



In their own words

How charities have responded in the first year of the Summary Information Return



This is the first year that charities with a gross annual income greater than £1 million have been required to submit a Summary Information Return (SIR) to the Charity Commission. The SIR form highlights key qualitative and quantitative information about a charity's work. This report presents the findings of our qualitative research into a sample of forms and includes examples of the different approaches some charities have taken.

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Introduction

Expectations of charities, on the part of funders, beneficiaries and the public generally, are increasing. The Charity Commission's own research has also highlighted strong public demand for information on how charities spend their money and what they have achieved.¹ At the same time, encouraging the provision of better consumer information about services and providers is being seen as one way of 'empowering citizens' and reducing the need for traditional regulation.² However, over two-thirds of the public admit to knowing little about how charities are run.³

Responding to this perceived need for more information, the Government's Strategy Unit report *Private Action, Public Benefit*⁴ recommended that the public should have access to more relevant, timely and accessible information about the effectiveness, performance and financial position of larger charities.

After extensive consultation, in 2005 we introduced the Summary Information Return (SIR)⁵, requiring all charities with a gross annual income over £1 million to complete the return. We believe the SIR has an important role in giving the public, as interested consumers and taxpayers, more information about how different charities benefit society and what they have achieved.

But the sector is by its nature very diverse. Two charities with identical objects can go about achieving those objects in very different ways, for example by providing either grants or front-line services. This report therefore illustrates how a sample of charities have answered the questions on the SIR, by quoting directly from their SIR forms.

There is already keen interest in the form and how charities have completed it: for example, although it is still early days, SIR forms were downloaded from our website nearly 25,000 times up to the end of October 2006.

As the SIR is not a regulatory tool, we have not commented in this report on the quality of individual responses. We did find, though, through our analysis for this report, that some charities have put a lot of effort into explaining their activities to stakeholders and what their impact has been. When this is done well, it will do much to help readers understand charities and how they operate. However, we think many charities are not yet taking full advantage of the opportunity that the SIR offers.

Our research has also taught us a good deal about how we can develop the SIR. In the light of our findings, we will amend the *Guidance Notes* to the SIR and the form itself to make it clearer, so charities can secure the maximum benefit from the SIR. The findings will help inform our review of the whole SIR process in 2007.

We hope this report shows some of the many ways charities have used the SIR so far, and inspires charities to build on these responses to tell their own story – in their own words – as they complete the SIR in future years.

1 As part of our research for our report *Transparency and Accountability* (RS8: 2004), we surveyed 1,000 members of the public for their views on the information made available by charities. 85% said they considered it 'important' or 'very important' for charities to provide information on what charitable activities they have spent their money on; 84% of respondents considered it 'important' or 'very important' for charities to provide information on what they have achieved.

2 Reply to the Prime Minister's letter which appointed The Right Hon. Hilary Armstrong MP as the Minister for the Cabinet Office and Social Exclusion. Cabinet Office (18 July 2006).

3 Opinion Leader Research for the Charity Commission (2005): *Report of findings of a survey of public trust and confidence in charities*.

4 *Private Action, Public Benefit: A Review of Charities and the Wider Not-for-Profit Sector*. Cabinet Office (2002).

5 At the same time we published accompanying *Guidance Notes for the Summary Information Return*; these are referred to as the *Guidance Notes* throughout the report. The *Guidance Notes* are available on our website: www.charitycommission.gov.uk/investigations/sir2005notes.asp

1. Method

We expect charities with a gross annual income of over £1 million in the previous financial year to submit an SIR.⁶ To put this into context, some 5,000 charities fell into this income bracket in September 2006. These charities represent fewer than 3% of the total number of charities on the Register of Charities for England and Wales⁷, but their combined income exceeds 80% of the total annual income of the sector.

We undertook a qualitative analysis of a sample of 130 forms relating to the 2004/05 financial year.⁸ Our sample was made up of the first 100 forms submitted to the Commission, plus a random sample of 30 forms submitted afterwards. We focused on identifying and illustrating the different approaches charities have taken in answering each question. We have quoted directly from charities' responses to show the variety of approaches.

The intended audience for the SIR form is the interested public: it is not for us to say what works and what does not. We have therefore not tried to judge individual responses as 'good' or 'bad'. Apart from considering charities' accounts for Question 5, we have not analysed individual responses or compared answers. However, in the *General comments* section below, we have expressed our opinion and given some general figures on the more factual aspects of completing the SIR form, such as layout and signposting.

6 Since 2005, charities have been able to submit their Annual Return Forms, including the SIR, directly using our new online submission service. Our Online Services Homepage is available at: <https://www.charitycommission.gov.uk/officeforms/ccportal.ofml>

7 As at September 2006, there were 168,115 main and 22,119 subsidiary charities registered with the Commission, with a total combined annual income of over £40 billion.

8 The combined income for the 2004/05 financial year of the charities in our sample amounted to £1.02 billion; this represents 2.6% of the estimated total income for all charities in 2005.

2. General comments

Accessibility

We publish an A to Z directory of completed SIR forms and other information⁹ on our website. We found only one charity out of our sample of 130 that chose to link its website to its SIR on our website.

In most cases, we found that responses in our sample were clearly laid out and the forms themselves were easy to navigate. In a few cases, we thought that the presentation could have been improved by breaking up larger chunks of text into smaller paragraphs or by using bullet points. Some of the seven handwritten forms were difficult to read.

39 out of 130 charities used jargon and abbreviations that lay readers, the intended audience for the SIR, might not understand.

Signposting

Our research also analysed the sorts of information that charities gave signposts to, using the 'Further details can be obtained from' boxes across the whole form. Almost all the charities included signposting of some kind, with only eight forms having none at all.

- 64 charities referred the reader to individuals or officers – named or otherwise – within their organisation, from whom they could get more information.
- 60 forms included signposting to a charity's annual report and accounts or annual review, while only 18 charities referred the reader to a business or strategic plan. Three charities directed the reader to specific sections of documents such as an annual report and accounts, strategic plan or mid-year review.

- 34 charities signposted to other sources of information, for example by giving the charity's postal address or a generic email address. One charity¹⁰ signposted to a range of information, including newsletters, patient information booklets and external medical and scientific sources (among others).

We were surprised that 20 charities in the sample appeared to have no website at all. Of the 110 charities that did have a website, fewer than half¹¹ used the SIR to signpost to it.

Subsidiaries

The SIR is intended to include information on all a charity's activities, including any activities it may undertake through charitable and/or trading subsidiaries.¹² We found that the information on SIR forms would have benefited – for the sake of transparency – from more specific reference to activities by subsidiaries. 47 charities in our sample had a trading subsidiary, but we found only isolated references to trading subsidiaries in their responses.

Sign-off

There appeared to be some confusion over *Title* in the declaration at the end of the form: most charities answered with 'Mr', 'Ms' etc., while some charities put 'Chairman', 'Honorary Treasurer' etc. We will make the SIR form clearer in this respect.

9 The A to Z directory of completed SIR forms can be accessed on our website: www.charitycommission.gov.uk/registeredcharities/SIRList.asp. Clicking on an individual charity's entry also allows you to access other information (such as legal objects, address and charity website address) about that charity. Although only charities with a gross annual income exceeding £1 million need complete and submit an SIR, we publish information on all registered charities in England and Wales. The Commission website received 29 million hits in the 2005/06 financial year.

10 Leukaemia Research Fund, 216032.

11 54 charities; of these, 49 charities referred to a website address and a further five charities mentioned the charity's website without giving the website address.

12 Please refer to *Annex A* for more details on the scope of the SIR form.

3. Questions and responses

Set out below are the findings from our qualitative analysis of the 130 forms in our sample, taken question by question. As an aid for those using the report while they complete their SIR form, we have included the relevant extract from the *Guidance Notes*.

By using actual examples, we try to show the different ways charities have responded to questions on the SIR form, rather than comparing and ranking their answers.

All the examples quoted are as written by the charities themselves on their SIR forms, save for corrections of minor typographical errors.

The charity's aims

Question 1): What are your charity's aims?

Our *Guidance Notes for the Summary Information Return* state:

You should explain concisely what your charity plans to achieve, or the difference it seeks to make. The statement should provide an understanding of the purpose of your charity's activities and, at a very high level, of the basic direction of your charity's work. This statement would not usually be the same as the charity's legal objects (which are already stated on the Commission's website).

Charities approached this question in various ways.

36 out of 130 charities based their response to Question 1 on their legal objects, and quoted their objects in full or in part. 20 of these charities went on to explain what this meant in practice for their day-to-day activities. In the following example, the charity has quoted its very wide legal objects:

“Such charitable purposes in Borough of Wigan as the Trustees from time to time decide” (memorandum of association)

and has then translated them into some practical examples of its current work:

***‘Current Role:
Provide & support community centres
Provide grants to centres and community organisations’¹³***

Some charities gave very high-level or mission-type responses in answer to Question 1, for example:

‘Community Action Hampshire works to strengthen and promote voluntary and community action, and to achieve fair and diverse communities.’¹⁴

The following gives another high-level, mission-type response:

‘The Grace Eyre Foundation supports people with learning disabilities to live valued lives in the community.’¹⁵

Some charities gave an idea of what they want to achieve and how they go about achieving it, by giving information on their practical work and stating their aims. Facts, with or without figures, were used, for example to put the scale of a charity's activities into context:

¹³ Douglas Valley Community Limited, 1069483.

¹⁴ Community Action Hampshire, 1053806.

¹⁵ The Grace Eyre Foundation, 1020192.

*'To provide a Park for the benefit of the residents of Peterborough and visitors to the city. Nene Park covers 1026 ha (2535 acres) of which 700ha (1730 acres) is owned by the Trust. About 276 hectares (682 acres) of meadows, woods and lakes are used for informal recreation, another third is used for formal sports and activities such as golf, rowing and sailing and the remainder is open countryside used for agriculture with a network of footpaths and bridleways.'*¹⁶

And similarly for a charity with multiple aims:

'Aim: Oxfam works with others to overcome poverty and suffering.

Oxfam works in three main ways, and makes the links between them:

- humanitarian response; largely delivered by Oxfam itself.*
- community based development work; largely through funding and supporting partner organisations in country.*
- campaigning to achieve policy and practice change in favour of poor people.*

Our work is founded on a rights based approach and there are five overall programme aims, to achieve the:

- Right to a sustainable livelihood;*
- Right to basic social services;*
- Right to life and security;*
- Right to be heard;*
- Right to equity: gender and diversity.*

*We work in over seventy countries with programmes managed through nine geographical regions of the world e.g. Southern Africa, South Asia.'*¹⁷

16 Nene Park Trust, 800067.

17 Oxfam, 202918.

Who benefits

Question 2a): Who benefits from the charity's work?

Our *Guidance Notes for the Summary Information Return* state:

For charities that make grants, the details provided in answer to these questions should explain the categories or groups of beneficiaries to whom grants are made. Where the grantmaking policies focus on supporting particular types of activities again this should be explained.

You should explain or list the groups of people, communities or organisations that your charity's work is supporting. This will include any people or organisations that benefit from the charity's services or facilities, whether provided by the charity on a voluntary basis or as a contractual service, perhaps on behalf of a body such as a local authority.

Charities responded to this question with varying levels of detail.

Some charities gave brief responses, such as 'Disabled people'¹⁸ or 'The public'¹⁹.

Other charities developed their response, for example by providing details of target groups within 'the general public':

*'General public, and target groups such as over 60's, students, under 5's, people referred by their GP, and people on income benefit.'*²⁰

The following example demonstrates how one grant-maker has explained who receives its grants:

*'Anyone associated with the grocery industry who finds themselves in need of assistance. A degree of financial hardship needs to be demonstrated and evidence of a minimum of 15 [years'] service within the industry [needs] to be shown.'*²¹

Charities of the same types showed a range of approaches. The following responses came from two Councils for Voluntary Service:

*'All voluntary and community groups and individuals living in Neath Port Talbot can benefit from the Charity's work'*²²

And:

'Walsall Voluntary Action strives to advise local service providers on how to work with and through the voluntary and community sector. The aim is to enable individuals, communities and groups to have better access to services, including those of the Local Authority.'

Community Chest	}	127 groups
Community Learning Chest		
Fast Track		
Black Country Women's Development Fund		48 groups
Constitution Surgery	}	75 groups
Funding Club		
Development Surgery		
Financial Assistance		4 groups
Payroll		18 groups
Grant Forwarding		1 group

18 For example: The Papworth Trust, 211234.

19 For example: Sir John Soane's Museum, 313609.

20 Basingstoke & District Sports Trust Limited, 301731.

21 National Grocers Benevolent Fund, 1095897.

22 The Neath Port Talbot Council for Voluntary Service Ltd, 1064450.

*Management support to:
Walsall Volunteer Bureau
Walsall Community Empowerment Network
The Black Country Women's Development
Network²³*

One Age Concern charity used its response to this question to demonstrate its reach by analysing its beneficiary class:

'Older people living in Cardiff and the Vale of Glamorgan. In general terms, 50% of the 20,000 people assisted by the Charity were

over 75 years of age; 1,200 were over 85 years of age. Of the total recorded – 4,700 people recorded having multiple disabilities. The Charity offers 17 local contact/information points throughout Cardiff and the Vale of Glamorgan for local access to the Charity's Information Data Base and Fact Sheet Service.²⁴

Whereas another Age Concern described its beneficiary class more briefly as:

'Older people living in the City of Newcastle upon Tyne.²⁵

Question 2b): How do you respond to their needs and how do they influence the charity's developments?

Our Guidance Notes for the Summary Information Return state:

Charities exist to serve their beneficiaries (current and potential), or service users, and to provide services that satisfy their needs as completely as possible. Well-run charities try continuously to improve their services in ways that have a direct, positive impact on the lives of users, exploring a variety of ideas and methods to achieve this. Beneficiaries and service users are key stakeholders.

You should briefly explain how your charity seeks the views of its beneficiaries or users, maintains a dialogue with these groups and how their views are channelled into the decision-making processes of your charity.

This question applies to all charities whether or not they deliver services; for example a grant giving charity would need to explain the ways in which it considers the needs of its grant applicants and grant holders.

We found that, in the main, charities supplied two kinds of information in response to this question.

Some grant-makers described how they respond to individual beneficiaries by explaining how they consider their needs, as suggested by the *Guidance Notes*:

'Trustees consider applications for assistance, and take into account the needs of the children, the requests from Parents and Guardians and the opinions and advice of professional people involved with the children.'²⁶

23 Walsall C.V.S., 1074659.

24 Age Concern Cardiff and the Vale of Glamorgan, 260189.

25 Age Concern Newcastle upon Tyne, 1041000.

26 The Royal Navy and Royal Marines Children's Fund, 1075015.

But many charities, not just grant-makers, provided details on what they do day by day for individual beneficiaries, for example through a tailored care plan, as well as describing the services they offer:

***'By continuing to provide a service encompassing all the current developments within palliative care, and which adheres to the criteria of government guidelines.'*²⁷**

The second type of information some charities gave, often alongside details of how they provide directly for their beneficiaries, was about the ways they consult beneficiaries and collect their views. This could be through methods such as annual questionnaires, user surveys and user conferences, or through, for example involving beneficiaries at board level (as user-trustees):

***'...Residents are consulted through meetings, one-to-one support sessions, newsletters, satisfaction surveys, AGM, plus the usual consultation processes.'*²⁸**

Some charities then also explained *how* these views feed into their decision-making; for example, how feedback from beneficiaries informs the annual business planning cycle:

***'User feedback is sought on a continuing basis for such activities as training and other front-line services through a structured evaluation process. Approximately every three years we undertake an organisation-wide consultation with our users to determine the level of satisfaction with our services and to seek suggestions for future development. These are fed into our annual business planning process. In addition, our Board of Trustees includes representatives of user groups.'*²⁹**

However, we found that when charities gave information about how they sought feedback from beneficiaries, they often did not explain how they used this feedback in decision-making. For example, some charities mentioned that they conducted surveys without stating how they would use the results:

'Service users are represented on the Council of Management.'

We employ a Service User Advocate.'

***Questionnaires, individual interviews and client assessments are conducted frequently.'*³⁰**

27 The Rotherham Hospice Trust, 700356.

28 Cardiff YMCA Housing Association, 1015485 – extract from response to Question 2b.

29 Voluntary Action Sheffield, 223007.

30 Strode Park Foundation for Disabled People, 227794.

The charity's strategy

Question 3a): What are the key elements of the charity's medium to long-term strategy?

Our *Guidance Notes for the Summary Information Return* state:

The purpose of this question is to enable your charity to explain how it plans to accomplish its most important medium to long-term objectives. The explanations given should:

- provide an understanding of the strategy for achieving your key objectives
- provide an understanding of how these key objectives will further the aim of your charity;
- primarily be those relating to your charity's charitable activities.

Charities approached this question in various ways:

- By responding with a mission-type statement:

*'The Charity aims to make the education that it can provide available to as wide a cross section of the community as possible.'*³¹

- By supplying some practical examples of their future goals:

'Key elements include:

Maximising income through maintaining high occupancy and controlling costs.

Maintain high standards by means of a quality assurance system.

Recruit, train and retain staff of a high calibre.

Develop risk management systems across the organisation and further promote a risk management culture.

*Maintaining and redecorating Aurora properties to enhance marketability.'*³²

- Or by describing one or more goals, in the form of a mission-type statement with practical examples of how to achieve the goals:

*'...Provide high-quality and professional services to our schools and users, for example in providing appropriate training for school leaders and by assisting with the recruitment of newly qualified teachers...'*³³

The *Guidance Notes* define³⁴ a medium- to long-term strategy as one covering three to five or more years. It was not always clear whether this was the time-frame that charities were writing about in their responses, whatever the approach taken.

31 Hulme Grammar Schools, 526636.

32 Aurora Charity, 299935.

33 The London Diocesan Board for Schools, 313000 - extract from response to Question 3a.

34 Under 'Strategy' in the *Glossary* to the *Guidance Notes* (reproduced at Annex C).

Question 3b): How does the charity measure the success of the strategy?

Our Guidance Notes for the Summary Information Return state:

You should explain briefly the techniques that your charity uses to assess whether or not it is meeting the broader, longer-term effectiveness of its strategy. For grant-making charities this applies to their assessment of their own strategies rather than those of the grant recipients.

Some charities gave practical examples of some of the measurement techniques employed:

- 1. Professional annual auditing by Healthcare Commission and external auditors.*
- 2. Medical and nursing peer review.*
- 3. Community feedback and patient surveys.*
- 4. Local NHS commissioners who contribute around £1.0m per annum towards our costs.³⁵*

Charities sometimes directly linked their answers to Questions 3a and 3b, giving the measure they use to assess whether they have achieved each goal:

Response to Question 3a

'To make resident satisfaction a key measure of our effectiveness.

To continue to work in partnership with other voluntary and statutory organisations for the benefit of local residents and the local area.

To raise external funding for community development activities.

To ensure that our investment in the housing stock and the physical environment is maintained and protected.'

And another example was:

Response to Question 3a

'Kings Church - To establish a second generation management team, following retirement of the leader of 17 years.

To increase the membership of the church and particularly by making it accessible and attractive to all.

To be a presence in the community, to work with other agencies and to make the Kings Centre available for use by the wider community...'

Response to Question 3b

'Levels of resident satisfaction achieved as reflected in surveys.

The number of jointly operated community projects or activities.

The amount of funding raised.

The condition of the stock and the environment as reflected in surveys³⁶

Response to Question 3b

'Kings Church - The successful change of management team will be measured by the growth across the whole spectrum of the charity's activities.

Church growth will be measured by numerical attendance, membership and financial support.

Presence in the community will be measured by the number of joint activities with local organizations, such as schools, colleges and local councillors, combined with coverage of our events in the local media...³⁷

³⁵ Hospiscare, 297798.

³⁶ Fortunegate Community Housing, 1068484.

³⁷ The Frontiers Charitable Trust, 1065086 – extract from responses to Questions 3a and 3b.

Other responses to Question 3b often gave a general narrative on the strategic planning and evaluation processes, such as the use of a sub-committee to review progress, a system of key performance indicators to assess the progress being made and periodic reviews:

*'Annually a delivery plan is prepared for the forthcoming 12 months and a quality performance report is submitted to board.'*³⁸

And:

*'Through the responses to our evaluation systems and the feedback from those who purchase our services.'*³⁹

Objectives and achievements

Question 4)⁴⁰: What were the charity's main annual objectives and were they achieved?

Our Guidance Notes for the Summary Information Return state:

For grantmaking charities, the information required in answer to these questions relates to the grantmaker's own objectives and activities and not to the grant recipients.

The purpose of this question is first to enable your charity to set out its short-term objectives for the year. These objectives should provide an understanding of how your charity's strategy was to be progressed during the year. You should explain your objectives relating to external outcomes rather than to internal management. Your explanation should allow the reader to assess how the annual objectives would help your charity to achieve its overall aim and strategy.

In the second part of the question, you should provide details of the achievement, in terms of the measures or indicators used by the charity to assess performance against its annual objectives. Where applicable, you may wish to explain the reasons why a target was not achieved. The measures can be either quantitative or qualitative, or a mixture of both.

Our findings showed that both parts to Question 4, *Objective* and *Achievement*, had to be read together: some charities gave lots of detail for *Objective* but less under *Achievement*, or vice versa.

For example, a charity has given the following response for *Objective*:

'Commitment to customers'

Then the same charity explains this high-level objective in its response under *Achievement*:

*'In partnership with Boston Borough Council, we launched a (Housing Benefit verification) scheme, which aimed to help our tenants to overcome the difficult hurdles in securing Housing Benefits.'*⁴¹

38 Norcare Limited, 515150.

39 Cartref Ni Limited, 1071424.

40 Although referred to as '4a)' in the *Guidance Notes*, there is no follow-on Question 4b). We will correct this as part of our review of the *Guidance Notes*.

41 Boston Mayflower Limited, 1078179 – extract from response to Question 4.

Likewise:

Objective:

'Run campaigns to influence public policy and attitudes'

Achievement:

'Ran a number of successful campaigns including those on the Disability Discrimination Bill and accessible housing and improved communication with legislators through the MP Dialogue Day'⁴²

Some charities provided quite high-level responses for *Objective*, with 'yes' or 'achieved' under *Achievement*, such as 'To raise sufficient funds' and 'Achieved'⁴³; or 'To be recognised and listened to as the voice of all providers in the sector at a local and national level' and 'Achieved'⁴⁴.

Several charities used figures or qualitative measures (or both) to illustrate their answer:

Objective:

'To provide help and support via our helpline for over 2,000 callers'

Achievement:

'Help and support provided to over 5,000 callers'⁴⁵

And:

Objective:

'Provide a high quality service'

Achievement:

**' - ISO 9001:2000 maintained
- Successful statutory inspection visit
- Positive surveys/low level of complaints'⁴⁶**

As well as reporting their successes, several charities included a goal they had not achieved, and explained why:

Objective:

'To develop preventative services that focus

on positive mental health and target those who would not traditionally use Brent Mind services.'

Achievement:

'Preventative service was not developed as Brent Mind did not achieve its fundraising target'⁴⁷

The *Guidance Notes* state that charities should explain their '*objectives relating to external outcomes rather than to internal management*'.

However, we saw that setting internal objectives or goals to do with fund-raising or governance can also be a means of achieving a charity's aims:

Objective:

'To ensure that lasa's services are available to all and that we carry out our work with equity reflecting the diversity of society'

Achievement:

'Review all lasa policies to ensure compliance with Equal opportunities practices and principles'⁴⁸

And:

Objective:

'Recruit all the multidisciplinary staff for the new bedded unit'

Achievement:

'Fifteen WTE nursing staff, four medical officers and other ancillary staff were recruited by the end of the year.'⁴⁹

Internal goals are often to do with improving the organisation in some way, for example to recruit and train better staff; they are therefore usually a means to deliver better-quality services, which may interest a lay reader. Sometimes, internal goals can be self-explanatory (such as improving training for staff); at other times they may not be (as in giving a fundraising target but not stating how these funds will be used). We will amend our *Guidance Notes* accordingly.

42 The Royal Association for Disability and Rehabilitation, 273150 – extract from response to Question 4.

43 The Rotherham Hospice Trust, 700356 – extract from response to Question 4.

44 The Association for Real Change, 285575 – extract from response to Question 4.

45 The Scottish Hospital of the Foundation of King Charles the Second (Royal Scottish Corporation – based in London), 207326 – extract from response to Question 4.

46 Care Partners Trust, 1080820 – extract from response to Question 4.

47 Brent Mind (Association for Mental Health), 1011435 – extract from response to Question 4.

48 London Advice Services Alliance Company Limited, 800140 – extract from response to Question 4.

49 North Devon Hospice, 286554 – extract from response to Question 4.

Income and expenditure

Question 5a): What were the charity's sources of income in the year?

Our *Guidance Notes for the Summary Information Return* included the following⁵⁰:

The required analysis of income should be drawn from the Statement of Financial Activities for the year. Definitions of the types of income to be included in each of the standard headings are set out in the Glossary and are designed to be consistent with those used in revised SORP 2005...

All 130 charities responded to Question 5 on income and expenditure and we identified several common issues about how they completed the questions:

- Figures were not always easy to reconcile with those given in the charity's accounts and/or Parts A and B of the Annual Return Form.
- Charities did not always realise that the answers in this section should be in thousands of pounds.

- Few charities made use of the explanatory notes boxes.

Regarding Question 5a specifically, the question asks for an analysis of total incoming resources, yet the SIR form refers to percentages of gross income⁵¹ which may not always be the same figure. We will remove this anomaly in the next version.

Question 5b): What were the most significant activities in the year, and how much did the charity spend on these?

Our *Guidance Notes for the Summary Information Return* included the following:

You should provide brief details of those charitable activities that made the most significant contribution to the annual objectives you have listed in answer to Question 4. Information provided here might include details of the services provided by your charity, the significant projects or programmes that your charity undertook / is undertaking, or the types of grants made. The details provided should be sufficient to provide a reasonable understanding of the work undertaken by your charity in the year...

The definition of what comprises charitable activity is set out in the Glossary and is consistent with that used in the revised SORP...

You should include details and costs of charitable activities undertaken through any subsidiary undertaking that are included in your charity's consolidated accounts.

You may wish to provide comment on, or explain, the charitable activities and costs that you have provided, for example if an activity is low in cost but high in impact.

⁵⁰ Please note that, for the sake of brevity, only extracts from the *Guidance Notes* have been quoted here for Questions 5a, 5b and 5c. The full *Guidance Notes* are available on our website: www.charitycommission.gov.uk/investigations/sir2005notes.asp

⁵¹ Please refer to the *Glossary* at Annex C for a definition of 'gross income' taken from the *Guidance Notes*.

In many cases, the information included an additional breakdown of expenditure, so providing more information about a charity's activities.

We found that the definition of charitable expenditure was not always followed correctly, in that governance costs and fundraising costs were sometimes included within the charitable activities

figures. We will clarify the question as part of our review in 2007.

In some cases, respondents had evidently pasted information directly from their accounts, even though the question asks about a charity's *most significant* activities and associated costs.

Question 5c): What were the charity's three main fundraising activities in the year, and how much did each generate and cost?

Our *Guidance Notes for the Summary Information Return* included the following:

Fundraising activities here include income from all activities designed to raise Voluntary Income and from Activities for Generating Funds (see definitions in the Glossary). These definitions, and the basis of computing income and costs, are consistent with those used in the revised SORP.

When identifying your charity's main fundraising activities in the year, you should select those activities that are considered of greatest strategic importance to your charity. In most cases these will be the activities that generated most income for your charity. If these items are material your charity will probably have included this information in the notes to its accounts...

In answering this question, please include any fundraising activities that are undertaken through subsidiary undertakings.

Many charities did not answer Question 5c. It was clear that in some cases this was because a charity did not undertake fundraising activities. In other cases, charities had referred to fundraising activities in answer to Question 5a or in their accounts, but did not go on to complete this question.

Many charities reported fundraising activities that cost more to run than they generated in income. Some charities found it difficult to allocate income and expenditure to individual fundraising activities. Other charities accurately reflected the income and associated costs of particular fundraising activities, but in most cases did not explain why fundraising costs exceeded income.

This question asks charities about their three *main* fundraising activities. Our research found, in some cases, that the accounts referred to more significant fundraising activities than were mentioned on the SIR form.

The charity's financial health

Question 6): How would you describe your charity's financial health at the end of the period?

Our *Guidance Notes for the Summary Information Return* state:

The charity's financial position at the end of each year has an effect on what it can/will do in the future. In your answer to this question, you should highlight key information concerning your charity's financial health at the end of the year including, for example, the level of its reserves, whether that level is satisfactory, why the reserves are being retained and any significant financial commitments that might crystallise in the future.

Several charities gave short or one-word answers, such as 'good'⁵², 'sound'⁵³ or 'satisfactory'⁵⁴.

Other charities provided more narrative:

'The charity's financial health is good with a strong cash position of £2.12m, an increase of £1.2m on 2003/04, and fund balances carried forward of £1.8m. The minimum reserves figure has been set at £700k which reflects three months operating costs.

The remainder of the reserves are retained to enable the organisation to invest in programme development. This investment is necessary to enable the organisation to meet the needs of the very dynamic and fast moving environment within which it operates.⁵⁵

Perhaps because the *Guidance Notes* give reserves as an example, some charities referred solely to their reserves' position without elaborating further, but this was not always the case:

'Good. This was confirmed by the Housing Corporation's Annual Assessment which in October 2004 gave a 'green light' to Brighton YMCA's viability and stated that 'The Association has a sound financial condition and exposures are well mitigated'.

Nevertheless our viability will be extremely dependent in future years upon Supporting People contracts offered by the local authority.⁵⁶

We will amend the *Guidance Notes* to ensure that they make clear that the level of reserves is not the exclusive focus of this question.

The following example illustrates one of a few cases where a charity has made a direct link between its charitable activities in the financial year and its financial health at the end of the year:

'The school has been full throughout the period and demand for places remains high despite a small but steady loss of boys from year six to both senior independent schools and the state sector. The strong financial performance for the year under review enabled the Governors to continue to repay the School's borrowing at an enhanced rate as well as maintaining a policy of planned improvements to facilities at the school...'⁵⁷

52 For example: The Society of St Columban for Foreign Missions, 221594.

53 For example: Boston Mayflower Limited, 1078179.

54 For example: Cardiff Action for Single Homeless, 703074.

55 Youth Sport Trust, 1086915.

56 Brighton YMCA, 800987.

57 York House School Trust Limited, 311076 – extract from response to Question 6.

The next year⁵⁸

Question 7a): How will the overall performance last year affect the charity's medium to long-term strategy?

Our Guidance Notes for the Summary Information Return state:

Your charity's assessment of its activities and of the outcomes or impact of its work during the year may be used to feed into its planning processes, influencing the direction of future activities undertaken. You should explain how the assessment of the results of your charity's performance in the year is used to modify its medium to long-term strategy.

Some charities responded by explaining how the previous year's performance had affected its medium- to long-term strategy:

*'Having met all our key targets last year with very positive feedback from users, we are striving to maintain all our current services over the next three years, with developments in some areas, including more joint work with our partners across South Yorkshire. However, there remains some uncertainty about our ability to renew contracts and find new sources of funding in some areas. There will be more emphasis on generating income from organisations that can afford to pay (more), whilst continuing to provide a free or heavily subsidised service to smaller and less well resourced groups.'*⁵⁹

And:

*'It provides a solid base for the completion of the £Million Plus campaign by November 2006, and the maintenance of a good level of grant making in the mid term, after the completion of the current large European and Local Network for Children and Young People grants streams in 2006. It has also gone some way towards providing a sustainable operating funds level, but more will have to be done.'*⁶⁰

Many charities focused on their previous year's financial performance and made no mention of how other aspects of their performance, including their charitable activities, would affect future strategy. But this was not always the case:

'The charity was successful in improving the reliability and increasing the amount of care provided by its Marie Curie Nursing service by 13% and this has resulted in some NHS bodies requesting further services in the future. This will progress the charity's strategy to offer more services to patients in their own homes.

The support obtained for our "Supporting the Choice to Die at Home campaign" in England means that we will extend our campaign to other countries in the UK and continue to work closely with politicians and the NHS to develop more choice for people at the end of their life in all countries in the UK.

Our Delivering Choice programme in Lincolnshire progressed well and we intend to extend the programme establishing two further flagship projects in other areas of the UK and also ask government to support us in developing further projects elsewhere.

*The increases in both our care and scientific research resources will mean that we can progress our plans to increase our research activities and improve care and prospects for patients in the future.'*⁶¹

58 Entitled 'The next year' in the Guidance Notes and on the SIR form, but including a question on last year's performance. We will clarify this as part of our review in 2007.

59 Voluntary Action Sheffield, 223007.

60 Berkshire Community Foundation, 294220.

61 Marie Curie Cancer Care, 207994.

Charities also approached this question in various other ways, with responses combining features mentioned below.

Some charities concentrated on telling the reader how the previous year's performance would affect the next year's performance, rather than looking further ahead into the future:⁶²

'We are continuously striving to improve the effectiveness of our grant making procedures and of the partnerships with our grantees. Experience in the year has demonstrated the need for development of best practice in grant making for the local foundations and we are carrying forward this very important part of our work. Experience has also underlined the need for close relationships with our external partners and we are devoting more resources to the development of this in the coming year.'⁶³

Many charities provided overarching statements at a high level:

'The charity continues to grow, and, therefore, become more interesting to the individuals who visit the Museum.'⁶⁴

And:

'2004-2005 performance has contributed to the meeting of our medium to long term strategy.'⁶⁵

And:

'Neath Port Talbot Council for Voluntary Service had a very successful year.'⁶⁶

Having already given the elements of their medium-term strategy in answer to Question 3a, some charities may have decided to focus on their strategy-making process and how the assessment of performance feeds into it, rather than on what that strategy contains:

'Overall performance for 2004-5 assessed through joint work between the Board of Trustees and the Senior Management Team'

resulting in continuation of operational planning for the following year with review cycles established. Medium/long term strategy assessment was planned for the year 2005-6 in informing business planning over the following three year period and this work is in progress. Assessment takes account of the level of achievements of the last year, progress during the current financial year, funding streams in support of current services and funding opportunities to support new community services development in different parts of the country.'⁶⁷

Some charities responded by saying that last year's performance was in line with the strategy (usually given in answer to Question 3a):

'CMS continues to be committed to the long term strategy set out in the Mission Strategy 2001-11 and the overall performance in the year to 31 January 2005 is consistent with this.'⁶⁸

Some charities stated that they were 'in between' strategies, or that the current strategy was under review at the time of writing:

'As indicated the strategy is currently under review. Part of that review is a self contained Report on our performance against objectives and targets set for the previous 3-years. This performance will be factored into and reflected within the new 3-year strategy for 2006-2007'⁶⁹

Other charities stated that they needed to re-evaluate their current strategy due to some aspects of performance or events that had taken place in the previous year:

'As some funding sources come to an end, and or get merged into other areas, for example Local Area Agreements, clarity will be developed which will then place the organisation in a lot better position to be able to judge its medium to long term position.'⁷⁰

62 'Medium-term' is defined as three to five years under 'Strategy' in the Glossary to the Guidance Notes (reproduced at Annex C).

63 The Vodaphone Group Foundation, 1089625.

64 The Haynes International Motor Museum, 292048.

65 Black Country Connexions, 1092409.

66 The Neath Port Talbot Council for Voluntary Service Ltd, 1064450.

67 Gofal Cymru, 1000889.

68 Church Mission Society, 220297.

69 The Scottish Hospital of the Foundation of King Charles the Second (Royal Scottish Corporation – based in London), 207326.

70 Walsall C.V.S., 1074659.

Question 7b): What are the charity's main annual objectives for the next year?

Our Guidance Notes for the Summary Information Return state:

The aim of this question is to enable your charity to set out its annual objectives for the next year.

Please identify and explain objectives that have external outcomes, rather than internal management objectives. Priority should be given to disclosing objectives relating to external outcomes rather than to internal management. Where possible they should be expressed in a way that allows the reader to assess how the objectives will further achievement of the charity's overall aim.

Answers ranged from the brief:

*'Always trying to improve'*⁷¹

or:

*'See B. Plan'*⁷²

to the lengthier:

- '- Construct a swimming pool and associated facilities at Portfield School*
- Develop new day activity facility for adults in west Dorset*
- Commission new residential care home for adults in west Dorset.'*⁷³

Some charities also used facts and figures to illustrate their response:

'To maintain a research programme of £2.5 million, with commitments of £660,000 expenditure during the year

Maintain public & medical information resources, making them available online wherever possible, and make them freely and widely available

Maintain 24 hour helpline service. Befriend people in distress because of meningitis and septicaemia

*Maintain and, if possible, increase income over 2004/05 performance.'*⁷⁴

Another approach was to give a more high-level response, either with or without more explanation about how a charity was hoping to achieve a stated goal:

- '- Providing 'voice' and representation for Hampshire's voluntary and community sector, and rural communities*
- Promoting community based decision making and action*
- Promoting equal partnership between the voluntary, private and public sectors*
- Providing a policy and information function for the voluntary and community sector, and rural communities*
- Creating and running successful projects to enhance the work of Hampshire's voluntary and community sector, and the lives of rural communities.'*⁷⁵

71 Ahavat Shalom Charity Fund, 283397.

72 Opportunity Housing Trust, 517149.

73 The Wessex Autistic Society, 1000792.

74 Meningitis Research Foundation, 1091105.

75 Community Action Hampshire, 1053806.

The charity's governance

Question 8): How does your charity ensure that its governance arrangements are appropriate and effective?

Our *Guidance Notes for the Summary Information Return* state:

Governance provides the mechanism by which a charity is directed and controlled. Good governance is crucial to ensuring that a charity operates effectively. Charity Commission publication CC60 (The Hallmarks of an Effective Charity) defines effective governance of a charity as:

"An effective charity is run by a clearly identifiable trustee body that has the right balance of skills and experience to run the charity effectively, acts in the best interests of the charity and its beneficiaries, understands its responsibilities and has systems in place to exercise them effectively."

This question is intended to enable you to explain concisely how your charity seeks to ensure that appropriate governance arrangements are in place and any procedures adopted in reviewing such arrangements.

You do not need to provide a full description of all your charity's governance arrangements – these may already be provided in your Trustees' Annual Report and, if so, you may wish to cross-refer to them in this summary. What you should explain is how you ensure that these arrangements are appropriate and effective.

Please bear in mind here that many members of the general public have little understanding of how a charity is run, so make your points clearly and simply.

Some charities concentrated on describing the steps they take or have taken to ensure their governance arrangements⁷⁶ are appropriate and effective:

*'Trustees have been working on a governance review over the last 18 months. As a result, amendments to our articles of association have been agreed with the Charity Commission and are due to go to [the] AGM in October 2005. Changes include reducing the number of trustees to 12 from the current 27 and moving to one decision-making committee, the board of trustees.'*⁷⁷

The following example also implies that governance arrangements are kept under review:

'The Association has a Governance Committee consisting of trustees and an independent member whose role is to monitor developments in voluntary sector governance and advise the board and chief executive of matters pertinent to good governance and recognised best practice.

Recommendations are most often based on the contents of CC60 and/or publications from NCVO and ACEVO, particularly 'Good Governance, a Code for the Voluntary and Community Sector'.

⁷⁶ 'Governance arrangements' are defined in the *Glossary* to the *Guidance Notes* (reproduced at Annex C) as 'arrangements made by the charity's trustees for the management and control of the charity and its activity'.

⁷⁷ Suffolk Wildlife Trust Limited, 262777.

Trustee recruitment and induction procedures have been revised in 2005 and a skills audit was carried out in 2004 leading to a decision to increase the number of co-opted board members in order to help ensure that all appropriate skills would be represented on the board.

Formal assessment of board performance will be introduced in 2006.⁷⁷⁸

A diverse and inclusive trustee board was quoted as a way to ensure that governing arrangements remain effective and appropriate, as well as:

- appraising the trustee board⁷⁹;
- keeping abreast of developments in the sector (with some explanation of how they do this) to ensure governance arrangements remain appropriate and effective⁸⁰;
- training trustees⁸¹;
- providing proper induction for trustees⁸²;
- charging sub-committees, trustees or both with overseeing specific areas⁸³ or aspects of a charity's governance arrangements⁸⁴;
- maintaining effective channels of communication between board, staff and service-users⁸⁵.

Some charities provided high-level answers, such as:

'Organisational Structure.'⁸⁶

Finally, a very few responses included detailed descriptions of the charity's governance arrangements, such as the terms of the governing document:

'As a limited company, Papworth is governed by its Members. The Board of Trustees are elected by the Members at a General Meeting. Trustees can also co-opt additional Trustees to the Board, who must subsequently be elected by Members at the General Meeting. All the existing Trustees have been elected by Members at a General Meeting.'

Trustees meet six times a year to review the management of the organisation.

They employ managers to take on the day-to-day running of the activities.

Trustees also meet managers on Committees to discuss the activities of specific operations of the organisation in more detail.

Membership of Committees reflects the interests and expertise of the respective Trustees.

Trustees are elected for three years, after which they retire. They may stand for re-election by the Members.

Trustees do not receive a salary, but may claim expenses for attending meetings. During the year we have reviewed our governance arrangements and are currently recruiting two additional Trustees.

Trustees regularly review the composition of the Board, and also review effectiveness of the Board by recording attendance at meetings and reviewing matters covered in the Agenda.⁸⁷

78 Motor Neurone Association, 294354.

79 For example: Threshold Support, 298096; Community Action Hampshire, 1053806.

80 For example: Arch (North Staffs) Ltd., 701376.

81 For example: Age Concern Cardiff and the Vale of Glamorgan, 260189.

82 For example: Voluntary Service Overseas (VSO), 313757; Wolverhampton YMCA Limited, 1043739.

83 For example: Radha Soami Satsang Beas British Isles, 1013061; The Frontiers Charitable Trust, 1065086.

84 For example: VSO's (313757) governance sub-group; Gofal Cymru's (1000889) board development group.

85 For example: Gofal Cymru, 1000889.

86 Birmingham Citizens Advice Bureau Service Ltd., 519639.

87 The Papworth Trust, 211234.

4. Conclusion

This report illustrates the various ways in which charities have demonstrated their transparency and accountability by the responses they have given in the SIR.

As we have said, we have not commented on the quality of individual responses in our sample. However, the forms we have sampled for this report have clearly shown that some responses showcase charities' work well, others less well. We would be interested to hear the views of public commentators on the types of responses they think have been successful and less successful.⁸⁸

We do recognise that the SIR is an evolving tool, and we therefore look forward to seeing charities continue to develop new and imaginative ways of completing the form in the coming years, to tell their story effectively to the interested public.

⁸⁸ Please send feedback for the attention of our Policy Division using the contact details given in *Annex D*.

Annex A – Background information

History

In 2002, the Government's Strategy Unit published the report *Private Action, Public Benefit*. One of the report's recommendations was to introduce the Standard Information Return (as it was then named) for charities with an annual income above £1 million; this recommendation responded to an identified need to make accessible and relevant information about charities publicly available.

In its response to the Strategy Unit report in 2003, *Charities and Not-For-Profits: A Modern Legal Framework*, the Government supported the recommendation. It was agreed that the Charity Commission would develop and introduce the Summary Information Return (SIR).

We consulted the sector on developing the SIR and accompanying guidance notes, and incorporated the resulting form into the Annual Return (as Part C) from 2005 onwards for relevant charities.

The objective of the SIR in its current format is to provide better information to the public about the activities of the largest charities, boost public confidence and create a focus for performance improvement.

Scope

The Charities Act 1993 and the Charities (Annual Return) Regulations 2005 together require charities with an annual gross income⁸⁹ exceeding £1 million in the previous financial year to complete the SIR and submit it to the Charity Commission. We are therefore responsible for ensuring that charities comply with this requirement.

The SIR is intended to summarise information on all a charity's activities, including any activities of subsidiary undertakings that it controls and accounts for within its consolidated accounts.

We ask grant-making charities or charities that are joint ventures⁹⁰ to extract information from their consolidated accounts '*explaining how the aims, strategies and objectives of the funding relate to your charity not to those of the grant or funding recipients*⁹¹.

Key principles

Following the Commission's consultation with charities, certain important principles⁹² were agreed that underpin the purpose of the SIR form. These are as follows:

The information will:

- be easily understood by, and useful to, the 'interested' general public, including donors, investors and beneficiaries;
- better inform the public about the work of charities;
- provide a snapshot of a charity's aims, activities and achievements;
- provide information about factors that have affected performance.

The information should:

- signpost to, and demonstrate links with, more detailed sources of information, for example the Trustees' Annual Report and Accounts;
- be consistent with other sources of information;
- be capable of validation and drawn from a clear evidence base;
- show the context of the information reported, and its longer-term significance, for example its relationship to external trends or to the previous year's performance.

The information must:

- be self-certified through sign-off by a trustee;
- be submitted as part of the Annual Return to the Charity Commission;
- be publicly available through display on the Charity Commission's website.

⁸⁹ Please refer to the *Glossary of terms* at Annex C for a definition of gross income.

⁹⁰ Joint venture activities will be included in consolidated accounts.

⁹¹ *Guidance Notes* refer.

⁹² *Guidance Notes* refer.

Annex B – Copy of the SIR form for 2005

Annual Return 2005

Part C Only complete this section if your charity's gross income is £1 million or more

Summary Information Return

This return is intended to comprise a **summary** of the **key** information in the Annual Trustees' Report and Accounts and in other documents.

Charity name:

Charity number:

For the year ended:

Question 1: The charity's aims

What are your charity's aims?

Further details can be obtained from:

Question 2: Who benefits?

a) Who benefits from the charity's work?

b) How do you respond to their needs and how do they influence the charity's development?

Further details can be obtained from:

Question 3: The charity's strategy

a) What are the key elements of your charity's medium- to long-term strategy?

--

b) How does your charity measure the success of the strategy?

--

Further details can be obtained from:

--

Question 4: The charity's objectives and achievements

What were your charity's main annual objectives and were they achieved?

<i>Objective</i>	<i>Achievement</i>
▪	
▪	
▪	
▪	

Question 6: The charity's income and expenditure

a) What were your charity's sources of income in the year?

Income source	% of gross income	£ 000
1. Voluntary income		
2. Activities for generating funds		
3. Investment income		
4. Incoming resources from charitable activities		
5. Other incoming resources		
Total	100%	

b) What were your charity's most significant activities in the year, and how much did it spend on them?

Charitable activities	Cost £ 000
▪	
▪	
▪	
Other	
Total expenditure on charitable activities	
Total expenditure	
Explanatory comments	

c) What were your charity's three main fundraising activities in the year, and how much did each generate and cost?

Fundraising activity	Income generated £ 000	Cost of activity £ 000
1.		
2.		
3.		
Other		
Total voluntary income and activities for generating funds		
Total cost of generating voluntary income and fundraising trading		
Explanatory comments		

--

Further details can be obtained from:

--

Question 6: The charity's financial health

How would you describe your charity's financial health at the end of the period?

--

Further details can be obtained from:

--

Question 7: The next year

a) How will the overall performance last year affect your charity's medium- to long-term strategy?

--

b) What are your charity's main annual objectives for the next year?

-
-

Further details can be obtained from:

--

Question 8: The charity's governance

How does your charity ensure that its governance arrangements are appropriate and effective?

Further details can be obtained from:	

Please also ensure that you have submitted Parts A and B of the Annual Return 2005

Declaration

Those who give answers that they know or suspect to be untrue or misleading may be committing an offence.

I certify that the information given in this form is correct to the best of my knowledge and has been brought to the attention of all the charity trustees.

Signed by one of the charity trustees on behalf of all trustees:

Date:

Title:

Full name:

Daytime telephone number:

You may find it useful to keep a copy of your completed form.

Contact details

Address: Charity Commission Direct
P O Box 1 227
Liverpool
L69 3UG

Contact Centre: 084 5 300 0218

Website: www.charitycommission.gov.uk

Annex C – Glossary of terms

The following glossary of terms is taken from the *Guidance Notes* and is reproduced here for reference.

Achievements: things that have been accomplished by the charity.

Activities: anything done using resources belonging to the charity or under its control, and including all of its work and services.

Activities for generating funds: trading activities undertaken by the charity specifically to generate incoming resources. They include:

- Fundraising events such as jumble sales, firework displays and concerts (which are legally considered to be trading activities);
- Non-charitable trading activities;
- Fees for any services provided to non-beneficiaries;
- Income generated through shops selling either bought-in or donated goods;
- Any lottery or sponsorship income that cannot be considered as pure donations.

Aims: the changes the charity plans to achieve, or the differences it wants to make.

Annual objectives: the intended goals the charity intends to achieve during one year to accomplish its aims and further its strategy.

Benchmarks: criteria by which to measure something, such as the outcomes of charitable activity.

Beneficiaries: persons, people or bodies who may benefit under charitable trusts.

Charitable activities: work undertaken by the charity to meet its charitable objectives. They exclude the costs of raising funds to finance the charity's activities and its governance costs.

Charity trustees: the people who, under the charity's governing document are responsible for the overall control of the charity and for ensuring that it is properly managed. In the charity's governing document they may be called trustees.

Fundraising activities: activities associated with generating incoming resources from all sources but excluding charitable activities. They include the generation of Voluntary Income, undertaking Fundraising Trading and providing non-charitable services to generate income.

The income from these activities is categorised in the charity's Statement of Financial Activities either as Voluntary Income or as Activities for Generating Funds. The costs of these activities should have been categorised in the charity's Statement of Financial Activities either as Costs of Generating Voluntary Income or as Fundraising Trading.

Governance arrangements: arrangements made by the charity's trustees for the management and control of the charity and its activities.

Gross Income: is the total recorded income of your charity from all sources including income received for restricted purposes. It does not include any capital gains derived from investments or any revaluation of fixed assets in the year. The details provided on this form should be consistent with the statutory accounts of your charity and will equate to the total incoming resources of your charity, as shown in its Statement of Financial Activities.

Impact: the broad, longer-term effects of the charity's work.

Incoming resources from charitable activities: any incoming resources that are a payment for goods or services provided for the benefit of the charity's beneficiaries. They include income from:

- The sale of goods and services provided as part of the direct charitable activity (primary purpose trading);
- The sale of goods or services made or provided by the beneficiaries of the charity;
- The letting of non-investment property in furtherance of the charity's objects;
- Contractual payments from government or public authorities where these are received in the normal course of trading under the above three categories (eg fees for respite care);
- Grants that have conditions which make them similar in economic terms to trading income, such as service level agreements with local authorities.

Indicators: well-defined, easily measurable information, which shows how well the charity is performing.

Inputs: the resources and activities which are used within the charity to create the services offered, for example, staff and volunteers' time, use of equipment etc.

Investment income: incoming resources from investment assets, including dividends, interest and rents received from investment property. It excludes realised and unrealised investment gains and losses.

Key activities: the most important activities carried out by the charity.

Milestones: key events in progress towards meeting aims and objectives.

Mission: tasks or duties that the charity wants to achieve.

Objectives: the intended goals the charity intends to achieve to accomplish its aims and further its strategy, usually over a period of years.

Other incoming resources: all the charity's incoming resources other than those categorised as Voluntary Income, Income from Activities for Generating Funds, Investment Income and Incoming Resources from Charitable Activities.

Outcomes: the changes, benefits, learning or other effects that happen as a result of the charity's services or activities.

Outputs: the activities, services and products provided to users. They show the volume of work undertaken, representing the direct products of the charity arising from its activities.

Plan: a written description of the steps the charity intends to take to achieve certain things. See also Strategy.

Qualitative information: information that is primarily descriptive and interpretative.

Quantitative information: information that is primarily numerical.

Results: the outcome or consequence of actions taken by the charity. They may either be financial or non-financial.

Services: the goods, grants, information and activities the charity provides for its users.

Service Users: anyone who uses or benefits from a charity's services or facilities, whether provided on a voluntary basis or as a contractual service.

Stakeholders: any person, group, or organisation that has an interest in, or expectation of, the charity.

Strategy: a planned way of achieving longer-term aims. A medium to long-term strategy usually covers a period of three to five or more years.

Targets: Goals or objectives that are set by the charity at the beginning of a period and are then used to measure achievements.

Trustees: see charity trustees.

Values: a set of principles, which a charity seeks to apply both in setting its mission and aims and in its day-to-day operations.

Vision: means the ideal towards which the charity is working.

Voluntary income: incoming resources provided to the charity for which the charity is not expected to provide anything in return. Voluntary income includes:

- Gifts and donations;
- Membership subscriptions that are primarily a donation in nature;
- Legacies;
- Grants of a general or core funding nature (but not grants requiring the provision of a particular charitable service);
- Gifts in kind, donated facilities or services where these are included in the statutory accounts of the charity.

Year: the year for which the Summary is prepared. This is usually the same year for which the Trustees' Annual Report and Accounts have been prepared.

Annex D – Resources

The *SIR Guidance Notes* are the main resource that charity trustees and staff can use to help them complete the SIR form. We also publish all completed SIR forms on our website and you may find these useful when completing your SIR form.

The Charity Commission for England and Wales

The Charity Commission also produces a wide range of publications and website guidance giving information and advice to charity trustees and the public on issues relating to charity law, regulation and best practice. The full list of publications is on our website (www.charitycommission.gov.uk) and in our publication CC1.

How to get in touch with us

More information about the Commission and a range of guidance for charities can be found on our website or by contacting Charity Commission Direct:

Telephone: **0845 300 0218** (calls charged at local rate)

Minicom: **0845 300 0219**

Email: enquiries@charitycommission.gsi.gov.uk

By post:

Charity Commission Direct

PO Box 1227

Liverpool

L69 3UG

Annex E – Bibliography

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www.charitycommission.gov.uk/Library/spr/pdfs/surveytrustrpt.pdf

This publication can also be accessed at the Charity Commission's website: www.charitycommission.gov.uk

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