

FOCUS

FINANCE

The magazine for
CFG members
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RETHINKING
THE FUTURE

Recognising CFG’s valuable role

I have just donated to CFG. I don’t work in finance and I don’t work directly for a charity, but I do recognise the very important role CFG plays in the sustainability of the voluntary and community sector – and that is something I care about passionately.

As Caron Bradshaw, Chief Executive of CFG, says in her column this month, every day we step closer to losing charities that serve at the heart of their communities and who are helping society get through this crisis. CFG has an essential role to play in helping fight for these organisations and for your organisation, and in calling government to account – particularly when it spectacularly fails to provide emergency support in a format that is either useful or accessible, as our current government has.

Help CFG continue to serve you and the wider sector. Please make a gift today. You can find out how and where to donate on page 3. Every penny counts and a gift of any size will be valued and appreciated.

A voice for finance professionals

In addition to its campaigning and lobbying activities, CFG aggregates the thoughts and ideas of its members and provides you with a sense of belonging and a place where you can learn and find support and encouragement.

Becky Slack, guest editor,
Finance Focus

Finance Focus offers a platform to share the experiences and expertise of the individuals who work within the charity finance profession. To that end, this issue offers a breadth of content ranging from practical advice on how to forecast during our uncertain times, to suggestions for changes to VAT relief, to the benefits of mentoring for both mentor and mentee.

Thank you and goodbye

This is my final issue as guest editor for CFG. From September, a new Communications Manager will be in place who will be driving the magazine forward. You can help her by responding to our call for contributors opposite, particularly if you are from an under-represented group. I look forward to reading these pieces in a future issue, as well as hearing all about the significant contribution you have made to the CFG fundraising appeal, helping to sustain this important membership body and its work. Thank you for having me and I wish you all the very best in these difficult times.



Grow your skills with CFG

Whether you are new to CFG, or are one of our long-time members, we’re looking for members to play an even more active role.

The knowledge and expertise of our members is what makes our vital community thrive and grow.

Would you be interested in speaking at or chairing a CFG event or writing for *Finance Focus* magazine?

Our comprehensive programme not only brings together our unique and talented community, but offers an opportunity to share knowledge, projects and stories in

new and dynamic ways, so we can continue to learn together and build a stronger sector and role for financial leadership.

Contributing to events and publications is a pathway to sharing and growing your skills and experience no matter what stage you are in your career, and to inspire and connect with your membership network.

Get in touch with our [events team](#) to begin the conversation. We look forward to hearing from you!



Are you signed up?

Don’t miss out on the communications you find most valuable from us, especially as we tackle the challenges of Covid-19 together. Sign up to your preferred emails through your myCFG account, available to you, your colleagues and trustees.

myCFG is available to CFG members through your website login, so you can sign up to your preferred emails from CFG, and manage your account online, giving you access to your monthly magazine, events and training launches, and policy and campaign news.

1. If you do not have a website login yet, register at www.cfg.org.uk/login

2. Login to the CFG website and go to myCFG at the top right of the page
3. Sign up to our emails to receive *Finance Focus* magazine, events information, news about your membership, policy updates and more.
4. CFG membership is open to your whole organisation, so everyone from the finance team to your trustees can benefit too. If you’re the primary user on the account, you can add other contacts from your organisation.

Find out more about how to use myCFG with our guide www.cfg.org.uk/GuideMyCFG or drop our membership team an email if you have any questions membership@cfg.org.uk.

Helplines for CFG members



As we face continuing challenges in the sector this year, it’s important to stay connected to the advice and support you need right now.

CFG’s expert corporate members support us with their specialist helplines, dedicated to CFG member enquiries on a range of vital topics.

Login to the CFG website at www.cfg.org.uk/helplines to access further information and contact details.

Accounting and tax
Crowe UK

Managing financial difficulties
MHA MacIntyre Hudson

Legal – general advice
Russell Cooke

HR and employment
Hempsons Solicitors

Pensions – general advice
Spence & Partners

Property
Ethical Property Foundation

Recruitment in Covid-19
Goodman Masson

Treasury
CFG

How to feature in Finance Focus

We’re proud to say *Finance Focus* is one of the top-rated CFG membership benefits, and of course this is all down to the inspirational leaders and experts who take part every month to share their expertise with our membership community.

Shared learning is such an important part of being a CFG member, particularly in these challenging times, and is an excellent way to raise the profile of your vital work.

If you would like to feature in an upcoming issue, we would love to hear from you. Features are open to all members no matter where you are in your career, and we are particularly keen to hear from under-represented groups.

Contact Abby Warren in the marketing team to discuss abby.warren@cfg.org.uk.

Welcome to our new members

Student Minds	Grantscape
BRAC UK	Mind Aberystwyth
International Network for the Availability of Scientific Publications	Equation Nottinghamshire Ltd
	Brookes
Ocean Conservation Trust	Marchant-Holliday School
Habitat for Humanity GB	IJM UK
	Over The Wall

Meet the member Ocean Conservation Trust



Robbie Ince,
Head of Finance,
Ocean Conservation Trust

Survival is the current priority for an organisation that has connected over six million people with the ocean.

What is your organisation's biggest achievement?

We're proud of so many achievements but probably our biggest of the last 21 years has been connecting over six million people with the ocean including 400,000 education sessions delivered; as well as increasing ocean literacy and delivering habitat restoration all whilst running the UK's largest aquarium.

What is the largest source of support your organisation has gained from CFG membership?

As an organisation we are very new to the CFG world but the online resources are excellent and we particularly look forward to attending future events.

What is the biggest issue facing your sector right now?

Put simply, survival. We've seen our revenue fall to zero whilst still needing to maintain, care for and support our animals and habitat restoration works. We need visitors to return and ongoing support from local and national government if we are to survive.

If the government could change one thing that would make your charity's life easier, what would it be?

It's difficult to limit it to just one thing. Replacing the Coronavirus Business Interruption Loan scheme with longer term finance such as 20+ years repayments would certainly help as would increasing the Gift Aid benefit from 25p to 33p.

What positive changes has your organisation seen in your sector?

As the Ocean Conservation Trust, our message has always been one of ocean optimism. We want everyone to feel hopeful for the future, so the continual rise of the concept of general "conservation optimism" in our sector is a very positive change. We have found that the *Blue Planet* effect has played a major positive role in how people connect with the ocean and crucially want to do something to help. Rather than being "out of sight out of mind", the ocean issues raised by *Blue Planet* (such as ocean plastic pollution) have resonated with the public and many more people are making small changes to their lives to reduce their consumption of single use plastics. Furthermore, the UN Decade of Ocean Science for Sustainable Development (2021–2030), is another step forward in raising the profile of the ocean and how we are all connected to it.

There is an ambition for the citizens of all countries to become more ocean literate – or in other words, have a deeper understanding of how their everyday lives are affected by the ocean and how they can make positive changes to do their part to protect it for the future. This is fantastic news for us, as it is one of the long-term goals for our charity.



We've seen our revenue fall to zero while still needing to maintain our work

What is the one piece of technology your organisation couldn't do without?

Apart from some amazing bits of kit in our exhibits, probably our digital platforms. We've grown to over 100,000 followers across our social media channels and our website in particular has the two best buttons ever invented: tickets and donate!

Asking for your help



Caron Bradshaw,
Chief Executive,
Charity Finance Group



These are difficult times for us all, which is why I have an important question to ask you.

You probably know I like a good TedTalk! If you can spare 13 mins you might like to watch this wonderful Tedtalk from Amanda Palmer. In it, the American musician shares how she shifted her thinking to enable her "to give fearlessly and ask without shame".

Everything CFG does depends on our relationship with you – our charity and corporate members. Covid-19 has proven to us how much we need you to enable us to serve the sector and also how much you need and value us in return. It is a relationship of mutual benefit and, I believe, mutual trust.

At this point in your own constrained and uncertain journeys I have worried that asking for your help might feel unfair – that you too are struggling and many of you have also ensured that your organisations continue to support us through renewing your membership of CFG. Thank you so much.

I'm going to be vulnerable and brave in asking whether you can do more. This time I'm asking of you in your personal capacity as a member of the CFG community. Can you help with a donation, please, however big or small?

In March, we recognised that Covid-19 would put at risk between a quarter and a third of CFG income. As you would expect, we have acted quickly to cut costs, without impacting service or putting our

staff team at risk and find ways to protect and increase our income. We have held back on recruiting some vacancies, reduced overheads and I have taken a 12% pay cut. At the same time, I have been hugely proud of my team switching our work to digital delivery as much as possible and even increasing output to meet member demand. We have been incredibly busy internally, with our membership and also the wider sector.



Everything CFG does depends on our relationship with you – our charity and corporate members.

As time has marched on, we have greater certainty on what our financial position is. Despite early steps we currently have a large funding gap which could be as much as half a million pounds by year end. So, I am launching a campaign. As Amanda Palmer says: "when people really see you they want to help you".

Can you help support CFG and the vital work we're doing right now; ensuring we're here to keep helping the sector, as we navigate these torrid times? If that is something you are willing and able to do, **please visit our [JustGiving page](#) to donate.**

Whatever the answer to that question is – a heartfelt thank you from me on behalf of the whole CFG team. And if you have further questions or thoughts to help us I would, as always, love to hear from you.

New special interest group for arts organisations

ARTSIG is a network of finance professionals in the arts sector, which will allow members to connect with peers, share expertise and shape CFG’s policy work.



Enabling gold standard financial management

Pascale Nicholls,
Director of Finance
and Governance,
Orchestra of the
Age of Enlightenment



Three decades ago, a group of inquisitive London musicians took a long hard look at what we call the Orchestra and decided to start again from scratch. Out went single conductors and specialising in particular repertoires and in came a varied programme performed on historically informed instruments. The Orchestra of the Age of Enlightenment is now resident orchestra of the Southbank Centre, London and associate orchestra at Glyndebourne Festival Opera.



With so many emerging opportunities and threats that are unique to the arts, I’m excited about this SIG

Today we are struggling with the same challenges as other arts and charitable organisations.

Joining the sector recently, I have been inspired by my colleagues’ passion, agility and resilience but it has been a steep learning curve.

Not only have there been the business-as-usual financial and risk management and reporting, compliance, tax planning and company secretarial responsibilities but I have had to grapple with concepts unheard of only six months ago, such as calculation and accounting for CJRS claims and Orchestral Tax Relief.

With so many emerging opportunities and threats that are unique to the arts, I am very excited that CFG is launching an Arts Special Interest Group to complement the many excellent umbrella organisations that already support finance professionals in the sector.

Being able to connect, share challenges and best practice, test new ideas, ask questions on complex technical accounting and tax matters and hear from industry experts will allow us to deliver gold standard financial management for our organisations, and to seize opportunities as they emerge.

A platform to connect with peers

Zoe Bennett,
Senior Insight and
Membership Officer,
CFG



Prior to joining CFG, I worked for a theatre and a young peoples’ arts charity and have seen both the impact arts organisations have and the unique challenges their finance teams face.

I am therefore delighted to be working with Pascale Nicholls and CFG colleagues on our new Arts Special Interest Group (ARTSIG), established to support our many members who work within this sector.

ARTSIG offers a platform for finance professionals in the arts to connect with peers, share expertise and shape CFG’s policy work. Through this community we hope members will be able to find solutions and support from their sector colleagues to help them navigate difficult paths forward.



We hope members will be able to find solutions and support from their colleagues to help them navigate the difficult paths forward

CFG has been a prominent collaborator in driving charity sector funding and distribution during the Covid-19 crisis. This group will enable CFG to be even closer to member issues in the arts space and inform our campaigns for sector funding and tax relief development, so we can better support our members and the wider environment. It will also allow us to directly provide up to date information on areas which are most relevant in the policy landscape.

Don’t miss out on the ARTSIG online launch event in September, which will have expert speakers, policy updates and an incredible opportunity to connect with peers.



Name of SIG: ARTSIG

What it aims to do: Troubleshoot challenges, share expertise, influence CFG policy and enable the arts sector to flourish

Who its open to: any CFG members who work or volunteer for arts organisations

Who leads it: Pascale Nicholls, Chair of the group committee and volunteer co-ordinator; Zoe Bennett CFG point of contact and administrator of the group.

Find out more and sign up:
membership@cfg.org.uk

Rethinking how to operate in the new reality



Mark Sykes,
Partner – BDODrive,
BDO LLP

Preparing for the future is always hard, but in a world where things seem to change in a matter of weeks, it has now become especially challenging. Mark Sykes offers some suggestions for planning ahead.

Normally, we have things we can take for granted, such as the way we operate, what our customers want or what our services are. However, Covid-19 has disrupted even the basics of how we engage with our teams and those we support. This disruption is experienced right through the supply chain, and is felt by our suppliers, our clients and our networks.

In our research into how clients and sectors were impacted by Covid-19, we found that it was the charity sector that reported most impact in terms of cash strain. This arose from the combination of increased demand for services and support arising from the situation, with increased operating costs to manage social distancing, loss of funding sources from cancelled and postponed events, and relatively few measures designed to support the sector specifically. Even the job retention scheme initially had limited benefit for many charities because their teams were often considered essential workers.

This melting pot of challenges and pressures has hit the charity sector hard and has forced many organisations to make tough choices about which of their objectives they prioritise.

In light of this, combined with our recent research into the top 50 charities' reserves that showed reserves were falling even before Covid-19, there is now a greater need for trustees and management to, as a priority, revisit their financial assumptions and re-evaluate their reserves policy to ensure they safeguard their assets and deliver effectively on their charitable objectives.

Even the job retention scheme had limited benefit for charities because their teams were often considered essential workers

The benefits of forecasting

The immediate rationale for preparing a forecast is to work out if there is enough cash to keep going for the foreseeable future. However more than this, if designed right, a forecast will also help prioritise resources to have maximum benefit, help identify efficiencies, align internal departments around common goals, control costs, identify key cost drivers and outcomes, and set key performance measures on teams. Another benefit is scenario building, which can help build flexibility by identifying variable and avoidable costs, and pre-determining the best course of action if certain outcomes arise.

However, historic complexity of preparing forecasts and the resurgence of new digital

A forecast will also help prioritise resources to have maximum benefit

tools and ways of working taking on the bulk of the work, has meant many organisations have limited the exercise to a basic forecast and miss out on the wider benefits. →



Designing scenarios

Many organisations focus on a single budget. Where operations are relatively stable this may be sufficient. However, Covid-19 has forced disruption in so many ways that it is important to run scenarios with multiple outcomes to prepare for all eventualities before it's too late and the changes are upon you.

One technique is to pick a couple of the potential outcomes and then consider how these will impact all aspects of the organisation, from the people to the services and operations.

For example, the following all represent factors which could impact forecasts:

- changes to demographics and tastes;
- prolonged social distancing;
- a second lock-down;
- increased digitisation;
- remote working;
- increased protective measures; and
- changes to the role of urban spaces.

For example, we could conclude that remote working will increase the need for cloud-based systems, including remote services to support beneficiaries. This would change the skills needed in the team and might create the need for new systems to safeguard services and protect personal data. These changes can then be built into a scenario to see how it could impact financial health.

Owning the inputs

A key element of any forecasting process is to ensure people own the inputs. Identifying which teams need to contribute their cost assumptions will ensure the forecast is not simply a thing “done to them”, but instead a functional part of business planning seeking to align resources.

Inputs ideally include the assumptions behind them. This can create useful key performance measures to predict outcomes and can also identify inconsistencies between inputs or identify cost drivers which need to be managed. For example, number of patients, number of events and staff headcount all represent assumptions, which could drive up costs if not monitored, and therefore represent useful performance measures for the organisation to monitor.



It is important to run scenarios with multiple outcomes to prepare for all eventualities

The role of the team preparing the forecast is then to align the inputs, capture any assumptions and inconsistencies, and refine the models to ensure a coherent forecast. If there are conflicts, they will need resolving directly or highlighting to the budget users so they are aware of the issue.

Understanding the output

The output from the model (ideally a three-way model showing cash, performance and balance sheet), along with the assumptions and key performance measures, must then be owned by the board. By presenting this formally, explaining the assumptions and key inputs, and showing possible scenarios, this enables the organisation to understand what the forecast is showing and will

enable optimisation. A well-prepared forecast will not only establish where cash needs might exist, but also offers solutions for how to meet those cash requirements.

Tracking the actuals

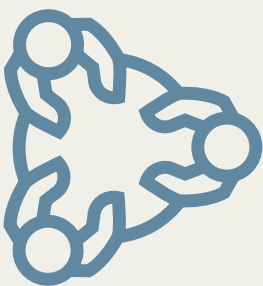
The final stage is to build the forecasts into the financial reports so variances can be monitored and impacted. This should also include reporting against the assumptions, key milestones and using the scenarios to modify the forecast if different outcomes arise. The assumptions should also be considered as part of the risk register, since they represent key uncertainties in the operations and therefore represent matters requiring management or monitoring.

Tracking should be frequent. The use of modern cloud systems integrated with other financial reporting allows for proactive notifications and warnings when variances arise. Although the board or trustees may only require reports once per month, as part of their management information, using the key measures in the day to day management of the charity helps to keep control ahead of time and ensure no unforeseen issues arise.

Identifying the right tools

Many use Excel to build forecasts. However, complexities such as timing of payments, government deferral schemes and modelling multiple scenarios mean it is more reliable to use a forecasting tool. Our own unique approach uses cloud-based tools to allow us to work alongside charities to support them as they build their own forecasts. This can speed up the process and provide support when needed but allow the charity to maintain ownership of the forecast.

Working together to #saveleisure



Mark Tweedie,
Chief Executive,
Community Leisure UK

Collaborating with others enabled us to achieve much more for our members.

#saveleisure is a digital campaign run by Community Leisure UK, ukactive, CIMSPA and supported by Swim England, Swim Wales and many other partners. We are urging the UK Government to commit relief funding to enable the full reopening and recovery of the public leisure sector accounting for the catastrophic impact of Covid-19.

Community Leisure UK is the members’ association that specialises in charitable trusts delivering public leisure and culture services across the UK. We champion and protect the trust model by enabling networking and knowledge sharing with peers and external stakeholders. Our members include leisure centres, swimming pools, spas, libraries, theatres and museums among other community sports and leisure services around the nation.

During lockdown, our members used various financial levers to cover their costs including using their full reserves, arranging bank overdrafts, applying for

government backed loans and requested payment holidays. Members’ average monthly payroll is £378,000 and average monthly utility and energy costs are £44,000. With no income receipts being taken throughout this period, it has had serious impact on the financial sustainability of our sector. Indeed, our members tell us that the recovery period could take six to 12 months to return to the same level of business, depending on the length of closure.

It is against this backdrop that we are asking the government to invest in a multi-million pound emergency relief fund to sustain UK leisure infrastructure and services through the Covid-19 lockdown and the recovery phases to the end of March 2021. The aim is that we use the funding to stabilise the sector and to use the time it gives us to develop and implement a sustainability plan for the future.

The campaign has its own website and a focus on social media. We held a Twitter Moment using the hashtag #saveleisure on Tuesday 4 August, and to date have had a combined social media reach of over

100,000. There has also been a lot of PR activity with coverage being secured in national, regional and specialist publications around the country.

Our public profile has increased exponentially as a result of the campaign and everyone thinks we're a huge outfit. They get a bit of a surprise when they realise we are a small team of just four full-time people. This is where working in partnership with other organisations on this campaign has offered so many benefits – it has enabled us to do so much more than if we were attempting something like this on our own.

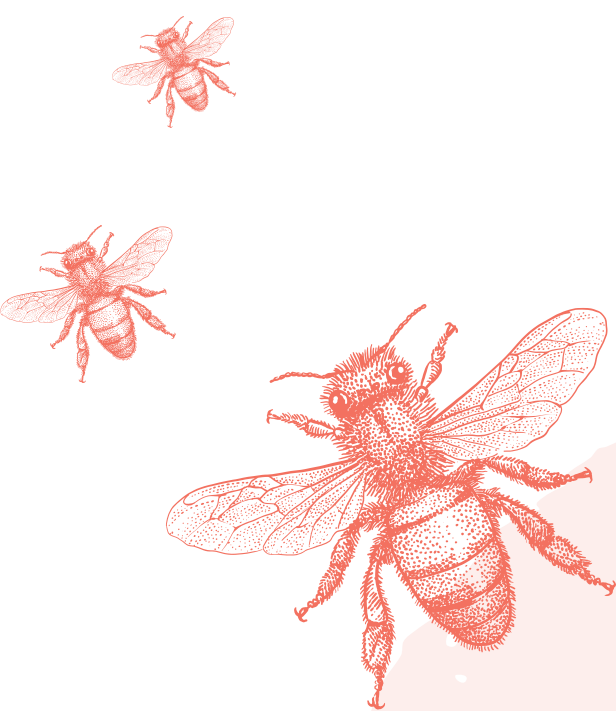
Our members have played a very important role within the campaign. It is their finance teams that have provided us with the figures we needed, and their comms teams that have helped communicate the key messages and encourage people to get involved.

We used the figures on deficit positions provided by our members to produce a piece of research that supported the business case for the campaign. This was given to (rather than this was provided to) central government for their consideration.

Without this funding we estimate a third of all public leisure facilities in the UK will not reopen and half will face permanent closure by the end of the year.

In addition to the obvious impact on local economies and jobs, to lose these valuable services feels detrimental to current government policy: leisure centres support the health and wellbeing of our society and therefore will play an important role in enabling the new obesity strategy and helping tackle diabetes and mental illness. To reduce access to health and wellbeing services during a health pandemic is counterproductive and could ultimately cost both more lives and money.

There have been tears



Caron Bradshaw,
Chief Executive,
Charity Finance Group

Hearing the National Trust planning the loss of around 1,200 staff was too much. Daily there are more stories of redundancies and permanent closures: 40% of staff at Bowel Cancer UK; a third of the RSPCA workforce; the offices of Age UK Suffolk permanently closing, to name just a few.

Every day we step closer to losing charities that serve at the heart of their communities; who are helping society get through this crisis; who are essential to the fight to rebuild after this unprecedented disaster is over.

Our sector is hollowing out before our eyes and we seem powerless to stop it. It is not just the tragedy of the individual's lives blighted by job loss but the knock-on impact to the people we serve, the communities, and the environment that I find utterly heart-breaking.

“

Our sector is hollowing out before our eyes and we seem powerless to stop it

In March I wrote a thread on Twitter comparing our impact on society to the impact bees have on our ecosystem. Let me revisit that notion again in examining the continuing crisis.

What is charity?

A decade ago, my former flatmate's wife, Susie, suffered a heart attack, aged 36. The Thames Valley and Chilterns Air Ambulance Service airlifted Susie to hospital. She didn't make it but their actions gave the family precious days to say goodbye.

That is charity.

In 2016, when my dad died suddenly, the impact on my teenage twin daughters was huge. Their grief was the catalyst to stress and poor mental health, which massively disrupted their education. It is only now we are getting back on track as a family. Chums, the mental health charity, to whom the school referred them for advice and counselling played a big part.

That is charity.

When a friend lost their job in 2018 and couldn't see which way was up the local Citizen's Advice gave them information and advice. The local foodbank fed them. Shelter talked them through their rights relating to their housing needs.

That is charity.

In autumn last year, a beautiful soul I love very much was raped by her friend leaving her pregnant. The sexual health charity Brook stepped in to help her. And this year, as she wrestles with the fall out of the experience, Rape Crisis UK have been a massive source of information and support.

That is charity.

I am just one individual. There are millions like me with thousands of stories to tell. I'm not unusual. Not unique. My encounters with charity are typical of families up and down the land. It touches every part of our lives at one point or another – whether we know it or not.

And if it's not there, or capacity is reduced, then where will we turn?

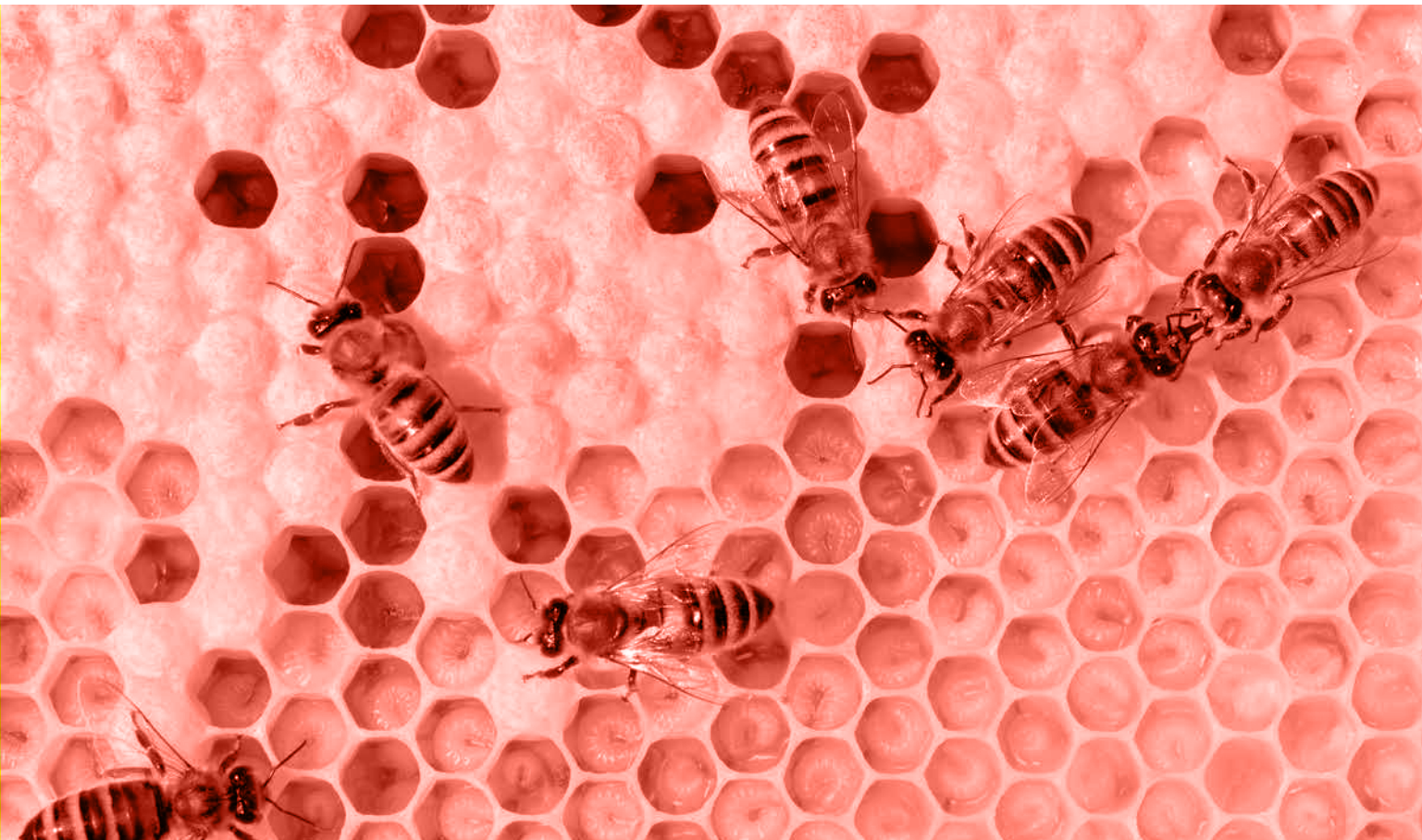
To those of us working in the social change sector we know the impact charity has on society. Economists such as Andy Haldane, Chief Economist at the Bank of England, know the social and economic value of what we do which he puts at £200bn.

Ask the average person what they would miss if bees continue to die out. Whilst they may say “honey” I doubt they will say the bees themselves. Point out what we lose if bees become extinct – flowers, trees, crops, balance in our ecosystems – and people quickly reach for #SaveTheBees.

Ask the average person what they would miss if charities close. They may reference the services on which they have personally relied but it won't be the institution of charity itself. Highlight our role from research to rehabilitation and the story is different.

Like bees we are an army of unnoticed workers. The glue that keeps communities together and a bridge between the sectors. We are there when there is no profit to be made, in the spaces unoccupied by others, frequently holding up public services.

Most people just don't know what is captured by that word “charity”. Like the air we breathe or the bees who pollinate our



plants, charities are all around us – trusted in our moments of individual and collective crisis. There for each and every one of us.

And contrary to what some might have you believe, the charity sector is still more trusted and respected than most areas of society – including government.

Government's package of support was too little, slow to be announced, even slower to be distributed and accompanied by processes and systems which by fault or design seem likely to guarantee all the money won't be claimed.

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Charities are all around us – trusted in our moments of individual and collective crisis

Calling this “emergency funding” would be laughable if it wasn't so seriously depressing. The sum of the package when set against the size of the loss is like saving a handful of bees but destroying all the hives.

Like the bees, this government won't truly know what they have lost until it's too late. With Covid-19 prompting people to reassess what they value, will they be quick to forgive government when they finally realise there are no bees and that the ecosystem is about to collapse.

I am calling on Government to listen to the buzz we are making in our sector. The noise may be irritating to them – but it is the sound of thousands of workers and volunteers keeping people alive, helping them survive loss, rape, hunger, unemployment.

And I am calling on all of us to buzz as loudly as we can. Now is not the time to attack each other's hives, steel each other's honey or hibernate. Our citizens need us.

Charities could benefit from tax reform as cash reserves fall

Carl Nielsen,
VAT Director, Baldwins



Whilst the government’s commitment to extend £750m of funding support to voluntary and communities organisations was a welcome move, we are concerned that financial issues could continue to impact the sector.

In view of the role of charities in the Covid-19 crisis and the financial position many will face as we all come out of Covid-19, the government must consider improvements to the tax position of the sector as a matter of priority – something it should have the power to do following Brexit.

Despite successive governments promising to streamline, simplify and consolidate the tax system, tax reliefs appear to have been the only output. At present over 1,100 different reliefs are currently available and the associated administration can cause more problems than they solve. In the charity sector specifically, tax relief rules are now considered to be arcane, bureaucratic, inefficient and expensive to operate. They passed their sell-by date several years ago.

The VAT reliefs currently available to charities are too narrow and do not reflect the broad and important role charities have in modern society. They should be widened and made more efficient. Some still involve paper-based

administrative processes that often cost more money to manage than they save. In many areas the VAT rules are confusing and open to interpretational differences. This has led some charities to suffer unbudgeted VAT costs or incur significant internal and external costs to defend a position. This stifles charities’ ability and willingness to innovate, invest, employ staff and develop progressive new services. It is also having an impact on the services received by vulnerable sectors in society. In a number of cases, VAT rules do not reflect current government policy or the position charities hold within society.

Furthermore, the majority of charities are unable to recover all of the VAT they incur. Charities therefore use hard-earned funds to cover the cost of irrecoverable VAT. If the rules on the recovery of VAT by charities were changed, donations given by the public to and government funding itself could be used for the purpose they were originally intended.

Some charities have a special status that allows them to recover the VAT they incur on free of charge non-business activities. If this was extended, many charities could be in a much better financial position.

Charity tax review

The review of charity taxation undertaken last year by Sir Nicholas Montagu highlighted a series of important changes that would start to bring charity tax reliefs into the digital age. These ranged from extending rate reliefs to trading subsidiaries to mandatory payroll giving for larger businesses through to the removal of VAT charges from wills and testaments.

Sir Nicholas Montagu’s report represented a small step in the right direction but is essentially disappointing in its reach and ambition. We decided to undertake our own piece of research to see what charities would actually like changed.

- The suggestions we received focused on eliminating unnecessary rules, securing full rather than partial VAT recoveries and cutting costs and bureaucracy. They included:
1. Creating a £10m nil rate band for trading subsidiaries
 2. Applying the zero rate VAT to all supplies by charities – this would allow all VAT on expenditure to be recovered
 3. Conferring a “Special VAT recovery Status” on charities that allows them to recover the VAT incurred on expenses in the same way as public sector bodies
 4. Removing VAT on charges between charities
 5. Removing the VAT reverse charge procedure on overseas services for registration purposes for all charities. This would remove unnecessary VAT registrations and additional irrecoverable VAT costs.

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Sir Nicholas Montagu’s report is essentially disappointing in its reach and ambition

Tax and VAT. Three short words, three letters – but a major headache for charities that is expensive to administer and manage. The government needs to restructure taxation and in so doing free up charities to focus on their core business of making a difference.

When it comes to charity finance, you’re always our number one.

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simon.bascombe@harrishill.co.uk

Dominic Gilchrist • 020 7820 7332
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Covid-19 and business interruption insurance: what to do if your insurer refuses to pay out?



Charlie Miller, Associate – Dispute Resolution, Bates Wells



The Covid-19 pandemic and the measures taken by the government to attempt to control it have caused widespread disruption throughout the UK economy.

Many charities have found their activities seriously curtailed, with potentially disastrous effects on their income. However, when they have turned to their insurer and attempted to claim under the business interruption (BI) sections of their policies, they have found their insurer refuses to pay out on the claim.

What is business interruption insurance?

BI insurance is intended to protect a company from a loss of income caused by an event that interrupts their ability to conduct their business. Typically, such interruption may only relate to physical damage to property, for example, as a result of a fire. However, many policies offer the option of purchasing extensions to widen the scope of the type of event covered.

In the context of the current pandemic, key extensions might include cover for losses caused by infectious diseases

and cover for hindrance of access to a business’s premises, for example as a result of steps taken by a public authority in response to an emergency.

Why are insurers not paying out?

Insurance policies are at heart contracts between the insurer and the policyholder. The wording of the policy in each case will be crucial.



Insurers have sought to argue the cause of interruption was not the disease itself but the subsequent actions of the government

However, there are a number of ways in which insurers have sought to avoid paying out. For example, given its novelty, Covid-19 might not be included in the named infectious diseases specified to be covered. Alternatively, a policy might specify that the occurrence of the disease needs to have occurred on the premises or within a specific geographical radius. For policyholders that do not have evidence of an occurrence at or near their premises, insurers have argued that their claim falls outside the scope of the cover.

Insurers have also sought to argue that the cause of interruption was not the disease itself but the subsequent actions of the government and that either this means the infectious disease exception does not apply or that prevention of access to the premises was not caused by an emergency in the vicinity.

FCA Test Case

Uncertainty over the appropriate interpretations of different policies led the Financial Conduct Authority (FCA) to decide to bring a test case on behalf of policyholders against multiple insurers. This case concluded on 30 July 2020.

The intention of the case was to obtain declarations from the court as to the interpretation of a number of common policy wordings. It is expected that judgment in the case will be given at the end of September 2020.

What should charities do if their insurer is refusing to pay out?

A lot is likely to turn on the outcome of the FCA test case. While charities can still challenge any decision of their insurer not to pay, the reality is that most insurers are waiting to see what the court decides. The decisions as to interpretation of the sample policy wordings considered by the court will be legally binding on the insurers that are parties to the test case. It will also provide guidance as to the interpretation of similar wordings in other policies. In the meantime, charities should ensure that they collate and retain all documents that evidence the losses they have suffered as a result of the interruption to their businesses.

Before the outcome of the test case is known, applications for loans under Coronavirus Business Interruption Loan Scheme (CBILS) might be an option for ensuring liquidity until any payout can be secured under the charity’s insurance policy.



A lot is likely to turn on the outcome of the FCA test case



TUESDAY
13 OCTOBER 2020
QEII CENTRE,
LONDON



Join sector leaders and professionals from across the charity and corporate worlds at CFG’s Annual Conference 2020, Creating a Better Future.

With five streams to choose from and over 25 speakers from across the sector, attending the essential charity finance event of the year will set you on a forward-looking journey, galvanise you into creativity and empower you to play an active and informed role in creating a better future in the non-profit sector.

FIND OUT MORE AND BOOK YOUR PLACE AT CFG.ORG.UK/AC20 FOLLOW @CFGTWEETS #CFGAC20 FOR UPDATES

Are you looking to take the next step on your leadership journey?

Judith Miller, course director & Partner,
Sayer Vincent and Maggie Smith, course director &
Consultant, Centre for Charity Effectiveness



Inspiring Financial Leadership is going digital. Here's what you need to know.

#NeverMoreNeeded is firmly with us as a sector as a headline hashtag. It is perhaps equally applicable to the Inspiring Financial Leadership (IFL) course, which kicks off again in October for the ninth run of eight modular sessions running through to May 2021, all of which will be delivered in a new online format.

As finance professionals, we are facing considerable challenges. This course will equip you with the tools needed for your leadership journey as well as support for the current environment. From coaching to culture, motivation to influencing, with wellbeing and resilience thrown in; the sessions are designed to give you time to reflect, test out and embed all the tools and ideas we share. As well as input from us, you'll also be working alongside a group of peers who will give you incredible support on the journey.

We're excited again to be involved in this great collaboration with CFG and CCE and look forward to seeing you online in October.

We can do this!

Midway through the 2019/20 programme Covid-19 arrived. We hastily shifted our session on 19 March online as universities closed their buildings a week before lockdown. I don't think we will ever forget our first foray into online eventing which we did between us. We suspect the participants won't either!

Happily we have a grown a lot more comfortable working online in the intervening weeks.

About seven years ago, we were keen to develop an online version of the programme to reach those of you for whom events in London are just not practical. At that time, the technology would not allow us to do this cost-effectively.

Zoom baptisms have shown how possible this now is. We're busy making adaptations which will allow us to keep what works well about the in-person events while making the most of digital platform. We're excited to see how far we can now reach – obviously, we're after world domination! (Not a leadership style to be encouraged.)

We've learnt a lot about what's possible while working digitally. We recognise we've had to stay nimble and curious in our approach. It wasn't lost on us that ours is a leadership programme and we were as mindful as ever of living the theories we discuss. This call on our leadership and the requirement to be fleet of foot was, of course, being mirrored in the experiences of our participants on this and other programmes.

Now is a good time for you to reflect on your own leadership – here are self-coaching questions to assist and that also offer a flavour of what's on offer from IFL:

- What have you learnt about yourself so far this year?
- What have you learnt about yourself as a leader in that time?
- Thinking about your organisation or team, what has made you most proud over the last six months?
- What contribution did you make towards that?
- What from the responses above is new and something that you'd like to maintain and build on? How will you do that?
- What's required of you as a leader now?
- What sort of leadership do you think you need to demonstrate for the rest of this year?
- What (and who) is going to help you do that?
- How will you take care of your wellbeing and resilience now and onwards?

As ever, the more specific you can be as you reflect on your responses to these questions, the better.

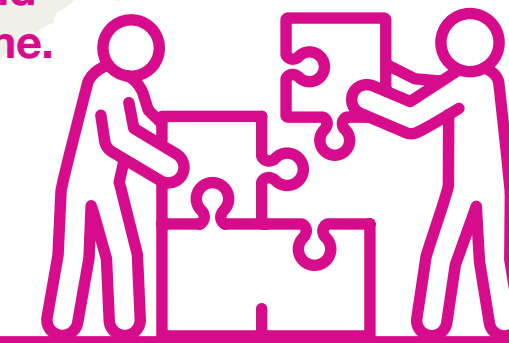
As we continue with the second half of this year, may all your surprises be happy ones!

Early bird now on for IFL 2020 – see the full programme and [book your place](#)

CFG Mentoring

From practical advice, support and encouragement to improved communication and personal skills, mentoring can offer many benefits for both the person being mentored and the mentor themselves. This is why in 2019, CFG launched a mentoring scheme for members. It has proven popular with 43 people signing up since its introduction. Here mentor and mentee Huw and Chris share their experiences of the programme.

To get involved with the CFG mentoring programme email membership@cfg.org.uk



The mentor

Huw Davies,
Director of Finance,
Welsh National Opera



I decided to become a mentor because after more than 20 years in senior finance roles within not-for-profits working in social care, animal welfare and the arts, I wanted to give something back to a sector that has provided such an interesting and challenging career.

I first heard about the CFG mentoring programme at a CFG meeting a few years back and as a beneficiary of the work that CFG does for the sector I thought it was time to make a contribution myself.

Having registered my interest in the scheme, I attended a meeting of like-minded individuals where we spent a couple of hours getting to know each

other and explaining what we were looking for. We then completed feedback forms which the team at CFG used to suggest possible pairings.

I was paired with Chris Smith who is the Finance Integration Manager for the Church of England Pensions Board. We have met virtually on an individual basis via Zoom as well as with the overall 2019 mentor/mentee intake on a number of occasions since that first meeting. The time commitment has been 45 minutes to an hour for each meeting, plus some preparation time studying what Chris wants to achieve from each session to ensure that we make effective use of our time together.

Being at arm's length rather than working together gives a different perspective and allows us both to be more objective.

I would encourage more people to take the opportunity to share their knowledge and experience.

The mentee

Chris Smith, Finance
Integration Manager,
Church of England
Pensions Board



I had worked in charity finance for around 15 years and had accumulated a breadth of experience when I decided to find a formal mentor for the first time.

I made the decision to be mentored in 2019 when CFG started running their terrific mentoring scheme. Finding a mentor was appealing for various reasons: having someone to bounce ideas off; to talk with honestly about ways of working; to reinforce structure and discipline on your personal development; to give you honest feedback and maybe see things (good or bad) that you might be blind to; and finally someone with experience who has been in your shoes.

I have been lucky to be paired with Huw and feel I have really benefitted from our sessions to date. We meet around once a month, normally for around 45 minutes, and have tried to be structured in our sessions. For example, our first session was re-introductions and talking about goals, our second was narrowing the focus and trying to establish an action plan, our third session was establishing "homework" for me to work on in respect of the plan, and so on....

The CFG mentoring programme has been a wonderful scheme to be a part of, both in terms of my mentoring relationship with Huw, but also as the whole 2019 mentor/mentee intake meet regularly (on Zoom calls) and have a chance to share experiences. I would encourage anyone considering finding a mentor to take the plunge and see it as an opportunity for genuine development.

EVENTS

We have moved our events online while we adjust to the conditions created by Covid-19. Full access details will be provided upon booking your place. If you have any questions about our events and training programme in the meantime do get in touch with our team at events@cfg.org.uk.



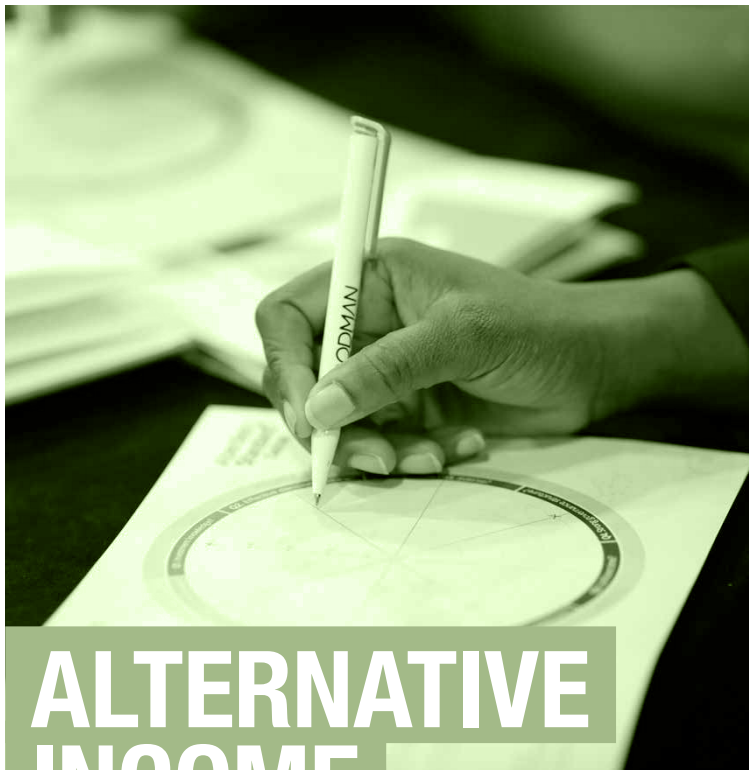
SEPTEMBER MEMBERS MEETING

Date: Tuesday 8 September 2020
Time: 14:30-16:00
Member rate: Free

The work charities exist to deliver for their beneficiaries invariably support under-represented individuals and communities, and the values and importance of EDI principles. To match evolving beneficiary needs and demonstrate leadership in the wider sector, it is vital organisations remain current, promote the importance of the agenda and actively work to develop the integral relationships of EDI in their workplaces.

This online September Members' Meeting will discuss how charitable organisations can nourish their approach to EDI wherever you are in your journey. Beginning with how to create a diverse trustee board, and exploring unconscious bias, there will also be time for Q&A with our speakers and discussions with your membership community.

Full programme and bookings
www.cfg.org.uk/SeptMM20



ALTERNATIVE INCOME GENERATION

Date: Wednesday 16 September and Thursday 17 September 2020
Time: 09:30-11:40
Member rate: £95; non-member £116

With charities looking for new and diverse ways to increase their income, alternative forms of finance are becoming more popular. Hear from the experts offering insights into different ways of financing your charity, including collaborative income generation, social investment, trading and corporate partnerships, alongside practical sessions sharing tips on bid writing and demonstrating the value of what you do.

This is a one-stop shop to introduce you to alternative forms of income and how to take a step towards introducing them into your organisation. It will be a chance to make connections with those offering some of these services and those already achieving success in new ways.

Full programme and bookings
www.cfg.org.uk/AltIncomeGeneration20



TECHNICAL UPDATE CONFERENCE

Date: Thursday 24 September 2020
Time: 09:30-16:00
Member and individuals rate: £95; non-member £116

Aimed at finance directors, finance managers, CEOs and trustees, this comprehensive conference brings you all the essential technical developments in charity finance that impact your organisation, ranging from fraud to VAT and tax to accounting and reporting. 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.

Full programme and bookings
www.cfg.org.uk/techupdate



LARGE CHARITIES CONFERENCE

Date: Monday 28 September 2020
Time: 09:30-12:40
Member rate: £95; non-member £116

CFG's online Large Charities Conference offers leaders, senior finance professionals and trustees of large charities the opportunity to explore their unique challenges in 2020, and how to optimise effectiveness and efficiency in a rapidly changing world.

This event will support you in revitalising your strategic vision.

Speakers will examine:

- Dealing with the changing financial and social landscape
- Effective leadership – how to be an adaptive strategic leader
- How governance needs to evolve in the post-COVID world.

Open to charities with £25m+ income.

Full programme and bookings
www.cfg.org.uk/LargeCharitiesCon



INSPIRING FINANCIAL LEADERSHIP

Date: Wednesday 14 October 2020, Tuesday 3 November 2020, Tuesday 8 December 2020, Wednesday 20 January 2021, Tuesday 23 February 2021, Thursday 18 March 2021, Thursday 22 April 2021, Tuesday 18 May 2021
Time: 08:30-11:00
Member rate: early bird £545, then from £635; non-members £635

Inspiring Financial Leadership (IFL) is a dynamic, interactive series of online seminars run in association with Charity Finance Group, The Centre for Charity Effectiveness and Sayer Vincent. The course combines the latest leadership models with practical advice and support through interactive sessions, discussions and individual coaching.

Centred on the role of the charity finance professional, drawing on robust leadership research and grounded in the challenges that finance professionals face, this course is highly interactive using a mix of practical experience, research and best practice. Attendees gain the skills and expertise to take them to the next stage of their leadership journey.

Full programme and bookings
www.cfg.org.uk/IFL20



RISK CONFERENCE

Date: 17, 19, 24 and 26 November
Coming soon!

CFG's popular Risk Conference returns in a new four-day format this November, covering all aspects of risk management with expert speakers and charity leaders. You can book for a day or for the whole programme.

We'll be launching the event very soon with a limited number of early bird places so keep an eye on our events emails (make sure you're signed up to CFG emails through your myCFG account) or the CFG website.

Save the dates for 17, 19, 24 and 26 November 2020.

