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# Welcome to the first edition of the year!

**We’ve got off to an incredible start. In the first three weeks, following our return from our staff Wellbeing Week, the team has already delivered three conferences, one members’ meeting, and two training modules.**

It’s been fantastic to see many new faces join us at those events and we look forward to seeing many more of you throughout the year (and in person when we return to our live Annual Conference – more on that next month).

This is traditionally a time when we think about the past and how we want to shape the future. It’s when we might start a new hobby or, in the case of Dr Clare Mills, a new job.

This month, **we welcome our new Director of Policy and Communications**. On [page 6](#), we meet Clare to ask her about her career and how it led her to CFG. We also find out what she hopes to achieve in 2022.

**We also welcome two new trustees** to our board this year **and celebrate** a new role for one of our colleagues ([page 2-3](#)). Please join us in welcoming them to their new roles where we know they will make an **enormous impact**.

On [pages 8-11](#), we look back on the many highs our community was an integral part of, and we reflect on why we must keep inspiring a financially confident, dynamic and trustworthy sector.

In this edition we share some **insights from the world of investment**. On [page 12](#), HSBC’s Sophie Ward discusses the **‘big reset’** and on [page 13](#) Conan McKenzie from BlackRock explains why investing in **social housing** makes good sense.

And last, but by no means least, we hear from CFG’s Caron Bradshaw and Richard Sagar. Inspired by a much-loved poem, Caron looks at **risk in a whole new light** on [page 4](#). And on [page 5](#), Richard Sagar sets out emerging policy issues. We also share advice on how to **coach your teams** to greater success ([14](#)) and **financial planning** for smaller charities ([15](#)).

As ever, you can find a listing of our **forthcoming events** on [page 16](#) and information on how you can share your charity’s best practice and successes with the CFG community this year.

We never forget that it is the power of our communities that transforms our world. Yesterday, I was chatting with a colleague about who inspires us and who we’ll be reading more of this year. I introduced him to Seth Godin – someone us marcomms types are particularly fond of. Specifically, it was a quote from the book *Linchpin*: *Are you indispensable?* that really brought us back to our purpose. Perhaps it resonates with you too:

*“Our job is to make change. Our job is to connect to people, to interact with them in a way that leaves them better than we found them...”*

**I hope you find CFG to be a great source of inspiration in 2022.**

**Emma Abbott**  
Communications Manager

# CFG appoints two new Trustees

## Chair Gary Forster welcomes Kelly Ryder and Mwiza Mkandawire



**CFG is delighted to announce the appointment of two new trustees to the board – Mwiza Mkandawire and Kelly Ryder.**

Mwiza is Head of Finance and Administration at Transaid, an international development organisation that transforms lives through sustainable transport. Before joining Transaid in 2019, Mwiza worked at arts charity Artsadmin Ltd for 11 years.

Kelly’s career in financial services led her to become Head of Finance for the Orchard Trust, a charity based in the Forest of Dean that supports adults with learning and physical disabilities. This is her first trusteeship

Commenting on her new role, Mwiza says: “I am very humbled and excited to be joining CFG, a fantastic organisation that caters to the needs of charities with limited resources. CFG is very important because it is the voice of charities and provides affordable training and resources to finance professionals working in the charity sector where training budgets are limited.

“CFG has helped me greatly in my career development. I have learned a lot from the events, training and monthly member

meetings. I hope to use my trusteeship to inspire others and give back to the CFG community. This is also a good opportunity to learn, build up my network and share information with likeminded people.”

Like Mwiza, Kelly has been part of the CFG community for several years. Kelly comments: “I am both honoured and excited to be taking on my first trustee role. I have been a CFG member for around four years now, both I and my organisation have benefitted greatly from the courses and resources that CFG have to offer.

“Having the support of CFG has been invaluable as I have navigated my first leadership position in finance. Having worked for a charity in the social care sector for six years, I see this as an opportunity to represent both the social care charities and those charities that are in more rural locations by sharing my experiences in my new role.

“I’m looking forward to working alongside the rest of the trustee board as we move forward in providing support and new opportunities for charity finance professionals.”

Gary Forster, Chair of the Board of Trustees, CFG, comments:

“I would like to warmly welcome Mwiza and Kelly to CFG’s Board. They bring with them a wealth of financial expertise, as well as experience from both the charity and commercial sectors.

“These appointments come at a significant time for CFG as we emerge from the challenges of the pandemic and look ahead to strengthen our position as the voice and go-to body of the charity finance community. I have no doubt that Mwiza and Kelly will make significant contributions and, on behalf of the Board, we look forward to working with them.”

**For more information, email Emma Abbott, Communications Manager, CFG.**





# Congratulations, Lucy!

## CFG appoints new Corporate Partnerships Officer

Lucy Byrne has been appointed as the new Corporate Partnerships Officer at CFG. Lucy moves into the role on 21 February 2022, after two years assisting CFG’s events and membership teams as Events & Membership Officer.

Commenting on Lucy’s appointment, CFG’s Director of Commercial Services, Sarah Lomax, says:



“I’m looking forward to Lucy starting in this role as she brings a wealth of skills from her exemplary work in our events and membership teams. Lucy has already built excellent relationships with some of our corporate partners and has a unique understanding of how they enrich CFG’s offering to our charity members. The CFG team congratulates Lucy on her new role.”

Following graduation from UCL with a degree in History, Lucy went to work for the Alzheimer’s Society where she assisted with the charity’s events programme. She also has experience of the heritage sector, taking on volunteering roles for The National Archives and The Foundling Museum.

Lucy joined CFG in January 2020 as an events assistant and since then has expanded her role to support operations across the organisation. Lucy comments:

“I’m really excited to have the opportunity to work more closely with such a diverse range of corporate partners, to explore new opportunities and relationships within the CFG community.

“The expertise of our corporate partners is vital in helping our charity members develop their own skills and knowledge. This year we will return to in-person events, and I’m looking forward to working with our corporate partners to maximise those vital networking opportunities that we’ve all missed out on.”

Commenting on the vital role corporate partners play in the CFG community, Sarah Lomax continues:

“Our corporate partners are an integral part of CFG. They support us in providing advice, guidance and expertise to our charity members on a breadth of topics, from legal and banking, through to tax and pensions, investment and technology, to name a few.

“A good example of how CFG’s corporate partners support the charity sector is the free advice they provide through our charity member helplines. When members have technical queries and need answers fast, our corporate partners are there to help.”

Looking to the year ahead, Sarah adds:

“We are beyond excited to welcome our corporate partners and charity members back to the CFG Annual Conference in person for the first time since 2019. We are welcoming HSBC back on board as our headline sponsor and are pleased to announce HW Fisher as our lead sponsor.

“It’s going to be fantastic to see everyone face-to-face after connecting in the virtual world for so long. In 2022, we are also looking forward to developing our regional training and events, alongside our corporate partners network.”

# What next for small charity support?



**CFG is updating the support it offers to small charities, following the announcement that the Small Charities Coalition (SCC) is to close at the end of March 2022.**

CFG has been proud to work alongside SCC, itself a charity, and other charity infrastructure organisations, which provide support, development, networking and advocacy for the voluntary sector.

Since the announcement, CFG and other sector bodies and organisations have been working together with SCC to ensure that small charities continue to be supported. As SCC’s trustees have pointed out, the charity has achieved a huge amount since its inception and, more recently during the pandemic, provided crucial services to its members.

CFG’s CEO Caron Bradshaw OBE explains: “All of us here at CFG are sad

that the Small Charities Coalition will be closing its doors in the spring. This is a very difficult time for most charities, and charity infrastructure bodies are not immune from the volatile times we find ourselves in.

“The pandemic has presented huge challenges for organisations across the sector. As SCC’s trustees have acknowledged, sourcing funding puts extra pressure on precious resources that are already stretched.

“The CFG team wishes the staff and trustees at SCC all the very best for the future. We will continue to work with them and other sector partners to look for ways that we can honour SCC’s enormous legacy and support small charities in 2022 and beyond.”

Look out on our blog and in next month’s *Finance Finance* for more on how CFG will be boosting its support for smaller charities.

# WELCOME TO OUR NEW MEMBERS!

- [Absolutely Cultured Ltd](#)
- [Aspire Sussex Ltd](#)
- [C40 Cities Climate Leadership Group](#)
- [Carnegie Community Trust CIO](#)
- [Charities HR Network](#)
- [Co-operative College](#)
- [Emmaus North East](#)
- [enjoy leisure](#)
- [FARA Foundation](#)
- [Great Western Air Ambulance Charity](#)
- [Hospice of the Valleys](#)
- [Hunts Forum of Voluntary Organisations](#)
- [International Tree foundation](#)
- [Juvenile Diabetes Research Foundation](#)
- [London Symphony Orchestra](#)
- [NHS Charities Together](#)
- [Norfolk Carers Support](#)
- [Norwich Theatre](#)
- [The Red Hen Project](#)
- [University of Nottingham Students’ Union](#)
- [Welcome Charity](#)

**New corporate partners**

- [Beyond Profit UK](#)
- [Sam Coutinho Consulting Ltd](#)

# TELL US MORE!

**Are you enjoying being a CFG member?**

We are interested in hearing from members on any aspect of your membership experience. And whether it’s a more in-depth look at how an aspect of membership has

supported you and your organisation, or just a quick line or two you would like to share, your testimonial is valuable in helping us to raise awareness of what we do to other members in our community, and the wider sector. **Drop Federico in the Marketing team a quick email.**



# TRIUMPH AND DISASTER

# A framework for risk?



**Caron Bradshaw OBE**  
CEO, [Charity Finance Group](#)

**The Rudyard Kipling poem ‘If’ has the following sentence: ‘If you can meet with triumph and disaster, and treat those two impostors just the same...’ that always makes me think ‘Ooh, that’s great risk management’.**

I am not sure what that says about me if art inspires me to think about charity finance, but you can draw your own conclusions!

I’m a risk management enthusiast. You may have heard me say that, in my view, the industry of risk in the sector fails to manage it.

We get hooked on an illusion of a sanitised environment in which it is possible to predict, measure, monitor and eradicate the majority of risks.

Increasingly detailed and complicated mechanisms are deployed; swim lanes,

charts documenting inherent/mitigated risks and risk targets/appetites, in pursuit of control – all requiring significant time and resource.

We can confuse what is achievable with what is desirable, leading to a perpetual sense that if the risk comes home to roost someone or something failed when the reality may be that failure was unavoidable.

I fear we have lost sight of the critical power of the discussion and the importance of understanding the decisions we make, preferring instead to seek false comfort

in heat maps and War and Peace-length risk registers.

This thinking has been overtly and covertly promoted to us for years. But here is the thing: not all ‘good’ decisions lead to success and sometimes great outcomes come from pretty rubbish decisions.

If triumph and disaster are just imposters, as Kipling says, if we really cannot judge the quality of the decision on outcome that follows where does that leave us? What should we be thinking about when it comes to risk management? Or do we just throw up our hands and say what will be will be?

At CFG, we have been flexing our approach to risk over the last few years. The pandemic has stress-tested the prudence of our tinkering during the most challenging times we’ve faced. Whilst there are adjustments to be made, I have been

convinced we are onto something. The simplicity of our model and embedding it in everything we do has served us well.

We’ve been hugely fortunate to have [Nigel Kippax](#), a charity consultant of many years’ experience and a fellow risk enthusiast, volunteer to work with us to refine our approach with a view to sharing it with the membership. Chewing over different aspects with Nigel has sharpened my thinking in a number of areas which will ultimately change and refine our model. I thought I’d share some of my reflections in the meantime.

In my view the most important two elements of effectively dealing with risk are culture and clarity of framework.

**Culture**

Everyone should own risk and take responsibility for both spotting things going off the rails and flagging opportunities that would otherwise be missed. Giving your team permission to fail is part of that positive risk culture because learning consequentially becomes the norm.

**Clarity of framework**

In some regards it really doesn’t matter what mechanism you decide to use, provided it is clear and drives behaviour at all levels. I do think many over-engineer their systems and end up doing things, not because it actually helps drive up impact and avoid harm, but because it is what the established risk framework requires.

It’s time for us to strip back, to rigorously question the tools we use and ensure we have something that is clear, simple and flexible, that drives behaviour and change.

Finally, I’ve been pondering on how we express organisational risk appetite. The process often feels like nailing jelly to the wall, messy and pointless. I sit on a number of risk committees and in all models used I have yet to observe a comfortable relationship between expressed risk appetite and reality.

I’m frequently left thinking – ‘So what?’ What is realistic to achieve? Do the

mitigating actions stand a snowball’s chance of getting us anywhere near the target?

If you could achieve a shared understanding of what your organisational appetite for risk is, that reflects the views of the board and the executive, could failure be avoided and resilience increased? Or is this an elusive Holy Grail; is it realistic to think all members of the board or executive can have the same level of confidence, tolerance for failure or assessment of the circumstances faced? Typically, if you could, such a collective position would probably present other concerns and risk. Typically, what the organisation ends up with is a consolidation of individuals’ thoughts and feelings, crunching aspiration and perception together, somewhat detached from reality.

Maybe it would be more valuable to develop a mechanism to ensure visibility of individual assessments, something which prompts conversation and exploration of different points of view.

Whilst we don’t have all the answers I’m enjoying digging around in this space and look forward to sharing our thinking. In the end, triumph is sometimes a product of good fortune, and disaster sometimes flows from making bold decisions to encounter risks that were worth taking.

Perhaps in treating these two imposters the same we can have a healthier relationship with risk management that drives us towards growing impact, minimising loss and learning along the way.

“  
*In my view the most important two elements of effectively dealing with risk are culture and clarity of framework*





# Supporting the sector in 2022



Richard Sagar  
Head of Policy, CFG

**It’s fair to say that 2021 was a turbulent year for the sector. And if the last few weeks are anything to go by, 2022 looks to be more of the same. At the time of writing, Boris Johnson is still Prime Minister, but a week is a long time in politics.**

We are waiting on a much-delayed levelling up white paper, which is expected by the end of January. It should give some indication of the amount of funding that will be provided to social infrastructure, alongside the physical infrastructure that dominated the first tranche of funding.

**Quick wins for the sector**

There is also emerging evidence that the economic recovery is starting to stall, with January’s statistics on the labour market indicating that pay is not keeping up with inflation, with real wages falling below 2008 levels.

On top of this, we have rising economic inactivity, which is around 21% of working age people, and planned tax rises (National Insurance and the new Health and Social Care Levy).

The recently-published NCVO Road Ahead 2022 rightly points out that this squeeze will adversely affect charity finances as it will cost charities more to employ staff, run their premises and deliver services.

It’s against this backdrop that CFG and sector partners recently asked the government to provide additional support

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*Alongside sector partners, we have argued that government can play a leading role in celebrating and encouraging giving*

to the sector. We’ve asked not for additional support funds, but have instead focused on three areas of cost-neutral support. We view these as ‘quick wins’ that would help charities now, as they continue to navigate the impact of the Omicron variant.

We outlined three primary ways in which government can offer their support:

- Encouraging public donations to charities**  
Alongside sector partners, we have argued that government can play a leading role in celebrating and encouraging giving. Match-funding initiatives such as The Big Night In are successful because they clearly signal that government sees giving as a public good and a worthwhile endeavour.  
We know that the most persuasive fundraising comes from people talking to people. The finances of small charities have been hardest hit and initiatives could be focused on smaller, local organisations.
- Easing short-term cash flow pressures**  
Like hospitality, charities raise a significant amount of income around Christmas. Unrestricted income provides more financial freedom than project or delivery-specific funding. Maintaining cash flow is important for all organisations.  
VAT deferral would allow charities to redeploy resources towards supporting

- communities during the current Omicron wave. The government could consider more long-term changes, such as working with the sector to reduce the burden of irrecoverable VAT for charities.
- Removing burdensome red tape**  
There are administrative tasks that could be alleviated and bureaucratic processes that could be improved to free-up time and money to support communities.  
These include:
  - removing (in most circumstances) the need for charities to submit corporation tax returns (saving both charities and HMRC money and time).
  - prioritising forms required by HMRC that currently delay the receipt of legacy income.
  - extending the exemption that allows charities to carry out primary purpose trades to all trades (CFG’s partner Crowe has also advocated for this).

**Your voice**  
These policy asks are just a few among many that we will explore in the coming months and, as in previous years, we will respond and adapt quickly to changing circumstances. Alongside these specific policy asks, we look forward to working as part of the Civil Society Group and wider civil society to shape a policy plan for 2022 and beyond.  
As ever, we want to hear from you and learn more about how affects your role and organisation. Watch this space for forthcoming surveys, consultations and other opportunities to shape charity finance policy  
We look forward to working with you – our members and supporters – the Government and other our sector partners to ensure charities of all shapes and sizes can carry on providing their vital services and, ultimately, making a positive and lasting difference in their communities.  
**If you would like to discuss any issues relating to Policy, please [get in touch](#).**



# Getting to know you

## Dr Clare Mills

### PART ONE

**Dr Clare Mills, CFG’s newly appointed Director of Policy & Communications, talks to Emma Abbott about the experiences and skills that led her to CFG and what excites her about her new role.**

► **Where did your charity sector career begin?**

After nearly 12 years working for an MP, I worked on public affairs campaigns as a freelance before taking up a new role in public affairs with Headway – the brain injury association. This was a brilliant chance to put my political knowledge and connections to work for a cause I care about, as my Dad has an acquired brain injury following a road collision many years ago.

It was really good to work with a network of groups and branches across the UK which provide the day-to-day support people with acquired brain injury and their families need, finding out more about their work and how public policy was helping or hindering their efforts. It also gave me the opportunity to develop public affairs practice in Wales and

Scotland, building more knowledge of the devolved administrations.

At the start of 2020, I moved on to another newly created role at NAVCA, heading up the communications function and working closely with colleagues in membership. The pandemic put local infrastructure charities under massive pressure, but also created new opportunities to demonstrate the impact and need for charity infrastructure more widely and to work collaboratively with sector colleagues, including CFG.

**Right and top right:** Clare’s passion for volunteering was sparked by herding reindeer in the Cairngorms.

► **What other experiences have led you to CFG?**

I’ve been an active volunteer most of my adult life and have taken on a number of board level volunteer roles. For several years, I was a school governor and an NHS governor, and also a local councillor and a member of the strategic advisory group to the police. I really enjoy using my skills at board level and hope to do so again.



I spent more than a decade on the board of my local youth project, including five years as chair, where I led a strategic review and restructure. That experience has been invaluable in understanding some of the financial challenges charities face.

I’m also not afraid to get my hands dirty – literally. A few years ago, I helped plant Alnwick’s first community orchard, which was VERY muddy. And one of my first

“*I’ve been an active volunteer most of my adult life and have taken on a number of board level volunteer roles*”



“*That experience has been invaluable in understanding some of the financial challenges charities face*”

And part of it is operational; making sure that the processes and policies you have contribute to good governance, legal compliance and clarity for everyone. It’s also about being efficient in the day-to-day jobs, maximising the mental and emotional energy – and time – available for the ‘change the world’ stuff.

[Read on to find out more...](#)

► **What have you learned through these experiences?**

Where to start? I think my professional experience over the past six years has confirmed something I realised when I was chairing the youth project: charities are not businesses, in the pure commercial sense, but we do need to be business-like.

Part of that is about leadership; knowing and understanding your values as an organisation, understanding the change you are trying to achieve, thinking strategically, creating and developing a positive culture and trust across the team.







Above: Clare raises awareness for Headway in Scottish Parliament and meets Nicola Sturgeon along the way.

“...charities are not businesses, in the pure commercial sense, but we do need to be business-like

What excites you about your new role?

I love the diversity that membership organisations like NAVCA and CFG have – whether you group charities by their core focus, their number of staff and volunteers, their turnover or their geography (or loads of other factors!).

I’m looking forward to getting to know and support members through the communications and policy functions. The pandemic accelerated the general shift towards digital communications and so I want to understand what our members want and need, and to ensure that we are using all the tools we have to share information and content they value, in ways that suit them.

I’m looking forward to finding out where we can strengthen our policy work to influence and communicate effectively. And I’m also excited about learning a whole new aspect of charity infrastructure with an inspiring team!

What are the opportunities for CFG and our members?

When we talk about our members, we’re often talking about organisations, but really it’s the individual people within those organisations that we have relationships with.

One of the innovations I steered at NAVCA was to set up and embed digital networks to connect people within the member organisations – the majority of engagement was with member organisations’ CEOs, but we wanted to widen and deepen that engagement.

At CFG I’d like to build something similar, working with the membership team, to connect with charity finance people at every stage of their careers and at every level within our member organisations. This supports CFG’s strategic aim of being the ‘go-to’ body.

It works both ways, too. Having more engagement across the sector with people in many different roles improves our understanding of the sector and strengthens our voice. When CFG speaks to the Government, Parliament and other sectors, we want to be valued and respected as knowledgeable and credible. As part of that, we will need to ensure we are capturing the right stories and data and using them effectively – always a challenge!

There’s a huge amount of energy and creativity being put towards social change in our country. I want to be a part of making our world a better place, for future generations but also for the people who are here now. Being able to use my skills and knowledge professionally is a privilege.

Thanks for sharing, Clare! We look forward to hearing more next month!

60 second interview



What did you want to be when you grew up?

Everything from a plumber like my Dad to a police officer to a vet. Always talkative and good at arguing, but I didn’t know there were jobs where you could do that!

What are you reading/ listening to right now?

I’m reading *How to Stop Time* by Matt Haig, because I really enjoyed *The Midnight Library*. I love the way Haig plays with time and reimagines the way we live. I’m usually listening to BBC Radio 5 Live or Radio 4 – I was brought up on radio and I have a massive affection for the BBC. I don’t watch much TV but I listen to a LOT of radio – especially comedy and drama, as well as current affairs.

What’s your favourite film?

That’s hard! I like films with extreme weather and humans in peril, generally: *127 Hours*, *The Dawn Wall*, *Twister* and films about humans tackling the most challenging landscapes such as the Himalayas or Antarctica! And James Bond, particularly the Daniel Craig ones – the best Bond in my view.

Best way to wind down?

I wind down by being outside – whether that’s walking on the beach, riding my bike or messing about in my garden. Sometimes I like to be on my own but often I’m with some of my friends. We’re lucky to live near the coast in Northumberland so there’s plenty of beaches and hills, rivers and rocks to play on.

Favourite crispy snack?

Walker’s Max Paprika.

Best and worst things about working from home?

Best: all the time in the day that isn’t spent travelling to work, and also being able to have lunch with my friends from time to time. I am very lucky to have space and peace in my home which makes working there a pleasure, and I have bird feeders right outside my window – I love seeing the sparrows, great tits, blue tits, coal tits, long tailed tits, robin – even a goldcrest once. Worst thing? Having to make ALL the teas and coffees.

What is your go-to motivational or inspiring phrase/book/influencer?

I can’t pick one inspiration! I studied philosophy at uni and there’s a thinker for every occasion. Today, let’s go with Pericles: What you leave behind is not what is engraved in stone monuments, but what is woven into the lives of others.

Your go-to karaoke song?

It’s been a while. I’m more of a folk and classical singer, although thanks to working away from home for a couple of years, followed by the pandemic, I haven’t sung with any choirs for a few years. I’m currently learning Caldara’s *Alma del core* from *Twenty-four Italian Songs and Arias*; there’s a project to collect multiple voices and people’s singing stories. [Find out more.](#)

Cats or dogs? Or something else?

Cats! And dogs! You’ll maybe see Riley (14, tabby and white, grumpy, greedy) and Gambit (7, black and white, nervy, self-effacing) from time to time on Teams calls. I don’t have a dog – too much of a tie – but I love them, especially smooth-haired, decent sized dogs: Labradors, Dalmatians, Pointers, Weimeraners.

One place you want to return to?

Travel has been a real miss during the pandemic. I’m starting to get properly itchy feet and I’m hoping to get back to the Alps for some skiing but there are also so many new places I want to visit, especially by train and bike. I’ll also be heading back to Scotland: the Cairngorms, the Moray coast, the Highlands and Islands – cycling through the Outer Hebrides on my own was a fab adventure. One day I might make it to the Himalayas!



Getting to know you

Look out for the second part of Clare’s interview on [our blog](#) in the next edition of *Finance Focus*.



# THAT WAS THE YEAR THAT WAS...

## JANUARY

### CONGRATULATIONS, CARON!

2021 begins with the news that CFG's CEO, Caron Bradshaw, has been named in the Queen's New Year's Honours List. Caron is appointed an Officer of the Order of the British Empire (OBE) 'for services to charity'.

OBEs are awarded to those who have a major local role in any activity, and those whose work has made them known nationally in their chosen area.

Two thirds of those receiving honours have undertaken outstanding work in their communities. Other listed sector



leaders include Carol Mack, The Association of Charitable Foundations' and Adeela Warley, CEO, CharityComms.

### ROUND-UP EVENT KICK-STARTS 2021

CFG and Crowe's not-for-profit team kick off the new year with the highly-anticipated Annual Round-up event. The team shares insights on all the important issues, from new laws and regulations through to the impacts of cybercrime and Brexit.



### CHARITY SECTOR INNOVATION BOOM SET TO LAST

Innovation and invention in the charity sector is widespread as a result of Covid-19 and the tide of change is expected to carry on in 2021, according to new research from CFG, Pro Bono Economics and the Chartered Institute of Fundraising.

In 2019, only 10% of charities reported to the Digital Skills Report that they had been through a digital transformation process that was embedded in all they did. But necessity is the mother of invention and that all changed by the end of 2020. Three quarters of charities have made greater use of digital and technology during the pandemic, while two thirds have innovated to deliver services remotely.

These positive trends are likely to continue and to accelerate into 2021. The figures show seven in ten charities want to make more services digital and deliver new services remotely over the next 12 months. More than half of those surveyed want to increase their use of technology and digital within their back-office functions.

### #MOBILISENOTMOTHBALL MESSAGE REITERATED

CFG continues to urge the Chancellor to develop a Coronavirus Job Retention Scheme (CJRS) that helps vital charities and community groups to #MobiliseNotMothball. More than 100 leaders and individuals from both the non-profit and business sectors back CFG's call which points out that organisations are dangerously caught between a rock and hard place: Continuing to deliver services whilst funds and income dwindle or take advantage of the CJRS by furloughing staff and effectively mothballing. Ahead of the March budget, CFG joins with other sector organisations to press for further tailored measures to support charities during the ongoing Covid crisis and beyond.



### MORE GOVERNMENT SUPPORT NEEDED

Civil society leaders repeat their call on Government to urgently work with them to develop a package of financial support for #NeverMoreNeeded non-profit organisations. As well as asking for an emergency support package, the representation also reiterates the sector's Five Point Plan which sets out specific measures as to how the Government can support civil society in the medium and longer-term.

### GLOBAL REPORTING

The IFR4NPO project steams ahead in 2021 with the launch of the first Consultation Paper. Experts from around the world are invited to help develop internationally applicable financial reporting guidance for non-profit organisations.



## FEBRUARY

### WINTER CHILL BLOWS THROUGH

The cancellation of winter events and the closure of charity shops across the country drove a steep decline in fundraising income for charities over the final months of 2020, according to a joint survey by Pro Bono Economics (PBE), CFG and the Chartered Institute of Fundraising. Small charities found raising money over the Christmas period particularly tough.

One in five reported that their incomes during November and December 2020 were less than half what they would expect pre-pandemic. A quarter of charities that experienced income drops over the festive period say additional cost-saving measures



will be required in the coming months, with the same proportion saying it means they'll be less sustainable in the long-term.

### #RIGHTNOW CAMPAIGN LAUNCHES



The #RightNow campaign gets off to a flying start with thousands of charity workers, volunteers and supporters sharing the work they do, and explaining why they're calling on the Government to provide an Emergency Support Fund. An open letter to the Prime Minister signed by more than 500 sector leaders and others, sets out why the sector needs greater support. CFG's CEO, Caron Bradshaw OBE, explains the urgency, stating: "Right now, our never more needed sector needs help too."





MARCH

BULLYING AND LEADERSHIP

As shocking accounts of bullying in parts of the sector unfold, Caron Bradshaw shares her personal experiences of bad behaviour in the workplace and reflects on some lessons and solutions. She concludes: “Call people out for their extreme views and never allow discrimination and prejudice to be permitted because those who perpetrate it hold greater power. Deploy all your skills in persuading people that there are other solutions we can find together that are rooted in justice and love, not virtuous anger and retribution. It’s like the Japanese art of kintsugi; shattering damage, when carefully repaired, can also lead to beautiful improvements. Together, the sector will come out stronger for it.”

GOVERNMENT’S REPORT ON TAX PUBLISHED

The Treasury committee publishes its report on Tax after Coronavirus. Disappointingly, the proposals that were submitted by CFG, Charity Tax Group and NCVO were not highlighted by the committee. The report acknowledged that tax revenue needs to be raised quickly and at a large scale, requiring higher contributions from income tax, NI and VAT.



CFG REACTS TO BUDGET STATEMENT

CFG reacts to the Chancellor’s budget announcement and publishes a budget briefing for members. CEO Caron Bradshaw, says: “CFG was initially encouraged by the Chancellor’s opening gambit that he recognises the extraordinary hardship so many people are now facing. However, the government has once again failed to recognise the vital role civil society plays in protecting and supporting those same people.” There were a few bright spots in the statement, including the extension of the furlough scheme, and additional money for domestic abuse survivors and veterans. However, there’s general agreement among sector leaders that the budget is a missed opportunity with the #NeverMoreNeeded coalition stating: “Right now, a year into this pandemic, the emergency is not over and people are suffering. The government’s ambitions to ‘level up’ and ‘build back better’ will simply not be delivered by its constant focus on business alone as the solution – right now it urgently needs to recognise and support the social sector.”

CFG COMMUNITY GETS READY FOR ANNUAL CONFERENCE

Charity finance professionals have been invited to share their best practice, experiences and knowledge at *CFG’s 2021 Annual Conference*. The year’s theme is ‘Leading the Way’ and together we will look back on what we’ve learned in the past year and explore how we can face the future by being even more effective, inclusive and resilient.



DIVERSIFYING FUNDING STREAMS NOT THE ANSWER?

New research shows that a significant proportion of charities are highly dependent on a single income stream for their funding. A study from Third Sector Research Centre at Birmingham University and the University of Stirling shows that organisations with highly concentrated income profiles are found across the charitable sector – irrespective of charitable size, main income stream, age of the organisation, or field of charitable activity. The researchers point out that their exposure to the suspension or collapse of particular streams can potentially be a source of significant risk and that suggestions that charities should diversify their funding sources are not usually helpful or realistic.

36% OF CHARITIES POSSESS A DOMINANT INCOME SOURCE

APRIL

FOREIGN AID BUDGET CUTS “DEVASTATING”

With details of the government’s cuts to the international aid budget emerging, the Small International Development Charities Network (SIDCN) describes them as “devastating”. Eighty-five per cent of aid funding pledged to the UN global family planning programme is cut, along with more than 80% cut to funding for water sanitation and hygiene bilateral projects. It’s likely that 40% will be cut from girls education programmes. The SIDCN states: “The international development sector is in disbelief, but small charities in particular are reeling. There is now nothing on the table for these #SmallButMighty charities working to combat global issues.”

85% OF AID FUNDING PLEDGED TO THE UN GLOBAL FAMILY PLANNING PROGRAMME IS CUT

CFG CELEBRATES MENTORING SCHEME SUCCESS

CFG’s Jessica Meddick and Zoe Bennett look back on how CFG’s Mentoring Scheme has gone from strength-to-strength in two years, despite the challenges of Covid. Jessica says: “We have felt extremely supported in this, and that’s thanks to those open, honest and sometimes raw conversations we’ve been able to have with all those who’ve been involved. Two years on, we’re now ready to take the scheme to the next level and welcome even more of you to this exciting new community!”

SMALL CHARITIES WELCOMED INTO MEMBERSHIP THANKS TO NEW BURSARY



Thanks to generous support from the Garfield Weston Foundation, CFG launches a new membership

bursary scheme for small charities. During the coming months, nearly 200 small charities adversely affected by the pandemic are welcomed into the CFG community.

IN-PERSON EVENTS: GUIDANCE PUBLISHED

The Fundraising Regulator and Chartered Institute of Fundraising publish new guidance to support charitable organisations as they plan their return to in-person events and community fundraising activities.



MAY

CFG MARKS MENTAL HEALTH AWARENESS WEEK

CFG staff, members and partners take time out to mark Mental Health Awareness Week 2021. This year’s theme is ‘nature’ and CFG staff share what they’ve done to reconnect with nature and improve their mental health and wellbeing. In advance of the awareness week, the team talks to mental health charities and shares their advice and ideas for improving wellbeing at work.



QUEEN’S SPEECH SETS OUT NEW BILLS

The Queen delivers her first speech to the Commons since the start of the pandemic. A number of bills that affect CFG members and the sector were announced, including the Charities Bill, the Subsidy Control Framework Bill and the Dormant Assets Bill. The Charities Bill legislates for the proposals outlined in the Law Commission’s review on technical issues in charity law. CFG responded to each of the consultations before the bills were announced and notes that some positive changes were on their way, including the unlocking of almost £880m for social and environmental initiatives.



JUNE

REPORT ON COVID-19 SUPPORT FOR CHARITIES

CFG welcomes the publication of the Commons Public Accounts Committee report of their inquiry into the government’s support for charities during the initial Covid-19 pandemic, to which CFG had submitted evidence.

LEVELLING UP THE UK’S SOCIAL NEEDS

Charity think tank Think NPC publishes a new report on whether the government’s levelling up agenda should invest in addressing social needs alongside improving physical infrastructure, and if it should, how it can go about doing so. ‘Should we level up social needs?’ finds that the public think the most important aspects to an area being levelled up are reduced homelessness (36% placing this in their top three factors), reduced poverty (36%), lower levels of crime (34%), and lower levels of unemployment (32%). This is contrary to the Government’s approach of emphasising physical infrastructure as a means to levelling up. Only 7% of the £8.77bn of levelling up funding could be spent addressing social issues.



JULY



NO BOUNCE BACK FOR CHARITY FUNDRAISING EVENTS IN 2021

As the economy springs back to life, more than 50% of charities say they are pessimistic about events, with smaller charities being hit hardest. The results of the latest Covid Charity Tracker Survey show that more than one in five charities have reduced their spending on fundraising activities in the past year and charities that have organised in-person fundraising events for 2021 are seeing lower public demand for places than usual. The most recent OECD business and consumer confidence indices for the UK now exceed pre-pandemic levels, and the latest Bank of England forecasts predict a rapid economic upturn, with almost all GDP losses recovered by the end of 2021. However, 70% of charities expect the pandemic to have a negative effect on their ability to deliver their objectives over the next 12 months.

49%  
REPORTED A DECREASE  
IN OVERALL INCOME OVER  
THE PAST 12 MONTHS

CFG PUBLISHES CHARITIES BILL BRIEFING

CFG joins with sector partners to produce a briefing paper on the Charities Bill. The Bill implements a series of recommendations made by the Law Commission’s report on technical issues in charity law, building on the review of the Charities Act 2006 carried out by Lord Hodgson. Written for Peers, the joint briefing paper will inform the second reading Committee Stage in the House of Lords. Roberta Fusco, Director of Policy and Communications at CFG, comments: “The briefing paper to Peers is an important piece of work as it not only sets out the clauses of the Charities Bill that we support but raises areas of concern on behalf of charities.” A Charities Bill fact sheet is also published by DCMS.



RESTORING TRUST

CFG responds to a Government consultation on restoring trust in audit and corporate governance. The consultation is part of government plans ‘to strengthen the UK’s framework for major companies and the way they are audited.’ CFG’s response to the government’s white paper and consultation has been submitted on behalf of CFG’s charity members and is endorsed by 16 large charity and corporate members, including British Heart Foundation, National Trust, Great Ormond Street Hospital and Oxfam.



FOREIGN EXCHANGE REPORT REVEALS CHALLENGES

A new report reveals the extent to which UK charities are losing out as a result of currency volatility and high transaction costs. The INGO FX Insights Report 2021 by Crowe in association with CharityTransfers.org is the first of its kind and reflects insight from over 100 internationally operating UK-based charities. The findings highlight large gaps for those in the non-profit sector to address.

LEADING THE WAY IN 2021

CFG announces that HSBC Private Banking, Oracle NetSuite, Sarasin & Partners and SmartSimple are this year’s CFG Annual Conference sponsors. As well as being the 2021 headline sponsors, HSBC Private Banking will present a session on how charities can lead the way in achieving net zero. Sophie Ward, Head of Charities & Education, HSBC Private Banking, comments: “We are delighted to be sponsoring the CFG Annual Conference as we see charities as ‘Leading the Way’ when considering how to use their investments to build a better future.”



AUGUST

FLYING THE FLAG

CFG urges members to get involved in the second part of IFR4NPO’s consultation on international reporting, following its own consultation submission to the IFR4NPO project. CFG is representing the project as a country champion. Roberta Fusco, Director of Policy and Communications at CFG, comments: “CFG is very proud to be part of the IFR4NPO project which will shape the future of international financial reporting for non-profit organisations.”

GET SET FOR GIFT AID AWARENESS DAY

Plans are afoot for CFG’s annual awareness campaign for gift aid. Now in its fourth year, the campaign’s messaging will shift for the first time to focus on the real-life impact of



ticking the box and thanking supporters for adding the valuable tax relief when donating. All charities, large and small, are encouraged to get involved.

IMPROVING CHARITY GOVERNANCE

Directory of Social Change (DSC) launches a new, free app for trustees. The app has been designed to help boards review and improve their governance. It combines DSC’s face-to-face model for improving governance with the Charity Governance Code to create a new, online tool for any sized charity.

HELP IS ON HAND

As the effects of the pandemic and restrictions continue to be felt, free and fast expert advice is more important than ever before. CFG’s corporate partners remain on stand-by for charity members needing to tap into the latest information. The number of CFG telephone helplines expand to cover accounting and tax, general legal advice, pensions, property, managing financial difficulties and recruitment during Covid-19.



CFG LAUNCHES BURSARY FOR BAME LEADERS

To support BAME and BAME-led organisations, CFG launches a new bursary to provide free access to CFG’s flagship leadership training course. The bursary will cover the costs of 15 places on the Inspiring Financial Leadership (IFL), run in partnership with Sayer Vincent and the Centre for Charity Effectiveness at Bayes Business School. Caron Bradshaw, CEO, comments: “Over the past 19 months, BAME communities have been significantly and disproportionately impacted by the Covid-19 pandemic and this has increased the pressure on BAME-led charities who continue to deliver for the people and communities they serve. We’re proud to be launching this new bursary scheme in time for the new IFL cohort to begin in October.”



SEPTEMBER



CHARITY OPTIMISM INCREASES

More than one third of charities felt more positive about their situation between April and June 2021 when compared to the previous three months. The optimism comes despite 66% of charities saying that they face a hike in demand for their services, as well as staff shortages due to the ‘pingdemic’. The results of the latest Covid Charity Tracker Survey, by CFG, Pro Bono Economics and CloF, show that charities were slightly more likely to have increased spending between April and June when compared to the previous quarter. The majority of charities said they did not expect to see job losses because of furlough ending.

ACT NOW ON PENSIONS

CFG and partners urge members to act soon to avoid the potential pitfalls of new pensions rules. The new regulations, which are expected to come into force in 2022, will significantly change how charities and other employers fund their defined benefit pension schemes. The changes could mean that charities have less time to deal with shortfalls in their pension scheme and will have to increase annual contributions. The Pensions Regulator (TPR) is expected to issue its second consultation on the new rules later this year, which will provide a final opportunity for charities to feed back their views and influence the regulation.

OCTOBER

#TICKTHEBOX IN 2021

On Gift Aid Awareness Day 2021 hundreds of charities take to social media to urge donors to #TickTheBox and thank their donors and supporters. In a first for the campaign, CFG has collaborated with a group of charities, large and small, to launch a short video to explain why ticking the box matters. The video receives more than 30,000 impressions on twitter on the day. Other activities on the day include a gift aid webinar with HMRC, a member helpline with Buzzacott and the launch of an updated edition of CFG’s Guide to Gift Aid.



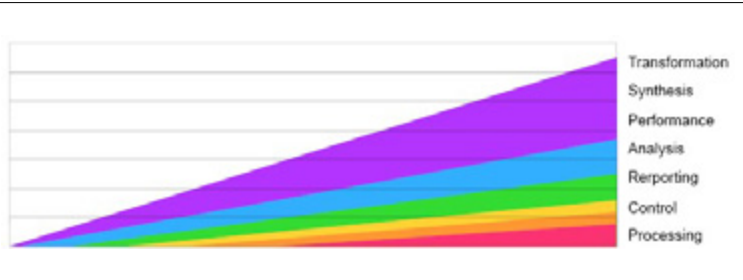
TIME TO INVEST IN SOCIAL INFRASTRUCTURE

A coalition of 21 infrastructure bodies, which represent thousands of charities across the UK, calls on Government to urgently invest in social infrastructure to build back better. The groups says that government must work more closely with civil society if it is to keep its promises on levelling up and building back better. In a submission to the Treasury’s autumn spending review, the group sets out a series of recommendations which include greater investment in communities through new funds, and a call to cancel the cut to Universal Credit.



CFG’S FINANCE JOURNEY 2.0 LAUNCHES

The second edition of the highly anticipated *The Finance Journey* is launched at CFG’s Annual Conference. The publication is a tool for the development and leadership of charity finance teams and professionals. It was first published in 2014 by Simon Hopkins and CFG. Since then, it has been used by charities and social change organisations to develop their finance team’s skills. The Finance Journey 2.0 includes case studies and research from charities which set out how the model has been used in real-world settings. The new edition also reflects the ongoing integration with CFG’s flagship leadership course – Inspiring Financial Leadership (IFL), which is run in partnership with Bayes Business School and Sayer Vincent.



ANNUAL CONFERENCE GETS OFF TO A FLYING START

Helen Stephenson, CEO of the Charity Commission for England and Wales, got CFG’s Annual Conference 2021 off to a flying start with a presentation on the regulator’s work during the Covid-19 crisis and what it sees as the priorities for the regulator going forward. Stephenson looked at the effect of the pandemic on the sector, noting that around one quarter of the smallest charities (those with income under £10,000) stopped all services during the lockdown.



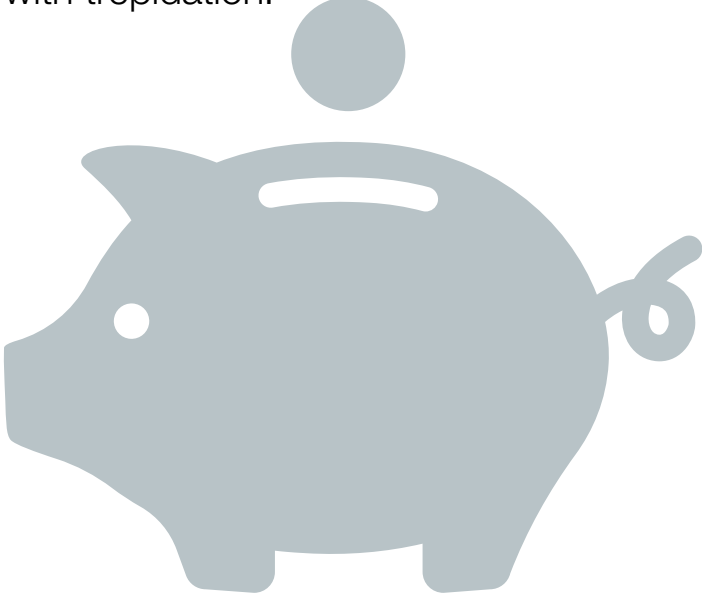
CHARITIES SIGN THE FRAUD PLEDGE

During Fraud Awareness Week 2021, CFG urges charities to sign the Fraud Pledge and commit to some simple steps to prevent charity fraud. The Charity Commission’s most recent figures estimate some £8.6m income was lost between April 2020 and March 2021. As one of the campaign’s main supporters, CFG urges all members to keep fraud front of mind.



AUTUMN BUDGET AND SPENDING REVIEW

CFG sifts through the details of the Autumn Budget and Spending Review to share a budget briefing for members and the wider community. Commenting on the Chancellor’s announcements, Caron Bradshaw OBE, says: “Today’s budget could be described as the good, the bad and the ugly. There’s no doubt that it includes some welcome announcements. We’re delighted that the Chancellor has acted upon many of the sector’s recommendations. It’s great news for charities that business rates relief will be retained. And our joint call with Charity Tax Group and others to extend the Museum and Galleries Exhibition Tax Relief until March 2024 is good news too. We also welcome the promised investment in skills, education, youth services, community football and local outdoor spaces. The focus on towns outside of the south-east of England is welcome news also. But, it’s what’s missing from the budget that spells bad news for millions. With no reversal of the cuts to Universal Credit and a delayed reversal of the foreign aid budget cuts, the Chancellor’s announcements will do little to quell the fears of the most vulnerable, and those who face the rising costs of living with trepidation.”



NOVEMBER

THE CIVIL SOCIETY GROUP LAUNCHES

The Civil Society Group – an informal collaboration of organisations representing members and groups from across the charity sector and wider civil society – announces its official launch. The Civil Society Group will increase collaboration between the infrastructure, representative and member organisations working across civil society. It aims to harness the collective strengths of their diverse networks, improve efficiency and effectiveness, and allow civil society to clearly articulate shared priorities and views to government.

NET ZERO – CAN WE DO MORE?

The charity sector must do more to reduce carbon emissions and tackle climate change, says CFG following the results of a survey among members. Eight in ten charities (84%) surveyed said that they do not yet have a net zero objective and only 14% said they currently report on their carbon emissions. In early 2022, CFG will publish a guide to net zero, sponsored by PwC and charity fund managers CCLA.

DECEMBER

PURPOSEFUL AND EMPOWERING

The theme for the 2022 CFG Annual Conference is Purposeful and Empowering. CFG invites members to share their best practice and case studies in 2022.



# The Big Reset: Investment Markets in 2022

**Sophie Ward**

Head of Charities & Education,  
HSBC Private Banking



**2021 was the year of the global reopening, which boosted investor optimism and companies' cash flows. The jump in demand contributed to supply chain issues and labour market shortages, causing inflation to spike, but these factors did not halt global equity markets' progress.**

Most companies managed to protect their margins, and central banks decided not to react too quickly to rising inflation, keeping interest rates very low.

## Markets in 2022

As we head into 2022, the economy has moved from reopening to the mid-cycle stage. At this point equity market returns typically slow, but remain respectable, and volatility picks up (as we have seen so far this year). Policy is transitioning with some tapering and rate hikes already. We should

also see the start of some tax hikes and reduced fiscal support.

This transition is likely to be gradual, with a view that inflation will come down at some point in 2022. We expect five rate hikes from the Fed between June 2022 and September 2023, which is slower than what we've historically seen.

Governments will try to avoid the backlash against the austerity that followed the Great Financial Crisis and keep investing in priorities such as healthcare and

infrastructure. That gradual approach should allow economic and earnings growth to continue and keep bond yields low.

Any transition comes with execution risk and we will see market volatility, especially as there is considerable uncertainty around the timing of the fall of global inflation and the potential for further Covid waves.

## The Big Reset

We are seeing a big reset for the global economy, linked to three key structural trends: sustainability, Asia and digital transformation. Companies are already participating in this, putting some of their bumper cash positions to work in IT and R&D.

## Sustainability – the biggest project of all

Every company will be affected by new regulation, shareholder pressure, changing consumer choices and an evolving set of opportunities. We believe sustainability should be integrated into portfolios to manage risks and exploit opportunities.



*Any transition comes with execution risk and we will see market volatility*

Before we invest in any company, we need to understand where they stand on all environmental, social and governance (ESG) aspects, including social aspects addressing increased inequality. This is particularly important to many charity investors who are looking at sustainable investment from both charitable objective

and fiduciary perspectives, as fair societies and companies typically perform better in the longer term.

## Asia – remaking their future

The sustainability revolution will have a huge impact on Asia and is part of China's focus on stability and sustainability of growth. The US-China relationship and global supply chain disruption are some of the reasons for China's tech self-sufficiency goal and a trend to more regional integration.

Wealth and disposable income growth across Asia remain considerable. For investors, these changes lead to some continued short-term uncertainty. We maintain our cautious stance on Chinese equities and continue to be positive towards Chinese local currency bonds for now.

## Digital transformation

Recent triggers of this reset include the increased digital use during the lockdown, with much broader digital access due to new work patterns. AI and increased computer power is enabling new innovations.

On the medical front, genome technology opens new opportunities for treatment, while global collaboration on vaccine development creates the hope of more international breakthroughs. Technological innovation intersects with governments' priority to spend on healthcare and with people's longevity.

## Key positioning

As the cycle continues and rates remain low, we remain overweight on global equities with a preference for certain developed markets. In fixed income we focus on Asia high yield and China local currency bonds.

The monetary and fiscal policy transition should lead to mild further strength in the US dollar, leading us to focus on areas with strong fundamentals. Due to the potential for increased volatility, we believe remaining well diversified is key.

Sustainability should be incorporated throughout the portfolio, and Asia should be considered, especially in areas aligned



*Before we invest in any company, we need to understand where they stand on all ESG aspects*

with long-term policy priorities. We continue to like many growth stocks linked to the digital transformation.

We see opportunities in private markets as some interesting companies do not trade publicly. This may suit charitable organisations with a long-term approach, alongside their existing multi-asset portfolios.

Market headlines may well continue to be around the short-term policy transition, but it is key that investors position for the Big Reset which is redefining the investment landscape.

## About the author

Sophie runs the Charities & Education team at HSBC Private Banking, working with charitable organisations on their investments, including how to weave sustainable and ethical requirements into their portfolios. She has been with HSBC Private Banking since 2010 and is a Chartered Wealth Manager. She is also responsible for driving volunteering engagement between local organisations and HSBC employees across the UK. She is a senior volunteer at Crisis Christmas and out of the office is usually found surfing or trail running.



# Why social housing deserves a place in your portfolio



By Conan McKenzie  
Portfolio Manager, BlackRock

## As I live in a building that was once an almshouse, I’m constantly reminded of the long history of charitable involvement in housing.

First established in the tenth century, almshouses were built to provide accommodation to those in need. The UK’s oldest operating almshouse, St Oswald’s Hospital in Worcester, was founded in 990. And across the country, hundreds more are run as registered charities today.

For over a millennium, then, housing has been a pressing social issue in which charity can play an important role. At BlackRock, we see social housing as an attractive asset class for our charity clients – one in which their investments can produce a steady income and a positive societal impact.

**Risk:** *BlackRock has not considered the suitability of any investment against your individual needs and risk tolerance.*

Achieving such impact is important to many investors, and it’s a particular focus for our charity clients. As questions of sustainability are given greater consideration, environmental, social and governance (ESG) issues have become increasingly prominent in recent years. For the most part, environmental issues – the E in ESG – have dominated the discussion. That reflects the pressing nature of the climate crisis and the fact that avoiding polluting industries or investing in renewable energy can be achieved more readily than addressing social or governance concerns.

On top of this, environmental improvements – such as upgrading property or building renewable infrastructure – tend to be capital-intensive, which means that investors can be more confident that their money is achieving the desired effect.

However, the Covid-19 crisis has led to a greater focus on the S in ESG. The negative effects of both the virus and successive lockdowns have fallen disproportionately on disadvantaged sections of society. Furthermore, the rifts revealed by the pandemic have underscored the urgent need to tackle social problems.

Nevertheless, many investors still struggle to identify reliable means of achieving positive social impacts through capital allocation.

**Responding to demand**

Social housing – including bespoke accommodation for those with specialist care requirements – is one area where the beneficial impact of investment is clear. It’s an area where problems can be addressed by allocating capital – because there’s a shortage of suitable housing that has led to lots of would-be tenants living in inappropriate accommodation.<sup>1,2</sup> In our view, the answer is to build more specialist housing – and that requires investment.

“  
*Social housing...is one area where the beneficial impact of investment is clear*

At BlackRock, we invest in social housing that is specially built or adapted for vulnerable people. Supported housing of this sort allows its residents to live as part of the wider community. This leads to better health, greater confidence and increased independence. Given an acute shortage of suitable accommodation, these facilities are in great demand – especially when the alternatives are residential care or even hospital wards.

Such purpose-built homes are also much less expensive for the Government than residential or in-patient care. Not only do they improve the lives of their residents, but they also reduce the burden on the taxpayer.

Of course, when we invest our clients’ capital, we are looking for decent returns too. Social housing can deliver on this front; our investments in supported housing derive their income streams from long-term leases, providing a reliable source of steady revenue.

**Risk:** *There is no guarantee that a positive investment outcome will be achieved.*

There are several other factors in that steadiness. For one thing, social housing is answering a persistent social need. For another, the income streams it generates are ultimately paid by local and central government. And, thirdly, those income streams are inflation-linked – an important consideration at a time when inflation is a growing concern. These features support an asset class that is largely resilient to economic shifts.

**Positive outcomes**

The lack of correlation to the economic cycle means that social housing may offer diversification benefits, too.<sup>3</sup> At first glance, the returns from a social-housing allocation might seem lacklustre compared with those that might be obtained from other property assets, such as high-specification office developments or shopping centres.

However, we believe our working and shopping habits are susceptible to drastic change. Just as online shopping has been facilitated by the rise of online deliveries, so the pandemic has, for many of us, normalised working from home. That means that office blocks, like shopping centres, may look much less attractive as investments than they once did. Many may prove hard to fill in the years ahead.

**Risk:** *Diversification and asset allocation may not fully protect you from market risk.*

By contrast, social housing is steadily addressing one of society’s most pressing needs. Almshouses – an early form of social housing – have been with us for more than a millennium, and their modern equivalents are unlikely ever to be short of demand. As a result, this is an asset class to which we allocate with confidence – both in the sustainability of its returns and the positive social outcomes it will achieve.

**About the author**

Conan McKenzie, CFA, Director, is a portfolio manager and a member of the Diversified Strategies team within BlackRock’s Multi-Asset Strategies and Solutions ("MASS") group, which is responsible for developing, assembling and managing investment strategies involving multiple asset classes. He also helps lead the team's ESG research agenda that drives the potential for ESG-related thematic investments, as well as alternative investment opportunities and third-party manager research.

Conan holds an MA degree in History & Politics from the University of Oxford and is a CFA Charterholder. He has worked at BlackRock since 2011.

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<sup>1</sup> Source: Mencap, Funding Social Housing For All, April 2018.

<sup>2</sup> Source: House of Commons Housing, Communities and Local Government Committee, Building More Social Housing, Third Report of Session 2019–2021, 20 July 2020.

<sup>3</sup> Source: Investment Property Forum, Prospects for Institutional Investment in Social Housing, January 2015.



# Coaching teams to success in 2022



Nicki Deeson

Leadership coach and business mentor

**About the author**  
Nicki Deeson has worked in senior operational roles in small organisations and large multinationals for the past 30 years. She is an experienced board chair and non-executive director. After receiving coaching in 2010, Nicki's career took a different turn, leading to a transformed career and great personal fulfilment. After that, as Amnesty International's Finance Director, she decided to implement a coaching and mentoring approach within her teams and saw the value and impact it brought. Since completing ICF-Accredited Coach-Specific Training, Nicki's primary focus has become coaching and mentoring. Nicki is passionate about helping others solve their challenges, play to their strengths and feel happy and fulfilled.

@nicki\_deeson

**As we begin the year, it's normal to look ahead, plan and explore new ways to increase your impact and improve delivery. So it's a good time to think about how we can get our teams off to a flying start.**

When I started as Finance Director of Amnesty International, I had a great finance team. **But there were two things I found challenging:**

**Some colleagues caused me stress! Two examples were:**

- a.** One person constantly sent me drafts of their work, which required hours of my time to rewrite.
- b.** Another person kept coming to talk to me about their day-to-day difficulties, after which I seemed to end up with a list of actions while they walked away having dumped all their problems on me.

**Board and SMT meetings:**  
I hated having to prepare for detailed operational queries when I wanted to be having strategic discussions.  
How did I use coaching and mentoring skills to address each of the above challenges?

**1 Stop solving colleagues' problems. Your primary role as a leader is to build your colleagues' capabilities, and you can do that with a coaching/mentoring approach:**

**a.** If someone is creating work for you, put a time in the diary to talk to them, and make it a coaching/mentoring conversation. Be curious, listen, and give them space to think. Use 'what' and 'how' questions. (Avoid the word 'why' which can put your co-workers on the defensive.) Allocate this time to really listening to your colleague. I was curious about what was prompting them to send me drafts to review, and asking open questions helped them delve into what was behind this habit, and what they were most worried about. After thinking about it, the person realised that it went back to childhood when they had always felt anxious about getting their schoolwork 'wrong'. When they thought about what would be the worst that

could happen, they realised it wasn't that bad, and from then on, they sent their communications out directly and grew in confidence, developing their own individual writing style.

**b.** When colleagues come to talk to you, start by asking them what they want to get out of the conversation. At my next meeting, to my complete surprise, they said, 'I want you to listen'. This was easy; they got what they wanted, and I didn't get saddled with their problem!

**2 In all meetings, set yourself reminders to listen more than you talk, and to use your airtime to be curious. At board meetings when someone asked me an operational question I switched on my curiosity and asked questions back like, 'Where is this coming from? What is the real issue for you?'**

Sometimes my questions resulted in the trustee withdrawing their original enquiry as they realised it was outside their role, and sometimes the discussion uncovered a deeper issue that was critical to explore. If they were interested in finding out about

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*Your primary role as a leader is to build your colleagues' capabilities*

an operational detail, they recognised that this was not my primary priority to answer, so I would agree to follow up after the meeting. This was a relief as I could stop preparing for these types of queries.  
After doing the above, my team started solving their problems in ways I admitted were better than I would have suggested; my meetings improved, and I had time for the more valuable aspects of my work. Using the coaching and mentoring approach transformed my personal leadership and benefited my organisation.

**Time to talk!**  
How might these tips work for you? [Message me on LinkedIn](#) and let me know!  
P.S. If you're interested in finding yourself a mentor, read my article on page 12 of [Finance Focus April 2021](#).





# Can I reward my staff for getting their Covid jabs?

**Rebecca Pallot**  
Principal Associate for Mills & Reeve LLP



The emergence of the more infectious Omicron variant has prompted governments and employers across the world to explore new ways of increasing vaccination uptake. Direct rewards for people who get vaccinated is one strategy that is certainly being explored.

Going back to the start of the vaccination roll-out, at least in the UK, Government policy tended to focus on restricting the activities of people who were not fully vaccinated. Over the summer, fully vaccinated people benefited primarily from lighter quarantining rules and fewer restrictions when they travelled overseas.

Employers tended to adopt a similar approach, imposing some additional requirements on staff who were not fully vaccinated, though few made it a condition of employment outside the care sector.

Treating unvaccinated staff differently raises a number of difficult legal issues. For example, it is not clear how any medical exemptions should be defined. There are also risks of indirect discrimination claims, since vaccine hesitancy is more common among certain protected groups, including those from a minority ethnic background. In addition, if vaccination is made a condition of deployment in certain roles

(even if this is a legal requirement) staff who can't be re-deployed may bring unfair dismissal claims.

All other things being equal, rewarding staff who get vaccinated carries fewer legal risks than, in effect, punishing staff who do not come forward for the jab.

**Rewards and results**

Legal risk aside, the key question employers need to consider is whether a reward policy will have the intended result. Many believe that the relatively low rate of vaccination hesitancy in the UK is down to its strongly voluntary vaccination culture. However, other countries are more comfortable with compulsory vaccination or rewarding compliance, and do not necessarily have lower vaccination rates.

To reduce the risk of resentment from unvaccinated staff, and to minimise legal risk, we would suggest that any reward should be relatively modest –

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*Many believe that the relatively low rate of vaccination hesitancy in the UK is down to its strongly voluntary vaccination culture*

whether this is cash, or some other benefit. Good communication is also important, to make sure staff understand the purpose of the new policy and any eligibility conditions are clearly spelled out. We would suggest that if adopted, the reward ought to be given to all vaccinated staff and not just those who had previously refused to be vaccinated. Otherwise, employers risk a drop in morale or engagement from the wider workforce.

# Financial strategy and contingency planning

**James Rimmer**  
FCMA MBA, Principal Consultant  
Expense Reduction Analysts



Is your financial strategy ready for 2022? This time last year, there were nearly 179,000 charities operating in England and Wales, with the majority having an income of less than £100,000. Many of these smaller charities will not have a clear financial strategy in place.

Smaller charities lack the infrastructure of their larger relations, and yet the need to plan is equally important. Small charities are the lifeblood of local communities, providing services and facilities that simply wouldn't exist without them.

Charities are innovative and can adapt at speed, yet this should not be at the sacrifice of longer-term planning. Throughout my time in the NHS small charities were the organisations that could best engage some of the hardest to reach communities. This is one of the reasons why I wrote [Financial Strategy and Contingency Planning](#) for CFG, a short guide for smaller charities.

Creating a financial strategy with input from the leadership team and trustees provides agreement and clarity around how the future will look and the resources needed to get there. The guide itself includes a practical list of what should

be included and why. For example, the section on the desired financial future state needs to focus upon where the organisation is today, this is the starting point to where it then wants to get to.

This helps to focus on the gap that the strategy must address and how realistic it is with the staff and other resources identified to deliver. The strategy should also articulate the organisation's core purpose and values and move you towards them.

Clear, simple steps ensure plans deliver. In times of radical uncertainty, it's vital to take control. I'll be talking more about this in a [free webinar](#) for charities of all sizes. One of the things I'll cover is a model I regularly use – 'The Purchasing Chessboard'. **The event is on 9 February 2022 – I hope you will join me!**

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*Creating a financial strategy with input from the leadership team and trustees provides agreement and clarity around how the future will look and the resources needed to get there*



# EVENTS

We have moved our events online so you can keep access to everything you need at this time. Full access details will be provided upon booking your place. We kindly ask that events payments are made online. If you have any questions about our programme contact [events@cfg.org.uk](mailto:events@cfg.org.uk).

**Get your CPD on track!**  
For our full programme, view our [2022 training calendar](#).

**Foundation Investment Training**  
**Tuesday 1 February 2022**  
Sponsored by Sarasin & Partners

**Advanced Investment Training**  
**Tuesday 22 March 2022**  
Sponsored by Sarasin & Partners

**Foundation Charity Finance**  
**Tuesday 15 March 2022**  
In partnership with BDO

**HR for Charities Training**  
**Thursday 24 March 2022**  
In partnership with Mills & Reeve

**Finance for Fundraisers**  
**Thursday 7 April 2022**  
In Partnership with Crowe

**Advanced Charity Finance**  
**Tuesday 26 April 2022**  
In Partnership with Goodman Jones



## TECHNICAL UPDATE CONFERENCE

**Date:** Thursday 24 February **Online**

**Price:** Charity and Individual Members Early Bird Rate £97, Charity and Individual Non-Members £176, CFG Corporate Member £230

This comprehensive and highly popular conference brings you all the essential technical developments in charity finance that impact your organisation, ranging from regulatory updates to investment, accounting and reporting issues, as well as the latest from case law and VAT and Tax.

Our expert speakers will share updates on all the big issues in the sector, as well as all the important regulatory updates you need to know in one concise day, with the opportunity to discuss them with your peers in the sector.

View the full programme and **[Book Now](#)**.



## IT AND DIGITAL CONFERENCE 2022

**Date:** Wednesday 23 March 2022 **Online**

**Price:** Charity and Individual Members Early Bird Rate £97, Charity and Individual Non-Members £176, CFG Corporate Member £230

Charities have shown a great capacity for innovation and adaptability during the pandemic. In the past two years digital has become a priority for the majority of organisations and many have been accelerated by as much as 10 years. But is this pace of change here to stay? Have charities started to embed digital change for the long term?

This year's CFG IT & Digital Conference will provide you with a comprehensive programme, designed to fit the needs of finance directors and CEOs, with useful sessions on:

- Digitalising the finance function
- Hybrid working
- Cyber security
- Bridging the skills gap

View the full programme and **[Book Now](#)**.

Sponsored by Sage Intacct.



## INNOVATE FOR A BETTER FUTURE

**Date:** Wednesday 2 February 2022 **Online**

**Price:** Charity and Individual Members £75, Charity and Individual Non-Members £125, CFG Corporate Member £160

At this conference we will discuss the different aspects of innovation and how charities can become pioneering organisations, helping them optimise their impact by utilising the most effective tools and resources.

Join us for a fascinating discussion where we will explore:

- How charities can innovate
- Exploring digital innovation
- Innovating within budget
- Income generation (Case Study)

View the full programme and **[Book Now](#)**.

### Extra insights

We get the inside track on how our speakers are innovating for a better future. [Read our latest blog post](#).

## New year, new job?



**Searching for your next charity finance job? Ready to step into a leadership role?**

Look no further than our [Jobs Board](#)!

In partnership with Third Sector, our Jobs Board has all the latest vacancies.

### Recruiting in 2022?

You can be sure that the best candidates will be searching with us. Head to our [Careers](#) section on the CFG website to find out how you can source the best candidates for your organisation.

Need some recruiting advice for 2022? Check out our latest [blog post](#) from Third Sector's Annie Hayes.

## Do you have a good story to tell? Are you an expert in your field with insights to share with other members?

*Finance Focus* goes to more than 2,000 named recipients each month, all of whom play an active role in charity leadership and the wider sector.

As part of the CFG membership community, you're invited to contribute news stories, technical articles and opinion pieces for publication in *Finance Focus*.

If you would like to discuss your ideas, or submit an article or column proposal, [please get in touch](#).

**We'd love to hear from you!**

## Write for Finance Focus!

