

Care International UK joins with Heathrow in microfinance drive

Diane Sim reports on the reasons for a downturn in the Charity 100 Index and takes a closer look at the representation of medical research charities in the indexes.

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A KEY contributor to the decline in the haysmacintyre / *Charity Finance* 100 Index in the second quarter of 2018 is the 40 per cent fall in income reported by Care International UK for the financial year ending 30 June 2018.

The fall resulted largely from a 46 per cent fall in income from charitable activities to £43.7m, which reflected, according to the trustees, “the smaller size of the programme portfolio, compared to the previous year, and the timing of receipt of grant funding”.

Care International UK chair

Oliver Stocken describes 2018 as “a challenging year for securing new programme funding, particularly from our largest institutional donors – the European Union, due to its exclusion of UK NGOs even before Brexit, and DfID, as a result of delays or cancellations affecting several procurement decisions”.

“Donations collected at Heathrow are loaned to entrepreneurs”

As a result, the international humanitarian charity is aiming to diversify its institutional funding

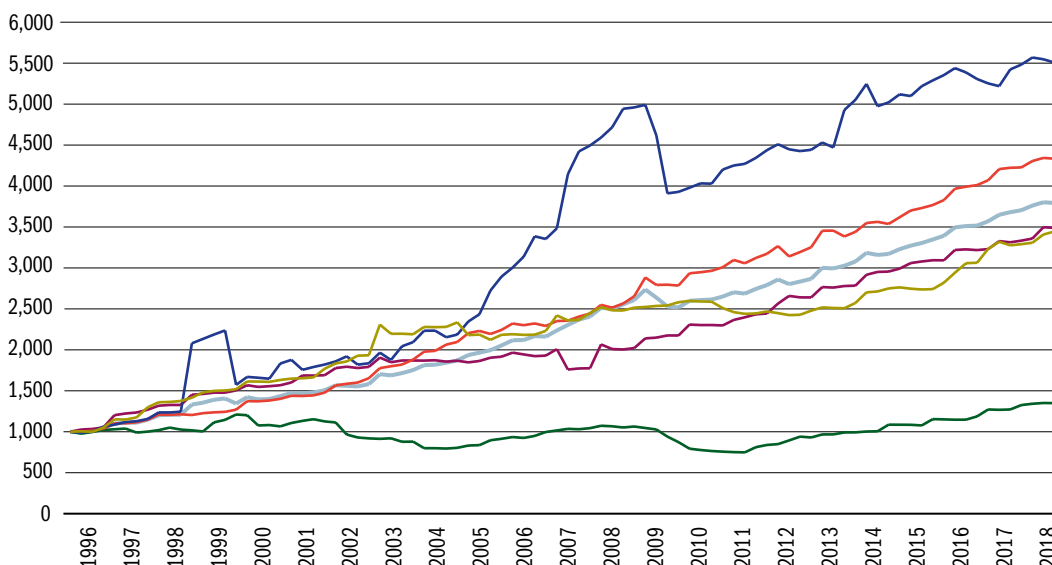
sources and expand its corporate and individual supporter bases.

A recent positive development is the two-year partnership agreement with Heathrow Airport aimed at boosting the charity’s online microfinance platform Lendwithcare. Launched in April 2010, Lendwithcare has provided loans worth over £20m to more than 95,000 entrepreneurs in 11 developing countries, with the aim of “enabling people to grow successful businesses and work their way out of poverty with dignity”.

Donations collected at Heathrow, which totalled around £300,000 in 2017, will be loaned to entrepreneurs via Lendwithcare. Once the loan has been repaid, the donation will be reinvested in expanding the platform’s reach.

Overall, more than half of the nine charities with year ends falling in this second quarter reported reductions in income, thereby contributing to the

CHARITY 100 INDEX SINCE 1996



Voluntary: 5,506
Charitable activities: 4,334
Gross trading: 3,489
Legacy: 3,445
Investment: 1,349
TOTAL INCOME: 3,793

Index values are created by calculating the collective income of the top 100 charities in 1996, and re-basing this amount to 1,000. As income values then change over subsequent years, this value moves up and down from 1,000 in the same proportions.

CHARITY 100 INDEX: PERFORMANCE AT A GLANCE

The haysmacintyre / Charity Finance 100 Index performed below expectation in the second quarter of 2018, missing its average quarterly rise by 8 points.

The top performing income stream was legacy income, which outperformed its quarterly benchmark by 43 points, spurred by a 41 per cent increase at the Charities Aid Foundation and a 30 per cent increase at WWF-UK. It was followed by investment income, which beat its quarterly benchmark by 2 points.

None of this was sufficient to offset poor performance from the three other income streams, namely voluntary, trading and charitable activities, which fell short of their quarterly benchmarks by 64, 7 and 4 points respectively.

	Index total	Legacy	Voluntary	Charitable activities	Investment	Gross trading
Index value	3,793	3,445	5,506	4,334	1,349	3,489
Points growth in last quarter	-9	37	-41	-10	-2	-9
Average quarter two points growth	-1	-6	23	-6	-4	-2
Points growth in last year	112	169	83	111	77	176
Average yearly points growth	128	108	211	153	14	109

overall fall in the Charity 100 Index. Just four charities – WWF-UK, Mercy Corps Europe, Plan International UK and the Royal National Theatre – reported income rises.

The highest rise was at WWF-UK, which saw its income increase by 11 per cent to £68.2m. According to the trustees, the rise was attributable to a 30 per cent increase in legacy income, along with corporate partnerships with

HSBC and Sky and lottery promotions via the People's Postcode Lottery.

MEDICAL RESEARCH CHARITIES

The majority of charities with financial year ends falling in the third quarter have already filed their results, including top 10 Charity 100 member the Wellcome Trust. The global charitable foundation, dedicated to funding improvements in health,

reported a 14 per cent increase in income to £484.8m in the year to 30 September 2018, largely as a result of a comparable increase in investment income to £439.4m.

It is one of 20 charities in the Charity 100 and Charity 250 Indexes that fund medical research. These range from Cancer Research UK, which has an annual income of £634.3m, to the National Centre for Young People with Epilepsy, whose annual income is £25.5m.

Most are members of the Association of Medical Research Charities (AMRC), whose 142 members spent £1.6bn on medical research in 2017. This equates to 47 per cent of all publicly funded medical research in the UK.

Medical research charities enjoy strong support from the British public. According to CAF's 2019 survey of UK Giving, medical research is one of the top three charitable causes, only marginally behind animal welfare and children and young people.

That said, there are clearly financial challenges. "Economic uncertainty has led to volatility in investment markets resulting in fluctuating valuations and income. This is particularly

CHARITY 100 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
Royal Shakespeare Company	31 Mar 18		2,663 (+25)	81,903 (-20)	617 (+2)		85,183 (-19)
Salvation Army	31 Mar 18	67,579 (+31)	73,885 (-1)	130,225 (-17)	8,742 (+36)	79,509 (+8)	359,940 (-1)
Royal National Theatre	01 Apr 18		12,200 (0)	69,400 (+19)		26,200 (-23)	107,800 (+3)
Gatsby Charitable Foundation	05 Apr 18		53,442 (-5)		5,845 (-32)		59,287 (-8)
CAF	30 Apr 18	33,557 (+41)	528,425 (-3)	15,411 (+8)	20,342 (+6)		597,735 (-1)
Care International UK	30 Jun 18		11,622 (-1)	43,736 (-46)	36 (+24)	250 (-1)	55,644 (-40)
Consumers' Association	30 Jun 18			99,901 (-1)	620 (-10)		100,521 (-1)
International Medical Corps (UK)	30 Jun 18		354 (-17)	101,394 (-7)			101,748 (-7)
Mercy Corps Europe	30 Jun 18		828 (-9)	100,803 (+9)	74 (+118)		101,705 (+9)
Plan International UK	30 Jun 18	666 (+15)	34,553 (-12)	26,122 (+14)	531 (-10)	4,662 (+7,072)	66,534 (+5)
WWF-UK	30 Jun 18	15,460 (+30)	41,016 (+7)	9,914 (+10)	711 (+14)	1,123 (-14)	68,224 (+11)
Charity Projects	31 Jul 18		56,249 (-35)		3,253 (-21)	5,640 (-59)	65,142 (-38)
Education Development Trust	31 Aug 18			73,638 (+9)	351 (+8)		73,989 (+9)
Eton College	31 Aug 18			66,214 (+10)	12,281 (-31)	1,345 (-33)	79,840 (0)
Girls' Day School Trust	31 Aug 18		3,148 (-31)	250,337 (+1)	2,245 (-15)	2,781 (+1)	258,511 (0)
Methodist Independent Schools Trust	31 Aug 18		763 (+11)	99,585 (+5)	195 (-2)	4,491 (+27)	105,034 (+6)
Shaw Trust ¹	31 Aug 18		210 (-83)	176,750 (+41)	654 (+13)	5,613 (+17)	183,228 (+39)
United Church Schools Foundation	31 Aug 18		3,291 (+309)	385,215 (+10)	291 (-2)	5,655 (+1)	394,452 (+10)
Stewardship Services	30 Sep 18		78,893 (+11)	1,036 (+18)	2,608 (-4)		82,537 (+10)
Wellcome Trust	30 Sep 18			45,400 (+16)	439,400 (+14)		484,800 (+14)

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

challenging for charities that need to draw down from their investment portfolios to fund their research programmes,” says haysmacintyre director Steve Harper.

“Volatility in investment markets and a slowdown in the housing market also have the potential to depress legacy income,” he adds.

Charities have had to adapt their fundraising practices to comply with new regulations to varying degrees. However, the real challenge, according to Harper, is “to create campaigns that supporters can personally relate to”. A relatively new development in the medical research sector is celebrity endorsement, such as the recent fundraising efforts of supporters of Barbara Windsor for Alzheimer’s charities.

Long-term partnerships with corporate organisations and philanthropists are also on the increase. At Cancer Research UK, for example,

LARGEST MEDICAL RESEARCH CHARITIES IN THE CHARITY 100 AND CHARITY 250 INDEXES

Charity name	Year end	Total income £'000	Change on previous year
Cancer Research UK	31 Mar 18	634,300	-2
Wellcome Trust	30 Sep 18	484,800	+14
British Heart Foundation	31 Mar 18	328,000	+6
Macmillan Cancer Support	31 Dec 17	250,824	+2
Marie Curie	31 Mar 18	159,319	0
Francis Crick Institute	31 Mar 18	142,769	-2
Alzheimer’s Society	31 Mar 18	106,948	+3
Great Ormond Street Hospital Charity	31 Mar 18	103,169	+11
SENSE	31 Mar 18	88,472	0
Anthony Nolan Trust	31 Mar 18	51,747	+1

corporate partnerships with BT, HSBC, M&Co, Scottish Power, Tesco, TK Maxx and Ultra White-Collar Boxing raised £13.4m in 2017-18.

“Medical research is a collaborative sector and there have been a number

of high profile mergers,” says Harper. Recent high-profile examples include the merger in April of Breast Cancer Care and Breast Cancer Now, and the combination of Arthritis Research UK and Arthritis Care in November 2017 to form Versus Arthritis. ●

ABOUT THE CHARITY INDEXES

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

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