly recommended to make them visible. You do not expect people to send you a JavaScript file unless you're a software developer, for instance. Enable file extensions to spot the file types you don't usually receive in your mailbox, contributing to the efforts of spotting potential ransomware.

Be careful with email attachments
If you receive something from a person you don't know, or something you don't expect – don't open it! Run it through your anti-virus programme. You may need to do the same thing even for emails received from people you know. Don't open suspicious email attachments and don't click the links, especially the ones asking you to download software "to read this attachment". Be careful and where appropriate don't be afraid to ask the email sender for confirmation of what has been sent.

Don't give your computers more rights than they need
If a computer has administrator privileges, it could spell disaster to all computers and devices on that network. As an extra layer of security do not switch on UAC (user account control) in Windows either.

Don't enable macros in document attachments received via email
When you receive a Word document or an Excel spreadsheet by email and it asks you to "enable macros" — don't do it! A lot of harmful malware is spread this way, including ransomware. If the file is infected and you turn the macros on, you give the hackers permission to install ransomware and start encrypting your data.

Use new security features in your business applications
Essential business software applications, such as Microsoft Office 2016, now include an option to "Block macros from running in Office files from the internet". This is handy. Make sure it is enabled on your computer.

Disable remote desktop connection
Ransomware often accesses target machines using Remote Desktop Protocol (RDP), a Windows utility that allows others to access your desktop remotely. If you do not need to access your computer remotely, you can safely disable RDP to protect your machine. ■

INTERVIEW

Diversification and income

Quilter Cheviot's head of charities William Reid joined Matt Ritchie in the *Charity Times* studio to discuss the role of diversification across charities' investments and income streams

WRITTEN BY MATT RITCHIE, EDITOR OF CHARITY TIMES

How can charities go about diversifying their income streams?
Looking at the broader challenges charities face, it's looking at how the world has evolved in terms of traditional giving. You've got those which are rattling tins on street corners, those that rely on legacy giving. There are the challenges posed by the new Fundraising Regulator and the very many challenges in terms of sharing of information; not falling foul of the other UK government agencies now involved with that side.

On investment income, which traditionally for the broader sector has been between 8 to 10 per cent of income sources, you look beyond that and ask what other options are there? Can you set up partnerships in the sense of bringing investors or donors together who may want to support a charity, and allow them to be able to network but also make them feel they can participate in the success of that charity.

How can charities ensure that their investment assets really are uncorrelated in the event of a market shock?

You always start from the position of: 'what do these investments mean for me as a charity?'. Is it money that we hope will be here in 100-200 years time and I want to spend the income today? Or is this to fund a particular capital project and I need to spend that money in three years? As ever, the time horizon becomes a very key component, and then looking at how you might go about diversifying the portfolio. If we're looking at the broader term where you're saying 'this is a portfolio where I want to spend income', you're looking at the attributes of different asset classes. As we know through 2008, you may think you have a diversified portfolio but in some circumstances pretty much everything will fall in value. It's then asking yourself what risk parameters are you as trustees happy to operate within? That's the risk to capital alongside the risk to income, and the timeframe you're looking at that over. For most trustees, the risk to income over the much shorter 12 month timeframe is really where their risk is focused. The capital risk is a more long–term outlook.

What can charities do to mitigate political and economic risks to investment performance?

It's being aware of who has influence, where and how. You've seen particularly in the US, you've seen in Europe, to an extent in the UK, and for a long time in Japan, government interference in bond markets. We've had quantitative easing - the printing of money and in essence governments buying back their own debt.

There's not just a risk of 'we don't like the hue of the next people coming into power and some of the legislation they might change', there is a direct risk to your underlying investment. That can feed through to things like infrastructure funds. We're certainly in the vanguard of infrastructure investment, and I think it's attractive, but again be aware of the jurisdiction you're in and also don't see it as something you should put all your money into. We're comfortable – looking at some of the renewable contracts and public financial initiatives – that they stand fairly well written in law. But again, a government could stand up tomorrow and rip them up.

If you look back to last year and the outcome of the EU referendum, we had about a week to 10 days of turmoil in markets. And then everything recovered, albeit the currency had depreciated dramatically. But then you look at the outcome of the US presidential election. There was a bit of turmoil in US markets, but hours, not days. Then at the end of the year we had the Italian referendum. That didn't go the way the government anticipated but their turmoil in markets was over in about three minutes. Markets have become sanguine – maybe dangerously so – about the level or risk and who knows what the future may bring on that front.

On the income side, if you're thinking 'we're just a UK charity, we'll just have UK equities and we'll just buy the FTSE 100', be aware that the top 10 dividend payers in the UK market account for over 50 per cent of all income received in the UK. If you look at the top 10 payers of income in the market, and how well covered their dividend payments are, actually none of them are two times covered; so their earnings are less than two times the amount they are paying out. Risks manifest themselves everywhere, so being diversified by asset classes and by the different types within that asset classes is really the best way to protect yourself.

This is an edited version of an interview that can be viewed in full at www.charitytimes.com

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INVESTMENT

Do Charity DFMs Offer Value For Money?

How can charities assess the fairness of fees if there is no transparency?

WRITTEN BY GRAHAM HARRISON, GROUP MANAGING DIRECTOR, ASSET RISK CONSULTANTS

"Fairness in life and in business is so important. It helps us keep level headed, and striving to change the world for the better. From human rights to industry competition, fairness makes the world go round, and ensures we never settle for anything other than what's right." Richard Branson, Entrepreneur

The FCA Asset Management Market Study Final Report was published in June and some of the findings were:

- There is some evidence of a negative relationship between net returns and charges
- Investors should understand the total cost of investing
- Value for money comes in the form of risk-adjusted net return

But, how can a charity assess whether the fees and charges being levied on their portfolio are fair and reasonable?

ARC Fair Fee Formula

The ARC Fair Fee Formula provides a framework for any charity investor to assess whether the cost of investment levied by a discretionary fund manager (DFM) is fair and reasonable. The ARC Fair Fee Formula is simple in construct and recognises that price and value are different. A fair fee is not the same as a low fee. A fair fee ensures that the provider of a service receives remuneration for the services rendered that both the provider and the recipient of those services deems to be reasonable.

ARC breaks down the cost of investment into three core elements: administration expenses; market access; and applied research. This framework allows every charity investor to consider precisely what services are being provided by their DFM and to allocate a reasonable cost to each service element.

Administration Expenses

These expenses relate to the administrative and regulatory burden borne by a DFM in operating an investment portfolio. Some of these expenses are unavoidable. Some are optional. But all should be considered as "flat expenses" rather than "ad valorem fees". Examples include: suitability assessments; know your client procedures; provision of statements and valuations; tax computations; liquidity management; receipts and payments; and client correspondence and meetings.

The common factor here is that the cost of these activities can be thought of on the basis of time spent and can be calculated accordingly. Clearly each charity has a unique set of administrative needs and each DFM has its own break even charge out rate. As a rule of thumb, the administrative expenses are unlikely to be less than £2,000 per annum and unlikely to be greater than £10,000 per annum.

Market Access

The cost of market access can be thought of as the cost of replicating the neutral asset allocation of a portfolio through purchasing, holding and periodically re-weighting a basket of index tracking funds or exchange traded funds. With index tracking funds available for almost every conceivable asset class, it is possible to estimate the cost of market access for almost any investment strategy. It should be noted that the cost of market access is not merely the cost of the index tracking funds being purchased but also needs to include trading costs and custody costs.

The cost of market access is usually ad valorem based rather than an amalgam of fixed charges. It is most easily calculated when the cost of custody is separately quoted by the DFM and when a discretionary portfolio has been allocated an agreed benchmark or neutral asset allocation. However, based on the expected risk profile and/or target return of a portfolio, the cost of market access can be always be estimated and compared with industry norms.

Applied Research

If a discretionary portfolio follows a

passive mandate (seeks to track a defined benchmark or composite benchmark) then the cost of applied research is assumed to be zero. All costs of operating that "passive" investment strategy should have been included in the first two factors. However, most charity DFMs aim to add value for their clients by seeking to out-perform the agreed benchmark, be it a composite of market indices or a target absolute return.

There are three main ways that charity DFMs attempt to achieve this objective for their clients: tactical asset allocation; judicious underlying fund selection; and superior stock selection. The combination of these three elements is sometimes called alpha (the returns from market access being referred to as market beta). To generate positive alpha (or in plain language, to outperform a passive portfolio) by design rather than by luck requires skill; and skill relies upon applied research.

But how much should an investor pay for accessing applied research? The principle adopted by ARC is that there should be an equitable division of the potential benefits from applied research between those providing the intellectual capital and those providing the investment capital. This outcome can theoretically be achieved through an agreed performance fee in the form of X% of the outperformance of a given (investible) benchmark. It can be thought of as the DFM agreeing with the investor the "Value Capture Ratio". By way of example, if it is agreed that the rewards from applied research should be shared 60:40, the investor would retain 60% of the outperformance of the benchmark and the performance fee would be 40% of the outperformance of the benchmark.

In practice, such performance fee arrangements are rare for charity discretionary portfolios due to the income uncertainty inherent in such an arrangement for the charity DFM and the fact that charities worry that the overall fee taken by the manager may be well in excess of more conventional fee levels.

A practical alternative is to consider the potential for out-performance of a benchmark inherent in the investment style being employed by the charity DFM. Out-performance potential is a function of the size of the active bets made by the charity DFM. The greater the divergence between portfolio composition and benchmark construction, the greater potential that portfolio has to out-perform (or under-perform) its benchmark.

Thus, in the absence of an agreed Value Capture Ratio, the quantum of fee payable for applied research can be calculated as a function of the actual (or expected) size of active bets by the charity DFM, which is measured statistically by tracking error. The selection of the correct multiplication factor for any given portfolio requires an understanding of the nature of the investment philosophy and process of the charity DFM and the specific mandate. However, as a rule of thumb a factor of 0.25 can be used.

A Worked Example

So how does the ARC Fair Fee Formula work in practice? Assume a discretionary portfolio of, say, £5 million, following a composite benchmark of 60% world equities and 40% UK bonds with an expected tracking error of 3% per annum and a total cost of investment of 1.25% per annum.

After discussion with the charity DFM the cost of administration is estimated to be, say, £5,000. This cost covers, inter alia, monthly valuations, quarterly manager meetings and organising quarterly payments.

The cost of market access is calculated as being 30 basis points per annum representing a blended ETF cost of 17 basis points, custody fees of 8 basis points and re-balancing costs of 5 basis points.

Using a tracking error multiplication factor of 0.25 suggests an acceptable applied research fee of 75 basis points.

Thus, in this example, the total cost of investment for the portfolio is £5,000 or 10 basis points higher than the ARC Fair Fee Formula indicates. Note that the ARC Fair Fee Formula as calculated above does not take account of actual outcomes but rather assumes that future out-performance is a function of the quantum of applied research.

Conclusion

As Richard Branson observed, fairness in business is critical and the FCA's recent Asset Management Market Study highlights that many investors do not know how to assess whether their investment manager is delivering value for money. But, cheap is not the same as fair. The ARC Fair Fee Formula allows each investor to assess whether they are receiving value for money from their DFM by unbundling the service elements being provided.

Research costs money but brings opportunity. A fair fee is one that delivers value for money, where each DFM is paid a fair price for providing investment administration services, financial market access and for applying their investment knowledge and skills to enhancing an investor's wealth. ■

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INVESTMENT

Q2 Performance Estimates

Performance Summary Tables
ARC Charity Indices provide a unique insight into the actual returns being generated by investment managers for their charity client portfolios. The indices are based on the real performance numbers for over 3,500 portfolios delivered to charity clients by 35 participating investment managers. There are no pre-set asset allocations; no asset class restrictions; no concentration limits; and no index performances used. Only actual performance numbers are included in the calculation of the indices.

The first table sets out the performance of each ARC Charity Index in discrete years. All figures are percentages. Estimates are shown in green.

Source / Asset Risk Consultants

ARC Charity Index	2012	2013	2014	2015	2016
ARC Cautious Charity Index	6.87	5.65	4.88	1.05	4.8
ARC Balanced Asset Charity Index	9.01	10.87	5.02	2.06	9.7
ARC Steady Growth Charity Index	10.48	14.94	4.38	2.12	12.6
ARC Equity Risk Charity Index	12.28	18.13	4.07	1.71	14.6

The second table presents quarterly performance during the current calendar year with estimates being shown in green. All figures are percentages.

ARC Charity Index	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017
ARC Cautious Charity Index	1.3	0.0			1.3
ARC Balanced Asset Charity Index	2.6	0.6			3.2
ARC Steady Growth Charity Index	3.3	1.0			4.3
ARC Equity Risk Charity Index	3.8	1.3			5.2

The third table presents cumulative performance over one, two, three and five years and annualised performances since inception in December 2003. All figures are percentages. Estimates are shown in green.

ARC Charity Index	1 Year	2 Years	3 Years	5 Years	Annualised Performance (since inception)
ARC Cautious Charity Index	4.2	5.8	10.3	23.8	4.7
ARC Balanced Asset Charity Index	10.1	13.3	19.0	42.4	6.1
ARC Steady Growth Charity Index	13.3	17.6	22.9	53.9	6.9
ARC Equity Risk Charity Index	16.1	20.2	24.7	63.6	7.4

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We support our individual members, organisations as well as the fundraising community and the general public and donors through:

- Leadership and representation
- Best practice and compliance
- Education and networking
- Championing and promoting fundraising as a career choice.

We are a charity that supports charities and public benefit organisations in connecting donors and supporters with the causes they care passionately about.

Excellent fundraising is the essential ingredient that enables us to make the world a better place. Find out how we can enable you to be the best fundraiser you can be.

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Charity Bank Limited

Fosse House, 182 High Street,
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W: charitybank.org

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You can apply for loans from £50,000 to £3.25 million and more in partnership with other lenders.

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BANKING

Triodos Bank

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T: + 44 (0)800 328 2181
E: contact@triodos.co.uk
W: www.triodos.co.uk

Triodos Bank offers a fresh approach to banking. Our mission is to make money work for positive social, environmental and cultural change.

We do this by only lending money to businesses and projects which benefit people and the planet, including charities and community groups.

This means our depositors know their money is used to make a positive impact, while still receiving a fair return. And 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.

We offer a range of services for organisations of all sizes, including:
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Visit triodos.co.uk to find out more.

Unity Trust Bank plc

Nine Brindleyplace
Birmingham
B1 2HB

T: 0345 140 1000
E: us@unity.co.uk

Looking for a bank that **understands** your charity?

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Established in 1984, positive social impact and financial sustainability were part of our founding principles. Today, more than 30 years later, they remain core to what we stand for.

If you're a charity, look no further – **we're on the same page**.

FUNDING

PayPal Giving Fund
Whittaker House,
Whittaker Ave
Richmond, Surrey
TW9 1EH, UK

E: info@paypalgivingfund.org
W: paypalgivingfund.org.uk

PayPal Giving Fund is a registered charity (No. 1110538) that enables PayPal and its partners, such as eBay, to raise funds on behalf of UK charities. PayPal Giving Fund is working to create a network of donors, businesses and charities and provides a secure and easy way for people to find and support their favourite causes while at home or on the go. Working with leading internet businesses, PayPal Giving Fund generates more than $35m in donations each year to benefit charities in the US and UK.

Contact us at: info@paypalgivingfund.org

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Ansvar Insurance

Ansvar House
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Eastbourne, East Sussex
BN21 3UR

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F: 01323 644082
E: ansvar.insurance@ansvar.co.uk
W: www.ansvar.co.uk

Ansvar has over 50 years' experience of insuring the Third Sector. We have a tailored range of policies to meet the needs and challenges faced by registered and recognised charities, community groups, not-for-profit companies, social enterprises and voluntary groups.

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W: www.ecclesiastical.com/CTimes

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GU1 4RY

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F: 01483 407 441
W: www.stackhouse.co.uk

Stackhouse Poland look after 400 charities and "not for profit" organisations in the UK.

Our specialist team arrange a broad range of insurance programmes for our charity clients, including property and liability as well as motor, charity trustee cover and travel policies for aid workers, etc.

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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INVESTMENT MANAGEMENT

Barclays Wealth and Investment Management

1 Churchill Place, London, E14 5HP

For more information, please contact:
Kathleen Britain, Head of Charities

T: +44 (0)20 3555 8565
E: Kathleen.Britain@barclays.com
W: www.barclays.com/wealth

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Barclays is a transatlantic bank, helping customers and clients achieve their ambitions by offering products and services across personal, corporate and investment banking, credit cards and wealth management.

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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.

We invest globally, across multiple asset classes and take a long term outlook to wealth preservation and growth.

We act as both discretionary managers and advisors to charities.

Charles Stanley & Co. Limited

55 Bishopsgate
London EC2N 3AS

Nic Muston – Director of Private Clients & Charities

E: nic.muston@charles-stanley.co.uk
T: 0207 149 6610
W: www.charles-stanley.co.uk

The 5 Star Service

We believe that no two charities are alike so we create bespoke investment portfolios designed around each charity's unique requirements. We support trustees in fulfilling their wide range of responsibilities by providing comprehensive advice that cuts through investment jargon. We monitor risk carefully and have six 5 Star Defaqto ratings for our service. Our 24 local offices access central expertise in:

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INVESTMENT MANAGEMENT

EdenTree Investment Management Ltd

24 Monument Street
London
EC3R 8AJ

Philip Baker
Head of Institutional Business Development
T: 0800 032 3778
E: charities@edentreeim.com
W: edentreeim.com

Profit with principles

That is what we aim to deliver. We believe that a company's business activity, it's environmental and community impact and the way it interacts with its stakeholders can all positively contribute to returns. This is why these factors are integral to our responsible investment process and why EdenTree Investment Management has won numerous awards for its performance.

Call us to discuss how investing responsibly will benefit your charity, learn how our charitable ownership helps us see things from your perspective and how your investment can make a real difference.

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C. Hoare & Co.

37 Fleet Street
London
EC4P 4DQ

Simon Barker,
Head of Charities
T: 020 7353 4522
E: simon.barker@hoaresbank.co.uk
W: www.hoaresbank.co.uk

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Lombard Odier (Europe) S.A.

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Contact: Tom Rutherford, Head of Charities
T: 020 3206 6156
E: t.rutherford@lombardodier.com
W: www.lombardodier.com/ukcharities

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M&G Investments,
M&G Charities Department

PO Box 9038, Chelmsford CM99 2XF

T: Richard Macey 020 7548 3731
or James Potter 020 7548 3882

E: charities@mandg.co.uk
W: www.mandg.co.uk/charities

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*As at 31.03.2016. Issued by M&G Securities Limited who is the fund manager and registered in England No. 90776. The registered office is Laurence Pountney Hill, London EC4R 0HH. M&G Securities Limited is authorised and regulated by the Financial Conduct Authority. Charibond's charity registered number is 271815, and Charifund's charity registered number is 249958.

Newton Investment Management

Stephanie Smith
Newton Investment Management
BNY Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

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

At Newton, our sole focus is investment management. We currently manage £54.5 billion for a broad range of clients, of which £4.1 billion is on behalf of charities (as at 31 March 2017).

We are a committed and trusted, long-term partner to charities, with a track record of helping them achieve their goals. But we do not stand still: innovation and thought leadership in the charity sector are fundamental parts of our business. We use a distinctive, global thematic investment approach, combined with rigorous analysis of environmental, social and governance issues, in our specially designed charity pooled funds and segregated portfolio services.

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INVESTMENT MANAGEMENT

Quilter Cheviot

Contact: William Reid

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London
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T: +44 (0)20 7150 4000
E: charities@quiltercheviot.com
W: quiltercheviot.com

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Rathbones Look forward

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Rathbone Investment Management

8 Finsbury Circus, London EC2M 7AZ

For further information please contact James Brennan:

E: james.brennan@rathbones.com
T: 020 7965 7102
W: rathbones.com/charities

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

- £4.1 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 31 December 2016.

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.

Ruffer LLP

80 Victoria Street
London
SW1E 5JL

For more information contact:
Christopher Querée, Investment Director – Head of Charities

T: +44 (0)20 7963 8110
F: +44 (0)20 7963 8175
E: cqueree@ruffer.co.uk

Ruffer is an absolute return investment manager. Instead of following benchmarks, we build multi-asset portfolios that aim not to lose money on a 12 month rolling basis and deliver a return greater than the risk free alternative of cash on deposit. By aiming to avoid the cyclical gyrations of the market, we aspire to provide a less volatile experience for our clients. This approach has, over the long-term, delivered returns ahead of UK equities and the WM charities benchmark with less volatility. We manage over £20bn of assets, including over £2bn for over 300 charities as at 31 December 2016. We are able to provide fully segregated portfolios for clients and incorporate ethical restraints, either through a segregated portfolio or through our pooled Common Investment Fund. Our dedicated charities team includes a manager responsible for co-ordinating our ESG policies across the firm. We are a signatory to the UNPRI and regularly host conferences and seminars designed to bring charitable organisations together, discussing the key investment challenges they face.

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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 400 charities* with over £6.4 billion in charitable funds*, representing over 40% 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 £14.1 billion* (*as at 31.03.2017).

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UBS

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London EC2M 2AN

Helen McDonald - Director
E: helen.mcdonald@ubs.com
T: +44 207 567 0241

W: www.ubs.com/charities-uk

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Waverton Investment Management

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Contact: Emma Robertson
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E: erobertson@waverton.co.uk

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INVESTMENT REVIEW SERVICES

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Tivoli, Cheltenham,
GL50 2TL

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F: 01242 584201
E: James@3sector.co.uk
W: www.3sector.co.uk

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John Finch
Partnership Development Officer
The People's Operator
40 Underwood Street
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E: partnerships@thepeoplesoperator.com
W: www.thepeoplesoperator.com

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Contact: James Vear

E: charities@psfinancials.com
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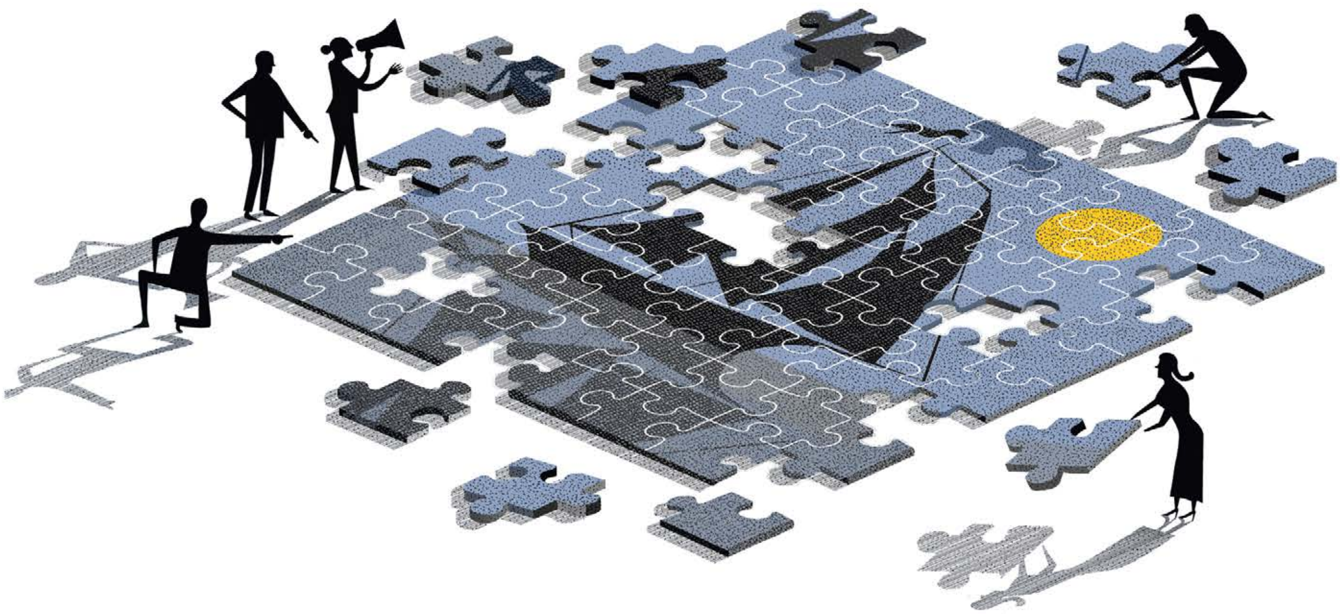

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