

## guarantees from a lottery?

Vigorous lobbying is going on to ensure that charities do not suffer under new National Lottery legislation.

A demand that 60% to 70% of National Lottery money will go to the voluntary and community sector is being made by the National Council for Voluntary Organisations, which is spearheading a campaign to keep the funds coming.

As the National Lottery Bill proceeds through Parliament the council is reminding politicians that although the contribution of 60% to 70%

has been assured by the present board of the Big Lottery Fund, the distributing body, a new board may not adopt the same policy. It wants the commitment written into the Bill.

A second demand is that money from the National Lottery must be in addition to government funding, not a replacement for it. This stance has been taken by charities since the National Lottery started, and the council is insisting that the Bill has an additionality clause.

The council is particularly concerned that the National Lottery should be completely independent of government. However, the Bill does not remove the Culture Secretary's ability to control

amounts, purposes or periods of funding. The council's third demand is therefore that ministerial power is at least reduced.

The council's partners in trying to influence the legislation include the National Campaign for the Arts and the Social Enterprise Coalition.

## no charity for pensions

Charities have been quick to reassure donors that contributions are not being used to make up the deficits in their pension funds.

Charities' pension funds have been hit in the same way as those of mainstream businesses. An estimate from Charles Nall, corporate services director at the Children's Society, who investigated the pensions crisis for the Charity Finance Directors' Group, puts the sector's combined deficit at 10% of its liabilities.

Mencap, for example, has an £18 million hole in its pension fund and says its remedy is to

raise its annual contribution by £1.4 million to £4 million. However, David Lawrence, Mencap's finance director, says the money is coming from sources other than contributions.

The Charity Finance Directors' Group says measures taken by charities include increasing contribution rates, reducing scheme benefits and closing certain schemes to new members.

Some charities are selling off properties and shares. Barnardo's, which had a £67 million pension fund deficit in 2003, has disposed of investments to put £10 million into the gap. Scope, the disability charity,

has shut 50 of its 300 shops. There is more reassurance for donors. The rules insist that funds given for a specific purpose must be used for that purpose and that all donated money must support the charity's aims. The second stipulation appears to restrict the use of donations, and any charity claiming that putting contributions into a pension fund indirectly supported its aims would have a hard case to argue.

**An extra burden on charities with pension funds is the levy payable to the Pension Protection Fund, which compensates members of schemes in cases of insolvency.**

# local charities - more local involvement

A poll has shown that more than 80% of people believe local charities are vital in representing local opinion, campaigning for a fair society, fund-raising and supporting the vulnerable in their communities.

Nine out of every ten people interviewed in the poll, commissioned by the National Council of Voluntary Organisations and conducted by ICM, said they had not written to their MP during the previous 12 months. By contrast, 54% had given unpaid help to individuals other than family members, 34% had volunteered for a local group, and 24% had attended community or residents' meetings.

Although the council does not draw

the conclusion that local charities have greater importance than national ones, it appears that people feel closer to groups that are in their own community. The result should be that local charities are more likely to be the recipients of their donations.

Stuart Etherington, the council's chief executive, said: *"Events over the last year have brought issues of engagement, community cohesion, citizenship and diversity to the forefront of public life. I believe the voluntary sector can be at the heart of helping society to face up to these challenges. While people aren't engaging with politics or politicians, our polling shows that they are engaging with local voluntary and community organisations."*



The council has also produced an almanac showing that voluntary sector income is rising overall and that more charities than ever are reaching out to people. They have a workforce of at least 600,000, more than the banking sector. However, it says small local charities are having a hard time financially.

## briefs

Breakfast forums have been started by the Charities Aid Foundation to bring together charities, business and government to discuss key financial and resourcing issues affecting the voluntary sector. The subject of the first, in London on March 16, was the impending legislation allowing trading companies owned by more than one charity to donate their profits back to parent charities through gift aid. Further information: 01732 520071.

The passage of the Charities Bill for England and Wales through the House of Lords has finished, but there is no date for it to be introduced into the House of Commons. The Bill took up more than 60 hours of Lords time. In Scotland the legislation setting up an overseeing body with duties similar to those of the Charity Commission in England and Wales is soon to come into force. The Office of the Scottish Charity Regulator, established when the legislation received royal assent last July, becomes fully operational on April 24.

## charities at a click

A comprehensive and detailed list of charities in England and Wales is now published on an internet website. The Guidestar UK site lists 167,000 charities all in one place for the first time.

The site, available to the public since late last year, shows charities' activities and finances, and the charities themselves can add to their entries at any time. Eleanor Congreve, the operations manager, said Guidestar UK was giving charities an opportunity to explain to the public what they do, and donors could assess causes before contributing. Although Guidestar UK does not assume the role of regulator, Ms Congreve said: *"We see ourselves as promoting accountability and transparency, and the site can be the first level of due diligence for grant-makers – and a resource for donors."*

Guidestar UK is run with the support of the Treasury, the Home Office, the Charity Commission, British and American grant-making trusts and private donations. The sources of the initial information are the Charity Commission and charities' annual reports.

The list may eventually be extended. Guidestar UK is considering adding charities operating in Scotland and Northern Ireland.

**Website address: [www.guidestar.org.uk](http://www.guidestar.org.uk)**

# more transparent governance...



The latest charity Sorp introduces a requirement for trustees to disclose details of their policies for recruitment and induction of new trustees as well as training for the entire board.

Before seeking recruits to the board, trustees should conduct a skills audit in order to identify potential gaps in their knowledge and expertise as a group, and therefore decide what attributes new board members should have.

Given the increasing difficulty in finding people prepared to assume the duties and responsibilities that a charity trustee's role demands, it may seem slightly strange to think about setting criteria for choosing new trustees. However, by clarifying requirements and possibly drafting a "job description" it may be easier to attract people because they will

know exactly what is expected of them.

Once new trustees have been signed up they must be brought up to speed as soon as practicable about the charity, including its charitable purposes, financial position and any issues the organisation is facing, together with their own duties and responsibilities as trustees. This may take the form of a tour of the charity's operations, provision of various documents for background reading or face-to-face briefings with key personnel, but it will ensure that the new trustee can offer a valuable contribution to the board from the outset.

Ongoing training for all board members should be appropriate to the size and nature of the charity and ensure that trustees continue to operate effectively and comply with best practice. Training should cover gaps in skills base or knowledge as well as updating trustees about regulatory and procedural changes in the sector.

In reality, most charities will have been doing much of this already, so the new disclosure requirement will merely formalise existing procedures.

**Jenny Simpson,**

**UK200 Charities Group committee member**

## ...more accountability

The greater transparency required by Sorp 2005 focuses on the effectiveness of charities and the quality of their governance, and trustees are now required to publish a large amount of management information that has been regarded as confidential hitherto.

Sorp 2005 has moved public accountability a long way forward by requiring the annual report and the new summary information return, or SIR, to disclose objectives, targets and performance indicators that the trustees consider as "key" to the management of the charity's activities.

The choice of what is "key" has been left to the trustees but the evaluation of actual against target performance

and achievements will now be in the public domain. Anybody who accesses the information will be able to make an independent assessment of the charity and of how able the trustees are. For charities dependent on public good will, this will make it necessary to monitor public reaction to ensure that no misconceptions arise.

Many charities have published a large number of key indicators in order to satisfy the Charity Commission's expectations without assessing the administrative cost of collecting that data and without understanding what other people are likely to use it for. More research at the outset might establish better ways to measure the charity's

performance and progress towards achieving its strategic plan.

When reviewing the charity's performance during the past year in the annual report and using that experience to set appropriate objectives for the future year, trustees should ensure that they listen to the stakeholders' reactions in order to achieve maximum impact. If all the links in the annual reporting cycle are complete, the trustees should find that the performance improvement process is self-perpetuating after the first year – in theory!

**Mike Procter,**

**UK200 Charities Group committee member**

# corporate giving is conditional

Charities must understand the cultural differences between themselves and private enterprise if there are to be more link-ups with business.

This was the message from the Charities Aid Foundation after a speech by Sir Digby Jones, director-general of the CBI, on the community responsibility of business. The foundation said charities should

welcome businesses that wanted to form relationships. They should realise that usually businesses genuinely wanted to help but also valued the positive public relations effect of a relationship with a charity. Sir Digby, speaking at the inaugural Sir Paul Getty KBE Charity Lecture hosted by the foundation, had said support from companies would be given only if charities made themselves "more approachable" and if government created the right climate.

Government needed to make corporate giving easier. Sir Digby said: "We all know the tale of the Good Samaritan. But he was only able to lend a hand because he had a few bob. Government

*must be mindful that if business tax is hiked ever higher, there simply won't be the funds available to allow firms to give more back to their communities."* He also wanted an end to the drift towards the nanny state. If people expected the state to provide everything for those who need help, the efforts of society and business will be discouraged, he said.

Sir Digby challenged companies to explore the diversity of the charity sector in creating strong relationships, but he was "pleasantly surprised" by how many companies are already involved. "Business does understand its responsibility to society," he said.



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## city: kind offers

A second programme has just started with the aim of showing City of London businesses how to become involved in charities and community organisations. The programme for newcomers to corporate social responsibility is run by the Heart of the City group, which was formed six years ago by the Bank of England, the Financial Services Authority and the City Corporation to encourage London business to help communities in the capital and elsewhere.

The value to charities is often in kind. Some City businesses provide financial, business and legal advice to the organisations they choose, others make donations and raise funds.

The newcomers' programme gives pointers to participants on how they can offer help, whether they wish to advise, send volunteers, make contributions or give any other service.

## still all heart

Clydesdale Bank, one of UK200Group's prime partners, and its sister Yorkshire Bank have chosen the British Heart Foundation as their charity partner for a second year. The first year of the partnership raised £170,000, including £10,000 on St Valentine's Day when employees were asked to wear something in the foundation's brand colour of red and to donate £1. Customers calling at the branches were also invited to donate. This year the St Valentine's Day effort raised £17,000.

All cash raised by staff efforts are matched by the two banks. Clydesdale has now increased its contribution by providing rent-free accommodation for the charity's shop in Govan, Glasgow, until 2008.

Partnerships are among the activities being welcomed by the Charities Aid Foundation, to a large extent because of their non-cash benefits.

