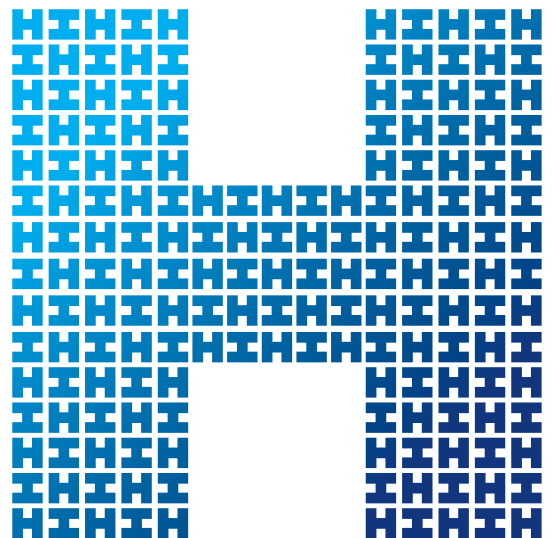


CFDG SALARY AND EMPLOYMENT SURVEY



PROMOTING BEST PRACTICE
IN CHARITY FINANCE



WELCOME TO THE CFDG AND HAYS ACCOUNTANCY AND FINANCE SPECIALIST SALARY AND EMPLOYMENT SURVEY

In this year's survey we were interested in looking at the impact of the recession on the charity sector, as well as the role of accountancy and finance staff in managing the recession. The most evident effect has been that the economic downturn has had a delayed impact on the charity sector, compared with the private sector.

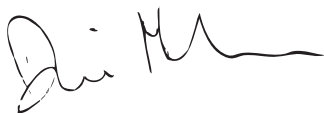
However, the results of the survey do show that the sector's response to the recession has had an impact on salaries, recruitment and staffing levels in 2009, as well as on hiring policies and pay reviews going forward through 2010.

Salary information is provided by size of charity: under £1m income, £1-5m income, £5-10m income, £10-25m income, and charities with more than £25m income.

We also present updated information relating to:

- Benefits being offered across the sector (including flexible working)
- Pension provision
- Staff retention
- Salaries – the outlook in an unpredictable economy
- What motivates you, as senior personnel within charities, when seeking new employment

We would like to thank CFDG members for responding to this survey. We trust that you will find this information useful and look forward to hearing your feedback.



David Membrey
Acting Chief Executive
CFDG

About CFDG

The Charity Finance Directors' Group (CFDG) was set up in 1987 and is an umbrella group that specialises in helping charities to manage their finance-related functions. CFDG's circa 1700 members are responsible for the finances of charities with a wide variety of income levels. Between them our members manage some £17.4 billion in charity income per year. For more information on CFDG membership, training and conference programmes go to www.cfdg.org.uk.

About Hays

Hays plc is the leading specialist recruiting group. They are dedicated recruitment experts who have had a specialist charity division since 1990, working right across the sector with large national charities and small developing organisations. Their approach is to work collaboratively with clients supporting them with a comprehensive range of services, built around individual strategic and cultural needs. Hays work across all professional disciplines including finance, IT, procurement, HR, communications, facilities and office support.

Respondent profile

There was an almost even split of respondents between the sexes with the largest response numbers coming from the £1-5m income group. 41 per cent of respondents hold director of finance posts and 15 per cent are heads of finance, with a similar number being finance managers.

Background

Total number of respondents - 470

52 per cent are male and 48 per cent are female.

TITLE	RESPONSE
Director of Finance	196
Head of Finance	71
Finance Manager	73
Head of Function	11
Qualified Accountant	6
Others	113

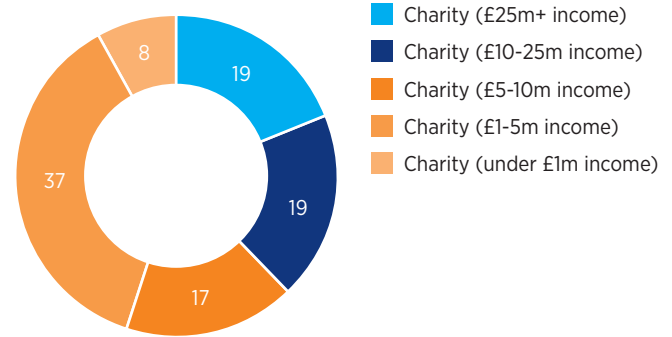
Almost half of the respondents were from charities based in Greater London, with the next largest group being those who work in the South East.

Charities that work in the Health and Education sector and the Training sector provided most responses, with 33 per cent coming from charities in each of these areas respectively.

76 per cent of respondents have worked in the charity sector for five years or more, with the largest group being those who have worked between five and nine years.

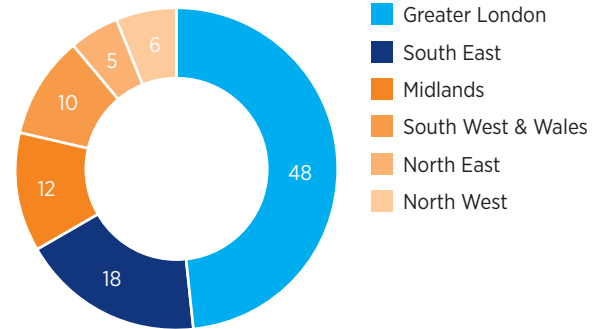
Size of charity (Income)

Figures are represented as a percentage



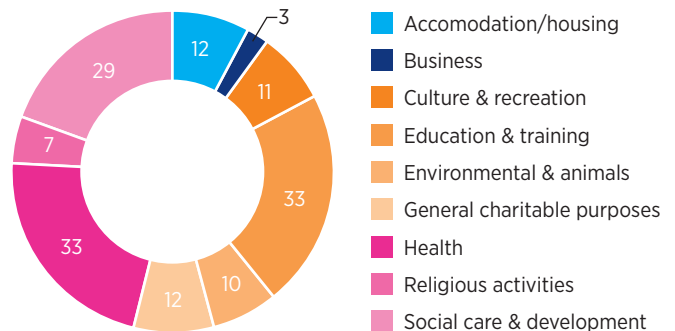
Location of charity

Figures are represented as a percentage



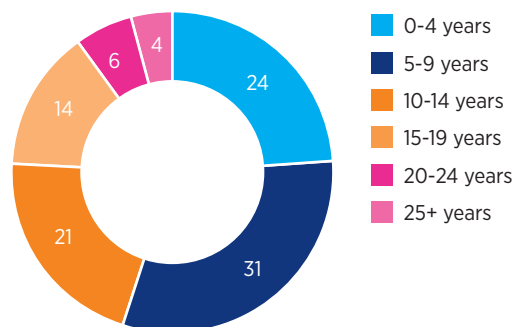
Type of activity performed by charity

Figures are represented as a percentage



Number of years in the charity sector

Figures are represented as a percentage



Update on benefits being offered across the sector (including flexible working)

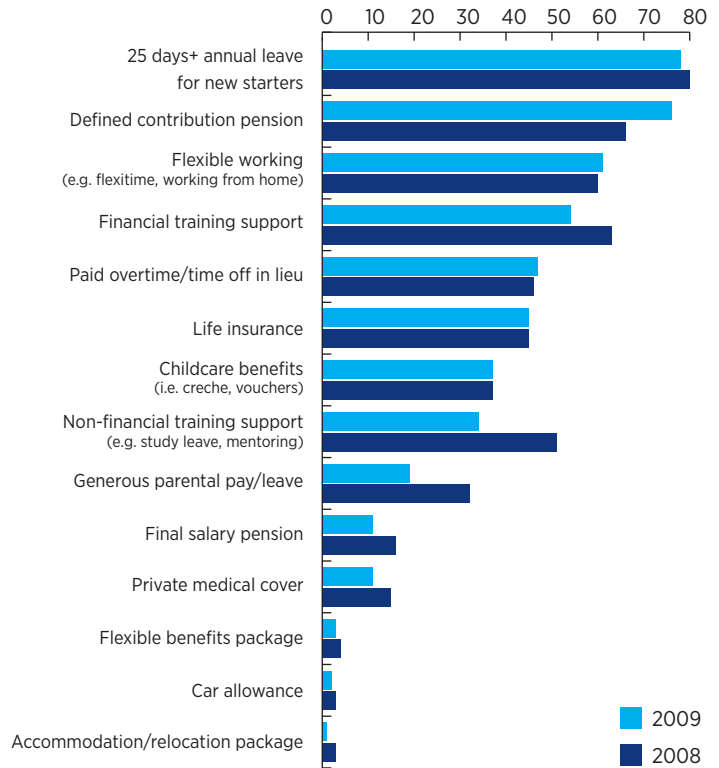
Results of this year's benefits questions are similar to those from last year, with generous holiday entitlement remaining the most commonly offered perk of working in the charity sector with 78 per cent of charity employers offer their staff a minimum of 25 days of annual leave. The next most commonly offered benefit is a defined contribution pension at 76 per cent, which has risen from 66 per cent in 2008.

In 2009, the percentage of employees offered financial training support has dropped from 63 per cent to 54 per cent. Other benefits offered less when compared to last year's figures were non-financial training support (down from 51 per cent in 2008 to 34 per cent in 2009) and generous parental pay (down from 32 per cent to 19 per cent).

We asked respondents which benefit they felt had the greatest impact on recruitment and retention. Flexible working came out on top in both 2009 and 2008, followed by generous annual leave and a pension with a defined contribution.

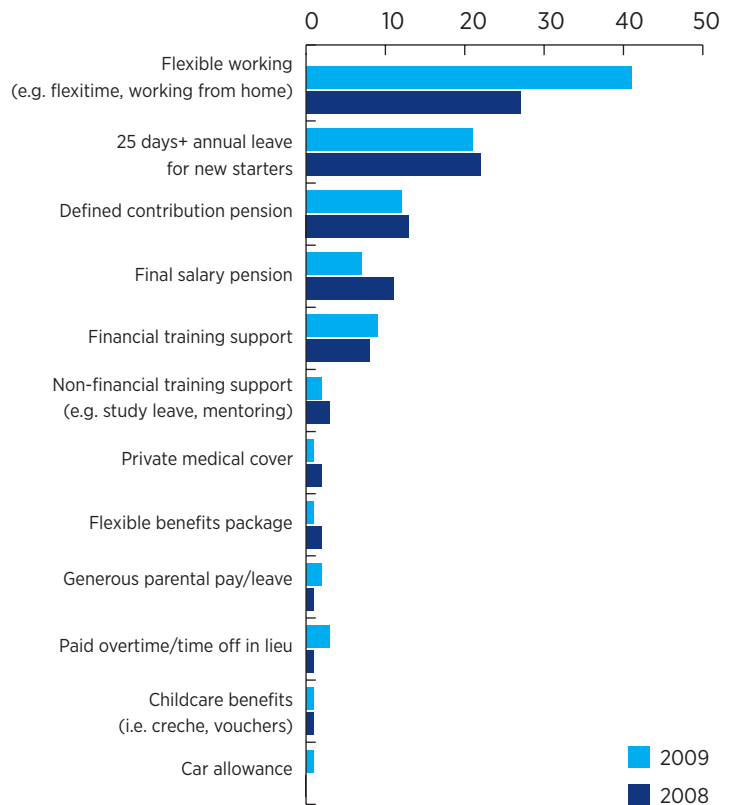
Benefits offered

Figures are represented as a percentage



Benefits that had the greatest important to accountancy & finance employees

Figures are represented as a percentage



Pension provision

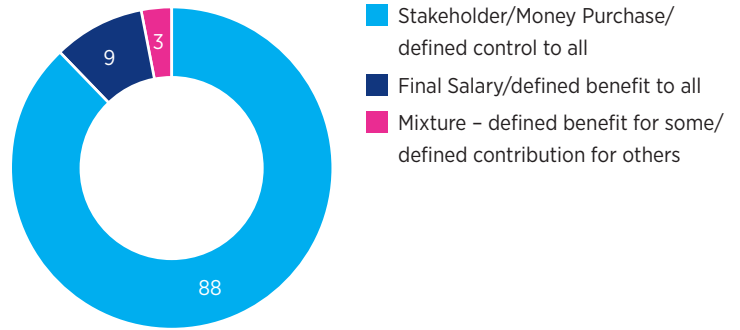
The most common type of pension on offer is stakeholder/money purchase/defined contribution to all, at 88 per cent. This figure is unchanged from last year's findings.

Nearly three quarters (73 per cent) of schemes are contributory for all, while eight per cent of charities offer a mixture of contributory/non-contributory schemes.

The majority fall between 6-10 per cent, with just below one-tenth of director level staff receiving over 15 per cent.

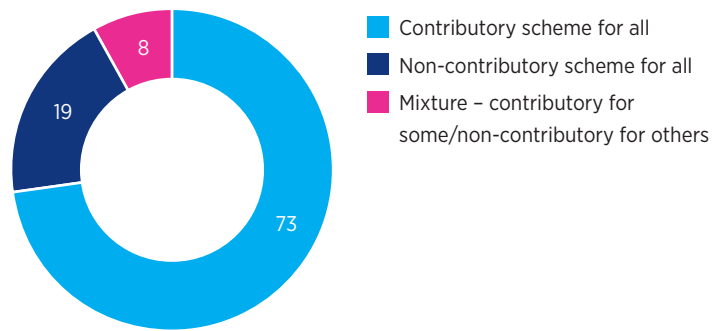
Pension provision (Type)

Figures are represented as a percentage



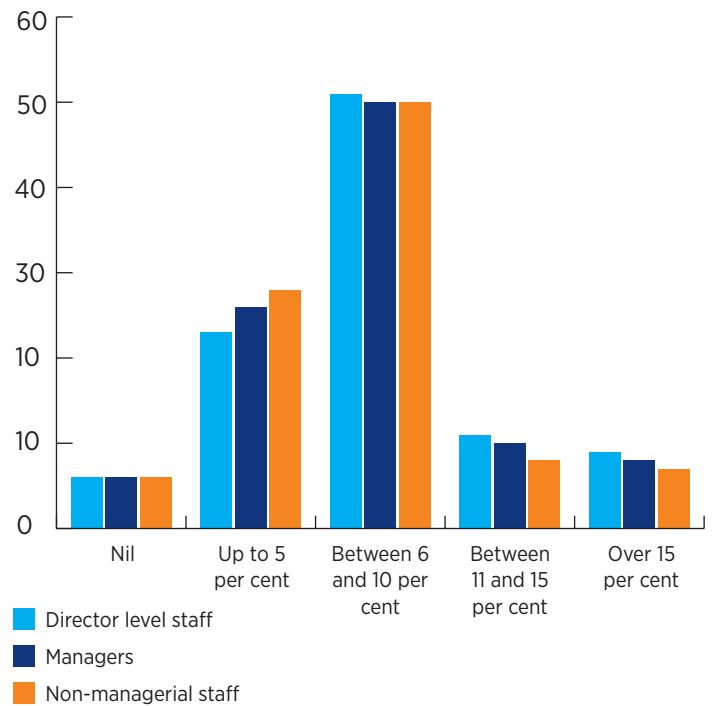
Pension provision (Schemes)

Figures are represented as a percentage



Pension provision (Contributions)

Figures are represented as a percentage



Staff turnover rates

Respondents reported that overall levels of turnover of accountancy and finance staff have dropped over the last year, with barely any significant turnover levels of 40 per cent or more.

Just under two thirds (65 per cent) of the respondents said they had no staff turnover at all in 2009, a figure that is up by 9 per cent from 2008. However, 17 per cent had between 1 per cent to 19 per cent staff turnover in 2009. The average turnover among respondents (excluding those with no turnover of staff) was 23 per cent, down from 37 per cent in 2008.

We asked respondents to comment on their levels of turnover of accountancy and finance staff over the past 12 months, compared with other years. We found that over two thirds rated it as below average, which represents the same result as 2008.

Retention difficulties

Encouragingly, retention of staff with specific skills does not seem to be an issue of great concern within the charity sector. However, among those that did experience difficulties it was often the following skill sets that proved hard to hold on to.

- Qualified staff
- Financial managers/directors
- Staff with all round abilities
- Staff with specific IT skills

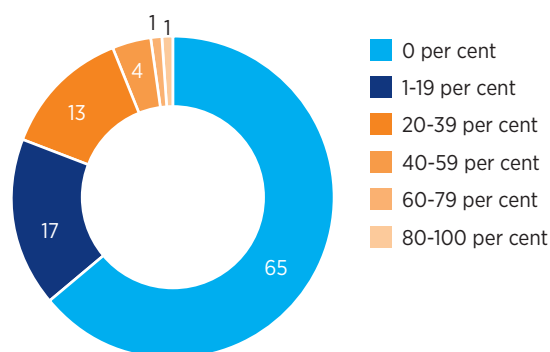
2009 saw the trend for staff retention continue to grow, with respondents reporting total staff retention rising by nine per cent compared with 2008 figures. Some respondents reported that it was hard to find and retain staff that had both the experience and the mindset for charity work, with small charities reporting that it was often difficult to retain employees who were looking for career development. Though these candidates may move across the sector to larger charities rather than leave the sector altogether.

Pay for replacement staff has, on average, stayed fairly static, with 52 per cent of respondents offering the same wage to replacement candidates, 25 per cent offering less and 23 per cent offering an increased salary. Results show that it was difficult to distinguish between candidates who are working within the sector as a career choice and those who see it as a stop gap.

This is an area that people will focus in the near future, as training staff in sector-specific work may be seen as a wasted cost if candidates move on from the sector at the first sign of an upturn. Redundancies in the private sector mean that high-calibre candidates are easier to attract, but potential early departures will very much continue to be a factor that is considered at the recruitment stage.

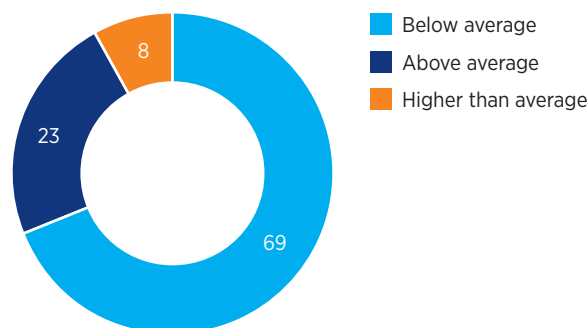
Staff turnover rates

Figures are represented as a percentage



Your assessment of the level of turnover

Figures are represented as a percentage



Recruitment in 2009

A notable 47 per cent of respondents said that they have recruited in the past year – 63 per cent for a new position, 89 per cent for a replacement and just over a third of these (34 per cent) said that they have recruited from the private sector.

A number of respondents reported that the impact of the slowing economy meant that there was a greater choice of high-calibre candidates available to fill finance posts and that retention of staff had also been easier. This appears to be the trend for 2010 as well.

Retention is a key focus for 58 per cent of employers and only 14 per cent plan to increase the level of hires in 2010.

RECRUITMENT TRENDS	YES	NO
Have you recruited any staff in finance in 2009?	47 %	53%
If yes, have you recruited for a..		
New position	63%	37%
Replacement	89%	11%
Have you appointed anyone from the private sector in 2009?	34%	66%
Is retention a key focus for 2010?	58%	42%
Do you plan to increase your level of hires in 2010?	14%	86%

Utilisation of temp and interim in 2009

We asked if respondents had used temps/interim finance staff in 2009, with a majority replying positively.

Over a half of respondents have recruited temps and 32 per cent have recruited interims. Just over four fifths (92 per cent) agree that temps are a good way to recruit specialist skills on a short-term basis however only 22 per cent say that temps feature in their organisation's strategic resourcing plans.

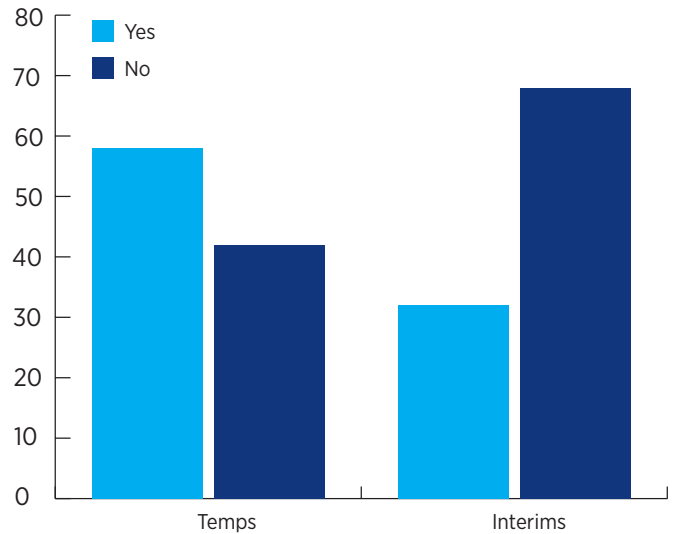
Attitudes to temp and interim recruitment

The majority of employers (58 per cent) plan to employ the same amount of temps as last year.

The majority of respondents reported that the cost of temps/interim staff remained static in 2009, with 65 per cent reporting consistent rates, while only 28.5 per cent said costs had increased. 63 per cent expect to maintain or increase their level of temps/interim staff recruitment in the coming year.

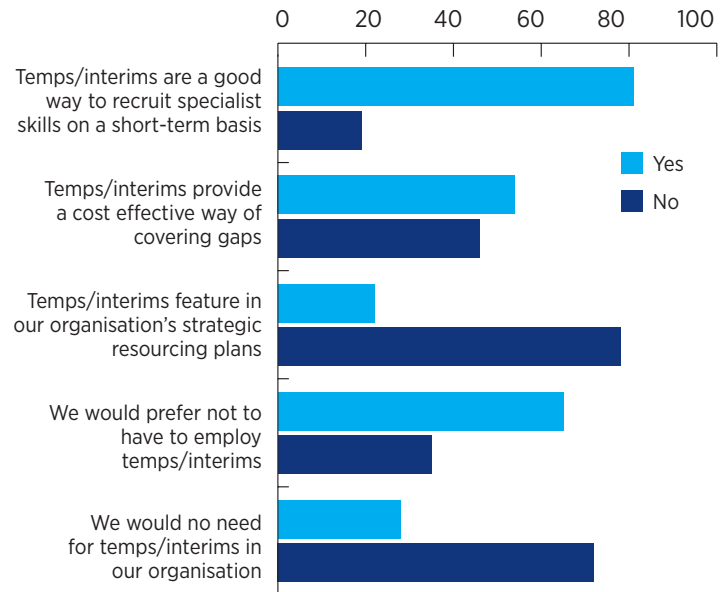
Temp and interim utilisation

Figures are represented as a percentage



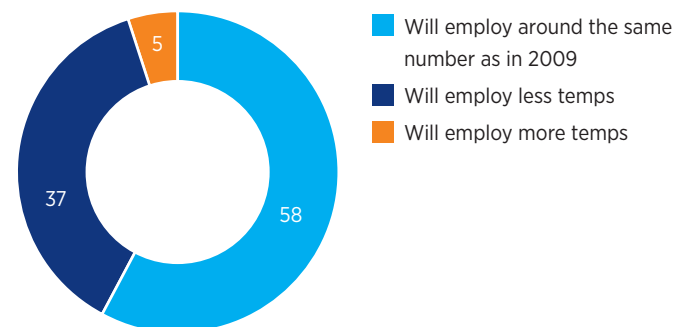
Whether they agree that:

Figures are represented as a percentage



Changes in temp and perm interim usage

Figures are represented as a percentage



COMMENTS

IMPACT OF THE DOWNTURN ON RECRUITMENT STRATEGY IN 2009

- 26 per cent of respondents indicated that the downturn had no impact on their recruitment strategy
- 12 per cent of respondents indicated that they had only proceeded with essential recruitment, with many indicating that they had looked at the possibility of restructuring to cover vacancies and recruitment had often been delayed for a period of time
- 10.5 per cent of respondents indicated that they had found that they had more choice when recruiting and that the calibre of candidates was higher than in previous years
- 5.8 per cent of respondents had frozen recruitment
- 4.2 per cent of respondents reported that people had not moved on with the same frequency as previously
- 2.7 per cent reported having increased staff numbers in the year
- 2.3 per cent had found recruitment just as difficult as previously
- 2.3 per cent had used agencies less

OTHER COMMENTS:

“Had negotiated more favourable pricing with agencies”

“We’re able to pay less when recruiting for replacement positions”

“Had found a better calibre of candidate willing to fill lower level posts”

“We’re looking at whether to replace leavers or reorganise positions to cover roles”

EFFECT OF THE DOWNTURN ON RECRUITMENT PLANS IN 2010

- 28.2 per cent did not expect the downturn to affect their strategy for 2010
- 14.3 per cent expected it to be easier to hire good quality candidates
- 13 per cent expected to be very careful before recruiting. Many mentioned that thorough scrutiny of the role would take place before proceeding, funding for the post must be clearly agreed and in some cases job profiles will be re-specified to try to secure candidates representing better value to the organisation
- 11.3 per cent suggested that recruitment was very unlikely in next year and may cut staff
- 6.3 per cent expected to continue their recruitment freeze
- 4.6 per cent were keen to try to replace staff at a lower salary

OTHER COMMENTS:

“Expect to lose staff as other markets recover – may also make it harder to recruit”

“Will look harder to retain staff by different means”

“Will move people internally”

Steps taken to reduce staffing costs

Two thirds of our respondents said they had not employed cost control measures that actively reduced staffing levels or impacted on employees. 30 per cent reported having to make redundancies, with 6 per cent reducing hours worked by their staff.

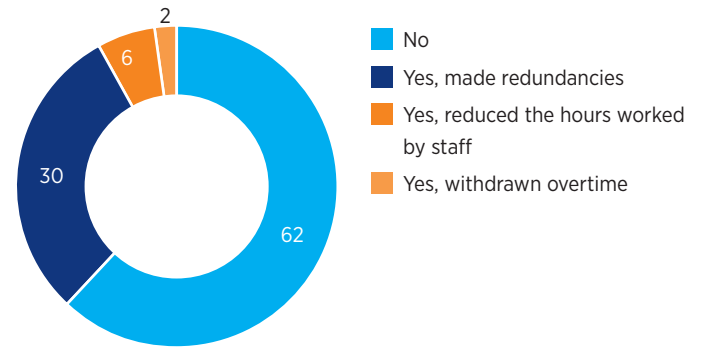
- 33.5 per cent reported increased budgetary control and general review of all costs across the organisation with a particular focus on non-essential spend. Examples given include travel, consultancy expenses and non-essential marketing
- 3.7 per cent suggested that they would look to review services with a view to restructuring and potentially cutting services
- 14.6 per cent specifically mentioned that they had re-tendered contracts and improved procurement procedures specifically in relation to utilities and printing
- 4.1 per cent had focused on improving systems and automation of processes

Other comments:

- Reducing temp usage
- Brought work in-house
- Cut less productive fund raising activities
- Sub-let accommodation
- Introducing short term contracts
- No longer offering final salary pension scheme
- Reduced hours
- Unpaid leave offered on voluntary basis
- Not replaced staff who have left voluntarily
- Reduced fixed term contract staff
- Transferring staff between services
- Cutting back on overtime
- Minor adjustments to hours/grades when recruiting
- Greater use of volunteers and interns

Recession provisions

Figures are represented as a percentage



Are salaries increasing incrementally or are they frozen as a consequence of current economic conditions?

We asked the percentage value of respondents' last general pay awards, with the following results:

- Roughly one-fifth of respondents reported no pay rise in 2009
- Overall the value of the pay increase ranged from 1 per cent to 8 per cent down from 1 per cent to 15 per cent in 2008.
- The most common pay award was 1 per cent
- The average value of pay awards (across the sample, excluding those with 0 per cent) was 2 per cent, down from 3.18 per cent in 2008

Looking to the next 12 months, however, reductions in funding seem set to result in very limited (or non-existent) salary increases. Organisations will increasingly focus on more sustainability with an increased focus on cost control generally. We asked respondents to predict the date and value of their next pay awards, and the results were:

- Just under one-fifth (19 per cent) expect no pay rise this year, up from 9 per cent last year, although it is worth noting that a number of respondents were not sure
- The predicted value of the increase ranged from 0.5 per cent to 5 per cent
- The average predicted increase was 2 per cent, down from 2.5 per cent (predicted for 2009)

Changes in pay (average salaries)

Small charities under £1m income

A&F ROLES	TYPICAL 09	TYPICAL 10	% CHANGE SINCE 09
Director of Finance	41,000	41,600	1%
Head of Finance	38,000	41,500	9%
Finance Manager	30,000	30,500	2%
Head of Function	25,000	N/A	
Qualified Accountant	25,000	N/A	
Newly Qualified Accountant	N/A	N/A	
Part Qualified Accountant	23,000	N/A	
Bookkeeper	18,500	19,000	3%
Senior Ledger Clerk	17,500	18,000	3%
Payroll Clerk	15,000	15,500	3%

£10 - 25m income charities

A&F ROLES	TYPICAL 09	TYPICAL 10	% CHANGE SINCE 09
Director of Finance	65,000	67,500	4%
Head of Finance	48,000	47,000	-2%
Finance Manager	36,000	37,500	4%
Head of Function	40,000	38,500	-4%
Qualified Accountant	38,000	36,000	-5%
Newly Qualified Accountant	30,000	27,500	-8%
Part Qualified Accountant	28,000	27,500	-2%
Bookkeeper	20,000	21,500	8%
Senior Ledger Clerk	22,000	23,000	5%
Payroll Clerk	24,000	23,500	-2%

£1-5m income charities

A&F ROLES	TYPICAL 09	TYPICAL 10	% CHANGE SINCE 09
Director of Finance	50,000	50,000	0%
Head of Finance	42,000	44,000	5%
Finance Manager	35,000	34,000	-3%
Head of Function	34,000	35,000	3%
Qualified Accountant	31,000	29,000	-6%
Newly Qualified Accountant	26,000	26,000	0%
Part Qualified Accountant	20,000	21,500	8%
Bookkeeper	21,000	21,500	2%
Senior Ledger Clerk	20,000	20,000	0%
Payroll Clerk	19,000	19,500	3%

Over £25m income charities

A&F ROLES	TYPICAL 09	TYPICAL 10	% CHANGE SINCE 09
Director of Finance	80,000	81,000	1%
Head of Finance	52,000	49,000	-6%
Finance Manager	45,000	43,500	-3%
Head of Function	42,000	41,500	-1%
Qualified Accountant	40,000	39,000	-3%
Newly Qualified Accountant	35,000	33,500	-4%
Part Qualified Accountant	28,000	28,500	2%
Bookkeeper	21,000	21,500	2%
Senior Ledger Clerk	25,000	24,000	-4%
Payroll Clerk	26,000	24,000	-8%

£5-10m income charities

A&F ROLES	TYPICAL 09	TYPICAL 10	% CHANGE SINCE 09
Director of Finance	59,000	57,000	-3%
Head of Finance	42,000	44,500	6%
Finance Manager	35,000	35,000	0%
Head of Function	35,000	36,500	4%
Qualified Accountant	31,000	31,500	2%
Newly Qualified Accountant	25,000	26,000	4%
Part Qualified Accountant	25,000	25,000	0%
Bookkeeper	22,000	22,000	0%
Senior Ledger Clerk	20,000	21,000	5%
Payroll Clerk	22,000	21,000	-5%

Small charities under £1m income

IT & HR ROLES	TYPICAL 09	TYPICAL 10	% CHANGE SINCE 09
Head of IT	45,000	N/A	
IT Manager	27,000	26,479	-2%
IT Officer	25,000	24,433	-2%
HR Manager	30,000	28,653	-4%
HR Advisor	N/A	N/A	

£5-10m income charities

IT & HR ROLES	TYPICAL 09	TYPICAL 10	% CHANGE SINCE 09
Head of IT	40,000	38,000	-5%
IT Manager	35,000	34,000	-3%
IT Officer	25,000	24,000	-4%
HR Manager	36,000	37,500	4%
HR Advisor	22,000	23,000	5%

£1-5m income charities

IT & HR ROLES	TYPICAL 09	TYPICAL 10	% CHANGE SINCE 09
Head of IT	36,000	37,500	4%
IT Manager	30,000	31,000	3%
IT Officer	22,000	22,500	2%
HR Manager	31,000	32,000	3%
HR Advisor	24,000	25,000	4%

Over £25m income charities

IT & HR ROLES	TYPICAL 09	TYPICAL 10	% CHANGE SINCE 09
Head of IT	55,000	57,000	4%
IT Manager	45,000	42,500	-6%
IT Officer	32,000	29,000	-9%
HR Manager	45,000	46,500	3%
HR Advisor	30,000	30,500	2%

£10 - 25m income charities

IT & HR ROLES	TYPICAL 09	TYPICAL 10	% CHANGE SINCE 09
Head of IT	45,000	45,000	0%
IT Manager	35,000	36,500	4%
IT Officer	27,000	27,500	2%
HR Manager	41,000	42,000	2%
HR Advisor	28,000	28,000	0%

What motivates you, as senior personnel within charities, when seeking new employment?

You may be interested to know why your peers moved from previous employers or indeed what will attract them to their next positions. When we posed this question we obtained some interesting insights.

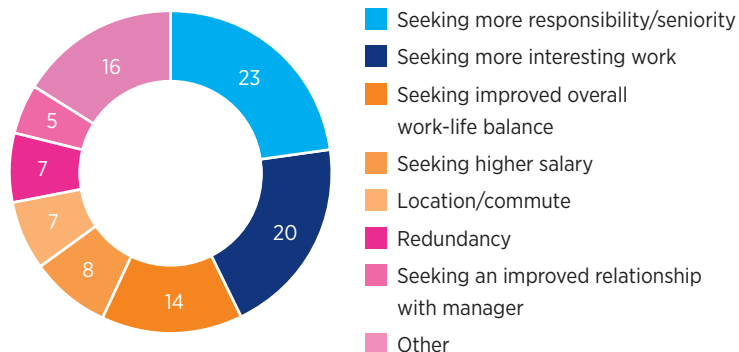
Issues such as redundancy, job security and end of contract were less influential than in the previous year, signifying a small but growing optimism that senior finance personnel posts were more secure in the sector. Those seeking better training and development opportunities rose, potentially reflecting the inability or unwillingness of some charities to spend in this area during lean times. No respondents cited this as a reason to move in 2008.

The most common reason for changing jobs this year was the pursuit of more responsibility/seniority, with more than 23 per cent citing this as their primary motivation. This was closely followed by the desire for more interesting work, at 20 per cent. The most notable change since last year's survey was the increase of respondents whose primary motivation to move was to seek a higher salary.

It is interesting to note that there is no greater focus on job security as a motivator to change roles this year compared to last year, indicating that senior finance professionals feel relatively secure.

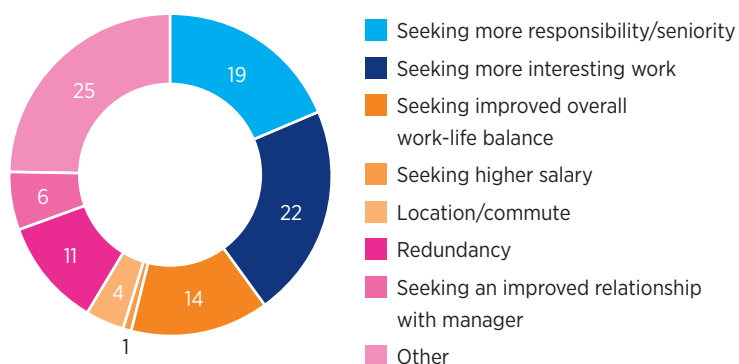
Motivators 2010

Figures are represented as a percentage



Motivators 2009

Figures are represented as a percentage



Work-life balance

Overall, the picture is positive, with just 13 per cent rating work-life balance poorly, nearly a third reporting it average and 44 per cent saying it is good. These figures reflect a very similar profile to last year's.

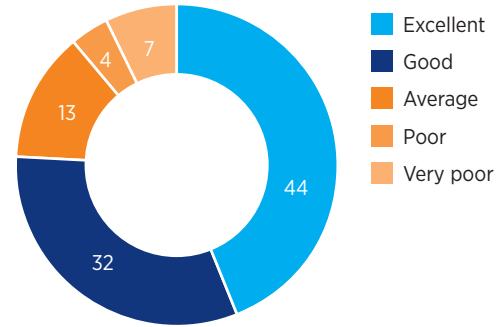
This general contentment with work-life balance may be linked to the finding that 60 per cent of respondents are comfortable with the amount of flexibility they are afforded to arrange working hours. However, 30 per cent say they have flexibility, but would like more.

The most commonly offered type of flexible working is flexitime and nearly all who are offered it make use of it. Over half (56 per cent) also make use of home-working for part of the week, although it is not as popular as flexitime, since 15 per cent of those who are offered home-working do not take their employers up on the offer.

Only 2 per cent of our respondents said that they never work overtime. Among the remaining 95 per cent that do, 60 per cent say that they are never compensated, while 8 per cent say that they always are.

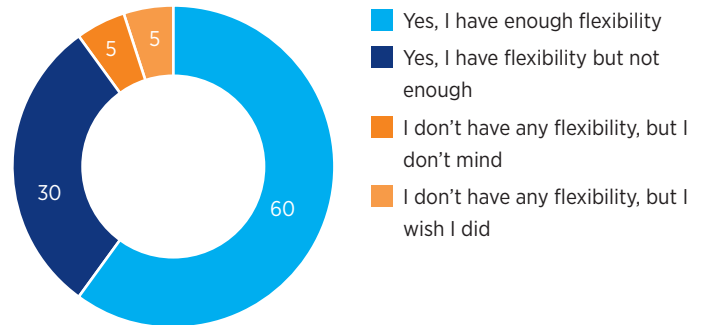
Work-life balance (perception)

Figures are represented as a percentage



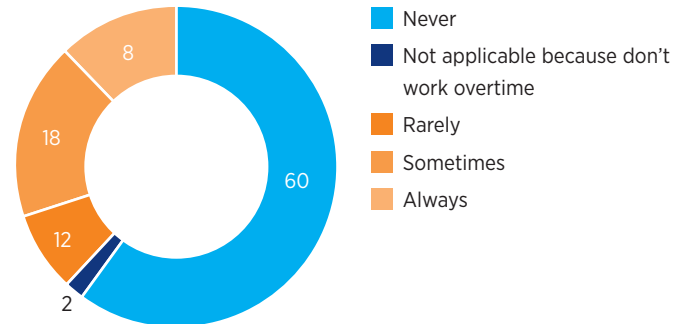
Work-life balance (flexibility)

Figures are represented as a percentage



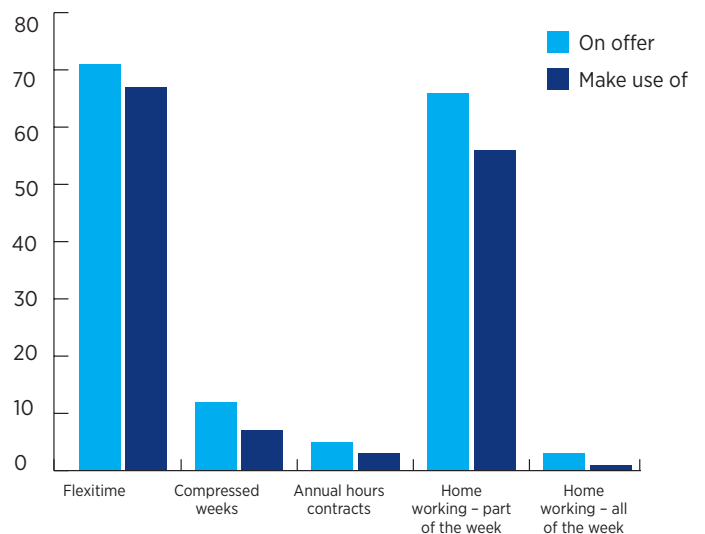
Work-life balance (overtime pay frequency)

Figures are represented as a percentage



Work-life balance (working methods)

Figures are represented as a percentage

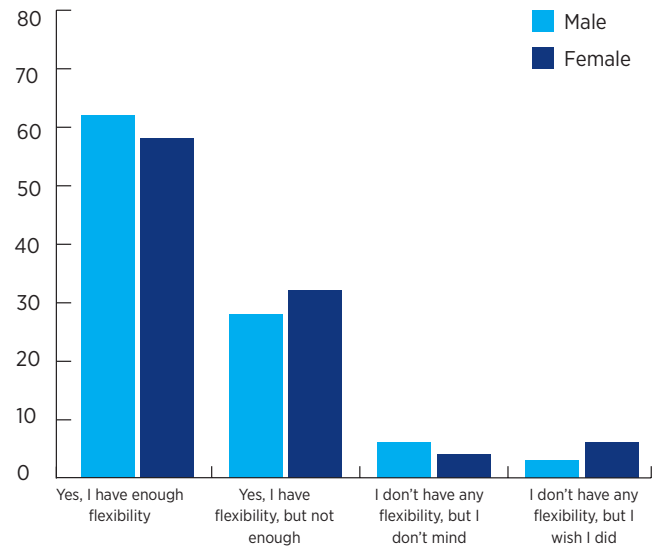


Male/female comparison

We asked respondents about their perception of flexibility, work-life balance and what would motivate them to pursue a new position, comparing the answers of male and female respondents with some interesting results. Male respondents seem most happy with the degree of flexibility available to them, though they are also 22 per cent less likely to be paid for overtime. Female respondents are, overall, less happy with their work-life balance, with only 44 per cent rating it as above average.

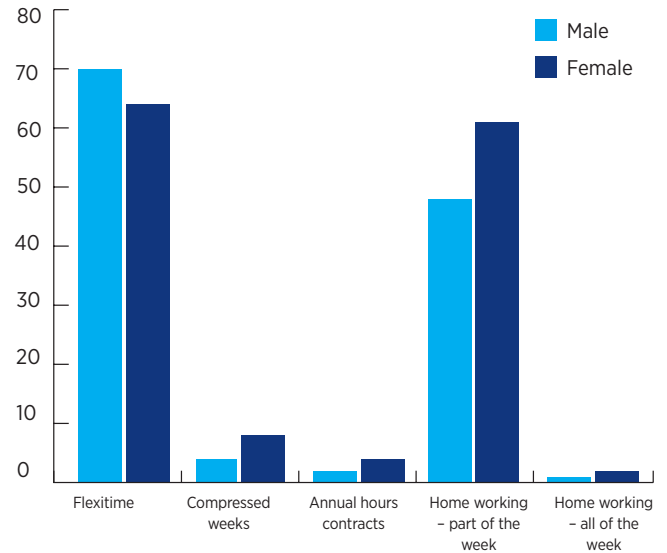
Do you have an element of flexibility in your work?

Figures are represented as a percentage



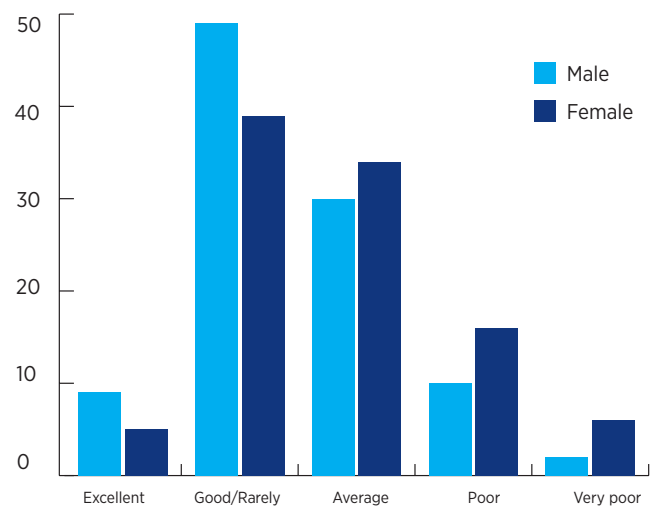
Which (types of flexible working) do you make use of?

Figures are represented as a percentage



Please assess your work-life balance

Figures are represented as a percentage



CONCLUSION

The impact of the recession on charities was not fully felt until 2009, the delayed effect being a shock to some of those in the sector. Our 2008 survey told a very different story reporting only a minimal impact with many forecasting a positive outlook for the near future.

This has meant that finance and accountancy staff have had to focus on controlling costs more effectively, maintaining a tight leash on spend, which inevitably has included cutting staffing costs. Fortunately, one third of respondents report that this has mainly been done through cutting back on non-essentials and in procurement areas where economies can be made. Some respondents have spoken about both redundancies and recruitment freezes as part of the growing struggle to control costs in a period of slowing economic growth. 2010 looks to continue in much the same way, with only just over one-quarter of respondents saying that the downturn would not influence their plans for the year ahead.

Finance departments have become even more pivotal to operations as this downturn bites the sector with cost control and scrutiny over bids and contracts being an increasingly important role for the staff we surveyed. The finance and accounting role has, more than ever, become a major factor in keeping charities operating efficiently as income falters. Naturally, salaries are very much a part of the cost-cutting to come, with predicted pay rises down from last year and one-fifth of those asked expecting no pay rise this coming year. There was also a tendency for some charities to recruit for vacated posts with a lower salary than that received by the previous incumbent. On average salaries remained steady across the sector. Newly qualified accountants and other accountancy roles saw marginal declines but most areas particularly within HR remained resilient.

One area that did improve for the sector was the calibre of candidates applying for posts. The downturn has meant an increase of available talent across all levels of finance and accountancy positions, though there is some wariness as to whether those coming from the private sector will remain with charities once the economy picks up. Retention of qualified and experienced staff can be improved with greater investment in sector specific training. There will obviously be some degree of staff attrition when the job market picks up, though it is to be hoped that those who find the working conditions and rewards in the sector will stay and use their expertise to help charities to follow the private sector back to good financial health.

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