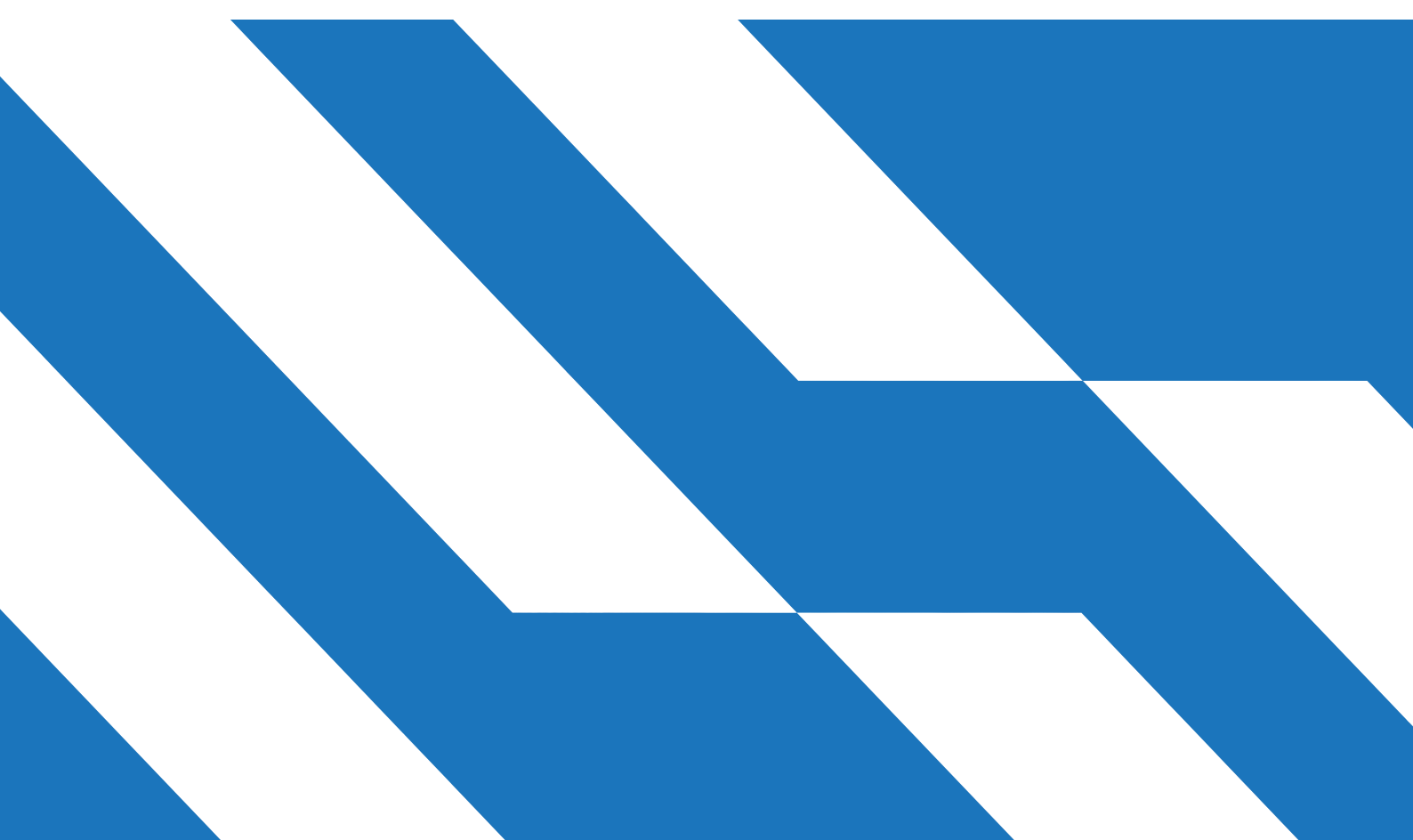




Charity Newsletter

December 2022





Jane Marshall
Editor,
Charity Partner
jane.marshall@bhp.co.uk

Welcome to the latest issue of the BHP Charity Newsletter...

As 2022 draws to a close, it is an exciting time to look back at the many positives from a year which has certainly thrown up many challenges.

In the first two quarters of 2022 we delivered another three successful trustee training sessions, focusing on the different challenges for charity trustees as we came out of the pandemic and into the impact of the war in Ukraine and then the cost of living crisis.

We were delighted to welcome Laura Masheder, as audit partner, into the charity team at the end of October. Laura and I have long been on opposite sides of charity pitches so it is wonderful to have her firmly on our side, and I finally learned how to pronounce her surname! Laura has already settled into the team and we all look forward to working with her in the years ahead.

In November, we returned to Doncaster Racecourse for our renowned Charity Conference. We were delighted to welcome an even more diverse range of speakers, more delegates than we had ever had before and to receive superb feedback.

At the beginning of this month, we once again featured in the special mentions table of the Charity Finance Annual Audit Survey, with 100% scores for charity expertise and client service. This is a real result for all 60+ members of the specialist charity team at BHP, of whom I am very proud.

All that remains is to wish you all a happy, healthy and peaceful Christmas and as the French would say 'Bon Courage' for 2023.

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What next for the charity sector?



Jane Marshall
Editor,
Charity Partner
jane.marshall@bhp.co.uk

Jane Marshall takes a look at the current financial challenges facing the charity sector and offers some practical advice.

The triple whammy of inflation, rising energy bills and falling donations, combined with an increased need and demand for charity services, means that those responsible for the governance of charities will need to focus on strong financial management and creativity to survive. Many more people will be relying on charities including foodbanks, mental health support and organisations offering financial management guidance to name just a few.

Charity leaders will need to do more with less and finance professionals in charities will need to provide leadership in a calm, steady and strategic way. The scale of the challenges and wide-ranging impact requires a methodical and systematic approach. The challenge being to bring income and expenditure into balance.

The cost of living crisis is putting enormous pressure on individuals and we are already beginning to see this have an impact on discretionary spend including donations. Wage inflation is

making it more difficult to recruit and retain staff in a sector that is highly dependent on people and the financial markets are jittery. Risks to charities' income are high. Not only donations but Local Authority contracts are not likely to be keeping pace with inflation, fundraising events are still nowhere near pre pandemic levels and we are seeing real sustainability issues in some trading subsidiaries. The message therefore is to explore all possible options for income generation. There are some easy wins such as ensuring Gift Aid is maximised bearing in mind that it is estimated around £600m of Gift Aid tax relief is left unclaimed each year.

Not only is income a challenge but so are ever increasing costs. It's about finding efficiencies in your operating model. It will often be less expensive to invest in critical staff than to lose them with all the associated costs of replacing them. Using less energy is key to controlling costs in this area. Look at how much space you need when it comes to premises costs



and look to rent out any unutilised space. Think about the most important things the charity does and prioritise key services. Cutting discretionary spend is an easy win and partnership working can help to reduce costs and streamline services.

It is essential to have another look at reserves policies. If you have based your policy on a number of months that will be being eroded by soaring inflation. In any case this is not the way to set a policy and it should be done on a risk-based approach. The less certainty you have in your income streams and the less flexibility in your cost base, the greater the risk and the greater need for reserves.

Reserves policies need linking to future plans and forecasts rather than looking backwards and reserve levels and cashflow need to be monitored together.

Trustees are ultimately responsible for seeing their charity through these difficult times and for making tough decisions about their charity's future. This requires

robust governance. Throughout the pandemic finance committees made up of a smaller number of people and meeting on a regular basis really did keep a lot of charities on track.

This is also a really important time to ensure proper financial controls are in place where the risk of fraud is greatest as people make the wrong decisions when they are desperate. It is also a key time to ensure reputational damage does not hit you as this is likely to impact the willingness of donors to support you.

On the basics of financial management, this is the time to ensure you have at least budgeted forward for two years and that those budgets and cashflow forecasts are monitored against timely management accounts so that if things are not going according to plan appropriate action can be taken.

It is often in the face of serious challenges that charities who demonstrate their resilience and capacity for innovation do best

and charity leaders are going to need all their ingenuity to survive. It is really important to understand the challenges, look externally for information on the economy and environment, and internally at financial information to support decision making. Information and forecasts help leaders make decisions in good time.

Prepare cashflow forecasts, map them against reserve policies to focus decision making so you can take appropriate action to generate income, deal with rising costs, take opportunities and generally manage the situation we all find ourselves in.

Meet the Team: Laura Masheder

We're delighted to announce that Laura Masheder has joined BHP as Partner. With two decades of experience in audit and advisory services, Laura has specialised in charity audits for more than ten years.

Laura will work closely alongside York office Partner Daniel Sowden and the York team to continue to grow the wider client base in the area.

Laura said: "I'm so pleased to have joined BHP as Partner at such an exciting time for the firm. BHP has an exceptional reputation for its work with charities across the Yorkshire region and for having strong links with the local areas it serves. I'm incredibly passionate about the charity sector and excited about the many opportunities that BHP presents for professional development and building relationships with clients."

Jane Marshall, Partner and Head of Charities at BHP, said: "We're thrilled to welcome Laura — her appointment clearly acknowledges our strong commitment to our charity clients, and her knowledge and experience will be a great asset to our team."

Find out more about Laura in our Meet the Team interview below.



Laura Masheder
Partner
laura.masheder@bhp.co.uk

When did you join BHP?

My first day was 31 October this year.... but it wasn't at all scary as everyone made me feel so welcome.

What attracted you to work for the firm?

BHP has a wonderful reputation in the region for the quality of service delivered to clients and for the culture and how much it values its staff. Knowing about the strong culture was a really important factor.

In my particular area of specialism, which is not for profit, BHP has always been the firm with the strongest reputation regionally and they are recognised on a national level as sector experts.

What does a typical day at work look like for you?

My role is really varied, and no two days are the same. I am an Audit Partner specialising in the charity sector, so my client base is very diverse, ranging from charities and academies to owner managed companies.

I enjoy being client facing and getting to know them and understand what we can do to help. But I also enjoy the technical challenge of a thorny accounting problem.

How has BHP helped you in your career so far?

I have only been with BHP for a short time, but the firm has given me a huge opportunity to

further specialise in the not-for-profit sector while supporting the continued growth of our York corporate client base.

What or who inspires you at work?

I've been really inspired by Lisa Leighton and Hamish Morrison and how they work so well together and complement each other as joint managing partners. But since before joining the firm, Jane Marshall and the quality of her team has inspired and encouraged me to develop my own specialism in the sector.

What advice would you give to someone thinking about applying for a role at BHP?

Do it. BHP is a firm that not only really cares about its people but also provides so many opportunities to follow your own passions as well as offering a clear progression path.



What do you enjoy doing outside of work?

I have a nine-year-old daughter, so I use her as an excuse to visit theme parks, which we both really love — although my husband is far less keen!

As a family we enjoy spending time outdoors so do quite a lot of walking and outdoor adventuring, which is a welcome break from the business of day-to-day life. I also love live music and comedy so, when I can, I try to get to enjoy those things too.

What do you prefer? A TV series or a film? And which genre do you prefer?

I love a good binge watch, so it has to be a TV series. If anyone finds anything brilliant on Netflix, I like to be the first to know about it. I like true crime, crime, suspense and horror, but my absolute favourite is The Crown which is actually none of those things!

If you could host a celebrity dinner, who would you invite?

This might be an eclectic mix of people.... Dave Grohl, Robert Plant, Kylie, Churchill, The Queen and Prince Phillip, Elizabeth Taylor, Oprah, John Nash, John Maynard Keynes, Charles Darwin, Marie Curie, Alan Turing, Russell Crowe, George Clooney and Steve Irwin!

What is your favourite type of cuisine and why?

I'm a huge fan of anything hot, so Mexican, Thai and Indian food all have to be on the list.

I also really enjoy Italian food and pizza making because making pizza in the garden in the sunshine feels like a mini holiday.

What type of holiday do you prefer? Beach, active or city break?

Definitely a busy city break. I tend to get bored pretty quickly on the beach or by the pool.

If you weren't in your current role, what would be your dream job?

I'm lucky, from my later years at secondary school I wanted to be a Chartered Accountant, so I'm actually living the dream! But when I was much younger, I wanted to be a nurse, which is ridiculous because I'm very squeamish.

Giving back to the community

14th Annual BHP Charity Conference

In November, we welcomed more than 130 people to our 14th annual Charity Conference at Doncaster Racecourse and Exhibition Centre.

The free conference was chaired by Kathryn Blacker, CEO at York Minster, and included a packed agenda with a choice of breakout sessions, totalling 11 different sessions.

Our Head of Charities, Jane Marshall, began proceedings with a review of the financial challenges currently facing UK charities. She was followed by our Head of VAT, Simon Buchan, who discussed current VAT issues affecting the sector.

We were also delighted to welcome Sarah Vibert, CEO of NCVO, to talk about the current voluntary sector landscape, and Steph Jackson of Ecclesiastical Insurance UK, to speak about strategic risk management. We also heard from our Tax

Partner Rachelle Rowbottom, who gave a tax update including a review of the Mini Budget and predictions for the Autumn Statement, which followed closely after the event.

Our breakout sessions were very well received and included the following topics:

- Recruiting and Retaining the Best Talent in the Post Covid World — Jay Bhayani, Bhayani HR & Employment Law
- Demystifying Responsible Investment — Adrian Maxwell, Rathbones Group
- Net Zero / Carbon Neutral — What it Means for the Charity Sector — Mike Andrews, Auditel
- Employees' Mental Health and Wellbeing — Mark Roberts, Compass UK
- Charities Act 2022 Update — Catherine Rustonji, Shakespeare Martineau
- Financial Forecasting — the Dos and Don'ts — Rachel Heath and Alyson Kimber, BHP

- There was plenty of opportunity for delegates to ask questions throughout the day and the content was thought-provoking and sparked discussions.

Jane Marshall said: "It was fantastic to see so many attendees at our annual Charity Conference. I'd like to thank Kathryn Blacker for doing an excellent job of chairing the event and for providing valuable insights on the day. We hope that you all got a lot out of the sessions and very much look forward to welcoming you to our 15th conference next year."

Attendee feedback

"Another brilliant conference from BHP. Highly recommend attending if you are a trustee or senior leader of a charity."

"A very high quality and professionally organised event which would be useful for all charity trustees and staff."

Delivering quality training

At BHP, we pride ourselves on being able to offer high quality training to the trustees of charities across the country.

Over five years, since 2017:

939 trustees trained

3 training sessions per year

Average training session 2 hours

Total of 30 hours training delivered

CSR roundup

We've had an exceptional year, with our people raising more than £30,000 for UK charities since April. Here's a brief summary of our achievements in 2022.

Firmwide events

In the Spring, 58 members of our team raised a tremendous £20,677 after completing the BHP Yorkshire Three Peaks Challenge and smashing our £15,000 target. In June, we celebrated BHP Fest, where the whole firm got together for an afternoon at the funfair. Party games organised by the CSR team succeeded in generating almost £500 for Cavendish Cancer Care and Martin House Children's Hospice in Leeds.

We also sponsored the York 10k for the third time and our team of 26 runners won the BHP York 10K Corporate Challenge, run in conjunction with Jane Tomlinson's Run for All.

In September, we celebrated Macmillan Cancer Support's World Biggest Coffee Morning and raised nearly £750 by holding baking competitions and cake sales

across all of our offices. And most recently, we supported Christmas Jumper Day and raised a fantastic £300 for Save the Children.

Communities

At BHP, we're proud to offer a variety of volunteering opportunities and, this summer, our people opted to take part in two organised events; the first at Rothwell Country Park in Leeds, where a team cleared Himalayan Balsam from the woods, and the second in Scarborough, where volunteers completed a beach clean and filled 20 bags with rubbish — equating to 115kg of litter.

This year, we've also donated to foodbanks and hospitals across Yorkshire and North Derbyshire.

And we're now a proud member of Business in the Community (BITC), the largest and longest established membership organisation dedicated to responsible business, now in its 40th anniversary year. This will help us to drive and inspire action in our communities and achieve greater social and environmental impact.

Individual efforts

There have been some terrific fundraising accomplishments this year by individuals right across the firm. Highlights include:

Don Gray raised
£2,200
for PAPYRUS
Cycled 170 miles coast to coast from Morecambe to Bridlington

Tom Bell raised
£1,589
for MNDA
London Marathon

Will Sykes raised
£1,400
for Children with Cancer UK
London Marathon

Phil McMahon raised
£1,312
for Yorkshire Cancer Research
Ironman Triathlon in Italy

Tim Clasper raised
£1,020
for MIND
Climbed Mount Kilimanjaro

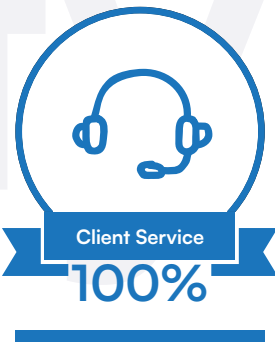
A huge congratulations to you all!

If you'd like to find out more about our CSR activities, follow us on **LinkedIn, Facebook or Twitter**. Or you can visit: **Our Culture - BHP, Chartered Accountants**



Charity Finance Audit Survey

We're delighted to have once again been featured in the Charity Finance Audit Survey 2022 based on feedback from our clients. This year we're thrilled to have scored 100% for charity expertise and client service — a testament to the hard working Charities team we have here at BHP. We also topped the table for proactive advice and the provision of seminars, and came second for the provision of additional services. Thank you to our clients who took the time to complete the survey.



Featured in the survey with consistently high scores for the last 10 years



Get in touch

0333 123 7171
info@bhp.co.uk

bhp.co.uk