

## Called to account



Anyone familiar with the charity sector will immediately recognise the value of Charity Business, a social enterprise that is sparking a revolution in charity finance. Finance is a challenge for many charities and other non-profit organisations. They often lack the time and expertise to make the most of financial systems - figuring out everything from payroll to utilities can be

frustrating for staff, whose main expertise and interest may lie elsewhere. And the burden of reporting to the Charity Commission, HMRC and other regulatory bodies can feel like a drain on limited resources.



*Charity Business works with over 100 charities, including Age Concern.*

Not surprisingly, charities are usually much more focused on achieving their core objectives. Charity Business frees up time and money to do that by providing shared back office finance operations, a strong understanding of the charity world, and strategic financial consulting. It strengthens the infrastructure of the third sector, helping to professionalise voluntary organisations making sure their funds are used to deliver their goals.

Charity Business has gone from strength to strength in the ten years since its foundation, and now works with more than 110 charities and student unions including well known charity brands such as Age Concern, EnCams (Keep Britain Tidy) and The National Trust.

The advantages of outsourcing are not lost on donors and trustees.

Stephen Hawkins, Chief Executive of Age Concern Hounslow, says that, "trustees, want to limit central costs, appreciate they can save money by outsourcing and value the high standard of management information Charity Business provides."

In May this year, the Triodos Social Enterprise Fund (formerly the Triodos Opportunities Fund) invested in Charity Business. This is a significant development for the charity sector, marking the UK's first social venture capital investment. The Fund invests in high impact social enterprises and provides expertise to help them grow. Charity Business dovetails perfectly with its mission: to deliver social and financial returns by supporting pioneering social enterprises.

Much like the Triodos Social Enterprise Fund, which only invests in

organisations that have a positive social impact, Charity Business only works with the third sector. Both the Fund and Charity Business are, first and foremost, about generating blended returns - giving equal consideration to financial returns and to social impact.

Charity Business had several options to raise capital, but Chief Executive Mark Freeman was looking for more than just money. "It's about what venture capital brings to the company, from the perspective of governance, opening doors and pushing the organisation to be much more forward thinking. A loan gives you the money, but it doesn't necessarily drive the business forward. We were looking for a business partner."

The financial crisis means that funding is scarce for charities, which are under pressure to become more efficient and demonstrate they're really making a difference. According to Freeman, "the timing couldn't be better - organisations are looking for ways to save money and use funds effectively."

Most of the £320,000 from the Triodos Social Enterprise Fund will be invested to help the company grow. "We want to raise awareness and help organisations understand how we can strengthen their operations," says Freeman.

The success of Charity Business' partnership with the Triodos Social Enterprise Fund is particularly important because it is the first of its kind; it represents a new model for investing in social enterprise, that profits from innovative, values-driven businesses. It is also helping Charity Business achieve another goal:

"Originally, we wanted to be owned by the sector," says Mark. "Now we are but in an unexpected way because the Triodos Social Enterprise Fund is made up of charitable trusts and individuals. The Fund enables both to invest in a number of social enterprises. It provides access to these investment opportunities, and spreads the risk, by offering a portfolio approach. So we can be owned by charitable trusts and individuals keen to support the growth of social enterprises like us."

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