



LUCAS FETTES
& PARTNERS



Charities & Not for Profit

Protecting your organisation, supporting its success



Risk Management | Insurance | Employee Benefits | Investment Management

Charities are there to help those in need. But who helps the charities?

Working for a charity or not for profit organisation can be incredibly rewarding but with it comes a great deal of pressure, particularly for trustees.

It is hard to “do good” these days. The public’s belt is tight and charitable giving is falling. Public sector funding is being cut. Charities and not-for-profit organisations are under pressure when it comes to how to generate income in order to meet their objectives, as well as increased demand for their services. Add to this ever more strict corporate governance requirements, and an increasingly litigious society in which reputation is everything, and charities are treated no differently to corporate businesses. A trustee’s role has never looked more challenging.

It is critical, then, that trustees surround themselves with people who are able and motivated to meet the challenges of a constantly changing landscape: people with energy, who are adaptable, think laterally, solve problems, identify opportunities and drive positive change.

Partners you engage are vicariously responsible for your reputation, so they need to understand what you stand for and operate within a culture similar to your own.

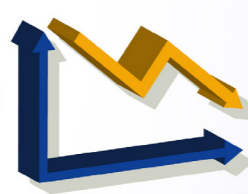
Lucas Fettes & Partners is a leading independently owned insurance and financial services group. Our clients trust us to work as an extension of their internal teams and play an integral role in ensuring their sustainability and improving their success.

Government funding decreased for

47%

of charities

in 2013 *Source: Funding Challenge Report, Baker Tilly*



“ Trustees should surround themselves with people with energy, who are adaptable, think laterally, solve problems, identify opportunities and drive positive change. ”

We also surround ourselves with like-minded professional practices who specialise in your sector, including lawyers, accountants and risk management companies, so we can help address a broad range of risks and provide added value benefits.

We help with:

- Risk management
- Insurance placement
- Employee benefits
- Investment management

The successful charities of the future will be those that have a culture where people are empowered to overcome challenges as well as identify opportunities to create positive differentiation and growth. We can help you achieve just that.

Just some of the charities we work with:



Our difference

- As a national, independently owned insurance and financial services group, we consider ourselves unique in the current market
- Trusted supplier to the National Council for Voluntary Organisations (NCVO)
- Adviser to some of the UK’s best-known charities
- Proactive, consultative approach – working as an extension of your internal team
- Collaborative relationships with leading charity and not for profit insurers and other specialist advisers to the sector

For more information call us on **0330 660 0148** or email us at charitiesandnfp@lucasfettes.co.uk

Overcoming challenges and recognising opportunities

With the right organisational culture, empowered people and the support of partners who understand their mission, charities are able to make the right decisions in order to ensure...

- effective governance
- the safeguarding of important assets, including people
- the achievement of charitable objectives
- engagement of the right people to share challenges and deliver success.

Some of the biggest challenges facing today's charities and not for profit organisations, and how these can be addressed, are highlighted below.

Challenge	Risks	Potential solutions
<p>Risk of trustee liability</p> <p>Convincing the public that your cause is worthy and your charitable objectives deserving of support requires greater transparency than ever before. Trustees are held accountable for their every action and its impact. 24 per cent of charities consider legal liability their biggest insurance risk.¹</p> <p>¹Charity Insurance Report 2012, Third Sector Research</p>	<p>Strict governance requirements from the Charity Commission and a more litigious society mean the risk of a claim resulting from an innocent mistake is very real – can you withstand the financial impact of a claim? Even successfully defending a case can be financially crippling.</p> <p>The speed with which information spreads via social media means you could quickly find your organisation at the centre of a PR nightmare, with a loss of public confidence in your brand as a result.</p>	<ul style="list-style-type: none"> • Understanding of trust law • Strategic plan that sets out key aims, objectives and policies • Trustee training • Financial systems to identify restricted funds and their application • Professional advice on terms and conditions • Insurable risks cover • Review of regulatory compliance • Compliance procedures and allocation of staff responsibilities • PR training/procedures • Crisis management strategy for handling, consistency of key messages, nominated spokesperson etc.

Challenge	Risks	Potential solutions
<p>Decision making</p> <p>With a reduction in funding comes a need to make tough decisions – tactical decisions about how to make cost savings, and strategic decisions about the future direction of your organisation.</p>	<p>How will you ensure you satisfy the needs of the Charity Commission – in particular public benefits requirements – your donors, volunteers, influencers, employees and beneficiaries?</p> <p>How will you improve performance and enable innovation? What are the strategic opportunities? Will you introduce new services or new funding streams, for example through contracts for public service delivery; set up a social enterprise; change your charging model; collaborate or merge with another organisation? What are the barriers and risks attached to those decisions?</p>	<ul style="list-style-type: none"> • Reserves policy linked to business plans, activities and identified financial and operating risk • Regular review of policy • Adequate authorisation procedures for any funding provided by charity (prudence, proper advice, investment criteria) • Identification and access to professional advice • Identification of key legal and regulatory requirements • Procedural framework for meetings and recording decisions • Succession planning • Risk management strategy

£665 million extra a year



the amount the British public would give if they were more convinced their donations were doing good

Source: New Philanthropy Capital, 'Money for Good UK'

Challenge	Risks	Potential solutions
<p>Fundraising risks</p> <p>According to the Charity Commission, fundraising is the most important source of income for 16 per cent of charities. Events, in particular, present a broad range of potential risks.</p> <p>Charities face great pressure to demonstrate exactly what income from fundraising is being used for.</p>	<p>If you rely on fundraising you have a duty of care to your employees, fundraisers, volunteers and the public. Fundraising activities are becoming increasingly elaborate and present new risks every day. What happens if an accident occurs, a member of the public is injured or property damaged? What kind of liabilities are you exposed to? Can you afford the financial cost and cost to your reputation that will result?</p> <p>Can you demonstrate appropriate use of monies from fundraising?</p>	<ul style="list-style-type: none"> • Documented fundraising strategy • Regular contact with funders • Public awareness and profile • Approval and authority procedures • Risk assessment process • Skills evaluation and training • Health and safety reviews and training • Insurance cover including event and cancellation

“Fundraising activities are becoming increasingly elaborate and present new risks every day. What kind of liabilities are you exposed to?”



Challenge	Risks	Potential solutions
<p>Emerging risks</p> <p>By their nature, emerging risks can be difficult to identify and quantify, but they are likely to pose the greatest threat to your organisation.</p>	<p>A lack of strong leadership could have a negative impact on your strategic direction and ability to satisfy the needs of your stakeholders, and a decline in trust and potential loss of funding as a consequence.</p> <p>Data mismanagement, for example loss or illegal use of confidential information, could result in fines and reputational damage.</p> <p>New technologies bring new risks. Social media presents a risk of damage to your reputation in a matter of minutes; cyber crime exposes you to the risk of fraud or loss of funds; and how will you manage the risks posed by the Cloud and of staff using personal devices at work?</p> <p>Climate change and extreme weather could affect your ability to deliver your services, for example through damage to property and equipment, power cuts or preventing travel.</p>	<ul style="list-style-type: none"> • Monitoring of proposed legal and regulatory changes • Membership of umbrella bodies • Identification of issues where advice is required • Profiling of donor base • Profiling and understanding of beneficiary needs • Use of actuarial analysis to establish future funding requirements • Risk identification and monitoring systems



£1.65 billion
The amount fraudulent activity is costing the UK charity sector a year

Source: 'Minimising Fraud and Maximising Results for Charitable Purposes' Report

Challenge	Risks	Potential solutions
<p>Potential property loss</p> <p>The most common insurance claim made by charities in 2012 was for damage to buildings: 4.7 per cent of claims². An incident such as a fire or flood can be devastating, and not just because of the potential cost involved in repairing buildings and contents.</p> <p>²Charity Insurance Report 2012, Third Sector Research</p>	<p>The scale of disruption to your operations in the aftermath of a loss could be enormous. Do you have a business continuity or disaster recovery plan in preparation for such an event? Would you still be able to deliver your services to your beneficiaries? What would be the impact if not?</p> <p>When it comes to making a claim on your insurance, and appointing contractors in respect of repairs, do you have the expertise in-house to cope? Would you even be able to calculate the full value of the loss?</p>	<ul style="list-style-type: none"> • Building and plant inspection programme • Repair and maintenance programme • Capital expenditure budgets • Review of security • Valuation, asset register and inspection programme • Facility management arrangements • Safe custody arrangements for title documents • Management of patent and intellectual property • IT recovery plan • Data back-up procedures and precautions • Disaster recovery plan for alternative accommodation • Insurance reviews

Ensuring employee benefits

<p>The success of any charity or not for profit organisation is largely down to its people. Organisations need to ensure they are able to attract, protect, retain and get the very best out of the right people to help them deliver success.</p>	<p>Do you have the right organisational culture and the right people on board to help you succeed? Do they feel protected from risk, valued and rewarded? Are they motivated and empowered to help you meet your objectives? Or, do you have disgruntled staff, pursuing their own agenda, risk high staff turnover, a lack of strategic direction, damage to your reputation and, in the extreme, employment tribunal cases? Do your supplier partners understand your mission and know how to help you achieve it? Are you getting value for money from the relationship?</p>	<ul style="list-style-type: none"> • Succession planning and key person protection • Documentation of systems plans and projects • Training programmes • Notice periods and handovers • Recruitment processes • Competence framework and job descriptions • Complaints procedures (both internal and external) • Proper review procedures for complaints • Advice on employment status and contract terms • Employee benefits programme
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Challenge	Risks	Potential solutions
<p>Pensions liabilities/deficit</p> <p>Some charities and not for profit organisations have historic, current or will take over pension scheme liabilities. These are typically related to defined benefit schemes (but not exclusively) and can have a significant and in some cases catastrophic impact.</p>	<p>Is the ongoing cost to your charity or not for profit organisation of meeting funding levels sustainable? Or is your long-term viability and success under threat?</p> <p>Do you have or are you facing a deficit on your balance sheet?</p> <p>Is your scheme funding plan appropriate for your organisation?</p> <p>Do your trustees fully understand the level of risk attached to it, or are they potentially exposed as a result of a lack of measures to mitigate the risk?</p>	<ul style="list-style-type: none"> • Engagement of professional advisers/ services • Implementation of an effective and appropriate funding plan • Understanding of the level of risk inherent in the funding plan and formulation of contingency plans • Keeping an efficient audit trail to satisfy The Pensions Regulator • Capping liabilities where possible • Restriction of future liabilities





Helping you succeed

Trusted advisers to the sector

We provide solutions to some of the UK's best-known charities. Organisations of different sizes, involved in a broad range of activities, like working with us because they value our proactive, consultative approach to helping them address all manner of challenges.

They also enjoy the benefits of our relationships with leading charity insurers and other professional advisers to the sector.

As a Lloyd's accredited broker we provide access to a broad range of insurance markets and the reassurance of financial security.

We are very proud to be trusted supplier to the National Council for Voluntary Organisations (NCVO).

Solutions to meet your individual needs

Your organisation is unique and so are the challenges you face. Your solutions need to reflect your individual needs, without compromise.

Our aim is to enable you to concentrate on meeting your objectives now and in the future, while we provide the impartial advice and solutions required to protect your organisation and support its success.

Our services

Security review

Plus advice on reducing exposure to security risks.

Health and safety and employment law risk management solutions

Including cost effective online solutions.

Business continuity planning

Specialist Trustee & Management Liability insurance

Including cover for employment disputes, health & safety investigations, official investigations, and disputes between trustees.

Trustee liability training

Insurance placement

Covering all key risks, for example:

- Professional Indemnity, Trustee Liability, Public Liability and Employers' Liability Fidelity Guarantee and Legal Expenses
- Buildings, Contents and Property Damage
- Business Interruption and Loss of Revenue
- Computer All Risks and Equipment Breakdown
- Claims Assistance
- Goods in Transit
- Personal Accident and Travel
- Medical Malpractice

Disaster recovery

Full disaster recovery service including claims assistance in the event of a loss.

Valuations and asset tracking

Key Person Protection

Crisis management

To help you protect your organisation and its stakeholders following an unforeseen incident.

Other services

Through our relationships with other advisers to the sector we can help you arrange legal advice, payroll provision, general accountancy and procurement.

Pensions automatic enrolment services

Including helping you understand your duties, assess your workforce and select a pension supplier; process design and pension scheme set-up; employee engagement and consultation.

Employee benefits programmes

Including arrangement of benefits such as pensions, death in service, medical insurance, income protection, healthcare cash plans, employee assistance programmes (EAPs) and health screening; and staff absence management solutions.

Investment management services

Including advising trustees on investment decisions, designing goal-based investment strategies, ensuring compliance with the Trustees Investment Act 2000 and ongoing management of the charity's funds.

Find out more

For more information about our services, please get in touch. We would welcome the opportunity to offer you our expert advice with a free, no obligation consultation.

Call us on **0330 660 0148** or email us at charitiesandnfp@lucasfettes.co.uk.

www.lucasfettes.co.uk/charitiesandnfp