

How can we improve financial resilience for charities and endowments in the face of a more uncertain world?

Do you believe your charity or endowment is in good financial health?

No two charities are the same. Although each is dedicated to a critical cause, their approaches to fundraising and investing can vary dramatically, with 90% of charities experiencing some negative impact from Covid-19.¹

Therefore, there is a growing need to review long-term sustainability in the sector while also remaining cost-conscious. This need has led to the development of our **Charities Health Check**. We assess a charity against the 10 key resilience factors that drive their long-term financial sustainability, and present these findings in an easy-to-digest summary where we clearly identify those areas that need attention.

We can provide a well-rounded review of your charity, identifying key areas to strengthen overall financial resilience. We can do this quickly and at an affordable price. We believe this is an easy way to ensure your charity will remain financially resilient for the generations to come.

Our Charity Health Check in practice

We recently reviewed the arrangements for a charity of an international financial company. The Trustees were keen to 'kick the tyres' on their approach as good custodians of the fund. They required a review that was not only cost-effective, but got to the point, presented findings and recommended actions, quickly and succinctly.



Our approach

Our initial action was to engage with the charity Trustees on their approach to the 10 key 'resilience' factors.

We performed the initial analysis against these resilience factors through a review of the policies and information contained in their existing governance documents and an analysis of data from accounts and other readily accessible sources.

Our 'governance-lite' approach to information gathering means we were able to focus our time on the findings and the remedies required.



What it told the Trustees

Once completed, our review was presented to the Trustees in a succinct 'traffic light' summary looking at each key resilience factor, clearly highlighting areas of strength and areas requiring attention. Some of the findings:

¹ Charity Commission Covid-19 survey 2021

Areas of strength

Resilience of spending – evolving needs since the 2008 financial crisis meant that, with some relatively minor changes to the funding and investment approach, more people could now be supported while the charity continued to be resilient.

This was seen as the key positive result of the review. The Trustees were still meeting beneficiaries' fundamental needs and could also support more people requiring help by implementing some relatively minor changes to their approach.

Areas requiring attention

A wider understanding of the investment landscape – although the investment landscape and range of investments available have developed considerably over recent years, their approach hadn't. We articulated how diversification and consistency of asset growth could be put to more effective use to support the resilience of spending for this charity.

Their approach to Environmental, Social and Governance (ESG) factors – knowledge of the world's social and environmental challenges has changed exponentially over the past decade. This charity's approach had not developed at the same pace. Seamless integration of approaches to ESG within any long-term investment strategy is now considered key to long-term resilience,

and we were able to highlight how they could review their approach and bring it up to date with the latest thinking on climate change, stranded assets, and company governance. This would ensure they would remain sustainable and resilient while also supporting the sustainability and resilience of those around them.

We are now using our portfolio construction and Responsible Investment expertise to assist the Trustees in developing a more sustainable and resilient approach, while using a range of market comparators to ensure the fees paid to managers and other service providers are fair and make full use of tax-efficient approaches. This reduces cost leakages and ensures maximum resources are available for good causes.

Our 'Charities Health Check' review was welcomed by the Trustees, who had achieved their primary goal of an independent review of their arrangements to demonstrate the strong governance expected by their beneficiaries and sponsors. Through this clear, structured, and criteria-driven approach, the Trustees understand the effective change required to build a more resilient and sustainable future for their current and future beneficiaries.

Think a health check could help your charity?

We want to help you achieve financial resilience and a sustainable future for your charity. We are committed to supporting the third sector and have the expertise to assist you so that you can continue to deliver your promises to your beneficiaries.

We'd love to share our experiences with you and chat to you about how our Charities Health Check could safeguard your charity in the years ahead.

Please get in touch with us to find out more



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