

New
Philanthropy
Capital

Doing good, better

Report and Financial Statements
for the year ended 30 June 2010





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A message from the Chair of Trustees

The year in review has been pivotal for NPC. In a number of ways, our organisation has come of age.

Firstly, we completed and embedded the gentle transformation of our model, initiated when Martin Brookes became CEO in 2008. We have organised ourselves to serve charities as well as donors and funders, ensuring that the insights gleaned from in-depth research are delivered right across the value chain to reach our beneficiaries: the poorest, most disenfranchised and inequitably-treated members of our society. We are nothing if we are not helping them change their lives for the better.

Secondly, we are beginning to see signs that our mission is turning into a movement with potentially wide-reaching impact. If emulation is the highest form of flattery, we are especially encouraged by the formal launch of Phineo in Germany in 2010, and by the work of many other organisations across the globe with which we collaborate. While we retain the capability to work directly in an international context for our own clients on a tactical basis, our strategic thrust is to encourage, support and partner with like-minded people who have the capacity, sponsorship and local commitment to deliver on our shared mission.

Thirdly, our voice here at home is louder and, we hope, more clearly heard than ever in the swirling debate about what works and where money can do the most good. The coalition government's commitment to the Big Society is both an exciting opportunity and a cause for concern. A great deal of critical activity has been dependent (perhaps over-dependent) on government funding for many years, and the withdrawal of this funding will be a huge challenge to charities, voluntary funders and civil society as a whole. Lack of planning for this transformation leaves us all in stormy waters which we will need to navigate with care and conviction. We see ourselves as an important partner to the charity sector and to government in this transition.

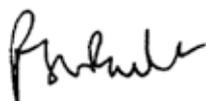
On a personal note, I would like to thank Gavyn Davies, who stepped down as a trustee in March 2010. Gavyn has an outstanding record of private sector success as an economist, banker and investor, and of public service spanning many years and roles. Everyone at NPC is incredibly indebted to him, not only for his unstinting support and counsel as a founding trustee and donor over eight years, but also because Gavyn saw the potential for an organisation like NPC before it was even formed as an idea. He is truly the father of our enterprise, and will continue to be involved with his children in a less formal manner in the years ahead.

Kathleen Duncan has also stepped down as a trustee after four years of service. Kathleen came to us in 2005 having retired as the director of the Lloyds TSB Foundation for England and Wales, and her counsel and insights into the trust and foundation community have been of tremendous value to us. We owe her a debt of gratitude for this and for helping us navigate some of the significant challenges of our early years, leaving us well positioned for the next phase of our journey.

I thanked my predecessor and founding trustee of NPC, David Robins, in last year's report. Our gratitude to David cannot be overstated, so I reiterate it here. We are enormously indebted to him.

We welcome Peter Smitham as a new trustee. Peter is a leading light of the private equity industry, having been the architect of Permira and its founding managing partner, as well as being an active philanthropist. Peter is a trustee of The Atlantic Philanthropies and Marie Stopes International, and he brings valuable experiences from these roles as well. In his few months with us, Peter's energy, focus and disciplined thinking have already helped enormously.

NPC's staff have had another fantastic year—we strive to pick the best, both in terms of their abilities and their values, and give them scope to flourish and take on responsibility. The team has risen to the challenge of being more nimble, more flexible and even more rigorous in its daily activities, as the environment has forced us to deliver more with less. Martin Brookes, our chief executive, has continued to be an outstanding leader and epitomises what NPC is about. On behalf of all of our trustees, I would like to thank all of NPC's staff for their outstanding contributions.



Peter Wheeler

A message from the Chief Executive

NPC has made good progress this year, helping charities and funders who want to be more effective, and making the case for the importance of effectiveness to a wider audience. We have increased our client base and expanded our services, which include evaluating programmes, supporting foundations and donors in establishing philanthropic giving, and designing measurement frameworks for charities. Our public profile and contribution to public debate is also growing, and we are reaching a wide audience through our website and our increasingly successful blog.

Our independence allows us to offer comment and opinion on the sector. Some find this uncomfortable, but we believe it is an important part of our work—challenging charities to do more to measure, demonstrate and communicate their impact. In turn, we encourage donors to care more and to be more thoughtful in their giving.

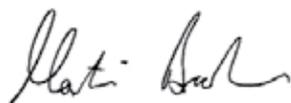
Like most charities, NPC faced a difficult funding environment during 2009/2010. We have therefore been cautious about investing in research and capacity, which has been frustrating at times. We want to help charities achieve more, both by helping funders find good organisations to support, and by building the market for better information and advice. But building a market is inherently more difficult and unpredictable than servicing a market and it creates many more challenges, not the least of which is ensuring sufficient revenues to cover costs.

NPC's finances remained stable during 2009/2010, following a retrenchment the previous year. Most of our income comes from grants and fees for specific projects, which is important both for delivering research and for putting ideas about effectiveness into practice for clients. Earned income takes time to develop and is rarely long term, so uncertainty about funding persists. Even so, we are pleased to have made good progress with our consultancy service, which we hope to extend further in the coming year.

Funding for our general operations comes both from our trustees—whose continued generosity is marked and much appreciated—and from a small number of foundations and individual funders. This unrestricted income enables us to learn, experiment and disseminate. It has been vital to the evolution of our work on children's well-being, which has the potential to help an enormous number of charities. It has enabled us to publish *The little blue book*, our framework for analysing charities, in February 2010, which is the most downloaded report on our website. It also allows us to provide our growing programme of events where we bring together charities to share experiences and learn about topical issues linked to effectiveness and impact.

NPC exists to help charities achieve more. By advising charities and funders, we want to help organisations to make the biggest impact possible. Across the full range of NPC's work, we seek to deliver high quality analysis, advice and communications. That we succeed in this is down to the skills, knowledge and efforts of our staff. It is a privilege to lead NPC. During the past year, the staff have continued to show intelligence and cooperation to deliver our charitable goals in a challenging environment. That they have done so in good spirit is an additional credit.

Like all chief executives, I hope that the coming year will see a period of stability for our charity. But I also know that, whatever happens, we will not hold back in our continued efforts to make the charitable sector more effective.



Martin Brookes



REPORT OF THE BOARD OF TRUSTEES

About New Philanthropy Capital (NPC)

NPC is a charity consultancy and think tank dedicated to helping charities and funders to achieve a greater impact.

Our vision

Our vision is of a world in which charities and their funders are as effective as possible in changing people's lives and tackling social problems. In this world:

- **Charities are effective:** they use evidence to plan what they do, measure the results of their work, adjust their approach accordingly, communicate their results transparently, and attract support based on their impact.
- **Funders are effective:** they seek effective charities to give to, fund charities appropriately, review their funding based on the results generated, and measure their own impact.
- **The marketplace that links charities and funders is effective:** information, analysis and research flow efficiently among charities and funders to inform decision-making.

Our mission

Our mission is to put effectiveness at the heart of how charities work and how funders give, so that more lives can be changed for the better.

Our aims

We have three strategic aims:

- to build world-class knowledge and tools to help understand and increase the impact achieved by charities and their funders, and to share these as widely as possible;
- to provide first-rate advice and services to help charities and funders maximise their impact; and
- to inspire and lead the debate about what makes charities effective and how this can be measured.

What we do

NPC provides independent research and advice for charities and funders, to help them make a greater impact. We offer this advice based on in-depth research of social issues and on our own unique method of analysing charities. We also encourage debate about what makes a charity effective, and build knowledge and tools to support charities and funders in their efforts to increase their own effectiveness.

Our work is carried out through three teams:

- **Research** contributes knowledge and ideas on charity and funder effectiveness and analyses performance.
- **Consulting** provides practical support to those who want to become more effective.
- **Communications** inspires and promotes a greater focus on impact.

Through research, and with a commitment to public knowledge, we help to raise the understanding of what it means to be an effective charity or funder, and give organisations the tools to achieve this. Through consulting and client services, we provide practical support and guidance to those who want help in creating greater impact. Through clear communication on why effectiveness matters, we help to start some charities and funders on a journey towards greater impact.

The activities, performance and future plans of the three teams are discussed in detail in the following sections. Although certain activities sit within a particular team, there is considerable overlap and exchange between the teams, and in many cases, activities are delivered by people across NPC. For example, the consulting team draws on the expertise of the research team when delivering strategic advice to funders, and the knowledge and skills we develop through client work inform our research.

Delivering public benefit

In reviewing NPC's aims and planning future activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. Our aims show that NPC is committed to helping charities and funders to achieve a greater impact. Our beneficiaries are therefore anyone helped by charities and funders—that is, the public at large.

All of our activities contribute to our strategic aims and are for the benefit of the public. The sections setting out the three teams' activities describe the achievements and performance of each team, and illustrate how they benefit charities and funders. By helping charities and funders to achieve a greater impact, we ultimately help the people that these charities and funders serve.

Measuring our impact

NPC is, at heart, a campaigning organisation, seeking to change charities' and funders' attitudes and actions. As a result, measuring NPC's impact presents a challenge. It will never be possible to prove that changes in the world are a direct result of NPC's activities. Instead, we must gather evidence where it is available and test our theories as much as we can.

In 2009/2010, we set up a pilot system for improving the way we measure our impact. We did this to help us learn which approaches are the most effective, determine what we are achieving, and make changes to our work accordingly. Our measurement systems include automated processes to capture statistics and information on how people use our website, blog and newsletter. We also use spreadsheets to capture feedback and anecdotes about our impact.

However, we are still more heavily reliant than we would like to be on feedback and anecdotes when it comes to demonstrating our impact. In particular, we find it difficult to capture the impact of our consulting projects. We are piloting an approach to capture the impact of projects (including client projects, research reports and events) in a methodical way. The plan varies depending on the project, but it includes:

- an overview of the project;
- anticipated and desired outcomes for NPC, for the sector and for the client;
- a consideration of how the project will contribute to NPC's goals;
- a measurement plan, including measurement methodology (such as a survey or client feedback) and the timing of the planned measurement (for example, six months after the project); and
- the impact captured, both immediately after the project ends and a year after the project ends.

“With their continuous focus on the importance to voluntary organisations of demonstrating their value, NPC is making a significant contribution to strengthening the voluntary sector. This focus on achievement resonates with many funders and policy makers.”

Cathy Pharoah, co-director of the Centre for Charitable Giving and Philanthropy, Cass Business School

We implemented this system in early 2010, and given that many of our projects last for several months or even longer, we do not expect to see results for a while. In order to provide a critical mass of data, each member of staff who has worked on a client project will conduct a review of a project that ended earlier in the year. This will include calling up the client to ask what impact our work had on the organisation.

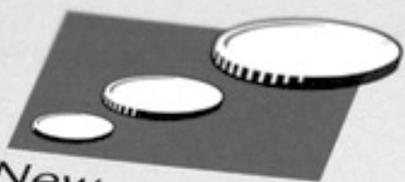
As well as improving the way we measure our impact, we have also started a new system of reporting our impact internally. We gather together the information collected from different corners of NPC and compare our impact month by month. Each report covers six areas:

- anecdotes;
- website statistics;
- blog statistics;
- media coverage;
- newsletter statistics;
- individual project impact; and
- revenue leads.

Each report also contains a section looking at a 'special topic', which analyses the impact of a particular publication, an event, a project or a theme. This reporting system runs with a small amount of input from a measurement intern. Now that we have a system established, it is important to build on it, so there are plans to conduct a survey of charities in 2010/2011 to understand better the impact of our work.

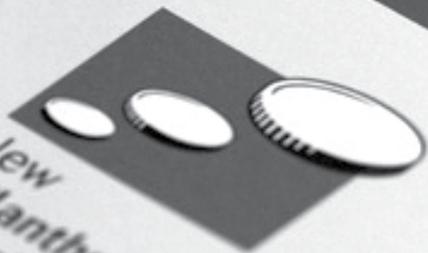
Even though it is taking us some time to finalise our measurement systems, we believe that this investment is essential if we are to encourage other charities to develop their own measurement systems. In 2010/2011, we plan to publish an impact report. We also plan to survey everyone who downloads our materials, to find out how they use them and what they think of them. The survey will also be an opportunity to do some market research.





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Research

NPC's research team builds public knowledge and leads debate about the effectiveness and performance of charities and funders. The team has three main activities—charity analysis, sector research and structural research—each of which support NPC's aim to help charities and funders to achieve a greater impact.

- **Charity analysis:** We analyse charities using our unique analysis framework, which enables charities to understand how effective they are at meeting the needs of beneficiaries. We provide feedback to charities on their performance and highlight examples of effective and interesting organisations on our website. Charity analysis makes up a significant part of our new charity consulting service, as discussed on page 17.
- **Sector research:** Through research into different sectors, such as domestic violence and youth offending, we explore specific social problems and areas of charitable work. Our reports map the role of government and charities in the area; identify gaps in services; highlight successful approaches; and explore where charities and funders should focus their efforts. While the aim is to help charities and funders to make more informed decisions about where they allocate their resources, we find that the research also provides context for trustees and management who are new to a field, and can stimulate change within a sector. We plan to focus our sector research increasingly on identifying how sectors can best measure and understand impact.
- **Structural research:** Our structural research looks at issues that affect the context in which all charities and funders work. It covers subjects such as allocating costs and reporting to funders. Through this research, we make our opinions known and help to identify and overcome barriers to effectiveness so that the charitable sector can operate more successfully.

Underlying these three areas is NPC's commitment to **measurement**. Our measurement experts support many of NPC's activities by carrying out cost-benefit calculations and statistical analysis of primary data, and providing input on sampling, surveying, evaluating and interpreting results. This allows us to advise charities on what and how to measure; to advise funders on how to help charities to measure and articulate their impact; and to encourage funders to think about their own impact.

Activities and performance

In last year's annual report, we set out several plans for the coming year:

Plan	Progress in 2009/2010
Publish the latest revision of our methodology for analysing charities—the update to <i>Funding success</i> —together with lessons learned from our experience so far.	In February 2010, we published <i>The little blue book: NPC's guide to analysing charities, for charities and funders</i> .
Publish detailed analysis of individual charities, and use this to promote understanding about charity effectiveness.	In November 2009, for the first time, we published 16 examples of NPC charity analysis on our website. We have used this analysis to identify examples of specific aspects of effectiveness in our research reports, seminars and blogs.
Measure the impact of our decision to stop publishing charity recommendations.	We contacted all of our former charity recommendations to let them know we would no longer publish recommendations, and captured feedback from these conversations. However, we do not yet know the impact on charities more widely, and hope to conduct an impact survey in 2010/2011.
Continue research into the impact of community anchor organisations.	This research has continued throughout 2009/2010, and is due to be completed in late 2010. We have helped the participating organisations to map the local networks that they support, and look at their impact on the local economy.

Continued overleaf...

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Plan	Progress in 2009/2010
Publish sector reports on young offenders and numeracy.	In February 2010, we published <i>Trial and Error: Children and young people in trouble with the law</i> . In April 2010, we published <i>Count me in: Improving numeracy in England</i> .
Start work on other sector research topics, such as helplines or carers, subject to funding.	In April 2010, we started to research the economic impact of sport as a method to tackle youth crime. However, it has proved difficult to secure funding for additional sector research.
Investigate the potential to develop a funder analysis framework, building on our charity analysis framework, which can be used to assess the effectiveness of funders.	We have scoped the potential to develop a funder analysis framework and built relationships with possible funding partners. This is not a priority for NPC at present, so we have not taken it further.

Charity analysis

2009/2010 has been an important year for our charity analysis work.

For the first time, we have published **examples of NPC charity analysis** (with the charities' permission). These are detailed documents that look in depth at all aspects of a charity, from leadership and finances to ambition and results. They show what the charity is doing well and what it could be doing better.

NPC's analysis offers charities and their funders insights into effectiveness, and by making some of these documents public, we hope to help charities and funders understand the benefits that analysis can bring, and inspire them to think more deeply about the effectiveness of their own organisations.

Over the years, we have developed and refined our **methodology for analysing charities**. In February 2010, we published *The little blue book: NPC's guide to analysing charities, for charities and funders*. This is a concise and practical guide that sets out our methodology. It helps charities to assess their own performance and understand how they can improve, and helps funders to identify charities' strengths and weaknesses, and make decisions about how to allocate resources. *The little blue book* is free to download on our website, and hard copies cost £10. This is the first time NPC has charged for a publication to help cover our costs, and between February and December 2010, we sold around 300 copies.

We use our charity analysis skills to support five different types of work:

- 1 Charities or funders can commission charity analysis, and are then free to use the resulting report as they wish. For example, it might help trustees and management make changes to their organisation, or it might help a charity with fundraising.
- 2 Charity analysis forms a significant part of our charity consulting service (see page 17).
- 3 When we research social problems and structural issues affecting charities and funders, we draw on our charity analysis skills.
- 4 We use our charity analysis skills to disseminate information about effectiveness to other charities.
- 5 Charity analysis informs other NPC activities—for example, our charity analysis framework formed the basis of a seminar we offered to trustees.

“*The little blue book [is] a complete, lucid and highly readable guide that provides the honest and true answer to the age-old question, “How can I make donations that will produce the most benefit for people who need my help?” Thank you NPC.*”

Steven H. Goldberg, author of
Billions of Drops in Millions of Buckets

As a result of our charity analysis work, charities can engage better with funders, improve their strategies, and ultimately become more effective at helping the people they serve. To track the impact of our charity analysis work, we collect feedback and anecdotes from the charities we analyse, and try to stay in touch with them months and even years after the research, to find out what difference our work has made. For example:

- After analysing **Just for Kids Law** in January 2010, the new operations director told us: *'We have been implementing the recommendations that came out of the analysis you did on our work (including my appointment) ... The report has been a really invaluable tool not only in developing our strategy but also how we can engage with funders about what we do.'*
- **Research Autism** is getting significant core funding from a corporate funder, crediting NPC to a great extent with this success—the research director says that going through the NPC analysis process greatly enhanced discussions.
- The director of a disability charity told us: *'NPC's analysis was the best thing that happened to us last year. Although at first it wasn't the feedback we wanted to hear, we quickly realised we needed to stop and think. We have now changed what we are doing and have much greater clarity and direction of travel.'*

Box 1: The Children and Young People's Mental Health Coalition

Zurich Community Trust recently reviewed its mental health programme, leading to a refocus on its work with families, children and young people under 25. A key part of the trust's research included NPC's report *Heads Up: Mental health of children and young people*, and a follow-up event to discuss the findings. The report highlighted and event re-affirmed that problems in later life can often be traced back to early childhood, and that the greatest need for the sector was a stronger and more coordinated campaigning voice.

This inspired the Zurich Community Trust to set up the Children and Young People's Mental Health Coalition, hosted by the Mental Health Foundation, which was launched in March 2010. It brings together leading charities in the areas of children and young people and mental health to campaign with and on behalf of children and young people in relation to their mental health and well-being.

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Sector research

Along with our charity analysis methodology, our sector research has evolved over the years, and is now more focused than ever on publishing reports that are useful and practical, encouraging action. During 2009/2010, we published eight reports on social issues:

- *Targeting support: Needs of groups helped by the Bankers Benevolent Fund* (September 2009).
- *Inspiring Scotland: Go Play Baseline Report* (September 2009).
- *Giving in India* (September 2009).
- *Starting strong: Early childhood development in India* (September 2009).
- *Getting back on track: Helping young people not in education, employment or training* (October 2009).
- *Rights of passage: Supporting disabled young people through the transition to adulthood* (November 2009).
- *Trial and error: Children and young people in trouble with the law* (February 2010).
- *Count me in: Improving numeracy in England* (April 2010).

Since the year end, we have started three new pieces of sector research.

- The **Clothworkers' Foundation** has commissioned NPC to produce an update to our 2006/2007 report on autism, *A life less ordinary*. This update will analyse the main changes and trends in the sector over the past three years, informing the sector as a whole, as well as feeding into the foundation's strategic review.
- The **Laureus Sport for Good Foundation** has funded NPC to research the economic impact of sport as a method to tackle youth crime.
- In a different kind of sector research, not focusing on a social issue, **Atlantic Philanthropies** and the **One Foundation** have funded us to investigate the need for and availability of philanthropy advice in Ireland, identifying ways in which this advice can be strengthened.

Sector research is becoming increasingly difficult to fund, which not only holds NPC back, but also holds back creation of knowledge about the effectiveness of charities. This is frustrating for NPC, as charities and funders both tell us of the value of the research we produce.



For example, as a result of research into numeracy, action is now being taken to scope out the role for a new organisation to spearhead improvements in numeracy. This work is being funded by a group of funders interested in numeracy, and is being directed by a steering group of experts. The need for a new organisation was a key recommendation of the research.

Our research into NEET young people (those who are not in education, employment or training) had an influence when the author of our report into this subject was asked to provide oral evidence on the subject to the House of Commons Education and Skills Select Committee on 27 January 2010.

Our research into mental health has also had a demonstrable impact this year, as Box 1 discusses.

Structural research

Our structural research considers issues that affect the context in which charities and funders operate, and looks at how to make the charitable sector more effective. In 2009/2010, we published three such reports:

- *Achieving more together: Foundations and new philanthropists* (July 2009).
- *Scaling up for the Big Society* (May 2010).
- *New facilities, new funding: A proposed financing model from Scope* (June 2010).

The second of these reports was the first in our new NPC perspectives series—short reports that are interesting and timely, not requiring a great deal of research (like our sector reports do), but capturing the expertise we have built up and sharing knowledge and opinion. Since the year end, we have published five more NPC perspectives reports:

- *Proving your worth to Whitehall* (August 2010).
- *Talking about results* (September 2010).
- *SROI for funders* (September 2010).
- *Preparing for cuts: How funders should support charities in a world of government cuts and changing funding structures* (October 2010).
- *Talking to trustees* (November 2010).

Our structural research feeds directly into much of our consulting and communications work. For example, our evaluation of the government's Communitybuilders programme is effectively a piece of structural research into community organisations and buildings (see page 20 for more detail). Also, our structural research into trusteeship, originally published in May 2009, has since been followed up by an update report (*Trusteeship 2010*, published in July 2010), a series of seminars for trustees (discussed on page 26), and a report about these seminars.

Measurement

During 2009/2010, we published three reports that were specifically related to the measurement and evaluation of charities' results:

- *Feelings count: Measuring children's subjective well-being for charities and funders* (July 2009)—This is an interim report that forms part of one of our most important research programmes, as Box 2 explains. There was a very positive response to the report—within a few weeks of publication, we received over 100 enquiries from charities, grant-makers and membership bodies interested in using our Well-being Measure.
- *Well informed: Charities and commissioners on results reporting* (March 2010)—This report was commissioned by Charities Evaluation Services' National Performance Programme, and it looks at how charities communicate results to commissioners, what support they get, and how commissioners use this information.
- *Social Return on Investment position paper* (April 2010)—This paper helped to establish NPC as an expert in SROI (one charity chief executive called it '*an excellent, balanced report*'). For example, we presented it to the Intelligent Funding Forum, then spoke in greater depth to the City Bridge Foundation. Since the year end, we have followed it up with SROI for funders.

We are increasingly linking our measurement skills with our sector research to support charities. For example, since November 2009, we have been working with six charities that improve family relationships to reduce re-offending. We are helping these charities to demonstrate their impact, focusing on two aspects of improving family ties: the quality of relationships and the experience of visiting prison. In late 2010, we will publish the results of our research alongside standardised measurement tools that other charities can use. This should help to improve the evidence base and opportunities for learning between charities.

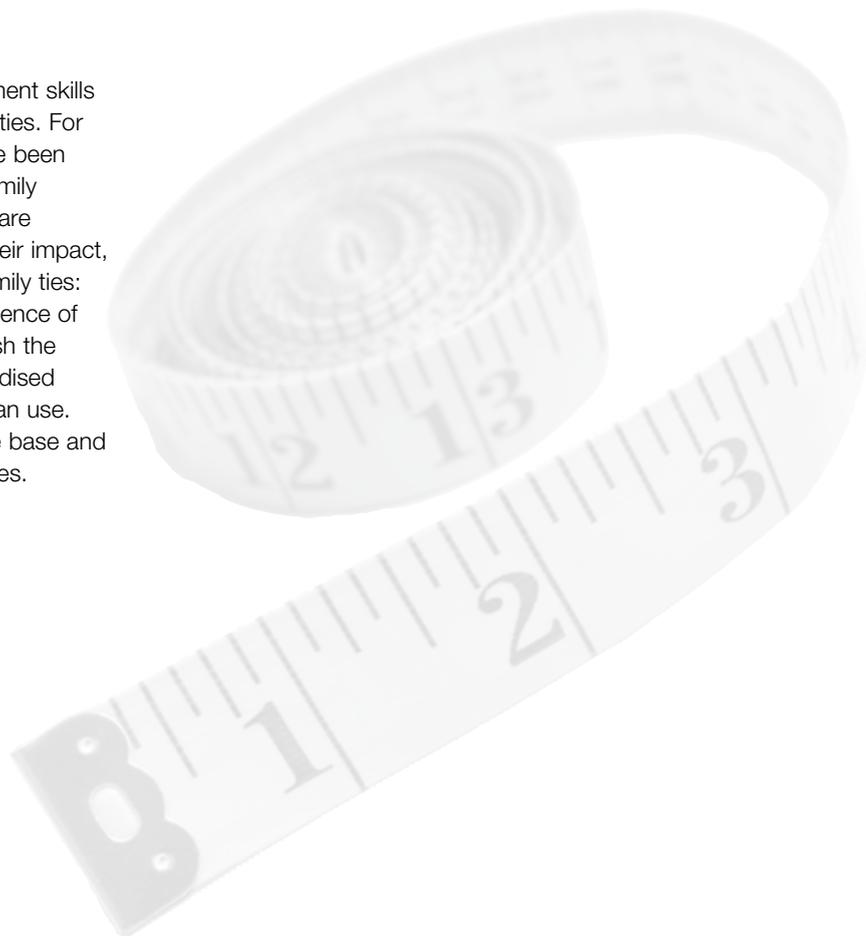
Box 2: NPC's Well-being Measure

Many organisations aim to improve the well-being of young people, helping them to lead happier, more fulfilling lives. Well-being is an intangible concept, but at NPC, we believe that it is something that can and should be measured. This is an important part of understanding and demonstrating the impact of organisations that work with young people.

NPC's Well-being Measure is a tool that enables organisations, including charities and schools, to survey the young people they help and understand their well-being. This can help organisations to demonstrate the impact of their work on 11–16 year olds.

In 2009/2010, we worked with six charities to pilot and refine the Well-being Measure, and we are now working to put the tool online. It will be a paid-for subscription service, allowing subscribers to survey the young people they work with and receive a customised report of their results. By late 2010, it will be available to a limited number of subscribers, before it becomes more widely available in 2011.

As we develop our Well-being Measure, we are building up our expertise in the field of well-being. In December 2009 and April 2010, we ran two sell-out seminars on well-being. These explored the benefits and challenges that charities and funders face when measuring the impact they have on the happiness of the young people they support.





Future plans

We will continue to deliver research in the three main areas of charity analysis, sector research and structural research. We are particularly keen to raise funding for sector measurement pieces, which are an evolution of the earlier sector research pieces. We will also tender for research projects when appropriate, maintain relationships with key charities, and contribute to consulting projects.

More specifically, in 2010/2011 we aim to:

- Establish a source of funding for sector measurement work and publish a number of reports, depending on funding.
- Carry out three structural research projects that will be internally funded, including one project on large charities and impact chains, and another on how charities can make the most of their non-financial resources.
- Publish at least one think piece each month in our new *NPC perspectives* series.
- Publish the following:
 - the findings of the research into the impact of community anchor organisations;
 - an evaluation of the impact and value of the School for Social Entrepreneurs;
 - an update report on autism;
 - a report on the economic impact of sport as a method to tackle youth crime;
 - a report focused on philanthropy advice in Ireland;
 - a report about using the concept of an impact chain to maximise impact; and
 - a report on how foundations can share knowledge.
- Build a steady stream of charity analysis work.
- Evaluate the impact of our charity analysis work.
- Produce a self-analysis toolkit from *The little blue book*, developing our charity analysis methodology into something that other organisations can apply more easily to their own work.
- Lead thinking on how charities and funders can respond to the proposed coalition government funding cuts.

“ I’m pleased that NPC has produced this guide [*The little blue book*]; any tools that may help charity trustees and their staff identify room for improvement are valuable, and I would encourage charities to take a look and see what they may gain from this.”

Andrew Hind, Chief Executive,
The Charity Commission

Consulting

The consulting team provides bespoke work for clients, including charities and funders, to help them become more effective. We deliver services to five client groups:

- charities;
- grant-making trusts;
- philanthropists and their advisors;
- government; and
- corporates.

For the first of these five client groups, we offer a charity consulting service, helping charities to increase their own effectiveness. The service includes charity health checks, strategic research and advice, advice on evaluation and impact frameworks, and training on issues related to effectiveness (such as measurement and trusteeship).

For the other four client groups, we offer services to ensure that funding is used thoughtfully and strategically, so that it creates a greater impact. The services include helping funders to define objectives, designing funding programmes, designing and implementing monitoring processes, and evaluating results. We also help philanthropy advisors to develop and promote their philanthropy services, and make sector reports and advice available to government, local authorities and businesses.

Activities and performance

In last year's annual report, we set out several plans for the coming year:

Plan	Progress in 2009/2010
Develop and promote our charity consulting service.	We provided a charity consulting service for the first time this year, offering three products: measurement, charity health checks and sector research. Interest in these services was high, with measurement attracting the largest number of enquiries and sales.
Promote NPC's expertise in measurement, evaluation and economic analysis as a service that funders and charities can commission.	Our work in measurement, evaluation and economic analysis has increased this year, commissioned by both funders and charities. There has been notable growth in our charity consulting services and in work commissioned by government.
Provide our 'start-up' service for new philanthropists more widely.	We supported a number of donors in the early stages of their philanthropy. We also launched our half-day impact workshops for donors, which address different aspects of philanthropy. These workshops are designed to increase the impact of philanthropy and make giving more enjoyable and rewarding.
Raise the profile of our consulting work and use our knowledge and experience to contribute to broader debates and influence the work of others.	Where appropriate, we have published or talked publicly about client work to share what we have found and learned. Within NPC, our research and consulting teams are much more closely integrated than previously, so lessons from consulting inform our research more. However, we have not made as much progress in this area as we would have liked to, largely because we prioritised revenue-generating work.
Set up a steering group of interested organisations across the advisor spectrum (bankers, lawyers, family offices, philanthropy experts) to create and implement new initiatives to develop the philanthropy advice market.	The steering group met for the first time in December 2009, and was formally launched in March 2010. It now has individuals from 34 different organisations as members, and is chaired by Dame Stephanie Shirley, the government's Giving and Philanthropy Ambassador.
Develop and trial a framework to allow us to identify the impact of our consulting work.	We have developed a framework to capture the impact of our consulting work. This gets completed for most projects, and includes capturing feedback and anecdotes. It remains for us to analyse the data collected and to review how the framework is working.

Charities

Our experience of analysing charities over the years has shown that many struggle to assess their effectiveness and demonstrate their impact. In response to this need, we developed a charity consulting service, working alongside charities to help them to improve their effectiveness and the way they communicate their results.

Having piloted our charity consulting service in late 2008, the service really gathered momentum in 2009/2010. We provide three products: measurement, charity health checks and sector research. There has been interest from charities of all sizes, across a range of sectors. Measurement attracted the largest number of enquiries and sales, and health checks received a lot of interest, but often from small charities that were put off by the price. We found that charities expressed no interest in commissioning sector research.

Charities view our measurement and health check services as important to inform their own learning and development, and to support their fundraising, so demand is fairly high. The external environment has helped here, with membership organisations and funders increasingly encouraging charities to think about their impact. We carried out nine charity consulting projects in 2009/2010. For example:

- We were commissioned by the trustees of the **Gurkha Welfare Trust** to conduct an independent review of the charity, including a visit to its operations in Nepal and an extensive briefing by UK staff. Whilst the Nepalese operations were excellent, NPC's analysis was able to provide helpful guidance to trustees and staff on its overall strategy against emerging risks, as well as on the trust's governance arrangements. The report was welcomed by the trust, which will use it to inform its next strategy review.
- We helped **Beatbullying** to design questionnaires to evaluate the impact of one of its projects, then trained front-line workers to implement the questionnaires.
- For the national domestic violence charity, **Co-ordinated Action Against Domestic Abuse (CAADA)**, we verified and enhanced a cost-benefit analysis of multi-agency risk assessment conferences to help victims of domestic violence.
- We worked with the national disability charity, **Scope**, to explore a new financing model that it is piloting, involving a mix of loans and donations, to fund specialist accommodation for disabled people. Scope has told us that the resulting report, *New facilities, new funding*, has helped the charity raise funds using the model, as it provided an independent perspective on what it is offering. According to the charity's director of fundraising: *'Not only did [NPC's] analysis provide us with constructive challenges that helped move our thinking on, but the media coverage we received from the report was also extremely useful in terms of generating interest in the product, which has directly led to the acquisition of new donors.'*
- We helped **Catalyst Trust** to assess its performance and inform its strategy planning process (see Box 3).

Box 3: Catalyst Trust

Catalyst Trust was formed in 2006 when two very different programmes were joined together. One was COACH, which provides mentoring for inner-city youth; the other was Love is a Verb, which empowers people to volunteer in their local communities. Although the two founders shared a mission—to transform lives and promote social cohesion in deprived communities—they had little evidence to support their individual means to that end, and funding was hard to obtain.

In late 2009, Catalyst Trust asked NPC to assess its performance and inform its strategy planning process. We spent two days with the charity's founders, trustees, managers, volunteers and beneficiaries, and spent another day consulting internally with colleagues experienced in analysing small, community-based charities. Finally, we spent two days writing up our assessment of Catalyst Trust, focusing on ideas for evaluation, strategy and fundraising.

The charity has been pleased with the resulting document. According to the chief executive, Mark Perrott: *'The NPC report has been helpful in demonstrating to funders that we are serious about improving our work.'* So far, the report has been shown to two funders—one existing, one new—who have subsequently made grants to the charity.

Grant-making trusts

We continue to provide bespoke research and advice to grant-making trusts and foundations to inform their strategies, programmes and operations. In 2009/2010, this was the largest of our consulting areas, with 22 clients. We carried out a wider range of work in this area than we have done previously. For example:

- The Mayor's Fund commissioned us to do a real-time evaluation to help it improve its approach and show the benefits of its work. We designed a framework, interviewed stakeholders and reviewed documents, and a report is due to be published in autumn 2011.
- We reviewed the approach and impact of the STARS Foundation, and published a report identifying the benefits of one particular aspect of its approach: providing unrestricted funding to its grantees.
- We conducted research on sport in order to help the charitable arm of a wealth management group to develop a strategic grants programme.
- We reviewed the strategy, governance and operations of a long-standing family foundation, following up on a funding review that we provided to the foundation four years ago.
- We are helping to incubate a new foundation (see Box 4).

This year, for the first time, we published the findings from a consulting project: *Targeting support: Needs of groups helped by the Bankers Benevolent Fund* (September 2009). There are several other projects in the pipeline that clients have agreed we can publish, for wider benefit. By doing this, we hope that our consulting work will have a broader impact on other funders and charities.

Box 4: Incubating a new foundation: Synchronicity Earth

Synchronicity Earth is a new foundation, launched on 1 January 2010. Through its work, Synchronicity Earth strives to improve the status of the world's species and ecosystems by ensuring that the most effective conservation projects have the resources needed to succeed. It also aims to change the way we think about the world in which we live and the way we interact with it.

NPC has worked with Synchronicity Earth for nearly three years, initially providing input for the concept, then helping to get the foundation registered and up and running, including recruiting the first employee. Synchronicity Earth's approach resonates with NPC's mission: it wants to improve the quality and quantity of environmental funding by providing analysis on what needs doing and what will deliver most impact. Because of our long-term relationship and the similarities in mission, we have been 'incubating' the organisation since April 2010. This gives Synchronicity Earth the benefit of access to some of our approaches and experience, as well as practical benefits, such as office space.

We have been working with Synchronicity Earth's first research analyst, Felix Whitton, to adapt NPC's charity analysis tool to conservation charities. We are also helping him to explore how to research different conservation sectors so as to make investment decisions informed by the context. We see two benefits to this incubation approach. Firstly, Synchronicity Earth will be able to achieve greater impact from its investments. Secondly, Felix will have an excellent grounding in charity analysis, which he can apply elsewhere in the future. This has been a great way for us to apply our expertise to a different sector and to help another organisation with a very similar mission to develop and be successful.



Philanthropists and their advisors

In summer 2009, we closed our portfolio service for individual philanthropists, for several reasons, including low demand. (This was a type of brokerage service, through which we provided donors with a selection of recommended charities to fund.) Despite this change, we are still associated with philanthropy (not least because of our name), and we have an active role and interest in the field. We are established as philanthropy experts, and we want to maintain our position in this area.

Our focus for philanthropists is now firmly on strategic advice and support that helps individual donors and small family foundations to become more effective. Over the year, we have worked with six individual philanthropists and family foundations. We have also helped trusted advisors, including lawyers, private bankers and family offices, to support their clients in philanthropy. For example:

- Our largest client in this area is the **Stone Family Foundation**, which we have been working for since 2006, helping to manage and monitor its funding. During 2009/2010, the foundation gave over £1m to a range of UK and international charities. In June 2010, we helped the trustees carry out a strategic review, looking at the foundation's achievements over the previous three years, and thinking about developing its aims and objectives for the future. Following the review, the foundation has decided to increase its level of giving significantly and fund in a more targeted set of areas. NPC has been appointed to assist in this process over the next 18 months.
- We were commissioned by **BNP Paribas Wealth Management** to support the BNP Paribas Awards for Individual Philanthropy, which were set up to reward remarkable initiatives of major philanthropists on a worldwide basis. We helped it to identify nominee candidates, supported the short-listing process, and conducted research and provided information on short-listed nominees. An independent jury then used our dossiers to select the laureates for the two categories. BNP Paribas has since told us that members of the jury were impressed with our work.
- In April 2009, we launched a training programme to build trusted advisors' confidence in discussing philanthropy with their high net worth clients, and to contribute towards their STEP Continued Professional Development requirements. Over the year, we ran two of these sessions and trained 15 private client advisors.
- In 2009/2010, we ran bespoke half-day impact workshops for two families, helping them to increase the impact of their giving and make it more enjoyable and rewarding (see Box 5).

Box 5: An impact workshop

The founders of a new family foundation wanted to fund work to improve nutrition in schools and nurseries. While they were clear on the focus and impact their funding should have, they were struggling to put it into practice. They wanted to fund well—to select effective charities and help them to have a significant impact on children—but were unsure of how to go about it.

In October 2009, NPC ran a half-day workshop for one of the founders and the foundation's one staff member. We talked them through good practice in grant-making and answered questions on ideal grant sizes, duration and structure. We also discussed grant-making processes, and advised the foundation on how best to find and assess charities. We then helped them to put all this into practice by talking through several charities the foundation was considering funding.

Following the workshop, we provided notes for the foundation, summarising the topics covered and showing them how to put the lessons into practice. According to the founder, *'It was a very important session, thank you very much. We felt like we got a lot from it, and the notes and the samples are good working documents to give us more support.'*



- In March 2010, we published *The business of philanthropy: Building the philanthropy advice market*. The report explores how to stimulate the provision and take up of philanthropy advice, providing an analysis of the state of philanthropy advice in the UK, and setting out proposals for developing the philanthropy advice market.
- Following the research we did for *The business of philanthropy*, we established a steering group of individuals and organisations involved in providing philanthropy advice. The group was formally launched in March 2010, and is chaired by Dame Stephanie Shirley, the government's Giving and Philanthropy Ambassador. At November 2010, the group has individuals from 34 different organisations as members, including private bankers, private client lawyers, and advisors from family offices and specialist philanthropy organisations. The group shares knowledge and ideas, and is creating initiatives to promote philanthropy advice. It has divided into four sub-groups working on the following initiatives:
 - building the case to advisors of offering philanthropy advice;
 - training private client advisors;
 - making clients aware of the benefits of philanthropy advice; and
 - making clients aware that this advice exists.

“ I often mention you to people in the business community as an example of excellence in the field of philanthropy. Please keep up the good work.”

Chief executive of a UK law firm

Government

In 2009/2010, we worked on three large contracts for government. They are all interesting pieces of work, with real potential to influence the provision and effectiveness of funding to the third sector.

- Between January and December 2009, NPC evaluated the stability and sustainability of the violence against women sector for the **Government Equalities Office**. This was used to shape government policy towards the sector.
- Between October 2009 and August 2010, we carried out an evaluation for the Office of the Third Sector (OTS, now the Office for Civil Society), looking at the impact and design of the £15.5m **Targeted Support Fund**, which aims to help charities in recession-hit areas respond to increased need. The OTS is keen to use the findings from this research to influence further funding streams.
- Since December 2009, we have been evaluating the government's **Communitybuilders** programme, which is investing £70m in community organisations through support, loans and grants to build or refurbish buildings. The first phase of the work was a process evaluation of the programme. If the programme proceeds as planned, the next phase will be an impact evaluation of the fund, looking at what effect it has had on community organisations, and how the buildings have contributed to community empowerment.

“ Our partnership with NPC has been both enjoyable and rewarding ... In our work together, I've been impressed by NPC's ability to deliver high quality, thought-provoking research and events. They have certainly helped us in our strategic thinking and funding priorities and how we might make the biggest impact.”

Andrew Blessley, The Clothworkers' Foundation

Corporates

For over two years, we have taken a purely responsive approach to corporates, and not actively pursued work from this client group. In spite of this, a fair amount of work came our way in 2009/2010, in addition to our work with advisors. This work has come about through repeat business, word-of-mouth referrals and internet searches, and it has been wide-ranging and interesting, including:

- analysing charities and making grant recommendations to the Execution Charitable Trust;
- providing detailed updates of the progress and performance of grants for the Burberry Foundation; and
- developing a new way for J.P. Morgan's Corporate Foundation to select projects (see Box 6).

Box 6: J.P. Morgan

J.P. Morgan has extensive experience of working with arts organisations through its Corporate Foundation, and recently commissioned NPC to help develop a new way to select projects aligned with its 2010 funding priorities. The financial services firm was keen to develop a more probing approach to identifying arts projects with greatest potential to make a sustainable difference.

We began by creating an application process and scoring system, which we tested with the J.P. Morgan team. With their input, we then designed a more in-depth second stage application process. The end product was a short list of arts projects to be put to J.P. Morgan's regional Philanthropy Steering Committee.

According to J.P. Morgan's head of corporate responsibility for Europe, the Middle East and Africa, Carol Lake: *'Working in this way really challenged us to stay focused on the needs of the community. The model developed by NPC ensured we asked the right questions and gave all organisations the same opportunity to provide us with the information to help us make informed decisions. We hope that the results will open up thinking about the role the arts play in delivering positive social impact.'*

Future plans

In 2010/2011, the consulting team will continue to provide services to the five client groups that we served in 2009/2010. However, we will focus particularly on three areas.

The first area of focus is measurement and evaluation, where clients could be charities, funders or government.

The second area of focus is philanthropy. We want to maintain our position as experts in this area, and build it as far as possible with the resources available.

The third area of focus is charities. It is only a year since we launched a charity consulting service, but we have seen demand beyond what we offer in measurement and evaluation. We need to invest some time in understanding what charities would find useful from us, and trial services that reflect this.

More specifically, in 2010/2011 we aim to:

- develop and market a set of measurement products, so that charities have a clearer idea of what NPC can do for them;
- carry out market research with charities to develop a better understanding of what services they would value from us, and as a result, clarify our charity analysis service and approach;
- increase our reach to and awareness amongst charities;
- continue to provide high-quality consulting work to philanthropists, philanthropy advisors, grant-making trusts and businesses; and
- win further government contracts and build our reputation in this market.

“New Philanthropy Capital has demonstrated an innovative approach that does not merely mimic the kinds of advice given by most philanthropic advisors—it extends to activities that show this is helping to develop new means of philanthropic activities, as well as leading training and analysis in the field. It is thus pioneering in its area, making a difference not only from the business aspect but also maximising charitable impact.”

Andrew Blessley, The Clothworkers' Foundation



File
with
Lenneth

STANDARDS



Mental Health Act 1983

Communications

The communications team focuses on three areas:

- **Promoting NPC's mission, products and services:** We build awareness of NPC through PR, publications, our website and blog, marketing materials and direct mail. We also ensure that all of our public knowledge, including research, methodologies and tools, is shared as widely as possible, by making all of our materials available as free downloads from our website.
- **Inspiring and shaping the debate on effectiveness:** Through publishing opinion pieces, writing our blog and speaking at events, we build NPC's profile as a thought leader on issues relating to charity and funder effectiveness, and open up debate on key topics.
- **Embedding a communications approach in all of our activities:** The communications team provides internal support to NPC's other teams on messaging and product development. We help to create an impact from NPC's work by disseminating the knowledge of the research and consulting teams and embedding communications activities into different products—for example, working out key messages at the start of a project.

Activities and performance

Over the year, the communications team has become much more integrated with the research and consulting teams, informing client projects and research projects through PR, messaging and communicating impact. As a result of our work, our profile in the sector and in the press has continued to grow.

In last year's annual report, we set out several plans for the coming year:

Plan	Progress in 2009/2010
Refresh our website and complete our new range of marketing materials, updating content to reflect the repositioning we have been through in the last year.	At the end of 2009, we updated the content of our website to reflect our new services and our position as a charity think tank and consultancy. We also worked on our new range of marketing materials, now due to be completed at the end of 2010.
Improve the way we assess our impact.	Since October 2009, we have been using a more sophisticated and systematic format for looking at the impact of our website, blog and PR efforts.
Develop our public affairs work: map out NPC's audience within government; clarify our public affairs message in the form of a short manifesto; meet each of the government's third sector champions; and research political parties' stances on charity and philanthropy.	In March 2010, we published our <i>Manifesto for social impact</i> , which positioned us as a commentator on how government works with charities and philanthropists. In the lead-up to the general election, we also researched the major political parties' stances on charity and philanthropy. However, given our lack of capacity, rather than doing a formal mapping process and speaking to each of the government's third sector champions, we have prioritised talking to the relevant ministers in the Office for Civil Society.
Take forward the Association of Nonprofit Analysts, in partnership with Bertelsmann Stiftung, building a broad coalition of supporters.	Over the year, NPC and Bertelsmann Stiftung have been investigating funding opportunities and approaching potential founding partners for the newly-named Social Impact Analysts (SIA) Association (see Box 8).

Promoting NPC's mission, products and services

Throughout 2009/2010, our efforts to clearly position NPC's services have continued. We have been challenging misperceptions that NPC is focused on advising wealthy individuals, as well as promoting our advisory services for charities and positioning NPC as a thought leader in the sector.

The positive change in how we are perceived is reflected through our press coverage over the last year. More than ever, journalists are describing us accurately:

- In the articles that mentioned us in October 2009, 6% described us accurately as a 'think tank and consultancy'. In October 2010, this figure rose to 13%.
- In October 2009, 20% of articles described us partially accurately as a 'think tank'. In October 2010, this figure was 24%.

(Note that few articles describe NPC inaccurately—7% in the first half of 2010. The majority of articles do not provide a description of NPC, which may be because it is a passing mention, or because the publication assumes that NPC is known by the reader.)

Since October 2009, we have been using a standard format for analysing our website, blog and press statistics, which are reported internally every month. This gives us an indication of who is interested in our work, the profile we have in the sector and how well our website and blog are helping NPC to achieve key aims.

Our **website** continues to be the primary tool that NPC uses to explain and promote our mission, products and services. In late 2009, we updated the website's structure and content to reflect the changes that had taken place within NPC. We also improved site navigation and search engine optimisation for particular terms. In June 2010, our website received around 6,000 unique visitors (more than half being from charities), and around 2,000 reports were downloaded. These figures are almost exactly the same as the corresponding figures from June 2009. This reflects the fact that our attention was largely focused on building blog readership, and we want to put more effort into increasing website visits over 2010/2011.

“ This is the only newsletter I get that always says something worthwhile and newsworthy on things that really matter. Keep up the good work. ”

Steve Goldberg, author of *Billions of Drops in Millions of Buckets*

“ Giving Insights has a very good look and feel to it, personal stories to which readers are able to connect, and a nice blend of what I term 'quality' and 'simple elegance'. ”

Mario Morino, co-founder and chairman of Venture Philanthropy Partners

In March 2010, we sent out our first email **newsletter**, which now goes to nearly 20,000 people every two months. The newsletter gathers up news from NPC, including new publications and upcoming events, and highlights articles from our blog and magazine. We tailor each edition to seven different audiences (including charities, grant-making trusts and government), to make the content as relevant as possible for the reader. We are collecting information on how useful the newsletter is (for example, looking at how many people open the newsletter, how many click on links, and which links are the most popular), and we use this information to shape future editions. The new newsletter has been well-received. For instance, Steve Goldberg (author of *Billions of Drops in Millions of Buckets*) told us: *'This is the only newsletter I get that always says something worthwhile and newsworthy on things that really matter. Keep up the good work.'*

Our quarterly **magazine**, *Giving Insights*, is mailed out through our newsletter. Over the last year, it has continued to provide thought-provoking articles, commenting on topics such as the coalition government spending cuts and what the UK could learn from the US about philanthropy. A large number of our articles this year offer measurement advice to charities, including Tips on communicating impact and A beginner's guide to SROI. We have also had several contributions from external commentators, and interviewees include the actress Kristin Scott Thomas and the writer and businesswoman Jane Asher. One grant-maker has told us, '*Giving Insights is well-informed, well-written and contemporary*', and a reader from a leading homelessness charity told us, '*You are tapped into the market.*'

In October 2010, *Giving Insights* was redesigned and taken exclusively online, following some qualitative market research with a selection of readers. The magazine now has a more up-to-date look, an easier search facility, and gives readers the chance to receive updates directly into their inbox.

Our **social media** efforts continue to go from strength to strength. In November 2010, we had 1,965 people following our profile on Twitter, an increase of more than 1,200 from November 2009. Our blog is also proving to be successful in raising our profile and promoting our work and opinions, as Box 7 discusses.

In July 2009, we recruited a new **PR** manager, whose initial brief was to get more consistent, high-quality press coverage over the year, and build relationships with key journalists. We have started to analyse our media coverage in more detail, looking at how NPC is described in the press, how prominent our coverage is, and what our coverage focuses on.

Our coverage has been more focused on UK issues than previously, with less international coverage. This is largely down to the changing UK political environment, which has been a focus of our research. In 2009/2010, we were mentioned in 24 articles on average each month, peaking in March 2010 with 60 articles. This coincided with the launches of two reports: our *Manifesto for social impact* and *The business of philanthropy: Building the philanthropy advice market*. Our coverage has also increased in quality, and we have secured more in-depth features while maintaining our profile in daily news stories. We regularly provide comment pieces for different publications. For example, between February and May 2010, NPC staff wrote five articles for The Guardian. Also, since the year end, we have become regular contributors to the *Latest from Alliance* column on Alliance Magazine's website. This reflects our growing status as a thought leader and expert on charity issues.

Box 7: NPC's blog

In the year since the launch of our blog in July 2009, staff from across NPC have contributed 168 posts discussing burning issues in the sector. Over the year, the blog attracted 23,000 visits and 213 comments. In July 2009, blog readership averaged 250 visits per week—by June 2010 this figure had more than doubled, to 600. The majority of our readers are based in the UK, but we also have a committed international following, with regular visitors from the USA, Australia, Canada, Ireland, Singapore, New Zealand, Germany, and India.

In early 2010, Martin Brookes used the blog to kick off a discussion around the morality of charitable giving, writing a series of posts that generated heated debate throughout the sector press, and formed the basis for his lecture at the RSA in September 2010. Other posts that attracted high numbers of readers and comments included *A fundraising revolution*, by NPC's head of measurement, and *Are charity CEOs too powerful?* by NPC's head of sector analysis.

NPC's blog serves as a platform for the views of notable figures in the sector, and our regular guest blogs feature contributions from a range of organisations. In the last year, we featured think tank Reform, social investment organisation Social Finance, the Institute of Fundraising, US-based GreatNonprofits, and disability charity Speaking Up.

The blog is regularly picked up by sector press. In 2009/2010, it featured in Third Sector's *Best of the Blogs* 12 times and in The Guardian's *Society Daily* five times. In the US, our blog featured in The Chronicle of Philanthropy's 'roundup' 16 times and in Tactical Philanthropy's *Philanthropy Daily Digest* eight times.

Inspiring and shaping the debate on effectiveness

One of the key ways that NPC shapes the debate on charity and donor effectiveness is through speaking at **conferences and events** that are hosted by other organisations. In 2009/2010, NPC staff spoke at almost 50 conferences and events, including:

- *'How good governance can be achieved and maintained within third sector organisations'*, the Trade Association Forum Annual Conference, March 2010.
- *'Innovative funding models for research: How philanthropy can provide opportunities for innovative funding, and for leveraging funds for research with public and other private funders'*, the European Foundation Centre's European Forum on Philanthropy and Research Funding Annual Conference, December 2009.
- *'The expectations government and grant-makers will have beyond 2010, and the challenges charities will face'*, the ICAEW Charity & Voluntary Group Annual Conference, November 2009.
- *'What major donors want and how they choose charities'*, Raising Funds from the Rich, October 2009.
- *'The economic crisis isn't all doom and gloom for charities'*, Trustee Conference 2009, July 2009.

As well as contributing to other organisations' events, we are hosting more events of our own. For example, in May, June and July 2010, we held three seminars for charity trustees, supported by The Clothworkers' Company. The seminars looked at how trustees can help their charities be as effective as possible, and provided opportunities to discuss issues and concerns with other trustees.

All three seminars sold out, and we received a good deal of positive feedback. From the feedback forms we received, 96% of respondents reported that the seminar they attended was *'useful'* or *'very useful'*, and 90% answered *'yes'* to the question, *'Will you use what you have learned today?'* One person commented: *'The sessions have made a very significant contribution, keeping all of our thinking ambitious and rigorous and at the same time offering numerous specific insights into how we might achieve greater effectiveness and develop ourselves as trustees, chairs and boards ... I genuinely thought that collectively, the three sessions covered an immense range of board issues very effectively.'*

We also held a handful of events with other organisations, including the Charity Finance Directors' Group and Farrer & Co. These focused on topical issues that charities are facing, such as handling failing projects and being transparent about costs.

By participating in other organisations' events and holding our own, we are shaping debate among charities and funders, disseminating our messages, and helping other organisations to become more effective. This is evidenced by the positive feedback we receive from events and by the fact that our events regularly sell out.

Our **public affairs** work over the year has also contributed to our aim to inspire and shape the debate on effectiveness. In March 2010, we published our *Manifesto for social impact*, which positioned us as a commentator on how government works with charities and philanthropists. Our public affairs work was constrained because of a lack of capacity and resources, so it has not developed as much as we would have liked. Nevertheless, we have been developing and disseminating our messages through think pieces (discussed on page 12) and through conversations that our chief executive and chair of trustees have with politicians and policymakers.

In May 2010, we used our blog as a platform for a series of messages aimed at the new Minister for Civil Society, Nick Hurd. These blog posts discussed how the minister might help the sector deliver and demonstrate greater social impact, building on our *Manifesto for social impact*. We sent these blog posts directly to Nick Hurd in the form of a letter, and our communications with him are ongoing.

“New Philanthropy Capital [is] one of the most intelligent and balanced voices on third sector matters.”

Matthew Taylor, chief executive of the RSA

Embedding a communications approach in all of our activities

Over the year, the communications team has continued to help the research and consulting teams consider a communications approach in client and research projects that have a public angle. We now make sure that we are involved in projects from the start, both so we can think ahead about PR, and so we can influence the messages that emerge from the research.

The communications team continues to support the research and consulting teams and maintain the high quality of our work by providing (and outsourcing) editing, proofreading and design services. The team also supports members of staff who are preparing to deliver speeches, and in some cases, writes speeches and articles on their behalf. Since the year end, we have put together a new collection of materials and templates to help NPC's project management processes, aiming to make projects more organised and efficient.

The communications team has implemented several new internal systems and processes in 2009/2010, to support the research and consulting teams and to make the most of NPC's knowledge and expertise. For example, we have:

- created a new case study 'library' and a system to keep it updated, to form a useful resource when writing proposals and marketing materials;
- provided media training for staff, drawing on the expertise of our new PR manager;
- created templates for various NPC publications, such as the new *NPC perspectives* series; and
- developed streamlined processes for events, including booking systems.

“ NPC sits at the nexus of the philanthropy universe ... It is one of the names most regularly referenced as leading the thinking in strategic and impactful philanthropy.”

Cheryl Chapman, managing editor of Philanthropy UK

Box 8: The Social Impact Analysts (SIA) Association

In May 2009, NPC and Bertelsmann Stiftung held a one-day conference to explore the idea of forming a global membership body for professionals involved in social impact or nonprofit analysis. We referred to it as the Association of Nonprofit Analysts, and its aims would be:

- to facilitate the exchange of methodologies and best practice of social impact analysis;
- to support individual professionals involved in this diverse practice; and
- to nurture and promote the practice of social impact analysis.

In the interactive voting session at the end of the conference, 66% of participants said that an association would be useful, and 40% said they would be interested in becoming a founding member. Comments during discussions on the day and in the conference evaluation forms also highlighted enthusiasm for an association, as well as pinpointing some potential pitfalls and challenges.

This feedback, together with subsequent discussions and market research, provided us with a great deal of food for thought on how the association might be developed.

During 2009/2010, Bertelsmann Stiftung and NPC have been exploring the implications of setting up an association. We are keen to form the newly-named Social Impact Analysts (SIA) Association in 2010/2011, and are investigating funding opportunities and approaching potential founding partners.

Like other new ventures, forming the SIA Association will not be without risks or challenges, but we believe these are outweighed by the returns it promises. The association has the potential to contribute to a more healthy and vibrant nonprofit sector in Europe and beyond, and to build a better understanding of this sector.

Future plans

In 2010/2011, we aim to:

- Keep our website and marketing materials up to date.
- Create marketing products for NPC's Well-being Measure.
- Consider refreshing our brand to reflect NPC's expanded role in working with donors and charities.
- Develop partnerships with other organisations.
- Build up our events programme—in particular, holding a series of seminars around charity effectiveness and holding the first in a series of annual events on the subject of impact.
- Review our new project management processes and improve them in response to this review.
- Continue to write thought-provoking blogs, and increase blog readership to an average of 1,100 visits each week.
- Increase the number of people following our profile on Twitter to 3,200 by the year end.
- Attract an average of 6,900 visitors to our website each month by June 2011, with 2,200 reports downloaded each month, and improve our search engine optimisation, including applying for Google AdWords grants.
- Speak at around 60 conferences and events.
- Be mentioned in 35 articles on average each month.
- Establish the Social Impact Analyst Association, in partnership with Bertelsmann Stiftung.





Financial review

The Statement of financial activities for the year is set out on page 41 of the financial statements.

Financial activities and results

In 2009/2010, total incoming resources amounted to £2,780,957 (2009 £3,156,160). Included in this amount is £334,486 (2009 £796,964) of donations from donor clients. These donations are used to make grants to charities in accordance with the preferences of the original donors and are not used by NPC to fund its core activities. We have scaled back our portfolio service to individual donors and as a result expect these donations to decline to zero by June 2011.

NPC's revenue excluding these client donations was £2,446,471 (2009 £2,359,196). £1,058,644 or 43% of this net revenue (2009 £1,189,891 or 50%) came from external sources, a decline of 11% from the previous year. External revenue sources included grants, fees and donations. The remaining 57% of income was provided by our trustees, compared with 50% from trustees in the previous year.

The major part of expenditure in the year was on employee costs, including reimbursed expenses, and premises, publication and technology costs. Excluding grants to charities funded by donor clients, our expenditure in the year declined by 16% to £1,940,958.

Funding

During the year, NPC's main sources of funding were grants from foundations and individuals to fund research projects, strategic grants from foundations to fund our core activities, fees for consultancy and research work, and donations from our trustees.

NPC's strategic review in 2009 called for us to reduce our dependence on trustee funding by expanding the client base for our consulting services and by seeking both project and strategic grants. The increase in trustee funding from the previous year resulted from a decision taken by the trustees to boost the charity's reserves.

Investment policy

In accordance with the memorandum of association, the trustees have the power to invest the charity's funds not immediately required, in any investments, securities or property and to delegate the management of investments to a financial expert. During the year, cash balances were insufficient to be invested and, when appropriate, funds were held in seven-day deposit accounts to combine optimum interest rates with the required accessibility of funds.

Reserves

The trustees believe that, in the light of NPC's increased emphasis on generating fee income, the total of NPC's unrestricted reserves and its committed fee income should be sufficient to cover at least 50% of its planned activities in the year ahead.

Following a decision to increase reserves to support the needs of the new business model, the trustees provided a significant injection of funding during the year. In addition to unrestricted reserves of £685,623 at 30 June 2010 (2009 £54,610), NPC also had a further £147,435 of committed trustees' donations and £449,000 of committed fee and grant income. We expect average monthly expenditure in the year to 30 June 2011 to be £150,000. The total of £1,282,058 of unrestricted reserves and committed donations and fees will therefore cover more than eight months of expenditure.

Were reserves to be calculated according to the methodology described in NPC's *The little blue book*, unrestricted reserves at 30 June 2010 would have represented five months' spending.

Grant-making policy

NPC does not invite applications for grants. All of the grants made during the current year were in accordance with specific requests made by donor clients.

Subsidiary

The charity has a wholly owned trading subsidiary, NPC Trading Limited. The company did not trade during the year ended 30 June 2010.

Auditors

Sayer Vincent was re-appointed as the charity's auditors during the year, and has expressed its willingness to continue in that capacity.



Structure, governance and management

NPC is a charitable company limited by guarantee. Each of its trustees has agreed to contribute up to £1 towards the assets of the company in the event of its being wound up. The organisation was incorporated on 2 July 2001 and registered as a charity on 27 March 2002.

Trustees

Members of the board of trustees are the directors of the company. The trustees are responsible for establishing clear strategic goals for NPC. These goals, together with performance targets, are established annually, and the chief executive reports on them at trustee meetings. According to their skills, experience and interests, trustees take responsibility for one or more areas of activity, including appointment to a committee.

Trustees are appointed by the board and serve for four years, after which period they may put themselves forward for reappointment. The trustees meet four or five times a year. Those in office during 2009/2010 and at the date of this report are set out on page 37.

David Robins and Gavyn Davies, both founding trustees, and Kathleen Duncan, a trustee since January 2006, resigned from the board of trustees during the year. We are grateful to all three of them for their significant contributions to NPC's work.

Induction and training

On appointment, each trustee completes a register of interests, which is renewed annually. New trustees receive a job description, together with the Charity Commission leaflet CC3 – *The Essential Trustee: What you need to know*. They meet with the chair, chief executive, governance committee, members of the management team and staff. When new trustees are recruited, their training needs are assessed and met as necessary.

Committees

The governance committee is responsible for:

- ensuring that NPC's governance structure meets the needs of the charity and is consistent with regulatory requirements and best practice;
- defining the roles and responsibilities of the board of trustees;
- recruiting and inducting new trustees; and
- evaluating the performance of the board of trustees.

The remuneration committee is responsible for setting the chief executive's salary.

The audit committee meets annually with the auditors and the chief operating officer and is responsible for:

- reviewing the annual audited financial statements;
- appointing and reviewing the performance of external auditors; and
- reviewing the risk register.

Statement of responsibilities of the trustees

The trustees are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the group and charity and the incoming resources and application of resources, including the net income or expenditure, of the group for the year. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group and charity and that enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the group and charity, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that to the best of his or her knowledge there is no information relevant to the audit of which the auditors are unaware. The trustees also confirm that they have taken all necessary steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors.

Management and staff

While the trustees are responsible for establishing NPC's strategic goals, day-to-day activities are directed by the management team, led by the chief executive, Martin Brookes. The chief executive is responsible for developing strategies, products and services within overall guidelines and policies set by the trustees. He is responsible for representing NPC externally and for ensuring that NPC's values are communicated and observed. He is also responsible for the recruitment, training and development of the management team.

The management team consists of the chief executive, the chief operating officer, the head of strategy, the head of consulting, the head of communications, the head of research and the HR consultant.

The operations team supports the research, consulting and communications teams.

At 30 June 2010, we had 29 permanent employees, of whom five worked part-time, giving a full-time equivalent workforce of 27. During the year we also employed seven interns, who provided us with the equivalent of a year and a half of full-time work.

Volunteers

During the year, five volunteers donated the equivalent of a total of 16 months of work to NPC. The volunteers worked in our communications, research and operations teams. We estimate that the value of work donated is £92,000.

We are again very grateful to the Civil Aviation Authority for seconding one of its senior executives to work in NPC's operations team. This placement was for four days a week from January 2009 to July 2010.

Intelligent Giving

In August 2009, NPC acquired Intelligent Giving's intellectual property. Intelligent Giving was an independent donor advisory website with a mission to make giving more effective. Its website contained profiles of the largest 500 fundraising charities in England and Wales, assigning scores for the quality of reporting and transparency of their annual report and accounts.

Intelligent Giving's work reviewing charities' reports was put on hold, and the website was suspended in October 2010. Anyone looking for Intelligent Giving is now redirected to NPC's website.

Intelligent Giving's work has been integrated into NPC's work on how charities communicate their impact. We believe that this is a crucial area: building public trust and engaging potential donors rest on being able to communicate your work and its impact clearly to the public.

Collaborations

To deliver our ambitious goals, we work with other individuals, organisations and networks that also want to make charities and funders more effective.

- Since 2007, we have worked closely with **Bertelsmann Stiftung** in Germany to share NPC's charity analysis framework and methodology with the foundation's staff. The Bertelsmann team has since adapted NPC's methodology and business model to the German context, setting up an independent charity, Phineo, to put the adapted methodology into practice. Phineo was officially launched in Berlin in May 2010, and NPC is a formal shareholder of the new organisation. We have committed to supporting it through sharing knowledge and providing strategic input.
- In May 2008, we began a strategic relationship with **The William and Flora Hewlett Foundation** in the US. As well as providing us with core funding for two years, the foundation is giving us feedback on our strategy and direction, helping us to develop relationships in the US, and supporting us in developing new initiatives.
- We are part of the consortium running the Office for Civil Society's **Measuring Social Value** project, together with SROI Network, the New Economics Foundation, Charities Evaluation Services and the National Council for Voluntary Organisations.
- Since 2008, we have been carrying out research in the **National Performance Programme**, which is funded by Capacitybuilders' National Support Services programme. It is led by Charities Evaluation Services in partnership with NPC, ACEVO, the New Economics Foundation and Voice4Change England. The findings of this research were published in March 2010, in *Well informed: Charities and commissioners on results reporting*.
- In May 2009, we began a new partnership with the **Institute for Voluntary Action Research** to work on a project together looking at the impact of community anchor organisations. This project is in collaboration with the Community Alliance (bassac, Community Matters and the Development Trusts Association), and is due to be completed in late 2010.
- We collaborate with other organisations to promote effective philanthropy. For example, we contribute to **Philanthropy UK** by sitting on its editorial and advisory boards, and we are regular contributors to the *Latest from Alliance* column on Alliance Magazine's website.
- We have run events in partnership with **Charity Finance Directors' Group, Farrer & Co.** and **The Clothworkers' Company** on topical issues facing charities. This is part of an ongoing programme of events that will continue in 2011.

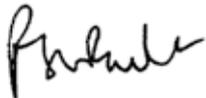
We also collaborate with organisations by sitting on their boards. For example, we sit on the Family Bhive advisory board, and are part of the ImpACT Coalition's steering group.

Finally, NPC or NPC staff are members of around 14 networks and associations, including the European Association for Philanthropy and Giving, the National Council for Voluntary Organisations, and the SORP Committee.

Risks

NPC has a comprehensive risk register, in which all risks are evaluated and graded. The trustees review annually the external and internal risks that NPC faces and the strategies and controls that have been put in place to mitigate or address those risks. Key risks to NPC in 2009/2010 were:

Risk	Risk management
Revenue from consulting and research grants and fees falls below target.	Identify clear targets. Expand the range of services and client groups. Improve marketing materials and web information and raise the profile of NPC's services and experience. Review progress weekly against targets to identify potential issues early.
Targets for unrestricted funding, needed to invest in research and development activities, are not met.	Identify clear targets. Start conversations with potential funders early. Raise NPC's profile amongst potential funders. Build on the good references and contacts from existing funders.
Key staff are not retained, or additional quality staff are not recruited.	Maintain a development plan and training requirements for all staff. Provide processes for knowledge sharing, and when staff leave, conduct exit interviews. Have a proactive hiring plan, with an attractive benefits package.
Independence is called into question due to (perceived or real) conflict of interest from advising funders and charities.	Publish the conflict of interest policy, including a commitment to transparency on our charity consulting clients, and make clear before any work is commenced where there may be an issue.
Knowledge base of research team declines, either at sector level or in terms of charity analysis skills.	Share knowledge internally and ensure that at least two people know about each sector. Ensure that new analysts learn information as part of the induction process. Track the level of charity analysis skills in the team, and support development if necessary.
Research, consulting and communications activities are not sufficiently integrated and therefore do not deliver the full potential impact.	Emphasise knowledge sharing, for example, through team meetings and regular updates. Write up experiences and knowledge gained, for internal and external purposes. Have joint teams on all research projects.



Peter Wheeler
Chair

January 2011

Reference and administrative details

Charity registration number	1091450
Company registration number	4244715
Trustees	<p>Peter Wheeler (Chair)</p> <p>Jon Aisbitt</p> <p>Gavyn Davies (Resigned 24 March 2010)</p> <p>Kathleen Duncan (Resigned 28 September 2010)</p> <p>Rishi Khosla</p> <p>Peter Mallinson</p> <p>Harvey McGrath</p> <p>David McKinley (Treasurer) (Appointed 1 July 2010)</p> <p>Baroness Julia Neuberger</p> <p>David Robins (Resigned 24 March 2010)</p> <p>Peter Smitham (Appointed 24 March 2010)</p>
Governance committee	<p>Jon Aisbitt</p> <p>Rishi Khosla</p> <p>Peter Wheeler</p>
Remuneration committee	<p>Harvey McGrath</p> <p>Peter Smitham</p>
Audit committee	<p>David McKinley (Chair)</p> <p>Jon Aisbitt</p>
Chief Executive	Martin Brookes
Chief Operating Officer and Company Secretary	Jocelyn James
Registered office	3 Downstream, 1 London Bridge, London, SE1 9BG
Auditors	Sayer Vincent 8 Angel Gate, City Road, London, EC1V 2SJ
Bankers	NatWest, Charing Cross Business Centre, 3rd Floor, Cavell House London, WC2H 0NN
Solicitors	Bates, Wells & Braithwaite 2–6 Cannon Street, London, EC4M 6YH



FINANCIAL STATEMENTS

Independent auditor's report to the members of New Philanthropy Capital

We have audited the financial statements of New Philanthropy Capital for the year ended 30 June 2010 which comprise the statement of financial activities, balance sheet, and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditors

The responsibilities of the trustees (who are also the directors of New Philanthropy Capital for the purposes of company law) for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the statement of responsibilities of the trustees.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you, whether in our opinion, the information given in the trustees' annual report is consistent with those financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept adequate accounting records; if the charitable company's financial statements are not in agreement with the accounting records and returns; if we have not received all the information and explanations we require for our audit; or if certain disclosures of trustees' remuneration specified by law are not made.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the chief executive's report and the chair's report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the charitable company's affairs at 30 June 2010, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been properly prepared in accordance with the Companies Act 2006; and
- the information given in the trustees' annual report is consistent with the financial statements.

Catherine L Sayer

Senior Statutory Auditor

For and on behalf of Sayer Vincent, Statutory Auditors

Sayer Vincent

8 Angel Gate

City Road

London EC1V 2SJ

New Philanthropy Capital

Statement of financial activities

(Incorporating an Income and Expenditure Account)

For the year ended 30 June 2010

	Notes	Unrestricted Funds ⁱ	Restricted Funds ⁱⁱ	Total 2010	Total 2009
		£	£	£	£
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	1,395,538	334,486	1,730,024	2,010,325
Investment income	3	807	–	807	4,568
Incoming resources from charitable activities					
Consulting fees		612,381	–	612,381	389,945
Grants and research fees	4	157,540	275,100	432,640	750,247
Other incoming resources					
	5	5,105	–	5,105	1,075
Total incoming resources		<u>2,171,371</u>	<u>609,586</u>	2,780,957	<u>3,156,160</u>
RESOURCES EXPENDED					
Cost of generating funds					
	6	72,644	–	72,644	44,164
Charitable activities					
Research	7	854,212	390,600	1,244,812	1,522,061
Consulting	7	563,609	–	563,609	713,748
Grant-making	8	–	334,486	334,486	799,715
Governance costs					
	9	59,893	–	59,893	42,857
Total resources expended		<u>1,550,358</u>	<u>725,086</u>	2,275,444	<u>3,122,545</u>
Net (expenditure)/income for the year and net movement in funds					
	10	621,013	(115,500)	505,513	33,615
Transfer between funds	20	10,000	(10,000)	–	–
Balance brought forward at 1 July		54,610	285,500	340,110	306,495
Balance carried forward at 30 June	20	685,623	160,000	845,623	340,110

All of the above results are derived from continuing activities; all gains and losses recognised in the year are included above. The notes on pages 44 to 55 form part of these financial statements.

ⁱ Unrestricted funds are funds that can be used in accordance with the charitable objects at the discretion of the trustees.

ⁱⁱ Restricted funds are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

New Philanthropy Capital

Balance sheet

As at 30 June 2010

	Notes	2010 £	2009 £
Tangible fixed assets		-	-
Investments	14,15	10,001	10,001
Current assets			
Debtors and prepayments	16	582,654	272,014
Cash at bank and in hand	17	352,819	238,453
		935,473	510,467
Creditors: amounts falling due within one year	18	(99,851)	(180,358)
Net current assets		835,622	330,109
Net assets		845,623	340,110
Funds			
Unrestricted funds	19,20	685,623	54,610
Restricted funds	19,20	160,000	285,500
Total funds		845,623	340,110

The notes on pages 44 to 55 form part of these financial statements.

The financial statements were approved by the trustees on 8 December 2010 and signed on their behalf by:



Peter Wheeler

Chair

Company No: 4244715

New Philanthropy Capital

Cash flow statement

For the year ended 30 June 2010

	Notes ⁱ	2010 £	2009 £
Net cash flow from operating activities		168,224	(106,054)
Investment income	3	807	4,568
(Decrease)/increase in cash net of overdraft	18,19	169,031	(101,468)

Notes to the cash flow statement:

Reconciliation of net incoming resources to net cash flow from operating activities			
Net incoming/(outgoing) resources for the year and net movement in funds		505,513	33,615
Investment income	3	(807)	(4,568)
(Increase)/decrease in debtors	16	(310,640)	11,957
(Decrease)/increase in creditors excluding bank overdraft	18	(25,842)	(147,058)
Net cash flow from operating activities		168,224	(106,054)

Analysis of change in net cash

	30 June 2008 £	2008/09 Cash flows £	30 June 2009 £	2009/10 Cash flows £	30 June 2010 £
Cash at bank and in hand	285,274	(101,468)	183,788	169,031	352,819

ⁱ The notes on pages 44-55 form part of this cash flow.

Notes forming part of the financial statements

For the year ended 30 June 2010

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are material in relation to the financial statements.

a. Basis of preparation

The financial statements have been prepared under the historical cost convention (except for investments which are included at revalued amounts) and have been prepared in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities', published in March 2005, applicable accounting standards and the Companies Act 2006.

b. Incoming resources

All incoming resources are included in the statement of financial activities (SOFA) when the charity is reasonably certain that the income will be received and the amount can be quantified with reasonable accuracy.

Donations are recognised when received. Donations include amounts given to NPC to pass on as grants to other charities. NPC has control over the application of these donations, and as such recognises these as income in the SOFA.

Legacies and gifts are taken into account on a receivable basis, but only when capable of exact financial measurement.

Consulting fees are charged for research projects, provision of training and provision of information. These fees are recognised when receivable. Fees are receivable when the consultancy service has been provided by NPC. Where there is uncertainty as to whether the charity can meet such conditions, the incoming resource is deferred.

Grants are received to carry out research activities. These grants are recognised as income when they become receivable. Where unconditional entitlement to grants receivable is dependent upon fulfilment of conditions within the charity's control, the incoming resources are recognised when there is sufficient evidence that conditions will be met. Where there is uncertainty as to whether the charity can meet such conditions, the incoming resource is deferred.

c. Grant-making

NPC receives donations specifically for grant-making to other charitable organisations. Donors provide funds to NPC, which retains discretion over the destination of these funds. NPC will discuss the grant-making with the donors, and where possible make payments to organisations recommended by the donors.

NPC recognises this income as it has entitlement over the application of the donations. These donations are included as restricted voluntary income in the SOFA.

Grants payable are classified as charitable expenditure.

Grants payable are charged in the year that they are agreed by the trustees and with the recipient organisation. The value of any such grants unpaid at the year end is accrued. Grants where the beneficiary has not been informed or has to meet certain conditions before the grant is released are not accrued but are noted as financial commitments.

d. Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis, which is an estimate, based on staff time, of the amount attributable to each activity:

Cost of generating funds	15%
Research	40%
Consultancy	40%
Governance costs	5%

Marketing costs are reallocated to each of the activities on the following basis, which is an estimate, based on staff time, of the amount attributable to each activity:

	Marketing & Communications
Cost of generating funds	5%
Research	50%
Consultancy	45%

Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Irrecoverable VAT is apportioned on the same basis as central costs.

- e.** Costs of generating funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

f. Tangible fixed assets and depreciation

Tangible fixed assets costing more than £5,000 are capitalised and included at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

Computer equipment	over 3 years
Furniture and fixtures	over 5 years
Office equipment	over 5 years

Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

g. Fund accounting

Funds held by the charity are either:

Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Unrestricted funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

h. Pension

The charity operates a defined contribution pension scheme through Aegon Scottish Equitable for all employees completing six months' service. Membership of the scheme is not compulsory. Pension costs charged to the SOFA represent the contributions payable by the charity in the year.

i. Leases

Operating lease rentals are charged to the SOFA on a straight line basis over the period of the lease.

j. Taxation

The charity is exempt from taxation on its charitable activities.

k. Investments

Investments are stated at mid-market value at the balance sheet date. The gain or loss for the period is taken to the SOFA. All movements in value arising from investment changes or revaluations are shown in the SOFA. The cumulative unrealised gains are included in a revaluation reserve within unrestricted funds.

2 Voluntary income

	Unrestricted	Restricted	2010 Total	2009 Total
	£	£	£	£
Donations from or on behalf of trustees	1,387,827	–	1,387,827	1,169,305
Advisory client donations	–	334,486	334,486	796,964
Other donations	7,711	–	7,711	44,056
Total	1,395,538	334,486	1,730,024	2,010,325

Advisory client donations comprise donations made to NPC by advisory clients. At the discretion of NPC's trustees, the money received is donated to charities nominated by the donors following advice from NPC. The grants made with these donations are included in resources expended in charitable activities and are listed in note 8.

3 Investment income

Investment income consists of bank interest and interest receivable from short-term deposits.

4 Grants and research fees

	£	£	2010 £	2009 £
	Unrestricted	Restricted	Total	Total
National Performance Programme				
Charities Evaluation Services	–	49,500	49,500	48,122
Financing model				
Scope	–	11,200	11,200	–
Financial exclusion				
Friends Provident	–	1,500	1,500	–
Impact of sport in tackling youth crime				
Laureus	–	17,200	17,200	–
Monitoring and evaluation				
Mayor's Fund	–	15,200	15,200	–
Man Group plc Charitable Trust		20,000	20,000	–
Trusteeship				
The Clothworkers' Foundation	–	10,000	10,000	34,500
Autism				
The Clothworkers' Foundation	–	35,000	35,000	–
Prisoners				
Indigo Trust	–	30,000	30,000	33,000
Charity effectiveness seminars				
The Clothworkers' Foundation	–	15,000	15,000	–
Philanthropy advice in Ireland				
Atlantic Philanthropies	–	52,000	52,000	–
The Business of Philanthropy				
Atlantic Philanthropies	–	8,500	8,500	–
Numeracy				
The Clothworkers' Foundation	–	–	–	20,000
John Lyon's Charity	–	–	–	15,000
Rayne Foundation	–	10,000	10,000	15,000
KPMG Foundation	–	–	–	5,000
Man Group plc Charitable Trust	–	–	–	5,000
<i>Carried forward</i>	–	275,100	275,100	175,622

continued overleaf...

4 Grants and research fees (continued)

	£	£	2010 £	2009 £
	Unrestricted	Restricted	Total	Total
<i>Brought forward</i>	–	275,100	275,100	175,622
Strategic grants				
William and Flora Hewlett Foundation	63,819	–	63,819	131,287
Garfield Weston Foundation	30,000	–	30,000	–
Fidelity UK Foundation	–	–	–	100,000
Bertelsmann Stiftung	23,271	–	23,271	18,182
Other donors	–	–	–	14,594
Other research projects				12,800
Tuixen Foundation	30,000	–	30,000	–
The Uyea Trust	10,000	–	10,000	–
Inspiring Scotland—Play				
Inspiring Scotland	–	–	–	53,000
Young offenders				
The Clothworkers' Foundation	–	–	–	50,000
Private donor	–	–	–	30,000
Barclays Capital	–	–	–	25,000
Community impact				
Execution Charitable Trust	–	–	–	35,000
Daily Centres in Italy and the UK				
Fondazione Oliver Twist	–	–	–	25,344
Transition				
AD Charitable Trust	–	–	–	25,000
Targeting support				
Bankers Benevolent Fund	–	–	–	10,400
Association of Nonprofit Analysts				
Private donor	–	–	–	5,000
Bertelsmann Stiftung	–	–	–	13,508
NEETs				
Man Group plc Charitable Trust	–	–	–	15,000
Sport				
Man Group plc Charitable Trust	–	–	–	(40,000)
Other research fees	–	–	–	50,510
Total research projects	157,540	275,100	432,640	750,247

5 Other incoming resources

	Unrestricted £	Restricted £	2010 £	2009 £
Other income	5,105		5,105	1,075
Total	5,105		5,105	1,075

6 Costs of generating funds

	2010 £	2009 £
Staff costs	48,449	31,671
Consultants' fees	7,480	–
Publicity and promotion costs	–	984
Allocated support costs	16,715	11,509
Total	72,644	44,164

7 Costs of charitable activities

	Research £	Consultancy £	2010 Total £	2009 Total £
Staff costs	856,249	407,835	1,264,084	1,437,622
Travel & subsistence	15,509	8,118	23,627	63,089
Recruitment & training	26,842	12,894	39,735	49,725
Consultants' fees	51,899	27,673	79,572	203,743
Subscriptions, publications & data sources	53,218	3,347	56,565	19,482
Printing & distribution	3,011	1,976	4,987	40,267
Premises	119,084	52,153	171,237	212,290
IT, telecoms & equipment	53,293	20,917	74,210	73,432
Legal costs	1,982	935	2,918	4,715
Marketing & PR	15,412	4,724	20,136	42,876
Accounting and payroll services	10,835	5,112	15,947	18,414
Unrecovered VAT	10,688	5,042	15,731	37,251
Insurance	5,854	2,762	8,615	2,701
Office expenses & other	20,936	10,121	31,057	30,202
Total research projects	1,244,812	563,609	1,808,421	2,235,809

8 Grant-making

Grants made during the year were in accordance with preferences stated by donor clients and were at the discretion of NPC's trustees (see note 2).

Grants of £20,000 or over were made to the following organisations:

	2010	2009
	£	£
UK		
Chance UK	75,641	64,103
Aanchal	50,000	–
St Giles Trust	50,000	50,000
Springboard for Children	20,000	50,000
Advance	20,000	20,000
First Step Trust	20,000	20,000
Shannon Trust	20,000	20,000
SHINE Trust	20,000	20,000
Education Action International	–	95,956
The Medical Foundation for the Care of Victims of Torture	–	47,885
Pratham	–	33,333
Bail for Immigration Detainees	–	31,327
Rainbow Trust Children's Charity	–	30,385
The Mango Tree	–	30,000
Asylum Aid	–	28,291
The Children's Legal Centre	–	26,253
Information Centre about Asylum and Refugees	–	26,253
Family Action – Building Bridges	–	25,385
International		
Mobile Creches	1,000	20,314
Bodh Shiksha Samiti	–	20,314
Prerana	–	20,314
	276,641	680,113
Grants of less than £20,000	57,845	119,602
Total grants	334,486	799,715

9 Governance costs

	2010	2009
	£	£
Staff costs	34,609	22,557
Recruitment, training and development	1,464	2,058
Consulting fees	5,604	254
Premises, IT, telecoms & equipment	6,258	4,786
Audit fees	8,001	11,402
Trustees' indemnity insurance	638	638
Legal costs	79	47
Other allocated costs	3,240	1,115
Total	59,893	42,857

10 Net incoming/outgoing resources for the year

This is stated after charging:

	2010	2009
	£	£
Interest payable	-	88
Auditors' remuneration		
– audit	8,001	8,500
– Under accrual in prior years	-	2,902

11 Trustees' remuneration

The trustees neither received nor waived any emoluments during the year (2009 £nil) and no expenses were reimbursed to trustees (2009 £nil).

12 Staff costs

	2010	2009
	£	£
Wages and salaries	1,137,616	1,303,998
Social security costs	123,749	125,446
Pension costs	85,777	62,406
Total	1,347,142	1,491,850

The number of employees whose emoluments, as defined for taxation purposes, amounted to over £60,000 in the year was as follows:

	2010	2009
	No.	No.
£60,001 – £70,000	–	2
£70,001 – £80,000	3	–
£90,001 – £100,000	1	2

The company made contributions totalling £31,190 during the year to a defined contribution pension scheme with respect to these employees (2009 £19,175).

The average number of employees, calculated on a full-time basis, analysed by function was:

	2010	2009
	No.	No.
Research	12	18
Consultancy	4	7
Marketing	4	3
Executive, operations & strategy	6	4
TOTAL	26	32

13 Pensions

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £85,777 (2009 £62,406). At 30 June 2010, contributions amounting to £8,849 (2009 £8,567) were payable to the scheme and are included in creditors.

14 Investments

NPC holds a bond that it received as a donation and is valued at £10,000. The value has not changed during the year and no income has been earned from the bond. The bond is due to mature in 2011 when the proceeds will be distributed as a grant in accordance with the original donor's preferences. The bond is held on behalf of NPC in a nominee account at Cazenove Capital Management.

The investment of £1 (2009 £1) in NPC Trading Ltd is also included in investments in the balance sheet with an equivalent amount shown in creditors.

15 Subsidiary company

The charity owns the whole of the issued ordinary share capital of NPC Trading Ltd (Registered company number 4419576), which was incorporated and registered in England on 18 April 2003. The purpose of the subsidiary is to carry on business as a general commercial company to procure profits and gains for the purpose of paying them to New Philanthropy Capital (Registered company number 4244715) or any other charitable body that succeeds to its charitable purpose. The company was dormant throughout the year and has not been consolidated.

The aggregate of the assets, liabilities and funds of NPC Trading Ltd was as follows:

	2010	2009
	£	£
Assets	1	1
Liabilities	0	0
Funds (represented by one share of £1)	1	1

16 Debtors and prepayments

	2010	2009
	£	£
Trade debtors	36,054	8,139
Premises rent deposit	31,493	31,493
Prepayments	34,558	60,350
Donations receivable	474,085	166,666
Other debtors	6,464	5,366
Total	582,654	272,014

17 Cash at bank and in hand

	2010	2009
	£	£
Cash and bank deposit accounts	325,384	211,745
Managed cash fund	27,435	26,708
Total	352,819	238,453

18 Creditors: amounts falling due within one year

	2010	2009
	£	£
Trade creditors	12,856	22,089
Bank overdraft	–	54,665
Taxation and social security	53,664	43,035
Pensions	8,849	8,567
Grants payable	15,024	–
Deferred income	–	40,000
Other creditors	–	1,001
Accruals	9,458	11,001
Total	99,851	180,358

19 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total
	£	£	£
Fund balances at 30 June 2010 are represented by:			
Investments	10,001	–	10,001
Current assets	775,473	160,000	935,473
Current liabilities	(99,851)	–	(99,851)
Total net assets	685,623	160,000	845,623

20 Restricted and unrestricted funds

The funds of the charity include restricted funds. These are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. Unrestricted funds can be used in accordance with the charitable objects at the discretion of the trustees.

	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers ¹ £	At the end of the year £
Restricted fundsⁱⁱ					
The Business of Philanthropy	–	8,500	8,500	–	–
Charity effectiveness seminars	–	15,000	15,000	–	–
Philanthropy advice in Ireland	–	52,000	52,000	–	–
NEETs	7,500	–	7,500	–	–
Numeracy	60,000	10,000	70,000	–	–
Community Impact	35,000	–	25,550	–	9,450
Transition	7,500	–	7,500	–	–
Young offenders	63,000	–	63,000	–	–
Prisoners	33,000	30,000	39,200	–	23,800
Substance abuse	10,000	–	–	–	10,000
National Performance Programme	9,500	49,500	43,250	–	15,750
Trusteeship	–	10,000	10,000	–	–
Autism	–	35,000	–	–	35,000
Monitoring	–	20,000	6,400	–	13,600
Financing model	–	11,200	11,200	–	–
Financial exclusion	–	1,500	1,500	–	–
Impact of sport in tackling youth crime	–	17,200	17,200	–	–
Evaluation	–	15,200	12,800	–	2,400
	225,500	275,100	390,600	–	110,000
Advisory donations	60,000	334,486	334,486	(10,000)	50,000
Total restricted funds	285,500	609,586	725,086	(10,000)	160,000
Total unrestricted funds	54,610	2,171,371	1,550,358	10,000	685,623
Total funds	340,110	2,780,957	2,275,444	–	845,623

¹ Transfer between funds arises from a prior year restricted donation being unrestricted by the donor.

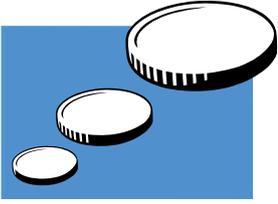
ⁱⁱ Restricted funds are grants or fees received for research projects.

21 Related Parties

During the year, we carried out consultancy work for Ananda Trust, a charity associated with Copal Partners of which Rishi Khosla, one of our trustees, is CEO and a director. Rishi is also on the advisory committee of Ananda Trust. A fee of £800, calculated on our normal terms, was charged for the work.

We received a grant of £20,000 from the Man Group plc Charitable Trust. Jon Aisbitt is a trustee of the Trust and Chairman of Man Group plc, the Trust's main funder.





New Philanthropy Capital

New Philanthropy Capital (NPC) is a charity consultancy and think tank dedicated to helping funders and charities to achieve a greater impact.

We provide independent research, tools and advice for funders and charities, and shape the debate about what makes charities effective.

We have an ambitious vision: to create a world in which charities and their funders are as effective as possible in improving people's lives and creating lasting change for the better.

For charities, this means focusing on activities that achieve a real difference, using evidence of results to improve performance, making good use of resources, and being ambitious to solve problems. This requires high-quality leadership and staff, and good financial management.

For funders, this means understanding what makes charities effective and supporting their endeavours to become effective. It includes using evidence of charities' results to make funding decisions and to measure their own impact.

For more information about NPC and its services, contact Lucy de Las Casas on ldelascasas@philanthropycapital.org or 020 7620 4850.

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