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Charity workshop

Making a difference and saying so

In the last decade, 'impact' has become a buzzword. Donors still lay emphasis on how an organisation is spending its money, but an increasing number also want to know what the spending is achieving. Some charities, however, have not quite grasped the importance of communicating their outcomes or impact and continue to fixate on internally focused objectives and outputs. Perhaps the difficulty lies in there not being a one-size fits-all approach to demonstrating impact.

Funders want a detailed analysis of what you did and what you achieved; beneficiaries expect communiques to demonstrate that their views have been taken into account and services developed or changed to deliver better results for them; supporters and staff want anecdotal evidence; and donors want to see their money well spent.

Even though the information is about achievements the language and style of communication differs depending on the audience. The key is to bring these statistics to life in a way that anyone reading the report engages both intellectually and emotionally.

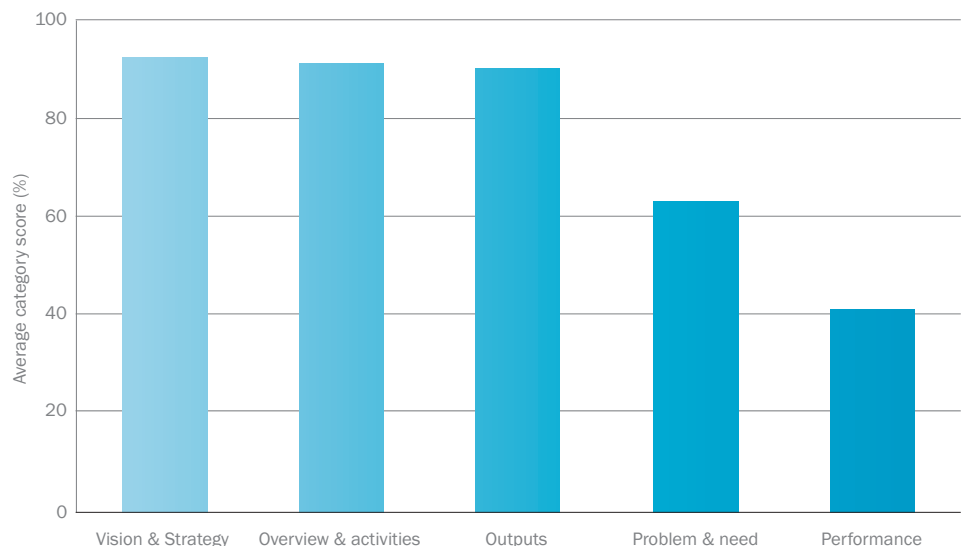
New Philanthropy Capital's (NPC) report 'Talking about results', published in September 2010 (Figure 1), analysed 20 of the UK's top 100 charity's annual reports, reviews, websites and impact reports, only to find that charities are missing an opportunity to communicate to potential supporters what they need and want to know. The report states that 90% of the charities were good at describing what they did, but only 41% communicated clearly the impact of their work on the lives of those people they sought to help.

Public spending cuts mean the role of private individuals, foundations and corporates in providing funding will become ever-more important to charities. At the same time, the competition for funds from these sources will become more fierce than ever.

The way charities communicate their impact to donors will be key to setting them apart from their competition.

Figure 1

Charities struggle to communicate what is most important



Source: NPC perspectives, 'Talking about results', 22 September 2010

Brian Lamb, RNID's Executive Director of Communications, led the charity through a process of impact reporting, with the document effectively becoming the charity's manifesto. Lamb explained that if the charity were to become more transparent, it would gain greater credibility, which would equal trust and translate into support.

A key lesson learned was to keep it simple and focus on the following.

1. Who we are and what we do.
2. The problem and how we are addressing it (outputs).
3. Our objectives and how our performance measures against them (outcomes).
4. Our learnings and how we are improving.

Who we are and what we do

Charities are usually good at describing their mission, vision, values and strategy. According to NPC, 93% of charities surveyed scored highly when it came to outlining their vision and strategy, while a similar percentage were successful in describing their activities.

Outputs

Charities are generally good at communicating what they do and the activities they undertake. But telling someone what you do is the easy part; putting it into context and painting a picture can be harder.

Your message should be jargon-free and concise in demonstrating the existing problem and your solution; how many people are affected by it and in what way; what activities you are undertaking to fix the problem. Pictures speak for themselves, so use them to support your statement.

Outcomes

Charities must get smarter about reporting on the difference they are making to people's lives, starting with concrete outputs, i.e. a number of sessions delivered and the skills gained as a result, providing a factual description of what was achieved.

Donors, at any level, and supporters, increasingly want to see this investment to impact journey. To ensure that your organisation stands out in this crowded marketplace, it is essential that your demonstration is as effective and engaging as possible.



Learnings

Less than half (45%) of the charities surveyed by NPC talked about how they were learning and improving or the challenges and failures they had encountered, and how they were learning from them.

Being open and honest about problems/lessons learned in the process of achieving your plans will help strengthen relationships with donors/funders. It will also help to build an image of integrity and transparency, inspiring more confidence in donors and demonstrating the organisation's willingness to learn from its mistakes.

Ultimately, this reporting procedure is imperative to show the donor that your organisation is moving forward in achieving its vision.

Finally, work hard to capture and communicate the difference you make and say it with pride. Use that to start an honest, two-way dialogue with your donors to create ever-stronger relationships and loyalty.

If you want to review your impact reporting statement or get some advice, please contact: [Jhumar Johnson, senior associate, Kingston Smith Fundraising and Management, at jjohnson@kingston-smith.co.uk](mailto:jjohnson@kingston-smith.co.uk)

...90% of the charities were good at describing what they did, but only 41% communicated clearly the impact of their work on the lives of those people they sought to help.

Is your charity prepared for the new Bribery Act 2010?

Following on from our recent article about charities having adequate procedures in place for making payments overseas, the new Bribery Act 2010 received Royal Assent on 8 April 2010 and aims to enforce and strengthen the UK's existing anti-bribery legislation. However, it replaces specific offences with general ones – the exception being with regard to the act of bribing a (foreign) public official.

The new Bribery Act 2010 is due to come into force in April 2011.

Bribery is thought to be one of the fastest-growing economic crimes in the UK. However, the exact types of transactions being recognised as 'corrupt' is generally unknown to most and it is important that corporate bodies ensure that their staff are better trained to recognise such instances.

For those who are in any doubt, "corruption", here, is defined as "bribery", i.e. the payment in money or in kind that is given or taken in a corrupt relationship. It can also involve "the abuse of entrusted power for private gain", "an inducement to show favour", "the perversion or destruction of integrity in the discharge of public duties by bribery of favour" and "the use or existence of corrupt practices especially in a state or public corporation".

According to the Ministry of Justice, the new Act will:

- provide a more effective legal framework to combat bribery in the public and private sectors
- replace the fragmented and complex offences at common law and in the Prevention of Corruption Acts 1889-1916
- create two general offences covering the offering, promising or giving of an advantage, and requesting, agreeing to receive or accepting of an advantage
- create a discrete offence of bribery of a foreign public official



The new Bribery Act 2010 is due to come into force in April 2011.... Any organisation doing business in the UK should start considering now what procedures they must have in place...

- create a new offence of failure by a commercial organisation to prevent a bribe being paid for on its behalf
- require the Secretary of State to publish guidance about procedures that relevant commercial organisations can put in place to prevent bribery on their behalf
- help tackle the threat that bribery poses to economic progress and development around the world.

The Act allows for the defence of failure to "prevent a bribe being paid" by way of demonstrating that adequate procedures are in place. However, "adequate procedures" have not been defined in the Act and so it is left to organisations to draft these using the guidance to be published by the Secretary of State early in the New Year.

Any organisation doing business in the UK should start considering now what procedures they must have in place. This should include:

- updating contracts of employment and staff handbooks to ensure these contain clear rules regarding the giving and receiving of gifts or corporate hospitality
- a comprehensive compliance and ethics training programme
- clear disciplinary procedures and sanctions for employees who breach the rules.

Ultimately, it will be up to the judicial process to determine whether an entity's procedures are both effective and adequate.

It is important that you consider the implications of the new Act as the corporate liabilities for offences in this area are likely to be immense. This is especially so for those charities which operate internationally, directly or through an agent, and especially in countries where such acts are well known to take place and are almost part of the inherent culture. Producing "adequate procedures" will also take time to create and refine, especially if you have an operating base in several parts of the world, as they would need to be aligned to each other.

The Serious Fraud Office is currently handling a number of such offences and has noted that it would expect all corporate (and publicly accountable) bodies to have anti-bribery processes already in place. A failure to have these is "a failure at board level" and the penalties can be severe. The maximum penalty will be ten years' imprisonment and/or a fine. However the fine is unlimited for a corporate body and can lead to director disqualifications, not being allowed to tender for public contracts and the confiscation of assets.

Organisations have a few short months to ensure that their policies to prevent corruption within their organisation meet the strict standards of corporate ethics imposed by the new Bribery Act 2010. Ignorance of the law will not be a defence!

If you are concerned about the new Bribery Act 2010 and its implications for your organisation, contact your usual partner for advice.

What's the worst that could happen to your charity?

Most organisations will have given some thought to what might happen in the case of a disaster, and taken steps to ensure that they would be able to continue their core activities with minimal interruption. However, have you considered what actually constitutes a disaster? It is all too easy to think of scenarios which hit the news, i.e. fires, floods, etc.

Of course it is impossible to plan for every possible type of event. That is why your business continuity arrangements need to be based on outcomes, i.e. lack of access to your building, unavailability of key members of staff, etc. The reason for these outcomes, i.e. bomb threat, earthquake, etc, is irrelevant.

In the last couple of years, many organisations have rushed to put in place a plan to deal with the onset of a flu pandemic. There is nothing wrong with this in itself. However, there are many other causes which might have the effect of making key personnel unavailable, or substantially reducing the size of your workforce. Concentrating on just one cause – the infection – can be a mistake.

No plans are worth having unless they are regularly exercised and tested. Only then will you discover the inevitable shortcomings and be in a position to correct and improve them.



What about computer systems? We frequently see sophisticated IT disaster recovery arrangements planned around the loss of a machine, or even an entire data centre. But what if your backups have been corrupted by a virus? If your network is being attacked over the internet, it is likely that even invocation of an IT recovery site is not going to help overcome the problem.

Invariably, the major risk of any incident is loss of reputation. Charities can see their funding reduced and the financial implications for this can be potentially heavy; but most organisations can ride this one way or another and emerge at the other end in some recognisable form. However, if the organisation's reputation is in tatters, it is unlikely that any amount of financial stability will help; the organisation will cease to exist in its current form. The corporate graveyard has been littered with many examples of this occurring in recent years.

The proven way forward is to ensure that your continuity arrangements are based on a sound footing. However, as tempting as it may be, you should not dive in at the deep end and write a business continuity plan without doing the preliminary homework. A thorough business impact analysis process, performed by a trained professional, will ensure that the resultant continuity strategies and plans are indeed fit for purpose and will achieve the organisation's objectives in a cost-effective manner.

Your business continuity plans should be complemented by a relevant crisis management plan. Difficult as it may be to get the whole of the senior management team involved in this, it is absolutely vital to gain their sponsorship and buy-in. Only too often this kind of thing is relegated down the 'to do' list. As well as covering strategic guidance in a crisis, the plan should provide definitive documentation on communications – both internal and external.

No plans are worth having unless they are regularly exercised and tested. Only then will you discover their inevitable shortcomings and be in a position to correct and improve them. Such events can range from a table-top scenario facilitated by an external consultant, to a full-blown exercise maybe involving all staff working offsite for a period of time. As change is one of life's certainties, it is important to maintain your plans, including exercising and testing as mentioned above, on a regular basis. Not doing this can turn out to be more expensive than doing it!

Kingston Smith Consulting will be happy to provide advice and guidance on optimising your continuity arrangements, please contact: [Mark Child, partner, Kingston Smith Consulting, at mchild@kscllp.co.uk](mailto:mchild@kscllp.co.uk)

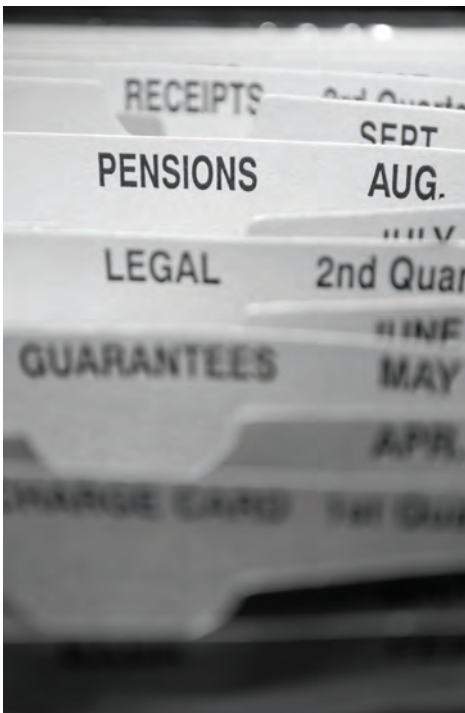
More pensions reform and more cost?

The current plans for pension reform consist of a package of changes to both state and private pensions, with the aim of getting people to save more for their retirement. The government estimates that about seven million people are not currently saving enough, which is putting the onus on employers to encourage employees to save.

Starting in 2012, employers' responsibilities will be built on two principles:

1. Auto enrolment of individuals into a suitable pension scheme, and
2. Compulsory contributions.

Auto enrolment means that an individual is automatically enrolled into a pension scheme and does not need to do anything or make any decisions. This applies to any employee between the age of 22 and state pension age, underpinning the government's view that employees have a tendency to inertia but once they are enlisted in a pension scheme, they are more likely to continue contributing to it.



The total minimum contribution will be phased in and, by 2014, will be 8% of 'qualifying earnings' with at least 3% payable by the employer. The balance will be paid by the employee, but this includes tax relief.

Contributions can be paid either into a qualifying pension scheme chosen by the employer or, failing that, into a personal account. Personal accounts are designed to be a low-cost option aimed at low-to-medium earners, although they will not have the same benefit options offered by current arrangements. The personal account scheme will be known as the National Employment Savings Trust (NEST).

Employers' duties will be phased in over four years starting in October 2012, with larger employers first. Charities employing less than 50 staff will start their processes from August 2014. The costs will also be introduced in stages so that the full 8% applies from October 2017 onwards.

One way or another, there is likely to be a significant impact on costs for not for profit organisations. HR departments and managers responsible for staff will feel the pressure as they will be required to explain how the pension scheme will work.

Although these changes will not start to take effect for another two years, planning needs to begin now rather than leaving it to the last minute.

- If you do not have an existing scheme in place, consider introducing one now and phase in contributions (from the organisation and employees) so that by the time the new rules take effect, it qualifies for exemption.
- If there is an existing scheme, have it reviewed to ensure it meets the minimum standards required. Consider whether your employees value the scheme or if any improvements can be made.
- Talk to your staff to ensure they are aware of these changes. It is not just the employer who is required to pay into the scheme.

The total minimum contribution will be phased in and, by 2014, will be 8% of 'qualifying earnings' with at least 3% payable by the employer. The balance will be paid by the employee but this includes tax relief.

Many charities will struggle to cope with these changes and there will be an increasing strain on income, which is already stretched in the current economic climate. However, a pension scheme is a valuable benefit which, if properly arranged, can help with the recruitment and retention of good quality staff. Planning ahead will help you control costs and ensure that the extra administrative burden is minimised.

If you would like further information or if you have any concerns about these changes and the impact they will have on your organisation, please contact:

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dprentice@kingston-smith.co.uk

This article is based on our understanding of current draft legislation which is subject to change.

Kingston Smith Financial Advisers is a trading name of Blacktower Financial Advisers Ltd, which is authorised and regulated by the Financial Services Authority.

Seminars and courses

Seminars / Charities

Wednesday 3 November – Dorking
An update for charities

Wednesday 17 November – Luton
Is your data really as safe as you think? Probably not!!!

Seminars / Schools

Wednesday 17 November – Luton
Is your data really as safe as you think? Probably not!!!

Thursday 9 December – City
Gift Aid for Schools

Courses

The Fundraising and Management Division offers a range of training courses for the not for profit sector. Our training courses build on our highly successful seminar programme by providing more in depth analysis of topics which address the developing needs of the sector. Delivered by our in house team of IoF accredited experts, courses will help trustees, CEOs and Directors of Fundraising to deliver their goals more effectively.

Governance – An overview of trustee duties
Wednesday 17 November – London

Membership development & retention
Wednesday 3 November – London

How to book?

Kingston Smith runs an extensive programme of seminars. To access the full programme and book your place visit www.kingstonsmith.co.uk/events or email events@kingstonsmith.co.uk or phone 020 7566 3850

Contact us

More information about Kingston Smith LLP and our services can be found at www.kingstonsmith.co.uk

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