

Three charities achieve 25 per cent income growth

Diane Sim reports on a slowdown in the progress of the Charity 250 Index and on the challenges faced by professional membership organisations.

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THIS QUARTER has seen impressive income rises of 25 per cent or more at the Royal Academy of Arts, the Kennedy Trust for Rheumatology Research and Stowe School, despite otherwise below-average results across the haysmacintyre / *Charity Finance* 250 Index.

The star performer in the quarter under review is the Royal Academy of Arts, whose income has risen by 47 per cent to £58.4m. This was largely as a result of a £13.5m funding injection from the Royal Academy Development Trust, a separate charity

set up in 1981 to support the Royal Academy.

“The star performer in this quarter is the Royal Academy of Arts”

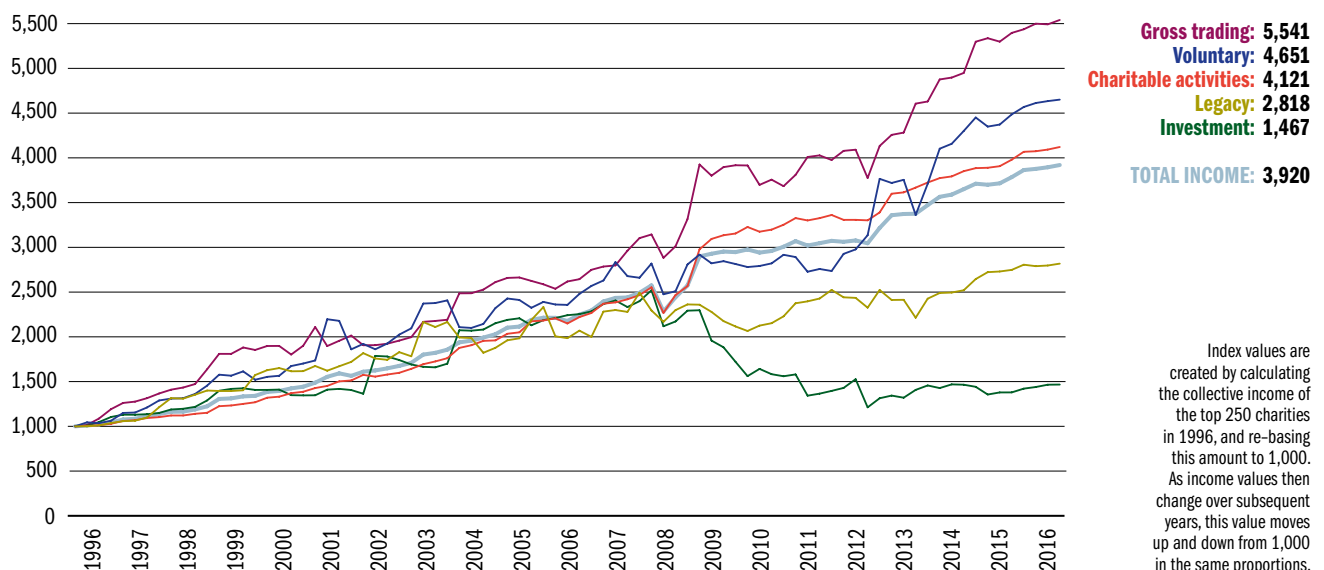
The bulk of this – some £12.8m – is for the Burlington Project, which involves the redevelopment and refurbishment of the Royal Academy’s buildings and estates and is due for completion in 2018. The arts charity has also benefited from a 20 per cent increase in trading income to £11.4m, boosted particularly by a strong increase in online sales.

Another strong performer in the quarter under review is the Kennedy Trust for Rheumatology Research, which reported a 31 per cent increase in income to £37.3m. This was due to a 34 per cent increase in income from medical research patent royalties to £33.3m, which represents almost 90 per cent of the charity’s total income. As this figure includes “a one-off payment received from one of the Trust’s licensees to settle various royalty issues”, it is possible that this rate of increase is a one-off and may not be sustained.

The third biggest income rise was reported by Stowe School, which posted a 25 per cent increase in income to £27.3m. This was due to a 15 per cent increase in school fee income and a near quadrupling of voluntary income donated by the Stowe Schools Foundation.

The independent schools sector represents around three-quarters

CHARITY 250 INDEX SINCE 1996



CHARITY 250 INDEX: PERFORMANCE AT A GLANCE

The haysmacintyre / Charity Finance 250 Index performed below expectation in the third quarter of 2016, missing its average quarterly rise by 10 points.

The top-performing income streams were investment, legacy and trading income, which outperformed their quarterly benchmarks by 22, 18 and 6 points respectively. This was not sufficient, however, to offset below-par performance from income from charitable activities and voluntary income, which fell short of their quarterly benchmarks by 19 and 2 points respectively.

	Index total	Legacy	Voluntary	Charitable activities	Investment	Gross trading
Index value	3,920	2,818	4,651	4,121	1,467	5,541
Points growth in last quarter	25	21	17	29	2	49
Average quarter three points growth	35	3	19	48	-20	43
Points growth in last year	135	70	165	142	88	145
Average yearly points growth	145	91	182	156	17	227

of Charity 250 Index charities reporting their results in this third quarter. It is therefore unfortunate, though not surprising, that Stowe School's financial results are not typical of the sector as a whole. Indeed the median annual income change for

the independent schools represented in the Charity 100 and Charity 250 Indexes is a much more modest 4 per cent increase, down marginally from 5 per cent last year.

Looking ahead to charities that report their results in the

fourth quarter, sectors with strong representation include religious organisations and professional membership associations.

MEMBERSHIP ORGANISATIONS

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 in the Charity 100 Index, with annual income of £106.9m and £80.3m respectively, to smaller associations with annual income of £23.6m and above.

Given the broad range of professional associations in the UK, this may be fewer than one might initially expect, but not all professional associations are charities. While professionals active in sectors such as healthcare, science, engineering and accounting are well represented in the indexes, professionals active in equally broad sectors such as law are not. ▶

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

Charity name	Year-end	Legacies £'000	Voluntary £'000	Charitable activities £'000	Investment £'000	Gross trading £'000	Total income £'000
Rugby School ¹	30 Jun 16		1,010 (-45)	27,821 (+12)	5,210 (+4)	720 (-24)	34,762 (+7)
Alley's School	31 Jul 16		438 (-13)	23,080 (0)	269 (-28)	225 (+12)	24,012 (-1)
Berkhamsted Schools Group	31 Jul 16		335 (-24)	28,234 (+4)	1 (-98)	1,199 (+3)	29,769 (+3)
Brighton College	31 Jul 16		4,015 (+63)	43,766 (+6)	162 (+26)	1,149 (-2)	49,092 (+9)
Charterhouse School	31 Jul 16		922 (+24)	27,336 (+5)	286 (-28)	1,014 (+3)	29,558 (+5)
Cheltenham Ladies' College	31 Jul 16	3,472 (+1,283)	719 (+106)	26,338 (0)	250 (-27)	1,389 (+15)	32,168 (+13)
Clifton College	31 Jul 16		186 (-43)	26,019 (+3)	114 (+1)	1,723 (+1)	28,042 (+2)
Corporation of Oundle School	31 Jul 16		1,294 (-55)	42,822 (+12)	497 (-6)		44,613 (+7)
Cranleigh School	31 Jul 16		362 (+166)	23,840 (+4)	61 (+42)	704 (-2)	24,967 (+5)
Dulwich College	31 Jul 16		1,778 (+35)	34,210 (+7)	918 (-1)	6,430 (-20)	43,336 (+3)
Edinburgh Merchant Company Education Board	31 Jul 16		1,361 (-29)	57,657 (+5)	257 (+7)		59,275 (+4)
Haileybury and Imperial Service College	31 Jul 16		366 (-39)	20,138 (-1)	542 (+14)	1,173 (-10)	22,219 (-2)
King's College School	31 Jul 16		1,552 (+70)	29,085 (+3)	110 (-38)	1,044 (+4)	31,791 (+5)
National Centre for Young People with Epilepsy	31 Jul 16		2,478 (-24)	25,091 (-3)	123 (-2)		27,692 (-5)
Radley College	31 Jul 16		1,570 (-16)	24,472 (+6)	938 (+2)	397 (+8)	27,377 (+4)
Rathbone Training	31 Jul 16		9 (+80)	18,331 (-23)	1 (-93)		18,341 (-23)
Sevenoaks School	31 Jul 16		521 (+42)	27,831 (+4)	637 (+1)		28,989 (+5)
Shrewsbury School	31 Jul 16		1,053 (-23)	21,921 (+3)	108 (-1)	1,193 (+10)	24,275 (+2)
St George's Weybridge	31 Jul 16		2,402 (+463)	22,190 (+1)	46 (+28)	495 (+11)	25,133 (+10)
Universities and Colleges Admissions Service	31 Jul 16			25,459 (+3)	192 (+10)	16,732 (+5)	42,383 (+4)
Wellington College	31 Jul 16		5,024 (-53)	51,825 (+4)	883 (+2)	3,538 (+16)	61,270 (-5)
Workers' Educational Association	31 Jul 16		55 (-73)	25,637 (-12)	966 (-26)		26,658 (-13)
Abingdon School	31 Aug 16		264 (+138)	24,093 (+6)	40 (+14)	704 (+19)	25,101 (+7)
Ampleforth Abbey Trust	31 Aug 16	20 (-)	1,681 (+114)	20,308 (-4)	452 (0)	2,084 (+3)	24,545 (0)
BCS, The Chartered Institute for IT	31 Aug 16			37,737 (+9)	61 (-27)	531 (+5)	38,329 (+9)
Bolton School	31 Aug 16		878 (-19)	25,103 (+3)	500 (+13)	2,299 (-2)	28,780 (+2)

¹Financial year end changed from 31 July 2016 to 30 June 2016

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

Charity name	Year-end	Legacies £'000	Voluntary £'000	Charitable activities £'000	Investment £'000	Gross trading £'000	Total income £'000
Brentwood School	31 Aug 16		124 (+300)	24,065 (+6)	672 (+10)	1,006 (+2)	25,867 (+7)
Bromsgrove School	31 Aug 16		62 (+2)	30,582 (+3)	175 (+12)	1,862 (-1)	32,681 (+3)
Bryanston School	31 Aug 16		591 (+69)	21,072 (+4)	82 (+34)	1,385 (+32)	23,130 (+6)
Catch 22	31 Aug 16		74 (-84)	46,463 (-26)	281 (-35)		46,818 (-26)
Cheltenham College	31 Aug 16		461 (-54)	24,263 (+4)	237 (+15)	18 (+29)	24,979 (+2)
Christ's Hospital	31 Aug 16	459 (-53)	2,747 (+31)	11,695 (+11)	8,312 (-2)	1,102 (+4)	24,315 (+5)
David Lewis Centre	31 Aug 16		143 (-70)	26,045 (+4)	7 (+17)		26,195 (+2)
Felsted School	31 Aug 16		219 (-24)	22,619 (+7)	85 (+2)		22,923 (+7)
Girls' Education Company	31 Aug 16		971 (-54)	21,109 (+6)	292 (+1)	995 (+193)	23,367 (+4)
Grammar School at Leeds	31 Aug 16		818 (+161)	24,826 (+3)	180 (+5)	216 (+23)	26,040 (+5)
Haberdashers' Aske's Charity	31 Aug 16		29 (-93)	41,214 (+6)	967 (-18)	2,342 (+4)	44,552 (+4)
Hampton School	31 Aug 16		161 (-44)	26,865 (+6)	724 (+1,127)	66 (-1)	27,816 (+8)
Harrow School	31 Aug 16		16,866 (+82)	40,540 (+6)	621 (-29)	4,687 (-2)	62,714 (+18)
Highgate School	31 Aug 16		843 (+43)	29,766 (+5)	31 (-14)		30,640 (+6)
International Bible Students Association	31 Aug 16	1,196 (-27)	39,185 (+110)	2,619 (-86)	10 (-33)		43,010 (+11)
King's School of the Cathedral Church of Canterbury	31 Aug 16		512 (-63)	33,471 (+4)	387 (+2)	478 (-19)	34,848 (+1)
Latymer Foundation at Hammersmith	31 Aug 16		2,747 (+50)	22,588 (+4)	690 (+5)	193 (+9)	26,218 (+7)
Loughborough Endowed Schools	31 Aug 16		1,245 (+1,145)	26,512 (+11)	212 (-33)	606 (+37)	28,575 (+16)
Methodist Church in Great Britain	31 Aug 16	1,439 (-45)	5,309 (-7)	22,018 (+8)	5,456 (+12)	8,874 (-1)	43,096 (+1)
Millfield	31 Aug 16		268 (-18)	48,116 (+1)	49 (-36)	1,357 (+8)	49,790 (+1)
Oakham School	31 Aug 16		72 (-69)	25,731 (+7)	87 (-3)	705 (+10)	26,595 (+6)
Royal Academy of Arts	31 Aug 16			46,812 (+56)	187 (+68)	11,383 (+20)	58,382 (+47)
Sir John Port's Charity	31 Aug 16		138 (-50)	23,682 (+5)	913 (-4)		24,733 (+4)
St Andrew's College, Bradfield	31 Aug 16		115 (-26)	23,396 (+4)	111 (+37)	2,036 (-20)	25,658 (+1)
St Bede's School Trust Sussex	31 Aug 16	0 (-100)	111 (+31)	24,314 (-1)	2 (-)		24,427 (-1)
St Paul's School	31 Aug 16		11,078 (+39)	30,685 (+4)	337 (+43)	291 (+36)	42,391 (+12)
Stamford Endowed Schools	31 Aug 16		139 (-55)	21,559 (+5)	27 (-23)	646 (+26)	22,371 (+5)
Stowe School	31 Aug 16		3,362 (+268)	23,613 (+15)	49 (-2)	281 (-3)	27,305 (+25)
Taunton School Educational Charity ²	31 Aug 16		182 (-50)	22,220 (-7)	68 (-34)	847 (+11)	23,318 (-7)
Teach First	31 Aug 16		8,795 (+7)	54,503 (+5)	187 (+175)		63,485 (+5)
Uppingham School	31 Aug 16		851 (-18)	26,527 (+3)	157 (-1)	1,070 (+5)	28,605 (+2)
Warwick Independent Schools Foundation	31 Aug 16			30,066 (+7)	465 (-5)	471 (-9)	31,002 (+7)
Watch Tower	31 Aug 16	2,224 (+10)	26,002 (-40)	21,204 (-42)	262 (+12)		49,692 (-39)
Whitgift Foundation	31 Aug 16		160 (-42)	47,853 (+5)	10,624 (-2)	732 (+2)	59,369 (+4)
William Jones Schools Foundation	31 Aug 16		68 (-67)	20,178 (+1)	725 (-31)	1,258 (+4)	22,229 (-1)
Winchester College	31 Aug 16		3,145 (-8)	22,828 (0)	1,989 (0)	555 (+10)	28,517 (0)
Erskine Hospital	30 Sep 16	5,092 (-2)	4,263 (-8)	13,347 (+11)	1,491 (+4)		24,193 (+4)
Help for Heroes	30 Sep 16	8,861 (+17)	19,309 (-17)	613 (+179)	766 (+33)	4,768 (-38)	34,317 (-13)
Kennedy Trust for Rheumatology Research	30 Sep 16		6 (-45)	34,101 (+35)	3,175 (+4)		37,282 (+31)
London Marathon Charitable Trust	30 Sep 16	685 (+4)			142 (-3)	35,218 (+16)	36,045 (+16)
Royal Hospital for Neuro-Disability	30 Sep 16	694 (-35)	1,308 (-20)	35,555 (+19)	418 (-5)	53 (-30)	38,028 (+15)
Society of Jesus Trust of 1929 for RC Purposes	30 Sep 16	490 (+32)	2,937 (-6)	9,443 (+2)	11,542 (+1)	227 (+7)	24,639 (+1)
Thalidomide Trust	30 Sep 16		9,902 (-13)	10,566 (+2)	2,507 (-3)		22,975 (-6)
Chartered Institute of Procurement and Supply	31 Oct 16			25,836 (+18)	115 (+121)	1,745 (-20)	27,696 (+15)
AAT	31 Dec 16			28,237 (+6)	207 (+8)	530 (+61)	28,974 (+7)
CIPFA	31 Dec 16			10,850 (+8)	23 (-26)	12,750 (-25)	23,623 (-13)
Institute of Physics	31 Dec 16		23 (-18)	65,425 (+20)	412 (-8)	1,588 (-6)	67,448 (+19)
Institution of Civil Engineers	31 Dec 16		1,021 (-18)	15,211 (+2)	416 (-5)	14,130 (-8)	30,778 (-4)
Institution of Engineering & Technology	31 Dec 16		427 (-33)	44,960 (-2)	2,364 (+2)	10,702 (+93)	58,453 (+8)
Royal College of Physicians	31 Dec 16		68 (-51)	37,510 (0)	1,275 (+15)	1,858 (+2)	40,711 (0)
Royal Society of Chemistry	31 Dec 16	595 (+489)	107 (-12)	52,878 (+4)	1,944 (-22)	716 (+8)	56,240 (+4)

²Financial year end changed from 31 July 2016 to 31 August 2016

**LARGEST PROFESSIONAL MEMBERSHIP ORGANISATIONS
IN THE CHARITY 100 AND CHARITY 250 INDEXES**

Charity name	Year end	Total income £000s	Change on previous year
General Medical Council	31 Dec 16	106,958	+8
Nursing and Midwifery Council	31 Mar 16	80,265	+10
Institute of Physics	31 Dec 16	67,448	+19
Institution of Engineering & Technology	31 Dec 16	58,453	+8
Royal Society of Chemistry	31 Dec 16	56,240	+4
Royal College of General Practitioners	31 Mar 16	43,632	+4
Royal College of Physicians	31 Dec 16	40,711	0
Chartered Institute of Personnel & Development	30 Jun 16	40,028	-3
Royal Institute of British Architects ¹	31 Dec 15	39,718	+9
BCS, The Chartered Institute for IT	31 Aug 16	38,329	+9

¹Latest available figures at time of going to press

Charitable status does of course confer many benefits, not least eligibility for wide range of funding sources and tax relief, but the requirement to exist for the provision of public benefit rather than the private benefit of a special interest group can be restrictive and outweigh these benefits. “Charitable status places increased regulatory requirements on professional membership bodies and subjects them to increased scrutiny,” says haysmacintyre partner Kathryn Burton. “It is not always advantageous for organisations that see themselves as first and foremost for their members.”

A key feature of professional membership bodies is their reliance on membership fees and the relative underdevelopment of other income streams, such as trading, voluntary and investment income. Taking all professional membership bodies in the Charity 100 and Charity 250 Indexes as a composite, income from charitable activities accounts 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.

As a significant proportion of a professional association’s income derives from membership fees, organisations where professionals must be registered in order to practice are more insulated from

pressures on this income stream than organisations where membership is voluntary. However, they may face other pressures. Professional bodies operating in sectors such as healthcare, which rely heavily on immigrant workers, are also reliant on rules which allow freedom of movement for foreign workers to enter the UK,

“ A key feature is a reliance on membership fees ”

which are likely to change as the government negotiates its exit from the European Union.

“Professional associations need to retain and grow their membership base, but at the same time they need to develop other income streams so that they are not overly reliant on fee income,” says Burton.

EXEMPLARS

As one might expect, there are some examples of good practice represented in the Indexes. The Chartered Institute for Public Finance and Accountancy (CIPFA), for example, earns over half of its income – some £12.8m – in the form of trading income from information, advisory and property

services. Similarly, the Chartered Institute for Personnel and Development (CIPD) earns almost 40 per cent of its annual income – a chunky £15.3m – from trading subsidiaries active in the UK, Asia and the Middle East.

Collaboration with other membership bodies and related organisations, both at home and abroad, has proved to be a key strategy for adding value to the services provided to the membership. A prime example domestically is Charles Darwin House in London, which accommodates several professional associations active in biosciences. This premises-sharing arrangement enables the associations to share costs and promote their services to interested parties beyond their individual memberships.

Meanwhile, cross-border collaboration between professional membership bodies can underpin a wide range of knowledge transfer initiatives. However, it is often concerned with qualification accreditation and enabling professionals with qualifications gained in one country to have them recognised and accepted in another. This too is an area that is likely to be affected by any changes to the freedom of movement rules, as the government implements its Brexit strategy.

LOOKING AHEAD

Looking ahead, compliance with the General Data Protection Regulation (GDPR) will be a key issue for professional organisations that hold extensive and detailed information on their members.

“The risks of non-compliance in this sector are severe”, says Burton. “A professional organisation that had to inform its entire membership of a data breach would find it very difficult to recover, so we are seeing some very detailed GDPR action plans and best practice implementation in this sector.” ●

ABOUT THE CHARITY INDEXES

For further information on how the haysmacintyre / Charity Finance Charity Indexes are compiled, please see <https://goo.gl/srZfLk>

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