



# SCFDG - finance focus

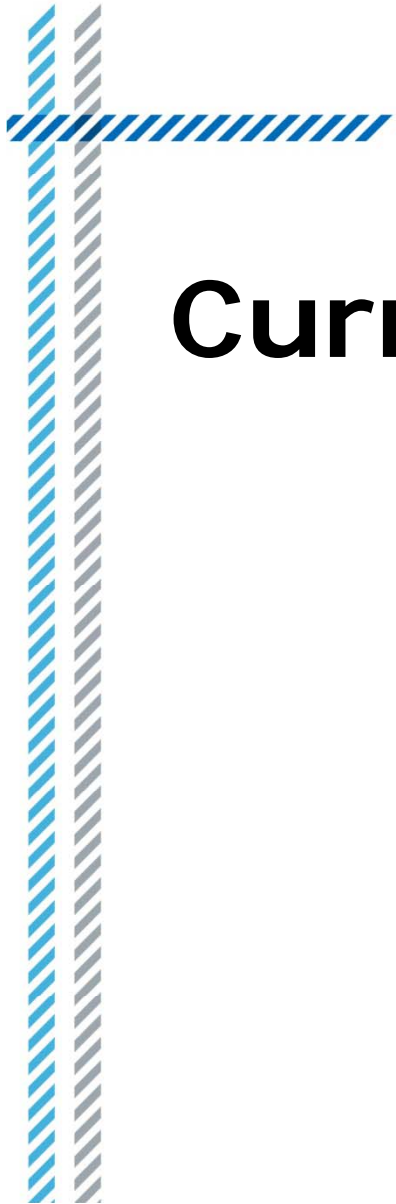
Gillian Donald  
Head of charities





# Introduction

- Current context
- Efficiency pressures and opportunities
- Recession risks
- Expectations of trustees, staff, examiners



# Current context



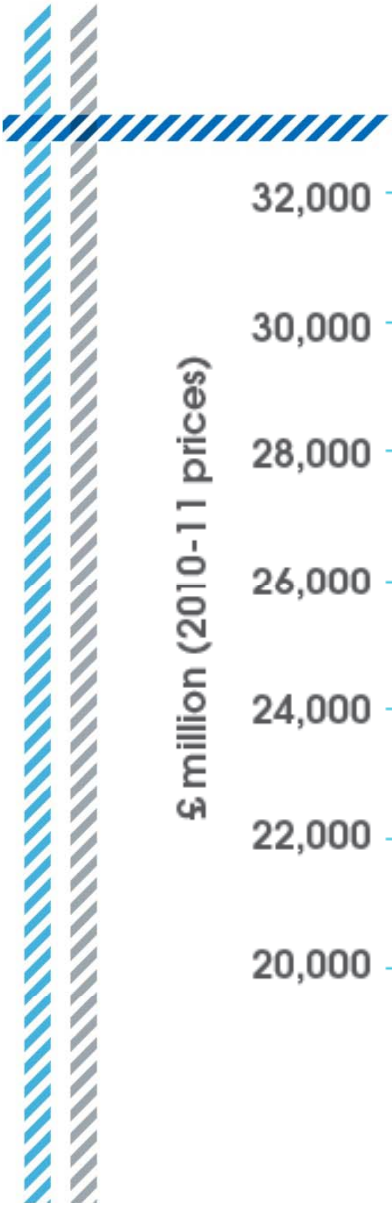
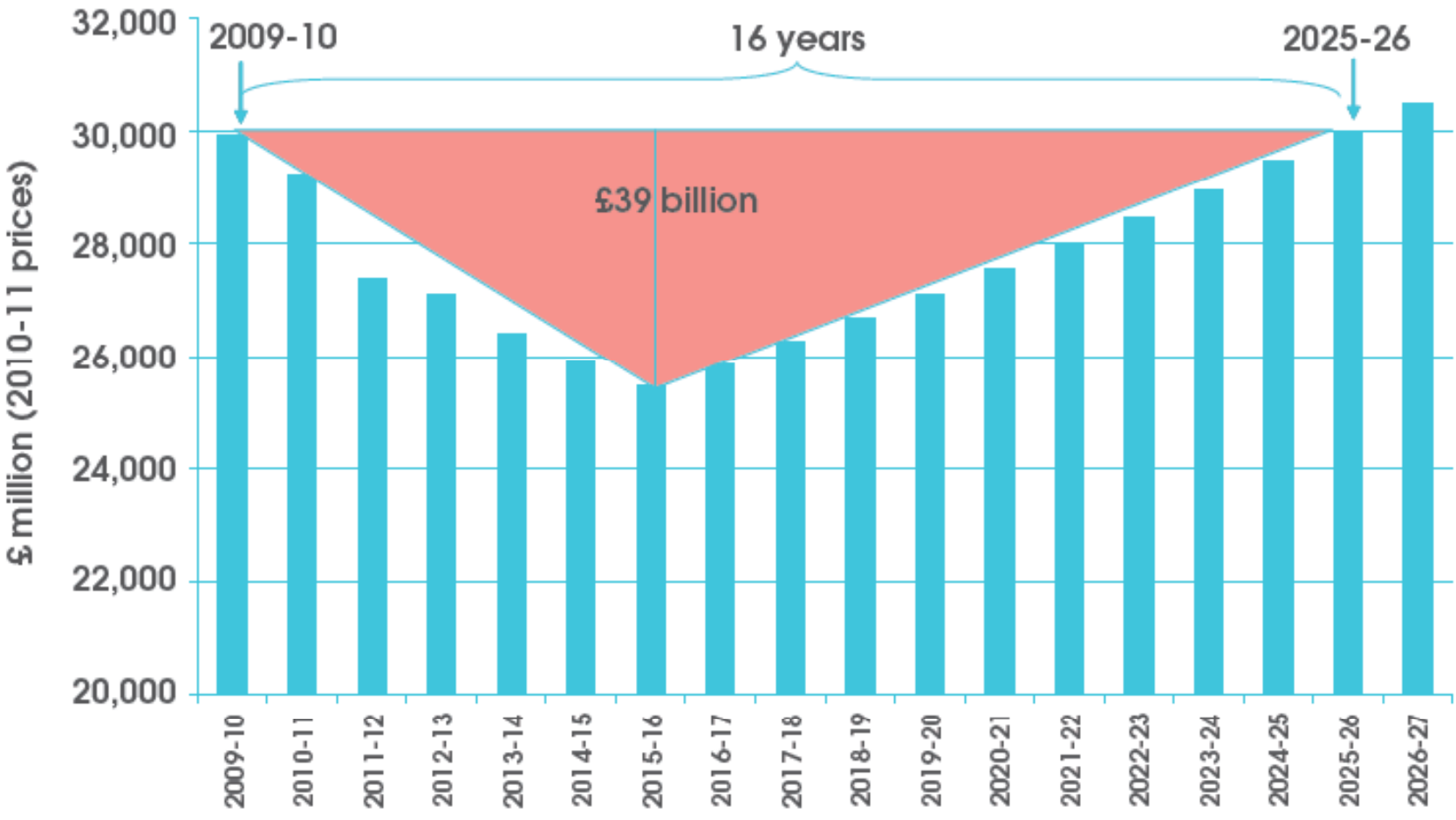
# Current context

- Current resource allocation:
  - 40% spend on tackling failure demand



# Current context

- Public sector spending reduction
- Increasing demand for services
  - 22% increase by 2016
  - 78% increase by 2031
- Increasing longevity
  - 50% increase in those aged 60+ by 2033
  - 84% increase in those aged 75+





# Current context

- Not forgetting capital spend



# Current context

- Autumn Statement:
  - No recession (yet)
  - Debt challenge greater than expected
  - Impact of eurozone



# Current context

- SCVO survey headlines:
  - Half of respondents were optimistic about their capacity to meet new challenges
  - 76% expect increased demand for their services
  - Only 2% think the financial situation will improve over the next 12 months
  - 75% have stayed the same size or grown over the past year
  - 70% expect to stay the same size or reduce in the next 12 months

SCVO State of the Sector October 2011 forecast report, November 2011: [www.scvo.org.uk](http://www.scvo.org.uk)



# Current context

- Christie Commission recommendations:
  - Preventative action/early intervention to reduce future demand
  - Working more closely with individuals and communities
  - Tackling fragmentation
  - Improving transparency and accountability



# Efficiencies: pressures and opportunities





# Efficiency pressures (1)

- Public service contract competition against the private sector
  - Economies of scale

## Southern Cross v charity A

	Southern Cross	Charity A
Income £m	959	26
Payroll costs % total costs	55%	81%
CEO % payroll costs	0.1%	0.45%



## Efficiency pressures (2)

- Public service contract competition against the private sector
  - Economies of scale
  - Final salary pension schemes
  - Fundamental company objective



# Southern Cross

- Business objective
- Business model





## Efficiency pressures (3)

- Specialist v mainstream
- Fundraising in current climate



# Efficiencies

- Opportunities
  - Investment in people
  - Investment in IT
  - Investment in assets
  - Joint working
  - Innovative, preventative spend

# Recession risks





# Recession risks

- Liquidity
- Solvency
  - Long term budgeting
  - Restricted funds
- Sensitivity analysis

# Expectations

- Trustees
- Staff
- Examiners





# SCFDG - finance focus

Gillian Donald  
Head of charities

