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FIRST CHOICE FOR NON-PROFIT MANAGEMENT

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# Putting impact leadership into practice

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# A Brave New World

**2013 has been** another testing year for the sector. As Joe Irvin from NAVCA notes on pages 10-11: funding has got harder as austerity has continued, and many charities and community groups are working in an environment of massive change. The relationship with the public sector has changed and charities are having to develop new relationships with key partners. Or put another way by Tris Lumley from NPC on page 24: "Reductions in public funding, structural changes to commissioning and new government policies on welfare, housing and health have led to a reconfiguration of the relationship between the state and civil society, affecting many areas of charitable activity."

In short, this means charities have to think and work in a completely different way.

This is a Brave New World. And it is not necessarily something to be scared of. As IoF CEO Peter Lewis notes in our year in review: "The economic climate is tough, but those charities that are committed to fundraising and invest in their teams are bringing in more money."

In another way, the united sector opposition to the Lobbying Bill is one positive example of effective sector working, but it is one rare situation where there has been a unified sector voice.

There are occasions when the sector doesn't speak at all. The summer debacle over charity CEO pay was, after the initial defence from ACEVO chief Stephen Bubb, one of a deafening silence. This is not good enough. Charities need to be more transparent when it comes to remuneration, be open about what they pay and why they pay it.

If a case is put, the public will respond, sometimes not always beneficially, but at least it is not an issue that can be used against the sector repeatedly. At the moment no case has been made and a repeat of the CEO pay debacle could occur again at any time.

It is true the political environment has become more hostile to the sector, but the sector must put its case. Assuming that, as has been the situation in the past, by proclaiming it is work done by the charity sector and therefore good by nature, is no longer enough.

The Brave New World offers many opportunities, but the sector needs to rise strongly to face them. More focus on effective partnership working and collaboration is one route that is important and one that many of the more innovative sector organisations are already embracing.

The next big challenge is embracing greater transparency on CEO pay and wider sector finances. Highlighting impact is a key driver here, as we highlight on page 24 onwards. If charity leaders can show their impact as an organisation, that should be shared with the widest possible audience, for the long-term benefit of the charity and the sector as a whole.

**Andrew Holt, Editor**

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# Charity shops are life support of Britain says report

A study into the value of charity shops found they keep people shopping on their high street, finds Andrew Holt

Charity shops act as a life support on Britain's high streets, providing a number of benefits for local businesses, residents and communities, according to a new report by think-tank Demos.

An in-depth study into the value of charity shops found they keep people shopping on their high street and drastically reduce the number of empty shops, challenging the perception that they fuel high street decline.

Charity shops are also in the frontline of the fight against unemployment.

Over 80% of volunteers stated that they were using their shifts as an opportunity to 'skill up', gaining retail experience as a path to paid employment.

Figures from the Charity Retail Association show charity shops contribute to the British economy by hiring a total of 17,300 paid staff, with an extra 210,000 people choosing to volunteer.

Alongside economic benefits, the report discovers charity shops to be extremely hands-on in combating the health and social problems — especially social isolation — associated with the UK's rapidly ageing population.

In some cases shops even act as service providers for their charities, offering advice and support for those in need.

Demos conducted a poll of 2,200 members of the public to gauge their views, as well as around 150 charity shop managers and 150 volunteers.

One in five members of the public said they had met or talked to someone new in a charity shop, while about a third agreed that they provided a sense of community (29%) and encouraged different generations to meet (28%).

Meanwhile, an overwhelming majority of volunteers (91%) cited 'socialising and meeting new people' as a benefit of volunteering.

ALLY PAGET

*"Local authorities can and should do more to support charity shops at a business level, and to draw on the capacity of charity shops to spur local regeneration"*

61% also felt their volunteering led to improved physical and mental health.

Figures show a third (33%) of volunteers are retired, while many staff reported that their shops often acted as a form of community centre for older and vulnerable people to simply 'drop in for a chat'.

The benefits of community action, particularly for older generations, shouldn't come as a surprise.

A recent US study showed those over 50 who had volunteered for 200 hours in the previous year were significantly healthier than non-volunteers, with a lower risk of stroke or heart attack.

Demos goes on to challenge charity shops to better publicise the specific impact that money spent in their stores has on the local community and beyond.

The think-tank suggests this could be done through prominent displays detailing how money spent directly equates to total hours of support provided, or the number of items bought for those in need.

**The report also recommends:**

*Local Health and Wellbeing Boards and Job Centre Plus should promote volunteering in charity shops to more jobseekers so they are aware of the experience opportunities.*

*More data should be gathered by local authorities on high street footfall and how the presence of charity shops affects local businesses, to better inform future policies.*

Ally Paget, researcher at Demos and author of the report, said: "It is a real shame that the multitude of benefits offered by charity shops is so often unrecognised and under-used, especially in this time of austerity.

"Local authorities can and should do more to support charity shops at a business level, and to draw on the capacity of charity shops to spur local regeneration.

"Charity shops themselves must also do more to prove their worth by addressing negative public perceptions and highlighting the huge contributions they make to communities."

Warren Alexander, of the Charity Retail Association, added: "Charity shops not only raise vital money for their parent charities but they bring huge value to their local communities and this report gives some clear insight into those benefits.

"Charity shops offer a space for individuals to learn new skills and experience through volunteering and work.

"It is great to see charities using their space in imaginative and resourceful ways to not only be retail operations but act as community centres, bases for service delivery and hubs for vulnerable people."

# World giving in perspective

## Andrew Holt finds Britons have become more generous in the last year with the UK sixth in the World Giving Index

The UK is top of the developed world for giving money to charity, with 76% of Britons giving to good causes in a typical month.

This increase in financial giving makes the UK the sixth most charitable nation in the world, up from 8th, in the *World Giving Index*, the biggest annual global survey of giving published today.

The survey also found that Britons are becoming more generous with their time. Volunteering levels rose by three percentage points from the previous year to 29%.

The UK also became a friendlier place, with a huge increase in the amount of people who helped a stranger in a typical month, up by nine percentage points to 65%. The index is based on surveys in 135 countries by Gallup over the past year and looks at three measures of giving: the percentage of people who give money to charity, volunteer their time or help a stranger in a typical month.

While the UK tops Europe in terms of giving money to charity, Ireland is the most generous nation in Europe overall, with a higher proportion of the Irish volunteering (37%) pushing the UK into second place in Europe. The index found that the United States was the most generous country on earth, followed in joint second place by Canada, Burma and New Zealand, with Ireland in fifth place.

The next five most generous countries were the UK, Australia, Netherlands, Qatar and Sri Lanka respectively. Greece was bottom of the World Giving Index with Croatia just above them. Overall, the world became a more generous place last year. Despite a slowdown in the global economy, the average percentage of people donating money, volunteering time and helping a stranger all increased.

JOHN LOW

*"With the difficult economic climate and rising living costs, it is humbling to see that the majority of Britons choose to give money to good causes every month"*

The rise in giving was largely driven by an extra 200 million people helping a stranger in 2012. This was more than double the growth in the number of people giving money or volunteering.

Globally, women are more likely to give money to charity, while men are more likely to volunteer and help a stranger. There was a big increase this year in men helping strangers, meaning that proportionally more men are helping strangers than ever before.

Emerging economies are surging ahead in giving: in India 244m people give money to charity in a typical month, up from 163m last year. In China 373m people help a stranger in a typical month.

John Low, chief executive of the Charities Aid Foundation, said: "It's excellent news that the UK is sixth in the world for generosity and second for giving money to charity. With the difficult economic climate and rising living costs, it is humbling to see that the majority of Britons choose to give money to good causes every month."

On the three key indicators of giving money, giving time and helping a stranger, the report found that in 2012:

**Giving Money**

- Burma was the country with the largest proportion of people donating money to a charity (85%). This highlights the fact that giving is about more than just wealth. In fact, out of the top ten countries for donating money to charity, eight are not in the G20. The UK was second (76%), Malta third (72%), Ireland and Thailand joint fourth (70%).
- More people donated money to charity in India than anywhere in the world, with over 244 million people having donated. Pakistan also entered the top ten for the amount of people donating money to charity.

**Giving Time**

- Since 2011 the biggest increase in participation in volunteering has been among 15-24 year olds (from 18.4% in 2011 to 20.6% in 2012). .
- Turkmenistan topped the list of countries with the highest proportion of people giving time (57%), followed by Sri Lanka (46%), United States (45%), Burma (43%) and the Philippines (43%).
- Due to India's vast and growing population, coupled with a sharp increase in the proportion of its people volunteering (from 10% to 18%), India has surpassed the United States.

**Helping a Stranger**

- Americans were more likely to help strangers than any other nationality in 2012 (77%), and the country also boasts the third highest number of people who do so.

# State of pay in the sector

## Andrew Holt hears ACEVO advising the sector to bridge gender pay gap and cultivate diversity

Every year ACEVO's *Pay Survey* acts as a bench mark for the sectors progress.

This year's shows that there is still progress to be made to the gender pay gap within the sector and encouraging diversity within charity boards.

**The results show**:

The pay gap between male and female CEO's has increased to 18.6% of the median male salary compared to last year's figure of 12.1%.

Median male CEO salary has increased to £67,000 (£62,000 in 2012) compared to £54,530 for female CEO's (£54,500 in 2012)

Most of the gender pay gap appears to be due to there being disproportionately fewer female leaders of large organisations and more female leaders of smaller organisations (<1m)

97% of the CEO's that took part in the survey are of white ethnicity, a higher proportion than in both 2011 and 2012

Although CEOs of small and medium sized organisations are more equally divided between men and women.

Figures for women working in senior management roles show: women held 55.5% of Senior Management roles in the organisations surveyed.

However, they still earned 10% less on average than their male counterparts.

The only SMT roles in which women earned more than their male counterparts were policy and research directors and 'other' SMT roles despite women holding the minority of 'other' SMT posts.

STEPHEN BUBB

*"Salaries have been brought into line with last year as boards continue to remain restrained, reflecting the fact that many charities continue to face an uncertain financial environment"*

In relation to board diversity, ACEVO's results show: out of 135 chairs surveyed, 68.9% were male and 31.1% female. Overall 97.3% were of white ethnicity.

ACEVO's results show that sector leaders are aware of the need for diverse leadership, chairs and trustees, with 26.6% of CEO's satisfied with board diversity and 25.9% of Chairs satisfied with board diversity.

This year's survey also showed that the analysis of the median CEO salary has increased by 3.2% from £58,139 to £60,000, bringing salaries in line with 2011 figures. However, when inflation is taken into account, this in fact represents a real-terms fall of 0.1% from 2012.

Commenting on the figures, Sir Stephen Bubb, CEO of ACEVO, said: "Focus on the sector will continue to grow, so we must make sure we continue to reflect the diversity of the benefices we help in our boards as well as bridge the gender pay gap, to strengthen and grow the sector.

"Salaries have been brought into line with last year as boards continue to remain restrained, reflecting the fact that many charities continue to face an uncertain financial environment."

David Fielding, director of Attenti, added: "Many charities have been adopting to a difficult financial year, however the above results show that progress is needed in representing a diverse sector .

"Most chairs and CEOs are currently unhappy with their level of diversity and ethnicity, the challenge now is for the sector to raise awareness of the under-representation of minority communities within the sectors leadership."

Last year's ACEVO Pay Survey demonstrated that the sector's leadership is reacting to challenging financial circumstances by restraining executive pay.

The survey showed that the median CEO annual salary decreased by 3.1% in 2012, from £60,000 to £58,139.
A majority of CEOs (51%) saw their pay freeze, a fall in real terms or fall. Of those who did have pay rises, 65% saw their pay rise in line with inflation only, that is a 0% rise in real terms.

Compared to last year's data, the gender gap in CEO pay has reduced, as median male CEO pay has fallen while median female CEO pay has increased.

Latest data from nfpSynergy also showed that CEO salaries have broadly increased at the same rate as charitable income. This survey showed that total income has increased by 17.7% and CEO salaries have risen 18% — almost exactly in line with charities' income. And those paid under £100,000 in 2007 have increased salaries by 38% on average, while those over £100,000 have increased pay by just 6%.

# Confessions of the Commission

Andrew Holt finds the chair of the regulator accepts there is "room for improvement" at the Charity Commission

The chairman of the Charity Commission has said the regulator of charities is improving its approach to dealing with serious problems in charities, especially where there is a suspicion of deliberate abuse.

Speaking at the Mansion House as part of a lecture on *Charity and the City* in November, William Shawcross said the regulator is already taking steps to sharpen its regulatory approach to serious wrong-doing, including by using its statutory powers more frequently.

These include: powers to suspend or remove charity trustees, or to require trustees to provide information to the regulator.

Referring to criticisms that have been made of the regulator, Shawcross said: "The Commission's board and senior management team agree that there is room for improvement. We are, indeed, already making changes.

"For example, we recently opened a class inquiry into charities that have failed to comply with their basic duties to file annual documents and accounts on at least two occasions over the past five years.

"This work will help ensure trustees' compliance with their basic reporting duties. It will also help us identify further wrong-doing, as poor reporting behaviour can be associated with financial mismanagement and governance issues.

"We are also using our legal powers more frequently and effectively. Last year, we exercised our compliance powers 216 times; in the first six months of this year alone, we have used them on over 350 occasions.

"And in October, we changed our policy on using information-gathering powers during statutory inquiries. We now always use our powers to require information from trustees for the purposes of the inquiry, rather than asking politely first. This new approach will speed up our investigations and help us identify trustees who refuse to co-operate with us at an earlier stage.

WILLIAM SHAWCROSS
*"I do not want the Commission to become a paranoid, Stasi-like regulator that suspects every one until they are proven innocent"*

But he warned that the regulator can only go so far: "We as the regulator do not want to challenge the independence of charities, or put people off serving as trustees. Some of those who have criticised the Commission over its investigatory work seem to expect us to mistrust trustees as a matter of principle — assume we are usually being lied to by scheming, manipulative people.

"This notion is abhorrent. I do not want the Commission to become a paranoid, Stasi-like regulator that suspects every one until they are proven innocent. We must remember that we are dealing, very largely, with committed unpaid volunteers.

"So while I fully accept many of the criticisms that have been made of the Commission, there are two points I am clear on: First — we must be very wary of placing an ever heavier regulatory burden on charities. We must remain proportionate.

"Second — we must continue to provide online guidance and support to charities. It has long been recognised that a charity regulator cannot be effective if it steps in only when problems have already occurred. We must help trustees do a good job in the first place."

Praising charities for their ability to adapt to changing social needs, Shawcross added: "In the happy words of William Beveridge, the father of the welfare state, runs like a golden thread through the living tapestry of our national story. Charities have sustained the heart of our national life for centuries.

"They have created and maintained some of our most important educational, religious, public, and cultural institutions. And they continue to touch all of our lives, every day.

"We certainly have need of charity today. Many families in London and across the UK rely on charitable food banks to eat. Many children would go to school hungry were it not for charitable breakfast clubs, many of our older people rely on charities for companionship and material support.

"The *Evening Standard* has reported extensively on deprivation in London, as part of their Dispossessed campaign. A report that shocked me particularly, written by David Cohen, described the return of pauper's graves, including children pauper's graves, in London.

"This suffering is deeply saddening and troubling. But it is heartening to know that charities continue to respond to social need with innovative, practical, workable solutions."


# Year in review

2013 HAS BEEN A YEAR WHEN CHARITIES HAVE HAD TO THINK AND WORK IN A COMPLETELY DIFFERENT WAY, SAYS BECKY SLACK

When looking to assess what the climate has been like for charities throughout the last 12 months, one place to look for clues is within wider society. From the impact of welfare reform to the response to disasters such as Typhoon Haiyan, how the public feels and acts is invariably a barometer of what life is also like for charities. In the case of 2013, just as ordinary people have been feeling squeezed and under pressure, so too have charities — not least because of the increased demand for services as austerity measures have taken hold.

"Nothing has symbolised this rise in need more than the increase in food banks," says Joe Irvin, chief executive of NAVCA. "Food banks helped nearly 350,000 people in the last year — triple the number in the previous year. Just as young people sleeping rough on the street was the emblem of the 80s recession, food banks are the very emblem of this recession."

Housing is also taking the strain, particularly since the introduction of the bedroom tax. An estimated 50,000 people were found to be arrears with their rent within the first four weeks of the policy coming into force — people that are now facing eviction and/or spiralling debt.

Many of these individuals are turning to charities for help, be it advice services or housing support. Yet at the same time, the capacity of these organisations is also being hindered by reforms. Take, for example, changes to the legal aid system, which are severely impairing charities' ability to challenge decisions on behalf of the public.

"Since April, cuts to civil legal aid mean that victims of domestic violence, exploited employees and those wronged by government or local authority decisions are finding it harder to get the justice they deserve simply because they can't afford to pay for legal representation or the evidence required to apply for it," says Gillian Guy, chief executive of Citizens Advice. Meanwhile, a study by Liverpool University's Charity Law and Policy Unit found that 91 per cent of advice giving charities believe they are providing a lower level of service as a result of changes to the legal aid system.

That is not all. Coupled with this has been the continuation of disproportionate cuts to voluntary sector grants and contracts, and the massive reorganisation of the health and social care system and policing — all of which means 2013 has been a year when charities have had to think and work in a completely different way.

"Funding has got harder as austerity has continued and a lot of local charities and community groups are working in an environment of massive change. The relationship with the public sector has changed and charities are having to develop new relationships with key partners," says NAVCA's Irvin.

Fundraising also remains challenging — although whether or not income levels are going up or down is a matter for debate. The most recent national giving survey from CAF and NCVO found that donations to charity fell by 20 per cent in real terms during 2011/12. However, the Institute of Fundraising disputes these figures, saying that they do not reflect what its members are reporting — far from it. Indeed the sums raised both for the DEC Philippines appeal and Comic Relief would infer that the general public are still willing and able to dig deep — when asked.

"The economic climate is tough but those charities that are committed to fundraising and invest in their teams are bringing in more money," says Peter Lewis, chief executive of the Institute of Fundraising. "If you don't ask you don't get. All the research backs this up."

**Negative headlines**

One of the key factors influencing charities' ability to raise funds is, of course, trust. Confidence in charities is high — they are the most trusted 'sector' behind the armed forces, the NHS and the Scouts and Girl Guides, according to the research consultancy, nfpSynergy.

Much of this trust has been built as the result of effective regulation, and thus the sector had great interest in the government's response to the PASC report *The Role of the Charity Commission and public benefit: Post legislative scrutiny of the Charities Act 2006*, and Lord Hodgson's review *Trusted and Independent: Giving charity back to charities* — both of which were broadly welcomed.

"We've been gravely concerned at the growing negative headlines over the past year — from the tax abuse stories and the salaries debacle this summer, to the current proposals on lobbying," said Caron Bradshaw, chief executive of the Charity Finance Group. "While efforts to review the legislative framework have been lengthy, we hope that this will give all of the sector's stakeholders, including the wider public, greater confidence that charities are operating lawfully and being held to account, and that improvements are being made where necessary."

Charity Times readers will of course be familiar with the "tax abuse stories and the salaries debacle" that Bradshaw refers to, and indeed they did dominate the headlines for some time. The Cup Trust was a charitable tax-avoidance vehicle that raised £175.6m in private donations but only spent £55,000 on good causes over two years; while the salaries debacle developed off the back of a *Daily Telegraph* front page story into the fact that some charity chief executives earn more than £100,000 a year.

Neither story did much to boost public confidence — nor that of government. In addition to the sector's own inquiries into both cases, ministers are also keen to keep an eye on the situation; the Public Administration Select Committee, for example, is conducting its own review of chief executive pay throughout December.

**Gagging Bill**

Elsewhere around Westminster, the wind has also turned against charities. Nowhere is this more apparent than with the *Transparency of Lobbying, Non-party Campaigning and Trade Union Administration Bill 2013-14* — or the Gagging Bill as some have chosen to call it. It's an apt name.

The Bill lowers the registration thresholds for third party organisations to a level that would place an undue burden on them, particularly smaller organisations. It has also been argued that the definitions of permitted campaigning in a general election period are wrong-headed, and that it unjustifiably limits the freedom of expression on charities and other civil society organisations while being too weak to bring corporate lobbyists to account.

Asheem Singh, director of policy at ACEVO, described the bill as "a terrible piece of legislation that threatens the independent voice of charities small and large."

However, while the battle has not yet been won, there was at least one positive outcome to emerge from the campaign so far, he said: "The way charities, campaigning groups and supporters of our independent voice have come together to oppose it has been great."

Indeed, this was one of several campaigns that has seen organisations from across the sector uniting in face of adversity, he said, referring to the joint work taking place between those charities planning how to tackle the widely predicted winter A&E crisis, and those working in fields such as older age and dementia care. "We have been constantly impressed by the commitment of our sector to come together when the issue and occasion demands it," he said.

The sector would be wise to find more opportunities to join forces throughout the course of next year and beyond. The political and funding environments do not look like they will get any easier, and if charities are to keep their eye on the prize — that of a better life for their beneficiaries — it's going to take effective partnership work and collaboration. After all, there is, as they say, strength in numbers.

**Becky Slack is a freelance journalist**

## 2013: THE GOOD, THE BAD AND THE UGLY

**The good**

*Volunteering is on the increase:* in 2012-13 44% of adults volunteered formally at least once a year, while 29% did so at least once a month — up from 39% and 25% respectively, according to the Institute for Volunteering Research.

*Ask and you shall get:* charities that invest in fundraising are reaping the rewards. Just ask Macmillan Cancer Support whose 2013 Big Coffee Morning raised a record-breaking £16.6m, or the Alzheimer's Society and Lloyds Banking Group who together raised £1m in the first seven months of their partnership.

**The bad**

*The lobbying bill:* the new rules proposed in the bill will result in a "crushing" regulatory burden and will risk seriously hampering charities' ability to speak up on issues of concern in the run up to an election.

*Cuts to legal aid*: reductions in the funding available and who is entitled to access it are threatening the fundamental principle of the universal right to access justice, advice charities are warning.

**The ugly**

*The salaries fiasco:* the chair of the Charity Commission was accused of creating a "disgraceful distraction" by criticising the salary levels of some charity senior executives.

*The Cup Trust scandal:* the trustee's use of the charity as a tax avoidance vehicle was an abuse of power and failed both the donors and potential recipients of the millions raised.

# Local Business Giving by NAVCA & CRESR

A new report from NAVCA and the Centre for Regional Economic and Social Research at Sheffield Hallam University has attempted to shed some light on what has for a long time been one of the most dimly-lit corners of the UK charity funding landscape: giving by SMEs and local businesses.

As the report notes, there is little or no evidence to back up the claims made by government and others about the potential for SME giving. As is the case with many research reports about charitable giving, this report ends with a warning that although they have tried to bridge this knowledge gap, there is still a long way to go in developing a robust evidence base on giving by SMEs and local businesses.

With that proviso in mind, the report does manage to draw some conclusions. The headline is that charities should not get carried away with the idea that SMEs are a panacea because in fact "local business support for, and engagement with, the voluntary sector at a local level is very low" and "there are limited opportunities for the voluntary and community sector from business giving, certainly in terms of finding alternative sources of funding."

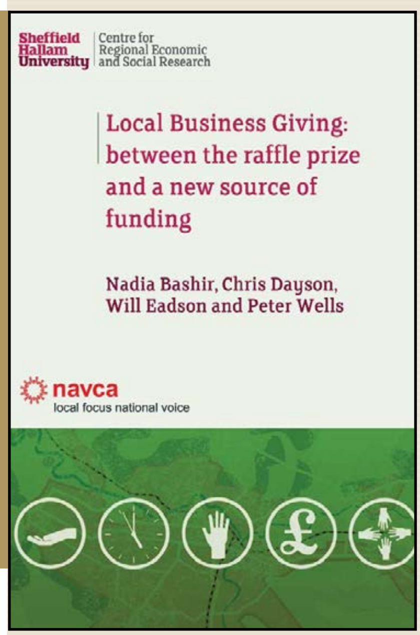
The authors also attempt to challenge a number of other assumptions that they feel are misguided. In particular, the assumption that "local" businesses will automatically be more likely to support local charities because they are "rooted in the community" in a way that larger companies are not.

This ignores the fact that "many SMEs reach beyond their immediate locality and owner-managers often have little affinity with the location in which their business is located". If a company is based in a local are a purely for reasons of convenience, and its line of business actually means that its customers or suppliers are elsewhere, then the owners and employees of that business might have virtually no sense of belonging to the local community at all.

The report also warns against the assumption that the SME sector is in any way homogenous or evenly distributed. It points out that the term "small firm" is used to refer to a vast range of organisations with differing motivations and ways of operating — something which should resonate with those of us in the "charity" sector, where exactly the same holds true! These small firms are also very unevenly spread across the country, so that some areas have a thriving economy of local businesses whilst others have virtually none.

These facts combined suggest that trying to draw conclusions or make policy recommendations about engagement with the voluntary sector which apply to all SMEs is a fool's errand.

RHODRI DAVIES FINDS THIS REPORT A USEFUL ADDITION TO THE COMPILATION OF EVIDENCE, BUT BY ITS OWN ADMISSION THERE IS A LOT MORE WORK TO BE DONE




Having drawn some fairly negative conclusions about the state of local business giving, the authors go on to offer some reasons to be optimistic, in the shape of a handful of case studies of local areas in which successful approaches to linking up local charities and business have been developed. They identify a set of shared characteristics that offer some ideas for how we could encourage more of this kind of engagement around the country.

Key to success at a local level is relationship building: rather than cold-calling companies and asking them for a one-off gift of money or goods, charities will get a lot further if they find ways to develop ongoing links with businesses in their area. The report highlights the importance of dedicated local infrastructure in making this possible.

One of the main benefits of this is that the person in this role is able to talk to businesses about engaging with charity in a non-threatening way. Those directly looking for funding often take a "hard sell" approach, which can be counter-productive because it is off-putting for businesses if they feel that they are merely seen as cash cows.

The constant challenge is finding sources of funding that can make such a role sustainable. It can be a tough pitch to funders because infrastructure is not always seen as that glamorous. That is why it is important to have evidence of the wider impact that developing stronger links between local charities and businesses can have, so that a compelling case can be made. This report is a useful addition to the evidence base, but by its own admission there is a lot more work to be done.

**Rhodri Davies is CAF's policy manager**

**The paper is available at: www.navca.org.uk**

# Funding Impact by NPC

LINDSEY METCALF FINDS THIS PAPER WILL BE USEFUL AS A BASIS FOR MONITORING DEVELOPMENTS IN IMPACT MEASUREMENT PRACTICE OVER THE COMING YEARS


*Funding Impact: Measurement practices among funders in the UK* reports on research conducted by NPC into impact measurement practices by charitable, family and corporate foundations and other funders in the UK. The report aims to provide "the first clear picture of impact measurement practices across a range of funders" and a benchmark from which to measure progress in developing impact measurement practices among funders in coming years.

The findings — based on 114 quantitative survey responses and an unspecified number of qualitative interviews — reveal a growing focus on impact measurement among funders. 73% report that they have increased their emphasis on impact measurement over the past five years and 72% anticipate that they will do more in the coming three years. NPC's research also underlines the degree to which impact measurement influences the decisions made by funders. 87% of funders completing the survey said it plays some part in the decision to award a grant, and 36% stated that it was extremely important. Evidence of impact played an even greater role in grant renewal decisions by funders.

However, the report reveals some interesting contradictions in the attitudes of funders toward impact measurement. Although a high proportion said they ask charities to measure their results — and despite the strong influence of impact measurement upon their funding decisions - almost a quarter of respondents acknowledged that there is too much pressure on charities to measure their impact.

When read against NPC's earlier *Making an Impact*, the findings here reveal a further tension — the gap between the number of funders who say they provide support for impact measurement (75%) and the number of charities who report receiving such support (36%). A strength of the report is its inclusion of the attitudes of corporate funders alongside those located within the charity sector. NPC's research here suggests that companies and corporate funders tend to place greater expectations on the charities they fund to demonstrate their impact than other funders. They are also more likely to use evidence of impact to inform their decisions to award or renew grants. Yet despite their stronger focus on impact measurement in comparison to other funders, the report indicates that corporate funders are less likely to give funding to support impact measurement practices. NPC clearly have a focus on promoting the potential benefits of impact measurement and a remit to encourage greater uptake of such practices among both funders and charities. This is unashamedly reflected in their *Funding Impact*, and it is possible to detect a sense of frustration and impatience with the small proportion of respondents who express indifference about impact measurement.

Evidence presented in the report does point to some persistent obstacles to impact measurement for both funders and charities, however. Some funders reported difficulties in getting good quality impact information from the organisations they funded, and some identified a lack of funding or resources for measuring their own impact as a challenge. Despite a rapidly growing marketplace of tools and techniques for measuring impact, the findings here indicate that funders feel that the available techniques are not always helpful and can create confusion for charities. The report argues there is not yet a good methodology suited to funders to help them to measure their own impact.

The research methodology employed in *Funding Impact* does have some limitations — the report's authors acknowledge that larger funders were over-represented among respondents and that some of the statistical findings should be treated with a degree of caution. In addition, the report would have been strengthened by the inclusion of more detail about the qualitative aspect of the research methodology used. Nevertheless, *Funding Impact* offers a number of interesting and accessible insights into the current impact measurement practices of a range of UK funders. The findings will no doubt be useful as a basis for monitoring developments in impact measurement practice over the coming few years — particularly when read in conjunction with its sister report by NPC *Making an Impact*.

**Dr Lindsey Metcalf is an Honorary Fellow of the Third Sector Research Centre, University of Birmingham.**

**The paper is available at: www.thinknpc.org**

# The Funding Challenge by Baker Tilly


ASHEEM SINGH SAYS THIS PAPER IS A USEFUL PIECE OF WORK, BUT ULTIMATELY FOR HIM, AN EVEN MORE INTERESTING MESSAGE LIES IN WHAT IS NOT SAID

It was a debate between Guardian journalist Polly Toynbee and Social Finance's Sir Ronald Cohen and I was listening to it on the radio on the morning of the launch of the first Social Impact Bond in Peterborough a couple of years back. I remember that it was cold and dark but the subject matter, while apparently dry, at one critical moment sparked into life. Toynbee suddenly rebuked Cohen, the one time venture capitalist, now social investment pioneer, as he tried, valiantly it has to be said, to pitch his apparently byzantine scheme for using private money to fund offender rehabilitation. "The problem with people like you," she snapped, "is that you try to measure everything."

Some things can't be measured was the unspoken implication of what she said, and quite right too. It's a concern that has been repeatedly raised about the boom industry that is social investment; about the loans and legers that charities and social enterprises submit themselves to when they do these deals. It is also a concern for charities more broadly. When you work with government, when you try to communicate to donors how you make a difference to the world around you. When you sit down and ask: what are we for? That most existential of questions. Whatever the answers to these questions, in our time, they inevitably involve numbers.

This is where the subject of this review comes in. Three heads at chartered accountants and business advisors Baker Tilly — Nick Sladden, Karen Spears and Jim Clifford, — published *The Funding Challenge*. Their report was ostensibly to explore the changing funding landscape for charities and social enterprises but it also offered a raft of statistics and measurements about the sector, its current funding predicament, its sources of funding and potential future aspirations.

For starters, we learn that the sector is in a bind. Nearly two thirds of respondents said that sourcing new income is a major funding challenge and 46 per cent noted that the biggest change in securing funding has been the recent increase in competition over the past 12 months. Compelling stuff, but then when you live by the stat-sword, you are impaired, if not impaled on it too. The report's sample size is but 140 organisations. And so, being charitable — which is after all our business here — we could say this places this publication, not so much as a rival to larger surveys and data analyses that pepper our sector but as a position piece designed to agitate and open the mind .

Perhaps the closest thing to a grand narrative in the report is the idea of funding by way of measuring social impact. The report reckons that 31 per cent of organisations surveyed are measuring their social impact and 70 per cent of those doing so implement these measures to attract new forms of funding and this is the sort of thing that the Sladden, Spears and Clifford like. They call on charities to "respond to the challenge of payment-by-results and demonstrate both social impact and value". It's not a new message. It's the sort of thing that charities have got used to hearing since the earliest days of New Labour. The advent of Chris White's Social Value Act in 2012 enshrined the doctrine of the impactistas in legislation.

*The Funding Challenge* is therefore part of a growing consensus — nearly two thirds of those surveyed already measured impact as part of their funding — that charities, like the bods who write about them, should do more measuring. Of course,there is everything to be said for charities and social enterprises working hard to convince beneficiaries, donors and the wider public of the value for money they deliver. There's every interest in well-meaning impactistas defending the principle that 'impact'— the consequences of the good work you do — matters, and trying to create tools to measure those consequences. Yet, I'd urge readers to remember the Toynbee rebuke even as they consider the challenges posed in this report. Consider, for example, that 41 per cent of charities are measuring outputs but stop short at measuring their outcomes may be regrettable for the impactista, but frankly, the reason it so often happens is because it's just easier to do and within the context of a charity's understanding of how they do good, it may be enough for them. *The Funding Challenge* is a useful piece of work, but ultimately, for this charity advocate, an even more interesting message lies in what is not said.

**Asheem Singh is director of public policy at ACEVO**

**The paper is available at: www.bakertilly.co.uk**

# Non-Party Campaigning Ahead of Elections

The law of unintended consequences when linked to the old adage that " hard cases make for bad law" is aptly illustrated by the account of Part 2 of the Lobbying Bill. This report outlines in considerable and reasoned detail the range of issues posed by Part 2 of the Bill with respect to civil society organisations.

The intent of the Bill is to regulate particular issues of concern in the practices of lobbying and campaigning. Few politicians would subscribe to any intent to undermine or indeed banish the right of properly regulated and governed charities to engage in campaigning activities in furtherance of their objectives. Indeed for any elected politician to openly acknowledge such an intent would constitute political suicide.

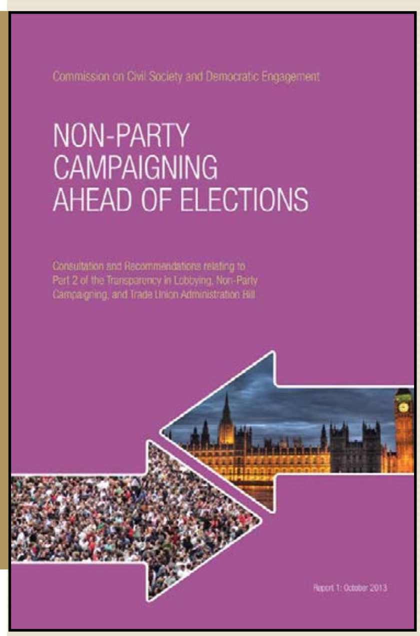
Even one large membership organisation (the National Trust springs to mind) could very possibly muster more members in many a constituency than all the party members of the main parties in that constituency added together. If many of members of the civil society organisations were suitably aroused Part 2 of this Bill could become the equivalent of the Poll Tax to skewer the Coalition Government at the next election.

The breadth of the potential alliance of charities and civil society organisations concerned about it would enable the issue to reach every crack and crevice of the electorate regardless of their party political sympathies. As the foreword of the Report observes: "It is hard to think of another issue that could unite the Countryside Alliance to the Lancashire Badger Trust, the Christian Union to the National Secular Society, but such is the concern about Part 2 of the Lobbying Bill a remarkable unanimity has been achieved."

So the desire for political survival will probably write finis to this part of the proposed legislation in its current form at least in the elected chamber. Any assurances offered by the sponsors of the legislation that 'charities have nothing to fear' will cut no ice with most charities who will set little store about political promises made which may be soon forgotten if circumstances change. As Sir Stuart Etherington is quoted in the report: "The assurances given by ministers on the floor of the house that charities campaigning on policy issues will not be affected have not been met". As campaigners know, amending a law once made is harder to do than strangling or heavily amending it at inception which is in effect proposed for Part 2 by this report.

Arguably given the reality of Parliamentary timetabling the core and main report recommendation that the government should pause Part 2 of the legislation to allow for proper consultation and consideration is to de facto kick it into the long grass until after the next election. The consultation proposed would involve a wide diversity of stakeholders: "Civil society organisations including: charities, campaigning organisations, community organisations, faith groups, think tanks and bloggers." This wide range of stakeholders may include some whose objectives might well be sophisticated and/or mischievous in nature. Some would be resisting any effective restraint upon the rights of citizens however constituted to petition and lobby their elected representatives by whatever means they deem effective in achieving their ends (so long as they do not overtly break existing laws).

ALEX MURDOCK SAYS THIS CONSULTATION DOCUMENT MAY PROVIDE AN OPPORTUNITY TO SEEK A LEGAL WRAPPER FOR LOBBYING AND CAMPAIGNING WHICH SPECIFICALLY GIVES RIGHTS TO CIVIL SOCIETY ORGANISATIONS




The focus upon regulation in respect of expenditure may be naïve anyway. Campaign finance laws are relatively easy to circumvent as any student of American politics would acknowledge. It would be arrogant to assume that the UK would succeed where the USA has failed. Some indeed might seek to use such a consultation to critique existing laws (for example those relating to demonstrations in the vicinity of Parliament).

The consultation may provide an opportunity to seek a legal wrapper for lobbying and campaigning which specifically gives rights to civil society organisations creating a stick with which to beat other existing laws which are seen as impeding such activities. To the sponsors of this part of the Bill I offer this warning: "Be careful what you wish for".

**Professor Alex Murdock is head of the Centre of Government and Charity Management, London South Bank University**

**The paper is available at: civilsocietycommission.info/**

# Impact Leadership

**The first year of Inspiring Impact has helped reveal the key relationship of impact to organisational leadership, particularly in terms of setting direction, in galvanising collective action, and in developing a culture of learning, argues** JAMES BARKER

## Inspiring Impact

Following several years in leadership development, one of the most memorable distinctions I've heard of the difference between leadership and management is that leadership is about people and turbulence, whilst management is about stuff and numbers.

Impact is surely about both: it is always about 'people' (beneficiaries, volunteers, staff) and 'turbulence' (creating and responding to social change) as well as providing the best answer about how to organise the 'stuff' (activities, resources *et al*) that will deliver change, along with the 'numbers' (data – although qualitative as well as quantitative) that will help us understand it. Impact, then, is as much a question of leadership as it is a question of management/measurement.

That is the picture emerging from Inspiring Impact's Impact Leadership strand, led by the NCVO and ACEVO. This is an exciting time to be part of a strand seeking to answer the question "What does good practice look like?". Yet this excitement is tempered, with many voluntary organisations still ignoring the essential leadership role impact represents and limiting themselves to only those technical aspects that help them understand the impact they have had.

I'm not suggesting measurement isn't an important aspect of the overall impact picture. On the contrary, it's an essential aspect of understanding the impact we have actually had, which is precisely why several strands of Inspiring Impact are designed to help organisations meet this challenge. But what emerged during year one of the Impact Leadership strand of our work, when we produced both *The Code of Good Impact Practice* and *The Case for an Impact Approach*, was that measurement only represents one small element of a broader concept of impact.

Since year one of the programme NCVO, ACEVO, ESS, and others have been applying its products and learning. These have fed into workshops, training, consultancy, and conferences in order to develop good impact practice for individuals and organisations. At the NCVO's recent Trustee Conference I was struck by Dame Mary Marsh's presentation of the Clore Social Leadership Programme's Framework for Social Leadership, a model of individual leadership which places at its core: 'Know Yourself, Be Yourself, Look after Yourself'. It led me to reflect that this mantra may be true for social organisations demonstrating collective leadership by focusing on impact. They 'Know Themselves' in two important ways: firstly, they're clear on their organisational vision, values, and beneficiaries and can explain how they'll remain true to these whilst making the biggest difference they can within a specified time frame. Secondly, they undertake work to understand the impact they have actually achieved.

It can also be argued these organisations are truly 'Being Themselves' since everything they do is unashamedly focused on creating the greatest difference they can for those they serve. Finally, these organisations are 'Looking After Themselves' by building their resilience — ensuring everything they do is purposeful and relevant and by attracting funding and support through the clarity of their thinking and understanding of their work.

Inspiring Impact will continue to use year two of our Impact Leadership strand to shed light on how organisations are doing these things. We will achieve this through two engaging opportunities: one, ACEVO are deepening *The Case for an Impact Approach* by running a series of 'Think Space' workshops for CEOs that will both develop the concept of Impact Leadership and provide these CEOs with a peer network to support change within their organisations. The learning from this and any subsequent changes/actions will be summarised as examples in a final report.

Two, in order to better understand how the code is being applied in different organisations the NCVO will be running a series of Impact Forums for a cohort of organisational impact practitioners who are leading on impact. As well as improving their own impact practice through peer support and challenge, the forums will also draw out learning around applying the code via a case report. Year one of Inspiring Impact has helped reveal the key relationship of impact to organisational leadership, particularly in terms of setting direction, in galvanising collective action, and in developing a culture of learning. Year two will help us all deepen our appreciation of how this is being done.

**James Barker is the lead consultant on impact at NCVO and a member of the Inspiring Impact Board**

# Leadership

## Inspiring the organisation

HENNY BRAUND**, shares her views on charity leadership, saying it is a job for adrenaline junkies, with effective leadership empowering directors and those below them**

I have never raced a dune buggy, but I imagine it's a bit like running a charity. Sometimes you're speeding along the flat, but just as often, you're bouncing over dunes hoping that you land on your wheels. And then there are days when your axle breaks.

When the Icelandic volcano took out European air transport, we had to transport 16 stem cell units from all over the world to patients in the UK who were in need of a life-saving transplant. What we saw at Anthony Nolan was a crystallisation of leadership at every level. People unused to making decisions knew that those patients could die if the cells didn't arrive and they stepped up to get every unit here, regardless of the obstacles.

Once the skies cleared and we could breathe again, I felt an assurance that we can tackle any challenge.

But four years of steering Anthony Nolan hasn't always been easy. Our charity has had to change in response to external pressures and while we are meeting those challenges, change is always difficult.

As a chief executive I have had to deliver hope and optimism in the face of those challenges. It helps that we have highly motivated people, but in difficult times — when we have had to cut costs or restructure to focus our organisation on our goals — this has only been palatable because of a shared ambition to save more lives.

Ensuring staff and volunteers know that every decision we make is so that more people who need a transplant can get one guarantees that we stay pointed in the right direction, regardless of how we are buffeted by external forces.

This clarity of vision, based on goals that are both stretching and achievable, empowers an organisation. Every director, head, manager or officer who truly understands our purpose is empowered to make decisions at their level; because in their role they know what is the right thing to do to meet our objectives. Unclear goals, or a lack of enthusiasm for those goals, only leads to hesitancy and vacillation, with any uncertainties going up the chain until they hit a bottleneck, turning decision-making capacity to sludge.

This can only work well when you have the right team, and getting the right team requires self awareness.

No chief executive of any organisation can do everything. Even if an exceptional leader has all the skills of all the people in an organisation (which ought to be impossible), they still shouldn't have the time.

Awareness of your limitations, both in terms of time and skills, empowers you to recruit the right people and to formulate the right expectations of them.

And leadership isn't just about the leader. It's a cultural philosophy and you have to decide whether or not you want that culture in your organisation.

Your leadership will empower your directors. Theirs will empower the people below them and so on; and if you do want that culture in your organisation, you have to support its development and challenge those who impede it.

Your staff are looking to you to lead them somewhere. They need you to draw a picture of your shared destination and to articulate how you are collectively going to turn imagination into reality.

Without self awareness — particularly an ability to adapt to other people's perception of you as a person — you don't know whether you're an inspiring leader or a Walter Mitty style delusionist.

Awareness and adaptability to other people's perceptions is the lodestone that can keep you on a successful course. You don't want to be the leader that led a charity equivalent of the Charge of the Light Brigade, however inspiring you were in the process.

This kind of self perception isn't easy. You have to keep exercising it and remembering to apply it.

But on the up-side it can be learned even if it doesn't come naturally to you. There are plenty of courses on this kind of emotional intelligence and it's worth taking a refresher from time to time.

Finally, I'd advise any aspiring chief executive not to expect an easy life. Don't expect to leave all your concerns at your desk at 5pm.

But you should enjoy it — it can be a job for adrenaline junkies. I'd also advise you to get a brilliant PA. Because even the chief executive needs a boss.

**Henny Braund is chief executive of Anthony Nolan**

# CEOs, Leadership and impact

## Influence and impact

LINDA PLOWRIGHT **highlights how Sports Leaders UK's mission is achieving an impact on many levels**

Sports Leaders UK is a charity that inspires people and communities through leadership qualifications in sport, dance, volunteering and expeditions. We were set up 30 years ago to train a community of Sports Leaders to make the nation more active. All our qualifications incorporate a volunteering element and we train nearly 160,000 Sports Leaders a year, who volunteer to lead activities with schools, colleges, universities, local authorities, National Governing Bodies for sport and community groups. Volunteering makes an impact on communities and individuals, through social inclusion. For some of our volunteers it is their first experience of being listened to or taking responsibility for others. It has tremendous value in increasing self-worth, personal skills and potential.

As an awarding organisation we, like the rest of the education sector, were adversely affected by changes in Government funding in recent years. The majority of our revenue comes from the sales of our awards and qualifications and tutor training for schools and Further Education Colleges. This is unusual for a charity, but allows us to retain our independence and focus. Because fundraising is also more difficult in a tougher economic environment, we had to broaden the appeal of our work and work a bit harder to show Government, employers, and community sport organisations what the relevance of our work is.

We are now working much more closely with Government and Government agencies, for example, Sport England, and we delivered our first major Government funded initiative, Energy Club, over the last year. We also embarked on a big commercial partnership with Asda. The Asda Active Sports Leaders programme saw 7 000 Sports Leaders leading 370 sports days across the country in the summer of 2013, with over 40 000 school children participating in fun, free physical activities. The very successful partnership is continuing and we aim to deliver a significant increase in volunteering by teenagers across the UK, including achieving 1 million hours of volunteering by our Sports Leaders. We have a number of exciting commercial partnerships, for example organisations wanting to develop the potential of ambitious young people who demonstrate leadership qualities, or preparing groups of employees for volunteering assignments.

Through our courses, Sports Leaders develop essential life skills including organisation, motivation, communication and teamwork. These are fantastic leadership skills to have and combined with the volunteering hours they amass, look impressive on any CV. By creating and leading physical activities, Sports Leaders grow their confidence and self-reliance. One of our external communications objectives is to raise awareness amongst employers of the skillset a Sports Leader has acquired. We want to create instant recognition that being a Sports Leader represents a skillset and attitude, and show how this is as relevant in the workplace as it is on the sports field or in the dance hall. This will support young people when they make the transition from education to employment.

Over 6,000 centres deliver our awards and qualifications and many go beyond the minimum requirements for delivery of our qualifications. They make education and acquiring leadership skills accessible to everyone in their community, including those with learning or physical difficulties. By giving public recognition for outstanding centres through awarding them Leadership Academy status, we can share best practice examples with all our centres. Sports Leaders UK operates across the UK, and this sharing of information through our newsletters, case studies and social media updates helps to connect people in far flung areas to reach our overall goal of empowering individuals and communities. By telling the stories of what our Sports Leaders have accomplished, learners at the start of their education journey can look up to what others have achieved, which motivates them to keep going. Having clear pathways to employment is a major incentive for volunteering and learning. We are very lucky in that the scale and impact of our work are noticed by some influential people. We aim to inspire people, by giving them skills to set them up for life, and communities, by training volunteers to encourage others to become more active. With Sports Leaders already contributing 640,000 volunteering hours and increasing it to 1 million hours a year, I am proud to say we are making an impact.

**Linda Plowright is chief executive of Sports Leaders UK**

# Leadership Matters

## Leadership

People sometimes ask me the question "does leadership matter". Strong and effective leadership underpins most organisations irrespective of the size of the business or the sector where it sits. Having robust business plans, a clear vision, values and purpose are essential tools for any business irrespective of the size and scale of the organisation. However the real key to success is the investment we make in our people.

PHILIP BARTEY **says his experience has taught him the importance of carrying people with you, keeping them informed in the decision making process, seeking their advice, praising them for their achievements and not being afraid to deal with the more difficult issues**

No amount of business planning or budgeting processes will deliver the goods if we get the people business wrong. Having worked in both the private and the third sector I have seen excellent examples of good leadership. However, I am still surprised to find examples in organisations where bullying and intimidation is rife, where money is perceived to be the essential ingredient in retaining good staff and where motivation and leadership are seen as rhetorical values or something that has to be written down because it looks good.

Is good leadership simply a question of management style? Do charismatic leaders achieve better results than others? Is a university degree or choice of university the key to good leadership? Most of us who have scrabbled through a mountain of books on leadership may feel uncertain as to how to answer the above questions.

However, the above questions also taxed the minds of some of our top global universities who decided recently to undertake research to hopefully prove a point in their belief that surely they would discover that the top global jobs have been filled with former students of their university. The research failed to prove the point but it did uncover some interesting data in that leadership positions of the top 10 per cent of our global organisations are filled by a mixed bag.

Some leaders have no university education, others went to ordinary universities. There was no perceived difference between those with charismatic styles of leadership and the rest. What they did discover is that the more successful leaders are those that are driven and passionate about their work and understand clearly the importance of the people business. The conclusion being that attitude outweighs aptitude by a significant margin.

One of my passions is reading military history. The attraction in so doing is the fascination with strategy, the folly of warfare and disastrous decision making and the impact all this has on our present day life. However it is the life and work of great leaders that I find really intriguing. I wanted to know what the secret ingredients were in the making of such individuals. Why do men and women follow these leaders into battle?

Why do some leaders attract mutiny and disregard for their position? I am afraid that I could fill ten volumes of the magazine on this topic. Suffice it to say that it is well worth looking back at examples from history of both good and bad leadership in both the military and the commercial context. If you do so you will discover many examples and mistakes made in both camps that we seem to be reinventing today. We can learn so much from history and this is why I am never afraid to step back before leaping forward.

My experience has taught me the importance of carrying people with you, keeping them informed and involved in the decision making process, consulting regularly with them, seeking their advice, praising them for their achievements and yes not being afraid to deal with the more difficult issues around people when things go wrong.

There is one particular question that I and my team have grappled with and it is this: Who should get the credit when things go well? We all thrive on praise and credit, we all want to attract recognition for our work and we all want to feel valued. The hardest thing for any leader to do is to pass credit for achievement down the line.

Consider when you have personally made a positive difference largely through your own effort, it is very hard to stand up and pass the credit and praise down the line to your team and beyond. Failure to do so can result in a disconnect between you and your people and sometimes even worse when it leads to disengagement and demotivation. Conversely when you give credit away the rewards are incalculable in terms of increased commitment and engagement from your people. This approach, if you get it right, will re-energise and transform your organisation.

**Philip Bartey is group chief executive of Autism Plus and The Adsetts Partnership**

# Profile: Steve Sherry, chief executive, RBLI


## The communicator

RBLI CHIEF EXECUTIVE STEVE SHERRY HAS IMPRESSIVELY TRANSFORMED HIS CHARITY IN A DIFFICULT, EVER CHANGING ENVIRONMENT. COMMUNICATION, HE SAYS, IS THE KEY

RBLI, the charity established in 1919 to provide support for disabled ex-servicemen and women, has instigated a multifaceted and highly innovative strategy contributing towards it winning the Charity of the Year, with an income over £10m, in the 2013 Charity Times Awards. At the heart of this was the launch of a five-year strategy putting provision of employment and employment related support at the heart of its charitable objectives. This would see its beneficiaries receiving a tenfold support increase by 2016.

There were a number of factors that Steve Sherry, chief executive at RBLI, who joined as CEO in early 2010, had to consider in his leadership vision that would culminate in this strategic focus. "The Board of Trustees could feel the shifting sands in a wide variety of environments in which we operated," says Sherry.

The list within these shifting sands were extensive: the changes within the Welfare to Work Sector, a rapid move to payment by results leading to the emergence of newer and larger prime contractors, the needs and challenges of the armed forces community reaching a peak, the worsening of the global economic situation, and local Government funding of welfare services being removed at a rapid rate.

"This clearly needed some rapid action," says Sherry, adding: "We wanted to have a longer term sense of direction against which we could make decisions." Therefore the focus on employment and employment related support became a central narrative. "We are very much in the business of enabling people to live independently," says Sherry.

"Although this means different things to different people it is nonetheless the case that meaningful activity or meaningful employment is a key part of such independence. Certainly for people of working age, whatever that is nowadays, gaining employment can provide so much in terms of self-esteem, confidence and social inclusion in addition to financial independence."

Inventive staff development has also been a key part of Sherry's success. This was identified because most of RBLI's services to beneficiaries are delivered almost one-to-one in its care homes, employment offices and vocational assessment.

"Each individual is unique and therefore needs a bespoke intervention and not simply a 'sheep dip' approach," explains Sherry. "Thus our quality and success is based on the commitment and quality of our staff. Ensuring they have the skills and latest techniques is part of this staff development."

**Force of CSR**

Another part of this manifold approach was raising corporate social responsibility (CSR) into the consciousness of everyone as an important force for good both internally within RBLI and externally with customers and potential customers. "Internally, such responsibilities are part of the heartbeat of the culture within a successful organisation," says Sherry. "Our charitable objects are clear. Therefore, this provides the core focus for CSR internally. But even then, a Charity should have a wider CSR agenda," he says.

As part of this wider CSR agenda is how RBLI deliberately sets out to raise money for, and support, other local charities such as disabled children. "We link into the wider community through youth clubs, sporting events and opening up our facilities for wider use. We are in the process of adopting environmentally friendly standards across our manufacturing in our Social Enterprise," says Sherry.

On an external level RBLI has, says Sherry, a strong part to play in helping commercial and Government organisations deliver on their CSR agenda. The Social Value Act of 2012 obliges contracting authorities to consider social value at the pre-procurement stage. "If an organisation has to buy a product then for each pound spent with RBLI then there is also social value in terms of providing vital employment for people with disabilities or health conditions."

On this level, RBLI operates a highly diverse and exceedingly effective business enterprise. "This diversity works for us and our care homes, housing, welfare, vocational assessment and social enterprises. If carefully integrated, rather like an airfield, can be most effective," says Sherry. As a military man, who joined the Army as a sapper in the Royal Engineers when his headmaster warned him he would only last 6 months, he expands on this diversity in military metaphor terms: "For example, someone can be flown into RBLI and be taxied around to the most suitable hanger: healthcare perhaps, and then at the right time taxied around to another hangar, for example the Social Enterprise for employment support before eventually taxiing under their own power to the main runway and taking off into independence."

Much has been said in the sector about CSR: does he think some organisations just pamper to the idea of CSR rather than show a full commitment? "Business life is tough. It would be easy to make an assumption that organisations simply pamper to the idea of CSR or just have it as a tick-box exercise," he says. "My experience is that the best organisations take it seriously, for example Barclays and many other organisations allow employees to take one day a year for voluntary activity and also often match fund employees who hold fundraising activities."

Innovative thinking and leadership have been key drivers in this whole process. "We have concentrated on breaking down barriers to effective learning and creativity. It is still on-going, but we have made some progress. If I must single out one example then I cite our LifeWorks course as an exemplar of innovation. This service provides innovative vocational assessment and employment support to serving personnel, veterans and spouses; innovation in testing and delivery methods, coupled with appropriate pilot courses and continuous evaluation has resulted in the Gold Standard."

LifeWorks, an assessment and employability programme helps those leaving the Armed Forces to understand their skills and capabilities and formulate personal action plans to achieve realistic and sustainable careers in Civvy Street.

Over the first twelve months, 65 per cent of those attending LifeWorks moved into employment or further training enabling them to maximise their employment prospects. Some had not worked for many years, many due to not understanding what employment prospects were available to them.

Following a further evaluation 18 months into the programme, 45 per cent of those who entered work were in employment at the 52 week point. "Our success in achieving sustainable employment impacts on the lives of long-term unemployed individuals," says Sherry. 9,000 people have been referred to RBLI through the Work Programme, of which, 3,000 were helped into work, 50 per cent of whom have been in work for six months or more.

**A strong society**

Given this fine and fundamental work within civil society how does Sherry interpret the Big Society vision? "The Big Society idea does in my view, link into the CSR and Social Value approach to providing a narrative for us all to use in working towards a common good. A strong and self-sustaining society must be in the interest of RBLI and indeed the Nation."

It is accurate to say that Sherry has implemented all this with military precision: placing the beneficiaries at the heart of RBLI's operation, ensuring its activities are structured to maximise the opportunities to meet their needs, with continuous improvement, feedback and evaluation key to its strategic planning.

This military precise approach is understandable from a man who has been a special military adviser to the Czech chief of Defence Staff for three years during a major change programme and spent four years in Pakistan as a Defence adviser and Senior British Military Officer.

What then, has been the most important thing he has learned as RBLI CEO? "Communicate, communicate and communicate — internally and externally," is his clear, concise management assessment, a tad reminiscent of Tony Blair's phrase on education.

Given the huge success the charity has achieved under his tenure, what are his future ambitions? "To continue promoting diversity, inspiring ability and enabling independence for another 90-plus years at least. Collaboration will be a vital ingredient."

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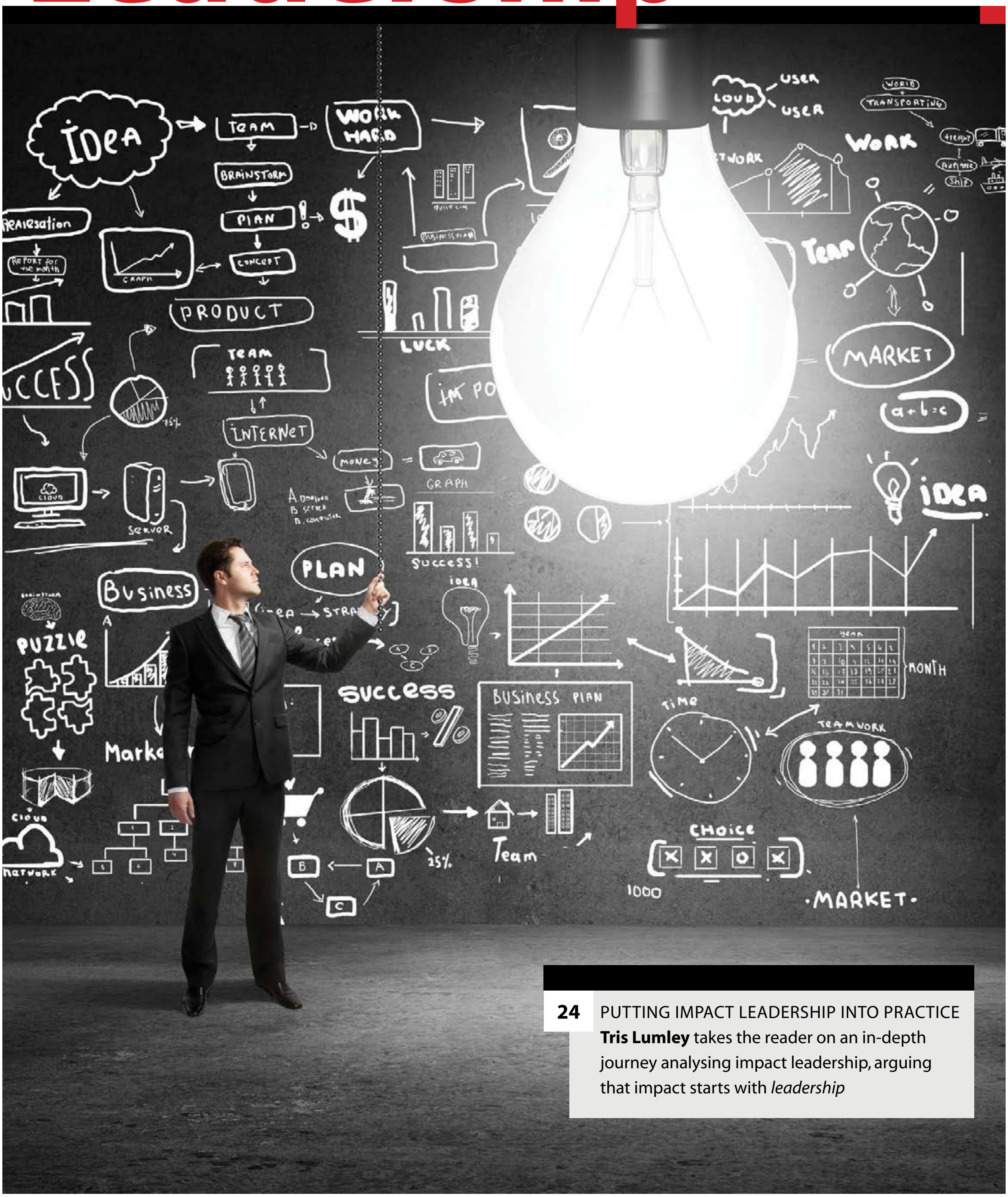
# Leadership




24 PUTTING IMPACT LEADERSHIP INTO PRACTICE
**Tris Lumley** takes the reader on an in-depth journey analysing impact leadership, arguing that impact starts with *leadership*

# Putting impact leadership into practice

Tris Lumley takes the reader on an in-depth journey analysing impact leadership, arguing that impact starts with *leadership*

**IT OFTEN** seems that charity leaders are being bombarded from all sides with demands for change: be more transparent; achieve more with less; develop longer-term strategies; work in collaboration. And all the while trying to navigate the maelstrom of social, political and economic changes that have followed the global financial crisis. Reductions in public funding, structural changes to commissioning and new government policies on welfare, housing and health have led to a reconfiguration of the relationship between the state and civil society, affecting many areas of charitable activity.

Incomes have, in general, dropped — though some charities are weathering the storm pretty well. But there are pressures from Whitehall too, including the 2012 proposed cap on charitable giving tax reliefs, and the more recent Lobbying Bill.

Given this backdrop, it might seem like the right time to batten down the hatches, focus on what's clear and certain, and avoid risk and uncertainty. But I believe the organisations to emerge strongest from this period of turbulence will be those that embrace change now and focus on their ultimate mission.

The leadership this requires is what I call impact leadership. This isn't my attempt to foist further jargon on the beleaguered charity sector, but a term to convey the main areas leaders must concentrate on if they're to fulfil their organisation's true purpose. Like being clear about the social impact they're trying to create, and how what they do helps to achieve that. So far, so good — pretty obvious impact measurement basics.

**Embrace challenges**

But impact leaders also need the courage to embrace challenging or negative results, and an idea of how they'll handle them if and when they emerge. They need to engage with donors and educate them, rather than simply telling them what they want to hear (like reporting on how little money goes on overheads). And I believe true impact leaders encourage a drive towards collaboration, recognising that their organisation is unable to achieve its goals without working with others heading in a similar direction.

Impact leaders, then, are a pretty special breed. So, if you're nodding in agreement and want to develop as an impact leader yourself, what steps do you need to take? *Impact Leadership 2014*: Enabling the charity sector will help you chart your own progress on the journey to leading for impact; exploring the barriers you may face along the way and possible solutions to overcome them.

We recognise that people are at different stages of their impact leadership "journey". Some have already invested a great deal of effort in exploring their organisation's impact, and have structures, processes and systems in place to measure and manage that impact.

Next steps may be about building on the evidence they already have and using it to improve services, for example. But others will be just starting out, and may still feel that impact practice is a forbidding and inaccessible subject.

Due to these different starting points, and different needs, the conference is structured around several streams to ensure everyone interacts with content that's meaningful to them.

**Know your impact**

As the ancient Chinese proverb says, every journey starts with a single step. That's all very well, but if you don't know what direction you're setting out in, that first step can be very hard to make. And so this stream begins with the basics — assuming no prior knowledge and orientating participants so they can take what they've learnt and get started.

For many leaders, the first step is a discussion between them and the board or senior management team about impact measurement. But even this can be a challenge: does it need a structure to be useful, and if so, what should this look like?

Inspiring Impact's *Code of Good Impact Practice* was developed to provide a gateway into constructive discussions about impact and is a great way to shape that initial conversation. For anyone who's come across the *Code of Good Governance*, often used to guide board conversations, we've used this as inspiration in thinking about what the Impact code should cover, and how.

*The Code of Good Impact Practice* starts with some definitions:

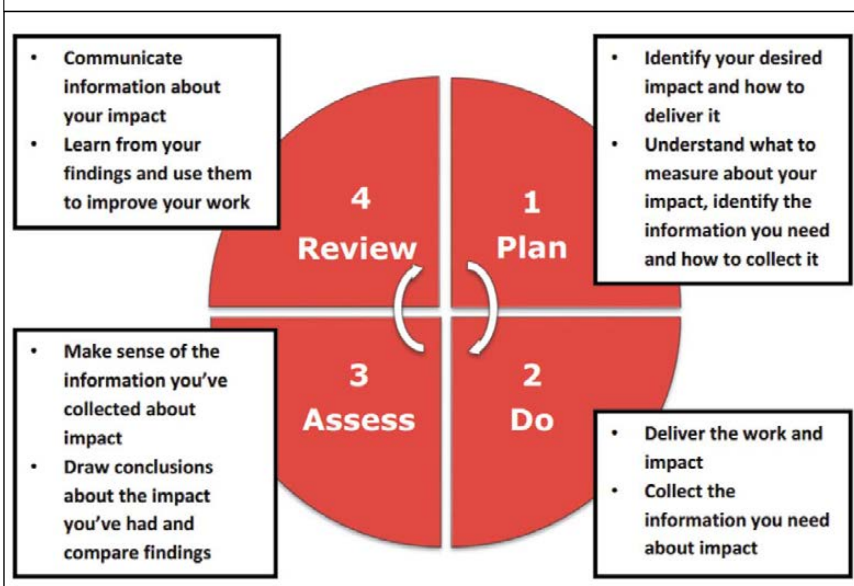
*Impact refers to the broad or longer-term effects of a project or organisation's work, that is: the difference it makes.*

*Impact practice conveys the activities an organisation does to focus on its impact — not just measuring it, but also planning, managing, reviewing and learning from it (as summarised in The Cycle of Impact Practice graphic below).*

The first step is therefore understanding that impact has a role throughout an organisation's operating cycle — it's not about measuring something at the end. That means starting with plans and goals, looking at management and, as well as assessing results, choosing to do things differently as a result of what you've learnt.

At NPC we suggest you approach this by establishing your goals and then developing a theory of change — your understanding of all the intermediate outcomes that lead to achieving those goals. Then look at the existing evidence to

**THE CYCLE OF IMPACT PRACTICE**
**Code of Good Impact Practice, NCVO, Inspiring Impact, 2013**



**David McCullough**
*Chief Executive*
**Royal Voluntary Service**

In my recent roles I've spent a lot of time trying to move the debate from 'inputs' and 'activities' to 'outcomes' and 'impact'. Not because activities aren't important or because measuring what you can count easily isn't worth it — but because ultimately that's not what we're here to try and do.

Somewhere in this frantic working week didn't we start off trying to change the world — and aren't we all still trying? Of course the answer is yes and so we have to work hard to see if the world is actually changing — does the girl living in poverty now have the education to change her family's life? Is that older person having the kind of experience you'd want your Mum to have? Is the aggregate of these changes to individuals adding up to a world that's actually better because we're here and doing what we do?

I can't imagine why we wouldn't want to ask ourselves these questions every day. I forget of course and rush round to meetings and emails — but every so often some helpful person asks me 'how did you end up in a charity then?' and I remember that I wanted to do my small bit to change the world like everyone else I work with. So shouldn't I spend my time making sure what we do is making an impact? Another question to which the answer is obviously yes.

**The most appropriate approach to impact measurement is often very straightforward: asking the people you work with what they'd like to achieve, and how you can help**
**Tris Lumley, NPC**

see what it tells you about your approach and, finally, measure your results in a way that's appropriate and proportionate to your work and organisation.

This doesn't have to be complicated, though I'm all too aware that some find the subject of impact hard to get their heard round. The point is — and borrowing from Einstein — it needs to be 'as simple as possible, not simpler'. If you're providing emergency housing to people who need somewhere to stay for the night, you probably don't need to measure much to know it offers an appropriate solution to their immediate problem.

However, if you're trying to support and empower them so they can gain control of their situation and move to a more sustainable housing solution, you'll want to carry out further research and evaluation to ensure you're helping people on this complex journey as best you can.

But we shouldn't get away from the fact that the most appropriate approach to impact measurement is often very straightforward: asking the people you work with what they'd like to achieve, and how you can help them to succeed.

Once you get into thinking about and understanding your impact, Inspiring Impact's Code of Good Impact Practice can help you take the process forward. It puts forward eight principles that are very accessible and helpful for most situations and organisations.

1. *Take responsibility for impact and encourage others to do so too.*
2. *Focus on purpose.*
3. *Involve others in your impact practice.*
4. *Apply proportionate and appropriate methods and resources.*
5. *Consider the full range of the difference you actually make.*
6. *Be honest and open.*
7. *Be willing to change and act on what you find.*
8. *Actively share your impact plans, methods, findings and learning.*

If leaders incorporate these principles into their approach to exploring impact, they should find that they're well equipped when they come to the next stage of their impact journey.

**Manage your impact**

If the first stage of impact leadership is about knowing your impact, the second is about managing it. Once you have developed a framework that explains how your work generates impact and how to measure it, the next step is to put the theory into practice and embed it within your organisation.

The second stream in the impact leadership conference therefore explores how this works, examining questions like: how can a theory of change help you clarify your strategy? How can you put impact at the heart of decision-making? How can you maximise impact through collaboration and partnership? How can you address impact in internal and external communications strategies?

When it comes to strategy development, implementation doesn't often come across as the most exciting piece of the puzzle. Yet if you take a look at the literature emerging from the MBA-fuelled world of management theory (traditionally strategy-focussed), implementation actually has a huge, and often primary, role in whether or not an initiative or strategy succeeds. Strategy may be the more visible of the two, but implementation is where the magic happens.

The same is true of impact practice and leadership. Coming up with a theory of change is one thing, reshaping the organisation around it to deliver greater impact is another challenge entirely. Ultimately, much of the challenge in embedding impact practice is about how to manage change: structures, processes and systems need to change, as do cultures, behaviours and attitudes, and also incentives, recognition and values. I'm not going to lay out what's known about change management, but it's worth mentioning a couple of key aspects: namely, the importance of culture and of stakeholders.

As an organisation changes to become more focussed on delivering on its mission, maximising impact, and improving performance, so its culture has to shift to become one of continuous improvement.

**Impact is where finance people truly add value by marrying financial and non-financial data with the cause, objects, strategy and achievements of their charities**
**Caron Bradshaw, CFG**

This is far from a straightforward shift — it will take time, effort and reinforcement every day for a long time. Over the years I've come to the view — based on working with and within organisations going through these changes — that it takes three to five years to achieve such a culture shift.

And it takes all the tools a leader has at his or her disposal to make it happen: their own leadership style and role modelling of the culture they want to see; the right management tools for rewarding and recognising desired behaviours; and often the strength to encourage those that cannot embrace the new culture to move on rather than disrupt the change.

As role models, leaders have a hugely influential role. I've often felt it is a chief executive's response to failure that tells their staff most about the culture they're trying to build. If someone comes to you with news that a project is failing, or that mistakes have been made, do you sweep it under the carpet as quickly as possible, or do you dive into it, encouraging every effort to learn from it? Will it be fixed and forgotten, or shared with the board to explore and learn further, perhaps reported publicly or communicated to your partners? Sharing failure is easy to say, and very hard to do, especially in a charity sector where failure is very rarely exposed or explored. But a leader's appetite for it says a lot about the culture they want to nurture.

The second element in embedding impact practice is the importance of involving stakeholders. Charities ultimately exist for their beneficiaries, so their approach to impact should be aligned with what works for them and those who work directly with them.

It's all very well having a theory of change that the board and fundraisers love, but if it's meaningless to frontline staff and can't be embedded in the day-to-day practice of the organisation, it's not the right approach. So a great impact leader will balance their need to manage the organisation with the need for management frameworks to be meaningful at the frontline, and not seen as an interference by beneficiaries. We should never hear the phrase 'I'm sorry I've got to ask you these questions — it's for our funders' in frontline practitioners' conversations with their clients.

**Managing impact**

For impact leaders who are already some way along their journey, new questions start to emerge. If you've embedded an impact approach into your organisation, how do you then use evidence to improve practice? How do you motivate staff and volunteers to stay focussed on impact? How can you build staff skills and capacity in evidence literacy? How do you build trustees' focus on impact?

And beyond your own organisation, what then? What if your organisation is comprehensively focussed on impact, but the rest of your field isn't? What if, for example, you realise that while you've got better and better at refining your programmes and interventions, they're only really successful as part of a chain of interventions provided by other organisations too? How can you develop value chain thinking in a funding environment that's largely transactional and organisational? What if the funding market is pushing you towards attributing

**Caron Bradshaw**
*Chief Executive*
**CFG**

Impact leadership is not something that is the exclusive responsibility of finance professionals — though often because terms like measurement, reporting and value for money are used it can land in the lap of a charity's finance team.

This is a gift. Well managed charities are the heart of social change, and financial management is at the core of this. Impact is where finance people can truly add value by marrying financial and non-financial data with the cause, objects, strategy and achievements of their charities.

Inspired financial leaders can act strategically as partners in the business, helping charities to understand why they exist, what they are achieving and whether their activities are an effective use of resources. They also need to be able to respond to the learning process, sometimes making difficult decisions about how and where to allocate resources.

Understanding organisational achievements, and how they relate to service models and expenditure, in turn has a positive impact on the quality of financial reporting and the understanding that stakeholders have of the organisation. So impact leadership really is win-win.

**Tamsin Shuker**
*Impact Manager*
**Citizens Advice**

Whilst there is little dissent in the sector around the principles of impact and the value of an impact focus, turning this into practice within charities is a genuine challenge. Everyday demands of 'getting the job done' make it hard to find the space, or resource, to do more than agree that the principles make sense.

Actually embedding impact, like all cultural change, takes a lot of effort and time. It requires investment of scarce resources and committed leadership. An impact leader needs to be everything from a practitioner and consultant, negotiator and influencer, through to a visionary and champion.

Senior direction is critical to embedding impact. This is not only because they allocate resources, but because impact must run through the heart of the organisational strategy and business plans. How to secure that initial senior level buy-in? Find a way to deliver some pieces of powerful impact evidence — this creates an appetite and makes the principles tangible.

Staff at all levels must also find the impact agenda valuable and relevant to them. Achieving this shift is more possible if the dialogue around impact is practical and specific to each team or project — this makes it hard to dispute.

Passionate conversations can have more of an influencing effect than any impact strategy paper. It may not feel like it at the time, but small steps do add up, converted staff become impact advocates, and the culture begins to slowly shift.

**Paul Breckell**
*Chief Executive*
**Action on Hearing Loss**

At Action on Hearing Loss we are searching for a cure and also provide practical advice and emotional support to the millions of people who are living with deafness, hearing loss and tinnitus.

While our case is compelling, people quite rightly want evidence. Evidence of the need, evidence that we have a clear 'theory of change' so that the things we are doing are meeting this need, and evidence that we are being effective.

For me, impact leadership is about championing a robust but proportionate approach to developing this. Not just for external communications but also as a much more fundamental strategic development tool to determine the work that a charity needs to do and how to measure its efficacy.

So in summary, we believe there is a business case to apply impact measure-ent across all of our work. We are however proportionate and use fuller analytical techniques more sparingly in a targeted way to meet donor and funder requirements, to gain competitive advantage and most importantly to fulfill our mission.

your impact as precisely as possible, while you're realising that to achieve your long-term mission, you need to be working with partners through collective impact strategies?

The challenge for impact leaders as they progress along their journey is that things necessarily become more complicated. This is the unavoidable consequence of charities working in complex systems and of impact leaders seeking out greater impact by working on system change. While earlier in their development they may have been happy to compete with others based on their superior approach and better results, increasingly they'll want to coordinate the field and improve methods across all organisations. Ultimately, social purpose organisations, like third sector organisations, are about the social purpose, not the organisation. And truly great impact leaders will recognise this, putting their mission before the organisational vehicle that's helping them achieve it.

**What next?**

Just over a year ago, NPC — in partnership with CFG — planned the first ever impact leadership conference in the UK. More than 350 people took part and made it an incredibly exciting and interactive conference. Today, as we build up to the second impact leadership conference, there are signs that the concept is starting to catch on: people have started to offer impact leadership training; conferences and workshops are selling out; and whenever I talk about impact leadership, I get the impression there's real recognition that impact starts with leadership, not with tools and techniques. I hope to see you in January 2014 to explore this further and to make the day as stimulating and challenging as possible.

**Tris Lumley is head Of Development at NPC (New Philanthropy Capital)**
**www.thinknpc.org**
**For details of the Impact Leadership 2014 conference go to: www.impactleadership2014.cfg.org.uk**

When it comes to impact measurement, charity leaders need to adopt shared impact measurement approaches if they are to effectively tackle complex social issues, according to NPC's *Inspiring Impact* report.

The Blueprint for shared measurement called on charities, social enterprises and funders working towards similar goals to collaborate on impact measurement in order to improve sector practices and change more lives for the better.

A key strand of the Inspiring Impact programme of work, shared measurement is defined as a product — any tool used by more than one organisation to measure impact — and a process — understanding a sector's shared outcomes and mapping out its theory of change.

If organisations working in a similar field commit to shared measurement this can lead to a range of benefits, from saving time and resources and reducing duplication, to understanding what interventions work best for different social issues and improving services.

The Blueprint for shared measurement reviews 20 examples of shared measurement in the charity sector, including approaches developed by NCVO, Citizens Advice and Triangle Consulting.

The report identifies the key factors leading to a successful shared measurement approach, broadly divided into conditions needed for development, design and scale and sustainability.

Examples of key factors include: initial and long term funding, the engagement of diverse stakeholders, the role of a strong and independent leader and the right technology to make measurement tools user friendly and accessible.

Eibhlin Ni Ogain, NPC consultant and author of the report, says: "Most complex social issues, such as homelessness or anti-social behaviour, cannot be solved by one initiative working in isolation. Instead we find an ecosystem of organisations operating in a particular field, contributing to shared aims.

"However all too often impact measurement in this context is not carried out in a consistent and comparable way, preventing us from seeing if positive change has occurred, and learning about which approaches work best.

'For too long the sector has missed out on the rich opportunities offered by shared measurement. It may not be easy to identify all the players in an ecosystem, and collaboration and the question of what to measure can also present challenges.

"It is also important to strike the right balance between standardisation and flexibility, and we know that for shared measurement to work in practice, we need to have common measures that are meaningful and relevant to organisations using them.

"We hope that people use this Blueprint, and the lessons within it, to promote shared measurement across the charity sector, and we are keen to hear people's feedback on their experiences of using the report."

The Blueprint for shared measurement also makes key recommendations for charities, funders and sector bodies:

Charities should look at whether shared approaches exist in their area, think about who they could collaborate with, and encourage their funders to support a shared measurement approach.

Funders should develop shared measurement approaches to improve consistency and reduce duplication in reporting. This should involve grantees, particularly frontline staff.

Sector bodies should consider the demand for shared measurement in their sectors and consider championing shared measurement approaches.


**For too long the sector has missed out on the rich opportunities offered by shared measurement**
**Eibhlin Ni Ogain, NPC**

# Sector staffing

Antony Savvas analyses sector recruitment and HR, identifying shortfalls in diversity, flexible working and social media

**THE CHARITY** sector continues to grow, with a 6 percent increase in paid staff for the financial year ending 2012, and the most recent Labour Force Survey showing a total of 804,000 employed in the sector. Recruitment through social media, flexible working and true diversity in organisations are increasingly popular aims in the world of work, but is the third sector taking advantage of their potential benefits? One of the most commonly given motivations for people moving into the third sector is that they are seeking a better work-life balance. But research by recruitment agency TPP Not for Profit among employers and employees shows things on the ground are different.

**Flexible working**

TPP found 15 per cent of organisations still don't offer any flexible working options at all, and that charities are not actively promoting flexible working. It also found that most employees don't know about all the flexible working options that exist.

There is other research though that suggests it's a mixed bag when it comes to flexible working in the charitable sector.

The RSA — a charity which studies social challenges — and mobile operator Vodafone released their own joint research on flexible working this year, and found that the majority (77 per cent) of UK employees overall work in organisations that provide some kind of flexible working. The most common types are home working and flexi-time.

Their research found that the voluntary sector leads the private and public sector in terms of adoption. However, it pointed out that the extent and nature of flexible working adoption varies widely between and within sectors, by size of organisation, and by seniority of staff.

But the RSA created a Flexibility Index which measured the extent of adoption among organisations, and found that the voluntary sector scores the highest overall in the Index, with an average score of 3.1 out of 5.

**It's about trust**

Donogh O'Brien, co-founding director of Aspen People, specialising in supporting charities in making senior appointments, said, "These findings seem typical of the sector, but smart charities realise that they must react to change and the modernisation of working practices.

"Many of our clients who have instigated more flexible working practices tell us that trust has to go both ways."

He says: "For this to work the results must be measurable for each side to understand where the tangible value is being delivered. It is not unusual for some employees to thrive in a flexible working environment, becoming more effective away from the distractions of the office.

"But constant communication and evidence of activity are crucial to ensuring that both parties remain motivated and satisfied."

Fiona Miller-Smith, chief operating officer at Social Finance, said her organisation had adopted flexible working in management. "We offer flexible working and find it to be very popular. A number of the more senior team have some degree of flexibility in their working hours."

Miller-Smith warned however that flexible working could still impinge on a good work-life balance, saying: "Although technology has been a great enabler, it is also important to be respectful of people's time when they are out of the office."

Cause4 offers strategic support to charities and not-for-profit organisations covering the arts, sports and education sectors, for instance.

On flexible working Cause4, CEO Michelle Wright says: "I think that as in the private sector, flexible working isn't the norm for the charity sector but is variable to the working culture of the organisation, and is informed almost entirely by the leadership."

There are interesting examples of practice in flexible working, such as leading reading charity The Reading Agency. This charity has supported staff to work remotely right from the start and encourages an good work-life balance, which has led to excellent retention of staff.

**Diversity**

For research on diversity, recruitment firm Trustees Unlimited asked over 1,600 trustees whether their boards were diverse, and 20 per cent said their charity board lacked a diverse range of skills. Over half believed that a more diverse board would enhance their charities' effectiveness.

Trustees Unlimited says too many charities still rely on word of mouth to recruit. The Charity Commission reports that 81 per cent of charities are still using personal recommendations to find trustees and nearly half of trustees are recruited through an acquaintance or colleague.

A Trustees Unlimited spokeswoman says: "Charities must cast their nets more widely and look outside internal networks if they want to attract diverse talent. Recruiting in such a narrow sphere doesn't make for the best governance practices or foster creative thinking and innovation."

Cass Business School partnered with the Compass Partnership to undertake detailed research into the governance characteristics, drivers and performance of the top 500 UK charities.

It found the composition of boards were 32 per cent female, 22 per cent representatives of beneficiaries, 22 per cent known to be donors, 14 per cent active fundraisers, 9 per cent representative of volunteers, 9 per cent from an ethnic minority and 6 per cent were disabled.

**Board effectiveness**

Denise Fellows, director and CEO of consultancy and talent development at the Cass Centre for Charity Effectiveness, says: "We found a clear association between confidence in board diversity and effectiveness. It was felt that if a board was sufficiently diverse, members could bring a range of perspectives to governance and had confidence that board meetings would deliver excellent governance and be more effective."

In spite of the fact that two thirds of charities in the Cass research claimed they were confident about their board diversity, there was still a desire to improve diversity, and in particular to attract


**Charities must cast their nest more widely and look outside internal networks if they want to attract diverse talent**
**Trustees Unlimited**

people from ethnic minorities, women and younger people.

When participants were asked about their future goals, the need to create boards with greater diversity and membership was highlighted as a key target. And when asked about what actions they would take to strengthen their board diversity, over half suggested reviewing, identifying and plugging particular skills gaps, and also focusing on "succession planning".

Fellows says: "To ensure a diverse board my advice would be to have a fixed term for trustees to allow turnover and bring on board new skills, have a skills grid which includes diversity and which is used to recruit new trustees, and to think about succession planning to plan for recruitment and replacement of retiring trustees."

Aspen People's O'Brien says: "Diverse talent acquisition is the single most important return on investment that will make or break charities.

"Diversity in governance is vital to ensure all experiences within the organisation work cohesively, as a team, to proactively address and keep up with the level and pace of change. Therefore outlooks from all walks of life are valid, and should be embraced, as long as they are in line with the core values and behaviours of the charity.

"Focusing on recruiting the right team will ensure diversity, not the other way round though."

**Best practice**

Miller-Smith from Social Finance says of ensuring diversity: "I don't believe that setting quotas or making diversity such a virtue that it is out of sync with organisational values is necessarily the way to go — after all, equal opportunity in my view means ensuring that the best people get the right jobs. What we do need to do is to increase confidence, to increase the visibility of role models and to improve aspirations for those considering joining charity boards."

She calls for more best practice too. "The charity sector is notoriously shy of talking about best practice — it's here that those really leading the way in effective governance could set an example for others — we'd create a 'nudge' theory effect of encouraging change."

**Social network recruitment**

There are some very mixed attitudes towards recruiting staff via social networks, such as Facebook, LinkedIn and Twitter. Aspen's O'Brien says: "All charities have adopted social media in order to spread the word about their activities, so there should be no reason for them not to communicate to like-minded individuals their recruitment plans.

"However, this is no guarantee of quality candidates. Indeed, it might lead to an influx of unsuitable candidates which the organisation has to spend time and effort to weed through to find, hopefully, some suitable candidates.

Recruitment agency Robert Walters questioned 900 job seekers and 280 hiring managers about hiring through social media channels. The research confirmed that Facebook and Twitter have become popular as a way of interacting with friends and family on an informal basis. A clear majority of both sets of respondents felt that Facebook and Twitter should not be considered an effective or suitable channel for professional activity. This sentiment was held by 70 per cent of employers and 85 per cent of job seekers.

The goal of sites such as LinkedIn on the other hand is to highlight individual working achievements. It follows that a majority of candidates and hiring managers viewed such sites as "professional" and ideally suited to being used in the recruitment process.

However, recruitment methods outside of the social media space are the preferred option for the majority of job seekers, with 43 per cent turning to a recruitment consultancy to secure their next move, and 26 per cent first looking at online jobs boards.

Recruitment preferences among hiring managers are similarly conservative, with 49 per cent citing a recruitment consultancy as their most favoured option. Only 13 percent prefer to use professional networking sites such as LinkedIn to advertise vacancies.

But professional job seekers are already making use of social media to research companies they may wish to work for, shows the Robert Walters research. "Employers must take this into account to position company profiles and news to reach those they most want to hire," says the company.

### ADOPTION OF SOCIAL MEDIA BY JOB APPLICANTS AND JOB HIRERS

**Applicants with social media profiles:**
LinkedIn - 85 per cent
Facebook - 73.5 per cent
Twitter - 38.6 per cent
Google+ -19.1 per cent

**Employers with social media profiles:**
LinkedIn - 50.8 per cent
Facebook - 11 per cent
Twitter - 14.4 per cent
None of the above - 49.2 per cent
21 per cent have no social media presence at all

*Source: Robert Walters*


### Social media screening

With such a vast amount of data available through social media websites, employers may be tempted to use some of the information available as part of the screening process.

The Robert Walters research found that although 39 per cent of hiring managers do not, as a rule, make use of any of social media sites when looking to bring in new staff, 64 per cent say they have viewed a job seeker's professional social network profile at some point for this purpose.

Use of personal social media by employers is much rarer though, with only one in ten saying they review these profiles as a matter of course during the recruitment process.

But half of all businesses surveyed admitted they would be willing to run the names of candidates through personal social media websites if they "felt it helpful". And among all employers surveyed, 27 percent admitted to having used Facebook to evaluate a prospective employee at some point in time, whilst 15 percent have used Twitter. But 59 percent of candidates revealed they have or would amend the details of personal social media profiles when job hunting to make them "appear more professional".

Robert Walters says: "Employers must ensure that information from individual social media profiles does not detract from securing top talent. As over half of candidates report editing their own profiles to appeal to a potential employer — such as altering visibility settings and removing photos or other information — investing in the research may prove to be a fruitless exercise."

The company said job seekers expected to be considered for a role according to established processes, and that it is within these parameters that businesses should address concerns about values or attitudes that may be held by a prospective employee.

It said assessment centres, psychometric testing and other interactive exercises are often better placed to answer these questions than personal social media profiles.

**Antony Savvas is a freelance journalist**

# Better numbers

Joe Lepper finds the final SORP will hopefully help charities tell their story better through financial reporting, which in turn, will help attract donors and funders

**CHARITIES ARE** bracing themselves for the biggest overhaul of financial reporting regulation in the sector for a decade.

In January 2015 the Charity Statement of Recommended Practice (SORP), the key financial reporting document for charities, will receive its first update since 2005.

The timing coincides with a new financial reporting standard FRS 102 that is being overseen by the Financial Reporting Council (FRC) and also takes effect from January 2015.

Katherine Smithson, Charity Finance Group policy and public affairs officer, explains a key factor in this reform is to ensure UK firms and charities are in line with global reporting standards.

She says: "Charities are part of UK employment and service market. So it is important that the professionals working in the charity sector are working to the same standards as those in other sectors and globally."

The SORP Committee, made up of representatives of the Charity Commission and the Office of the Scottish Regulator, has just completed a four month consultation over changes being proposed in their draft revised version (see box on page 36).

With 180 written responses and 1,600 attending its consultation events it has been the largest consultation yet around the way charity's report their finances, says the Commission. Changes to the revised draft are set to be agreed early next year

and submitted to the FRC by March. If approved a final online version could be available as soon as June, with hard copies available from the autumn.

**Reducing clutter**

A key focus of the draft revised version is on reducing 'clutter' and ensuring technology is used to make the SORP as accessible as possible to charities.

Innovations include an online filtering system, whereby charities can focus on the areas most relevant to them.

Nigel Davies, technical secretary to the SORP Committee, says: "This has proved popular and charities have said they want even finer filters so that they can be much more specific about what they are reporting. That is something the committee will look at."

Nick Sladden, head of charities and social enterprises at accountancy firm Baker Tilly, welcomes this focus on utilising technology in the SORP and hopes it encourages charities to also be more creative with the way they present their accounts online.

He says: "Technology has a huge impact on financial reporting. Now anyone can go to the Charity Commission and download accounts instantly. Funders and donors now expect to be able to access and use financial information in a far more sophisticated way using technology and the sector needs to move with that.

"Why not have accounts that you can interact with on an iPad or iPhone and pull out key information for example? That is something we are being asked to do more and more by our charity sector clients."

He also urges charities to ensure their financial reports are "visual, making good use of colour, graphs and photographs, rather than be only full of blocks of text and numbers."

**Heightened caution**

Another new focus of the revised SORP is to take into account economic uncertainty and heightened caution among the public and funders as to how they spend their money.

As a result it urges charities to ensure they explain financial information but explain as part of a narrative linked in with their aims and strategy.

Sladden adds: "If someone looks at the financial reports and they can't see where money has gone or why it has been spent in a particular way then they will think twice about dealing with them."

The revised SORP also calls on trustees in their annual report to make clear if they have any worries about the charity as a going concern.

In addition charities with multi-employer defined benefit pension schemes will be required to state any deficits. Incidents of fraud and theft also have to be disclosed.

Sladden says: "I can see some uncomfortable discussions in the future between trustees and their auditors in having to disclose some of these things."

But he welcomes these inclusions in the revised SORP, as honesty is important in building up trust among those reading the report. He adds: "The focus on looking ahead to the financial future also has the benefit of focusing trustee's minds on long term planning."

Among the most controversial questions asked in the consultation has been around disclosure of staff pay.

In its current draft form the revised SORP only requires larger charities, with a gross annual income of more than £500,000, to disclose the number of staff salaries in bands of £10,000 for those earning more than £60,000 a year.

**Great debate**

But the consultation also asks if larger charities should also be required to disclose the job title and remuneration package of their highest paid employee.

Davies says this question was a "source of great debate" at the road show consultation events. "The arguments for it are that it is about transparency especially to do with public money. Those against it felt that it would become a distraction rather than the difference that charity is making," he says.

Davies explains that the question was asked as the committee has acknowledged recent MORI surveys for the Charity Commission showing public concern over charities' expenditure on salaries.

> **The focus on looking ahead to the financial future has the benefit of focusing trustee's minds on long term planning**
> **Nick Sladden, Baker Tilly**

The 2012 survey showed 59 per cent of the public believed charities spend too much on salaries and administration. Furthermore, 43 per cent said charities' expenditure on administration and salaries has a direct effect on their trust and confidence in it.

"They see this expenditure as a proxy measure of effectiveness. It's a dubious measure that if you are spending less on administration and salary you are doing more on the frontline," says Davies.

Smithson is among those in the sector who believes naming top paying executives would become a distraction.

She says: "It is an arbitrary way of increasing transparency. If you are just saying here is what our highest member of staff is paid and here is their job title that doesn't tell you anything about the effectiveness of a charity.

"For example paying a higher salary for a new chief executive may be for strategic reasons to increase the charity's income."

Instead the CFG is calling for the SORP to ask charities to include an explanation of their remuneration policy. "Our main position is that we want charities to talk

**I don't want to know just what the chief executive's salary is. I want to know about senior pay across the board and the talent they are attracting and how they are deciding on their salaries**

**Katherine Smithson, CFG**

about staff pay in their financial reporting but if I'm looking at the accounts of a major charity I don't want to know just what the chief executive's salary is. I want to know about senior staff pay across the board and the talent they are attracting and how they are deciding on their salaries," she adds.

Davies hopes the final SORP will help charities tell their story better through financial reporting, which in turn will help attract donors and funders.

He is also adamant that the wider public are increasingly interested in charity's accounts. He points to Charity Commission website figures for 2011 that show charity accounts were downloaded or viewed one million times and the section of its website containing charities financial information received more than six million hits.

"This shows the importance for charities to have the right attitude to their financial reporting. They should not see it merely as statutory reporting but instead as a meaningful reporting tool to give genuine interest to the reader," adds Davies.

**Joe Lepper is a freelance journalist**

## SORP CONSULTATION AND WHAT HAPPENS NEXT

The Charity Commission for England and Wales and The Scottish Charity Regulator have welcomed the sector's enthusiastic response to its consultation on the draft SORP.

Over 1,600 charity sector representatives took part in the 26 consultation events held by the SORP making body, hosted by or in conjunction with umbrella and professional accountancy bodies and accountancy firms across the UK and Republic of Ireland.

The four-month consultation produced more than 160 responses to the Exposure Draft SORP by the closing date of 4 November — the highest ever level of participation to date.

A new charities SORP is needed as part of changes to the UK Generally Accepted Accounting Practice that take effect in 2015.

The responses to each of the 25 questions set out in the *Invitation to Comment* document, together with any other ideas for improvements and changes, will be carefully considered.

The SORP committee will meet on 9 January to review the outcome of the consultation process and make recommendations on any changes to the draft SORP.

The SORP making body welcomed the sector's participation, confirming the consultation process as robust and generating useful recommendations.

Sam Younger, joint chair of the SORP Committee, says: "The experience and expertise of the practitioners and charities who have contributed to the consultation over the last four months has been very valuable.

"Although we have yet to analyse fully the responses, we have been encouraged that the draft SORP was welcomed by many.

"Our aim is to have a new SORP that serves the sector, donors and the public well because high quality financial reporting and accounting are essential to maintain public trust and confidence in charities."

Laura Anderson, joint chair of the SORP Committee, adds: "The SORP consultation has achieved a fantastic response. We're delighted with the depth of engagement with the draft SORP shown by the charity sector and professional advisors.

"At the events, the feedback on the SORP's new format and content was overwhelmingly positive. Useful ideas were also contributed about improvements or changes that could be made.

"We'll look to take these ideas forward to the final draft, together with the views given in the written responses.

"The timescale is very demanding, but we'll do our best to reflect the outcome of the consultation in the final SORP" she added.

"On behalf of the SORP making body and SORP Committee, a big thank you to all those who took part in the events or responded to the consultation."

The final SORP must be submitted to the Financial Reporting Council (FRC) for its review and approval.

It is anticipated that FRC approval will be obtained by the end of May 2014 with the SORP published on the SORP micro-site by the end of June 2014.

The new SORP will take effect for financial years beginning January 1 2015.

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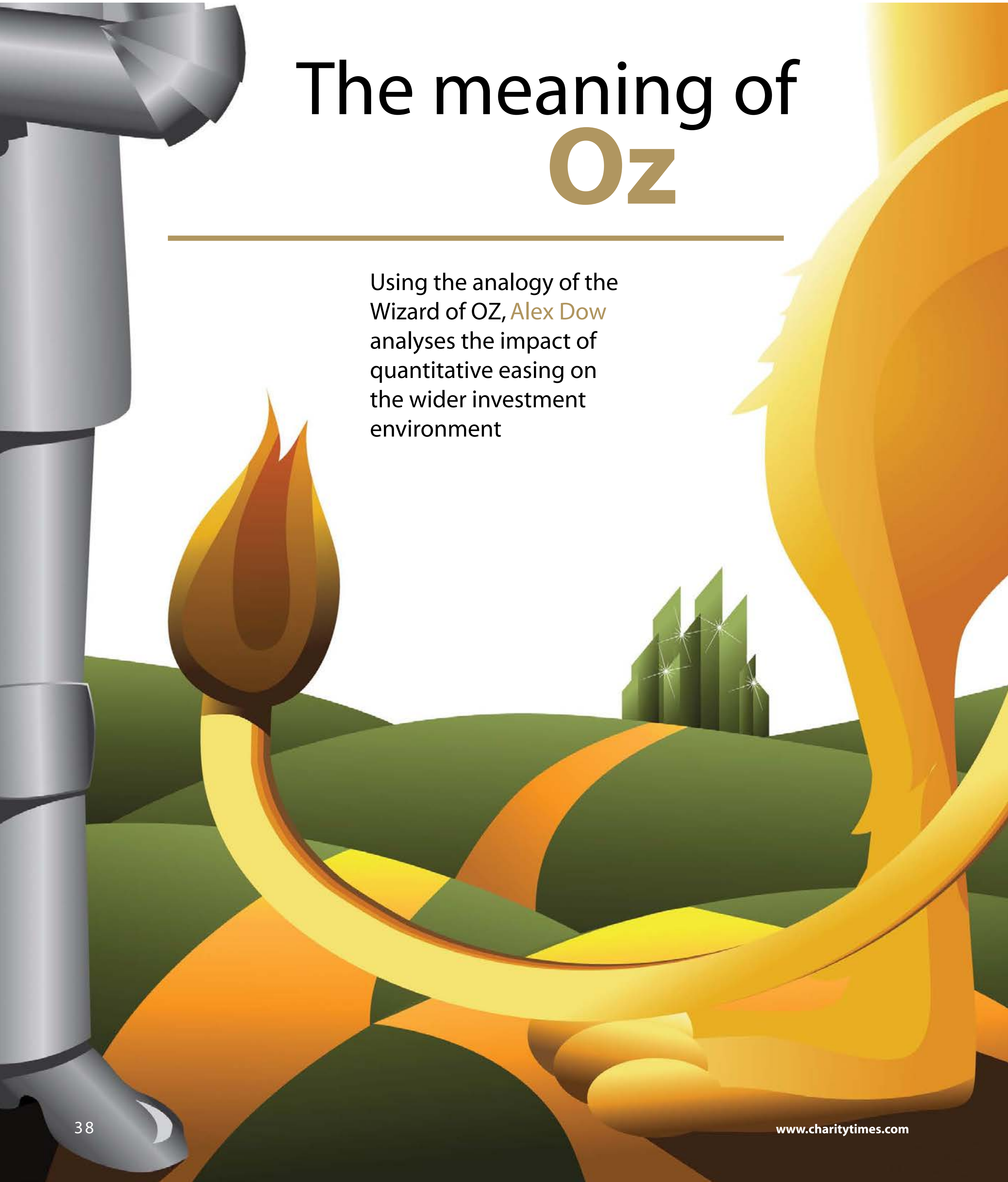
# The meaning of Oz

Using the analogy of the Wizard of OZ, Alex Dow analyses the impact of quantitative easing on the wider investment environment



**The typical response by policy makers in these circumstances is to seek to boost inflation which is generally achieved through debasing the currency**
**Alex Dow, Rathbones**

**I DOUBT** that many people watching the 1939 film The Wizard of Oz would think of it as a political and economic allegory. I doubt also that many would recognise in the film the basic tenet of the current monetary policy being employed by the Federal Reserve (Fed) and other central banks. Whilst many might find these themes tenuous, they are there for all to see.

The original children's book was written by Frank Baum after the 1896 presidential election in the United States and discusses the politics of the late nineteenth century. Just as now, this was a period of severe economic difficulty. A key component of the economic problems was deflation and from 1880 to 1896 the price level fell 23%.*1*

A period of unexpected and severe deflation like this is especially bad for borrowers, who see the real value of their debts rise. In its simplest form, the more that the price level falls, the more each borrower becomes indebted. The more indebted people are, the more they save and the less they spend or invest. The economy enters into a vicious cycle of lower economic output, lower prices and higher real debt levels.

### Inflation boost

The typical response by policy makers in these circumstances is to seek to boost inflation, which is generally achieved through debasing the currency (making the pound or dollar worth less in real terms). In the late 19th century this banner was taken up by the Free Silver Movement.

At the time the US was on the gold standard and the US Dollar was backed by and convertible into gold. This meant that, at least in theory, paper money could be turned into a dull yellow metal on demand.

The amount of gold into which it could be converted was fixed and determined by the United States' government. The aim of the Free Silver Movement was to reduce the value of the dollar by replacing the gold standard with a bimetallic standard which replaced part of the gold with silver. By including a cheaper metal in the standard this would lower the value of the dollar and thus lead to inflation, which in turn would support those who had high levels of debt.

In the book and film the gold standard is represented by the yellow brick road which leads to Oz. Oz represents Washington and the green glasses, through which the citizens viewed the world, stands for the dollar or greenback. The wizard represents the Republic politician William McKinley who campaigned in the 1896 election to maintain the gold standard, whilst the lion represents the Democratic nominee William Jennings Bryan.

In a famous speech by Bryan, a supporter of the free silver movement, he proclaimed: "You shall not press down upon the brow of labour this crown of thorns, you shall not crucify mankind upon a cross of gold.'" The major departure the film makes from the book comes in the form of the slippers, which Dorothy uses to solve her problems and return home to Kansas. Whilst in the film they were ruby, apparently to make the best use of the new Technicolour process, in the book they were silver.

Although McKinley won the election and the gold standard remained unchanged, inflation did return. The reason for this was the discovery of vast new reserves of gold in Alaska, Australia and South Africa. In addition, new technology enabled gold to be extracted from ore. The ensuing rise in the quantity of gold had the same effect as debasing the currency, boosting the money supply and increasing inflation. From 1896 to 1910 the price level rose by 35 per cent, *2* helping those who had debts.

Moving forward to the present day, since the financial crisis the Fed has been deeply concerned about deflation. This is because the US economy has never been more indebted and therefore the potential impact of declining prices has never been more serious. In order to avoid deflation the Fed has implemented some extraordinary policies.

Firstly, it has cut interests rates to almost zero and secondly it has entered into a massive programme of quantitative easing (QE). The object of both of these policies is to boost the quantity of money in the financial system and ensure inflation is at least positive. Just as the Free Silver Movement wished to debase the currency in order to protect debtors in the late nineteenth century, Ben Bernanke, the Fed Chairman, has arguably debased the dollar in order to protect debtors in the twenty-first century.

At the time of writing, markets are poised for a change in policy. In May of this year Ben Bernanke first spoke about the Fed's intention to reduce the current levels of quantitative easing in the US, which is currently $85bn per month. The mere mention of this sent shock waves through equity, bond and currency markets, which in turn adversely affected the real economy.

**Although most investors believe that the level of QE will be reduced soon, there may be many more months of it before it ends completely**
**Alex Dow, Rathbones**

**Economic data**

However, the rhetoric employed by Bernanke and his nominated successor Janet Yellen since May has been far more cautious. The general theme has been that the Fed only intends to reduce the amount of QE if the economy is strong enough to cope with the change.

Thus any change in policy appears dependent on sufficiently strong economic data, rather than a change in economic philosophy. Investors therefore remain uncertain as to when this change in policy is likely to be announced, with some suggesting the mid December Federal Reserve meeting and others early 2014.

Although the change in policy is symbolically important, this is only the starting point of a long-term shift from extraordinary monetary measures towards something viewed as 'normal'.

As Bernanke and Yellen have pointed out, the speed of this shift will be dependent on the underlying strength of the US economy, which still faces many challenges and risks. From an inflation perspective there is no immediate need to act. Inflation has steadily declined in the US over the past couple of years despite the additional money being created by the central bank.

In addition, much of the global economy is experiencing declining rates of growth in overall price levels. In fact, low levels of inflation should support additional QE not less as it increases concerns that the economy will slip into deflation. As we saw in the late 19th Century, deflation can be a highly dangerous phenomenon in an economy with significant amounts of debt and the US government and household sectors remain highly indebted.

Therefore, although most investors believe that the level of QE will be reduced soon, there may be many more months of it before it ends completely and possibly years before base rates are increased. However, in the round, it appears that policy makers believe the threat of deflation is waning and the dollar has been sufficiently debased — only time will tell whether this will get us back to Kansas.

**Alex Dow is an investment director in Rathbones' charity team and can be contacted at: alexander.dow@rathbones.com**

*1 Macroeconomics (2nd edition) by N Gregory Mankiw*
*2 Macroeconomics (2nd edition) by N Gregory Mankiw*

# The family way

Cathy Pharoah

asks whether family foundation giving is a happy marriage of private and public interests?

**WHEN WEALTHY** families and individuals choose to set up a charitable foundation, this is not only a crucial decision for managing personal giving today, but also one for the future shape of philanthropy in the sector. The preferences and objectives of family founders, coupled with a lasting endowment, frame philanthropic priorities and directions for years to come, even where scope for future-proofing is built into the mission.

Evidence of the lasting presence of family foundations in the sector is their one-third share of its total assets. They are responsible for somewhere between 7 and 10 per cent of all charitable giving in the UK, three-quarters of which is derived from the income of endowments.

This is why we increasingly want to understand not only how much family foundations give, but also what shapes family foundation giving, and whether or how it can be influenced. Within philanthropic giving we want to achieve a happy marriage of private and public interests. This article explores these issues.

It is important to be clear that family foundations in the UK have exactly the same legal form as all other charitable foundations. Identifying them as a distinct group is simply a convenience which helps us to study issues like levels of family giving in an era of growing private wealth, or to raise greater awareness and interest amongst wealthy families and their advisors of what others are contributing, and prompt them to follow their example.

A key criterion for identifying family foundations is whether their original funding is derived from private family wealth (often linked to family-owned business), but sometimes we might also want to look at aspects such as whether founding families have a continuing representation or influence on the board.[i]

The number of family foundations in the US continues to grow, and though we do not have numbers for the UK, there are plenty of examples of new family foundations which have been set up over the last few decades to suggest growth.

Key names include, for example, Rausing, Vardy, Hintze, Foyle, Petchey, Jerwood, Dyson, Roddick and Wood. Volant was set up by J K Rowling, and a very recent example is Sarabande, founded with £16million from the estate of Alexander McQueen, the fashion designer.

**Levels of giving**

Thanks to the support of a family foundation, however, research has been able to establish a fairly good map of levels and patterns of family foundation giving in the UK.[ii] The largest 100 UK family foundations gave around £1.3

**Foundations with highest real giving growth, 2006/07 to 2010/11**

| | Giving £ million | Year end | % change 2006/07-2010/11 |
|---|---|---|---|
| Maurice Wohl Charitable Foundation | 2.78 | Apr 11 | 1,764.4 |
| The Monument Trust | 34.57 | Apr 11 | 1,279.4 |
| The Barclay Foundation | 1.35 | Dec 11 | 441.6 |
| The Lempriere Pringle Charitable Trust | 4.49 | Dec 10 | 362.3 |
| J Paul Getty Jnr General Charitable Trust | 11.63 | Dec 11 | 359.8 |
| The Dr Mortimer and Theresa Sackler Foundation | 6.87 | Dec10 | 352.5 |
| The Michael Uren Foundation | 2.73 | Apr 11 | 349.6 |
| The Helen Hamlyn Trust | 3.50 | Mar 11 | 183.3 |
| The Underwood Trust | 2.63 | Apr 11 | 171.3 |
| The Children's Investment Fund Foundation | 27.35 | Aug 11 | 169.4 |
| The Barrow Cadbury Trust | 3.44 | Jul 11 | 143.0 |
| The Hintze Family Charitable Foundation | 5.74 | Dec 11 | 125.5 |
| The Westminster Foundation | 4.28 | Dec 11 | 124.3 |
| The Maurice and Hilda Laing Charitable Trust | 3.36 | Dec 11 | 105.8 |
| The Gannochy Trust | 6.53 | May 10 | 104.0 |


billion in 2011, and its level has remained relatively robust through the recent years of economic turbulence, particularly when compared with individual and corporate giving.

One reason for this is the growth of some of the new foundations established over recent years, as founder legacies or new donations were added to existing or embryonic foundations. The figure on page 42 shows the top foundations by growth rates, and it is these — in some cases — stellar increases — which have kept family philanthropy high at a time when some foundations have struggled to maintain investment returns, or have been spending down, for example, Tubney and Atlantic.

In fact, excluding the unique Wellcome Trust, giving showed an average and substantial 6 per cent real annual rise. (New figures will be available next Spring). This family foundation giving represents more than three-quarters of all foundation giving in the UK, a much higher proportion than in the US where corporate foundations give more.

**All foundations share basic characteristics, however, there is growing evidence of our differing expectations of them**

**Cathy Pharoah, CGAP**

Though all foundations share basic characteristics, however, there is growing evidence of our differing expectations of them. While one strand of recent research and commentary increasingly emphasises the individual donor's private passions as the key driver for giving, another increasingly highlights our need for strategic philanthropy, based on objective evidence of need and impact. So what are the influences on family giving? How do personal passions or objective evidence of needs weigh in the balance?

Undoubtedly the founders' personal drives are important. The 2012 family foundation research study showed that for just over half of a sample of 40 foundations, the founders' values and wishes had a lot of influence on spending patterns.

Further evidence of the lasting impact of the founders' wishes is that previous funding initiatives and patterns were also a key influence on current spending for more than half of the sample.

Around one half said there had been no marked change in patterns of spending over the last four years, and reasons for this continually emphasised factors such as the clarity of the founders' wishes, the desire to be consistent over time, and to provide long-term sustainable support for the foundation's priority areas.

**Lasting contribution**

Foundation comments on this, for example, referred to the 'Consistent priorities of the founder', or said that the 'Founder's values remain the same', or that the foundation's priorities were 'Clearly laid down in their governing document'. They highlighted that 'We like to be consistent', 'We feel that continuity is important…', and that 'Most of our funding for beneficiaries is long-term'.

Alexander McQueen's Sarabande foundation, dedicated to the development of art and design, and to animal welfare, is an example of a philanthropy strongly influenced by the individual donor's life and loves. Aimed principally at higher education, it is also invested in making a seminal and lasting contribution to public benefit within its chosen field.

While historic and personal founding decisions are important, however, external factors also clearly affect family foundation decisions. The table on the right shows the relative impact of a range of external and internal influences.

**Influences on foundations' general funding patterns and strategy, by number of foundations**

| Source of influence | none | little/moderate | a lot |
|---|---|---|---|
| current financial market trends | 8 | 22 | 9 |
| current government spending priorities | 6 | 28 | 5 |
| emerging needs of fundseekers | 2 | 22 | 15 |
| areas highlighted in media/research | 13 | 27 | 0 |
| learning from other foundations | 7 | 30 | 3 |
| recent strategic review influence | 12 | 14 | 14 |
| own previous funding initiatives | 4 | 22 | 13 |
| own historic funding patterns | - | 15 | 25 |
| founder values and wishes | 5 | 14 | 21 |
| alternatives (e.g. social investment) | 20 | 16 | 4 |

*Source: Pharoah, C et al. Family Foundation Giving 2012.*

The data shows that foundations overwhelmingly believe that reductions in state welfare expenditure will have some influence on future spending decisions (83 per cent). It also that they are widely influenced by the needs of those seeking funds, and by areas of need and concern highlighted in the media or research. This provides evidence that foundation spending can be pulled in different directions, by varying influences, though of course individual foundations react in different ways to the various factors.

Even where priorities were adapted or subjected to serious review, foundations commented that this did not necessarily lead to fundamental change.

One saw change as a very gradual process: "Our spending strategy and priorities have evolved incrementally as we have increased our spending and revised strategy in light of changing circumstances", while another commented that after a review "We changed the emphasis from youth education to youth opportunities in order to fund a wider range of activities aimed at helping disadvantaged young people. But this was not a fundamental shift. Our other funding priorities remained largely unchanged because a Strategic Review, conducted in late 2010, concluded that they still matched Trustees' wishes."

**While historic and personal founding decisions are important, however, external factors also clearly affect family foundation decisions**

**Cathy Pharoah, CGAP**

Charities seeking funds need to understand and make some judgement about the potential influence of different issues. But thinking to the future, it is also important to take note of how new family philanthropy is likely to be managed.

A recent report from the US looks at the role of family offices in managing philanthropy within their comprehensive service offering to wealthy families.

Its findings highlight how achievement of the family's goals is their main purpose, and also the increasingly significant role of family offices as intermediaries in managing family philanthropy.[iii] Other wealth managers have also noted the growing demand for philanthropy management amongst wealthy clients. It seems then that if we want to influence the future directions of family foundation philanthropy, and the balance or marriage between private and public interests, the wealth management industry itself will need to be targeted.

**Cathy Pharoah is professor of Charity Funding and Co-Director of the ESRC Research Centre for Charitable Giving & Philanthropy Research at Cass Business School**

*[i] Moody, Michael; Lugo Knapp, Allison; and Corrado, Marlene (2011) "What Is a Family Foundation?," The Foundation Review: Vol. 3: Iss. 4, Article 5.*
*[ii] Pharoah, C et al (2012). Family Foundation Giving Trends 2012. Centre for Charitable Giving and Philanthropy at Cass/ Pears Foundation.*
*[iii] National Center for Family Philanthropy. Working Together for Common Purpose. 2013*

# Making reserves go further

Charity reserves are for a rainy day and it has been raining for some time. But the sector has work to do to make sure charities and their beneficiaries get the maximum value from their reserves, argues Maurice Mcleod

**CHARITIES EXIST** to provide services for their beneficiaries and trustees have a responsibility to ensure any money they raise is spent within a reasonable period of time on the aims of the charity.

Most well run charities have a pot of money, their reserves, which is built up over time and serves as a safety net for when the organisation falls on hard times, has an unusual hike in costs or has an unexpected dip in income. This money is unrestricted and can be spent on any of the charity's activities.

The size of the reserves charities build up depends on a number of factors. The size of the charity, the vulnerability of its income streams and the climate it exists in should all be factored in when working out how large a reserve pot an organisation should accumulate.

Setting this level is something of a tightrope walk for trustees. If reserves are set too low, the charity is left living a 'hand to mouth' existence where it is incredibly vulnerable to the sudden income changes that all organisations face. If the levels are too high, funders might look unfavourably at bids because they can argue that the charity is in a position to fund itself.

**Beyond reserves**

The report *Beyond Reserves: How charities can make their reserves work harder*, which was produced by charity accountants Sayer Vincent, ACEVO, Charity Finance Group (CFG) and the Institute of Fundraisers (IoF), includes a case study which demonstrates this dilemma.

Patricia Yearley, finance manager at The John Ellerman Foundation, says: "Reserves which are 'too high' may mean they have sufficient funds of their own and are not applying what they have already accumulated in a way which benefits the charity. Conversely, reserves which are 'too low' raise questions about the financial stability of the charity."

The thinking that goes into building reserves is more important than the actual level and charities should ensure they have a clearly defined reserves policy with regular reviews.

"The most important thing for us is that charities have a good understanding of their financial position, including their reserves, and a clear plan," Yearley adds.

Four main approaches charities use when deciding their reserves policy were cited. These were:

*Justifying the status quo*: a reserves policy is created to justify whatever the reserve level happens to be.

*The Armageddon approach*: trustees set aside reserves needed to fund the closure of the charity, including redundancy pay, leases and other commitments.

*The actuarial liability approach:* the reserves are treated like an endowment fund and levels are set high enough to generate income needed to meet future expenditure commitments.

*The risk identification approach:* trustees set levels after looking at how risky the various income streams are, what expenditure the charity is committed to and the overall risk environment in which the charity operates.

The argument here is that the risk identification approach is by far the most effective and most charities now adopt a policy on this basis.

**Rainy day**

Of course reserves are built up for a rainy day and the challenging funding environment means, for many charities, it has been raining for some time.

**The most important thing is that charities have a good understanding of their financial position**

**Patricia Yearley, The John Ellerman Foundation**

Research for the PWC, IoF and CFG report, *Managing in the 'new normal: Adapting to uncertainty,* found that 63 per cent of charities were planning or considering drawing on their resources this financial year. 39 per cent already plan to use some of their reserves and 24 per cent were considering doing so.

Worryingly, the vast majority of these were planning to use reserves either to maintain services (49 per cent) or cover operating costs (43 per cent).

Using reserves to fund services or operating costs is obviously not sustainable and so can only be a short-term fix while charities secure more funds or cut costs. Some of the charities that planned to draw from their reserves were doing so to finance new initiatives such as new CRM systems or launching new services.

A smaller number (13 per cent) planned to use the money to finance a restructure, collaboration or merger. Spending reserves in order to increase income or reduce costs in future often makes sound financial sense.

While some charities reported not needing to dip into their reserves, half of those who had no intention of drawing on their savings said that reluctance from either management or trustees was a factor in this decision.

Reserves should not just be a comfort blanket though and so if there are clear reasons to use this money for the good of the charity and its beneficiaries, it should be used.

The nature of charity governance, with trustees being responsible for the financial probity without personally benefiting from riskier ventures that might pay off, means the sector is typically risk averse.

*Beyond Reserves* reported that a number of finance directors and fundraising directors believe the charities they work for could be more ambitious when it comes to using their reserves.

**Investment return**

Many fundraisers would like charities to compare the return they could earn from investment in fundraising or new services with the return earned from investing the funds in gilts when deciding whether it is prudent to dip into their reserves.

Reviewing their reserves in this way led a number of charities to reduce the level of reserves considerably. Caron Bradshaw, CEO of CFG, comments: "Traditionally reserves have tended to be viewed as being for a 'rainy day'. It's been a really tough economic climate for the past few years and this has prompted many finance professionals to challenge these traditional views as they've encountered reluctance to spend reserves or confusion on how best to use them.

"CFG encourages senior managers and trustee boards to question how they can be more dynamic in their approach to managing reserves.

Some charities had been covering risks through their strategy, for example by diversifying their income, while also holding back funds in reserve. They were effectively providing double

## It is important for charities to have a strategic approach to their reserves

**Kate Sayer, Sayer Vincent**


cover for the same risk.

Ken Moon, director of finance, planning and operations at Sightsavers, notes the focus on trustee liability leads to short-term thinking. He suggests that taking a longer-term view of funding, with plans stretching over a decade rather than just a year or two, would lead to better planning, greater and effectiveness.

Kevin Geeson, chief executive of Dyslexia Action, points out that while businesses focus on their balance sheets and will not allow cash to sit around doing nothing, many charity trustees do not have the same appetite for risk.

**Reserves cost**

The British Red Cross carried out a review of its reserve policy and decided to reduce reserves from £35million to £15million. This is equivalent to a £20million investment in the charity.

Rohan Hewavisenti, the charity's director of finance, pointed out the importance of the opportunity cost of reserves. "You need to remember that £1 today is worth more than £1 in five years' time, therefore, the impact that you could make with £1 today could largely outweigh the impact in the future.

"There may be more efficient uses of reserves and organisations need to understand their internal cost of capital, as this should inform the level and form for holding reserves."

Despite going through the worst recession since the Great Depression, many charities have not had to significantly reduce their reserves. If reserves have not been needed over the last four challenging years it makes sense to ask why they are there in the first place.

Traditionally, the finance team has had sole responsibility for handling reserves, but a more holistic approach is becoming more common which sees finance working with other teams to develop a clear strategy.

Mark Astarita, director of fundraising at British Red Cross, said the link between fundraising and finance is crucial. Larger organisations with easily predictable income need lower levels of reserves.

Money generated by investing in fundraising is likely to outweigh that from conventional methods of investment although the delayed nature of income generation by fundraising adds risk.

Almost half (47 per cent) of the charities taking part in Baker Tilly's Funding Challenge survey said that government funding had decreased over the last 12 months reflecting the prolonged period of austerity, and almost two thirds (63 per cent) said that sourcing new funding streams was their biggest challenge. Forty-five per cent said they expect reserves to decrease next year.

Therefore a strategic approach should be taken to reserves. Kate Sayer, partner, Sayer Vincent, comments: "It is important for charities to have a strategic approach to their reserves, rather than holding on to funds for a rainy day. Charities must move beyond this thinking and look at all the ways in which they can manage risks, with financial reserves as a last resort."

The sector still has a lot of work to do to make sure charities and their beneficiaries get the maximum value from the reserves they hold but gradually practices are improving and organisations are learning to be more strategic with this valuable asset.

**Maurice Mcleod is a freelance journalist**

# Investment returns

## Howard Lent looks at the table of charities ranked by income from listed investments analysing the top spot charity Wellcome Trust

**THE LATEST CHARITY** Times table of charities ranked by income from listed investments, once again, has Wellcome Trust sitting at the top of the table.

As an investment approach, the Wellcome Trust has a comprehensive methodology, which is worth looking at in detail.

The Wellcome Trust has an overall investment objective to generate 4.5 per cent real return over the long term. This is to provide for real increases in annual expenditure while preserving at least the Trust's capital base in real terms in order to balance the needs of both current and future beneficiaries.

The trust uses an absolute return strategy because it aligns asset allocation with funding requirements and it provides a competitive framework in which to judge individual investments.

A number of investment beliefs drive the Trust's asset allocation in the deliberate absence of any pre-determined strategic asset allocation, excepting very broad asset ranges:

1. Sufficient liquidity must be maintained to avoid the forced sale of assets at distressed prices. However, real assets offer the best long-term growth prospects and provide protection against inflationary pressures.

2. In order to maximise investment returns from global economic activity, the portfolio should be very broadly diversified with no innate geographical bias.

3. The Trust seeks to use the advantages of its long-term investment horizon, its ability to tolerate high levels of short-term volatility, its AAA balance sheet and its proactive governance structure in its investment portfolio.

4. The best returns will be driven by combining aligned partnership with the strongest external managers and building in-house resource to own selected assets directly.

5. The Trust is generally flexible as to the nature of the vehicles in which it invests, whether public companies or private partnerships.

The Trust is very focused on both the qualitative and quantitative risks it takes in its investments.

The investments team focuses on qualitative risk by continually meeting managers and undertaking ongoing due diligence on them.

Additionally, the internal Risk and Performance team analyses the overall portfolio risk as well as the quantitative risk attributable to each asset class and underlying investment.

Investment risk is monitored and managed through a policy of holistic measurement using the following parameters:

- Value-at-risk (one-year horizon)
- Currency risk (both £ and US$ exposure)
- Equity market beta (expectation of movement in the portfolio given a certain percentage change in global equity markets)
- Liquidity and forecast cash holdings.

A Board of Governors determines the broad structure of the Trust's asset management arrangements. Responsibility for implementation is delegated to the Investment Committee and the Investment team.

The Trust has noted it may use futures, options and other derivatives as part of its investment activities to enhance returns and to manage risks.

Indeed, since chief investment officer Danny Truell joined the Wellcome Trust in 2005, the foundation has increased its allocation to hedge funds from 3.6 per cent to 17.2 per cent of total assets.

The charity's investment portfolio recorded a total return of 12 per cent on a portfolio value of £13.6bn at the start of the 2012 financial year. Its investment asset base was £14.5bn by the end of the year.

Wellcome Trust has returned a total of 27 per cent over three years. This jumps to an impressive 145 per cent over ten years, taken to September 2012.

Since the start of its investment portfolio in 1985, it has provided a total return averaging 14 per cent a year.

Danny Truell, chief investment officer of the Trust, says long-term themes continue to inform the Trust's choice of investments.

"In such uncertain economic times, it is an advantage to work with only very broad asset allocation constraints and with a talented investment team and a robust long-term investment philosophy."

| Charities ranked by income from listed investments (1 – 100) | | | | | |
|---|---|---|---|---|---|
| Rank | Name | year end | income from listed investments | total investment income | income from listed inv as % of total inv income |
| 1 | **Wellcome Trust** | Sep-11 | £166m | £228m | 72.8% |
| 2 | **Church Commissioners'** | Dec-11 | £81.8m | £147m | 55.6% |
| 3 | **Leverhulme Trust** | Dec-11 | £67.0m | £67.4m | 99.5% |
| 4 | **Equities Investment Fund for Charities (Charifund)** | Oct-11 | £48.4m | £49.7m | 97.4% |
| 5 | **Children's Investment Fund Foundation (UK)** | Aug-11 | £36.7m | £36.7m | 100% |
| 6 | **CAF UK Equitrack Fund** | Apr-11 | £27.3m | £27.4m | 99.7% |
| 7 | **Wolfson Foundation** | Apr-12 | £23.8m | £24.1m | 98.6% |
| 8 | **Alpha Common Investment Fund for Endowments** | Dec-11 | £22.1m | £33.3m | 66.5% |
| 9 | **Health Foundation** | Dec-10 | £14.7m | £16.4m | 89.7% |
| 10 | **Gatsby Charitable Foundation** | Apr-11 | £14.4m | £15.8m | 90.9% |
| 11 | **Representative Body of the Church in Wales** | Dec-11 | £13.6m | £17.5m | 77.4% |
| 12 | **Esmee Fairbairn Foundation** | Dec-11 | £11.9m | £12.2m | 97.8% |
| 13 | **Equity Income Trust for Charities** | Oct-11 | £10.2m | £10.5m | 97.3% |
| 14 | **The Tudor Trust** | Mar-12 | £9.27m | £9.33m | 99.3% |
| 15 | **Sheffield City Trust** | Apr-11 | £8.77m | £8.77m | 100% |
| 16 | **Growth Trust for Charities** | Oct-11 | £8.69m | £8.79m | 98.8% |
| 17 | **Charities Aid Foundation** | Apr-11 | £8.46m | £19.3m | 43.9% |
| 18 | **Church of Scotland Investors Trust** | Dec-11 | £8.22m | £12.5m | 65.5% |
| 19 | **Trinity College Cambridge** | Jun-11 | £7.49m | £47.6m | 15.7% |
| 20 | **Society of Jesus Trust of 1929 for RC Purposes** | Sep-11 | £7.46m | £11.5m | 64.9% |
| 21 | **National Assoc of Almshouses Common Investment Fund** | Nov-10 | £7.10m | £12.9m | 54.8% |
| 22 | **Henry Smith Charity** | Dec-11 | £7.07m | £12.4m | 56.9% |
| 23 | **Monument Trust** | Apr-11 | £7.02m | £7.03m | 99.9% |
| 24 | **Joseph Rowntree Foundation** | Dec-11 | £6.80m | £7.80m | 87.1% |
| 25 | **Charity Equity Fund** | Mar-12 | £6.01m | £6.03m | 99.8% |
| 26 | **British Heart Foundation** | Mar-11 | £5.50m | £6.03m | 91.3% |
| 27 | **All Souls College** | Jul-11 | £5.26m | £5.32m | 99.0% |
| 28 | **International Finance Facility for Immunisation** | Dec-11 | £5.18m | £5.18m | 99.9% |
| 29 | **IndependentAge** | Dec-11 | £5.01m | £5.22m | 95.9% |
| 30 | **Charity Projects** | Jul-11 | £4.70m | £6.91m | 68.0% |
| 31 | **Linbury Trust** | Apr-10 | £4.48m | £5.18m | 86.4% |
| 32 | **Milton Keynes Parks Trust Limited** | Mar-10 | £4.42m | £4.42m | 100% |
| 33 | **Royal National Lifeboat Institution** | Dec-11 | £4.40m | £4.90m | 89.8% |
| 34 | **Joseph Rowntree Charitable Trust** | Dec-11 | £4.34m | £5.06m | 85.8% |
| 35 | **Merton College** | Jul-11 | £4.33m | £4.34m | 99.9% |
| 36 | **Saint John Baptist College in the University of Oxford** | Jul-11 | £4.14m | £10.9m | 37.9% |
| 37 | **Income Trust for Charities** | Oct-11 | £4.11m | £4.13m | 99.6% |
| 38 | **Nuffield Foundation** | Dec-11 | £4.04m | £4.46m | 90.7% |
| 39 | **Methodist Church in Great Britain** | Aug-10 | £3.93m | £5.48m | 71.8% |
| 40 | **Gannochy Trust** | May-10 | £3.91m | £4.74m | 82.5% |
| 41 | **The Robertson Trust** | Apr-11 | £3.89m | £4.08m | 95.4% |
| 42 | **Royal Society of London for Improving Natural Knowledge** | Mar-10 | £3.68m | £3.85m | 95.6% |
| 43 | **Eton College** | Aug-11 | £3.62m | £4.61m | 78.5% |
| 44 | **Zochonis Charitable Trust** | Apr-10 | £3.60m | £3.60m | 100.0% |
| 45 | **Thompson Family Charitable Trust** | Jan-10 | £3.58m | £4.18m | 85.7% |
| 46 | **Salvation Army Officers' Pension Fund** | Mar-11 | £3.51m | £3.51m | 99.9% |
| 47 | **Baily Thomas Charitable Fund** | Sep-10 | £3.48m | £3.53m | 98.6% |
| 48 | **Trust for London** | Dec-11 | £3.44m | £7.63m | 45.0% |
| 49 | **Shell Foundation** | Dec-11 | £3.43m | £3.37m | 102% |
| 50 | **Rank Foundation** | Dec-10 | £3.42m | £3.54m | 96.5% |

**Charities ranked by income from listed investments (1 – 100)**

| Rank | Name | year end | income from listed investments | total investment income | income from listed inv as % of total inv income |
|---|---|---|---|---|---|
| 51 | **LankellyChase Foundation** | Mar-11 | £3.40m | £3.98m | 85.5% |
| 52 | **Barnardo's** | Mar-11 | £3.36m | £4.01m | 83.7% |
| 53 | **Charity Multi-Asset Fund** | Mar-12 | £3.36m | £4.49m | 74.7% |
| 54 | **St Monica Trust** | Dec-10 | £3.34m | £6.37m | 52.4% |
| 55 | **Thalidomide Trust** | Apr-11 | £3.32m | £3.51m | 94.6% |
| 56 | **Council for World Mission** | Dec-10 | £3.20m | £3.28m | 97.6% |
| 57 | **Goldsmiths' Company Charity** | Sep-10 | £3.06m | £3.23m | 94.7% |
| 58 | **Schools of King Edward VI in Birmingham** | Aug-10 | £3.01m | £6.94m | 43.4% |
| 59 | **Barts and The London Charity** | Mar-11 | £2.96m | £11.1m | 26.6% |
| 60 | **People's Dispensary for Sick Animals** | Dec-11 | £2.85m | £3.87m | 73.8% |
| 61 | **Cecil and Alan Pilkington Trust Fund** | Mar-12 | £2.75m | £2.76m | 99.7% |
| 62 | **Samuel Sebba Charitable Trust** | Apr-11 | £2.75m | £2.80m | 98.1% |
| 63 | **Institution of Engineering and Technology** | Dec-11 | £2.74m | £2.79m | 98.2% |
| 64 | **Bernard Sunley Charitable Foundation** | Mar-11 | £2.67m | £3.06m | 87.2% |
| 65 | **Cancer Research UK** | Mar-11 | £2.66m | £3.80m | 70.0% |
| 66 | **29th May 1961 Charity** | Apr-11 | £2.65m | £2.67m | 99.2% |
| 67 | **Royal Literary Fund** | Apr-10 | £2.64m | £2.67m | 98.6% |
| 68 | **Jerusalem Trust** | Dec-10 | £2.58m | £2.60m | 99.3% |
| 69 | **Guide Dogs for the Blind Association** | Dec-10 | £2.52m | £2.52m | 99.9% |
| 70 | **Whitgift Foundation** | Aug-11 | £2.49m | £11.3m | 22.1% |
| 71 | **Targeted Return Fund** | Sep-11 | £2.46m | £2.47m | 99.7% |
| 72 | **Walcot Educational Foundation** | Mar-12 | £2.34m | £2.34m | 100% |
| 73 | **Beit Trust** | Dec-11 | £2.31m | £2.33m | 99.2% |
| 74 | **Joseph Rank Trust** | Dec-10 | £2.30m | £2.64m | 87.4% |
| 75 | **Sir Jules Thorn Charitable Trust** | Dec-11 | £2.27m | £2.40m | 94.7% |
| 76 | **Headley Trust** | Dec-11 | £2.24m | £2.27m | 98.9% |
| 77 | **Salvation Army** | Mar-11 | £2.16m | £4.77m | 45.2% |
| 78 | **Stewards Company Ltd** | Jun-10 | £2.09m | £2.13m | 98.2% |
| 79 | **Oxford Diocesan Board of Finance** | Dec-10 | £2.07m | £2.55m | 81.0% |
| 80 | **Royal Navy and Royal Marines Charity** | Dec-10 | £2.07m | £2.15m | 96.3% |
| 81 | **Liz and Terry Bramall Charitable Trust** | Apr-11 | £2.05m | £2.24m | 91.2% |
| 82 | **Sobell Foundation** | Apr-10 | £1.99m | £1.99m | 100.0% |
| 83 | **Rufford Maurice Laing Foundation** | Apr-11 | £1.94m | £2.35m | 82.4% |
| 84 | **Maurice Wohl Charitable Foundation** | Apr-10 | £1.93m | £2.46m | 78.3% |
| 85 | **Bedford Charity (The Harpur Trust)** | Jun-11 | £1.91m | £2.62m | 72.8% |
| 86 | **Charity Fixed Interest Fund** | Mar-12 | £1.80m | £1.81m | 99.6% |
| 87 | **Leverhulme Trade Charities Trust** | Dec-10 | £1.79m | £1.80m | 99.6% |
| 88 | **Beatrice Laing Trust** | Apr-11 | £1.74m | £1.62m | 107% |
| 89 | **Barnwood House Trust** | Dec-11 | £1.73m | £1.89m | 91.8% |
| 90 | **Motability Tenth Anniversary Trust** | Mar-10 | £1.73m | £1.73m | 99.6% |
| 91 | **Edward Penley Abraham Research Fund** | Apr-11 | £1.72m | £2.53m | 67.9% |
| 92 | **Childwick Trust** | Apr-11 | £1.69m | £1.75m | 96.7% |
| 93 | **King's Fund** | Dec-10 | £1.68m | £2.25m | 74.5% |
| 94 | **Garfield Weston Foundation** | Apr-12 | £1.65m | £42.2m | 3.91% |
| 95 | **Barrow Cadbury Trust** | Mar-10 | £1.63m | £1.68m | 96.6% |
| 96 | **Kusuma Trust UK** | Mar-11 | £1.61m | £1.63m | 99.2% |
| 97 | **P F Charitable Trust** | Mar-10 | £1.61m | £1.67m | 96.3% |
| 98 | **Kay Kendall Leukaemia Fund** | Apr-10 | £1.61m | £1.67m | 96.5% |
| 99 | **Keswick Foundation** | Dec-10 | £1.59m | £1.60m | 99.2% |
| 100 | **Fair Share Trust** | Mar-10 | £1.58m | £1.58m | 100% |

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Our Charity team is one of the leading providers to the sector managing assets in excess of £1.4 billion for around 300 non-profit organisations in the UK.

**Jupiter Asset Management Limited**

1 Grosvenor Place
London SW1X 7JJ

For more information contact: Melanie Wotherspoon Jupiter Private Clients & Charities Business Development Director

T: 020 7314 5574
E: mwotherspoon@jupitergroup.co.uk
W: www.jupiteronline.com

Jupiter Private Clients & Charities has been managing assets for over 25 years. At the heart of our ethos is delivering long-term outperformance for our charity clients, without exposing them to undue risk. Our clients include large national charities and small local charities in a wide range of sectors. Charities use our services in order to achieve the aims of their organisation. Through close relationships we seek to fully understand those aims and objectives and use our investment expertise to help realise them. Our dedicated team of professional investment managers look after a limited number of clients, ensuring that we offer and maintain an excellent standard of service.

Jupiter Asset Management (JAM) is authorised and regulated by the Financial Conduct Authority. The value of an investment can fall as well as rise and you may get back less than originally invested.

**Quilter Cheviot**

Contact: Jenna McCabe or Rachel Aspinall
T: +44 (0) 20 7150 432
E: jenna.mccabe@quiltercheviot.com
T: +44 (0) 20 7150 4711
E: rachel.aspinall@quiltercheviot.com

Website: www.quiltercheviot.com

*Quilter Cheviot Limited is registered in England with number 01923571, registered office at St Helen's, 1 Undershaft, London EC3A 8BB. Quilter Cheviot Limited is a member of the London Stock Exchange and authorised and regulated by the UK Financial Conduct Authority.*

Quilter Cheviot is one of the UK's largest independently owned discretionary investment firms, created by the 2013 merger of Quilter and Cheviot Asset Management. The firm focuses primarily on structuring and managing bespoke discretionary portfolios for charities, trusts, pension funds, private clients and intermediaries. Our charity assets under management are well in excess of £1bn*, making us one of the leading charity managers in the UK.

We offer your charity:

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

**As at 30 June 2013*

To advertise in the Charity Times Suppliers Directory contact **Cerys Brafield 07766 662 610** or **Steve Good 020 7562 2435**

## INVESTMENT MANAGEMENT

**Rathbone Investment Management**

1 Curzon Street, London, W1J 5FB

For further information please contact Francesca Monti:

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

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

Many managers talk, Rathbones listens and has done so for over a century.

With listening comes the insight to serve with full understanding of each charity's circumstances and aspirations; putting their obligations and best interests first. In finding the correct solution, we access investment opportunities globally and have the flexibility to adapt your portfolio as and when your charity's needs change. Our service is underpinned by a direct and personal relationship, which in conjunction with our commitment to the sector, we hope to maintain over the long term. Rathbones manages £2.4 billion of charitable funds for over 960 charities (at 30 June 2013).

For further information contact Francesca Monti on 020 7399 0119 or at francesca.monti@rathbones.com

**Ruffer LLP**

80 Victoria Street
London
SW1E 5JL

For more information contact:
Christopher Querée

T: +44 (0)20 7963 8100
F: +44 (0)20 7963 8175
E: cqueree@ruffer.co.uk

A focus on capital preservation and consistent returns

Ruffer is an absolute return investment manager. Instead of following benchmarks, we aim not to lose money in any single year and to deliver a return significantly greater than the risk free alternative of cash on deposit. Capital stability is essential to provide a sound platform for income generation and for growth of capital and income. By aiming to avoid the cyclical gyrations of the market, we aspire to provide a less volatile experience for our charity clients.

We manage over £15bn of assets including £1.5bn for over 200 charities. Our charity clients span all major charitable sectors and include some of the largest endowments in the UK. A dedicated portfolio manager works with each charity to build an appropriate segregated portfolio, which may include ethical screening if required. We also manage a Common Investment Fund, the Charity Assets Trust.

*Ruffer LLP is authorised and regulated by the Financial Conduct Authority*

**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.sarasin.co.uk

Sarasin & Partners is a leading charity fund manager managing £3.7 billion for approximately 275 discretionary clients. Significantly, this represents over 25% of our overall business. In total, as at 31 December 2012, we manage around £12.4 billion.

Investment philosophy founded on three main strands: dynamic asset allocation, the importance of recurring income and our well-established global thematic approach to international equity selection.

Tailor-made solutions; via segregated portfolios, single asset class funds or two Common Investment Funds - the Alpha CIF for Endowments and the Alpha CIF for Income & Reserves.

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

**UBS**

3 Finsbury Avenue
London
EC2M 2AN

Andrew Wauchope - Head of Charities
E: andrew.wauchope@ubs.com
T: +44 20756 70166

W: www.ubs.com/charities-uk

**Charity focused, performance driven**

Access all the investment insight and guidance your charity needs through our dedicated team of experts, structured and ethical investment process and worldleading research.

The value of your investments may fall as well as rise as a result of market and currency fluctuations. You may not get back the amount you invested.

Authorised and regulated by Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.

## INVESTMENT REVIEW SERVICES

**TSA**

50 Andover Road,
Tivoli, Cheltenham,
GL50 2TL

T: 01242 263167
F: 01242 584201
E: James@3sector.co.uk
W: www.cc14.co.uk

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- Independent Search & Selection process – designed to help you look for the right manager
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To advertise in the Charity Times Suppliers Directory contact **Cerys Brafield 07766 662 610** or **Steve Good 020 7562 2435**

## LOTTERIES

**Lottery in a box**

Phil Sawicki
2nd Floor Cavendish House
369 Burnt Oak Broadway
HA8 5AW

T: 020 8381 2430,
E: info@fi-ltd.com
W: www.fundraising-initiatives.org/en/products-services/Lottery-Canvassing/

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## TELEPHONE FUNDRAISING

ZEBRA TM telephone fundraising

**ZEBRA TM**

1st Floor
The Barn
11 Bury Road
Thetford
IP24 3PJ

Contact: Anne Short

T: 01842 760075
E: calltheherd@zebratm.org
W: www.zebratm.org

A new breed of UK telephone fundraising agency with a specialist charity team both unique and distinctive.

Providing you with outbound telephone services from our call centre in East Anglia, we offer all charities our core services of donor development, cold and warm acquisition.

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Supplying your acquisition programmes with passion and insight, we'll work closely with you to recruit happy and committed donors for lifelong supporters utilising a background of over 25 years' experience in charity direct marketing.

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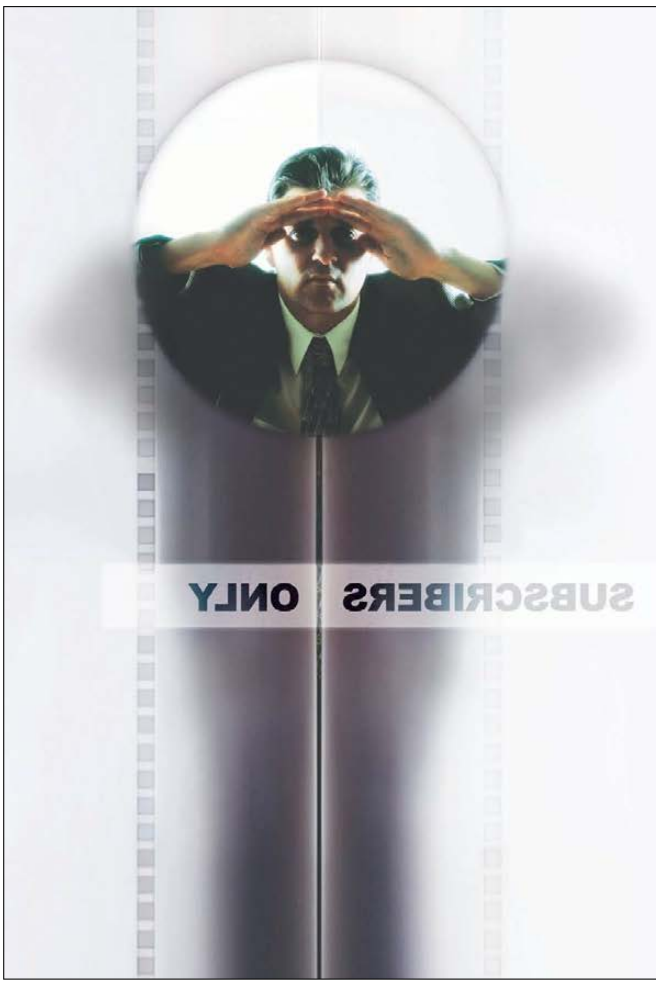

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If you are a supplier to the charity and not-for-profit sector and want to maintain consistent visibility amongst potential customers then why not include your company within the suppliers section of Charity Times.

Your entry would be listed for 12 months (print & online) and includes company logo, contact details and company description/products

Charity decision makers use this section to find suitable expert suppliers. So call us on 0207 562 2423 with your details and we will create a listing to ensure that your company is visible within this valuable resource.

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