

## Ambitious institutional funding drive boosts Human Appeal

**Diane Sim reports on a strong quarter for the Charity 250 Index and on the challenges faced by professional membership organisations.**

SPONSORED BY

**haysmacintyre**  
chartered accountants & tax advisers

THE TOP performing charity in this month's review of the haysmacintyre / Charity Finance 250 Index is the international humanitarian and development charity Human Appeal, which reported a 67 per cent increase in income to £59.9m in the financial year ending 31 December 2017.

The increase derives from a tripling of institutional funding from £12.5m to £37.5m. Included in the increase is a 75 per cent uplift in funding to £17.6m from the World Food

Programme, a new £15m contract from the United Nations High Commissioner for Refugees, and other new smaller contracts with funding bodies including United Nations UK, the World Health Organisation and the Islamic Development Bank.

“The increase derives from a tripling of institutional funding”

The charity's trustees have an ambitious target for institutional funding and strategic partnerships,

aiming to raise “at least £50m in institutional contracts by 2020 to deliver more improved-quality, long-term and sustainable projects.”

Another strong performer is the UBS UK Donor Advised Foundation, which reported a 63 per cent increase in income to £51.9m in 2017. The increase results from a comparable rise in donations, which account for 98 per cent of total income.

Based on the trustees' premise that “the combination of regulatory complexity and running costs often prevents money being given to charity,” the Foundation was set up in 2013 to make it easier for clients of Swiss bank UBS to give money – either in the form of cash or gifted investments – to UK charities.

In 2017 the Foundation opened 37 new donor accounts, up from 16 in 2016, and approved 560 grants in excess of £24.6m to 339 UK registered and exempt charities. As a “donor advised” charity, the Foundation invites donors to indicate which charities they would like to see supported, though these recommendations are not legally binding and the trustees can exercise discretion over whether a proposed grant is actually approved.

Looking ahead, the Foundation aims to “continue to facilitate the philanthropy of donors in an operationally efficient manner”, and to develop its “engagement in innovative offerings, such as programme-related investment, in order to offer donors a state-of-the-art philanthropy service.”

### CHARITY 250 INDEX: PERFORMANCE AT A GLANCE

The haysmacintyre / Charity Finance 250 Index performed above expectation in the fourth quarter of 2017, beating its average quarterly rise by 18 points. The top performing income stream was voluntary income, which surpassed its quarterly benchmark by 112 points, spurred by big increases at the UBS UK Donor Advised Foundation and United Synagogue.

Elsewhere trading income performed well, beating its quarterly benchmark by 52 points as a result of large increases at Cats Protection and the Hospital Saturday Fund. And income from charitable activities also performed above expectation, surpassing its quarterly benchmark by 10 points.

All this was sufficient to offset poor performance from investment and legacy income, which fell short of their quarterly benchmarks by 49 and 10 points respectively. Investment income was particularly hit by the Bank of England's decision to reduce the base rate of interest to 0.25 per cent in August 2016 and hold it there until November 2017.

|                                    | Index total | Legacy | Voluntary | Charitable activities | Investment | Gross trading |
|------------------------------------|-------------|--------|-----------|-----------------------|------------|---------------|
| Index value                        | 4,300       | 3,006  | 5,064     | 4,533                 | 1,601      | 6,103         |
| Points growth in last quarter      | 67          | 77     | 211       | 48                    | -24        | 151           |
| Average quarter-four points growth | 49          | 87     | 99        | 38                    | 25         | 99            |
| Points growth in last year         | 263         | 161    | 142       | 315                   | 51         | 353           |
| Average yearly points growth       | 150         | 90     | 193       | 159                   | 22         | 228           |

### MEMBERSHIP ORGANISATIONS

Almost a fifth of charities filing their accounts in the fourth quarter are professional membership organisations, making a review of this sector's performance timely.

Across both the Charity 100 and the Charity 250 Indexes, there are almost 20 professional membership organisations. These range from the General Medical Council and the Nursing and Midwifery Council with annual income of £112.5m and £86.2m respectively, to the Institution of Mechanical Engineers with annual income of £22m. The most well represented disciplines within this group are healthcare, science, engineering and accounting.

A key feature of professional membership bodies is their reliance on membership fees and the relative underdevelopment of other income streams. Taking all professional membership bodies in the Charity 100 and Charity 250 Indexes as a composite, charitable activities account for 83 per cent of income, followed by trading income at 14 per cent and the remaining 3 per cent split between investment and voluntary income.

One outcome of this is that organisations where professionals must be registered in order to practice are generally more insulated from financial pressures than organisations where membership is voluntary. The General Medical Council (GMC), for example, reports that annual income was £3.8m ahead of budget in 2017, due to a higher than anticipated increase in the number of registered doctors and demand for Professional and Linguistics Assessment Board tests from international medical graduates wishing to join the register. As all doctors must be registered with the GMC in order to practice medicine in the UK and over 90 per cent of

income derives from registration fees, the GMC's income source is described by its trustees as "relatively certain."

However, the UK's high reliance on overseas doctors means that the GMC is facing other pressures, such as the continuing uncertainty over Brexit negotiations. "We recognise the UK-medical-workforce-supply pressures and are committed to making sure the flow of doctors from outside the UK is as smooth as possible when we leave the EU," say the trustees in their risk management statement.

## “ AAT expanded its international footprint in 2017 ”

And even though the GMC membership base is a fairly captive audience, the GMC – in common with many other professional organisations – is working hard to keep costs down in order to make membership fees affordable. Utilising efficiency savings made over the last two years, the GMC has introduced fixed-term discounts on registration fees for newly qualified doctors and a reduced annual retention fee for all doctors.

### DIVERSIFYING SERVICES

According to haysmacintyre partner Kathryn Burton, "the main challenge facing professional membership organisations is to develop relevant and innovative services that are capable of both retaining and growing the membership base."

A case in point is the Association of Accounting Technicians (AAT), which according to CEO Mark Farrar has over the last year "successfully diversified its activities in order to extend AAT's visibility and build relationships beyond the traditional membership footprint." The professional body has refreshed its range of short qualifications and expanded its training provider base: "As a result, the Department for Work and Pensions is now putting our qualifications in front of jobseekers, which hasn't happened before," says Farrar.

AAT has developed its membership base by "deepening our interactions with qualification completers and by introducing a new associate member category for qualified bookkeepers," he adds. As a result, the number of new members grew by 37 per cent in 2017, with two thirds of that increase coming from newly AAT-qualified bookkeepers.

The charity has faced a challenge following the introduction of the UK government's apprenticeship levy, as the levy has led to a fall in apprenticeships across the country with employers struggling to ensure their schemes are compliant. Around 20 per cent of AAT student members are on apprenticeships, leading to a reduction in the number of AAT student members in the UK.

However, AAT expanded its international footprint in 2017 and was able to offset the fall in UK student numbers with 15 per cent growth in international students from Myanmar and new markets including Malaysia, the UAE and the Cayman Islands. ●

## CHARITY 250 INDEX LATEST ANNUAL ACCOUNTS (% CHANGE ON PREVIOUS RESULTS IN RED)

| Charity name                                  | Year end  | Legacies<br>£'000 | Voluntary<br>£'000 | Charitable<br>activities<br>£'000 | Investment<br>£'000 | Gross trading<br>£'000 | Total income<br>£'000 |
|---|-----------|-------------------|--------------------|-----------------------------------|---------------------|------------------------|-----------------------|
| Challenge Network                             | 31 Oct 17 |                   | 0 (-100)           | 67,954 (+4)                       | 70 (-47)            | 675 (-)                | 68,699 (+5)           |
| Chartered Institute of Procurement and Supply | 31 Oct 17 |                   |                    | 25,356 (-2)                       | 204 (+77)           | 1,257 (-28)            | 26,817 (-3)           |
| Shakespeare Globe Trust                       | 31 Oct 17 | 104 (+206)        | 2,628 (+4)         | 18,347 (-11)                      | 17 (-73)            | 3,509 (-5)             | 24,605 (-9)           |
| Amanat Charity Trust                          | 30 Nov 17 |                   | 33,412 (+15)       |                                   | 128 (-18)           | 1,274 (+22)            | 34,814 (+15)          |
| Moondance Foundation                          | 30 Nov 17 |                   | 22,154 (+4)        |                                   | 12,081 (-6)         |                        | 34,235 (+1)           |
| Aga Khan Foundation (UK)                      | 31 Dec 17 |                   | 817 (+71)          | 36,425 (+33)                      | 47 (-47)            |                        | 37,289 (+33)          |
| Allchurches Trust                             | 31 Dec 17 |                   | 30,157 (-5)        |                                   | 2,491 (+19)         |                        | 32,648 (-3)           |
| Arundel and Brighton Diocesan Trust           | 31 Dec 17 | 987 (+24)         | 9,893 (+7)         | 15,489 (+6)                       | 792 (-2)            |                        | 27,161 (+6)           |
| Battersea Dogs' and Cats' Home                | 31 Dec 17 | 14,459 (-3)       | 23,527 (+8)        | 824 (-79)                         | 378 (+32)           | 316 (+11)              | 39,504 (-4)           |
| Benenden Hospital Trust                       | 31 Dec 17 |                   | 24,927 (+15)       | 11,623 (+12)                      | 2 (-92)             |                        | 36,552 (+14)          |
| Black Stork Charity                           | 31 Dec 17 |                   |                    | 37,452 (-15)                      | 2 (-97)             | 46 (0)                 | 37,500 (-15)          |

## CHARITY 250 INDEX LATEST ANNUAL ACCOUNTS (CONTINUED)

| Charity name  | Year end  | Legacies<br>£'000 | Voluntary<br>£'000 | Charitable<br>activities<br>£'000 | Investment<br>£'000 | Gross trading<br>£'000 | Total income<br>£'000 |
|---|-----------|-------------------|--------------------|-----------------------------------|---------------------|------------------------|-----------------------|
| Blue Cross  | 31 Dec 17 | 20,502 (+11)      | 9,631 (+2)         | 2,284 (+7)                        | 835 (+8)            | 4,773 (+6)             | 38,025 (+8)           |
| Camfed International  | 31 Dec 17 | 33 (-89)          | 14,353 (+27)       | 18,550 (+12)                      | 341 (+234)          |                        | 33,277 (+18)          |
| Cats Protection   | 31 Dec 17 | 30,001 (+15)      | 20,327 (+5)        | 2,100 (+1)                        | 1,099 (-15)         | 9,336 (+38)            | 62,863 (+13)          |
| Chelmsford Diocesan Board of Finance                        | 31 Dec 17 |                   | 188 (-4)           | 21,301 (-1)                       | 1,807 (-3)          |                        | 23,296 (-1)           |
| Christian Vision  | 31 Dec 17 |                   | 31,682 (+20)       |                                   | 17,116 (-2)         |                        | 48,798 (+11)          |
| Church of Jesus Christ of Latter-Day Saints (Great Britain) | 31 Dec 17 |                   | 34,812 (0)         | 4,551 (+6)                        | 0 (-100)            |                        | 39,363 (+1)           |
| CIPFA   | 31 Dec 17 |                   |                    | 10,098 (-7)                       | 3 (-87)             | 13,999 (+10)           | 24,100 (+2)           |
| Concern Worldwide (UK)                                      | 31 Dec 17 | 703 (+60)         | 9,044 (+31)        | 24,561 (+29)                      | 2 (+100)            | 68 (+127)              | 34,378 (+30)          |
| Cornwall Care   | 31 Dec 17 |                   | 14 (-33)           | 32,169 (0)                        | 5 (+67)             |                        | 32,188 (0)            |
| Depaul International  | 31 Dec 17 | 145 (-6)          | 4,239 (+30)        | 32,063 (+32)                      | 39 (+388)           |                        | 36,486 (+32)          |
| Diabetes UK   | 31 Dec 17 | 16,763 (+34)      | 16,752 (+2)        | 2,371 (-3)                        | 236 (-24)           | 4,520 (-6)             | 40,642 (+11)          |
| Donkey Sanctuary  | 31 Dec 17 | 23,304 (-6)       | 11,510 (+3)        | 184 (+22)                         | 675 (+1)            | 1,796 (+22)            | 37,469 (-2)           |
| Emms Nazareth   | 31 Dec 17 |                   | 691 (+62)          | 40,889 (+15)                      | 267 (-95)           |                        | 41,847 (+1)           |
| Glyndebourne Productions                                    | 31 Dec 17 |                   |                    | 30,865 (+9)                       | 365 (+12)           | 1,307 (+10)            | 32,537 (+9)           |
| Healthcare Management Trust                                 | 31 Dec 17 |                   | 3 (-98)            | 29,385 (-8)                       | 406 (-20)           |                        | 29,794 (-9)           |
| Hospital of St John & St Elizabeth                          | 31 Dec 17 | 426 (+25)         | 1,301 (-5)         | 55,556 (+1)                       | 30 (-25)            | 846 (+7)               | 58,159 (+1)           |
| Hospital Saturday Fund                                      | 31 Dec 17 |                   | 1 (0)              |                                   | 582 (0)             | 30,267 (+10)           | 30,850 (+10)          |
| Human Appeal  | 31 Dec 17 |                   | 18,868 (-5)        | 37,477 (+194)                     | 19 (+12)            | 3,493 (+10)            | 59,857 (+67)          |
| Institute of Physics  | 31 Dec 17 |                   | 19 (-17)           | 63,240 (-3)                       | 840 (+104)          | 1,734 (+9)             | 65,833 (-2)           |
| Institution of Civil Engineers                              | 31 Dec 17 |                   | 1,646 (+61)        | 15,944 (+5)                       | 381 (-8)            | 16,319 (+15)           | 34,290 (+11)          |
| Institution of Engineering & Technology                     | 31 Dec 17 |                   | 1,334 (+212)       | 47,196 (+5)                       | 1,746 (-26)         | 11,504 (+7)            | 61,780 (+6)           |
| Institution of Mechanical Engineers                         | 31 Dec 17 |                   | 10 (-95)           | 13,482 (+1)                       | 1,291 (+10)         | 7,266 (+1)             | 22,049 (0)            |
| Liverpool RC Archdiocesan Trust                             | 31 Dec 17 | 846 (+39)         | 12,037 (+5)        | 2,076 (+4)                        | 5,429 (+8)          | 12,436 (0)             | 32,824 (+4)           |
| London Diocesan Fund  | 31 Dec 17 |                   | 1,600 (+60)        | 33,600 (-2)                       | 5,500 (+12)         |                        | 40,700 (+1)           |
| Médecins sans Frontières (UK)                               | 31 Dec 17 | 7,569 (-8)        | 41,093 (-2)        | 5,071 (+29)                       | 10 (-50)            |                        | 53,743 (-1)           |
| Mill Hill School Foundation                                 | 31 Dec 17 |                   | 627 (+2)           | 29,724 (+12)                      | 46 (-39)            | 687 (+66)              | 31,084 (+13)          |
| Mission Aviation Fellowship International                   | 31 Dec 17 |                   | 14,094 (-8)        | 10,556 (0)                        | 564 (+9)            |                        | 25,214 (-5)           |
| MS Society  | 31 Dec 17 | 11,545 (+3)       | 13,426 (-5)        | 950 (+21)                         | 207 (-26)           | 2,603 (+3)             | 28,731 (-1)           |
| North of England Zoological Society                         | 31 Dec 17 |                   | 3,019 (-6)         | 27,317 (0)                        | 5 (-58)             | 11,013 (-4)            | 41,354 (-2)           |
| Oxford Diocesan Board of Finance                            | 31 Dec 17 |                   | 374 (+58)          | 21,155 (+2)                       | 4,189 (+4)          |                        | 25,718 (+3)           |
| Parkinson's Disease Society                                 | 31 Dec 17 | 17,660 (+43)      | 21,132 (+8)        | 189 (-31)                         | 238 (-3)            | 476 (-1)               | 39,695 (+21)          |
| Royal Albert Hall   | 31 Dec 17 |                   | 3,861 (+32)        | 12,355 (+8)                       | 250 (-23)           | 19,842 (+11)           | 36,308 (+11)          |
| Royal College of Physicians                                 | 31 Dec 17 |                   | 151 (+122)         | 38,503 (+3)                       | 1,215 (-5)          | 1,890 (+2)             | 41,759 (+3)           |
| Royal Institute of British Architects                       | 31 Dec 17 |                   | 638 (+41)          | 12,895 (+3)                       | 402 (-4)            | 29,850 (+3)            | 43,785 (+3)           |
| Royal Society of Chemistry                                  | 31 Dec 17 | 108 (-82)         | 134 (+25)          | 61,599 (+16)                      | 1,041 (-46)         | 637 (-11)              | 63,519 (+13)          |
| SSAFA   | 31 Dec 17 | 3,302 (-15)       | 8,139 (+1)         | 34,342 (-11)                      | 1,276 (+20)         | 372 (+110)             | 47,431 (-8)           |
| St Monica Trust   | 31 Dec 17 |                   |                    | 33,505 (+46)                      | 6,925 (0)           |                        | 40,430 (+36)          |
| StepChange Debt Charity                                     | 31 Dec 17 |                   | 777 (+120)         | 52,357 (+7)                       | 36 (-60)            |                        | 53,170 (+7)           |
| UBS UK Donor Advised Foundation                             | 31 Dec 17 |                   | 51,039 (+67)       | 0 (-100)                          | 884 (+178)          |                        | 51,923 (+63)          |
| United Bible Societies Association                          | 31 Dec 17 |                   | 1,092 (+120)       | 35,044 (-1)                       | 955 (-16)           |                        | 37,090 (0)            |
| United Reformed Church Trust                                | 31 Dec 17 | 322 (+56)         | 476 (-23)          | 20,722 (-1)                       | 1,694 (+4)          | 777 (+20)              | 23,991 (0)            |
| United Synagogue  | 31 Dec 17 |                   | 36,428 (+50)       | 10,242 (0)                        | 54 (-70)            | 6,445 (+11)            | 53,169 (+31)          |
| Westminster Roman Catholic Diocesan Trust                   | 31 Dec 17 | 1,919 (-18)       | 32,923 (-5)        | 15,334 (+2)                       | 3,710 (+25)         | 741 (-2)               | 54,627 (-2)           |
| Woodland Trust  | 31 Dec 17 | 15,380 (-30)      | 10,613 (-1)        | 17,810 (+15)                      | 779 (-3)            | 7,697 (+6)             | 52,279 (-7)           |
| World Animal Protection                                     | 31 Dec 17 | 10,005 (+28)      | 26,396 (+4)        |                                   | 117 (-6)            | 38 (+52)               | 36,556 (+9)           |
| AAT <sup>1</sup>  | 31 Mar 18 |                   |                    | 28,966 (+3)                       | 197 (-5)            | 511 (-16)              | 29,674 (+2)           |

(1) Financial year end changed from 31 December 2017 to 31 March 2018. Figures have been annualised

## ABOUT THE CHARITY INDEXES

For further information on how the haysmacintyre / Charity Finance Indexes are compiled, please see [www.civilsociety.co.uk/index-about](http://www.civilsociety.co.uk/index-about)

SPONSORED BY

**haysmacintyre**  
chartered accountants & tax advisers