
Bold and brave charities' reporting

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Our annual PwC Building Public Trust Award for Excellence in Reporting in Charities assessed the trustees' annual report and accounts prepared by registered charities in the *Charity Finance* 'Charity 100 Index'. As in previous years, we looked at how well this promotes trust and confidence with stakeholders. For the 2017 award, there was also a focus on how clearly charities were able to explain their societal contribution and impact.

For the second successive year, the Royal National Lifeboat Institution (RNLI) was the winner, with the independent judging panel noting that its annual report was highly engaging and visually appealing, making good use of its underpinning theme, 'One Courageous Community'. They further described the reporting as compelling and vibrant, praising the report for capturing the relationship between the charity's core purpose and social role, while also linking both to its fundraising activities.

Cancer Research UK was highly commended for an annual report set apart by its clarity, honesty and long-term focus, both in telling its history and its future ambition. Save the Children UK was also highly commended, in particular for its openness about how it has performed against targets and its clarity in explaining the context around its exposure to risks and the mitigation actions taken to address them.

Good practice reporting

Highlights from the reporting by the winner and highly commended charities included:

<p>Clear theme underpinning the charity's strategy, achievements, ways of working and impact.</p>	<p>Clear explanation of the charity's vision, mission and strategic priorities.</p>	<p>Clear, compelling and vibrant case studies which gave a real sense of the charity's purpose and impact on society.</p>
<p>Clear breakdown of how the charity receives its funds and how these funds are spent.</p>	<p>Clear narrative capturing the relationship between the charity's core purpose and its social contribution and impact.</p>	<p>Clear explanation of the charity's future plans and ambitions, aligned to its strategy, including longer-term priorities and goals.</p>

The people's panel

For the first time, the perspective of a 'people's panel' was included in our assessment process. This panel consisted of members of the general public, exploring what they thought was important and helped to build trust and confidence for them in charities' reporting. The key themes from the panel were:

<p>They wanted a clear explanation on how charities spent the money raised from the public.</p>	<p>They thought 'people reporting' by charities on their staff and volunteers was very important.</p>
<p>They appreciated charities communicating key messages in innovative ways, including the use of graphics, case studies and timelines.</p>	<p>They expected to see charities clearly demonstrating their social and environmental impact.</p>

Developing charities' reporting

From our assessment process, we have identified three key ways in which charities of all sizes can be bold and brave in their reporting:

<p>Tell a compelling story, not just about what happened last year</p> <p>Readers engage with charities that can explain how their recent activities fit with their past achievements and future plans, particularly when integrated consistently through the use of an overarching theme.</p> 	<p>Talk about challenges facing the charity: Past, present and future</p> <p>By being transparent about difficult decisions and demonstrating robust risk management, charities can build trust with stakeholders in the current competitive environment.</p> 	<p>Consider the wider context of the charity's environment</p> <p>Charities' reporting should cover the issues facing their stakeholders, showing that charities are not working in isolation but understand their role within the community and are working with a bigger picture in mind.</p> 
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Framework for reporting societal contribution and impact

With our increased focus on societal contribution and impact, we developed a framework of five core principles for reporting on this area. These principles can also be used by charities to ensure that they are communicating how they are delivering for the wider society. It is important that charities are able to demonstrate the impact they are having in a meaningful and comparable way.

1. **Context and understanding** – Can the public understand the societal need that your charity is aiming to address, what your purpose is and how your activities support this? It should be clear how a charity's business model aligns to the intended societal contribution and impact.
2. **Governance** – Can the public understand how your governance helps your charity to maximise your impact? It should be clear who is accountable for overseeing how a charity optimises its societal contribution and impact.
3. **Identification of stakeholders** – Can the public understand who you see as your stakeholders and how each stakeholder group is affected by your activities? It should be clear how a charity is adapting to the needs of its different stakeholders as it changes.
4. **Performance management** – Can the public understand your plans to deliver your charity's purpose, and the actions you will take to deliver these plans? Can the public understand how you are performing in delivering your plans? It should be clear what a charity's key performance indicators are, both financial and non-financial, as well as what is being monitored, why, and how this insight is used.
5. **Communication** – Can the public understand your charity's societal contribution and impact? Information reported to demonstrate impact should be fully supported by evidence gathered from internal and external sources and compared with targets and previous achievements. Communicating contribution and impact in a fair, balanced and understandable way is critical for charities to build public trust.

Wider considerations for charities

Within their overall reporting, charities should consider whether they have answered the following questions which help to underpin public trust:

- 1 *How are we proactively engaging with our stakeholders to ensure we remain relevant?*
- 2 *How are we being effective in delivering our desired impact, now and in the future?*
- 3 *How are we communicating the positive contribution we make to society?*
- 4 *How are we responding to scrutiny by the media, of ourselves and the sector?*
- 5 *How are we continuing to evolve and respond to a changing world?*

In summary

By being bold and brave in their reporting, discussing the realities they face while continuing to report on the positive outcomes achieved, charities will benefit from the public having a better understanding of them. This will, in turn, build trust in them and the wider sector.

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